



KIANG HUAT SEA GULL TRADING FROZEN FOOD PUBLIC COMPANY LIMITED

4/2 MOO 3 ASIA HIGHWAY NO. 43, NAMOM, SONGKHLA 90310, THAILAND

TEL : 0-7422-2333 FAX : 0-7422-2300-1 www.kst-hatyai.com

TRADE REGISTER NUMBER : 0107537002231

No. KST 204/23

August 15, 2023

Subject: Clarification on the operating results for the three-month and six-month period ended June 30, 2023, which changed more than 20 percent from the same period last year

To: Managing Director and Director of the Stock Exchange of Thailand

Refer: Regulations of the Stock Exchange of Thailand Preparation and submission of financial statements and reports on the financial status and operating results of listed companies (B.E. 2544, 2001)

According to the regulations of the Stock Exchange of Thailand, Kiang Huat Sea Gull Trading Frozen Food Public Company Limited (“ the Company”) would like to clarify the Company's operating results according to the financial statements for the three-month and six-month period ended June 30, 2023.

The overview of the Company's consolidated operating results for the three-month and

six-month period as follows:

(million baht)

| | Consolidated Statements | | | |
|------------------------------------|----------------------------|--------------|--------------------------|--------------|
| | For the three-month period | | For the six-month period | |
| | ended 30 June | | ended 30 June | |
| | 2023 | 2022 | 2023 | 2022 |
| Revenue from sale of goods | 790.54 | 931.67 | 1,332.57 | 1,420.69 |
| Revenue from rendering of services | 0.38 | 0.00 | 0.38 | 0.00 |
| Cost of goods sold | (731.81) | (822.71) | (1,265.94) | (1,273.67) |
| Cost of services rendered | (0.37) | 0.00 | (0.37) | 0.00 |
| Gross profit | 58.74 | 108.96 | 66.64 | 147.02 |
| % Gross profit | 7.4% | 11.7% | 5.0% | 10.3% |
| Profit for the period | 150.38 | 43.46 | 112.19 | 43.18 |
| % Profit for the period | 19.0% | 4.7% | 8.4% | 3.0% |

Operating results:



KIANG HUAT SEA GULL TRADING FROZEN FOOD PUBLIC COMPANY LIMITED

4/2 MOO 3 ASIA HIGHWAY NO. 43, NAMOM, SONGKHLA 90310, THAILAND

TEL : 0-7422-2333 FAX : 0-7422-2300-1 www.kst-hatyai.com

TRADE REGISTER NUMBER : 0107537002231

For the three-month and six-month period ended June 30, 2023, the Company had a net profit of Baht 150.38 Million for the three-month period and Baht 112.19 Million for the six-month period compared to the same period last year, this represents an increase of 246.0 percent for the three-month period and 158.8 percent for the six-month period. Therefore, the Company would like to clarify the reasons for the change in the Company's operating results as follows:

1. Revenue from sales of goods and rendering of services for the three-month and six-month period declined by 15.1 percent and 6.2 percent, respectively. Compared to the same period last year due to the global economic slowdown. As a result, the Company's customers delayed placing their orders during April-June 2023.

2. Cost of sales of goods and rendering and services for the three-month and six-month periods declined by 11.0 percent and 0.6 percent, respectively. Compared to the same period last year, the decline in the cost of sales decreased less than the decline in revenue. This was caused by the company having to reduce product production capacity due to the delay in placing orders. As a result, the cost of production per unit increases.

3. As a result of the reasons mentioned in items 1 and 2, gross profit margins were 7.4 percent and 5.0 percent for the three-month and six-month period ended June 30, 2023, respectively.

4. During the second quarter of 2023, the Company received compensation income from insurance companies amounting to Baht 151.69 Million. According to the ammonia leak incident from the cold system that occurred on November 29, 2022, as a result, the temperature of frozen seafood products in cold storage was below the standard for a period of time (affecting some products). Therefore, the Company proceeded to claim such damages with the insurance company. The incident had little impact on business operations, including the company is still able to produce products and deliver them to its customers as usual.

5. Cost of distribution decreased by 58.0 percent for the three-month period and 51.4 percent for the six-month period due to lower export-related expenses due to no shortage of cargo containers.

6. Gain (loss) from the exchange rate increased by 122.0 percent for the three-month period, and loss decreased by 36.6 percent for the six-month period of 2023 due to the significant volatility of the baht against the US dollar since the beginning of 2023.

7. Financial cost increased by 303.0 percent for the three-month period and 295.4 percent for the six-month period due to an increase in loans from financial institutions to be used in the procurement of raw materials prepared for production.

Please be informed accordingly,

Yours Sincerely,

Mr.Chaiwat Laoteppitak
Managing Director