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May 13, 2024

Subject: Management Discussion and Analysis for the 3-month period ended 31 March 2024

To: The President
 The Stock Exchange of Thailand

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

1.1 Analysis of Operating Results for the Company and its subsidiary for the 3-month period ended 31 March 2024

Table 1: Operating results for the 3-month period ended 31 March 2024

	Consolidated Financial Statements				Separate Financial Statements			
	2024	2023	Increase (Decrease)		2024	2023	Increase (Decrease)	
			Thousand Baht	%			Thousand Baht	%
Total revenues	501,311	517,324	(16,013)	(3.1)	497,862	509,961	(12,099)	(2.4)
Revenues from sales and service	494,573	511,893	(17,320)	(3.4)	490,357	505,239	(14,882)	(2.9)
Cost of sales and service	396,625	398,091	(1,466)	(0.4)	392,991	392,571	420	0.1
Gross profit	97,948	113,802	(15,854)	(13.9)	97,366	112,668	(15,302)	(13.6)
Other income	6,738	5,431	1,307	24.1	7,505	4,722	2,783	58.9
Profit before expenses	104,686	119,233	(14,547)	(12.2)	104,871	117,390	(12,519)	(10.7)
Selling and distribution expenses	32,443	29,392	3,051	10.4	31,961	28,564	3,397	11.9
Administrative expenses	50,037	47,423	2,614	5.5	43,910	41,503	2,407	5.8
Total Expenses	82,480	76,815	5,665	7.4	75,871	70,067	5,804	8.3
Operating profit	22,206	42,418	(20,212)	(47.6)	29,000	47,323	(18,323)	(38.7)
Share of profit (loss) from investment in associate	(1,577)	225	(1,802)	(800.9)	-	-	-	-
Finance costs	(1,966)	(1,939)	(27)	1.4	(1,749)	(1,712)	(37)	2.2
Profit before income tax expenses	18,663	40,704	(22,041)	(54.1)	27,251	45,611	(18,360)	(40.3)
Income tax expenses	(5,408)	(6,804)	1,396	(20.5)	(5,428)	(6,856)	1,428	(20.8)
Profit for the period	13,255	33,900	(20,645)	(60.9)	21,823	38,755	(16,932)	(43.7)
Gross profit margin	19.8%	22.2%	(2.4%)		19.9%	22.3%	(2.4%)	
Selling and distribution expenses per sales	6.6%	5.7%	0.9%		6.5%	5.7%	0.8%	
Administrative expense per sales	10.1%	9.3%	0.8%		9.0%	8.2%	0.8%	
Net profit margin	2.6%	6.6%	(4.0%)		4.4%	7.6%	(3.2%)	
Earnings per share (Bath/Share)	0.02	0.06	(0.04)		0.04	0.06	(0.02)	

(Unit: Thousand Baht)

Revenues

Revenues from sales and service

Table 2: Revenues from sales separated by main product segment for the 3-month period ended 31 March 2024

(Unit: Thousand Baht)

Product Type	For the 3-month period ended 31 March				Increase (Decrease)	
	2024		2023		Thousand	
	2024	%	2023	%	Baht	%
Business-to-Business segment	461,444	93.3	469,203	91.7	(7,759)	(1.7)
Business-to-Customer segment	33,129	6.7	42,690	8.3	(9,561)	(22.4)
Total	494,573	100.0	511,893	100.0	(17,320)	(3.4)

In the 1st quarter of 2024, the Company and its subsidiary's revenues from sales and service were Baht 494.6 million, decreasing from the same period of previous year amount of Baht 17.3 million or 3.4%.

Revenues from sales of Business-to-Business segment decreased amount of Baht 7.8 million or 1.7% which was mainly from product group of food additive (e.g. stabilizer), frozen vegetable and fruit, and snack & confectionary.

Revenues from sales of Business-to-Customer segment decreased amount of Baht 9.6 million or 22.4% which was mainly from product group of snack & confectionary and gourmet food.

▪ Gross profit

The Company and its subsidiary's gross profit was Bath 97.9 million, decreasing from the same period of previous year amount of Baht 15.9 million. Gross profit margin was 19.8%, decreasing from the same period of previous year by 2.4%.

The Company's gross profit was Baht 97.4 million, decreasing from the same period of previous year amount of Baht 15.3 million which was in accordance with a decrease in sales and service income amount of Baht 14.9 million while cost of sales increased amount of Baht 0.4 million. The Company's gross profit margin was 19.9%, decreasing from the same period of previous year by 2.4%. One reason was from an effect of Thai Baht depreciation, as in the 1st quarter of 2024 value of Thai Baht against US dollar was between 34.41 to 36.63, while in the same period of previous year was between 32.85 to 35.32.

▪ Other income

The Company and its subsidiary's other income was Baht 6.7 million, increasing from the same period of previous year amount of Baht 1.3 million or 24.1% due to other income from debt reversal amount of Baht 1.4 million in this period which was from an adjustment of previous years' accrued marketing expenses that was estimated over than amount that was charged by the creditor, while was no this transaction in the same period of previous year. Moreover, there was other income from marketing sponsorship amount of Baht 0.7 million, while was no this transaction in the same period of previous year.

However, a subsidiary's other income decreased amount of Baht 1.0 million. (Due to a subsidiary regained rental guarantee in the same period of previous year, while was no this transaction in this period.)

Expenses

▪ Selling and distribution expenses

The Company and its subsidiary's selling and distribution expenses were Baht 32.4 million, increasing from the same period of previous year amount of Baht 3.1 million or 10.4% which were mainly from employee expenses increased amount of Baht 2.7 million (increased from the Company's expenses amount of Baht 3.1 million while a subsidiary decreased in employee expenses amount of Baht 0.4 million due to a number of employees deceased), marketing expenses increased amount of Baht 0.6 million due to an increase in sales promotion and sales event. However, packaging expenses for delivery decreased amount of Baht 0.2 million which was in accordance with a decrease in sales.

▪ Administrative expenses

The Company and its subsidiary's administrative expenses were Baht 50.0 million, increasing from the same period of previous year amount of Baht 2.6 million or 5.5% which was mainly from some expenses increased. For example;

- ▶ Employee expenses increased amount of Baht 1.6 million. (The Company's expenses increased amount of Baht 1.4 million from salary and traveling expenses for field work and a subsidiary's expenses increased amount of Baht 0.2 million from salary.)
- ▶ Stock destruction and damage increased amount of Baht 1.3 million.
- ▶ External warehouse rental fee increased amount of Baht 0.2 million.
- ▶ A subsidiary's building rental fee increased amount of Baht 0.6 million. The main reason was from last year lease agreement was classified as long-term, so it was presented as depreciation expenses-right-of-use assets according to TFRS16 while this year it was presented as rental fee due to an agreement term was changed from long-term to short-term.

Meanwhile, some expenses decreased. For example;

- ▶ Provision for loss from obsolete stock of the Company and its subsidiary decreased amount of Baht 0.5 million which was a reversal of provision amount of Baht 0.2 million in this period while was a provision amount of Baht 0.3 million in the same period of previous year. (In this period, the Company reversed provision amount of Baht 0.2 million while recorded provision amount of Baht 0.2 million in the same period of previous year. A subsidiary recorded provision amount of Baht 0.02 million while recorded provision amount of Baht 0.1 million in the same period of previous year.)
- ▶ Depreciation and amortization expenses decreased amount of Baht 0.7 million which was a decrease from a subsidiary amount of Baht 0.8 million due to last year lease agreement was classified as long-term, so it was presented as depreciation expenses-right-of-use assets according to TFRS16 while this year it was presented as rental fee due to an agreement term was changed from long-term to short-term as mention in above paragraph. However, the Company's expense increased amount of Baht 0.1 million.

▪ **Finance cost**

The Company and its subsidiary's finance cost was amount of Baht 2.0 million, slightly increased from the same period of previous year amount of Baht 0.03 million or 1.4%.

▪ **Share of profit (loss) from investment in associate**

Share of profit (loss) from investment in associate based on equity method was profit amount of Baht 0.2 million in the same period of previous year, while was loss amount of Baht 1.6 million in this period. As a result, loss increased amount of Baht 1.8 million or 800.9% which was mainly due to gain on inventory revaluation of an associate decreased.

▪ **Profit for the period**

The Company and its subsidiary's profit for the period was Baht 13.3 million, decreasing from the same period of previous year amount of Baht 20.6 million or 60.9% which was from gross profit decreased amount of Baht 15.9 million, selling and distribution expenses increased amount of Baht 3.1 million, administrative expenses increased amount of Baht 2.6 million, and share of loss from investment in associate increased amount of Baht 1.8 million. However, other income increased amount of Baht 1.3 million and income tax expenses decreased amount of Baht 1.4 million.

The Company's profit for the period was Baht 21.8 million, decreasing from the same period of previous year amount of Baht 16.9 million or 43.7% which was from gross profit decreased amount of Baht 15.3 million, selling and distribution expenses increased amount of Baht 3.4 million, and administrative expenses increased amount of Baht 2.4 million. However, other income increased amount of Baht 2.8 million and income tax expenses decreased amount of Baht 1.4 million.

2. Financial Position Analysis

Table 3: Overall Financial Position of the Company and its subsidiary as at 31 March 2024

(Unit: Thousand Baht)

	Consolidated Financial Statements				Increase (Decrease)		Separate Financial Statements				Increase (Decrease)	
	31/03/24	%	31/03/23	%	Thousand Baht	%	31/03/24	%	31/03/23	%	Thousand Baht	%
Current Assets	816,367	69.0	858,889	69.7	(42,522)	(5.0)	915,725	78.5	950,521	78.9	(34,796)	(3.7)
Non-Current Assets	367,513	31.0	373,237	30.3	(5,724)	(1.5)	250,990	21.5	253,752	21.1	(2,762)	(1.1)
Total Assets	1,183,880	100.0	1,232,126	100.0	(48,246)	(3.9)	1,166,715	100.0	1,204,273	100.0	(37,558)	(3.1)
Current Liabilities	514,029	43.4	574,300	46.6	(60,271)	(10.5)	484,983	41.6	543,083	45.1	(58,100)	(10.7)
Non-Current Liabilities	40,301	3.4	41,531	3.4	(1,230)	(3.0)	38,725	3.3	40,006	3.3	(1,281)	(3.2)
Total Liabilities	554,330	46.8	615,831	50.0	(61,501)	(10.0)	523,708	44.9	583,089	48.4	(59,381)	(10.2)
Shareholders' equity	629,550	53.2	616,295	50.0	13,255	2.2	643,007	55.1	621,184	51.6	21,823	3.5
Total liabilities and shareholders' equity	1,183,880	100.0	1,232,126	100.0	(48,246)	(3.9)	1,166,715	100.0	1,204,273	100.0	(37,558)	(3.1)

2.1 Assets

As at 31 March 2024, the Company and its subsidiary had total assets amount of Baht 1,183.9 million which were comprised of current assets amount of Baht 816.4 million or 69.0% of total assets and non-current assets amount of Baht 367.5 million or 31.0% of total assets.

The main compositions of assets were inventories amount of Baht 429.1 million or 36.2%, trade and other receivables amount of Baht 351.3 million or 29.7%, and property, plant and equipment amount of Baht 301.8 million or 25.5%.

- Current assets were Baht 816.4 million, decreasing from previous year amount of Baht 42.5 million or 5.0%. The main reasons were from trade and other receivables decreased amount of Baht 49.7 million and cash and cash equivalents decreased amount of Baht 1.1 million. However, inventories increased amount of Baht 5.5 million and derivative assets increased amount of Baht 2.5 million.
- Non-current assets were Baht 367.5 million, decreasing from previous year amount of Baht 5.7 million or 1.5%. The main reasons were from right-of-use assets decreased amount of Baht 2.7 million, investment in associate decreased amount of Baht 1.6 million, property, plant and equipment decreased amount of Baht 1.3 million, and deferred tax assets decreased amount of Baht 1.1 million. However, intangible assets increased amount of Baht 1.3 million.

2.2 Liabilities

As at 31 March 2024, the Company and its subsidiary had total liabilities amount of Baht 554.3 million, which were comprised of current liabilities amount of Baht 514.0 million or 92.7% of total liabilities and non-current liabilities amount of Baht 40.3 million or 7.3% of total liabilities.

The main compositions of liabilities were bank overdrafts and short-term loans from financial institutions amount of Baht 251.5 million or 45.4% and trade and other payables amount of Baht 227.9 million or 41.1%.

- Current liabilities decreased from previous year amount of Baht 60.3 million or 10.5%. The main reasons were from trade and other payables decreased amount of Baht 31.8 million, bank overdrafts and short-term loans from financial institutions decreased amount of Baht 29.1 million, and derivative liabilities decreased amount of Baht 3.9 million, while income tax payable increased amount of Baht 4.2 million.
- Non-current liabilities decreased from previous year amount of Baht 1.2 million or 3.0%. The main reasons were from lease liabilities - net of current portion decreased amount of Baht 2.2 million, while provision for long-term employee benefits increased amount of Baht 0.9 million.

2.3 Shareholders' equity

Shareholders' equity as at 31 March 2024 was Baht 629.6 million, increasing from previous year amount of Baht 13.3 million due to net profit for the 3-month period ended 31 March 2024.

3. Cash flows Analysis

Table 4: Overall cash flow of the Company and its subsidiary for the 3-month period ended 31 March 2024

(Unit: Thousand Baht)


	Consolidated Financial Statements		Separate Financial Statements	
	2024	2023	2024	2023
Cash flows from operating activities	35,686	166,584	39,824	166,680
Cash flows used in investing activities	(5,366)	(7,565)	(9,027)	(7,728)
Cash flows used in financing activities	(31,469)	(140,224)	(31,450)	(139,369)
Net increase (decrease) in cash and cash equivalents	(1,149)	18,795	(653)	19,583
Cash and cash equivalents at beginning of the period	33,718	33,963	31,095	32,068
Cash and cash equivalents at end of the period	32,569	52,758	30,442	51,651


■ Net cash flows from operating activities

The Company and its subsidiary had net cash flows from operating activities for the 1st quarter of 2024 amount of Baht 35.7 million which was the Company's net cash flows from operating activities amount of Baht 39.8 million.


■ Net cash flows used in investing activities


The Company and its subsidiary

 2024: The Company and its subsidiary's net cash flows used in investing activities were amount of Baht 5.4 million. The main reason was from acquisition of equipment and intangible assets during the period amount of Baht 3.6 million and Baht 1.8 million, respectively.

 2023: The Company and its subsidiary's net cash flows used in investing activities were amount of Baht 7.6 million. The main reasons were from acquisition of equipment and intangible assets during the period amount of Baht 5.5 million and Baht 2.2 million, respectively, while there was cash received from sales of equipment amount of Baht 0.1 million.

The Company

 2024: The Company's net cash flows used in investing activities were amount of Baht 9.0 million. The main reasons were from acquisition of equipment and intangible assets amount of Baht 2.3 million and Baht 1.8 million, respectively, and short-term loans to a subsidiary increased amount of Baht 5.9 million. Meanwhile, there was cash received from interest income amount of Baht 1.0 million.

 2023: The Company's net cash flows used in investing activities were amount of Baht 7.7 million. The main reasons were from acquisition of equipment and intangible assets amount of Baht 0.9 million and Baht 2.0 million, respectively, and short-term loans to a subsidiary increased amount of Baht 5.4 million. Meanwhile, there were cash received from interest income amount of Baht 0.5 million and sales of equipment amount of Baht 0.1 million.

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

✚ **The Company and its subsidiary**

✚ 2024: The Company and its subsidiary's net cash flows used in financing activities were amount of Baht 31.5 million. The main reasons were from short-term loans from financial institutions in form of trust receipts payable decreased amount of Baht 29.1 million, and lease liabilities payment amount of Baht 2.4 million.

✚ 2023: The Company and its subsidiary's net cash flows used in financing activities were amount of Baht 140.2 million. The main reasons were from short-term loans from financial institutions in form of trust receipts payable decreased amount of Baht 137.2 million, and lease liabilities payment amount of Baht 3.0 million.

✚ **The Company**

✚ 2024: The Company's net cash flows used in financing activities were amount of Baht 31.5 million. The main reasons were from short-term loans from financial institutions in form of trust receipts payable decreased amount of Baht 29.1 million, and lease liabilities payment amount of Baht 2.4 million.

✚ 2023: The Company's net cash flows used in financing activities were amount of Baht 139.4 million. The main reasons were from short-term loans from financial institutions in form of trust receipts payable decreased amount of Baht 137.2 million, and lease liabilities payment amount of Baht 2.1 million.

Refer to above information, the Company and its subsidiary decreased in cash and cash equivalents in the 1st quarter of 2024 amount of Baht 1.1 million. When combined with cash and cash equivalents as at 31 December 2023 amount of Baht 33.7 million, the Company and its subsidiary's cash and cash equivalents as at 31 March 2024 were equal to Baht 32.6 million.

Please be informed accordingly.

Yours faithfully,

(Kanokpan Kreangkraikrissada)

Chief Executive Officer

Winner Group Enterprise Public Company Limited