

- Translation -

10 November 2017

Subject: Management's Discussion and Analysis for the Operating Results of the 3rd Quarter of 2017

Attention: The President of the Stock Exchange of Thailand

Exotic Food Public Company Limited (the "Company") would like to submit the financial statements for the third quarter ended September 30th, 2017, which have been reviewed by the independent auditor. For 3Q17, the Company's net profit increased by 91.13% to Baht 19.17 million as compared to Baht 10.03 million in the comparable quarter in 2016. For the first 9 months of 2017, the Company had recorded the net profit of Baht 49.20 million which decreased by 34.17% comparing to the net profit of Baht 74.74 million in the first 9 months of 2016. The aforementioned changes in the financial performance are summarized in the below table.

Income Statement (million Baht)	3Q16	2Q17	3Q17	%YoY	%QoQ	9M16	9M17	%YoY
Revenue from sale of goods	199.79	227.23	224.58	12.41%	-1.17%	655.30	706.68	7.84%
Cost of sale of goods	(139.71)	(153.83)	(155.85)	11.55%	1.31%	(439.09)	(495.11)	12.76%
Gross profit	60.08	73.40	68.73	14.40%	-6.36%	216.21	211.57	-2.15%
Selling expenses	(15.47)	(16.81)	(16.98)	9.76%	1.01%	(52.70)	(53.19)	0.93%
Administrative expenses	(34.45)	(37.87)	(35.00)	1.60%	-7.58%	(89.38)	(107.14)	19.87%
Operating profit	10.16	18.72	16.75	64.86%	-10.52%	74.13	51.24	-30.88%
Investment income	0.01	0.11	-	-100.00%	-100.00%	3.44	0.11	-96.80%
Net foreign exchange gain/(loss)	0.34	(0.31)	(0.30)	-188.24%	-3.23%	1.57	(0.16)	-110.19%
Other income	2.45	0.57	0.49	-80.00%	-14.04%	3.22	1.74	-45.96%
Earnings before Interest and taxes	12.96	19.09	16.94	30.71%	-11.26%	82.36	52.93	-35.73%
Financial expense	(0.19)	(0.73)	(0.67)	252.63%	-8.22%	(0.49)	(1.66)	238.78%
Profit before income tax expense	12.77	18.36	16.27	27.41%	-11.38%	81.87	51.27	-37.38%
Income tax expense	(2.74)	(2.76)	2.90	-205.84%	-205.07%	(7.13)	(2.07)	-70.97%
Profit for the period	10.03	15.60	19.17	91.13%	22.88%	74.74	49.20	-34.17%

Revenue from Sales

In 3Q17, the Company's revenue from sales is at Baht 224.58 million which increased by Baht 24.79 million or 12.41% when compared with the same period in 2016. Such increase in the revenue from sales was due to an increase in sales volume of Seasoning and Dipping Sauce products.

Total revenue from sales in 9M17 was at Baht 706.68 million resulted in an increase of Baht 51.38 million or 7.84% when compared with the same period in 2016. Such increase in the revenue from sales was due to an increase in sales volume of Seasoning and Dipping Sauce products.

	3Q16	2Q17	3Q17	%YoY	%QoQ	9M16	9M17	%YoY
Sales volume (Ton)								
- Euro	391	387	379	-3.07%	-2.07%	1,029	1,122	9.04%
- United States dollar	1,165	938	1,199	2.92%	27.83%	3,448	3,012	-12.65%
- Thailand baht	1,514	2,037	1,695	11.96%	-16.79%	5,318	6,077	14.27%
Total sales volume (Ton)	3,070	3,362	3,273	6.61%	-2.65%	9,795	10,211	4.25%
Average FX								
- THB/EUR	38.44	37.36	38.79	0.91%	3.83%	38.90	38.51	-1.00%
- THB/USD	34.61	34.08	33.17	-4.16%	-2.67%	35.04	34.42	-1.77%

Cost of Sales

Cost of sales in 3Q17 was at Baht 155.85 million which increased by Baht 16.14 million or 11.55% from the same period of the previous year. Such changes were in line with an increase in sales volume.

During 9M17, the Company's cost of sales is at Baht 495.11 million which increased in the amount of Baht 56.02 million or 12.76% as compared to the same period of the previous year. Such increase was in line with an increase in sales volume.

Gross Profit Margin

Gross profit margin increased from 30.07% in 3Q16 to 30.60% in 3Q17. Such increase resulted from an increase in the proportion of revenue from sales of Seasoning and Dipping Sauce products and a decrease in provision for declining in value of inventories in the amount of Baht 1.12 million. In addition, gross profit margin in 3Q17 decreased comparing to gross profit margin of 32.30% in 2Q17. Such decrease in gross profit margin was due to the depreciation of the U.S. dollar currency and an increase of the fixed cost per unit of products produced at Laem Chabang factory while the production decreased.

During 9M17, the Company's gross profit margin is 29.94% which decreased from 32.99% in 9M16. The main cause stemmed from the duplicated cost of labor between the factory at Laem Chabang and the new factory at Amata City provided that such costs incurred during relocation of the production lines of Seasoning and Dipping Sauce to the new factory in the first half of 2017. Moreover, an increase in prices of sugar and garlics, which are the main raw materials used in the production, has contributed to an increase in the overall costs of production per unit.

Selling Expenses

Selling expenses in 3Q17 were at Baht 16.98 million which increased by Baht 1.51 million or 9.76% from the same period of the previous year. Such increase was in line with an increase in sales volume. When compared with selling expenses in 2Q17, the net amount increased by Baht 0.17 million or 1.01%. Such increase in selling expenses was due to an increase in promotional activities.

In 9M17, the selling expenses were Baht 53.19 million which increased by Baht 0.49 million or 0.93% as compared to the figures of 9M16. Such increase was in line with an increase in sales volume.

Administrative Expenses

Administrative expenses in 3Q17 were at Baht 35 million which increased by Baht 0.55 million or 1.60% as compared to the figures in 3Q16. Although there was reclassification of fixed costs at the new factory which incurred as a result of lower-than-normal production capacity in the amount of Baht 4.68 million, there was a decrease in warehouse rental fee, entertainment expenses and office supplies expenses. The administrative expenses in 3Q17 decreased by Baht 2.87 million or 7.58% when comparing with the administrative expense recorded in 2Q17. This is mainly due to a decrease in travel expenses, share-based payment transaction, and stock destruction fee.

During 9M17, administrative expenses were in the amount of Bath 107.14 million, an increase by Baht 17.76 million or 19.87% as compared to the figures in 9M16. Such increase was due to reclassification of fixed costs at the new factory which incurred as a result of lower-than-normal production capacity in the amount of Baht 14.85 million, an increase in the related staff costs to support business expansion, and stock destruction fee.

Net Profit

The Company's net profit in 3Q17 was at Baht 19.17 million which increased by 91.13% when compared with that in 3Q16. Such increase was mainly due to an increase in revenue from sales and a decrease in effective corporate income tax rate. The effective corporate income tax rate decreased since the Company received tax exemption from profit generated at the new factory in Amata City. Comparing with the net profit in 2Q17, the net profit increased by Baht 3.57 million or 22.88%, this was mainly due to a decrease in corporate income tax expense.

During 9M17, the Company's net profit was in the amount of Baht 49.20 million, which decreased by 34.17% when compared with that in 9M16. Such decrease was mainly due to a decrease in gross profit margin and an increase in administrative expenses.

Please be informed accordingly.

Sincerely yours,

-Signed-

(Mr. Jittiporn Jantarach)
Managing Director