

Ref. PP.054/2566

10 November 2023

RE: Financial Statements Analysis Quarter 3/2023

ATTN: Director and Manager

The Stock Exchange of Thailand

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)		3M2566	3M2565	Increase/Decrease	%
1	Total revenue	308.66	354.66	(46.00)	(12.97%)
2	Cost of goods and admin	236.81	280.93	(44.13)	(15.71%)
3	Selling expenses	73.09	39.76	33.33	83.48%
4	Service expenses	41.32	31.48	9.83	31.23%
5	Finance costs	7.16	6.03	1.13	18.74%
6	Profit (loss) before income tax	(46.20)	1.42	(46.62)	(3,358.04%)
7	Income (Expense) income tax	(0.64)	(0.22)	(0.42)	195.35%
8	Net Profit (Loss)	(46.83)	1.20	(48.03)	(3,993.10%)
9	Total comprehensive profit	(46.83)	1.20	(48.03)	(3,993.10%)

#### **Company’s Performance for the 2nd Quarter of 2566:**

In the third quarter of the year 2566, the Company had a total revenue of 308.66 million baht. When compared to the total revenue in the third quarter of 2565, it is evident that the total revenue decreased by 46.00 million baht, accounting for 12.97% 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 administrative expense in the third quarter of 2566 accounted for 236.81 million baht. When compared to the third quarter of 2565, it is evident that costs decreased by 44.13 million baht, accounting for 15.71%. 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 third quarter of 2566, will yield significant results in the third quarter of 2566. Furthermore, the company suffered a loss of 4.80 million baht due to asset impairment in the third quarter of 2566.

In terms of sales expenses, in the third quarter of 2566, they amounted to 73.09 million baht. Comparing this to the third quarter of 2565, there was an increase of 33.33 million baht, accounting for an increase of 83.84% due to the company's investment in marketing and advertising activities to enhance product and brand awareness.

Regarding service expenses, in the third quarter of 2566, expenses amounted to 41.32 million baht. Comparing this to the third quarter of 2565, there was an increase of 9.83 million baht, accounting for an increase of 31.23%. resulted from the increased employee-related expenses in the third quarter of 2566 due to the company's restructuring of its workforce at the end of 2564, which affected the lower expenses incurred in the third quarter of 2565.

Regarding financial costs, in the third quarter of 2566, expenses amounted to 7.10 million baht. Comparing this to the third quarter of 2565, there was an increase of 1.13 million baht, accounting for an increase of 18.74%. This increase is attributed to the company's interest payments, which were incurred at a normal rate in the third quarter of 2565. However, in the third quarter of 2566, 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 9-Month Accounting Period Ending September 30, 2566, and Performance Overview with Key Financial Highlights

Financial statements (Million Baht)		9M2566	9M2565	Increase/Decrease	%
1	Total revenue	891.38	1,059.94	(168.56)	(15.90%)
2	Cost of goods and admin.	706.26	847.29	(141.03)	(16.64%)
3	Selling expenses	180.89	104.15	76.74	73.68%
4	Service expenses	118.52	95.65	22.87	23.92%
5	Finance costs	20.88	16.61	4.27	25.73%
6	Profit (loss) before income tax	(126.46)	10.53	(136.99)	(1,300.58%)
7	Income (Expense) income tax	0.93	(2.15)	3.08	143.12%
8	Net Profit (Loss)	(125.53)	8.38	(133.91)	(1,597.44%)
9	Total comprehensive profit	(125.53)	8.38	(133.91)	(1,597.44%)

**Company's Performance for the 3rd Quarter of 2566 Compared to that of September 30, 2565**

Regarding the 6-month period ending on September 30, 2566, the company had a total revenue of 891.38 million baht. When compared to the total revenue for the same period in the previous year, the company encountered a decrease of 168.56 million baht, accounting for 15.90% due to the economic downturn, resulting in reduced consumer spending. Consequently, high-value and high-profit margin products, such as canned clam products, had the decreased sales. 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. The decreased sales were also due to the fact that the company was unable to meet the high market demand for products, such as the canned clam products group, which have higher initial prices and profit margins compared to other groups. The lack of raw materials was a result of changing weather conditions, further contributing to this situation.

In terms of cost and expenses including cost of goods sold and services, for the 9-month period ending on September 30, 2566, the total was 706.26 million baht compared to the same period in the previous year, there was a decrease of 141.03 million baht or 16.64%. This is consistent with the reduced revenue and the impact of increased public utilities and cooling room rent expenses even though both revenue and production decreased. Noting that the Company is currently in the process of installing solar panels to reduce future energy expenses. This installation was completed in the third quarter of 2566 and its effects will be effective in the third quarter of 2566.

In terms of service-related expenses for the 9-month period ending on September 30, 2566, the amount was 118.52 million baht. When compared to the same period in the previous year, there was an increase of 22.87 million baht or 23.92% due to the expenses related to employees, which rose over the 9-month period ending on September 30, 2566. This increase in expenses was a result of the company's restructuring of personnel organization that took place in the end of 2564, causing the decrease of expenses for the same period of the year 2565.

In terms of financial costs, for the 9-month period ending on September 30, 2566, the amount was 20.88 million baht. When compared to the same period of the year 2565, it increased by 4.27 million baht or 25.73% due to the fact that during the 9-month period ending on September 30, 2565, the company continued to incur interest at the regular rate. However, during the 9-month period ending on September 30, 2566, the company was in negotiations for debt repayment with the lending bank, resulting in incurring interest at a penalty rate.

**Company's financial position as of September 30, 2566, compared to December 31, 2565**

In terms of the financial position as of September 30, 2566, the company had total assets valued at 819.24 million Baht, compared to a total asset value of 897.23 million Baht as of December 31, 2565.

This showed a decrease of 77.99 million Baht or 8.69%. The key transactions contributing to this change include cash and cash equivalents decreased by 28.44 million baht; operating expenses leading to a reduction in inventory by 35.28 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 September 30, 2566, the Company's total liability amounted to 688.74 million Baht, compared to that value of 641.20 million Baht as of December 31, 2565. This was an increase of 47.54 million Baht or 7.41%. Key transactions contributing to this change include an increase of 36.05 million baht in trade payables and other current payables resulted from the normal business operations of the company and an increase of 11.43 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.

For the equity section, as of September 30, 2566, the Company had shareholders' equity of 130.50 million Baht, compared to shareholders' equity of 256.03 million baht as of December 31, 2565. This was a decrease in shareholders' equity of 125.53 million Baht or 49.03%. This decrease is consistent with the net profit (loss) for the 6-month accounting period ending on September 30, 2566.

Please, kindly be informed accordingly.

Yours sincerely,

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(Ms.Siriporn Tohtubtiang)

Chairwoman of Executive Directors and Managing Director