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บริษัท เชียงใหม่ฟรอสเซ่นฟู๊ดส์ 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

7 August 2024

Subject: Management Discussion and Analysis for the period ended 30 June 2024

To : The President The Stock Exchange of Thailand

Executive Summary

- As of June 30 2024 the company's current assets from cash and cash equivalents and other current financial assets decreased by 96.38 million baht or 10% compared to the same period in 2023 and had net cash flow from operations. 96.95 million baht, a decrease of 19.27 million baht or 16 percent. As of 30 June 2024
- Revenue from sales in the 2nd quarter of 2024 It has a value of 368.83 million baht, an increase of 23.19 million or 7 % when compared to the same period of 2023 , with factors from increased sales of products to foreign countries at the same time Cost of sales decreased by 7 % and gross profit increased by 77 % .
- In the second quarter of 2024 , the company had a net profit of 38.10 million baht, which increased from During the same period of 2023, which resulted in a net profit of 12.07 million baht , a proportion of 216 % , with the main factors being a decrease in distribution costs in the second quarter of 2023, amounting to 4. 68 million baht, 18 percent, and receiving benefits from the Board of Investment. As a result, it will benefit from a reduction in corporate income tax of 1.65 million baht or 132 %

Economic situation the the 2nd quarter of 2024

During the second quarter of 2024, the world economy is likely to expand while inflation in most countries is gradually decreasing. The main driving force is from the service sector. Meanwhile, world demand for products is gradually recovering. But the positive effects on Asian exports are still limited and not yet fully benefited. Inflation in many countries has gradually decreased while signs of recovery in the manufacturing sector are beginning to be seen and demand for world goods is gradually improving. by the US economy and European countries expanded mainly based on consumption in the service category. The economies of trading partners are still at risk from geopolitical problems, especially trade protectionist measures between



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the United States. and China that may become more violent And in most of Asia, interest rates will be cut in the second half of 2024.

The Thai economy in the second quarter of 2024 expanded by 1. 5 % compared to the previous quarter, but contracted -0. 3 % compared to the same period last year. Supporting factors It comes from tourism that continues to improve. Improved in

Number of tourists and cost per person which has a tendency to increase private consumption which continues to expand, especially in the service category Even though it has slowed down from the previous year. Consumption is still likely to expand from the support of employment and household income that is gradually recovering. and government spending that has begun to accelerate since the second quarter of 2024 after the Budget Act of 2024 came into effect, but exports and the manufacturing sector have been pressured by cyclical factors and Structural factors, especially in the automotive category, expanded at a low level. The economic outlook for the second half of the year is still uncertain. and higher costs of doing business Rising energy prices, transportation and labor costs, as well as the price of agricultural raw materials affected by the drought, many businesses face a shortage of skilled workers. However, the recovery of exports and the manufacturing sector must be monitored and the stimulus from government policy going forward.

Overall economy of trading partners: Japan in the second quarter of 2024, which is the Company's important trading partner, shrank -0. 4 % compared to the previous quarter and - 1. 6 % compared to the same period last year, with the main reason being This came from private consumption that contracted due to increases in product and service prices. and wages increased 5.28 % , the highest in 30 years. Japanese Economy: The Bank of Japan or (BOJ) raised interest rates for the first time in 17 years, setting the original negative interest rate policy (0.1 %) to 0 %-1 % to encourage people in the country to spend instead of going. Deposit money with the bank. There is also the problem of population structure that has entered an aging society. The proportion of elderly people aged 65 years and over is as high as 29.1 % of the population, approximately 1 in 10 people aged 80 years and over. Elderly people tend to consume products. ,Tourism is less for young people and working people, which affects Thailand, where Japan is Thailand's third most important trading partner after (China and the United States).

In the second quarter of 2024, the baht against the US dollar depreciated to 36.84 baht per US dollar. Depreciated by approximately 4 % when compared to the second quarter of 2023, which had an exchange rate of 35.42 baht per US dollar. The main factor that puts pressure on the baht is that the United



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States has implemented a strict monetary policy in contrast to other banks that have begun to reduce interest rates. and the uncertainty of foreign investors Therefore, we saw the selling of assets, both stocks and bonds. together with economic and financial factors in Thailand during the past quarter. Under the framework of monetary policy that aims to maintain price stability. along with caring for the economy to grow sustainably and maintain stability in the financial system. Evaluate that the current interest rate is still in line with the economic trend of inflation. And the Thai economy is still uncertain, especially the recovery of the export sector. Including the results of budget disbursement and government economic stimulus measures.

Operation results for the 2nd quarter of 2024

Analysis of comparative operating results for the six-month periods ending 30 June 2024 and 30 June 2023 and 31 March 2024, summarized as follows:

Summary of operating results	Consolidated financial statements			change				
	Unit: Baht	Q2 / 2023	Q1 / 2024	Q2 / 2024	QoQ	%	YoY	%
Revenue from sales		345,632,529	290,847,730	368,828,219	77,980,489	27 %	23,195,690	7 %
Cost of sales		(290,359,959)	(229,908,687)	(270,925,384)	(41,016,697)	18 %	19,434,575	(7 %)
Gross profit		55,272,570	60,939,043	97,902,835	36,963,792	61 %	42,630,265	77 %
Gain (loss) on exchange rate		4,705,079	(558,979)	(12,663,010)	(12,104,031)	2165 %	(17,368,089)	(369 %)
Other income		3,179,856	2,772,562	2,888,807	116,245	4 %	(291,049)	(9 %)
Profit before expenses		63,157,505	63,152,626	88,128,632	24,976,006	40 %	24,971,127	40 %
Cost of Distribution		(26,480,773)	(17,256,946)	(21,796,184)	(4,539,238)	26 %	4,684,589	(18 %)
Administrative expenses		(25,998,527)	(26,289,020)	(28,531,051)	(2,242,031)	9 %	(2,532,524)	10 %
Profit from operating activities		10,678,205	19,606,660	37,801,397	18,194,737	93 %	27,123,192	254 %
financial income		712,660	330,588	1,063,722	733,134	222 %	351,062	49 %
Financial costs		(576,996)	(370,093)	(364,783)	5,310	(1 %)	212,213	(37 %)
Profit before tax		10,813,869	19,567,155	38,500,336	18,933,181	97 %	27,686,467	256 %
income tax		1,257,288	139,640	(399,030)	(538,670)	(386 %)	(1,656,318)	(132 %)



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Net profit for the period	12,071,157	19,706,795	38,101,306	18,394,511	93 %	26,030,149	216 %
Equity holders of the parent	15,445,009	22,638,262	41,322,839	18,684,577	83 %	25,877,830	168 %
Non-controlling interests	(3 ,373,852)	(2,931,467)	(3,221,533)	(290,066)	10 %	152,319	(5 %)
Basic eardings per share							
Profit attributable to equity holders fo							
the parent	0 . 04	0 . 06	0 . 11	0.05	83 %	0 . 07	175 %

- The main source of income remains frozen vegetable products such as frozen soybeans. frozen green beans frozen sweet corn frozen baby corn and frozen mixed vegetables as total income from sales Foreign sales in the second quarter of 2024 amounted to 348 million baht or 94.45 % and domestic sales income amounted to 20.44 million baht or 5.54 %, overall increasing by 77.98 million baht or 27% compared to the first quarter of 2024 and increased by 7 %t with foreign sales income of 263.20 million baht or 90.50 %, domestic sales income of 27.65 million baht or 9.50 %. Overall, it was a period in which there was more product production. According to the number of customers' needs, the order quantity increases. There will be large quantities exported at the end of the year. and export normal quantities at the beginning of the year
- Cost of sales for the second quarter of 2024 increased by 41.11 million baht or 18 % compared to the previous quarter. This came from an increase in the volume of foreign product sales from the previous quarter. Production overhead costs per unit increased. Cost of fuel oil including seed costs Product research and development costs Including increased packaging costs
- Gross profit increased by 36.96 million baht or 61 % came from increased foreign sales income and Compared to the second quarter of 2023 , an increase of 42.63 million baht or 77 percent. There are factors from lower production costs in the first quarter of 2024 and the weak baht exchange rate.
- Profit and loss from foreign exchange increased by 12.10 million baht or 2165 % compared to the previous quarter. and an increase of 17.37 million baht or 369 % from the second quarter of 2023, coming from changes in the fair value and hedging of derivative contracts. and the exchange rate from selling foreign products increased
- Distribution expenses increased by 4.54 million baht or 26 % compared to the previous quarter. comes from increased export income and decreased 18 % from the 2nd quarter of 2023, with factors from adjusting downwards continuously of international shipping costs which returns to normal after the COVID-19 outbreak crisis and advertising and promotional costs decreased.



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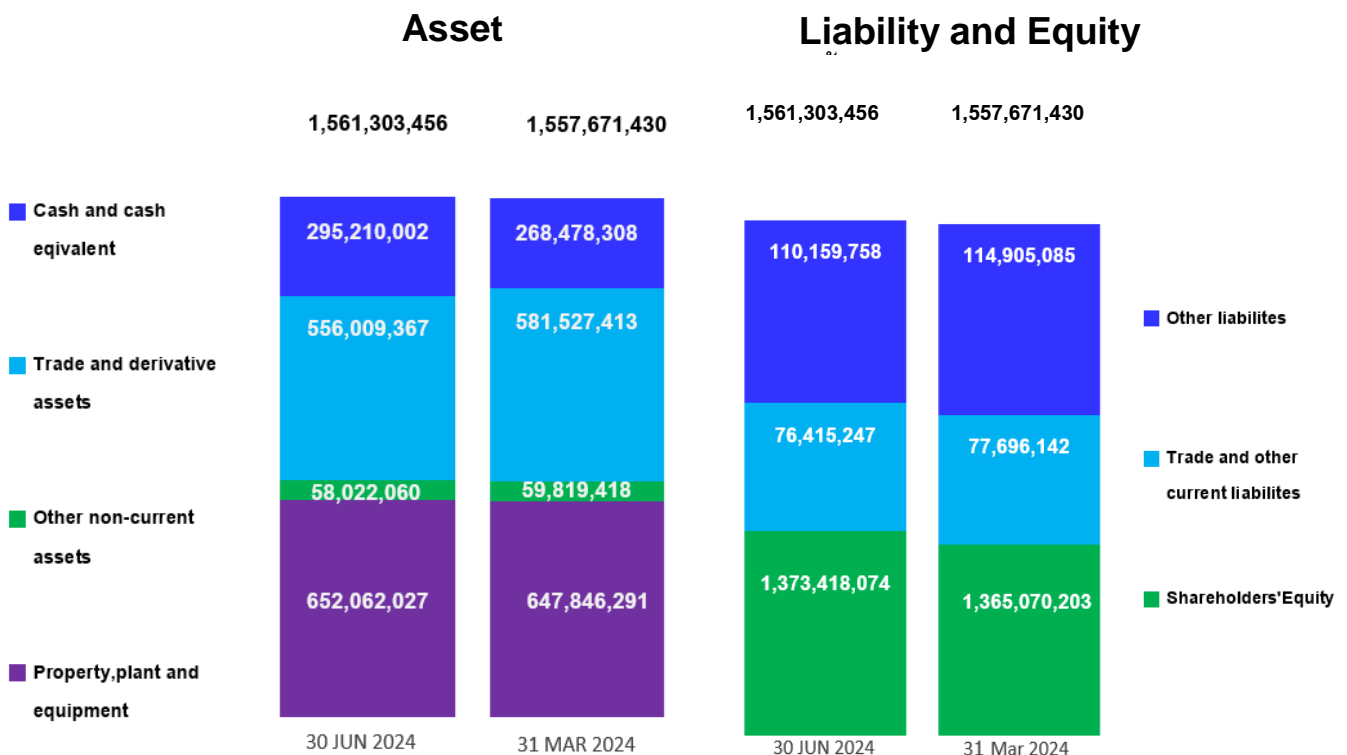
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- Financial income for the second quarter of 2024 increased by 0.73 million baht, equivalent to 222 %, coming from savings interest.
- The company received investment promotion from the Office of the Board of Investment. For solar power generation systems By receiving the right to exempt corporate income tax for a period of 3 years from the 3rd quarter of 2022, the corporate tax in the 2nd quarter of 2024 has decreased by 0.54 million baht, representing a percentage. 386 and decreased from the same quarter of 2023 in the amount of 1.65 million baht, a decrease of 132 %.
- Profit and loss for the 2nd quarter of 2017 An increase of 18. 39 million baht or 93 percent increased from the previous quarter. and increased by 26.03 million baht or 216 percent. Compared to the same quarter of 2023, which is a result of the factors mentioned above.

Financial Statement

Consolidated financial statement as of 30 June 2024 compared to Consolidated financial statement as of 31 March 2024





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1. [Total assets](#) as of 30 June 2024 amounted to 1,561 million baht, an increase. 3.6 million baht in the previous quarter 1,557 million baht or an increase of 2.33 % When compared with total assets as of March 31, 2024, the details of the significant increases and decreases are as follows.

- Cash and cash equivalents increased by 26.73 million baht or 10 % due to the receipt of debt payments within the specified period.
- Trade receivables increased by 28.7 million baht or 16 % and farmer receivables increased by 29.47 million baht or 365 % From stimulating and promoting farmers, farmer debtors Including expanding the area for cultivation from the previous quarter.
- Inventories decreased 83.7 million baht or 21 % from product production to support sales according to customer advance orders.

2. [Total Liabilities](#) As of 30 June 2024 The company has total liabilities worth 187.88 million baht, a decrease of 4.7 million baht or 2% When compared with total liabilities as of March 31 2024 the main factors are as follows:

- Derivative contract liabilities decreased by 3.06 million baht or 14 % from fair value measurement at the end of the period.

As of June 30 2024 the Company has debt obligations in addition to employee retirement benefit obligations, consisting of:

- The Company have commitments for software .icense and system consulting agreement amounting of Baht 0.31 million.
- The Company have contingently liabilities for bank guarantees issued in favor of government agency amounting to approximately Baht 9.86 million.
- The company have capital expenditure in respect of the solar rooftop on-grid system and the installment of machine amounting of Baht 10.63 million.

The company is able to pay off debts on the balance sheet and from such obligations because it has sufficient liquidity. In the second quarter of 2024, the company had liquidity of 7.96 times and a quick capital ratio of 2.76 times from the amount of assets that were mostly current assets.

3. [Shareholder's equity](#) As of 30 June 2024 amounted to 1,374 million baht, an increase from 1,365 million baht , representing a rate of 0.71 % , compared to shareholders' equity as of 31 March 2024, with details of the significant increase and decrease. As follows:



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- An increase from net profit for the second quarter of 2024 of 18 million baht compared to the previous quarter or 93.34 %.
- The company has accumulated profits that have not been allocated increased in the amount of 8 million baht.

[Consolidated cash flow statement](#) For the six-month period ending 30 June 2024 the Group had net cash decreased by 27 million when compared to the consolidated cash flow statement for the year ending 30 June 2023, with details of activities as follows.

financial information	cash flow		increase (decrease)		
	Unit: Baht	2nd Quarter 2024	2nd Quarter 2023	Amount of money	%
Net cash provided by operating activities		96,950,203	116,221,983	(19,271,780)	(16 %)
Net cash used in investing activities		(44,918,743)	15,320,003	(29,598,740)	(193 %)
Net cash used in financing activities		(34,859,058)	(704 ,413)	(34,154,645)	(4849 %)
Net cash decreased		17,172,402	130,837,573	(113,665,171)	(87 %)
Cash and cash equivalents at the beginning of the year		278,038,237	192,066,717	85,971,520	45 %
Cash and cash equivalents at year end		295,210,639	322,904,290	(27,693,651)	8 %

- Net cash from Operating activities decreased 19 million baht or 16 % when compared to the same period of 2023 There are factors that cause cash flow from operations to decrease. Inventories were 64 million baht less than in 2023 during the same period from the production of products in stock that were purchased in the past quarter, sufficient for production in the second quarter of 2024. Trade and other receivables decreased. Down the amount of 18.9 million baht due to receiving payment of debt on time. and farmers' receivables increased by 8.5 million baht in order to stimulate and promote during the planting season to support orders from customers and expand the distribution area for cultivation.
- Net cash used in investing activities increased by 29 million baht, used to improve cold storage, warehouse efficiency, cold storage, final payment in the second quarter of 2024, including investment and installation of various machinery, including repairs of machinery to Increase production efficiency and replace machines that have reached the end of their useful life



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- Net cash used in financing activities increased from 34 million baht. By paying dividends to shareholders from the operating results for the year 2023 at the rate of 0.09 baht per share.

[Important financial ratios](#)

Important financial ratios	2nd Quarter 2023	1st Quarter 2024	2nd Quarter 2024
Liquidity ratio (times)	3.12	8.09	7.87
Quick ratio of capital (times)	1.06	3.34	2.73
Gross profit margin (percent)	15.99	21.03	26.54
Operating profit margin (percent)	3.09	6.74	10.25
Net profit margin (percent)	3.49	6.78	10.33
Rate of return on total assets (percent)	0.74	6.57	2.47
Debt to equity ratio (times)	0.31	0.11	0.14

The overall picture of important financial ratios as of the end of the period ending June 30 , 2024 overall decreased from a comparison with the same period in 2023. The company has a liquidity ratio in the second quarter of 2024 at 7.87 times from 8.09 times in the first quarter of 2024 from The Company has higher cash and cash equivalents from higher sales revenue.

The Company does not have additional long-term loans from financial institutions. The company's debt to equity ratio was 0.14 times, compared to 0.11 times in the same quarter last year.

Please be informed accordingly

Faithfully yours,

- Mr. Ankoon Pholhipattanaphong -

Managing Director