

- Translation -

25 February 2019

Subject: Management's Discussion and Analysis for the Operating Results of the Year 2018

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, 2018, which have been audited by the independent auditor. The Company's net profit increased by 275.91% to Baht 221.90 million as compared to 2017 net profit in the amount of Baht 59.03 million. The aforementioned changes in the financial performance are summarized as seen in the below table.

Income Statement (in million Baht)	2017	2018	%YoY
Revenue from sale of goods	945.05	1,144.99	21.16%
Cost of sale of goods	(666.73)	(710.93)	6.63%
Gross profit	278.32	434.06	55.96%
Selling expenses	(70.95)	(75.20)	5.99%
Administrative expenses	(144.64)	(125.35)	-13.34%
Operating profit	62.73	233.51	272.25%
Investment income	0.23	0.50	117.39%
Net foreign exchange gain/(loss)	(0.35)	0.32	-191.43%
Other income	2.36	3.11	31.78%
Earnings before interest and taxes	64.97	237.44	265.46%
Financial expense	(2.30)	(2.31)	0.43%
Profit before income tax expense	62.67	235.13	275.19%
Income tax expense	(3.64)	(13.23)	263.46%
Profit for the period	59.03	221.90	275.91%

Revenue from Sales

In 2018, the Company's revenue from sales is Baht 1,144.99 million, which resulted in an increase of Baht 199.94 million or 21.16% when compared with the revenue from sales in 2017. Such increase derived primarily from an increase in sales volume of Seasoning and Dipping Sauce products.

	2017	2018	%YoY
Sales volume (Ton)			
- Euro	1,377	2,146	55.85%
- United States dollar	4,357	4,646	6.63%
- Thailand baht	7,830	8,389	7.14%
Total sales volume (Ton)	13,564	15,181	11.92%
Average FX			
- THB/EUR	37.87	37.73	-0.37%
- THB/USD	33.72	32.11	-4.77%

Cost of Sales

Cost of sales in 2018 was in the amount of Baht 710.93 million which increased by Baht 44.20 million or 6.63% from the previous year. Such increase was in line with an increase in sales volume.

Gross Profit Margin

Gross profit margin increased from 29.45% in 2017 to 37.91% in 2018. The main cause of such increase stemmed from an increase in the proportion of revenue from sales of Seasoning and Dipping Sauce products, a decrease in sugar and garlic prices and an increase in selling price. 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 for the fiscal year 2018 were in the amount of Baht 75.20 million which increased by Baht 4.25 million or 5.99% from the previous year. Such increase was due to an increase in sales promotion expenses and was in line with an increase in sales volume.

Administrative Expenses

Administrative expenses for the fiscal year 2018 were in the amount of Baht 125.35 million, which decrease in the amount of Baht 19.29 million or 13.34% as compared to the previous year. Such decrease was due to a decrease in staff costs, claim expenses from a customer, and the reclassification of fixed costs at the new factory which incurred as a result of lower-than-normal production capacity.

Net Profit

The Company's net profit for the fiscal year 2018 was in the amount of Baht 221.90 million, which increased by 275.91% when compared with net profit in 2017. 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