



MBAX 003/2023

August 10, 2023

Subject: Clarification of the operating results which are deviated more than 20%

To: The Managing Director
The Stock Exchange of Thailand

- ❖ Multibax Public Company Limited would like to clarify the operating results which are deviated more than 20% from the same period last year, for six months ended June 30, 2023 as follows:

1. Revenue of sales

Total revenue was accounted for 508.78 million Baht, decreased by 370.31 million Baht or 42.12 percent compared to the same period last year (879.09 million Baht).

2. Cost of sales

Total cost of sales was accounted for 519.15 million Baht, decreased by 249.32 million Baht or 32.44 percent compared to the same period last year (768.47 million Baht).

3. Selling and Administrative Expenses

Total selling and administrative expenses were accounted for 44.33 million Baht, decreased by 3.37 million Baht or 7.06 percent compared to the same period last year (47.70 million Baht).

4. Finance costs

Finance costs was accounted for 11.43 million Baht, increased by 1.42 million Baht or 14.19 percent compared to the same period last year (10.01 million Baht).

5. Other Income

Other incomes were accounted for 6.45 million Baht, decreased by 2.21 million Baht or 25.52 percent compared to the same period last year (8.66 million Baht).

6. Gain & Loss on exchange rate

Gain on exchange rate were accounted for 0.08 million Baht, decreased by 7.30 million Baht or 98.92 percent compared to the same period last year (7.38 million Baht).

7. Tax Expenses (Income tax expenses)

Income tax expenses was accounted for 8.27 million Baht, increased by 17.14 million Baht or 193.24 percent compared to the same period last year (tax expenses 8.87 million Baht).

8. Net (Loss) Profit

Loss was accounted for 51.33 million Baht, decreased by 111.42 million Baht or 185.42 percent compared to the same period last year (Net profit 60.09 million Baht).

Reasons for the decreased of the net profit for six months ended June 30, 2023 were:

1. Revenue from sales decreased by 370.31 million baht or 42.12 percent, the important factor was the significant decreasing of the sales quantity. The situation of the orders in this quarter were still slowing down similarly to the first quarter. As well, the deteriorating economic environment has overwhelmed many major markets including the USA and EU and diminishing the buying power of the consumers. Therefore, inventories were very high and forced the customers to send less orders. As a consequence, the revenue from sales were seriously reduced when compared with the same period of 2022.

2. Cost of sales increased from 87.42 percent in 2022 to 102.04 percent in 2023 from the impact of less sales orders, therefore, the production costs were also downed proportionately. However, the wages and overhead cost per unit were higher comparatively, thus, the overall cost of production and sales per unit were highly increased. As a result, the initial loss for the six months of 2023 had been recorded at 10.37 million Baht or decreased by 120.99 million baht or 109.37 percent. At the present time, the company has laid out various measures to control the expenses including the number of employees to be tally with the current sales orders.

3. Total selling and administrative expenses were decreased by 3.37 million Baht or 7.06 percent, from the reduction of the export expenses proportionately to the lower sales quantities. However, the administrative expenses were increasing from the expenses of the ERP system that has been implemented early this year.

4. Finance costs increased by 1.42 million Baht or 14.19 percent, from the impact of higher interest rates for the loans from financial institutes.

5. Other income were decreased by 2.21 million Baht or 25.52 percent, from the down trend of customer compensation towards the new product sales in this quarter. This compensation was reduced to the level of the agreed trading responsibility.

6. Gain on exchange rate were decreased by 7.30 million Baht or 98.92 percent, from the high volatility of Thai baht against US dollar. Actually, the forex management under the current circumstance was profoundly difficult. However, the company has tried her best to manage this exchange rate that in 2023, the gain on exchange rate had been recorded at 0.08 million Baht.

7. Income tax expenses were increased by 17.14 million Baht or 193.24 percent. This is mainly from the fact that in the six months of 2023, the company has to record the income from tax reimbursement, resulting from the deferred tax assets derived from the net loss, compared to the same period last year that the tax expenses were 8.87 million Baht.

8. In summary, from the decreasing of the orders, the sales revenue was inevitably decreased. The cost of sales and production cost increased, so the initial loss was recorded at 10.37 million Baht, decreased by 120.99 million Baht or 109.37 percent. Combining with all other factors including the increase of the finance costs and the decreasing of the other income and gain on exchange rate, decreasing of the selling and administrative expenses and the adding up of the income tax, the company recorded a net loss for six months ended June 30, 2023 at 51.33 million Baht. This net profit was decreased by 111.42 million Baht or 185.42 percent when compared to the same period of 2022 where they were 60.09 million Baht. From what have been explained in the first quarter that the company expect less sales for the first half of 2023 comparing to the previous year and this is confirmed. Nevertheless, the company has prepared all the necessary measures especially the sufficient of the company working capital so to smoothen the operation. Nevertheless, Management team believe that when the situation has been normalized, the customers' orders will be returned by the end of Q3 this year the latest, if not before.

For your acknowledgement.

Yours Sincerely,

Signature _____

(Mr. Pisuth Lertvilai)

Deputy Managing Director