

- Translation -

22 February 2018

Subject: Management's Discussion and Analysis for the Operating Results of the Year 2017

Attention: The President of the Stock Exchange of Thailand

Exotic Food Public Company Limited (the "Company") would like to send the financial statements for the year ended December 31st, 2017, which have been audited by the independent auditor. The Company's net profit decreased by 23.8% to Baht 59.03 million as compared to 2016 net profit in the amount of Baht 77.47 million. The aforementioned changes in the financial performance are summarized as seen in the below table.

Income Statement (in million Baht)	2016	2017	%YoY
Revenue from sale of goods	878.19	945.05	7.61%
Cost of sale of goods	(606.11)	(666.73)	10.00%
Gross profit	272.08	278.32	2.29%
Selling expenses	(72.49)	(70.95)	-2.12%
Administrative expenses	(124.73)	(144.64)	15.96%
Operating profit	74.86	62.73	-16.20%
Investment income	3.55	0.23	-93.52%
Net foreign exchange gain/(loss)	3.11	(0.35)	-111.25%
Other income	5.47	2.36	-56.86%
Earnings before interest and taxes	86.99	64.97	-25.31%
Financial expense	(0.76)	(2.30)	202.63%
Profit before income tax expense	86.23	62.67	-27.32%
Income tax expense	(8.76)	(3.64)	-58.45%
Profit for the period	77.47	59.03	-23.80%

Revenue from Sales

In 2017, the Company's revenue from sales is Baht 945.05 million, which resulted in an increase of Baht 66.86 million or 7.61% when compared with the revenue from sales in 2016. Such increase derived primarily from an increase in sales volume of Seasoning and Dipping Sauce products.

	2016	2017	%YoY
Sales volume (Ton)			
- Euro	1,299	1,377	6.00%
- United States dollar	4,630	4,357	-5.90%
- Thailand baht	6,887	7,830	13.69%
Total sales volume (Ton)	12,816	13,564	5.84%
Average FX			
- THB/EUR	38.61	37.87	-1.92%
- THB/USD	35.08	33.72	-3.88%

Cost of Sales

Cost of sales in 2017 was in the amount of Baht 666.73 million which increased by Baht 60.62 million or 10% from the previous year. Such change was in line with the sales volume and additional overhead expenses from the new factory located at Amata City Industry Estate.

Gross Profit Margin

Gross profit margin decreased from 30.98% in 2016 to 29.45% in 2017. 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 during the first half of 2017. Moreover, an increase in prices of sugar and garlics, which are the main raw materials used in the production, and Baht appreciation has contributed to a slight decrease in gross profit margin.

Selling Expenses

Selling expenses for the fiscal year 2017 were in the amount of Baht 70.95 million which decreased by Baht 1.54 million or 2.12% from the previous year. Such decrease was due to a decrease in travelling expenses and sales promotion expenses.

Administrative Expenses

Administrative expenses for the fiscal year 2017 were in the amount of Baht 144.64 million, which increase in the amount of Baht 19.91 million or 15.96% as compared to the previous year. 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 19.42 million and claim expenses from a customer in the amount of Baht 6.47 million.

Net Profit

The Company's net profit for the fiscal year 2017 was in the amount of Baht 59.03 million, which decrease by 23.8% when compared with net profit in 2016. Such decrease was mainly due to an increase in administrative expenses and a decrease in other income such as gain from sales of fixed asset and gain from foreign exchange rate.

Please be informed accordingly.

Sincerely yours,

-Signed-

(Mr. Jittiporn Jantarach)

Managing Director