



CHAOSUA FOODS INDUSTRY PUBLIC COMPANY LIMITED

Management Discussion and Analysis (MD&A)

Q1/2025





Executive Summary

In Q1/2025, Chao Sua Foods Industry Public Company Limited ("the Company") reported operating revenue of THB 323.3 million, decreased by THB 13.0 million or 3.9% from Q1/2024. The decrease was driven by the temporary impact from the shift in the Company's wholesale business model corresponding to the Company's strategy. Despite the temporary impact, the Company have successfully retained its wholesale network, while working towards aggressively capturing new wholesale customers. In addition, the most important benefit from this business model change will allow the Company to significantly increase the amount of SKU distributed to wholesaler customers. As a result, this will allow the Company to strengthen its distribution channel and to achieve long term sustainable business growth.

The Company ensures to prioritize domestic market development, focusing on expanding its distribution channels to ensure broader coverage and meet the needs of all target consumer groups. By implementing a 360° Marketing Strategy, the Company effectively integrates online and offline channels to enhance customer reach and strengthen brand-consumer relationships. This reflects the Company's strong ability to maintain its leadership position in the rice cracker and processed meat snack markets, as well as its potential to grow within key markets. The Company remains committed to both retaining and expanding its customer base, aiming to increase market share through new product development and enhanced customer experience. At the same time, the Company continues to adopt sustainable development principles (ESG) while maintaining its market leadership and actively seeking new business opportunities within the country.

The Company continues to explore high-potential markets that align with its brand strengths. International markets remain a key opportunity for risk diversification and growth enhancement. To compete effectively and establish a strong global customer base, the Company ensures to develop tailored strategies for each market, ensuring a competitive edge and sustainable international expansion.

Results Overview	Q1/24	Q4/24	Q1/25	Change +/-	
Unit: Million THB				%YoY	%QoQ
Operating Revenue	336.2	433.9	323.3	(3.9%)	(25.5%)
Gross Profit	123.3	147.8	109.1	(11.5%)	(26.2%)
EBITDA	41.1	35.4	28.6	(30.4%)	(19.1%)
Net (Loss) Profit	26.7	20.0	11.5	(56.8%)	(42.3%)
Gross Profit Margin (%)	36.7%	34.1%	33.8%	(2.9%)	(0.3%)
EBITDA Margin (%)	12.0%	8.1%	8.7%	(3.3%)	0.6%
Net (Loss) Profit Margin (%)	7.8%	4.5%	3.5%	(4.3%)	(1.0%)

Notes: Values may differ by one decimal point due to rounding

YoY: Q1/2025 vs Q1/2024

- In Q1/2025, the Company reported total **Operating Revenue** of THB 323.3 million, decreased by THB 13.0 million or 3.9% from Q1/2024, mainly due to 1) the change in the Company's distribution model of wholesale customers, from originally 'Selling through distributor' to wholesale customers, to 'Direct-to-wholesaler' model. This transition temporarily impacted the distribution process during the period and 2) the decrease in international market sales especially from China as the Company have shifted the new rice cracker product launch from launching in the first quarter (Q1/2024 & Q1/2025) to the second quarter of this year (Q2/2025), as a result, the sales have decreased in Q1/2025, while U.S. also experienced a slowdown in OEM orders at the beginning of the year, mainly from the lean stock strategy adopted by key partners.
- Gross Profit** was THB 109.1 million, decreased by THB 14.2 million or 11.5% from Q1/2024, mainly due to the change in the Company's distribution model for wholesale customers which impacted the distribution process during the period, the shift in new rice cracker SKU launch in China from Q1/2025 to Q2/2025, resulting in lower sales during Q1/2025 and rising raw material costs and foreign exchange volatility.
- Net Profit** was THB 11.5 million, decreased by THB 15.1 million or 56.8% from Q1/2024, mainly due to the change in business model to 'direct-to-wholesaler' during the period, the shift in new SKU launch in China to Q2/2025 and the impact from foreign exchange volatility.

Significant Event in Q1/2025:



CHAO REAFFIRMS ITS SUCCESS AS A LEADING THAI SNACK BRAND

CHAO solidified its position as leading Thai snack brand, winning Thailand Most Admired Brand 2025 in The Thai snack category. The process of this award is based on the nation-wide consumer survey basis, reflecting the brand's strong presence and continuous ability to win consumers' hearts.



TKN BECOMES 2nd LARGEST SHAREHOLDER OF CHAO

As of 22nd April 2025, Taokaenoi Food & Marketing Public Company Limited (TKN) purchased a total of 5.362% of Chao Sua Foods Industry Public Company Limited (CHAO) shares, becoming the second largest shareholder. Taokaenoi Food & Marketing Public Company Limited (TKN) is committed for a long-term investment in CHAO creating synergy to penetrate the snack market in both Thailand and abroad.



CHAO EXPANDS GLOBAL PRESENCE TO ACHIEVE STRONG SUSTAINABLE GROWTH

The Company recognized opportunities in the China market and launched new product 'Crispy Fish Stick' to meet the consumer demand during the end of 2025 and have received positive feedback in Q1/2025. CHAO have leveraged their expertise in product innovation to create delicious flavors using secret recipe, produced with high-quality raw materials, along with nutritional benefits to offer a "Better-for-you" snack to meet the demand of new generation consumers.



CHAO Business Strategy

01

Marketing Excellence

- Top of mind brand awareness
- Brand modernization

02

Product Innovation & Diversification

- Continuously launching NPDs
- Growing the "Better-for-you" snack segment
- Exploring new categories with high growth potentials

03

Distribution Channel Reinforcement

- Strengthening MT and TT Channels (Merchandising Development)
- Enhancing online presence
- Explore new potential channels

04

International Market Expansion

- Establishing a global brand as "Better-for-you" snack
- Strengthening foothold in newly penetrated markets
- Expanding to new markets (including Halal countries)

Operational Efficiency

- Continuous Margin Improvement
- Efficient Cost Management
- Process Improvement - Automation
- Solar Rooftop



CHAO SUSTAINABILITY



ENVIRONMENTAL

- ✓ Manage energy efficiently, such as using solar power
- ✓ Reduce greenhouse gas emissions and plan to measure carbon footprint
- ✓ Implementing the 5Rs (Rethink, Reduce, Repair, Reuse, Recycle)
- ✓ Managing waste and pollution, while campaigning to raise environmental awareness
- ✓ Promoting education and cooperation with the government and communities on environmental issues



SOCIAL

- ✓ Conducting business fairly, transparently, and opposing corruption
- ✓ Non-discrimination, adhering to international labor standards (UNGC, ILO, SMETA), and prohibiting child labor
- ✓ Improving and developing systems for safe employee work
- ✓ Focusing on business ethics, transparency, and continuous product development
- ✓ Promoting economic development, health, education, and self-reliance of communities



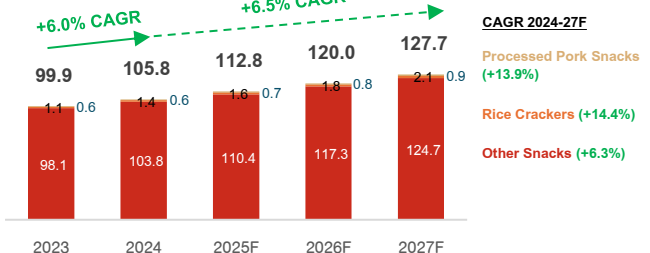
GOVERNANCE

- ✓ Establish good corporate governance policies to ensure sustainability and promote ethical business practices
- ✓ Opposing corruption and setting guidelines for employees at all levels to follow
- ✓ Prepare a sustainability report in the 56-1 One Report to transparently disclose ESG-related information



Thailand Snack Market Value

Unit: Billion Baht



In 2024, the snack market in Thailand was driven by various factors such as increased health and wellness awareness, a continuous trend toward premium products, and rising consumption of snacks during travel. In addition, the rice cracker and processed pork snack segments still display large room for growth and are expected to grow at an average annual rate (CAGR) of approximately 14.4% and 13.9%, respectively, projected to reach a market value of THB 2.1 billion and THB 0.9 billion by 2027, respectively.

Source: Euromonitor



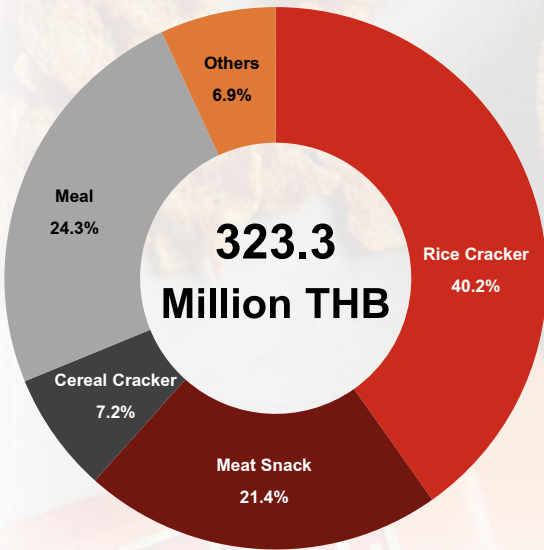
The Company's Operating Result

Overall Operating Result	Q1/24	Q4/24	Q1/25	Change +/-	
Units: Million THB				%YoY	%QoQ
Operating Revenue	336.2	433.9	323.3	(3.9%)	(25.5%)
Cost of Good Sold	213.0	286.1	214.1	0.6%	(25.2%)
Gross Profit	123.3	147.8	109.1	(11.5%)	(26.2%)
Other Income	7.8	5.6	7.0	(10.8%)	23.4%
Selling & Distribution Expenses	63.0	94.5	64.0	1.5%	(32.3%)
Administrative Expenses	37.1	36.4	35.7	(3.7%)	(1.8%)
Other Expenses	-	(0.3)	-	(0.0%)	(100.0%)
Financial Cost	1.1	(1.1)	2.0	85.4%	(279.1%)
Profit (Loss) before Income Tax	29.9	24.0	14.4	(51.8%)	(39.8%)
Income Tax (Expenses)	3.2	4.0	2.9	(10.9%)	(27.7%)
Net Profit (Loss)	26.7	20.0	11.5	(56.8%)	(42.3%)

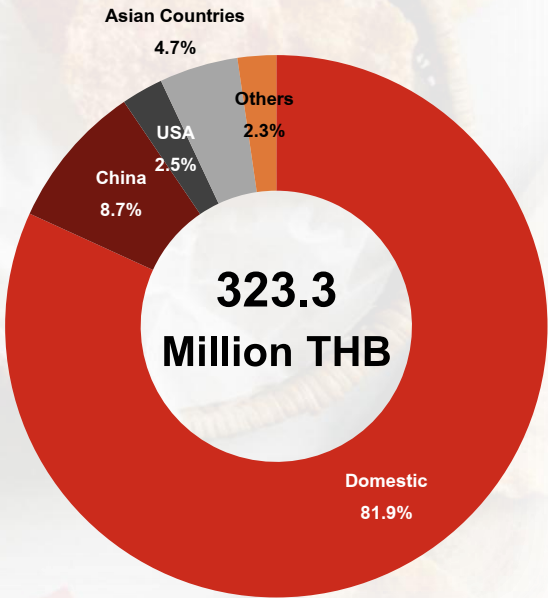
Notes: Values may differ by one decimal point due to rounding

Q1/2025 Operating Revenue Structure

Revenue Breakdown by Product Categories



Revenue Breakdown by Channel



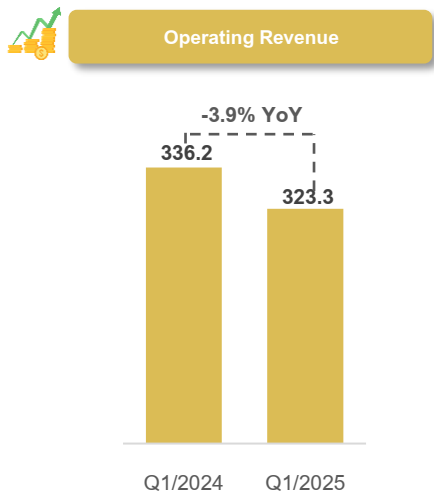
Note: *Asian countries exclude China

Q1/2025 Operating Results



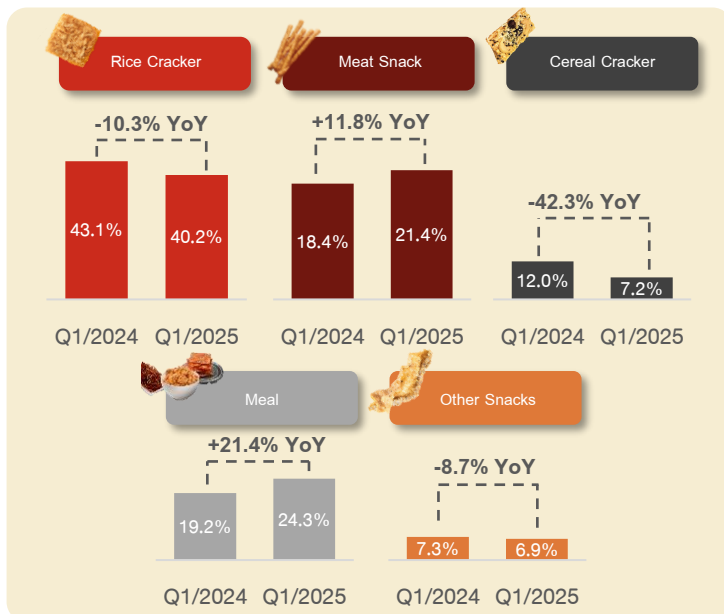
Operating Revenue Breakdown by Product

Unit: Million THB, %



Note: Fish skin products are classified under the other snacks category

YoY: 2567 vs 2566

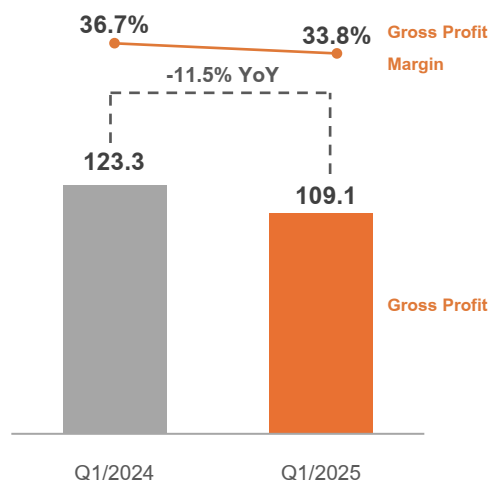


In Q1/2025, the Company reported operating revenue of THB 323.3 million, a decrease of THB 13.0 million or 3.9% from Q1/2024, mainly due to the following factors:

- Rice Cracker:** contributed for 40.2% of total operating revenue in Q1/2025, experienced a decrease of 10.3% YoY from Q1/2024, mainly due to 1) the change in the Company's distribution model of wholesale customers, from originally 'Selling through distributor' to wholesale customers, to 'Direct-to-wholesaler' model. This transition temporarily impacted the distribution process during the period resulting in a temporary decline in sales. However, the Company have successfully retained its existing wholesale network and have allowed the Company to work towards aggressively capturing new wholesale customers. In addition, by shifting to a new model, the Company will be able to significantly increase the number of SKU distributed to wholesalers and 2) the decrease in international market sales especially from China as the Company have shifted the new rice cracker product launch from launching in the first quarter of the year (Q1/2024 & Q1/2025) to the second quarter of this year (Q2/2025), as a result, the sales have decreased in Q1/2025 compared to Q1/2024. However, the Company has taken proactive approach to stimulate sales by developing new products tailored to target consumer segments and implementing efficient production and distribution planning to prepare for the upcoming demand. These efforts aim to strengthen the Company's global competitiveness and ensure long-term sustainable growth.
- Meat Snack:** contributed for 21.4% of total operating revenue in Q1/2025, while meat snack sales performance increased by 11.8 % YoY from Q1/2024. This was primarily driven by a rise in international sales, especially in China, following the successful launch of the new "Crispy Fish Stick" product, which gained strong market reception early in the year. The Company have also intensified its marketing and advertising efforts to attract new customers and broaden its product variety for the Company's existing customer base.
- Cereal Cracker:** contributed for 7.2% of total operating revenue in Q1/2025, experienced a decrease of 42.3 % YoY from Q1/2024. This was mainly due to a slowdown in international orders, especially from the OEM products exported to the U.S., at the beginning of the year, impacted by the lean stock strategy adopted by key partners. Nonetheless, the Company have focused on expanding the Company's own brand into other international markets and acquiring new customer bases, while adjusting its distribution plans and preparing production capacity to accommodate future orders.
- Meal:** contributed for 24.3% of total operating revenue in Q1/2025, while meal sales performance increased by 21.4% YoY from Q1/2024, mainly due to the rising domestic sales across all channels, especially new channels and online sales platforms. This performance was supported by new SKU development tailored to each distribution channel and effective marketing through live-streaming campaigns and influencer collaborations, enhancing consumer reach and engagement.
- Others Snack:** contributed for 6.9% of total operating revenue in Q1/2025, while others snack sales performance decreased by 8.7% YoY from Q1/2024. This decline aligns with the Company's strategic direction to reduce the proportion of lower-margin trading products sold through the Company's own store and other franchise stores. This initiative will enhance overall gross margin and support long-term profitability.

Gross Profit and Gross Profit Margin

Unit: Million THB, %

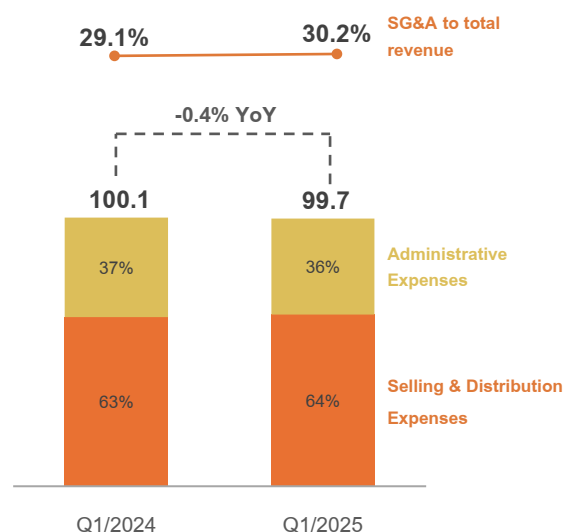


YoY: Q1/2025 vs Q1/2024

Gross Profit: In Q1/2025, the Company reported Gross Profit of THB 109.1 million, decreased by THB 14.2 million or 11.5% from Q1/2024. The decline was primarily due to the change in the Company's distribution model for wholesale customers, transitioning from selling through distributor to a 'direct-to-wholesaler' model. This shift temporarily impacted the distribution process during the period. In addition, international market sales—particularly in China—were affected by the rescheduling of the new rice cracker product launch from the first quarter to the second quarter of 2025, resulting in lower sales during Q1/2025. The overall performance was also impacted by rising raw material costs and foreign exchange volatility. As a result, **Gross Profit Margin** was 33.8% in Q1/2025, slightly decreased by 2.9% from Q1/2024, mainly due to the decrease in international sales proportion which has a higher gross profit margin than domestic sales.

Selling and Administrative Expenses

Unit: Million THB, %



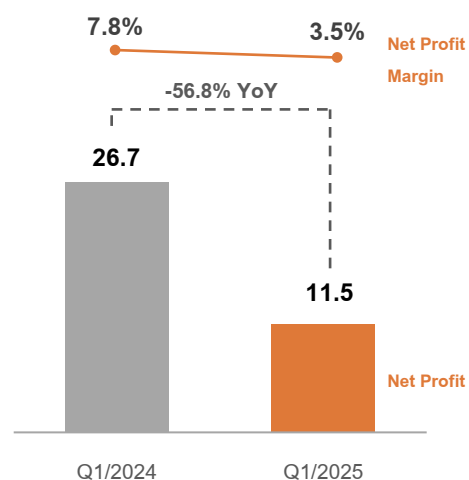
YoY: Q1/2025 vs Q1/2024

Selling and Distribution Expenses: In Q1/2025, the Company reported Selling and Distribution Expenses of THB 64.0 million, increased by THB 1.0 million or 1.5% from Q1/2024, corresponding to the increase in number domestic distribution agents, especially in the traditional trade channels which have enhanced reach and accessibility to a wider range of consumers. As a result, **Selling Expenses to Total Revenue** in Q1/2025 was 19.4%, increased by 1.1% from Q1/2024.

Administrative Expenses: In Q1/2025, the Company reported Administrative Expenses of THB 35.7 million, slightly decreased by THB 1.4 million or 3.7% from Q1/2024, mainly due to the decrease in expenses related to the initial public offering (IPO) which was a one-time item. However, the Company have also displayed its ability to manage costs and expenses effectively. As a result, **Administrative to Total Revenue** in Q1/2025 was 10.8%, unchanged from Q1/2024.

Net Profit and Net Profit Margin

Unit: Million THB, %



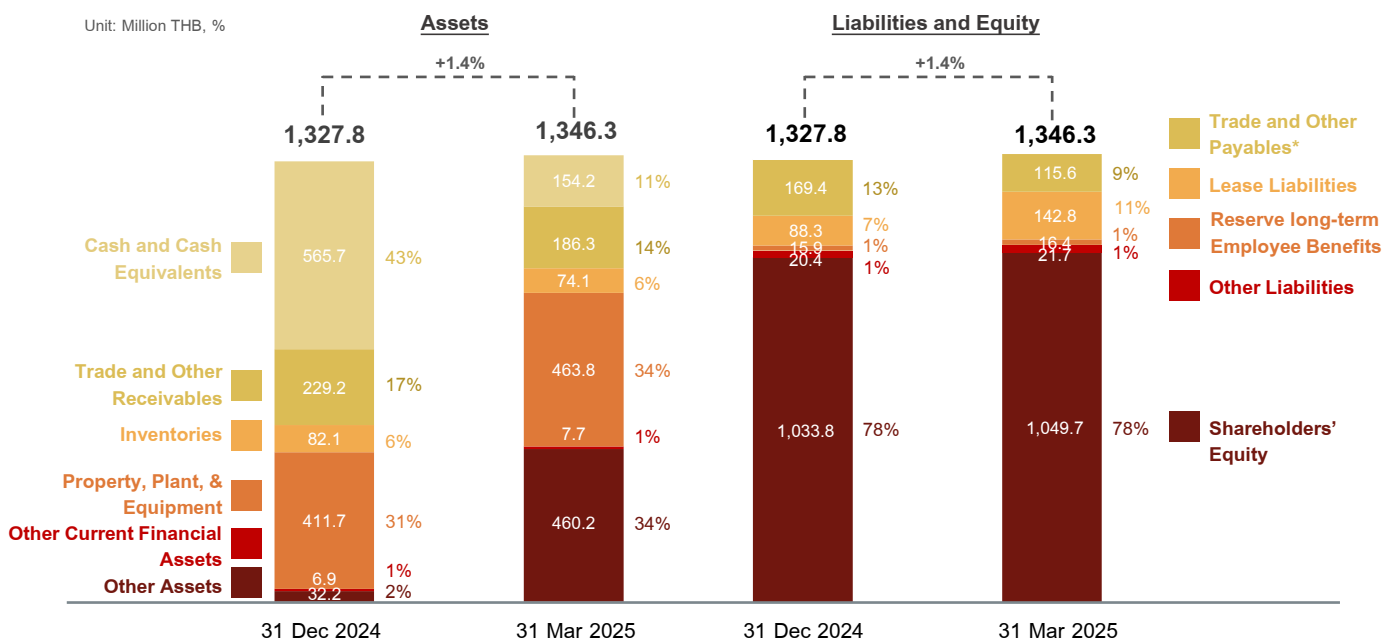
YoY: Q1/2025 vs Q1/2024

Net Profit: In Q1/2025, the Company reported Net Profit of THB 11.5 million, decreased by THB 15.1 million or 56.8% from Q1/2024, mainly due to 1) The Company changed its wholesale distribution model from selling through distributor to a 'direct-to-wholesaler' model, which temporarily impacted the distribution process during the period 2) The international markets - especially China, the rescheduling of the new rice cracker SKU launch to the second quarter resulted in lower rice cracker sales in the first quarter of 2025 3) The Company was also affected by the continued volatility in foreign exchange rates. As a result, **Net Profit Margin** in Q1/2025 was 3.5%, decreased by 4.3% from Q1/2024.



Statement of Financial Position

Unit: Million THB, %



*Note: Trade and other payables, including Department of Revenue payables

+1.4% | Total Assets

As of 31 March 2025, the Total Assets of the Company was THB 1,346.3 million, increased by THB 18.5 million or 14.1% from 31 December 2024, driven by the following key changes:

- Other Assets:** was THB 460.2 million, increased by THB 428.0 million, due to an increase in temporary investments.
- Cash and Cash Equivalents:** was THB 154.2 million, decreased by THB 411.5 million, due to the cash spent in temporary investments.
- Property, Plant, & Equipment:** was THB 463.8 million, increased by THB 52.1 million, due to the increase in investment for construction to expand production capacity for each product categories.

+0.9% | Total Liabilities

As of 31 March 2025, the Total Liabilities of the Company was THB 296.6 million, increased by THB 2.6 million or 0.9% from 31 December 2024, driven by the following key changes:

- Lease liabilities:** was THB 142.8 million, increased by THB 54.6 million, mainly from the lease contract to construct the second Wholesome Factory.

+1.5% | Total Shareholders' Equity

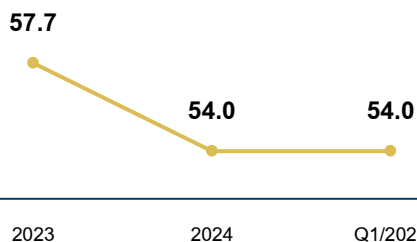
As of 31 March 2025, the **Total Equity** of the Company was THB 1,049.7 million, increased by THB 15.9 million or 1.5% from 31 December 2024, mainly due to the increase in operating profits of the Company.



Key Financial Ratios

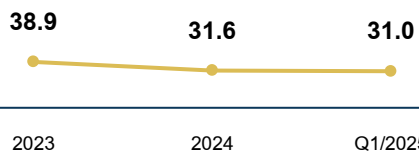
Account Receivable Days

Unit: Days



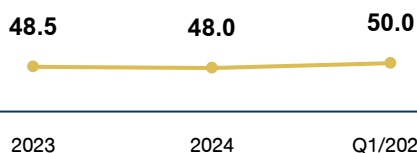
Inventory Days

Unit: Days



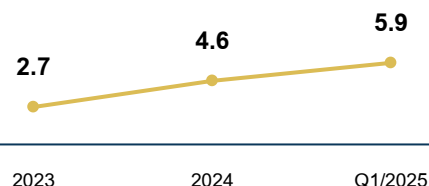
Account Payable Days

Unit: Days



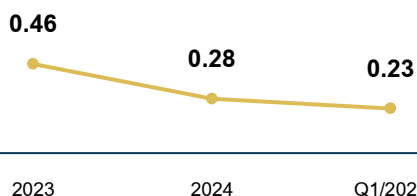
Current Ratio

Unit: Times



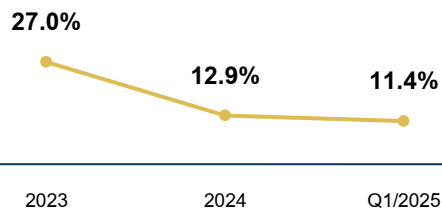
D/E Ratio

Unit: Times



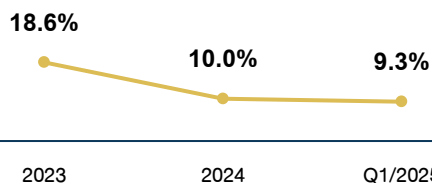
ROE

Unit: %



ROA

Unit: %



EPS

Unit: baht per share

