

Date 10 November 2023

Subject Management's Discussion and Analysis of the Financial Statements for the second quarter ended 30 September 2023.

To Managing Director of The Stock Exchange of Thailand

Enclosure Management's Discussion and Analysis of the Financial Statements for the second quarter ended 30 September 2023, both Thai and English, 1 set for each

NSL Foods Public Company Limited ("NSL") would like to submit the Company's reviewed financial statements for the third quarter ended 30 September 2023.

The operation result of NSL for the quarter and the nine-month period ended 30 September 2023 registered a net profit from Consolidated financial statement amounting to 73.20 THB million and 231.10 THB million, respectively and a net profit from separate financial statements amounting to 77.11 THB million and 237.49 THB million, respectively. Please see further details in the Management's Discussion and Analysis of the financial statements for the third quarter ended 30 September 2023 as attached.

(Mr. Somchai Asavapiyanond)

President

NSL Foods Public Company Limited

Management Discussion and Analysis for the third quarter ended 30 September 2023

Summary of operating performance in the third quarter of 2023 (“Q323”)

| Operating Performance | Consolidated financial statement | Separate financial statements | | | |
|--|--|-------------------------------|----------------|------------------------|-------------------------|
| | Q323 | Q323 | Q322 | Increase (Decrease) | %Increase (Decrease) |
| Sales | 1,199.6 | 1,187.3 | 1,018.3 | 169.0 | 16.6% |
| Revenue from franchise license | 1.1 | - | - | - | - |
| Other income | 2.8 | 1.9 | 1.8 | 0.1 | 4.6% |
| Total Revenues | 1,203.5 | 1,189.3 | 1,020.1 | 169.1 | 16.6% |
| Cost of sales | 988.5 | 978.2 | 830.6 | 147.5 | 17.8% |
| Distribution costs | 86.3 | 84.1 | 67.3 | 16.8 | 25.0% |
| Administrative expenses | 30.7 | 28.7 | 29.7 | (1.0) | (3.3%) |
| Profit from Operating Activities | 98.0 | 98.3 | 92.5 | 5.7 | 6.2% |
| Finance costs | 2.4 | 2.4 | 2.5 | (0.2) | (6.1%) |
| Share of loss of joint venture accounted for using equity method | 3.7 | - | - | - | - |
| Profit before income tax | 92.0 | 95.9 | 90.0 | 5.9 | 6.5% |
| Income tax expenses | 18.8 | 18.8 | 17.5 | 1.3 | 7.3% |
| Net Profit | 73.2 | 77.1 | 72.5 | 4.6 | 6.4% |

Summary of operating performance in the nine-month period of 2023 (“9M23”)

| Operating Performance | Consolidated financial statement | Separate financial statements | | | |
|--|--|-------------------------------|----------------|------------------------|-------------------------|
| | 9M23 | 9M23 | 9M22 | Increase (Decrease) | %Increase (Decrease) |
| Sales | 3,458.3 | 3,446.0 | 2,938.2 | 507.8 | 17.3% |
| Revenue from franchise license | 1.1 | - | - | - | - |
| Other income | 7.9 | 7.0 | 5.4 | 1.6 | 29.6% |
| Total Revenues | 3,467.2 | 3,453.0 | 2,943.6 | 509.4 | 17.3% |
| Cost of sales | 2,829.3 | 2,819.0 | 2,389.8 | 429.2 | 18.0% |
| Distribution costs | 246.4 | 244.2 | 192.0 | 52.2 | 27.2% |
| Administrative expenses | 86.7 | 84.8 | 80.0 | 4.8 | 6.0% |
| Profit from Operating Activities | 304.8 | 305.0 | 281.8 | 23.2 | 8.2% |
| Finance costs | 8.0 | 8.0 | 7.5 | 0.5 | 7.0% |
| Share of loss of joint venture accounted for using equity method | 6.2 | - | - | - | - |
| Profit before income tax | 290.6 | 297.0 | 274.3 | 22.7 | 8.3% |
| Income tax expenses | 59.5 | 59.5 | 54.5 | 5.1 | 9.3% |
| Net Profit | 231.1 | 237.5 | 219.9 | 17.6 | 8.0% |

Revenue

| Separate financial statements | | | | | | |
|--|----------------|---------------|----------------|---------------|------------------------|-------------------------|
| Revenue Structure | Q323 | | Q322 | | Increase (Decrease) | %Increase (Decrease) |
| | MB. | % | MB. | % | | |
| Sales | 1,187.3 | 99.8% | 1,018.3 | 99.8% | 169.0 | 16.6% |
| - Bakery and appetizers | 1,059.5 | 89.1% | 937.6 | 91.9% | 121.9 | 13.0% |
| - Snack under NSL's brands and trading | 45.2 | 3.8% | 10.3 | 1.0% | 34.8 | 337.2% |
| - Food Services | 63.7 | 5.4% | 61.4 | 6.0% | 2.3 | 3.7% |
| - OEM and others | 19.0 | 1.6% | 8.9 | 0.9% | 10.1 | 112.8% |
| Other income | 1.9 | 0.2% | 1.8 | 0.2% | 0.1 | 4.6% |
| Total Revenue | 1,189.3 | 100.0% | 1,020.1 | 100.0% | 169.0 | 16.6% |

| Separate financial statements | | | | | | |
|--|----------------|---------------|----------------|---------------|------------------------|-------------------------|
| Revenue Structure | 9M23 | | 9M22 | | Increase (Decrease) | %Increase (Decrease) |
| | MB. | % | MB. | % | | |
| Sales | 3,446.0 | 99.8% | 2,938.2 | 99.8% | 507.8 | 17.3% |
| - Bakery and appetizers | 3,129.2 | 90.6% | 2,682.1 | 91.1% | 447.0 | 16.7% |
| - Snack under NSL's brands and trading | 64.9 | 1.9% | 24.1 | 0.8% | 40.7 | 168.9% |
| - Food Services | 200.5 | 5.8% | 206.7 | 7.0% | (6.2) | (3.0%) |
| - OEM and others | 51.5 | 1.5% | 25.3 | 0.9% | 26.2 | 103.4% |
| Other income | 7.0 | 0.2% | 5.4 | 0.2% | 1.6 | 29.6% |
| Total Revenue | 3,453.0 | 100.0% | 2,943.6 | 100.0% | 509.4 | 17.3% |

Revenue

In Q323 and 9M23, NSL's revenue from sales were accounted for 99.8% and other income were accounted for 0.2% of total revenue. Revenue from sales comprises products of bakery, appetizers, snacks by NSL's brands and trading, food services, OEM and others.

In Q323 period, NSL had revenue from sales of 1,187.3 THB millions, increased from Q322 by 169.0 THB millions or accounted for the increase of 16.6% and in 9M23 period, NSL had revenue from sales of 3,446.0 THB millions, increased from 9M22 by 507.8 THB millions or accounted for the increase of 17.3%, mainly due to COVID-19 pandemic situation could recover and more relax since Q422 until 9M23 and partner emphasize delivery sales and promotion continuously in the result of sales increasing. Moreover, the revenue from food services slightly decreased in 9M23 from the same period of the previous year.

Other income

In Q323 period, NSL's other income increased from Q322 by 0.1 THB million and in 9M23 period, NSL's other income increased from 9M22 by 1.6 THB million

Cost of sales and Gross profit

| Separate financial statements | | | | | | |
|-------------------------------|---------|--------|---------|--------|------------|------------|
| Description | Q323 | | Q322 | | Increase | %Increase |
| | MB. | % | MB. | % | (Decrease) | (Decrease) |
| Revenue from sales | 1,187.3 | 100.0% | 1,018.3 | 100.0% | 169.0 | 16.6% |
| Cost of sales | 978.2 | 82.4% | 830.6 | 81.6% | 147.5 | 17.8% |
| Gross Profit | 209.1 | 17.6% | 187.6 | 18.4% | 21.5 | 11.5% |

| Separate financial statements | | | | | | |
|-------------------------------|---------|--------|---------|--------|------------|------------|
| Description | 9M23 | | 9M22 | | Increase | %Increase |
| | MB. | % | MB. | % | (Decrease) | (Decrease) |
| Revenue from sales | 3,446.0 | 100.0% | 2,938.2 | 100.0% | 507.8 | 17.3% |
| Cost of sales | 2,819.0 | 81.8% | 2,389.8 | 81.3% | 429.2 | 18.0% |
| Gross Profit | 627.0 | 18.2% | 548.4 | 18.7% | 78.6 | 14.3% |

In Q323 and 9M23, gross profit margin was slightly decreased from the same period of the previous year mainly due to raw material cost and utilities cost increased, however, NSL has adjusted price of some products thus they are partially offsetting the increase in costs.

Distribution Costs

| Separate financial statements | | | | | | |
|---|-------------|--------------------|-------------|--------------------|-------------|--------------|
| Distribution Costs | Q323 | | Q322 | | Increase | %Increase |
| | MB. | % of total revenue | MB. | % of total revenue | (Decrease) | (Decrease) |
| Promotional and advertising expenses | 1.4 | 0.1% | 0.5 | 0.0% | 0.9 | 182.0% |
| Sales transportation expenses | 58.7 | 4.9% | 50.4 | 4.9% | 8.3 | 16.4% |
| Salaries, wages, overtime, bonuses, and employee benefits | 14.1 | 1.2% | 12.1 | 1.2% | 1.9 | 15.7% |
| Other distribution costs | 10.0 | 0.8% | 4.2 | 0.4% | 5.8 | 137.8% |
| Total Distribution costs | 84.1 | 7.1% | 67.3 | 6.6% | 16.8 | 25.0% |

| Separate financial statements | | | | | | |
|---|--------------|--------------------|--------------|--------------------|-------------|--------------|
| Distribution Costs | 9M23 | | 9M22 | | Increase | %Increase |
| | MB. | % of total revenue | MB. | % of total revenue | (Decrease) | (Decrease) |
| Promotional and advertising expenses | 7.2 | 0.2% | 2.2 | 0.1% | 5.0 | 222.5% |
| Sales transportation expenses | 169.6 | 4.9% | 142.2 | 4.8% | 27.3 | 19.2% |
| Salaries, wages, overtime, bonuses, and employee benefits | 41.2 | 1.2% | 35.7 | 1.2% | 5.5 | 15.5% |
| Other distribution costs | 26.2 | 0.8% | 11.8 | 0.4% | 14.3 | 121.0% |
| Total Distribution costs | 244.2 | 7.1% | 192.0 | 6.6% | 52.2 | 27.2% |

The distribution costs in Q323 and 9M23 increased from the same period of the previous year by 16.8 THB million and 52.2 THB million. It was mainly due to the increase of sales transportation expenses from increasing of fuel price and more product delivery cycle. Moreover, salaries, wages, overtime, bonuses, and employee benefits increased from increasing in personnel in sales and marketing department and sales promotion for boost up sales.

Administrative Expenses

| Separate financial statements | | | | | | |
|---|-------------|--------------------|-------------|--------------------|--------------|---------------|
| Administrative Expenses | Q323 | | Q322 | | Increase | %Increase |
| | MB | % of total revenue | MB | % of total revenue | (Decrease) | (Decrease) |
| Salaries, wages, overtime, bonuses, and employee benefits | 18.5 | 1.6% | 16.5 | 1.6% | 2.1 | 12.6% |
| Consulting fees and service fees | 4.4 | 0.4% | 3.2 | 0.3% | 1.2 | 36.6% |
| Depreciation and amortization | 1.4 | 0.1% | 1.0 | 0.1% | 0.4 | 44.1% |
| Utilities and equipment repair | 1.3 | 0.1% | 1.3 | 0.1% | 0.0 | 3.5% |
| Other administrative expenses | 3.1 | 0.3% | 7.8 | 0.8% | (4.7) | (59.9%) |
| Administrative Expenses | 28.7 | 2.4% | 29.7 | 2.9% | (1.0) | (3.3%) |

| Separate financial statements | | | | | | |
|---|-------------|--------------------|-------------|--------------------|------------|-------------|
| Administrative Expenses | 9M23 | | 9M22 | | Increase | %Increase |
| | MB | % of total revenue | MB | % of total revenue | (Decrease) | (Decrease) |
| Salaries, wages, overtime, bonuses, and employee benefits | 54.5 | 1.6% | 49.1 | 1.7% | 5.4 | 10.9% |
| Consulting fees and service fees | 12.5 | 0.4% | 10.2 | 0.3% | 2.3 | 22.4% |
| Depreciation and amortization | 4.1 | 0.1% | 2.5 | 0.1% | 1.6 | 63.4% |
| Utilities and equipment repair | 3.7 | 0.1% | 3.1 | 0.1% | 0.6 | 19.4% |
| Other administrative expenses | 10.0 | 0.3% | 15.0 | 0.5% | (5.0) | (33.3%) |
| Administrative Expenses | 84.8 | 2.5% | 80.0 | 2.7% | 4.8 | 6.0% |

Administrative expenses in Q323 and 9M23 were increased from the same period of the previous year mainly due to salaries, wages, overtime, bonuses, and employee benefits increased from increasing in personnel in administration and management department.

Finance Costs

| Separate financial statements | | | | |
|-------------------------------|------|------|------------|------------|
| Finance Costs | Q323 | Q322 | Increase | %Increase |
| | MB. | MB. | (Decrease) | (Decrease) |
| Finance costs | 2.3 | 2.5 | (0.2) | (6.1%) |

| Separate financial statements | | | | |
|-------------------------------|------|------|------------|------------|
| Finance Costs | 9M23 | 9M22 | Increase | %Increase |
| | MB. | MB. | (Decrease) | (Decrease) |
| Finance costs | 8.0 | 7.5 | 0.5 | 7.0% |

In 9M23, finance costs had increased when compare with the same period of the previous year, caused by the borrowings from a financial institution which interest rate was increased.

Net profit and Net profit margin

| Net profit and Net profit margin | Unit | Q323 | Q322 | Increase (Decrease) | % Increase (Decrease) |
|---|------|------|------|------------------------|--------------------------|
| Consolidated financial statement | | | | | |
| Net profit | MB | 73.2 | 72.5 | 0.7 | 1.0% |
| Net profit margin (%) | % | 6.1% | 7.1% | (1.0%) | |
| Separate financial statements | | | | | |
| Net profit | MB | 77.1 | 72.5 | 4.6 | 6.4% |
| Net profit margin (%) | % | 6.5% | 7.1% | (0.6%) | |

| Net profit and Net profit margin | Unit | 9M23 | 9M22 | Increase (Decrease) | % Increase (Decrease) |
|---|------|-------|-------|------------------------|--------------------------|
| Consolidated financial statement | | | | | |
| Net profit | MB | 231.1 | 219.9 | 11.2 | 5.1% |
| Net profit margin (%) | % | 6.7% | 7.5% | (0.8%) | |
| Separate financial statements | | | | | |
| Net profit | MB | 237.5 | 219.9 | 17.6 | 8.8% |
| Net profit margin (%) | % | 6.9% | 7.5% | (0.6%) | |

In Q323 and 9M23, NSL had net profit of 77.1 THB million and 237.5 THB million, respectively, higher than the same period of the previous year by 4.6 THB million and 17.6 THB million, respectively, however, net profit margin is lower than the same periods of the previous year by 0.6% and 0.6%, respectively. It resulted from increasing in revenue from recovery of COVID-19 situation, however, raw material cost, fuel cost and utilities cost increased so net profit margin decreased when compare with the same period of the previous year.

Moreover, for consolidated financial statement, in Q323 and 9M23 NSL invested in Pen 1 F & B Co., Ltd. amounting to 15 THB million and had share of loss of joint venture accounted for using equity method amounting to 3.7 and 6.2 THB million from operating expense and selling expense and in Q323, NSL invested in NSL INTERTRADE (2023) Co., Ltd. amounting to 4 THB million and NSL Bake a Wish Co., Ltd. amounting to 22.5 THB million had a little share of loss of such investment from operating expense so remaining net profit from Consolidated financial statement was 73.2 and 231.1 THB million.

Financial Position

| Financial Position | Consolidated financial statement | Separate financial statements | | | |
|----------------------------|----------------------------------|-------------------------------|-----------------|------------------------|-------------------------|
| | 30-Sep-23 MB | 30-Sep-23 MB | 31-Dec-22 MB | Increase (Decrease) | %Increase (Decrease) |
| Total Assets | 2,374.3 | 2,296.3 | 2,289.7 | 6.6 | 0.3% |
| Total Liabilities | 901.0 | 832.6 | 883.6 | (51.0) | (5.8%) |
| Total Shareholders' Equity | 1,473.3 | 1,463.7 | 1,406.1 | 57.6 | 4.1% |

Assets

| Assets | Consolidated financial statement | Separate financial statements | | | | |
|---|----------------------------------|-------------------------------|----------------|------------|-------------|-------------------------------|
| | 30-Sep-23 | 30-Sep-23 | 31-Dec-22 | Increase | %Increase | % Proportion |
| | MB | MB | MB | (Decrease) | (Decrease) | per total assets 30-Sep-23 |
| Cash and cash equivalents | 82.3 | 69.5 | 115.1 | (45.6) | (39.6%) | 3.0% |
| Trade and other current receivables | 657.4 | 650.6 | 595.4 | 55.2 | 9.3% | 28.3% |
| Inventories | 275.7 | 266.7 | 267.1 | (0.4) | (0.1%) | 11.6% |
| Investment in subsidiaries | - | 26.5 | 0.0 | 26.5 | 100% | 1.2% |
| Investment in a joint venture | 8.8 | 15.0 | 0.0 | 15.0 | 100% | 0.7% |
| Property, plant and equipment and Right-of-use assets | 1,040.4 | 1,003.6 | 969.7 | 33.9 | 3.5% | 43.7% |
| Other assets | 309.7 | 264.4 | 342.3 | (77.9) | (22.8%) | 11.5% |
| Total Assets | 2,374.3 | 2,296.3 | 2,289.7 | 6.6 | 0.3% | 100.0% |

NSL's total assets in 9M23 increased from the previous year, mainly due to the increase of Trade and other current receivables based on sales growth. Moreover, there is increasing in Property, plant and equipment from investing.

Moreover, in 9M23 NSL invested in Pen 1 F & B Co., Ltd. amounting to 15 THB million and had share of loss of joint venture accounted for using equity method amounting to 6.2 THB million from operating expense and selling expense so remaining investment in a joint venture from consolidated financial statement was 8.8 THB million and in 9M23 NSL invested in NSL INTERTRADE (2023) Co., Ltd. amounting to 4 THB million and NSL Bake A Wish Co., Ltd. 22.5 THB million.

Liabilities

| Liabilities | Consolidated financial statement | Separate financial statements | | | | |
|--|-------------------------------------|-------------------------------|--------------|---------------|---------------|----------------------------------|
| | 30-Sep-23 | 30-Sep-23 | 31-Dec-22 | Increase | %Increase | % Proportion per total assets |
| | MB | MB | MB | (Decrease) | (Decrease) | 30-Sep-23 |
| Trade and other current payables | 636.5 | 595.2 | 559.5 | 35.7 | 6.4% | 25.9% |
| Long-term borrowings from a financial institution | 154.7 | 154.7 | 234.3 | (79.6) | (34.0%) | 6.7% |
| Lease liabilities | 23.5 | 11.3 | 12.7 | (1.4) | (10.8%) | 0.5% |
| Other liabilities | 86.3 | 71.4 | 77.1 | (5.7) | (7.5%) | 3.1% |
| Total Liabilities | 901.1 | 832.6 | 883.6 | (51.0) | (5.8%) | 36.3% |

NSL's total liabilities in 9M23 was slightly decreased from the previous year mainly caused by the decrease of short-term and long-term borrowings from a financial institution was due to the repayment of the borrowings and trade and other current payables increased by 35.7 THB million from purchasing for support sales at the end of the year.

Shareholder's Equity

| Shareholder's Equity | Consolidated financial statement | Separate financial statements | | | | |
|------------------------------------|--|-------------------------------|----------------|-------------|-------------|----------------------------------|
| | 30-Sep-23 | 30-Sep-23 | 31-Dec-22 | Increase | %Increase | % Proportion per total assets |
| | MB | MB | MB | (Decrease) | (Decrease) | 30-Sep-23 |
| Issued and paid-up share capital | 300.0 | 300.0 | 300.0 | - | 0.0% | 13.1% |
| Premium on ordinary shares | 797.4 | 797.4 | 797.4 | - | 0.0% | 34.7% |
| Retained earnings - Legal reserve | 30.0 | 30.0 | 30.0 | - | 0.0% | 1.3% |
| Retained earnings - Unappropriated | 329.9 | 336.3 | 278.7 | 57.6 | 20.7% | 14.6% |
| Non-Controlling Interests | 16.0 | - | - | - | - | - |
| Total Shareholders' Equity | 1,473.3 | 1,463.7 | 1,406.1 | 57.6 | 4.1% | 63.7% |

Shareholders' equity in 9M23 was 1,463.7 THB million, increased by 57.6 THB million or accounted for 4.1%. It resulted from the increase of retained earnings from net profit during the period by 237.5 THB million. There was dividend payment in 9M23 by 179.9 THB million

Key Financial Ratios

| Financial Ratio | Unit | For the fiscal period ended | | |
|--|-------|-----------------------------|-----------|------------------------|
| | | 30-Sep-23 | 30-Sep-22 | Increase (Decrease) |
| Current ratio | times | 1.5 | 1.7 | (0.2) |
| Quick ratio | times | 0.9 | 0.9 | 0.0 |
| Return on Assets (ROA) | % | 18.2 | 15.9 | 2.3 |
| Return on Equity (ROE) | % | 22.6 | 20.5 | 2.1 |
| Debt to Equity ratio (D/E Ratio) | times | 0.6 | 0.6 | (0.0) |
| Bank Debt to EBITDA ratio (Bank Debt / EBITDA) | times | 0.3 | 0.6 | (0.3) |
| Debt Service Coverage ratio (Cash Basis) | times | 0.8 | 0.5 | 0.3 |

Current ratio and Quick ratio

At the end of 9M23, the current ratio and quick ratio slightly decreased.

Return on Assets (ROA)

At the end of 9M23, return on assets increased to 18.2%, mainly due to the increase of net profit.

Return on Equity (ROE)

Return on equity at the end of 9M23 increased to 22.6%, mainly due to the increase of net profit.

Debt-to-Equity ratio (D/E ratio) and Bank debt to EBITDA ratio (Bank Debt / EBITDA)

At the end of 9M23, debt-to-equity ratio (D/E ratio) and bank debt to EBITDA ratio (Bank Debt / EBITDA) decreased comparing with the previous year from the repayment of the borrowings.

Debt service coverage ratio

The debt service coverage ratios in 9M23 was 0.8 times which were lower than 1.0 time. It resulted from the repayment of loan from a financial institution and dividend payment. However, NSL has never defaulted on repayment of loans and interests. In addition, NSL has cash and cash equivalents and undrawn reserve limit to support financial liquidity in 9M23, which are bank overdrafts (OD) of 30 THB million, short term loan (PN) of 210 THB million and import credit facility (LC/TR) of 194.4 THB million.