



Management Discussion and Analysis Quarter 3 Ending 30 September 2023

Summary of Operating Performance

For three-month period ended 30 September 2023

Statement of Comprehensive Income	Consolidated Financial Statements (Reviewed)			
	Quarter 3/2023		Quarter 3/2022	
	Baht million	%	Baht million	%
Revenue from sales	515.69	100.00%	470.11	100.00%
Cost of sales	413.68	80.22%	372.96	79.33%
Gross profit	102.01	19.78%	97.15	20.67%
Other income	3.44	0.67%	2.75	0.58%
Gain from exchange rate	4.32	0.84%	21.15	4.50%
Operating profit	109.77	21.29%	121.05	25.75%
Selling and distribution expenses	(14.89)	(2.89%)	(16.84)	(3.58%)
Administrative expenses	(44.22)	(8.57%)	(42.94)	(9.14%)
Earning before Finance cost and Tax	50.66	9.83%	61.27	13.03%
Finance income	0.01	0.00%	0.00	0.00%
Finance cost	(3.72)	(0.71%)	(4.35)	(0.93%)
Profit before income tax expenses	46.95	9.12%	56.92	12.10%
Income tax expenses	(8.07)	(1.56%)	(13.32)	(2.83%)
Profit for the period	38.88	7.54%	43.60	9.27%

Remark: Other incomes include export compensation, gain from disposal of fixed assets, sales of scraps, gain from fair value of derivatives.

Quarter 3/2023: Chin Huay Public Company Limited and subsidiaries (collectively referred to as the "Group of Companies") recorded Earning before Finance cost and Tax at 50.66 million Baht, which decreased 17.32% from Q3/2022 (YoY) but increased 76.39% from Q2/2023 (QoQ).

For nine-month period ended 30 September 2023

Statement of Comprehensive Income	Consolidated Financial Statements (Reviewed)			
	9-month period 2023		9-month period 2022	
	Baht million	%	Baht million	%
Revenue from sales	1,357.72	100.00%	1,380.15	100.00%
Cost of sales	1,142.69	84.16%	1,106.62	80.18%
Gross profit	215.03	15.84%	273.53	19.82%
Other income	5.89	0.43%	7.99	0.58%
Gain from exchange rate	10.53	0.78%	42.13	3.05%
Operating profit	231.45	17.05%	323.65	23.45%



Statement of Comprehensive Income	Consolidated Financial Statements (Reviewed)			
	9-month period 2023		9-month period 2022	
	Baht million	%	Baht million	%
Selling and distribution expenses	(42.97)	(3.16%)	(51.54)	(3.73%)
Administrative expenses	(111.58)	(8.22%)	(117.35)	(8.50%)
Earning before Finance cost and Tax	76.90	5.67%	154.76	11.22%
Finance income	0.37	0.03%	0.09	0.01%
Finance cost	(9.79)	(0.72%)	(12.15)	(0.88%)
Profit before income tax expenses	67.48	4.98%	142.70	10.35%
Income tax expenses	(12.63)	(0.93%)	(31.76)	(2.30%)
Profit for the period	54.85	4.04%	110.94	8.17%

Remark: Other incomes include export compensation, gain from disposal of fixed assets, sales of scraps, gain from fair value of derivatives.

For the 9-month period 2023: the Group of Companies recorded Earning before Finance cost and Tax at 76.90 million Baht, decreased by 50.31% from the same period last year (YoY). These were resulted from the following factors.

Revenue Structure

Revenue categorized by product type	3-month period 2023		3-month period 2022		9-month period 2023		9-month period 2022	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
Sales								
1. Dehydrated fruits								
Domestic	123.80	23.65%	75.75	15.33%	294.59	21.43%	311.84	21.80%
International	344.98	65.91%	321.29	65.04%	926.92	67.44%	900.99	63.00%
2. Canned fish								
Domestic	9.69	1.85%	6.44	1.30%	23.15	1.68%	21.99	1.54%
International	34.08	6.51%	63.64	12.88%	107.62	7.83%	138.35	9.67%
3. Healthy snacks								
Domestic	0.78	0.15%	0.29	0.06%	2.06	0.15%	2.50	0.17%
International	2.36	0.45%	2.70	0.55%	3.38	0.25%	4.48	0.31%
Total sales	515.69	98.52%	470.11	95.16%	1,357.72	98.78%	1,380.15	96.49%
Other income	7.77	1.48%	23.90	4.84%	16.79	1.22%	50.21	3.51%
Total revenue	523.46	100.00%	494.01	100.00%	1,374.51	100.00%	1,430.36	100.00%

Revenue categorized by product type	3-month period 2023		3-month period 2022		9-month period 2023		9-month period 2022	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
1. Dehydrated fruits	468.78	90.90%	397.04	84.46%	1,221.51	89.97%	1,212.83	87.88%
2. Canned fish	43.77	8.49%	70.08	14.90%	130.77	9.63%	160.34	11.62%
3. Healthy snacks	3.14	0.61%	2.99	0.64%	5.44	0.40%	6.98	0.50%
Total revenue from sales	515.69	100.00%	470.11	100.00%	1,357.72	100.00%	1,380.15	100.00%



3-month period (Jul – Sep)	9-month period (Jan - Sep)
<p>(+) Revenue from sales increased by 45.58 million Baht or 9.70% due to an increase in revenue of dehydrated fruits.</p> <p>(+) Most of the income, more than 90.90%, comes from the dehydrated fruit which increased to 71.74 million Baht, accounting for 18.07%. This increase in sales comes from domestic sales of 48.05 million Baht and international sales of 23.69 million Baht due to Q2/2023 was the seasonal trading dehydrated fruits. Price competition in the market continues to increase as well as there are new competitors in the market. This causes some domestic customers to choose to buy products from others with lower prices than the Company. Although the prices of the Company's products may be higher than some competitors', but product quality still meets the needs of consumers. Therefore, in Q3/2023, the customers came back to purchase and repurchase continuously. This caused domestic sales to increase by 63.43%.</p> <p>For international sales that increased by 7.37% came from continued orders from customers in the United States Because the quality and price of products are still in demand among consumers. In addition, the procurement of containers and export expenses decreased, resulting in the export of products in a better direction.</p> <p>(-) Income from the canned fish decreased by 26.31 million Baht, or 37.54%. This decrease was mainly due to a decrease in international sales of 29.56 million Baht, or 46.45%, since foreign customers normally ordered in bulk at a time. A large lot has already been ordered in Q2. Therefore, in Q3, the Company still has products in stock to support orders in Q4/2023 that will gradually be ordered.</p>	<p>(-) Revenue from sales decreased by 22.43 million Baht, accounting for 1.63%, from the canned fish. The factors of the decrease are as follows:</p> <p>(-) Income from the canned fish decreased by 29.57 million Baht, accounting for 18.44%, decreasing from international sales totaling 30.73 million Baht, accounting for 22.21%, and in contrast to domestic sales that increased by 1.16 million Baht, accounting for 5.28% from the COVID-19 epidemic situation that has begun to subside. This has caused the need to stockpile products to decrease. With a decrease of more than 29.72 million Baht in the Americas and a decrease of more than 8.17 million Baht in Europe. However, due to the war between Israel and Hamas during Q2, there were large orders as to stockpile goods increased to 7.30 million Baht.</p> <p>(+) For the dehydrated fruits which is the main income of the Company, there was an increase in income of 8.68 million Baht, or 0.72%, which was an increase in exports of 25.93 million Baht, or 2.88%. The Company's products continue to gain confidence from its US counterparts who have continuously placed orders. In contrast, domestic sales decreased by 17.25 million Baht or 5.53% due to increased competition and new competitors in the market. This caused trading partners in countries that exports to delay ordering products from the Group of Companies. However, in Q3, customers began to return to purchase the Company's products and they still order continuously, which is in a better direction.</p> <p>(-) Revenue from healthy snacks decreased by 1.54 million Baht or 22.06%, which was a product group that the Group of Companies are promoting continuously.</p> <p>(-) Other income decreased by 33.42 million Baht, or 66.56% from gain on exchange rate by 31.60 million Baht, or 75.01%</p>



<p>As for domestic sales, which increased by 3.25 million Baht or 50.47%, this was due to the Company having increased sales promotion marketing in the country.</p> <p>(+) Revenue from healthy snacks increased by 0.15 million Baht or 5.02%, which is a product group that the Group of Companies is doing marketing continuously, i.e., the opening of kiosks in Siam Premium Outlet and Central Village Suvarnabhumi in April 2023.</p> <p>(-) Other income decreased by 16.13 million Baht, or 67.49%, which decreased from gain on exchange rate by 16.83 million Baht, or 79.57% 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>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>
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Cost of Goods Sold and Gross Profit

Products	3-month period 23		3-month period 22		9-month period 23		9-month period 22	
	Baht million	%	Baht million	%	Baht million	%	Baht million	%
1. Dehydrated fruits	373.29	79.63%	312.99	78.83%	1,023.01	83.75%	963.23	79.42%
2. Canned fish	36.76	83.99%	57.23	81.66%	114.25	87.37%	136.72	85.27%
3. Healthy snacks	3.63	115.75%	2.74	91.64%	5.43	99.90%	6.67	95.56%
Total cost of sales	413.68	80.22%	372.96	79.33%	1,142.69	84.16%	1,106.62	80.18%
Gross Profit	102.01	19.78%	97.15	20.67%	215.03	15.84%	273.53	19.82%

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 (Jul – Sep)	9-month period (Jan - Sep)
<p>(+) Cost of sales increased by 40.72 million Baht, representing 10.92%, and gross profit increased by 4.86 million Baht, representing 5.00%.</p> <p>(+) Gross profit of the dehydrated fruits in Q3 increased by 11.44 million Baht, accounting for</p>	<p>(-) Cost of sales increased by 36.07 million Baht, accounting for 3.26%, which was in contrast to the decrease in revenue. As a result, gross profit decreased to 58.50 million Baht, or 21.39%.</p>



<p>13.62%, mainly due to increased profits from continuously increasing exports, marketing campaign to find new business partners, and maintaining product quality causes existing customers to reorder.</p> <p>(-) Gross profit of the canned fish decreased by 5.84 million Baht, or 45.45%, compared to the same period last year. This is because the products sold in Q3 were produced during the period of the canned fish factory renovation from the capital increase (IPO). Therefore, the cost of production per unit was quite high during that period. However, when the renovation is completed, cost management will be more efficient. As a result, product costs per unit will begin to trend downward accordingly.</p>	<p>(-) Gross profit of the dehydrated fruit for the 9-month period decreased by 51.10 million Baht, or 20.47%, compared to the same period last year. This is because the prices of raw materials and semi-finished products have greatly increased from the previous year, due to increased competition in the raw material market and the raw materials released to the market were less than the previous year. Therefore, the Group of Companies still have quality products and are sufficient to meet orders from customers. Therefore, we source raw materials from a variety of sources of raw materials and semi-finished products from both domestically and abroad.</p> <p>(-) Gross profit of canned fish decreased by 7.10 million Baht, or 30.06%, due to the renovation of the canned fish factory from the capital increase (IPO). Therefore, the cost of production per unit was quite high during that period. However, when the renovation is completed, cost management will be more efficient. As a result, product costs per unit will begin to trend downward accordingly.</p>
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Selling and Administrative Expenses

In Quarter 3/2023, the Group of Companies had sales and distribution expenses decreased by 0.67 million Baht or 1.12% compared to the same period last year. The proportion of sales and distribution expenses to sales is 11.46%, which is a decrease of 1.26% compared to the same period last year.

For the nine-month period, the Group of Companies had sales and distribution expenses decrease by 14.34 million Baht or 8.49% compared to the same period last year. The proportion of sales and distribution expenses to sales is 11.38%, which is a decrease of 0.85% compared to the same period last year.

This is because export expenses decreased due to the situation of shortage of containers for packing export products being alleviated. Due to the COVID-19 pandemic was getting better and no 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 3/2023, the Group of Companies' net profit decreased by 4.72 million Baht and had a net profit margin of 7.54%.

For the 9-month period the Group of Companies' net profit decreased by 56.09 million Baht and net profit margin was 4.04%.



บริษัท เจริญอุตสาหกรรม จำกัด (มหาชน)

CHIN HUAY Public Company Limited

The decrease in gross profit margin was because of the factors mentioned above and a decrease in profit from foreign exchange rates although sales and administrative expenses and financial costs were controlled effectively, and income tax expenses decreased.