

Acc. 003/2019

May 11, 2020

To: The President
The Stock Exchange of Thailand

Subject: Management discussion and analysis (MD&A) for Quarter 1/2020

Dear Sir,

S. Khonkaen Foods Public Company Limited or "SORKON" and its subsidiaries ("the company") would like to clarify the operating results for Quarter 1/2020 as follows:

Revenue and Net Sales

According to the Covid-19 pandemic, consumers have increased food spending in March and the government has announced that restaurants can sell for take home only. This situation effects the Company recorded its total revenue of Baht 726.4 Million, or 4.3% increased from Q1/2019 by Baht 29.8 Million of which Baht 718.9 Million was revenue from sales. The Company had successfully recorded a sales growth of Baht 30.6 Million, or 4.4%. Please find the details of sales growth by business units as follows:

- Processed meat business (Traditional Thai Food, Snack and Frozen) recorded its revenue of Baht 379.4 Million that 7.0% increased from Q1/2019 or by Baht 24.9 Million.
- Seafood business recorded its revenue of Baht 245.4 Million that 6.3% increased from Q1/2019 or by Baht 14.5 Million.
- QSR business recorded its revenue of Baht 31.5 Million that 12.9% decreased from Q1/2019 or by Baht 4.7 Million.
- Swine farm business recorded its revenue of Baht 62.7 Million that 6.2% decreased from Q1/2019 or by Baht 4.1 Million.

Gross Profit Margin

Gross Profit Margin (GPM) in Quarter 1/2020 was Baht 194.9 Million, which increased from Q1/2019 by Baht 4.4 Million, or 2.3%. However, GPM rate decreased from 27.7% to 27.1%. Details of GPM by business units are as follows:

- Processed meat business (Traditional Thai Food, Snack and Frozen) recorded its GPM of Baht 102.8 Million that 4.2% increased from Q1/2019 or by Baht 4.2 Million.
- Seafood business recorded its GPM of Baht 65.3 Million that 2.5% increased from Q1/2019 or by Baht 1.6 Million.
- QSR business recorded its GPM of Baht 17.2 Million that 13.8% decreased from Q1/2019 or by Baht 2.8 Million.
- Swine farm business recorded its GPM of Baht 9.5 Million that 16.5% increased from Q1/2019 or by Baht 1.4 Million.

Selling and Administration Expenses

In Q1/2020, the Company recorded selling and administration expenses of Baht 143.1 Million nearly of Q1/2019.

Other Transaction

In Q1/2020, there were Baht 2.1 Million and Baht 4.0 Million from revenue and expenses from new office building and Baht 5.7 Million from loss on change in fair value less cost of sale of biological assets.

Financial Cost

Financial cost in Q1/2020 was Baht 9.2 Million increased by Baht 1.2 Million or 15.0% from Q1/2019 as the company recorded interest expenses from lease liabilities from the adoption of TFRS 16 Lease, the new financial reporting standard which was effective for fiscal year beginning on 1 January 2020.

Net Profit

In Q1/2020, the company recorded net profit attributed to equity holders of the company of Baht 33.4 Million that 10.0% increased from Q1/2019 or by Baht 3.7 Million as recording loss on change in fair value less cost of sale of biological assets and interest expenses from lease liabilities from the adoption of TFRS 16 Lease.

Financial Position

Asset

As of 31 March 2020, the company reported total Asset of Baht 2,567.1 Million, increased from Baht 2,566.1 Million by the year-end 2019 or increased by Baht 1.0 Million or 0.04% mainly resulted from short term loan repayment and recorded right of use assets from the adoption of TFRS 16 Lease.

Liabilities

As of 31 March 2020, the company reported total Liabilities of Baht 1,447.7 Million, decreased from Baht 1,480.6 Million by the year-end 2019 or decreased by Baht 32.9 Million or 2.2% due to repayment of short-term loans from financial institutions and additional recording lease liabilities from the adoption of TFRS 16 Lease.

Equities

As of 31 March 2020, the company reported total Equities of Baht 1,119.3 Million, increased from Baht 1,058.6 Million by the year-end 2019, or increased by Baht 33.7 Million or 3.1%.

Respectfully Yours,

(Mr. Charoen Rujirasopon, Mrs. Niramon Rujirasopon)

Authorized Directors