



February 24, 2020

To President  
The Stock Exchange of Thailand

Subject Notification on the difference of revenue from sales and net profit YOY by more than 20 percent

Taokaenoi Food & Marketing Public Company Limited (“Company”) would like clarify the revenue from sales and net profit in the consolidated financial statements for the year ended December 31, 2019 as follow:

Consolidated Financial Statements	4th Quarter (October – December)				
	Q4/ 2019		Q4/ 2018		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
Revenue from Sales	1,416.8	100.0 %	1,402.5	100.0 %	1.0 %
Cost of Sales	(984.1)	(69.5 %)	(1,031.2)	(73.5 %)	(4.6 %)
Gross Margin	432.7	30.5 %	371.3	26.5 %	16.5 %
Distribution Costs	(212.5)	(15.0 %)	(236.8)	(16.9 %)	(10.3 %)
Administrative Expenses	(120.5)	(8.5 %)	(101.9)	(7.3 %)	18.3 %
Profit before Income Tax Expenses	106.9	7.5 %	35.4	2.5 %	201.6 %
Income Tax Expenses	8.7	0.6 %	(12.3)	(0.9 %)	(170.9 %)
<b>Net Profit : Owners of the Parent</b>	<b>117.8</b>	<b>8.3 %</b>	<b>24.7</b>	<b>1.8 %</b>	<b>376.8 %</b>

  

Consolidated Financial Statements	January – December				
	Full Year 2019		Full Year 2018		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
Revenue from Sales	5,266.8	100.0 %	5,427.2	100.0 %	(3.0 %)
Cost of Sales	(3,786.5)	(71.9 %)	(3,932.9)	(72.5 %)	(3.7 %)
Gross Margin	1,480.3	28.1 %	1,494.3	27.5 %	(0.9 %)
Distribution Costs	(768.1)	(14.6 %)	(671.7)	(12.4 %)	14.3 %
Administrative Expenses	(343.6)	(6.5 %)	(311.4)	(5.7 %)	10.3 %
Net Profit before Tax	372.9	7.1 %	523.2	9.6 %	(28.7 %)
Corporate Income Tax	(11.0)	(0.2 %)	(66.8)	(1.2 %)	(83.5 %)
<b>Net Profit : Owners of the Parent</b>	<b>366.2</b>	<b>7.0 %</b>	<b>459.2</b>	<b>8.5 %</b>	<b>(20.2 %)</b>

Note: The Company has adjusted the selling expenses in the financial statements for the three-month and nine-month periods in compliance with Thai Financial Reporting Standard No. 15 Re: Revenue from

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Contracts with Customers (TFRS 15) to reflect deduction and show the net in revenue from sales, thereby causing the revenue from sales and gross margin, including the distribution costs, to reduce in value, although the net profits remain unchanged.

### Revenue from Sales

The company has revenue from sales in the fourth quarter in the amount of 1,416.8 million Baht **increased by 1.0 percent** compared to the same quarter of the previous year (increased by 11.8 percent from Q3/2019) and has revenue for the year 2019 in total of 5,266.8 million Baht **decreased by 3.0 percent** compared to the previous year.

**Domestic Sales:** Revenue from sales of the fourth quarter is 517.1 million Baht **increased by 4.0 percent** compared to the same quarter of the previous year (decreased by 5.8 percent from Q3/2019) and has revenue for the year 2019 in total of 2,120.1 million Baht **increased by 2.9 percent** compared to the previous year. The Company was able to maintain its market share at 69 percent in the seaweed snack category through marketing and promotional activities, along with its proactive business of Hinoya Curry shops from Japan and the recovery of Chinese tourists with a growth of 4 percent from that of the previous year.

**International sales:** Revenue from sales of the fourth quarter is 899.7 million Baht **decreased by 0.6 percent** compared to the same quarter of the previous year (increased by 25.1 percent from Q3/2019) and has revenue for the year 2019 in total of 3,146.7 million Baht **decreased by 6.5 percent** compared to the previous year. Sales in China, which accounted for 36 percent of total sales, decreased by 13.1 percent compared to the previous year, due to the transition of a new strategic business partner as distributor, resulting in the declining sales during the transition period, let alone the fact that sales started through the new distributor in late October last year. Moreover, the Company's sales continued to grow in many countries, e.g., CLMV countries (Cambodia/Laos/Myanmar/Vietnam), USA and Indonesia, etc.

### Gross Margin

In the fourth quarter, the Company has gross profit of 432.7 million Baht or equal to 30.5 percent of revenue from sales. The ratio between gross profits per the sales revenue is **increased by 4.1 percent** compared to the same quarter of the previous year (increased by 3.6 percent from Q3/2019), mainly due to the increased proportion of new season seaweed which accounted for decreasing costs, and the growing utilization rate relative to sales in China during the period between November–December.

The Company has a gross margin for the year 2019 in total of 1,480.3 million Baht or equal to 28.1 percent of the sales revenue. The ratio of gross margin per sales revenue is **increased by 0.6 percent** from the previous year.

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### Distribution Costs

The company has the distribution costs in the fourth quarter in the amount of 212.5 million Baht or equal to 15.0 percent of revenue from sales. The ratio between distribution costs per the sales revenue is **decreased by 1.9 percent** compared to the same quarter of the previous year (increased by 0.5 percent from Q3/2019) due to the marketing budget management in line with sales, and the growing international sales while the selling and marketing expenses in international markets were, on average, lower than those of the domestic market.

The company has the distribution costs for the year 2019 in total of 768.1 million Baht or equal to 14.6 percent of sales revenue **increased by 2.2 percent** from the previous year.

### Administrative Expenses

The company has the administrative expenses in the fourth quarter in the amount of 120.5 million Baht or equal to 8.5 percent of the revenue from sales. The ratio between administrative expenses per the sales revenue is **increased by 1.2 percent** compared to the same quarter of the previous year (increased by 2.8 percent from Q3/2019), due to the provisions of impairment of assets from the shutdown of roasted seaweed production line in USA in the amount of 26 million Baht and closure of 4 Taokaenoi Land shops in the total amount of 4 million Baht.

The company has the administrative expenses for the year 2019 in total of 343.6 million Baht or equal to 6.5 percent of sales revenue **increased by 0.8 percent** from the previous year.

### Net Profit : Owners of the Parent

The Company has the net profit in the fourth quarter in the amount of 117.8 million Baht or equal to 8.3 percent of the revenue from sales which **increased by 376.8 percent** compared to the same quarter of the previous year. The ratio between net profit per the sales revenue is **increased by 6.6 percent** compared to the same quarter of the previous year (increased by 2.9 percent from Q3/2019), mainly due to decreased revenue from sales in China and such increased costs as described above. The Company has the net profit for the year 2019 in total of 366.2 million Baht or equal to 7.0 percent of sales revenue **decreased by 1.5 percent** from the previous year

Please be informed accordingly.

Yours Sincerely,

(Mr.Jirapong Suntipiromkul)

Deputy Managing Director

Authorized to sign on behalf of the company

Taokaenoi Food & Marketing PLC.

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