

Date 10 May 2024

Subject Management's Discussion and Analysis of the Financial Statements for the three-month period ended March 31, 2024

To President of The Stock Exchange of Thailand

Enclosure Management's Discussion and Analysis of the Financial Statements for the three-month period ended March 31, 2024, 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 three-month period ended March 31, 2024.

The operation result of NSL for the three-month period ended March 31, 2024, registered a net profit from Owners of the parent in Consolidated financial statement amounting to 127.60 THB million and a net profit from separate financial statements amounting to 130.02 THB million. Please see further details in the Management's Discussion and Analysis for the three-month period ended March 31, 2024 as attached.

Please be informed accordingly.

Sincerely yours,

(Mr. Somchai Asavapiyanond)
Chairman of the Executive Committee

NSL Foods Public Company Limited

Management Discussion and Analysis for the three-month period ended March 31, 2024

Summary of operating performance for the three-month period ended March 31, 2024

Consolidated financial statement/ Financial statements in which the equity method is applied				
Operating Performance	2024	2023	Increase (Decrease)	%Increase (Decrease)
	MB	MB		
Sales	1,342.6	1,095.3	247.3	22.6%
Revenue from franchise license	3.2	-	3.2	100%
Other income	5.1	2.1	2.9	136.1%
Total Revenues	1,350.8	1,097.5	253.4	23.1%
Cost of sales	1,063.6	891.8	171.8	19.3%
Distribution costs	87.4	79.5	7.9	9.9%
Administrative expenses	38.8	27.8	10.9	39.2%
Profit from Operating Activities	161.1	98.4	62.7	63.8%
Finance costs	2.1	3.0	(0.9)	(29.4%)
Share of loss of joint venture accounted for using equity method	(0.2)	(0.7)	0.5	(69.3%)
Profit before income tax	158.8	94.7	64.1	67.7%
Income tax expenses	31.7	19.3	12.4	64.2%
Net Profit	127.1	75.3	51.7	68.7%
PROFIT ATTRIBUTABLE TO				
Owners of the parent	127.6	75.3	52.3	69.4%
Non-controlling interests	(0.5)	0.0	(0.5)	(100%)
	127.1	75.3	51.7	68.7%

Revenue

Consolidated financial statement/ Financial statements in which the equity method is applied						
Revenue Structure	2024		2023		Increase (Decrease)	%Increase (Decrease)
	MB	%	MB	%		
Sales	1,342.6	99.4%	1,095.3	99.8%	247.3	22.6%
- Bakery and appetizers	1,185.5	87.8%	1,003.5	91.4%	182.0	18.1%
- Snack under NSL's brands and trading	81.7	6.0%	9.9	0.9%	71.8	722.6%
- Food Services	66.0	4.9%	68.0	6.2%	(2.0)	(2.9%)
- OEM and others	9.4	0.7%	13.9	1.3%	(4.6)	(32.7%)
Revenue from franchise license	3.2	0.2%	-	0.0%	3.2	100%
Other income	5.1	0.4%	2.1	0.2%	2.9	136.1%
Total Revenue	1,350.8	100.0%	1,097.5	100.0%	253.4	23.1%

Revenue

In 3M2024, NSL group's revenue from sales were accounted for 99.4%, Revenue from franchise license 0.2% and other income were accounted for 0.4% of total revenue. Revenue from sales comprises products of bakery, appetizers, snacks by NSL's brands and trading, food services, OEM and others.

In 3M2024 period, NSL group had revenue from sales of 1,342.6 THB millions, increased from 2023 by 247.3 THB millions or accounted for the increase of 22.6%, mainly due to economic situation continuously recover and partner emphasize delivery sales and promotion continuously in the result of sales increasing.

Other income

In 3M2024 period, NSL's other income increased from 2023 by 2.9 THB million

Cost of sales and Gross profit

Consolidated financial statement/ Financial statements in which the equity method is applied						
Description	2024		2023		Increase (Decrease)	%Increase (Decrease)
	MB	%	MB	%		
Revenue from sales	1,342.6	100.0%	1,095.3	100.0%	247.3	22.6%
Cost of sales	1,063.6	79.2%	891.8	81.4%	171.8	19.3%
Gross Profit	279.0	20.8%	203.5	18.6%	75.5	37.1%

In 3M2024, gross profit margin was increased from the same period of the previous year mainly due to cost and expense control and economy of scale from sales increasing.

Distribution Costs

Consolidated financial statement/ Financial statements in which the equity method is applied						
Distribution Costs	2024		2023		Increase	%Increase
	MB	% of total revenue	MB	% of total revenue	(Decrease)	(Decrease)
Promotional and advertising expenses	2.4	0.2%	2.2	0.2%	0.2	6.9%
Sales transportation expenses	58.3	4.3%	55.6	5.1%	2.7	4.9%
Salaries, wages, overtime, bonuses, and employee benefits	17.2	1.3%	13.8	1.3%	3.5	25.3%
Other distribution costs	9.5	0.7%	7.9	0.7%	1.6	19.6%
Total Distribution costs	87.4	6.5%	79.5	7.2%	7.9	9.9%

The distribution costs in 3M2024 increased from the previous year by 7.9 THB million. It was mainly due to the increase of salaries, wages, overtime, bonuses, and employee benefits from increasing in personnel in sales and marketing department and sales promotion for boost up sales and sales transportation expenses from increasing of product delivery cycle.

Administrative Expenses

Consolidated financial statement/ Financial statements in which the equity method is applied						
Administrative Expenses	2024		2023		Increase	%Increase
	MB	% of total revenue	MB	% of total revenue	(Decrease)	(Decrease)
Salaries, wages, overtime, bonuses, and employee benefits	26.1	1.9%	18.4	1.7%	7.7	42.0%
Consulting fees and service fees	5.1	0.4%	3.9	0.4%	1.2	29.5%
Depreciation and amortization	2.2	0.2%	1.3	0.1%	0.9	71.1%
Utilities and equipment repair	1.3	0.1%	1.1	0.1%	0.2	14.0%
Other administrative expenses	4.0	0.3%	3.1	0.3%	0.9	30.8%
Administrative Expenses	38.8	2.9%	27.8	2.5%	10.9	39.2%

Administrative expenses in 3M2024 were increased from the previous year mainly due to salaries, wages, overtime, bonuses, and employee benefits increased from increasing in personnel in administration and management department and also subsidiaries part.

Finance Costs

Consolidated financial statement/ Financial statements in which the equity method is applied				
Finance Costs	2024	2023	Increase	%Increase
	MB	MB	(Decrease)	(Decrease)
Finance costs	2.1	3.0	(0.9)	(29.4%)

In 3M2024, finance costs had decreased when compare with the previous year, caused by decreasing in loan.

Net profit and Net profit margin

Net profit and Net profit margin	Unit	2024	2023	Increase (Decrease)	% Increase (Decrease)
Consolidated financial statement					
Net profit	MB	127.1	75.3	51.7	68.7%
Net profit margin (%)	%	9.4%	6.9%	2.5%	
Separate financial statements					
Net profit	MB	130.0	76.1	54.0	71.0%
Net profit margin (%)	%	10.0%	6.9%	3.0%	

In 3M2024, NSL had net profit in the separate financial statement of 130.0 THB million, higher than the previous year by 54 THB million and net profit margin is more than the previous year by 3.0%. It resulted from increasing in revenue from economic recovery and cost and expense control and economy of scale from sales increasing so net profit and net profit margin increased when compare with the same period of the previous year.

Moreover, for consolidated financial statement, in 3M2024 NSL invested in Pen I F & B Co., Ltd. amounting to 15 THB million and had share of loss of joint venture accounted for using equity method amounting to 0.22 THB million from operating expense and selling expense , Moreover, NSL had a little share of loss from invested in NSL INTERTRADE (2023) Co., Ltd. from operating expense and NSL had a little share of profit from invested in NSL Bake a Wish Co., Ltd. so remaining net profit from Consolidated financial statement was 127.1 THB million.

Financial Position

Financial Position	Consolidated financial statement			
	31-Mar-24 MB	31-Dec-23 MB	Increase (Decrease)	%Increase (Decrease)
Total Assets	2,609.8	2,499.6	110.2	4.4%
Total Liabilities	905.3	923.2	(17.9)	(1.9%)
Total Shareholders' Equity	1,704.5	1,576.4	128.1	8.1%

Assets

Assets	Consolidated financial statement				
	31-Mar-24	31-Dec-23	Increase	%Increase	% Proportion per total assets
	MB	MB	(Decrease)	(Decrease)	31-Mar-24
Cash and cash equivalents	248.9	133.9	115.0	85.9%	9.5%
Trade and other current receivables	727.7	732.0	(4.3)	(0.6%)	27.9%
Short-term loans to a subsidiary	-	-	-	-	-
Inventories	261.6	274.4	(12.8)	(4.7%)	10.0%
Investment in subsidiaries	-	-	-	-	-
Investment in a joint venture	5.9	6.1	(0.2)	(3.6%)	0.2%
Property, plant and equipment and Right-of-use assets	1,054.1	1,049.9	4.2	0.4%	40.4%
Other assets	311.6	303.3	8.3	2.7%	11.9%
Total Assets	2,609.8	2,499.6	110.2	4.4%	100.0%

NSL's total assets in 3M2024 increased from the previous year, mainly due to the increase of Cash and cash equivalents from net profit and reserve for payment in the future.

Moreover, in 3M2024 NSL invested in Pen 1 F & B Co., Ltd. amounting to 15 THB million and had accumulated share of loss of joint venture accounted for using equity method amounting to 9.1 THB million from operating expense and selling expense so remaining investment in a joint venture from consolidated financial statement was 5.9 THB million.

Liabilities

Liabilities	Consolidated financial statement				
	31-Mar-24	31-Dec-23	Increase	%Increase	% Proportion per total assets
	MB	MB	(Decrease)	(Decrease)	31-Mar-24
Trade and other current payables	639.3	650.0	(10.7)	(1.6%)	24.5%
Long-term borrowings from a financial institution	96.2	133.4	(37.2)	(27.9%)	3.7%
Lease liabilities	20.9	22.2	(1.3)	(5.9%)	0.8%
Other liabilities	148.9	117.6	31.3	26.6%	5.7%
Total Liabilities	905.3	923.2	(17.9)	(1.9%)	34.7%

NSL's total liabilities in 3M2024 was 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. However, income tax payable increased by 32.4 THB million from 3M2024 profit.

Shareholder's Equity

Shareholder's Equity	Consolidated financial statement				
	31-Mar-24	31-Dec-23	Increase	%Increase	% Proportion per total assets
	MB	MB	(Decrease)	(Decrease)	31-Mar-24
Issued and paid-up share capital	300.0	300.0	-	0.0%	11.5%
Premium on ordinary shares	797.4	797.4	-	0.0%	30.6%
Retained earnings - Legal reserve	30.0	30.0	-	0.0%	1.1%
Retained earnings - Unappropriated	559.9	432.3	127.6	29.5%	21.5%
Non-Controlling Interests	17.2	16.7	0.5	2.8%	0.7%
Total Shareholders' Equity	1,704.5	1,576.4	128.1	8.1%	65.3%

Shareholders' equity in 3M2024 was 1,704.5 THB million, increased by 128.1 THB million or accounted for 8.1%. It resulted from the increase of retained earnings from net profit during the period.