



10 May 2024

Subject: Management Discussion and Analysis of the Financial Statements for 3 months period of 2024 ended 31 March 2024

To The President
Stock Exchange of Thailand

Chin Huay Public Company Limited (the “Company” or “CH”) and its subsidiaries would like to inform its operating performance and financial performance for 3 months period of 2024 ended 31 March 2024 as follows:

Summary of Operating Performance

For the 3-month period ending 31 March 2024

Statement of Comprehensive Income	Consolidated Financial Statements (Reviewed)			
	Q1/2024		Q1/2023	
	Million Baht	%	Million Baht	%
Revenue from sales	514.06	100.00%	345.60	100.00%
Cost of goods sold	426.05	82.88%	301.44	87.22%
Gross profit	88.01	17.12%	44.16	12.78%
Other incomes	2.96	0.58%	1.87	0.54%
Gain/(Loss) from exchange rate	10.59	2.06%	(0.83)	(0.24%)
Operating profit	101.56	19.76%	45.20	13.08%
Selling and distribution expenses	(17.21)	(3.35%)	(11.33)	(3.28%)
Administrative expenses	(39.75)	(7.73%)	(36.34)	(10.51%)
Operating Profit	44.60	8.68%	(2.47)	(0.71%)
Finance income	0.00	0.00%	0.00	0.00%
Finance cost	(1.89)	(0.37%)	(2.62)	(0.76%)
Profit before income tax expenses	42.71	8.31%	(5.09)	(1.47%)
Income tax expenses	(8.76)	(1.71%)	(0.59)	(0.17%)
Net Profit for the period	33.95	6.60%	(5.68)	(1.64%)

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

For Q1/2024: Chin Huay Public Company Limited and its subsidiaries (collectively referred to as the “Group Companies”) reported a total revenue of 514.06 million baht, reflecting a marginal increase of 48.75 percent (QoQ), of which this amount was revenue generated from the dehydrated fruits (91.42 percent of the total revenue) of 469.97 million baht, indicating a modest increase of 46.22 percent (QoQ). Secondly, revenue from the canned fish (8.41 percent of the total revenue) was 43.21 million baht, experiencing an increase of 87.87 percent (QoQ).



Lastly, revenue from the healthy snacks (0.17 percent of the total revenue) was 0.88 million baht, equivalent to a decrease of 25.42 percent (QoQ).

Revenue Structure

Revenue categorized by product type	Q1/2024		Q1/2023	
	Million Baht	%	Million Baht	%
Sales Revenue				
1. Dehydrated fruits	469.97	91.42%	321.42	93.00%
Domestic	75.81	14.75%	99.11	28.68%
International	394.16	76.67%	222.31	64.32%
2. Canned fish	43.21	8.41%	23.00	6.66%
Domestic	8.21	1.60%	5.27	1.53%
International	35.00	6.81%	17.73	5.13%
3. Healthy snacks	0.88	0.17%	1.18	0.34%
Domestic	0.88	0.17%	0.29	0.08%
International	0.00	0.00%	0.89	0.26%
Total sales	514.06	100.00%	345.60	100.00%

Sales revenue

- Revenue from sales of the dehydrated fruits was 469.97 million baht, increasing by 46.22 percent (QoQ), of which this amount was revenue from domestic sales and international sales at a proportion of approximately 16:84.

- Domestic sales revenue decreased by 23.30 million baht, accounting for 23.51 percent (QoQ).

During the first quarter of each year, the dehydrated fruit market witnesses intense price competition. In Q1/2024, the Group Companies maintained their pricing strategy at the previous year's level. Consequently, this led to a delay in orders from major customers engaged in export activities, as they sought out competitors offering more favorable prices.

However, the Group Companies anticipate a turnaround in the upcoming quarter as large customers are expected to resume ordering from the Group Companies. This is attributed to the Group Companies' prominent role as an OEM player, with warehouse facilities (cold storage specifically designed for storing dehydrated fruits, as outlined in the IPO's utilization of proceeds). These facilities not only enhance product storage capabilities but also guarantee stable product quality year-round, thereby bolstering sales continuity.

- International sales revenue increased by 171.85 million baht, accounting for 77.30 percent (QoQ)



The adjustment of selling prices in accordance with the pricing policy during Q1/2023 resulted in delays in customer orders. Consequently, in Q1/2024, the Group Companies chose to maintain its selling prices at the previous year's level. This decision is aimed at incentivizing foreign customers to increase their orders. Additionally, during this quarter, the Group Companies introduced a wider range of products to cater to customer preferences, including both new offerings and original products that customers have not previously ordered. This strategic adjustment, along with the diversification of product offerings, has led to a significant increase in international sales revenue of dehydrated fruits.

2. Revenue from sales of the canned fish was 43.21 million baht, increasing by 87.87 percent (QoQ) of which this amount was revenue from domestic sales and international sales at a proportion of approximately 19:81.

- 2.1 Domestic sales revenue increased by 2.93 million baht, accounting for 55.79 percent (QoQ).

The Group Companies has implemented additional promotional initiatives through distributors, leading to the establishment of new dealer shops in the north-eastern region. This expansion has contributed to a rise in revenue from the domestic revenue of canned fish.

- 2.2 International sales revenue increased by 17.27 million baht, accounting for 97.41 percent (QoQ).

Improvements made to the production line and warehouse of the canned fish during Q1/2023 led to a temporary decrease in production capacity. Consequently, sales experienced a corresponding decline. This was primarily due to the fact that a significant portion of sales is derived from OEM customers, with products manufactured based on customer orders. Moreover, the backlog of orders at the end of 2022 resulted in a slowdown at the beginning of 2023. However, following enhancements to the production line and warehouse, the Group Companies is now capable of accommodating more orders and ensuring continuous product output. This significantly boosted sales in Q1/2024.

3. Revenue from sales of the healthy snacks was 0.88 million baht, decreasing by 25.42 percent (QoQ).

Domestic sales surged by 0.59 million baht, representing a remarkable increase of 203.45 percent (QoQ), whereas international sales experienced a decline.

This trend underscores the emergence of the healthy snacks as a new product category within the Group Companies, aimed at promoting health-conscious choices among consumers. While some



products are still undergoing market trials, the Group Companies remain committed to product development and ongoing marketing efforts. Despite a decrease in overall international sales, domestic sales have experienced significant growth, driven by demand from large customers serving domestic tourists.

Gross profit and gross profit margin

Product Categories	Q1/2024		Q1/2023	
	Million Baht	gross profit margin	Million Baht	gross profit margin
1. Dehydrated fruits	84.33	17.94%	42.11	13.10%
2. Canned fish	3.41	7.90%	1.97	8.57%
3. Healthy snacks	0.27	30.64%	0.08	6.40%
Total gross profit	88.01	17.12%	44.16	12.78%

The cost of goods sold consists of raw material costs, production labor costs, cost of electricity and fuel for factory operations, depreciation of factory buildings, machinery, and equipment, consumables costs, and packaging costs.

The Group Companies' gross profit increased by 43.85 million baht and the gross profit margin rose to 17.12 percent, with over 95.82 percent derived from the gross profit of the dehydrated fruits.

1. The gross profit of the dehydrated fruits increased by 42.22 million baht (QoQ) and the gross profit margin rose to 17.94 percent.

The decline in the price of the main raw material, mangoes, which commenced towards the end of 2023, amounting to more than 9 percent, was attributed to the recent drought conditions spanning from late 2022 to early 2023. This led to a reduced release of raw materials into the market compared to usual. Fortunately, no such events occurred this year. Moreover, the Group Companies managed to procure high-quality raw materials efficiently for the production process. This, coupled with increased production volume and expanded storage capacity enabled by the construction of a cold storage for the dehydrated fruits storage, as outlined in the IPO's utilization of proceeds, resulted in reduced production costs per unit and increased gross profits. Consequently, in Q1/2024, the Group Companies experienced a 2 percent increase in the sales proportion of the dehydrated mangoes (QoQ).

2. The gross profit of the canned fish increased by 1.44 million baht (QoQ) but the gross profit margin decreased to 7.90 percent.



Despite the ongoing rise in the price of fish raw materials, which increased by over 8 percent compared to the same period of the previous year, enhancements in the production line and warehouse of the canned fish factory, as outlined in the IPO's utilization of proceeds, have led to better efficiency in the production and storage processes of the canned fish. Consequently, the Group Companies was able to effectively manage costs, maintaining them at a constant level even amidst increasing raw material prices.

3. The gross profit of the healthy snacks increased by 0.19 million baht (QoQ), and the gross profit margin rose to 30.64 percent.

The entire increase in gross profit margin was attributed to domestic sales. This was facilitated by the Group Companies' ability to procure raw materials at lower prices compared to the same period of the previous year. Furthermore, the introduction of new innovative products under the brands Meble and Bangkok Tasty in 2023 contributed to better cost management in Q1/2024, driven by an increase in experience which led to an increase in gross profit.

Other incomes and profits from exchange rates

Other incomes increased by 58.07 percent (QoQ), driven by 199.57 percent (QoQ) increase in export compensation income. This surge stemmed from an increase in international sales revenue from Q4/2023 to Q1/2024, resulting in increased payments from foreign customers and, consequently, higher export compensation compared to the previous year. Additionally, the Group Companies anticipates additional other incomes in 2024 from renting space for fruit storage.

Profits from foreign exchange surged by 1,369.66 percent (QoQ) since the Group Companies had a higher proportion of product exports than raw material imports. Furthermore, there was more than 78 percent increase in income from international sales compared to the previous year. Throughout Q1/2024, the Thai baht Currency continued to depreciate, showing a decline in value compared to the same period last year.

Selling and distribution expenses

Sales and distribution expenses increased by 51.88 percent (QoQ), accounting for 3.35 percent of sales revenue, marking a 0.07 percent increase (QoQ) from export expenses. Export expenses increased by 116.84 percent and commission increased by 89.64 percent, reflecting as same as the rise in sales revenue.



บริษัท เจริญอุตสาหกรรม จำกัด (มหาชน)

CHIN HUAY Public Company Limited

Administrative expenses

Administrative expenses increased by 9.38 percent (QoQ), accounting for 7.73 percent of sales revenue, marking a decrease of 2.78 percent (QoQ). This increase is due to the annual salary adjustments and bonuses for employees and executives, along with the increase in directors' remuneration.

Net profit and net profit margin

In Q1/2024, the Group Companies' net profit surged by 39.63 million baht, with the net profit margin rising to 6.43 percent of total revenue. This increase could be attributed to the increased gross profit margin, as stated earlier, and the gain in profits from foreign exchange rates. Meanwhile, efficient expenses management and reduced finance costs contributed to the increase in net profit figure and net profit margin compared to the same period of the previous year.

Please be informed accordingly,

Best regards,

Sakda Sresangnum

Chief Executive Officer