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Ref. WINNER 005/2024

February 27, 2024

Subject: Management Discussion and Analysis for the year ended 31 December 2023

To: The President  
The Stock Exchange of Thailand

**1. Analysis of Operating Results and Financial Position for the Company and its subsidiary**

**1.1 Significant event during the year**

- In 2023, the Company performed impairment test on investment in a subsidiary by reviewing the recoverable value of the cash generating unit calculated by the value-in-use method and found that the recoverable value was lower than book value of investment in such subsidiary amount of Baht 261.2 million which the Company has already recognised provision for such loss from impairment of investment in a subsidiary in the previous year amount of Baht 235.1 million. Therefore, the Company recognised an additional provision for such loss from impairment of investment in a subsidiary in 2023 amount of Baht 26.1 million. As a result, net investment in a subsidiary was equal to Baht 2.7 million.

However, at present, the management of the Group is in process of financial and operational management in order to encourage better performance of a subsidiary in the future.

## 1.2 Analysis of Operating Results for the Company and its subsidiary for the year ended 31 December 2023

Table 1: Operating results for the year ended 31 December 2023

(Unit: Thousand Baht)

	Consolidated Financial Statements		Increase (Decrease)		Separate Financial Statements		Increase (Decrease)	
	2023	2022	Thousand Baht	%	2023	2022	Thousand Baht	%
<b>Total revenues</b>	<b>2,071,770</b>	<b>2,040,178</b>	<b>31,592</b>	<b>1.5</b>	<b>2,040,118</b>	<b>2,005,251</b>	<b>34,867</b>	<b>1.7</b>
Revenues from sales and service	2,045,273	2,026,474	18,799	0.9	2,013,137	1,990,870	22,267	1.1
Cost of sales and service	1,600,222	1,590,907	9,315	0.6	1,576,547	1,565,425	11,122	0.7
<b>Gross profit</b>	<b>445,051</b>	<b>435,567</b>	<b>9,484</b>	<b>2.2</b>	<b>436,590</b>	<b>425,445</b>	<b>11,145</b>	<b>2.6</b>
Other income	26,497	13,704	12,793	93.4	26,981	14,381	12,600	87.6
<b>Profit before expenses</b>	<b>471,548</b>	<b>449,271</b>	<b>22,277</b>	<b>5.0</b>	<b>463,571</b>	<b>439,826</b>	<b>23,745</b>	<b>5.4</b>
Distribution costs	125,255	112,146	13,109	11.7	121,361	107,785	13,576	12.6
Administrative expenses	187,589	184,562	3,027	1.6	162,756	156,467	6,289	4.0
Loss from impairment of investment in a subsidiary	-	-	-	-	26,050	156,470	(130,420)	(83.4)
Loss from impairment of goodwill	-	94,446	(94,446)	(100.0)	-	-	-	-
<b>Total Expenses</b>	<b>312,844</b>	<b>391,154</b>	<b>(78,310)</b>	<b>(20.0)</b>	<b>310,167</b>	<b>420,722</b>	<b>(110,555)</b>	<b>(26.3)</b>
<b>Operating profit</b>	<b>158,704</b>	<b>58,117</b>	<b>100,587</b>	<b>173.1</b>	<b>153,404</b>	<b>19,104</b>	<b>134,300</b>	<b>703.0</b>
Finance costs	(8,522)	(5,774)	(2,748)	(47.6)	(7,563)	(4,842)	(2,721)	(56.2)
Share of loss from investment in an associate	(3,590)	(912)	(2,678)	(293.6)	-	-	-	-
<b>Profit before income tax expenses</b>	<b>146,592</b>	<b>51,431</b>	<b>95,161</b>	<b>185.0</b>	<b>145,841</b>	<b>14,262</b>	<b>131,579</b>	<b>922.6</b>
Income tax expenses	(32,823)	(42,027)	9,204	21.9	(31,864)	(33,983)	2,119	6.2
<b>Profit (loss) for the year</b>	<b>113,769</b>	<b>9,404</b>	<b>104,365</b>	<b>1,109.8</b>	<b>113,977</b>	<b>(19,721)</b>	<b>133,698</b>	<b>677.9</b>
<b>Other comprehensive income:</b>								
Actuarial gain - net of income tax	-	2,742	(2,742)	(100.0)	-	2,483	(2,483)	(100.0)
<b>Total comprehensive income (loss) for the year</b>	<b>113,769</b>	<b>12,146</b>	<b>101,623</b>	<b>836.7</b>	<b>113,977</b>	<b>(17,238)</b>	<b>131,215</b>	<b>761.2</b>
Gross profit margin	21.8%	21.5%	0.3%		21.7%	21.4%	0.3%	
Distribution costs per sales	6.1%	5.5%	0.6%		6.0%	5.4%	0.6%	
Administrative expense per sales	9.2%	9.1%	0.1%		8.1%	7.9%	0.2%	
Net profit (loss) margin	5.5%	0.5%	5.0%		5.6%	(1.0%)	6.6%	
Earnings (loss) per share (Bath/Share)	0.19	0.02	0.17		0.19	(0.03)	0.22	
<b>Profit for the year (Normalize)</b>	<b>113,769</b>	<b>103,850</b>	<b>9,919</b>	<b>9.6</b>	<b>140,027</b>	<b>136,749</b>	<b>3,278</b>	<b>2.4</b>
<b>Total comprehensive income for the year (Normalize)</b>	<b>113,769</b>	<b>106,592</b>	<b>7,177</b>	<b>6.7</b>	<b>140,027</b>	<b>139,232</b>	<b>795</b>	<b>0.6</b>
Net profit margin (Normalize)	5.5%	5.1%	0.4%		6.9%	6.8%	0.1%	
Earnings per share (Bath/Share) (Normalize)	0.19	0.17	0.02		0.23	0.23	-	

## Revenues

### Revenues from sales and service

Table 2: Revenues from sales separated by main product segment for the year ended 31 December 2023

(Unit: Thousand Baht)

Product Type	For the year ended 31 December				Increase (Decrease)	
	2023		2022		Thousand	
	2023	%	2022	%	Baht	%
Industrial food products segment	860,638	42.1	813,935	40.2	46,703	5.7
Consumer food products segment	1,149,174	56.2	1,173,919	57.9	(24,745)	(2.1)
Manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment	35,461	1.7	38,620	1.9	(3,159)	(8.2)
<b>Total</b>	<b>2,045,273</b>	<b>100.0</b>	<b>2,026,474</b>	<b>100.0</b>	<b>18,799</b>	<b>0.9</b>

In 2023, the Company and its subsidiary's revenues from sales and service were Baht 2,045.3 million, increasing from previous year amount of Baht 18.8 million or 0.9%.

Revenues from sales of industrial food products segment increased amount of Baht 46.7 million or 5.7% which was from product group of food additive such as stabilizer, thickener, and gelling agent.

However, revenues from sales of consumer food products segment decreased amount of Baht 24.7 million or 2.1% which was mainly from product group of snack & confectionary.

Moreover, revenues from manufacture of skincare products, cosmetics, food supplements and medicines used to treat skin diseases segment decreased amount of Baht 3.2 million or 8.2% which at present, the management of the Group is in process of operational management in order to encourage better operating results of this segment in the future.

### Gross profit

In 2023, the Company and its subsidiary's gross profit was Bath 445.1 million, increasing from previous year amount of Baht 9.5 million. Gross profit margin was 21.8%, increasing from previous year by 0.3%.

The Company's gross profit was Baht 436.6 million, increasing from previous year amount of Baht 11.1 million which was in accordance with an increase in sales and service income amount of Baht 22.3 million while cost of sales increased amount of Baht 11.1 million. The Company's gross profit margin was 21.7%, increasing from previous year by 0.3%. One reason was from an effect of Thai Baht strengthening from previous year, as in 2023 value of Thai Baht against US dollar was between 32.85-37.30, while previous year was between 32.30-38.50.

▪ **Other income**

The Company and its subsidiary's other income was Baht 26.5 million, increasing from previous year amount of Baht 12.8 million or 93.4% which was from other income from a reversal of debt amount of Baht 6.7 million in 2023 due to an adjustment for accrued marketing expenses of previous years which was estimated higher than amount that was collected by the creditor, while was no this transaction in previous year. Besides, gain on foreign exchange rate increased amount of Baht 3.3 million which was gain in this year amount of Baht 5.9 million while was gain in previous year amount of Baht 2.6 million. Moreover, other income from marketing sponsorship increased amount of Baht 0.6 million, commission income increased amount of Baht 0.6 million, and others increased amount of Baht 1.6 million.

**Expenses**

▪ **Distribution costs**

The Company and its subsidiary's distribution costs were Baht 125.3 million, increasing from previous year amount of Baht 13.1 million or 11.7% which were mainly from employee expenses increased amount of Baht 3.1 million (increased from the Company's expenses amount of Baht 3.7 million while a subsidiary decreased in employee expenses amount of Baht 0.6 million due to a decrease in the number of employees.), marketing expenses increased amount of Baht 9.1 million due to an increase in sales promotion and advertisement via social media, and delivery expenses increased amount of Baht 0.2 million which was in accordance with an increase in sales. Besides, entertainment expenses increased amount of Baht 0.7 million.

▪ **Administrative expenses**

The Company and its subsidiary's administrative expenses were Baht 187.6 million, increasing from previous year amount of Baht 3.0 million or 1.6% which was mainly from some expenses increased. For example;

- ▶ Employee expenses increased amount of Baht 4.4 million. (The Company's expenses increased amount of Baht 7.0 million from salary, bonus, annual company seminar, and traveling expenses for overseas business trip while a subsidiary's expenses decreased amount of Baht 2.6 million due to a decrease in the number of employees.)
- ▶ External warehouse rental fee increased amount of Baht 1.2 million which was in accordance with an increase in sales.
- ▶ Stock destruction and damage increased amount of Baht 1.2 million.
- ▶ Utility expenses increased amount of Baht 0.9 million.
- ▶ General maintenance expenses increased amount of Baht 0.7 million.

Meanwhile, some expenses decreased. For example;

- ▶ Donation expenses decreased amount of Baht 3.9 million.
- ▶ Depreciation and amortization expenses decreased amount of Baht 2.0 million.

▪ **Loss from impairment of investment in a subsidiary**

In 2023, the Company performed impairment test on investment in a subsidiary by reviewing the recoverable value of the cash generating unit calculated by the value-in-use method from estimating the Company's expected recoverable discounted cash flow. The expected recoverable discounted cash flow was estimated based on financial projections approved by the management. The estimated discounted cash flow covered 5 years and found that the expected recoverable value of the cash generating unit by using the value-in-use of assets was lower than book value of investment in a subsidiary amount of Baht 261.2 million which the Company has already recognised provision for such loss from impairment of investment in a subsidiary in the previous year amount of Baht 235.1 million. Therefore, the Company recognised an additional provision for such loss from impairment of investment in a subsidiary in 2023 amount of Baht 26.1 million.

At present, the Company is in process of financial and operational management in order to encourage better performance of a subsidiary in the future.

▪ **Loss from impairment of goodwill**

In 2022, the Company perform impairment test on investment in a subsidiary which caused the Company and its subsidiary had to recognise loss from impairment of total goodwill amount of Baht 94.4 million in consolidated financial statements.

▪ **Finance cost**

Finance cost of the Company and its subsidiary increased amount of Baht 2.7 million which was mainly from interest expenses from short-term loans from financial institutions in form of trust receipts payable increased due to an increase in interest rate.

▪ **Share of loss from investment in an associate**

Share of loss from investment in an associate based on equity method was Baht 3.6 million, increasing from previous year amount of Baht 2.7 million which was mainly due to a decrease in sales of an associate.

▪ **Profit (loss) for the year**

In 2023, the Company and its subsidiary's profit for the year was Baht 113.8 million, increasing from previous year amount of Baht 104.4 million or 1,109.8% which was from gross profit increased amount of Baht 9.5 million, other income increased amount of Baht 12.8 million, loss from impairment of goodwill decreased amount of Baht 94.4 million, and income tax expenses decreased amount of Baht 9.2 million. However, distribution costs increased amount of Baht 13.1 million, administrative expenses increased amount of Baht 3.0 million, finance cost increased amount of Baht 2.7 million, and share of loss from investment in an associate increased amount of Baht 2.7 million.

By the way, excluding loss from impairment of goodwill, profit for the year (Normalize) of the Company and its subsidiary increased from previous year amount of Baht 9.9 million or 9.6%.

The Company's profit for the year was Baht 114.0 million, increasing from previous year amount of Baht 133.7 million or 677.9% which was mainly from gross profit increased amount of Baht 11.1 million, other income increased amount of Baht 12.6 million, loss from impairment of investment in a subsidiary decreased amount of Baht 130.4 million, and income tax expenses decreased amount of Baht 2.1 million. However, distribution costs increased amount of Baht 13.6 million, administrative expenses increased amount of Baht 6.3 million, and finance cost increased amount of Baht 2.7 million

By the way, excluding loss from impairment of investment in a subsidiary, profit for the year (Normalize) of the Company was Baht 140.0 million, increasing from previous year amount of Baht 3.3 million or 2.4%.

▪ Other comprehensive income

The Company and its subsidiary's other comprehensive income decreased amount of Baht 2.7 million. In 2022, the Company and its subsidiary engaged with an independent expert to assess provision for defined benefits for post-employment in order to comply with the relevant financial reporting standards and recognised gain - net of income tax in other comprehensive income amount of Baht 2.7 million (the Company's gain Baht 2.5 million and a subsidiary's gain Baht 0.2 million), while there was no such transaction in this year.

By the way, the Company and its subsidiary engage with an independent expert to assess provision for employee benefits based on actuarial basis in order to comply with relevant financial reporting standards approximately every 3 years or when there is a change in event which has a significant effect on the obligation under such defined benefits for post-employment plan.

▪ Total comprehensive income for the year

In 2023, the Company and its subsidiary's total comprehensive income was Baht 114.0 million, increasing from previous year amount of Baht 101.6 million or 836.7% due to profit for the year increased amount of Baht 104.4 million while other comprehensive income decreased amount of Baht 2.7 million.

Excluding loss from impairment of goodwill and loss from impairment of investment in a subsidiary, total comprehensive income for the year (Normalize) of the Company and its subsidiary increased from previous year amount of Baht 7.2 million or 6.7% and total comprehensive income for the year (Normalize) of the Company was Baht 140.0 million, increasing from previous year amount of Baht 0.8 million or 0.6%

## 2. Financial Position Analysis

Table 3: Overall Financial Position of the Company and its subsidiary as at 31 December 2023

(Unit: Thousand Baht)

	Consolidated Financial Statements				Increase (Decrease)		Separate Financial Statements				Increase (Decrease)	
	31/12/23	%	31/12/22	%	Thousand Baht	%	31/12/23	%	31/12/22	%	Thousand Baht	%
Current Assets	858,889	69.7	938,462	71.1	(79,573)	(8.5)	950,521	78.9	1,009,587	78.5	(59,066)	(5.9)
Non-Current Assets	373,239	30.3	382,099	28.9	(8,860)	(2.3)	253,753	21.1	275,893	21.5	(22,140)	(8.0)
<b>Total Assets</b>	<b>1,232,128</b>	<b>100.0</b>	<b>1,320,561</b>	<b>100.0</b>	<b>(88,433)</b>	<b>(6.7)</b>	<b>1,204,274</b>	<b>100.0</b>	<b>1,285,480</b>	<b>100.0</b>	<b>(81,206)</b>	<b>(6.3)</b>
Current Liabilities	574,301	46.6	694,751	52.6	(120,450)	(17.3)	543,084	45.1	659,291	51.3	(116,207)	(17.6)
Non-Current Liabilities	41,532	3.4	39,288	3.0	2,244	5.7	40,006	3.3	34,986	2.7	5,020	14.3
<b>Total Liabilities</b>	<b>615,833</b>	<b>50.0</b>	<b>734,039</b>	<b>55.6</b>	<b>(118,206)</b>	<b>(16.1)</b>	<b>583,090</b>	<b>48.4</b>	<b>694,277</b>	<b>54.0</b>	<b>(111,187)</b>	<b>(16.0)</b>
Shareholders' equity	616,295	50.0	586,522	44.4	29,773	5.1	621,184	51.6	591,203	46.0	29,981	5.1
<b>Total liabilities and shareholders' equity</b>	<b>1,232,128</b>	<b>100.0</b>	<b>1,320,561</b>	<b>100.0</b>	<b>(88,433)</b>	<b>(6.7)</b>	<b>1,204,274</b>	<b>100.0</b>	<b>1,285,480</b>	<b>100.0</b>	<b>(81,206)</b>	<b>(6.3)</b>

### 2.1 Assets

As at 31 December 2023, the Company and its subsidiary had total assets amount of Baht 1,232.1 million which were comprised of current assets amount of Baht 858.9 million or 69.7% of total assets and non-current assets amount of Baht 373.2 million or 30.3% of total assets.

The main compositions of assets were inventories amount of Baht 423.6 million or 34.4%, trade and other receivables amount of Baht 401.0 million or 32.5%, and property, plant and equipment amount of Baht 303.1 million or 24.6%.

- Current assets were Baht 858.9 million, decreasing from previous year amount of Baht 79.6 million or 8.5%. The main reasons were from inventories decreased amount of Baht 65.7 million and trade and other receivables decreased amount of Baht 13.9 million.
- Non-current assets were Baht 373.2 million, decreasing from previous year amount of Baht 8.9 million or 2.3%. The main reasons were from property, plant and equipment decreased amount of Baht 7.3 million, investment in an associate decreased amount of Baht 3.6 million, and other non-current assets decreased amount of Baht 1.0 million, while intangible assets increased amount of Baht 2.8 million

### 2.2 Liabilities

As at 31 December 2023, the Company and its subsidiary had total liabilities amount of Baht 615.8 million, which were comprised of current liabilities amount of Baht 574.3 million or 93.3% of total liabilities and non-current liabilities amount of Baht 41.5 million or 6.7% of total liabilities.

The main compositions of liabilities were bank overdrafts and short-term loans from financial institutions amount of Baht 280.6 million or 45.6% and trade and other payables amount of Baht 259.6 million or 42.2%.

- Current liabilities decreased from previous year amount of Baht 120.5 million or 17.3%. The main reasons were from bank overdrafts and short-term loans from financial institutions decreased amount of Baht 133.6 million and income tax payable decreased amount of Baht 7.1 million, while trade and other payables increased amount of Baht 20.6 million.
- Non-current liabilities increased from previous year amount of Baht 2.2 million or 5.7%. The main reasons were from provision for long-term employee benefits increased amount of Baht 3.2 million, while lease liabilities - net of current portion decreased amount of Baht 0.9 million.

### 2.3 Shareholders' equity

Shareholders' equity as at 31 December 2023 was Baht 616.3 million, increasing from previous year amount of Baht 29.8 million due to the Company and its subsidiary's total comprehensive income for the year 2023 amount of Baht 113.8 million, while dividends were paid during the year amount of Baht 84.0 million.

### 3. Cash flows Analysis

Table 4: Overall cash flow of the Company and its subsidiary for the year ended 31 December 2023

(Unit: Thousand Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2023	2022	2023	2022
Cash flows from (used in) operating activities	251,182	(3,927)	255,150	10,721
Cash flows used in investing activities	(19,377)	(22,196)	(27,236)	(42,434)
Cash flows from (used in) financing activities	(232,050)	22,163	(228,887)	28,976
<b>Net decrease in cash and cash equivalents</b>	<b>(245)</b>	<b>(3,960)</b>	<b>(973)</b>	<b>(2,737)</b>
Cash and cash equivalents at beginning of the year	33,963	37,923	32,068	34,805
Cash and cash equivalents at end of the year	33,718	33,963	31,095	32,068

- **Net cash flows from (used in) operating activities**

The Company and its subsidiary had net cash flows from operating activities for the year 2023 amount of Baht 251.2 million which was the Company's net cash flows from operating activities amount of Baht 255.2 million.



▪ **Net cash flows used in investing activities**

✚ **The Company and its subsidiary**

✚ 2023: The Company and its subsidiary's net cash flows used in investing activities were amount of Baht 19.4 million. The main reasons were from acquisition of building and equipment during the year amount of Baht 15.0 million (e.g. a subsidiary's foundation reinforcement for manufacturing plant and office building amount of Baht 8.0 million, furniture and office equipment amount of Baht 2.2 million, and etc.), and acquisition of intangible assets during the year amount of Baht 5.6 million. Meanwhile, there was cash received from sales of equipment amount of Baht 1.1 million.

✚ 2022: The Company and its subsidiary's net cash flows used in investing activities were amount of Baht 22.2 million. The main reasons were from the Company acquired additional investment in an associate amount of Baht 6.8 million, acquired equipment during the year amount of Baht 11.9 million. (e.g. building improvement amount of Baht 3.8 million which was skin care laboratory, application laboratory, conference room at warehouse, and production plant for herb products, computer and equipment amount of Baht 2.2 million, tools and equipment amount of Baht 2.0 million, and construction in progress of foundation reinforcement and level raising for residential building amount of Baht 1.5 million, and etc.), and acquired intangible assets amount of Baht 3.7 million. Meanwhile, there was cash received from sales of equipment amount of Baht 0.1 million.

✚ **The Company**

✚ 2023: The Company's net cash flows used in investing activities were amount of Baht 27.2 million. The main reasons were from loans to a subsidiary during the year amount of Baht 19.8 million, acquisition of equipment amount of Baht 6.0 million (e.g. furniture and office equipment amount of Baht 2.0 million, tools and equipment amount of Baht 1.7 million, and machines amount of Baht 1.3 million, and etc.), and intangible assets amount of Baht 5.4 million. Meanwhile, there was cash received from interest amount of Baht 3.0 million and sales of equipment amount of Baht 1.1 million.

✚ 2022: The Company's net cash flows used in investing activities were amount of Baht 42.4 million. The main reasons were from loans to a subsidiary during the year amount of Baht 24.1 million, acquisition of additional investment in an associate amount of Baht 6.8 million, acquisition of equipment amount of Baht 9.9 million (e.g. building improvement amount of Baht 3.0 million which was skin care laboratory, application laboratory, and conference room at warehouse, computer and equipment amount of Baht 2.2 million, and tools and equipment amount of Baht 2.0 million, and etc.), and acquisition of intangible assets amount of Baht 3.4 million. Meanwhile, there was cash received from interest amount of Baht 1.6 million and sales of equipment amount of Baht 0.1 million.

- Net cash flows from (used in) financing activities

- ✚ **The Company and its subsidiary**

- ✚ 2023: The Company and its subsidiary's net cash flows used in financing activities were amount of Baht 232.1 million. The main reasons were from short-term loans from financial institutions in form of trust receipts payable decreased amount of Baht 133.6 million, dividends paid to shareholders amount of Baht 84.0 million, and lease liabilities payment amount of Baht 14.4 million.

- ✚ 2022: The Company and its subsidiary's net cash flows from financing activities were amount of Baht 22.2 million. The main reasons were from short-term loans from financial institutions increased amount of Baht 157.1 million. Meanwhile, there were dividends paid amount of Baht 108.0 million, long-term loans from financial institutions repayment and lease liabilities payment amount of Baht 14.3 million and Baht 12.7 million, respectively.

- ✚ **The Company**

- ✚ 2023: The Company's net cash flows used in financing activities were amount of Baht 228.9 million. The main reasons were from short-term loans from financial institutions in form of trust receipts payable decreased amount of Baht 133.6 million, dividends paid to shareholders amount of Baht 84.0 million, and lease liabilities payment amount of Baht 11.3 million.

- ✚ 2022: The Company's net cash flows from financing activities were amount of Baht 29.0 million. The main reasons were from short-term loans from financial institutions increased amount of Baht 160.6 million. Meanwhile, there were dividends paid amount of Baht 108.0 million, long-term loans from financial institutions repayment amount of Baht 14.3 million, and lease liabilities payment amount of Baht 9.3 million.

Refer to the above information, the Company and its subsidiary decreased in cash and cash equivalents during the year 2023 amount of Baht 0.2 million. When combined with cash and cash equivalents as at 31 December 2022 amount of Baht 33.9 million, the Company and its subsidiary's cash and cash equivalents as at 31 December 2023 were equal to Baht 33.7 million.

Please be informed accordingly.

Yours faithfully,

(Kanokpan Kreangkraikrissada)

Chief Executive Officer

**Winner Group Enterprise Public Company Limited**

Company secretary and investor relations  
Tel. 0 2675 6525 ext. 1802