

- Translation -

25 February 2020

Subject: Management's Discussion and Analysis for the Operating Results of the Year 2019

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 fiscal year ended December 31st, 2019, which have been audited by the independent auditor. The Company's net profit decreased by 45.02% to Baht 121.99 million as compared to 2018 net profit in the amount of Baht 221.90 million. The aforementioned changes in the financial performance are summarized as seen in the below table.

Income Statement (in million Baht)	2018	2019	%YoY
Revenue from sale of goods	1,144.99	990.72	-13.47%
Cost of sale of goods	(710.93)	(639.27)	-10.08%
Gross profit	434.06	351.45	-19.03%
Selling expenses	(75.20)	(78.14)	3.91%
Administrative expenses	(125.35)	(157.56)	25.70%
Operating profit	233.51	115.75	-50.43%
Investment income	0.50	1.75	250.00%
Net foreign exchange gain/(loss)	0.32	0.93	190.63%
Other income	3.11	5.87	88.75%
Earnings before interest and taxes	237.44	124.30	-47.65%
Financial expense	(2.31)	(1.86)	-19.48%
Profit before income tax expense	235.13	122.44	-47.93%
Income tax expense	(13.23)	(0.45)	-96.60%
Profit for the period	221.90	121.99	-45.02%

Revenue from Sales

In 2019, the Company's revenue from sales is Baht 990.72 million, which resulted in a decrease of Baht 154.27 million or 13.47% when compared with the revenue from sales in 2018. Such decrease derived primarily from a decrease in sales volume of seasoning and dipping sauce products in Europe.

	2018	2019	%YoY
Sales volume (Ton)			
- Euro	2,146	1,190	-44.55%
- United States dollar	4,646	2,432	-47.65%
- Thailand baht	8,389	9,136	8.90%
Total sales volume (Ton)	15,181	12,758	-15.96%
Average FX			
- THB/EUR	37.73	34.34	-8.98%
- THB/USD	32.11	30.83	-3.99%

Cost of Sales

Cost of sales in 2019 was in the amount of Baht 639.27 million which decreased by Baht 71.66 million or 10.08% from the previous year. Such decrease was in line with a decrease in sales volume.

Gross Profit Margin

Gross profit margin decreased from 37.91% in 2018 to 35.47% in 2019. This is because the customers' purchase orders had declined, and as a result, the overall utilization rate was lowered, along with unexpected problems that occurred in the production process during 2019. Consequently, the production cost per unit has increased

Selling Expenses

Selling expenses for the fiscal year 2019 were in the amount of Baht 78.14 million which increased by Baht 2.94 million or 3.91% from the previous year. Such increase was due to an increase in sales promotion expenses.

Administrative Expenses

Administrative expenses for the fiscal year 2019 were in the amount of Baht 157.56 million, which increase in the amount of Baht 32.21 million or 25.70% as compared to the previous year. Such increase was due to an increase in the reclassification of fixed costs at the new factory which incurred as a result of lower-than-normal production capacity, expenses related to discontinuation of drink products, staff costs, written off withholding tax, travelling expenses and depreciation expenses.

Net Profit

The Company's net profit for the fiscal year 2019 was in the amount of Baht 121.99 million, which decreased by 45.02% as compared with the net profit in 2018. Such increase was mainly due to a decrease in revenue from sales and gross profit margin, along with an increase in selling and administrative expenses.

Please be informed accordingly.

Sincerely yours,

-Signed-

(Mr. Jittiporn Jantarach)

Managing Director