



Management Discussion and Analysis Quarter 2 Ending 30 June 2023

Summary of Operating Performance

For three-month period ended 30 June 2023

Statement of Comprehensive Income	Consolidated Financial Statements (Reviewed)			
	Quarter 2/2023		Quarter 2/2022	
	Baht million	%	Baht million	%
Revenue from sales	496.43	100.00%	515.02	100.00%
Cost of sales	427.57	86.13%	407.77	79.17%
Gross profit	68.86	13.87%	107.25	20.83%
Other income	0.58	0.12%	1.76	0.34%
Gain/(Loss) from exchange rate	7.05	1.42%	18.79	3.64%
Operating profit	76.49	15.41%	127.80	24.81%
Selling and distribution expenses	(16.75)	(3.37%)	(15.82)	(3.07%)
Administrative expenses	(31.02)	(6.25%)	(32.76)	(6.36%)
Earning before Finance cost and Tax	28.72	5.79%	79.22	15.38%
Finance income	0.36	0.07%	0.08	0.02%
Finance cost	(3.45)	(0.70%)	(4.20)	(0.81%)
Profit before income tax expenses	25.63	5.16%	75.12	14.59%
Income tax expenses	(3.98)	(0.80%)	(15.76)	(3.06%)
Profit for the period	21.65	4.36%	59.36	11.53%

Remark: Other incomes include export compensation, gain from disposal of fixed assets, sales of scraps, gain from fair value of derivatives, gain from change in fair value of investment property, and interest.

Quarter 2/2023: Chin Huay Public Company Limited and subsidiaries (collectively referred to as the "Group of Companies") recorded recurring Earning before Finance cost and Tax of 28.72 million Baht, decreased by 63.75 percent YoY but significantly increased by 1,262.75 percent from Quarter 1/2023 (QoQ).

For six-month period ended 30 June 2023

Statement of Comprehensive Income	Consolidated Financial Statements (Reviewed)			
	6-month period 2023		6-month period 2022	
	Baht million	%	Baht million	%
Revenue from sales	842.03	100.00%	910.04	100.00%
Cost of sales	729.01	86.58%	733.67	80.62%
Gross profit	113.02	13.42%	176.37	19.38%
Other income	2.45	0.29%	5.24	0.57%
Gain/(Loss) from exchange rate	6.21	0.74%	20.98	2.31%
Operating profit	121.68	14.45%	202.59	22.26%



Statement of Comprehensive Income	Consolidated Financial Statements (Reviewed)			
	6-month period 2023		6-month period 2022	
	Baht million	%	Baht million	%
Selling and distribution expenses	(28.08)	(3.33%)	(34.70)	(3.81%)
Administrative expenses	(67.36)	(8.00%)	(74.40)	(8.18%)
Earning before Finance cost and Tax	26.24	3.12%	93.49	10.27%
Finance income	0.36	0.04%	0.09	0.01%
Finance cost	(6.07)	(0.72%)	(7.79)	(0.85%)
Profit before income tax expenses	20.53	2.44%	85.79	9.43%
Income tax expenses	(4.56)	(0.54%)	(18.45)	(2.03%)
Profit for the period	15.97	1.90%	67.34	7.40%

Remark: Other incomes include export compensation, gain from disposal of fixed assets, sales of scraps, gain from fair value of derivatives, gain from change in fair value of investment property, and interest.

For the 6-month period 2023: the Group of Companies recorded recurring Earning before Finance cost and Tax of 26.24 million Baht, decreased by 71.93 percent YoY. These were resulted from the following factors.

Revenue Structure

Revenue categorized by product type	3-month period 2023		3-month period 2022		6-month period 2023		6-month period 2022	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Sales								
1. Dehydrated fruits								
Domestic	71.67	14.21%	140.07	26.15%	170.79	20.07%	236.08	25.21%
International	359.73	71.31%	334.49	62.45%	581.94	68.38%	579.70	61.91%
2. Canned fish								
Domestic	8.19	1.62%	7.39	1.38%	13.46	1.58%	15.55	1.66%
International	55.72	11.05%	32.03	5.98%	73.54	8.64%	74.71	7.98%
3. Healthy snacks								
Domestic	0.99	0.20%	0.57	0.11%	1.28	0.15%	2.21	0.24%
International	0.13	0.03%	0.47	0.08%	1.02	0.12%	1.79	0.19%
Total sales	496.43	98.42%	515.02	96.15%	842.03	98.94%	910.04	97.19%
Other income	7.99	1.58%	20.64	3.85%	9.02	1.06%	26.31	2.81%
Total revenue	504.42	100.00%	535.66	100.00%	851.05	100.00%	936.35	100.00%

Revenue categorized by product type	3-month period 23		3-month period 22		6-month period 23		6-month period 22	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
1. Dehydrated fruits	431.40	86.90%	474.56	92.14%	752.73	89.40%	815.78	89.64%
2. Canned fish	63.91	12.87%	39.42	7.66%	87.00	10.33%	90.26	9.92%
3. Healthy snacks	1.12	0.23%	1.04	0.20%	2.30	0.27%	4.00	0.44%
Total revenue from sales	496.43	100.00%	515.02	100.00%	842.03	100.00%	910.04	100.00%



3-month period (April - June)	6-month period (January - June)
<p>(-) Sales revenue decreased by 18.59 million Baht or 3.61 percent due to a decrease in dehydrated fruits product group revenue.</p> <p>(-) More than 86.90 percent of the income was generated from the dehydrated fruits, which decreased by 43.16 million Baht, representing 9.09 percent. In 2023, the competition in the dehydrated fruits market continued to rise due to new competitors in the market. In addition, the price of raw materials has increased from the previous year by more than 12 percent, causing some domestic and foreign trading partners to postpone their purchases. Yet, the U.S. customers continued to place more orders because the quality and price of the product is still in demand by consumers.</p> <p>(+) Revenue from the canned fish increased by 24.49 million Baht or 62.13 percent, with the main increase in revenue from exports to Asia since some countries have policies to relax restrictions on importing consumer goods. As a result, the Group of Companies has had a steady increase in orders.</p> <p>(+) Revenue from healthy snacks increased by 0.08 million Baht or 7.69 percent, which is a product group that the Group of Companies is being marketed continuously, i.e., the opening of kiosks in Siam Premium Outlet and Central Village Suvarnabhumi in April 2023.</p> <p>(-) Other income decreased by 12.65 million Baht, or 61.29 percent, which decreased from gain on exchange rate by 11.74 million Baht, or 62.48 percent because the Group of Companies has implemented more stringent hedging policy to mitigate the volatility of profits and losses that may arise from exchange rates. Furthermore, the production of products, especially canned fish, had decreased. As a result, the income from the sales of scraps has decreased altogether.</p>	<p>(-) Revenue from sales decreased by 68.01 million Baht or 7.47 percent due to the following factors:</p> <p>(-) Most of the income, more than 89.40 percent, came from the dehydrated fruits group, which decreased by 63.05 million Baht, or 7.73 percent, due to a decrease in domestic sales by 65.29 million Baht, or 27.66 percent from higher competition and new competitors in the market causing domestic customers postponed to place order. For foreign customers, which the Group of Companies directly export to, had an increase in revenue of 2.24 million Baht or 0.39 percent.</p> <p>(-) Revenue from canned fish decreased by 3.26 million Baht or 3.61 percent from domestic sales by 2.09 million Baht or 13.44 percent and from exports decreased by 1.17 million Baht or 1.57 percent from the demand for consumption and hoarding of this group of products decreased after the COVID-19 epidemic situation began to subside. As a result, during the first quarter, the sales of canned fish products slowed down, and the revenue decreased by more than half compared to the same period last year. However, during the second quarter, the revenue rose significantly due to the policy to relax restrictions on the import of consumer goods in Asian countries.</p> <p>(-) Revenue from healthy snacks decreased by 1.70 million Baht or 42.50 percent, which was a product group that the Group of Companies are promoting continuously.</p> <p>(-) Other income decreased by 17.29 million Baht, or 65.72 percent from gain on exchange rate by 14.77 million Baht, or 70.40 percent because the Group of Companies has implemented more stringent hedging policy to mitigate the volatility of profits and losses that may arise from exchange rates. Furthermore, the production of products, especially</p>

canned fish, had decreased. As a result, the income from the sales of scraps has decreased altogether.

Cost of Goods Sold and Gross Profit

Products	3-month period 23		3-month period 22		6-month period 23		6-month period 22	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
1. Dehydrated fruits	381.38	88.41%	371.06	78.19%	660.68	87.77%	650.24	79.71%
2. Canned fish	45.50	71.19%	35.63	90.39%	66.53	76.47%	79.49	88.07%
3. Healthy snacks	0.69	61.61%	1.08	103.85%	1.80	78.26%	3.94	98.50%
Total cost of sales	427.57	86.13%	407.77	79.17%	729.01	86.58%	733.67	80.62%
Gross Profit	68.86	13.87%	107.25	20.83%	113.02	13.42%	176.37	19.38%

Cost of goods sold consists of cost of raw materials, production labor cost, electricity and fuel costs in the factory, depreciation of factory buildings, machinery and equipment, cost of consumables, packaging cost.

3-month period (April - June)	6-month period (January - June)
<p>(-) Increase in Costs of Sales 19.80 million Baht, or 4.86 percent, resulting in a decrease in gross profit by 38.39 million Baht, or 35.79 percent.</p> <p>(-) Gross profit of the dehydrated fruits in the second quarter decreased by 53.48 million Baht or 51.67 percent due to higher costs compared to the same period last year because price of raw materials has been increased from the previous year by more than 12 percent due to increased competition in the raw material market at the beginning of the season. In addition, the raw materials this year are less than the previous year because of drought, affecting the procurement of raw materials in the market to maintain the quality standards of the Group of Companies. As a result, the Group of Companies brought semi-finished products purchased from subsidiaries and other companies to the downstream production process to get the quantity of finished goods sufficient. The price of the semi-finished products is quite high, therefore, the cost of goods produced in the second quarter of</p>	<p>(-) Cost of sales decreased by 4.66 million Baht or 0.64 percent, which was less proportion than the decrease in revenue. As a result, the gross profit decreased by 63.35 million Baht or 35.92 percent.</p> <p>(-) The gross profit of the dehydrated fruits for the six-month period decreased by 73.49 million Baht or 44.39 percent compared to the same period last year since the price of raw materials and semi-finished products have been greatly increased from the previous year due to increased competition in the raw material market. In addition, the raw materials this year are less than the previous year. For the Group of Companies to maintain product quality and sufficient for the orders, raw materials were purchased from a variety of sources i.e., domestic raw materials and semi-finished products from both domestic and international sources.</p> <p>(+) The gross profit of the canned fish increased by 9.70 million Baht or 90.06 percent due to the improvement of a canned fish factory from the capital increase, making cost management more efficient. Consequently, costs can be continuously reduced.</p>



<p>2023 is higher than the same period of the previous year.</p> <p>(+) The gross profit of the canned fish increased by 14.62 million Baht or 385.75 percent compared to the same period last year and increased by 16.35 million Baht or 793.69 percent compared to the first quarter of 2023 due to the improvement of a canned fish factory from the capital increase, making cost management more efficient. Consequently, costs can be continuously reduced.</p>	<p>(+) Gross profit of healthy snacks, which is a new product group in 2022 launched for the first year, resulting in relatively high product costs due to still being in the research and development phase of the product, but for the 6-month period of 2023, the management of production processes was more efficient, therefore, the cost of goods tends to decrease continuously compared to the same period last year.</p>
--	--

Selling and Administrative Expenses

In Quarter 2/2023, the Group of Companies had sales and distribution expenses increased by 0.93 million Baht or 5.88 percent compared to the same period last year. The proportion of sales and distribution expenses to sales is 3.37 percent, which is an increase of 0.30 percent compared to the same period last year. Due to an increase in foreign sales of 48.59 million Baht, or 13.24 percent, resulting in an increase in commission fee. In addition, as the COVID-19 pandemic has eased, there was more domestic marketing. During Quarter 2/2023, there were more exhibitions both domestically and internationally compared to the previous year.

For the six-month period, the Group of Companies had sales and distribution expenses decreased by 6.62 million Baht or 19.08 percent compared to the same period last year. The proportion of sales and distribution expenses to sales is 3.33 percent, which is a decrease of 0.48 percent compared to the same period last year. The export sales increased by 0.30 million Baht due to the decrease in export expenses due to the situation of container shortages for packing export products that have been relieved. Due to the spread of the COVID-19 virus around the world is in a better direction together with more efficient management of export costs, resulting in a significant reduction in sales and distribution expenses.

In Quarter 2/2023, the Group of Companies had administrative expenses decreased by 1.74 million Baht or 5.31 percent compared to the same period last year and the proportion to sales was 6.25 percent, a decrease of 0.11 percent compared to the same period last year. This was due to the receipt of debt repayment from debtors who were overdue for more than 1 year, resulting in Expected Credit Loss: ECL for account receivables decreased significantly compared to the same period last year.

For the six-month period, the Group of Companies had a decrease in administrative expenses of 7.04 million Baht or 9.46 percent compared to the same period last year and the proportion to sales was 8.00 percent, a decrease of 0.18 percent compared to the same period last year. Receiving debt repayment from long overdue debtors and no more expenses related to bringing the company Listed on the Stock Exchange of Thailand incurred in the current period.



Net Profit and Net Profit Margin

In Quarter 2/2023, the Group of Companies' net profit decreased by 37.71 million Baht, or 63.53 percent, and the net profit margin decreased by 7.17 percent due to the decrease in gross profit margin in accordance with the factors mentioned above and decrease in profit of exchange rate. However, the cost of selling slightly increased. Although administrative expenses, financial cost, and income tax expenses will be reduced, the ratio is still less than the gross profit that decreases. As a result, the net profit decreased.

For the six-month period, the Group of Companies' net profit decreased by 51.37 million Baht, or 76.28 percent, and net profit margin decreased by 5.50 percent due to the decrease in gross profit margin according to the factors mentioned above and decrease in profit of exchange rate. Although administrative expenses, financial cost, and income tax expenses will be reduced, the ratio is still less than the gross profit that decreases. As a result, the net profit decreased.