

10 May 2024

No. ZEN 2567-009
 Subject Management Discussion and Analysis for the 1st quarter of 2024
 To The President
 The Stock Exchange of Thailand

We, Zen Corporation Group Public Company Limited (“the Company”), are pleased to provide you our management discussion and analysis for the 1st quarter of 2024, as follows:

Business Overview

The overall Thai economy in the 1st quarter of 2024 still has a low expansion rate. This is a result of a contraction in government spending due to delayed approval of the annual budget. Meanwhile, the export sector and industrial production were stable. The headline inflation declined due to fresh food and energy prices. But there are several risk factors from situations such as conflicts in the Middle East that could affect energy prices, the agricultural commodity prices fluctuate due to climate change, and the uncertainty of government measures to reduce the cost of living, such as Digital Wallet. The policy interest rate remains at 2.5% per year to maintain economic stability. However, there are still supporting factors from the continuously strong tourism sector and private investment that has improved from investing in new businesses. As a result, employment in the service sector expanded. In addition, the Easy E-Receipt measure help boosting the consumption of non-durable goods to grow well during the project period.

For the operating results in the 1st quarter of 2024, the Company had a total revenue of THB 1,019Mn, an increase of THB 106Mn or 12% compared to the same period last year. This was mainly from an 8% growth in the revenue of the restaurant business because of new branches opening, renovation, brand revamping and launching various promotions to meet the needs of customer targets. And the retail business grew 61% from the same period last year due to investments in increasing production capacity in both the seasoning retail business and the seafood retail business to support business growth.

Financial Performance Summary

Statement of Income (Million Baht)	1 st Quarter			
	2023	2024	Change	
Revenue from Sales and Service (Main Revenue)	906	1,014	108	12%
Other Income	7	5	(2)	(29%)
Total Revenue	913	1,019	106	12%
Cost of Sales and Service	509	584	75	15%
Selling Expenses	231	268	36	16%
Administrative Expenses	116	128	12	10%
Total Expenses	857	980	123	14%
Profit/(Loss) from Operating Activities	56	39	(17)	(30%)
Finance Costs	10	15	5	53%
Profit/(Loss) before Tax Expenses	46	24	(22)	(48%)
Tax Expenses (Income)	8	2	(7)	(80%)
Net Profit/(Loss) for the Period	38	22	(15)	(41%)
<i>Profit/(Loss) of Parent Company</i>	<i>34</i>	<i>16</i>	<i>(18)</i>	<i>(54%)</i>
<i>Minority Equity Profit/(Loss) of Subsidiaries</i>	<i>4</i>	<i>6</i>	<i>2</i>	<i>47%</i>

In the 1st quarter of 2024, the Company opened 11 new restaurants, 8 of which are owned by the Company, 1 of which are domestic franchised branches and 2 of which are international franchised branches.

As of 31 March 2024, the Company's total restaurants reached 338 branches, of which 184 are equity owned branches, 142 of which are domestic franchised branches and 12 of which are international franchised branches.

Financial Performance Analysis

1. Total Revenue

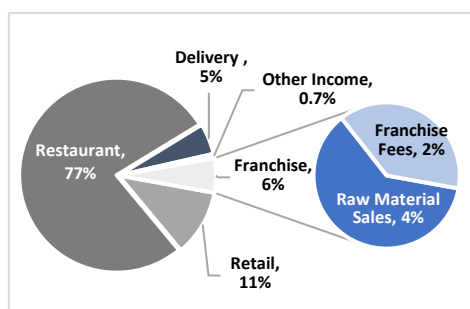
Revenue (Million Baht)	1 st Quarter		
	2023	2024	Change
Revenue from Sales of Goods			
▪ Revenue from Restaurant Business	706	763	57 8%
▪ Revenue from Food Delivery Service	47	40	(7) (15%)
▪ Revenue from Raw Material Sell to Franchise	32	28	(4) (13%)
▪ Revenue from Retail Commercial	101	163	62 61%
Total Revenue from Sales of Goods	886	994	108 12%
Franchise Fees Income	20	20	0 0%
Revenue from Sales and Service (Main Revenue)	906	1,014	108 12%
Other Income	7	5	(2) (29%)
Total Revenue	913	1,019	106 12%

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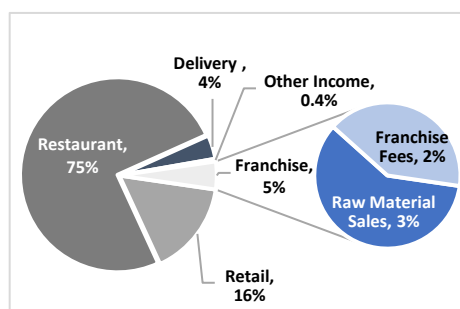
In the 1st quarter of 2024, the Company's total revenue was THB 1,019Mn, as increase of THB 106Mn or 12% from the 1st quarter of 2023. The 1Q24 Same Store Sales Growth (SSSG) was -7.8%. This was due to changes in revenue from various business operations as follows:

- **Revenue from Restaurant Business (eat-in channel)** increased by THB 57Mn or grew 8% from the same period last year. It was a result of new branches opening, the existing branches renovation, LaoYuan brand revamping to make distinctly difference with other brands, which was launched in mid-2023, has resulted in substantial revenue growth. In addition, branches located in tourist destinations such as Pattaya, Samui and Phuket can generate good revenue for the Company.
- **Revenue from Food Delivery Service** decreased by THB 7Mn or 15% from the same period last year. This is because the behavior of most consumers has changed back to eating in restaurants as usual. As a result, revenue from food delivery services decreased. However, the Company has developed and improved every channel that serves customers to be Omni Channel so that customers can use the service more conveniently and quickly.
- **Revenue from Raw Material Sell to Franchise** decreased by THB 4Mn or 13% from the same period last year, mainly due to the decrease in the number of franchise branches.
- **Revenue from Retail Commercial** increased by THB 62Mn or grew 61% from the same period last year. The retail business is operated primarily by subsidiaries. Revenue grew rapidly from expanding customer bases resulting in more orders and income.
- **Franchise Fees Income** in the 1st quarter of 2024 has the same income as the 1st quarter of 2023. This income consists of initial fee income from the opening of new franchise branches, renewal fee income from franchise contract extension, royalty and marketing fees income collected from franchisees.

Revenue Structure of Q1/2023

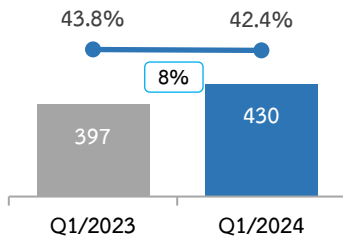


Revenue Structure of Q1/2024



Remark: Percentage of total revenue

2. Gross Profit



Gross Profit (Million Baht)	1 st Quarter			
	2023	2024	Change	
Revenue from Sales & Service	906	1,014	108	12%
Cost of Sales & Service	509	584	75	15%
Gross Profit	397	430	33	8%
Gross Profit Margin (%)	43.8%	42.4%	(1.4%)	

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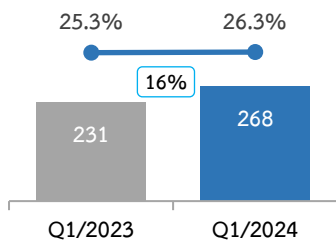
Gross Profit is derived from revenue from sales and service (main revenue) less cost of sales and service.

Cost of Sales and Service mainly consists of raw material cost, staff cost (kitchen area), rent, service fees and utilities (kitchen area).

In the 1st quarter of 2024, the Company's **gross profit** was THB 430Mn, an increase of THB 33Mn or 8% from the same period last year and **gross profit margin** was 42.4% or decreased 1.4% from 1st quarter of 2023, mainly due to an increasing proportion of retail commercial business, which has a lower gross margin than restaurant business.

However, the Company has continued efficient cost management including creating menus and organizing promotions for each brand to suit the cost of raw materials.

3. Selling Expenses



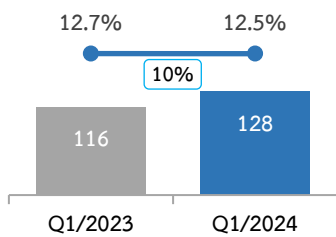
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In the 1st quarter of 2024, the Company's selling expenses were THB 268Mn, an increase of THB 36Mn or 16% from the same period last year, mainly due to

- Rent, service fee, utilities and staff expenses were increased according to the increase in number of new company-owned branches.
- Commission paid to food delivery operators was decreased in line with the decrease in revenue from food delivery services.

As a percentage of total revenue, selling expenses increased 1.0% from the same period last year.

4. Administrative Expenses

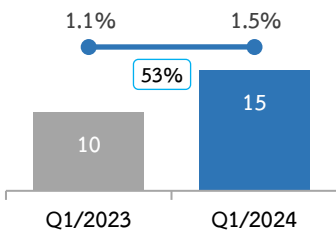


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In the 1st quarter of 2024, the Company's administrative expenses were THB 128Mn, an increase of THB 12Mn or 10% from the same period last year. This was because of the support team's expenses increasing and a recognition of the subsidiaries' expenses which were in line with the Company's business growth.

As a percentage of total revenue, administrative expenses decreased 0.2% from the same period last year.

5. Finance Costs

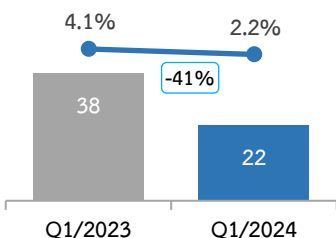


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In the 1st quarter of 2024, the Company's finance costs were THB 15Mn, an increase of THB 5Mn or 53% from the same period last year. This was mainly due to an increase in the interest expenses of a subsidiary.

As a percentage of total revenue, finance costs increased 0.4% from the same period last year.

6. Net Profit/(Loss)

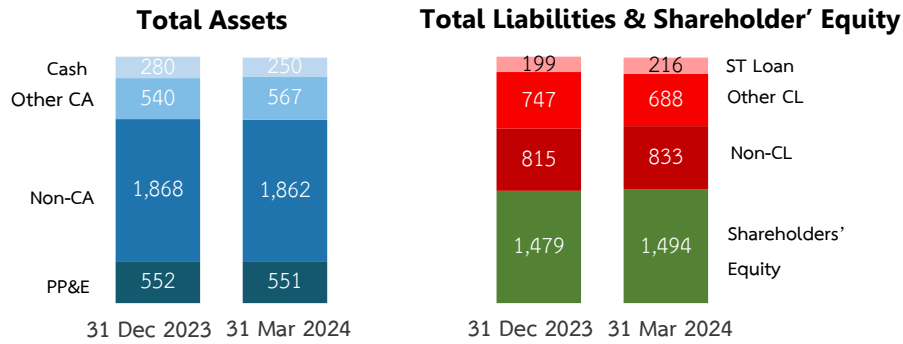


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In the 1st quarter of 2024, the Company had a net profit of THB 22Mn, a decrease of THB 15Mn or 41% from the same period last year. And the Company's net profit margin decreased 1.9% from the same period last year.

1Q24 net profit was contributed from parent company THB 16Mn and Minority Equity of Subsidiaries THB 6Mn.

Financial Position Analysis



Assets

As of 31 December 2023, and 31 March 2024, the Company had total assets of THB 3,240Mn and THB 3,230Mn respectively, a decrease of THB 10Mn mainly due to decreases of cash and cash equivalent and non-current assets.

Liabilities

As of 31 December 2023, and 31 March 2024, the Company had total liabilities of THB 1,761Mn and THB 1,737Mn respectively, a decrease of THB 24Mn mainly due to decreases of trade payable and accrued expenses, partially offset with an increase of short-term loan.

Shareholders' Equity

As of 31 December 2023, and 31 March 2024, the Company had total shareholders' equity of THB 1,479Mn and THB 1,494Mn respectively, an increase of THB 15Mn. This increase in shareholders' equity was mainly derived by (1) total profit of parent company during the period THB 8Mn, and (2) total profit of non-controlling interests from subsidiaries THB 7Mn.

Liquidity and Capital Structure

As of 31 March 2024, the Company's current ratio was increased to 0.90, compared to the end of 2023 at 0.87. The debt-to-equity ratio as of 31 March 2024 was decreased to 1.16, compared to the end of 2023 at 1.19.

Progress of Sustainable Development (ESG)

E: Environment

- Encourage waste segregation, reuse, and recycling to reduce the amount of waste sent to landfills through a campaign aimed at sorting waste. This can help reduce the amount of greenhouse gases produced.
- Participate in greenhouse gas assessment project in the year 2024 by Greenhouse Gas Management Organization.

S: Social

- Carry out the FOOD FOR GOOD project to promote good nutrition for Thai children by making donations for the third year consecutively.
- Support raw materials for cage-free eggs by using the eggs in the company branches.
- Support the work of people with disabilities by donating money to the Empowerment for Person with Disabilities Fund to promote and develop the quality of life of people with disabilities through the Jai-Dee Farm Project in 3 southern border provinces.

G: Governance

- The Company is committed to ensure the accurate, complete, timely, transparent, through easy access channels, fair and reliable disclosure of important information, both financial and non-financial, relating to the company and its subsidiaries, and strictly comply with relevant laws and regulations.

Please be informed accordingly.

Yours sincerely,

(Mrs. Yupaphan Ekasittikul)
Chief Financial Officer