

- Translation -

11 November 2019

Subject: Management's Discussion and Analysis for the Operating Results of the 3rd Quarter of 2019

Attention: The President of the Stock Exchange of Thailand

Exotic Food Public Company Limited (the "Company") would like to submit the financial statements for the third quarter ended September 30th, 2019, which have been reviewed by the independent auditor. For 3Q19, the Company's net profit decreased by 38.61% to Baht 41.46 million as compared to Baht 67.54 million in the comparable quarter in 2018. For the first 9 months of 2019, the Company had recorded the net profit of Baht 123.04 million which decreased by 21.49% comparing to the net profit of Baht 156.72 million in the first 9 months of 2018. The aforementioned changes in the financial performance are summarized in the below table.

Income Statement (million Baht)	3Q18	2Q19	3Q19	%YoY	%QoQ	9M18	9M19	%YoY
Revenue from sale of goods	301.01	210.14	252.77	-16.03%	20.29%	832.64	765.13	-8.11%
Cost of sale of goods	(183.06)	(142.60)	(161.12)	-11.99%	12.99%	(520.24)	(484.53)	-6.86%
Gross profit	117.95	67.54	91.65	-22.30%	35.70%	312.40	280.60	-10.18%
Selling expenses	(16.26)	(17.99)	(20.49)	26.01%	13.90%	(54.12)	(56.73)	4.82%
Administrative expenses	(31.22)	(35.84)	(36.23)	16.05%	1.09%	(92.69)	(104.36)	12.59%
Operating profit	70.47	13.71	34.93	-50.43%	154.78%	165.59	119.51	-27.83%
Investment income	0.13	0.72	0.49	276.92%	-31.94%	0.32	1.61	403.13%
Net foreign exchange gain/(loss)	(0.86)	(0.16)	1.13	-231.40%	-806.25%	(0.36)	0.62	-272.22%
Other income	1.54	0.49	4.80	211.69%	879.59%	2.81	5.82	107.12%
Earnings before Interest and taxes	71.28	14.76	41.35	-41.99%	180.15%	168.36	127.56	-24.23%
Financial expense	(0.54)	(0.61)	(0.42)	-22.22%	-31.15%	(1.76)	(1.53)	-13.07%
Profit before income tax expense	70.74	14.15	40.93	-42.14%	189.26%	166.60	126.03	-24.35%
Income tax expense	(3.20)	(0.24)	0.53	-116.56%	-320.83%	(9.88)	(2.99)	-69.74%
Profit for the period	67.54	13.91	41.46	-38.61%	198.06%	156.72	123.04	-21.49%

Revenue from Sales

In 3Q19, the Company's revenue from sales was at Baht 252.77 million which decreased by Baht 48.24 million or 16.03% when compared with the same period in 2018. Such decrease in the revenue from sales was due to a decrease in sales volume of seasoning and dipping sauce.

Total revenue from sales in 9M19 was at Baht 765.13 million resulted in a decrease of Baht 67.51 million or 8.11% when compared with the same period in 2018. The decrease in revenue stemmed from a decrease in sales volume in European market.

	3Q18	2Q19	3Q19	%YoY	%QoQ	9M18	9M19	%YoY
Sales volume (Ton)								
- Euro	420	333	255	-39.29%	-23.42%	1,440	970	-32.64%
- United States dollar	1,357	524	698	-48.56%	33.21%	3,317	1,844	-44.41%
- Thailand baht	2,081	2,033	2,263	8.75%	11.31%	6,292	7,036	11.82%
Total sales volume (Ton)	3,858	2,890	3,216	-16.64%	11.28%	11,049	9,850	-10.85%
Average FX								
- THB/EUR	37.92	35.08	33.73	-11.05%	-3.85%	37.97	34.76	-8.45%
- THB/USD	32.76	31.38	30.50	-6.91%	-2.82%	31.94	31.09	-2.67%

Cost of Sales

Cost of sales in 3Q19 was at Baht 161.12 million which decreased by Baht 21.94 million or 11.99% from the same period of the previous year. Such changes were in line with a decrease in sales volume.

During 9M19, the Company's cost of sales was at Baht 484.53 million which decreased in the amount of Baht 35.71 million or 6.86% as compared to the same period of the previous year. Such increase was in line with a decrease in sales volume.

Gross Profit Margin

Gross profit margin decreased from 39.18% in 3Q18 to 36.25% in 3Q19. This is because the customers' purchase orders had declined, and as a result, the overall utilization rate was lowered, and consequently the production cost per unit has increased.

During 9M19, the Company's gross profit margin is 36.67% which decreased from 37.52% in 9M18. This is because the customers' purchase orders had declined, and as a result, the overall utilization rate was lowered, along with unexpected problems that occurred in the production process in 2Q19. Consequently, the production cost per unit has increased.

Selling Expenses

Selling expenses in 3Q19 were at Baht 20.49 million which increased by Baht 4.23 million or 26.01% from the same period of the previous year. When compared with selling expenses in 2Q19, these expenses had increased by Baht 2.50 million or 13.90%, which stemmed from an increase in promotional activities.

In 9M19, the selling expenses were Baht 56.73 million which increased by Baht 2.61 million or 4.82% as compared to the same period during 9M18. Such increase was due to an increase in promotional activities.

Administrative Expenses

Administrative expenses in 3Q19 were at Baht 36.23 million which increased by Baht 5.01 million or 16.05% as compared to the same period in 3Q18. Such increase was due to an increase in staff costs and the reclassification of fixed costs at the new factory which incurred as a result of lower-than-normal production capacity.

During 9M19, administrative expenses were in the amount of Bath 104.36 million, an increase by Baht 11.67 million or 12.59%. Such decrease was due to an increase in staff costs, the reclassification of

fixed costs at the new factory which incurred as a result of lower-than-normal production capacity, and depreciation expenses.

Net Profit

The Company's net profit in 3Q19 was at Baht 41.46 million which decreased by 38.61% when compared with Baht 67.54 million recorded in 3Q18. Such decrease was mainly due to a decrease in revenue from sales and gross profit margin and an increase in selling and administrative expenses. However, it increased by 198.06% when compared with net profit recorded in 2Q19. Such increase was mainly due to an increase in revenue from sales and gross profit margin.

During 9M19, the Company's net profit was in the amount of Baht 123.04 million, which decreased by 21.49% when compared with Baht 156.72 million recorded in 9M18. Such decrease was mainly due to a decrease in revenue from sales and gross profit margin and an increase in selling and administrative expenses.

Please be informed accordingly.

Sincerely yours,

-Signed-

(Mr. Jittiporn Jantarach)
Managing Director