

Acc. 007/2020

November 12, 2020

To: The President
The Stock Exchange of Thailand

Subject: Management discussion and analysis (MD&A) for Quarter 3/2020

Dear Sir,

S. Khonkaen Foods Public Company Limited or "SORKON" and its subsidiaries ("the company") would like to clarify the operating results for Quarter 3/2020 as follows:

Revenue and Net Sales

The Company recorded its total revenue of Baht 684.7 Million, or 1.8% decreased from Q3/2019 by Baht 12.2 Million of which Baht 666.0 Million was revenue from sales. The company has recorded a sales decline of Baht 24.3 Million, or 3.5%. Please find the details of sales by business units as follows:

- Processed meat business (Traditional Thai Food, Snack, and Frozen) recorded its revenue of Baht 334.9 Million that 8.7% decreased from Q3/2019 or by Baht 31.8 Million, according to purchasing power decline which was affected by the COVID-19 pandemic.
- Seafood business recorded its revenue of Baht 238.3 Million that 6.7% increased from Q3/2019 or by Baht 14.9 Million due to an increase from export.
- QSR business recorded its revenue of Baht 23.3 Million that 33.6% decreased from Q3/2019 or by Baht 11.8 Million due to closing unperformed branches.
- Swine farm business recorded its revenue of Baht 69.6 Million that 6.7% increased from Q3/2019 or by Baht 4.4 Million resulted from increasing in fattening pig price.

Gross Profit Margin

Gross Profit Margin (GPM) in Quarter 3/2020 was Baht 180.2 Million, which increased from Q3/2019 by Baht 6.6 Million, or 3.8%. However, the GPM rate increased from 25.1% to 27.1%. Details of GPM by business units are as follows:

- Processed food business (Traditional Thai Food, Snack, and Frozen) recorded its GPM of Baht 93.8 Million that 1.0% decreased from Q3/2019 or by Baht 0.9 Million due to decreasing in sales.
- Seafood business recorded its GPM of Baht 60.9 Million that 4.6% increased from Q3/2019 or by Baht 2.7 Million.
- QSR business recorded its GPM of Baht 12.0 Million that 37.5% decreased from Q3/2019 or by Baht 7.2 Million due to closing unperformed branches.
- Swine farm business recorded its GPM of Baht 13.4 Million that 793.3% increased from Q3/2019 or by Baht 11.9 Million due to increasing of fattening pig price and decreasing of cost.

Selling and Administration Expenses

In Q3/2020, the Company recorded selling and administration expenses of Baht 140.3 Million, which decreased from Q3/2019 by Baht 0.8 Million, or 0.6%.

Other Transaction

In Q3/2020, there were Baht 3.6 Million and Baht 4.9 Million from revenue and expenses from the office building for rent and Baht 7.5 Million from the gain on change in fair value less cost of sale of biological assets.

Financial Cost

Financial cost in Q3/2020 was Baht 7.6 Million decreased by Baht 1.1 Million or 12.6% from Q3/2019 resulted from a decrease in bank overdrafts and short-term loans from financial institutions.

Net Profit

In Q3/2020, the company recorded net profit attributed to equity holders of the company of Baht 39.4 Million that 838.1% increased from Q3/2019 or by Baht 35.2 Million due to increasing of fattening pig price gain on change in fair value less cost of sale of biological assets which resulted from increasing of fattening pig price and decreasing in cost.

Financial Position

Asset

As of 30 September 2020, the company reported a total Asset of Baht 2,560.1 Million, decreased from Baht 2,566.1 Million by the year-end 2019, or decreased by Baht 6.0 Million or 0.2% resulted from a decrease in account receivable & inventory.

Liabilities

As of 30 September 2020, the company reported total Liabilities of Baht 1,434.6 Million, decreased from Baht 1,480.6 Million by the year-end 2019 or decreased by Baht 46.0 Million, or 3.1% mainly resulted from a decrease in bank overdrafts and short-term loans from financial institutions.

Equities

As of 30 September 2020, the company reported total Equities of Baht 1,125.5 Million, increased from Baht 1,085.6 Million by the year-end 2019, or increased by Baht 39.9 Million or 3.7%.

Respectfully Yours,

(Mr. Charoen Rujirasopon, Mrs. Niramon Rujirasopon)

Authorized Directors