

- Translation -

9 November 2018

Subject: Management's Discussion and Analysis for the Operating Results of the 3<sup>rd</sup> Quarter of 2018

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 30<sup>th</sup>, 2018, which have been reviewed by the independent auditor. For 3Q18, the Company's net profit increased by 252.32% to Baht 67.54 million as compared to Baht 19.17 million in the comparable quarter in 2017. For the first 9 months of 2018, the Company had recorded the net profit of Baht 156.72 million which increased by 218.54% comparing to the net profit of Baht 49.20 million in the first 9 months of 2017. The aforementioned changes in the financial performance are summarized in the below table.

Income Statement ( million Baht)	3Q17	2Q18	3Q18	%YoY	%QoQ	9M17	9M18	%YoY
Revenue from sale of goods	224.58	263.47	301.01	34.03%	14.25%	706.68	832.64	17.82%
Cost of sale of goods	(155.85)	(164.79)	(183.06)	17.46%	11.09%	(495.11)	(520.24)	5.08%
Gross profit	68.73	98.68	117.95	71.61%	19.53%	211.57	312.40	47.66%
Selling expenses	(16.98)	(21.34)	(16.26)	-4.24%	-23.81%	(53.19)	(54.12)	1.75%
Administrative expenses	(35.00)	(32.08)	(31.22)	-10.80%	-2.68%	(107.14)	(92.69)	-13.49%
Operating profit	16.75	45.26	70.47	320.72%	55.70%	51.24	165.59	223.17%
Investment income	-	0.18	0.13		-27.78%	0.11	0.32	190.91%
Net foreign exchange gain/(loss)	(0.30)	1.30	(0.86)	186.67%	-166.15%	(0.16)	(0.36)	125.00%
Other income	0.49	0.46	1.54	214.29%	234.78%	1.74	2.81	61.49%
Earnings before interest and taxes	16.94	47.20	71.28	320.78%	51.02%	52.93	168.36	218.08%
Financial expense	(0.67)	(0.62)	(0.54)	-19.40%	-12.90%	(1.66)	(1.76)	6.02%
Profit before income tax expense	16.27	46.58	70.74	334.79%	51.87%	51.27	166.60	224.95%
Income tax expense	2.90	(3.44)	(3.20)	-210.34%	-6.98%	(2.07)	(9.88)	377.29%
<b>Profit for the period</b>	<b>19.17</b>	<b>43.14</b>	<b>67.54</b>	<b>252.32%</b>	<b>56.56%</b>	<b>49.20</b>	<b>156.72</b>	<b>218.54%</b>

### Revenue from Sales

In 3Q18, the Company's revenue from sales was at Baht 301.01 million which increased by Baht 76.43 million or 34.03% when compared with the same period in 2017. 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 9M18 was at Baht 832.64 million resulted in an increase of Baht 125.96 million or 17.82% when compared with the same period in 2017. Such increase in the revenue from sales was due to an increase in sales volume of Seasoning and Dipping Sauce products.

	3Q17	2Q18	3Q18	%YoY	%QoQ	9M17	9M18	%YoY
<b>Sales volume (Ton)</b>								
- Euro	379	396	420	10.82%	6.06%	1,122	1,440	28.34%
- United States dollar	1,199	1,033	1,357	13.18%	31.36%	3,012	3,317	10.13%
- Thailand baht	1,695	1,996	2,081	22.77%	4.26%	6,077	6,292	3.54%
<b>Total sales volume (Ton)</b>	<b>3,273</b>	<b>3,425</b>	<b>3,858</b>	<b>17.87%</b>	<b>12.64%</b>	<b>10,211</b>	<b>11,049</b>	<b>8.21%</b>
<b>Average FX</b>								
- THB/EUR	38.79	37.61	37.92	-2.24%	0.82%	38.51	37.97	-1.40%
- THB/USD	33.17	31.73	32.76	-1.24%	3.25%	34.42	31.94	-7.21%

### Cost of Sales

Cost of sales in 3Q18 was at Baht 183.06 million which increased by Baht 27.21 million or 17.46% from the same period of the previous year. Such changes were in line with an increase in sales volume.

During 9M18, the Company's cost of sales was at Baht 520.24 million which increased in the amount of Baht 25.13 million or 5.08% 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 30.60% in 3Q17 to 39.18% in 3Q18. The main cause stemmed from a decrease in sugar and garlic prices, an increase in the proportion of revenue from sales of Seasoning and Dipping Sauce products, and an increase in selling price. In addition, gross profit margin in 3Q18 also increased comparing to gross profit margin of 37.45% in 2Q18. Such increase in gross profit margin was due to an increase in selling price.

During 9M18, the Company's gross profit margin is 37.52% which increased from 29.94% in 9M17. The main cause stemmed from a decrease in sugar and garlic prices and an increase in the proportion of revenue from sales of Seasoning and Dipping Sauce products. Moreover, in 1H17, there was the duplicated cost of labor between two factories 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 addition, the new factory was in the early stage of production; therefore, the production was unable to operate at its full capacity.

### Selling Expenses

Selling expenses in 3Q18 were at Baht 16.26 million which decreased by Baht 0.72 million or 4.24% from the same period of the previous year. When compared with selling expenses in 2Q18, the net amount decreased by Baht 5.08 million or 23.81%. Such decrease in selling expenses was due to a decrease in promotional activities.

In 9M18, the selling expenses were Baht 54.12 million which increased by Baht 0.93 million or 1.75% as compared to the figures of 9M17. Such increase was in line with an increase in sales volume.

### **Administrative Expenses**

Administrative expenses in 3Q18 were at Baht 31.22 million which decreased by Baht 3.78 million or 10.80% as compared to the figures in 3Q17. Such decrease was due to a decrease in staff costs. The administrative expenses in 3Q18 decreased by Baht 0.86 million or 2.68% when comparing with the administrative expense recorded in 2Q18. This is mainly due to a decrease in share-based payment transaction.

During 9M18, administrative expenses were in the amount of Bath 92.69 million, a decrease by Baht 14.45 million or 13.49% as compared to the figures in 9M17. Such decrease was due to a decrease in staff costs, the reclassification of fixed costs at the new factory which incurred as a result of lower-than-normal production capacity, and travel expenses.

### **Net Profit**

The Company's net profit in 3Q18 was at Baht 67.54 million which increased by 252.32% when compared with Baht 19.17 million recorded in 3Q17. It also increased by 56.56% when compared with Baht 43.14 million recorded in 2Q18. Such increase was mainly due to an increase in revenue from sales and gross profit margin and a decrease in selling and administrative expenses.

During 9M18, the Company's net profit was in the amount of Baht 156.72 million, which increased by 218.54% when compared with Baht 49.20 million recorded in 9M17. Such increase was mainly due to an increase in revenue from sales and gross profit margin and a decrease in administrative expenses.

Please be informed accordingly.

Sincerely yours,

*-Signed-*

(Mr. Jittiporn Jantarach)  
Managing Director