



Management Discussion and Analysis

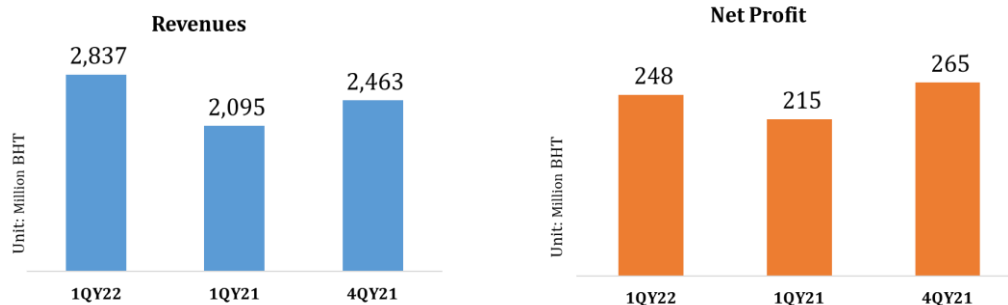
For Q1Y22

Executive Summary

In Q1Y22, ASIAN reported core sales & service revenue of THB 2,837 million, increase by 35% YoY. Pet Food business drastically increased by 63% due to maintained solid growth. Meanwhile, Frozen seafood business substantially increased by 51% primarily higher from squid product and pre-fried seafood frozen product. However, Aquafeed business significantly dropped from customer portfolio adjustment and fish feed product quality which decreased by 31%. Tuna business also decreased by 7%.

Gross profit in Q1Y22 was THB 477 million. An increase of 34% YoY was mainly driven by higher sales of Petfood business and Frozen business. Gross profit margin was 16.8% slightly decreased from 16.9% in Q1Y21.

In Q1Y22, ASIAN reported a net profit of THB 248 million, increase by 15% YoY. Earnings per share was THB 0.31 per share (Q1Y21: THB 0.26 per share).



Major Events

Spin-off

On April 25, 2022, ASIAN ALLIANCE INTERNATIONAL Public Company Limited or AAI (transform since March 10, 2022), an OEM PETFOOD and TUNA businesses, has officially submitted a filing for IPO shares in SET. It has also appointed TISCO Securities as Financial Advisor.

Major Developments

Business situation

Overall volumes in Q1Y22 slightly declined by 3% to 21,515 tons from 22,192 tons previous year same quarter, mainly resulting from drastically down in aquafeed volume affecting from customer portfolio adjustment as well as TUNA volumes decreased from higher TUNA cost.



Asian Sea Corporation Public Company Limited.

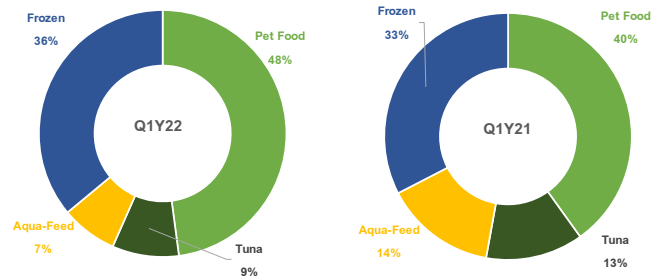
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Q1Y22, total revenues (including intercompany transaction) increased by 36% to THB 2,961 million from THB 2,173 million. Highest contributors are from Pet food and Frozen revenue represented 84% of total revenues in this quarter.

Sales By Business Segment				
	Q1Y22	Q1Y21	%Growth	Q4Y21
Volume (Mt)	21,515	22,192	-3%	20,866
Pet Food & Fishmeal Business	9,660	6,991	38%	7,562
Tuna Business	1,847	2,124	-13%	1,823
Aquaculture Feed Business	6,202	10,468	-41%	7,872
Frozen business	3,806	2,609	46%	3,609
Revenues (Millions Baht)	2,961	2,173	36%	2,570
Pet Food & Fishmeal Business	1,418	871	63%	1,105
Tuna Business	258	277	-7%	257
Aquaculture Feed Business	218	316	-31%	251
Frozen business	1,067	708	51%	957



Remark: Revenues in the table is included intercompany sales.

Pet Food & Fishmeal

Continuously growth in wet pet food due to popularity increasing as well as number of pet owners. Moreover, premiumization is also key driver to edging up in share of pet food sales. In Q1Y22, ASIAN reported volume sales increased from previous year same quarter by 38% to 9,660 tons as well as higher than previous quarter by 28%. Can packaging sales contributed to 44% of total pet food sales productions increased by 8%.

“monchou” a company own premium pet food brand, revenue grew by 133% YoY as resulted from an increase of number of pet shop stores and contributed to 2% of total pet food sales. In May 2022, monchou launched it first presenter, 2 famous idols to build up brand awareness. ASIAN expects drastic sales this year as target.

ASIAN re-formulated dog food and re-designed packaging of “Hajiko”, the company’s dog food brand for mass market, to strengthen product against competitors. The new products will launch in May. The company also adjust brand strategy in order to increase brand awareness so that it could gain market shares.

“Pro” another new company own pet food brand which is low-ended dry pet food, we have launched in April and the objective to launch this brand is for fill in all spectrum of pet food category.

“Monchou in CHINA”, unsatisfied performance due to COVID-19 lockdown in various cities in Mainland CHINA since March this year.

TUNA

In Q1Y22, sales volume decreased by 13% from 2,124 tons to 1,847 tons. Tuna’s demand was pressured from tuna prices which increased continuously, together with steady high freight cost. Sales for the quarter was quite stable compare the previous quarter as backlog were ship out.

Aquafeed

Sales volume decreased by 31% YoY mainly pressure from 68% dropped in fish feed from previous year so that fish feed quality has been improve immediately. The company policy to adjust its customer portfolio also cause shrimp feed sales decreased by 19%.

Frozen

90% growth YoY in squid product mainly from recovery demand in Europe market and 44% increased YoY in pre-fried seafood frozen product resulted from steady demand in US market.

Financial Review**Profitability Analysis****STATEMENT OF INCOME**

Unit: Million Baht

	1QY22	%	1QY21	%	Inc/(Dec) %	4QY21	%	Inc/(Dec) %
Revenue from Sales & Services	2,837	100.0	2,095	100.0	35.4	2,463	100.0	15.2
Cost of sales & services	(2,360)	(83.2)	(1,740)	(83.1)	35.6	(2,006)	(81.4)	17.7
Gross Profit	477	16.8	355	16.9	34.4	457	18.6	4.3
Operating Expenses	(199)	(7.0)	(153)	(7.3)	30.0	(200)	(8.1)	(0.4)
Operating Profit	277	9.8	201	9.6	37.7	257	10.4	8.1
Other incomes	26	0.9	17	0.8	51.3	24	1.0	10.6
Gain/(Loss) on FX	13	0.4	19	0.9	(34.0)	36	1.5	(65.4)
Other expenses	0	0.0	(1)	(0.1)	(100.0)	0	0.0	
Financial cost	(14)	(0.5)	(14)	(0.7)	3.3	(15)	(0.6)	(6.6)
Profit before tax	302	10.6	223	10.6	35.7	302	12.2	0.2
Tax expenses (income)	(54)	(1.9)	(8)	(0.4)	586.7	(37)	(1.5)	47.3
Net Profit	248	8.8	215	10.3	15.6	265	10.8	(6.4)
Earning dPer Share	0.31		0.26			0.33		

Revenue from Sales & Services

In Q1, revenue from sales & service of THB 2,837 million, an increase of 35.4% YoY was mostly attributable from an increase in pet food sales due to maintained solid growth and an increase in frozen seafood sales especially squid product due to ongoing demand recovery in Europe and steady growth in pre-fried seafood frozen product. Meanwhile, revenue from aquafeed decreased which primarily from customer portfolio adjustment as well as quality fish feed product. TUNA revenue slightly dropped from previous year was primarily from higher TUNA cost.

Gross Profit

Gross profit for the first quarter of 2022 was THB 477 million that increased from previous year same quarter by THB 122 million or 34.4% and representing 16.8% of revenues that slightly decreased by 0.1%, compared with previous year.

Operating expenses

Operating expenses mainly comprising of selling & distribution expenses and administrative expenses for Q1Y22 was THB 199 million, increased by 30.0% YoY, comprising of the following:

1. Selling and distribution expenses amounted to THB 85 million, an increase of THB 17 million primarily from higher own petfood brand marketing expense and higher distribution expenses in frozen business.



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2. Administrative expense excluded loss on exchange rate amounted to THB 114 million increased THB 29 million was from obsolete inventory provision reversal in previous year and higher staff cost.

Financial cost

Q1Y22 financial cost was THB 14 million, in line with same period last year (Q1Y21: THB 14million).

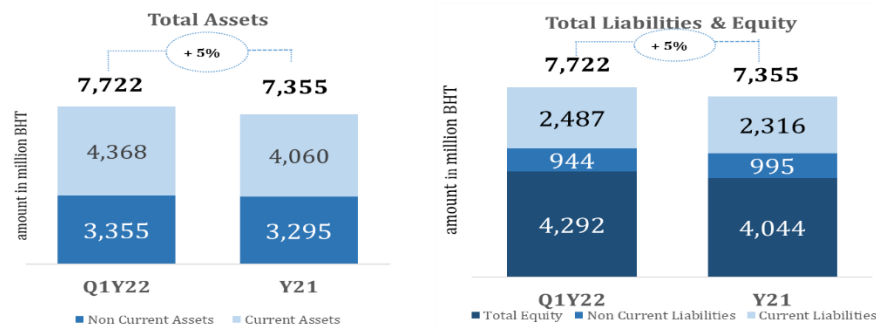
Tax expense (income)

In Q1Y22, effective tax rate was 17.8% higher than last year by 14.3% primarily from most of BOI privilege were run out.

Net Profit and Earning per Share

Q1Y22, ASIAN reported a net profit of THB 248 million, compared to previous year same quarter at a profit of THB 215 million an increase of THB 33 million or 15.6%. Earnings per share of ASIAN for Q1Y22 was THB 0.30 (Q1Y21: THB 0.26).

Financial Position



Total Assets

ASIAN had total assets of THB 7,722 million as of 31 March 2022, an increase of THB 368 million or up 5% from THB 7,355 million at the end of 2021. The followings are the main contributors:

1. Trade and other Receivables totaled THB 1,505 million, up 338 million was primarily from an increase in sales of petfood and frozen.
2. Inventories, as of 31 March 2022, was THB 2,599 million slightly decreased by THB 92 million.
3. Property, plant and equipment as of 31 March 2022 was in the amount of THB 3,071 million increased by THB 76 million or 2.5% when compare with end of 2021.

Total Liabilities

As of 31 March 2022, ASIAN had total liabilities of THB 3,430 million, increased of THB 120 million or 3.6% from THB 3,311 million at the end of 2021, mainly came from an increase of short-term borrowings to support ASIAN working capital by THB 219 million and increase of tax payable and account payable by THB 54 million and THB 34 million respectively but partially offset with decrease of long-term loan by THB 180 million.



Total Shareholders' equity

As of 31 March 2022, ASIAN had shareholders' equity of THB 4,292 million, an increase of THB 248 million from THB 4,044 million at the end of 2021 which was from ASIAN profit for the year.

Cash Flow

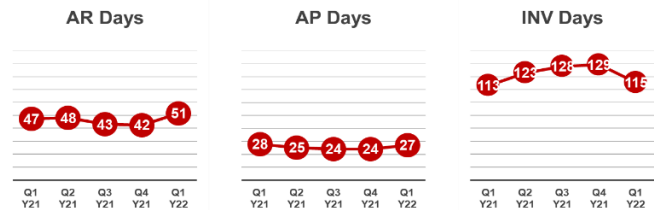
	Unit: Million Baht		
	Q1Y22	Q1Y21	Change
Cash flow from operating activities			
Profit before tax	302	223	79
Adjustments for:			
Depreciation & Amortisation	68	59	9
Other adjustments	11	(39)	50
Loss (gain) on exchange rate	(12)	11	(23)
Financial cost, net	14	14	0
Operating profit before working capital changes	384	268	116
Decrease (increase) in operating assets	(276)	(528)	252
Increase (decrease) in operating liabilities	49	59	(10)
Cash from operating activities	157	(201)	357
Interest net paid	(15)	(14)	(1)
Income tax net paid	4	(2)	6
Net cash from (used in) operating activities	146	(216)	362

Operating activities

In Q1Y22, cash flows from operating activities was THB 146 million, an increase of THB 362 million from cash flow used was THB 216 million from previous year was mainly resulted from lower changing in operating assets by THB 252 million which was from lower accounts receivables and inventories.

Unit: million Baht	Q1Y22	Q1Y21	Q4Y21
Inventories	2,599	2,259	2,691
Account Receivable	1,505	1,183	1,167
Cash & Other current assets	264	235	202
Account Payable	(818)	(739)	(784)
Other Payable	(143)	(23)	(95)
Net Working Capital	3,407	2,915	3,180
Inventory days	115	113	129
AR Days	51	47	42
AP Days	27	28	24

As of 31 March 2022, the accounts receivable day and inventory day were 51 days and 115 days respectively compared to 42 days and 129 days previous year.





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	Unit: Million Baht		
	Q1Y22	Q1Y21	Change
Cash flow from investing activities			
Purchases of property, plant and equipment	(152)	(87)	(65)
Proceed of sales equipments and investment property	2	0	2
Net cash used in investing activities	(150)	(87)	(63)
Cash flow from financing activities			
Bank borrowings raised	219	395	(176)
Repayment of bank borrowings	(180)	(160)	(20)
Repayment of lease liabilities	(3)	(5)	1
Dividend paid	(0)	-	(0)
Net cash from financing activities	36	231	(194)
Effect of foreign exchange rate changes	(0)	1	(1)
Net increase (decrease) in cash and cash equivalents	32	(71)	103
Cash and cash equivalents at beginning of period	89	207	(119)
Cash and cash equivalents at end of period	120	136	(16)

Investing activities

Cash flow used in investing activities was THB 150 million higher previous year by THB 63 million which mainly was from enhancing capacity of petfood and operation process improvement.

Financing activities

Net cash flow from financing activities was THB 36 million, decreased by 194 million from previous year resulted from lower bank borrowings.

Statement of Financial Position		Unit: Million Baht			
	1QY22	%	FY21	%	% Chg
Cash and cash equivalent	120	1.6	89	1.2	35.8
Trade and other receivables	1,505	19.5	1,167	15.9	29.0
Inventories	2,599	33.7	2,691	36.6	-3.4
Other current assets	143	1.9	113	1.5	26.4
Total current assets	4,368	56.6	4,060	55.2	7.6
Restricted bank deposit	19	0.2	19	0.3	0.0
Investments	111	1.4	109	1.5	1.6
Fixed assets	3,071	39.8	2,995	40.7	2.5
Other non current assets	155	2.0	173	2.4	-10.4
Total non current assets	3,355	43.4	3,295	44.8	1.8
Total Assets	7,722	100.0	7,355	100.0	5.0
Bank overdraft and short-term loans	1,136	14.7	916	12.5	23.9
Trade and other payables	818	10.6	784	10.7	4.4
Current portion of long-term loans	390	5.1	520	7.1	-25.0
Other current liabilities	143	1.8	95	1.3	49.3
Total current liabilities	2,487	32.2	2,316	31.5	7.4
Long-term loans	727	9.4	776	10.6	-6.4
Other non current liabilities	217	2.8	218	3.0	-0.5
Total non current liabilities	944	12.2	995	13.5	-5.1
Total Liabilities	3,430	44.4	3,311	45.0	3.6
Total shareholders' equity	4,292	55.6	4,044	55.0	6.1
Total Liabilities and Equity	7,722	100.0	7,355	100.0	5.0



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Key Financial Ratios

	1QY22	1QY21	4QY21		1QY22	1QY21	4QY21
Growth Rates				Profitability Ratios			
Sales Growth	35.4%	5.5%	7.9%	Return on equity*	25.1%	25.0%	25.8%
Net Profit Growth	15.6%	105.0%	25.8%	Return on assets**	14.0%	13.7%	14.2%
				Total Assets Turnover***	132.5%	129.7%	129.0%
Leverage and Liquidity Ratios				Net Profit margin	8.8%	10.3%	10.8%
Current ratio	1.8	1.6	1.8	Gross profit margin	16.8%	16.9%	18.6%
Quick or acid test ratio	0.7	0.6	0.5				
Debt to equity ratio	0.8	0.8	0.8				
Net Debt to equity ratio	0.5	0.5	0.5				

* Using last 4 consecutive quarters net profit divided by end quarter equity

** Using last 4 consecutive quarters net profit divided by end quarter total assets

*** Using last 4 consecutive quarters sales divided by end quarter total assets

Y2022 Outlook

Following the results of the first quarter, our guidance has changed due to external factors such as a conflict of Russia-Ukraine which led to oil price and raw food price inflation globally, including Thailand and another pressure from number of inflections and deaths from the spread of the COVID-19 Omicron variant in various regions of the world that generate uncertainties which impact to USD/THB volatility. However, coupled with steady growth in wet petfood and improvement in the demand of seafood frozen in Europe market, ASIAN currently expect to meet the higher sales growth in petfood and frozen businesses. For aquafeed business, ASIAN has adjusted customer portfolio to ensure that low risk of credit loss that will make negative growth in this year. Meanwhile gross profit margin is expected to be lower than Y2021.

2022 guidance:

- Sales grow by 19% mainly contribute from petfood business.
- Gross profit margin: to meet the range of 17-18%
- Capital expenditure: THB 660 million (remains unchanged)