

At PP.041/2023

August 11<sup>st</sup>, 2023.

Re: Financial Statements Analysis Quarter 2/2023

Dear President, The Stock Exchange of Thailand (SET)

Kuang Pei San Food Products Public Company Limited (the “company”) is writing to submit the company’s financial statements for the first 1 quarter of 2023 and the company’s performance. The key financial statements are written as follows:

Financial statements (Million Baht)		3M2023	3M2022	Increase/Decrease	%
1	Total revenue	312.55	364.35	(51.80)	(14.22%)
2	Cost of goods and services	248.58	283.06	(34.53)	(12.20%)
3	Selling expenses	71.60	34.36	37.24	108.42%
4	Administrative expenses	40.65	30.19	10.46	34.65%
5	Finance costs	7.00	6.18	0.82	13.15%
6	Profit (loss) before income tax	(52.35)	16.76	(69.11)	(412.34%)
7	Income (Expense) income tax	1.49	(1.37)	2.86	208.45%
8	Net Profit (Loss)	(50.86)	15.39	(66.25)	(430.52%)
9	Total comprehensive profit	(50.86)	15.39	(66.25)	(430.52%)

**Company’s Performance for the 2nd Quarter of 2023:**

In the second quarter of the year 2023, the Company had a total revenue of 312.55 million baht. When compared to the total revenue in the second quarter of 2022, it is evident that the total revenue decreased by 51.80 million baht, accounting for 14.22% due to the economic downturn, resulting in reduced consumer spending. Consequently, high-value and high-profit margin products, such as canned clam products, experienced a sale decline. Additionally, there was an influx of minor competitors in the market for canned fish products in tomato sauce, primarily through online sales at significantly lower prices, resulting in a retraction of the company’s market share.

In terms of costs and various expenses, the cost of goods sold and services in the second quarter of 2023 accounted for 248.58 million baht. When compared to the second quarter of 2022, it is evident that costs decreased by 34.53 million baht, accounting for 12.20%. This reduction is consistent with the decreased revenue, resulted from the rising public utility expenses and increased rent for cold storage. Despite the decrease in revenue and production, the company is currently in the process of installing solar cells to reduce future energy costs. The installation, which will be completed in the second quarter of 2023, will yield significant results in the third quarter

of 2023. Furthermore, the company suffered a loss of 4.80 million baht due to asset impairment in the second quarter of 2023.

In terms of sales expenses, in the second quarter of 2023, they amounted to 71.60 million baht. Comparing this to the second quarter of 2022, there was an increase of 37.24 million baht, accounting for an increase of 108.42% due to the company's investment in marketing and advertising activities to enhance product and brand awareness.

Regarding service expenses, in the second quarter of 2023, expenses amounted to 40.65 million baht. Comparing this to the second quarter of 2022, there was an increase of 10.46 million baht, accounting for an increase of 34.65%. resulted from the increased employee-related expenses in the second quarter of 2023 due to the company's restructuring of its workforce at the end of 2022, which affected the lower expenses incurred in the second quarter of 2022.

Regarding financial costs, in the second quarter of 2023, expenses amounted to 7.00 million baht. Comparing this to the second quarter of 2022, there was an increase of 0.82 million baht, accounting for an increase of 13.15%. This increase is attributed to the company's interest payments, which were incurred at a normal rate in the second quarter of 2022. However, in the second quarter of 2023, the company was in negotiations for debt repayment with a bank from which it borrowed, leading to interest payments at a higher rate.

Financial Statements of the "Company" for the 6-Month Accounting Period Ending June 30, 2023, and Performance Overview with Key Financial Highlights

Financial statements (Million Baht)		6M2566	6M2565	Increase/Decrease	%
1	Total revenue	582.72	705.27	(122.55)	(17.38%)
2	Cost of goods and services	469.46	566.36	(96.90)	(17.11%)
3	Selling expenses	107.80	64.39	43.40	67.40%
4	Administrative expenses	77.05	64.16	12.88	20.08%
5	Finance costs	13.72	10.57	3.15	29.72%
6	Profit (loss) before income tax	(80.10)	9.12	(89.22)	978.77%
7	Income (Expense) income tax	1.56	(1.94)	3.50	180.72
8	Net Profit (Loss)	(78.54)	7.18	(85.72)	(1,193.84%)
9	Total comprehensive profit	(78.54)	7.18	(85.72)	(1,193.84%)

**Company's Performance of June 30, 2023 Compared to that of June 30, 2022**

Regarding the 6-month period ending on June 30, 2023, the company had a total revenue of 582.72 million baht. When compared to the total revenue for the same period in the previous year, the company encountered a decrease of 122.55 million baht, accounting for 17.38%.

In terms of cost and expenses including cost of goods sold and services, for the 6-month period ending on June 30, 2023, the total was 469.46 million baht compared to the total revenue for the same period in the previous year, there was a decrease of 96.90 million baht or 17.11%. This is consistent with the reduced revenue.

In terms of service-related expenses for the 6-month period ending on June 30, 2023, the amount was 77.05 million baht. When compared to the total revenue for the same period in the previous year, there was an increase of 12.88 million baht or 20.08%.

In terms of financial costs, for the 6-month period ending on June 30, 2023, the amount was 13.72 million baht. When compared to the total income for the same period of the year 2022, it increased by 3.15 million baht or 29.72% due to the fact that during the 6-month period ending on June 30, 2022, the company continued to incur interest at the regular rate. However, during the 6-month period ending on June 30, 2023. However, in the second quarter of 2023, the company was in negotiations for debt repayment with a bank from which it borrowed, leading to interest payments at a higher rate.

**Company's financial position as of June 30, 2023, compared to December 31, 2022.**

In terms of the financial position as of June 30, 2023, the company had total assets valued at 841.26 million Baht, compared to a total asset value of 897.23 million Baht as of December 31, 2022. This showed a decrease of 55.97 million Baht or 6.24%. The key transactions contributing to this change include cash and cash equivalents decreased by 24.38 million baht; operating expenses leading to a reduction in inventory by 35.18 million Baht; regular product sales and recognition of impaired/damaged goods, as well as changes in the account for net intangible assets (leasehold rights) for the operation of the Company. The assets under these lease agreements were regarded in accordance with financial reporting standards to be recorded as both assets and liabilities in the financial statements.

Regarding liabilities, as of June 30, 2023, the Company's total liability amounted to 663.77 million Baht, compared to that value of 641.20 million Baht as of December 31, 2022. This was an increase of 22.57 million Baht or 3.52%. Key transactions contributing to this change include an increase of 11.38 million baht in trade payables and other current payables resulted from the normal business operations of the company and an increase of 12.94 million baht in lease liabilities as per lease agreements. Because during the year, the Company sealed several lease agreements to facilitate its operations. The assets under these lease agreements were regarded in accordance with financial reporting standards to be recorded as both assets and liabilities in the financial statements.

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For the equity section, as of June 30, 2023, the Company had shareholders' equity of 177.49 million Baht, compared to shareholders' equity of 256.03 million baht as of December 31, 2022. This was a decrease in shareholders' equity of 78.54 million Baht or 30.68%. This decrease is consistent with the net profit (loss) for the 6-month accounting period ending on June 30, 2023.

Please be informed accordingly.

Regards,

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(Ms. Siriporn Tohtubtiang)

Chairwoman of the Executive Committee & Managing Director