

At PP 047/2022

10<sup>th</sup> November 2022

Subject: Management Discussion and Analysis of the Financial Statements for the Third Quarter of 2022 as of 30<sup>th</sup> September 2022

ATTN: Directors and Managing Directors

**The Stock Exchange of Thailand**

Kuang Pei San Food Product Public Company Limited (“Company”) has clarified its operating results in accordance with the financial statements for the third quarter ending 30<sup>th</sup> September 2022 as summarized the key information below.

Transaction (Million Baht)		Q3/2022	Q3/2021	Increase/ Decrease	%
1	Total Revenue from Sales and Service	359.63	438.51	(78.88)	-17.99%
2	Cost of Sales and Services	280.93	316.78	(35.85)	-11.32%
3	Sales Expenses	39.76	38.93	0.83	2.13%
4	Administrative Expenses	31.48	85.95	(54.47)	-63.37%
5	Interest Cost	6.03	5.59	0.44	7.87%
6	Profit (Loss) before Income Tax	1.42	(8.74)	7.32	83.75%
7	Taxable Income (Expense)	(0.22)	0.55	(0.33)	-60.11%
8	Net Profit (Loss)	1.20	(8.19)	6.99	85.35%
9	Total Comprehensive Income (Loss)	1.20	(8.19)	6.99	85.35%

**Operating Performance Quarter 3/2022 and Quarter 3/2021**

The Company had total revenue of 359.63 million Baht in the financial results of the third quarter ending 30 September 2022. It was split into sales and service revenue of 354.66 million Baht and other revenues of 4.96 million Baht. The total revenue decreased by 17.99% compared to the same quarter in 2021 due to the COVID-19 pandemic last year. It brought sales volume up higher than the current year with the increased demand for canned food in the same period. However, the situation has begun to unravel in the third quarter of 2022, reaching pre-COVID regularity.

As a result, the Company has started marketing campaigns in order to bring back the sales volume. The Cost of Selling Goods and Services was 280.93 million Baht and Selling Expenses was 39.76 million Baht. The Administrative Expenses was 31.48 million Baht and the Financial Costs was 6.03 million Baht.

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The cost and expense of raw material figures compared to the same quarter last year had a decrease by 11.32 percent, in line with lower revenues. While the selling expenses have increased by 2.12 percent because of increasing market activities in the second half of the year after the Government lifted COVID measures period.

As for the Administrative Expenses, there was a significant decrease of 63.37% compared to the third quarter of last year. Since the former management launched early retirement package that caused many terminations without causes in the third quarter last year. Thus, a large amount of benefits paid out and brought up high expenses. In addition, the Company experienced an 8% increase in financial costs from the default of late interest charges with Krungthai Bank Public Company Limited. However, the payment is now following the usual term.

**Company's Financial Position Quarter 3/2022 and Quarter 3/2021**

From a financial position for the nine-month period compared to 31 December 2021, the Company had total assets of 894.60 million Baht increasing from 834.32 million Baht or 7.23 percent. It primarily was due to the amortization of the net assets of the cold storage on the accounting book. The Company decided to end the lease agreement in May 2022 and planned to purchase it as the assets instead.

In term of liabilities, the Company had total liabilities of 614.85 million Baht increasing from 562.95 million Baht. The increase was 9.22% because there were trade creditors and other current creditors in the normal business cycles as well as debt restructuring contracts during 2022. The Company has considered adjusting the late interest charges and reflecting the debt restructuring agreement, which resulted in retrospective adjustments on the financial statements.

Lastly, the contract agreement of the debt restructuring that was due in March 2022 is being processed and negotiated with the financial institution.

Regards,

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(Ms. Siriporn Tohtubtiang)

Chairwoman of the Executive Committee and Managing Director