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บริษัท เชียงใหม่ฟรอสเฟนฟู๊ดส์ จำกัด (มหาชน)

149/34 ซอยแองโกลพลาซ่า ถนนสุรวงศ์ แขวงสุริยวงศ์ เขตบางรัก กรุงเทพฯ 10500

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED.

149/34 Soi Anglo Plaza Surawongse Rd., Suriyawongse, Bangrak, Bangkok 10500 Thailand

Tel : (662) 634-0061-4, 238-4091 Fax ; (662) 238-4090

Date: November 13, 2024

Subject: Management Discussion and Analysis (MD&amp;A) for the Third Quarter of 2024

To: The President, The Stock Exchange of Thailand

## 1. Executive Summary

### Financial Highlight

Unit : MTHB	2023-Q3	2024-Q3	% Change YoY	2023-9M	2024-9M	% Change YoY
Sales Revenue	308.27	311.44	1.0%	932.69	971.12	4.1%
Gross Profit	64.32	64.02	-0.5%	165.27	222.87	34.9%
Operating Profit	29.35	24.32	-17.1%	54.01	95.16	76.2%
Net Profit	29.40	24.82	-15.6%	52.30	95.24	82.1%
Earning per share (THB)	0.08	0.06	-25.0%	0.14	0.25	78.6%

Note : Data is from the company's financial statements as the company completed the sale of common shares of its subsidiary and the transfer to new ownership on August 29, 2023.

### Sales Revenue

In the third quarter of 2024, sales revenue increased by 1.0% compared to the same quarter of 2023, and sales revenue for the first nine months of 2024 rising by 4.1% compared to the first nine months of 2023.

### Gross Profit

In the third quarter of 2024, gross profit decreased by 0.5% compared to the same quarter of 2023 due to rising raw material prices. However, the gross profit margin for the first nine months of 2024 increased by 34.9% due to higher sales volume and average selling prices, as well as improved cost control in production.

### Operating Profit

Overall, the operating profit for the first nine months of 2024 improved compared to 2023 due to more effective control of selling expenses, such as advertising and promotional costs, and shipping expenses.

## 2. Economics Overview

The overall of Thai economy in the third quarter of 2024, showed improvement from the previous quarter, driven by exports. In the third quarter of 2024, the value of exports USD 77.22 million, an increase of USD 6.31 million or 8.90% when compared to the same period last year. The service



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sector also improved with the number of foreign tourists visiting Thailand about 8.58 million in the third quarter of 2024, increased 1.5 million or 21.15% compared to the same period last year. The estimated number of foreign tourists visiting Thailand in 2024 is 36.2 million, increased 28.4% from 2023

In the agricultural sector, the economy contracted by 0.7% in the third quarter of 2024 compared to the same period in 2023, as some agricultural production was still affected by the El Niño phenomenon, resulting in lower rainfall and drought conditions. However, the El Niño phenomenon ended in mid-2024. In September 2024, the country entered a La Niña phenomenon, resulting in continuous monsoon rains and flooding in the northern and northeastern regions, causing damage to some agricultural areas.

Regarding Japan's economic growth, which is a key customer, the Japanese Cabinet Office reported that Japan's GDP grew by 3.1% year-on-year in the second quarter of 2024 and by 0.8% quarter-on-quarter, supported by increased private consumption. In November 2024, the Japanese Cabinet Office revised its GDP growth forecast for 2024 to 0.7%, down from the previous forecast of 0.9% in July 2024. Japan continues to face a significant depreciation of the yen, which weakened by over 14% against the dollar in the first half of the year.

Exchange Rate Situation, in the first half of the year, the Thai baht depreciated by approximately 7.7%, but in the third quarter, it appreciated by 12.5% and continued to fluctuate. The company has a foreign exchange risk management policy by using forward contracts to mitigate the impact of exchange rate fluctuations.

**Export Values to Key Partner Countries (Unit: Million USD)**

Table 1: Value of Frozen Sweet Corn Exports from Thailand for the First Nine Months of 2024

No	Conutry	2023	2024	Growth (%)	Share (%)
1	Japan	14.34	15.06	5.0%	66.6%
2	Taiwan	2.67	3.03	13.5%	13.4%
3	Iran	3.28	1.91	-41.8%	8.4%
4	Australia	2.40	0.68	-71.7%	3.0%
5	South Korea	0.57	0.48	-15.8%	2.1%
6	Others	2.73	1.46	-46.5%	6.5%
<b>Total</b>		<b>25.99</b>	<b>22.62</b>	<b>-13.0%</b>	<b>100.0%</b>



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Table 2 : Value of Frozen Legume Exports from Thailand for the First Nine Months of 2024

No	Conutry	2023	2024	Growth (%)	Share (%)
1	Japan	42.04	33.06	-21.4%	146.2%
2	USA.	7.50	6.70	-10.7%	29.6%
3	Natherland	0.44	0.38	-13.6%	1.7%
4	United Arab Emirates	0.39	0.34	-12.8%	1.5%
5	Hong Kong	0.31	0.33	6.5%	1.5%
6	Others	2.46	2.08	-15.4%	9.2%
Total		53.14	42.89	-19.3%	189.6%

Source: Information Technology and Communication Center, Ministry of Commerce, in cooperation with the Customs Department.

The data shows that the overall value of frozen sweet corn exports decreased by 13%, but imports from Japan increased by 5%. For frozen legume exports, the overall value decreased by 19%, with imports from Japan decreasing by 21%.

### 3. Financial Results

Unit : MTHB	2023-Q3	2024-Q2	2024-Q3	% Change		2023-9M	2024-9M	% Change YoY
				QoQ	YoY			
Sales Revenue	308.27	368.83	311.44	-15.6%	1.0%	932.69	971.12	4.1%
Cost of Goods Sold	243.96	270.93	247.42	-8.7%	1.4%	767.42	748.25	-2.5%
% to Sales Revenue	79.1%	73.5%	79.4%			82.3%	77.1%	
Gross Profit	64.32	97.90	64.02	-34.6%	-0.5%	165.28	222.87	34.8%
Gain (Loss) on exchange rate	1.99	(12.66)	(0.20)	-98.4%	-110.1%	18.06	(13.42)	-174.3%
Other income	3.22	2.89	2.49	-13.9%	-22.7%	9.74	7.99	-18.0%
Selling and Admin. Expenses	46.73	50.33	41.99	-16.6%	-10.1%	124.92	122.27	-2.1%
Operating Profit	29.35	37.80	24.32	-35.7%	-17.1%	68.15	95.16	39.6%
Finance costs	0.35	0.36	0.36	-0.3%	2.6%	(1.06)	(1.09)	2.8%
Tax incom (expenses)	0.12	(0.40)	0.40	-200.0%	233.3%	0.06	(0.68)	-1233.3%
Profit (Loss) from continuing operatioon	29.53	38.10	24.82	-34.9%	-16.0%	68.43	95.24	39.2%
Net Cash by operating activities	40.37	94.16	29.54	-68.6%	-26.8%	157.02	124.61	-20.6%
Earning per share (baht) -continuing operation	0.08	0.11	0.06	-45.5%	-25.0%	0.18	0.25	38.9%
Book value per share (baht)	3.48	3.60	3.49					



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## Summary of Financial Performance

1. The company reported total sales revenue of THB 311.44 million in Q3 2024, a decrease of THB 57.39 million compared to sales of THB 368.83 million in Q2 2024, reflecting a decline of 15.6% due to seasonal fluctuations in order volume. However, compared to the same quarter last year, sales have seen slight growth.
2. The cost of sales, when compared as a percentage of sales in Q3 2024, showed a slight increase due to rising raw material costs. However, when looking at the first nine months of 2024 compared to the same period last year, it is evident that the company has managed its cost of sales effectively, particularly in controlling costs directly related to production.
3. The foreign exchange gain (loss) for Q3 2024 resulted in a loss of THB 0.2 million, significantly down from a loss of THB 12.66 million in the previous quarter. The company has a foreign exchange risk management policy by using forward contracts to mitigate the impact of exchange rate fluctuations. Monitoring of forex market news and analysis, as well as considering to book forward contracts for currency sales.
4. Selling and administrative expenses in Q3 2024 totaled THB 41.99 million, decrease THB 4.74 million or 10.1% compared to the same quarter in 2023. The reduction is attributed to lower expenses such as advertising and promotional expenses, export freight expense.
5. Net profit for Q3 2024 THB 24.82 million, down THB 4.71 million compared to the same period in 2023, primarily due to the increased cost of sales as mentioned earlier. However, for the first nine months of 2024, net profit increased by THB 26.81 million or 39.2 % compared to the first nine months of 2023, mainly due to an increase in sales of THB 38.43 million or 4.1%. The company also effectively controlled and managed its cost of sales as well as selling and administrative expenses, leading to improved net profit margins.

## Revenue Structure

### 1. Sales Revenue

The main source of revenue continues to come from the sale of frozen vegetable products, such as frozen edamame, frozen green beans, frozen sweet corn, frozen baby corn and mixed frozen vegetables.



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Unit : MTHB	2023-Q3	2024-Q2	2024-Q3	% Change		2023-9M	2024-9M	% Change YoY
				QoQ	YoY			
Export sales	289.11	348.39	284.93	-18.2%	-1.4%	874.86	896.51	2.5%
Domestic sales	19.16	20.44	26.51	29.7%	38.4%	57.83	74.61	29.0%
Total	308.27	368.83	311.44	-15.6%	1.0%	932.69	971.12	4.1%
Proportion of foreign sales	93.8%	94.5%	91.5%			93.8%	92.3%	
Proportion of domestic sales	6.2%	5.5%	8.5%			6.2%	7.7%	

In the third quarter of 2024, the company reported total sales revenue THB 311.44 million by Export sales amount THB 284.93 million, 91.5% of total sales revenue. The total sales in Q3 2024 showed a slight increase compared to Q3 2023, attributed to higher domestic sales revenue.

For the first nine months of 2024, the company achieved total sales revenue of THB 971.12 million, increase THB 38.43 million or 4.1% compared to the same period in 2023. Export sales amount THB 896.51 million, representing 92.3% of total sales revenue and Domestic sales amount THB 74.61 million, 7.7% of total sales revenue.

## 2. Other Income

In Q3 2023, the company reported other income THB 2.49 million, slight decrease from the other income THB 0.67 million in Q2 2024, with no significant factors contributing to this changed.

## Key Financial Ratios

Financial Ratio	2023-Q3	2024-Q2	2024-Q3
Liquidity Ratio	6.95	7.87	15.37
Quick Ratio	1.79	273	4.38
Gross Profit Margin (%)	20.86	26.54	20.26
Operating Profit Margin (%)	26.8	10.25	7.81
Net Profit Margin (%)	26.81	10.33	7.68
Return on Equity (%)	6.23	2.77	1.7
Return on Total Assets (%)	0.56	2.47	1.56
Debt to Equity Ratio	0.11	0.14	0.09



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## Financial Status

### *Assets*

As of September 30, 2024, the company had total assets valued THB 1,525.42 million, compared to THB 1,561.30 million as of June 30, 2024, decrease THB 35.88 million, 2.29% due to a decrease in cash and cash equivalents THB 42.67 million or 14.32%, and a decrease in accounts receivable by THB 41.54 million, 29.75%. The company has established an allowance for doubtful accounts policy equal to the amount expected to be uncollectible, based on past collection experience. Now accounts receivable status have no overdue

### *Liabilities*

As of September 30, 2024, the company had total liabilities THB 120.75 million, compared to THB 187.89 million as of June 30, 2024, decrease of THB 67.13 million, 35.73%. due to a decrease in accounts payable and other current liabilities THB 23.49 million or decrease 30.74%.

### *Shareholders' Equity*

As of September 30, 2024, the company had total shareholders' equity THB 1,404.67 million compared to THB 1,371.64 million as of December 31, 2023, increase THB 33.03 million or 2.41%.

The retained earnings unappropriated as of September 30, 2024, amounted THB 884.84 million, increase THB 23.93 million compared to December 31, 2023, reflecting improved net profits from operations.

### *Cash Flow and Capital Structure*

As of September 30, 2024, the company had net cash flow from operating activities THB 124.61 million, compared to THB 96.95 million as of June 30, 2024, increase THB 27.66 million due to improved operational performance in the third quarter of 2024.

The company's liquidity ratio in the third quarter of 2024 was 15.37 times, up from 7.87 times in the second quarter of 2024, due to a decrease in overall current liabilities. However, the majority of the company's assets remain current assets at 58.17% of total assets, while current liabilities account only 3.78% of total assets, primarily accounts payables, indicating sufficient liquidity.



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#### 4. Events that may affect the financial position in the future

On September 2, 2024, the company announced the progress of the sale of common shares of Sino-Thai Freeze and Dry Co., Ltd., resulting in its status as no longer a subsidiary. The key points are as follows:

Chiangmai Frozen Foods Public Company Limited (“CM”) had a subsidiary named Sino-Thai Freeze and Dry Co., Ltd. (“STFD”), in which the company held 68.72% of the shares. The Board of Directors approved the sale of 37,425,250 common shares (representing 68.72% of the registered capital) on August 7, 2024. The sale was completed on August 29, 2024, with the shares transferred to Ms. Darunee Ruangtham, who is one of the shareholders of STFD. The transaction was finalized with the buyer paying 37,425.25 THB in cash. Consequently, STFD ceased to be a subsidiary. The management will discuss the follow-up on the outstanding loans and interest obligations totaling THB 10.63 million with the Board of Directors in the next meeting. The company has already set aside a full allowance for the impairment of the loan.

On the 6 th Board of Directors Meeting, held on November 13, 2024, the meeting considered the aforementioned matter and resolved to assign the legal department to pursue the debt collection process in accordance legal procedures for the loan amount and total interest liabilities of THB 10.70 million (calculated based on the accounting period ending September 30, 2024).

Mr. Ankoon Pholpipattanapong

Managing Director