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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

February 28, 2024

Subject: Management Discussion and Analysis For the Financial Statements of 2023

To Directors and managers of the Stock Exchange of Thailand

Executive Summary

- As of December 31, 2023, the Company has current assets from cash and money equivalents. Other current financial assets increased by 57 million baht or 20 % compared to the same period in 2022 and had net cash flow from operations of 252 million baht in 2023.
- Sales income in 2023, valued at 1,254 million baht, decreased by 83 million baht or 6.2 percent compared to 2022 due to reduced product sales to foreign countries. Meanwhile, the Cost of sales decreased by 6.3 percent, and gross profit decreased by 5.9 percent, which was in the same direction as the decrease in revenue.
- In 2023, the company had a net profit of 100 million baht, which increased from 2022, which had a net loss of 55 million baht, with the primary factor being distribution costs that decreased from 2022 in the amount of 49.9 million baht or 36.49 percent. The exchange rate increased from 2022 by 47.8 million baht or 110 percent, and corporate income tax decreased by 9.4 million baht or 90 percent compared to 2022.

2023 Economy

In 2023, the Thai economy still faces uncertainty in its recovery due to the impact of the recession on the world economy. Although there is momentum from the growth of the tourism sector and consumption from the private sector, merchandise exports and industrial production continue to decline. There is also damage from high inflation. Volatility in the global financial market and an increase in the central bank's interest rate in the country There are also geopolitical conflicts that result in higher energy costs. It affects financial costs and production, which must be increased, especially in the Chinese economy, Thailand's



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leading trading partner in almost all types of goods and the second largest in the world. As a result, they face many economic problems both in the short and long term.

Overview of the Japanese economy, which is an important trading partner of the Company. It has slowed down due to labor shortage problems and inflation pressures on business operators' profits. As a result, the value of the yen has continued to depreciate. However, the tourism sector is still recovering from the COVID-19 crisis. continuously

In 2023, the baht fluctuated between 32.57 and 37.24 baht per dollar. Before, the market closed at the end of the year at 34.16 baht per dollar, appreciating 1.3% from the previous year, despite concerns about the US economic situation and the possibility of an interest rate cut by the Fed. The baht weakened again after the US economic and labor market data remained firm. And inflation remains above the Fed's target, which is why the Fed continues to raise interest rates. The FOMC meeting is due in July 2023, and there is uncertainty in domestic political factors and the slow recovery of the Thai economy.

The baht recovered again in the last quarter of 2023 with the expectation that the US policy interest rate has reached its highest point at 5.25-5.50%, and there is a chance that the Fed will cut interest rates in 2024



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Performance 2023

Analysis of comparative operating results for the years ended December 31, 2023, and 2022 are summarized as follows :

Consolidated financial statement for the year Ending December 31, 2023 compared to 2022

Summary of operating results, consolidated income statement	Consolidated financial statements		Change		
	Unit: Baht	2023	2022	Amount	%
Revenues from sales		1,253,830,648	1,336,733,909	(82,903,261)	(6.2%)
Cost of sales		(1,020,184,627)	(1,089,226,646)	69,042,019	(6.3%)
Gross profit		233,646,021	247,507,263	(13,861,242)	(5.6%)
Gain (loss) from exchange rate		4,485,253	(43,376,590)	47,861,843	110.3%
Profits from debt restructuring		59,827,726	0	59,827,726	
Other income		13,612,177	10,292,015	3,320,162	32.3%
Profit before expenses		311,571,177	214,422,688	97,148,489	45.3%
Distribution costs		(86,894,346)	(136,810,489)	49,916,143	(36.5%)
Administrative expenses		(120,376,674)	(97,254,792)	(23,121,882)	23.8%
Profit from operating activities		104,300,157	(19,642,593)	123,942,750	631.0%
Financial income		2,189,091	451,758	1,737,333	384.6%
Financial costs		(5,014,345)	(6,845,437)	1,831,092	(26.7%)
Loss from asset impairment		0	(19,072,075)	19,072,075	(100.0%)
Profit (loss) before income tax		101,474,903	(45,108,347)	146,583,250	325.0%
Income (expenses) income tax		(1,055,116)	(10,534,742)	9,479,626	(90.0%)
Profit(loss) for the year		100,419,787	(55,643,089)	156,062,876	280.5%
Equity holders of the parent		98,345,168	(31,761,617)	130,106,785	409.6%
Non-controlling interest.		2,074,619	(23,881,472)	25,956,091	108.7%
Profit (loss) attribution to equity holders of the parent		0.26	(0.08)	0.34	409.6%



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- Total Revenues from sales decreased by 83 million baht, or 6.2 %, compared to 2022 due to a decrease in exports. And the appreciation of the baht. But at the same time, domestic distribution has expanded by 11 % from 2022.
- Gross profit decreased by 14 million baht or 5.6 % from 2022 due to reduced revenue. At the same time, the cost of sales has decreased in the same direction.
- Profit before expenses increased by 97 million baht or 32.3 % from 2022, with the main factors being the recognition of profits from debt restructuring of subsidiaries for 59.8 million baht and gains from exchange rates that increased by 4.4 million baht when compared. With the year 2022, which has a loss from foreign exchange of 43 million baht
- Distribution expenses decreased by 49 million baht or 36.5 % from a decrease in international shipping costs. Which returns to normal after the COVID-19 outbreak crisis
- The company received an investment promotion from the Office of the Board of Investment. For solar power generation systems, By receiving the right to exempt corporate income tax for three years from the 4 rd quarter of 2022, the corporate tax in 2023 will be reduced by 9 million baht or 90 % from 2022.
- Profit and loss for 2023 amounted to 100 million baht, an increase from 2022, which had a loss of 55 million baht due to the abovementioned factors.

Balance Sheet 2023

Consolidated statement of financial position as of 31 December 2023 compared to Consolidated statement of financial position as of 31 December 2022

Unit: Baht	Financial information		Increase (decrease)	
	December 31, 2023	December 31, 2022	Amount	%
Asset	1,527,353,954	1,634,492,829	(107,138,875)	(6.6%)
Liabilities	155,713,603	356,014,093	(200,300,490)	(56.3%)
Shareholder's equity	1,371,640,351	1,278,478,736	93,161,615	7.3%



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1. Total assets as of December 31, 2023, amounted to 1,527 million baht, a decrease of 107 million baht compared to the same period in 2022, with details of the significant increases and decreases as follows.

Unit: Baht	Total assets		Increase (Decrease)	
	December 31, 2023	December 31, 2022	Amount of money	%
Cash and cash equivalents	278,038,237	192,066,717	85,971,520	44.8%
Other current financial assets	62,927,165	91,890,072	(28,962,907)	(31.5%)
Trade and other current receivables	126,004,463	118,534,278	7,470,185	6.3%
Farmer's debtor	23,089,085	13,342,100	9,746,985	73.1%
Inventories	325,925,565	473,050,464	(147,124,899)	(31.1%)
Derivative assets	14,911,955	23,085,208	(8,173,253)	(35.4%)
Total current assets	830,896,470	911,968,839	(81,072,369)	(8.9%)
Investment property	22,128,578	22,128,578	0	0.0%
Land, buildings, and equipment	643,476,896	668,672,173	(25,195,277)	(3.8%)
Intangible assets-computer programs	5,260,336	6,363,620	(1,103,284)	(17.3%)
Deferred tax assets	20,721,280	19,961,853	759,427	3.8%
Income tax waiting to be refunded	2,511,285	3,515,866	(1,004,581)	(28.6%)
Other non-current assets	2,359,109	1,881,900	477,209	25.4%
Total non-current assets	696,457,484	722,523,990	(26,066,506)	(3.6%)
Total assets	1,527,353,954	1,634,492,829	(107,138,875)	(6.6%)

- Cash and cash equivalents increased by 85 million baht by transferring matured short-term mutual funds from other current financial assets for 30 million baht to increase flexibility in business operations. And there is a factor from purchasing fewer raw materials. Compared to 2022
- Inventories decreased by 147 million baht or 31 % compared to 2022 from a more appropriate inventory management policy.



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2. As of December 31, 2023, total liabilities amounted to 155 million baht, a decrease of 200 million baht compared to the same period in 2022, with details of the significant increases and decreases as follows.

Unit: Baht	Total Liabilities		Increase (Decrease)	
	December 31, 2023	December 31, 2022	Amount	%
Overdrafts and short-term loans from financial institutions	-	30,041,587	(30,041,587)	(100.0%)
Trade payables and other current payables	58,316,817	72,600,450	(14,283,633)	(19.7%)
Long-term loans from financial institutions portion due within one year	-	144,630,737	(144,630,737)	(100.0%)
Liabilities under the lease contract are due within one year	298,288	2,278,694	(1,980,406)	(86.9%)
A long-term loan from another person that is due within one year.	5,756,100	3,197,400	2,558,700	80.0%
Short-term loans from related parties	250,000	-	250,000	100.0%
Derivative contract liabilities	3,428,419	2,349,981	1,078,438	45.9%
Other current liabilities	6,084,364	5,427,365	656,999	12.1%
Total current liabilities	74,133,988	260,526,214	(186,392,226)	(71.5%)
Liabilities under lease agreements	1,643,054	9,294,109	(7,651,055)	(82.3%)
Long-term loans from other parties	16,171,800	21,486,600	(5,314,800)	(24.7%)
Estimating employee benefit liabilities	63,764,761	64,707,170	(942,409)	(1.5%)
Total non-current liabilities	81,579,615	95,487,879	(13,908,264)	(14.6%)
Total debts	155,713,603	356,014,093	(200,300,490)	(56.3%)

- Bank overdrafts and short-term loans from financial institutions decreased by 30 million baht, and loans from financial institutions decreased by 144 million baht, resulting from debt restructuring and debt repayment of subsidiaries.



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- Trade and other current payables decreased by 14 million baht, liabilities under lease agreements decreased by 7 million baht, and long-term loans from other parties decreased by 5 million baht from paying subsidiaries' debts.
3. Shareholders' equity as of December 31, 2023, amounted to 1,371 million baht, an increase of 93 million baht compared to the same period of 2022, with details of the significant increase and decrease as follows.

Unit: Baht	Shareholders' equity		Increase (Decrease)	
	December 31, 2023	December 31, 2022	Amount	%
Owner's equity of the parent company	1,362,463,169	1,271,376,173	91,086,996	7.2%
Non-controlling interests	9,177,182	7,102,563	2,074,619	29.2%
Total shareholders' equity	1,371,640,351	1,278,478,736	93,161,615	7.3%

- An increase from net profit for 2023 of 100 million baht.
- Decreased from other components of shareholders totaling 5 million baht, which consists of Loss from mathematical estimation 2.1 million, tax impact - used derivative contracts 2.8 million baht
4. Consolidated cash flow statement for the year ending 31 December 2023 The Group's net cash increased by 85 million compared to the consolidated cash flow statement for the year ending 31 December 2022, with details of activities as follows.

Unit: Baht	Cash flow		Increase (Decrease)	
	December 31, 2023	December 31, 2022	Amount	%
Net cash provided by operating activities	252,316,509	59,725,590	192,590,919	322.5%
Net cash used in investing activities	(26,303,984)	(72,878,199)	46,574,215	(63.9%)
Net cash used in financing activities	(140,041,005)	9,096,401	(149,137,406)	(1639.5%)
Net cash increased	85,971,520	(4,056,208)	90,027,728	(2219.5%)
Cash and cash equivalents At the beginning of the year	192,066,717	196,122,925	(4,056,208)	(2.1%)
Cash and cash equivalents At the end of the year	278,038,237	192,066,717	85,971,520	44.8%



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- Net cash from operating activities increased by 192 million baht compared to 2022 due to decreased raw material purchases. To control and manage inventories more efficiently.
- Net cash in investing activities in 2023 was used to purchase machinery and equipment of 5.9 million baht to increase production efficiency. And replace machines that have reached the end of their useful life. Equipment was sold for the amount of 1.4 million baht.
- Net cash used in financing activities to repay loans and lease liabilities. According to the 137 million baht debt restructuring contract

5. Important financial ratios

Important financial ratios	Year 2023	Year 2022
Liquidity ratio (times)	11.21	3.50
Quick ratio of capital (times)	3.75	0.74
Gross profit margin (percent)	18.63	18.52
Operating profit margin (percent)	8.32	(1.47)
Net profit margin (percent)	8.01	(4.16)
Rate of return on equity (percent)	7.32	(4.35)
Rate of return on total assets (percent)	6.57	(3.40)
Debt to equity ratio (times)	0.11	0.28

The critical financial ratios in 2023 adjusted in the expected direction for the business's operations in 2022. There was an impact from losses from the impairment of assets, which was a temporary event. And losses from exchange rates. As a result, the net profit rate and return on shareholders decreased. However, the gross profit ratio did not adjust significantly.

Mr. Ankoon Pholpipattanaphong

Managing Director