



May 11, 2020

To President
The Stock Exchange of Thailand

Subject Management Discussion and Analysis for the three-month period ended March 31, 2020

Taokaenoi Food & Marketing Public Company Limited (the “Company”) would like clarify the revenue from sales and net profit in the consolidated financial statements for the three-month period ended March 31, 2020 as follow:

Consolidated Financial Statements	1st Quarter (January – March)				
	Q1/ 2020		Q1/ 2019		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
Revenue from Sales	1,110.0	100.0 %	1,280.3	100.0 %	(13.3 %)
Cost of Sales	(808.1)	(72.8 %)	(938.8)	(73.3 %)	(13.9 %)
Gross Margin	301.9	27.2 %	341.5	26.7 %	(11.6 %)
Distribution Costs	(129.5)	(11.7 %)	(162.3)	(12.7 %)	(20.3 %)
Administrative Expenses	(78.5)	(7.1 %)	(87.5)	(6.8 %)	(10.2 %)
Profit before Income Tax Expenses	98.7	8.9 %	88.9	6.9 %	11.0 %
Income Tax Expenses	(13.2)	(1.2 %)	(8.4)	(0.7 %)	57.8 %
Net Profit : Owners of the Parent	85.7	7.7 %	81.3	6.4 %	5.3 %

Revenue from Sales

The Company has revenue from sales in the first quarter in the amount of 1,110.0 million Baht **decreased by 13.3 percent** compared to the same quarter of the previous year (decreased by 21.7 percent from Q4/2019), due to the Covid-19 pandemic which affected sales in the group of countries affected by such pandemic, particularly the sales through the distributor in China and tourists’ market.

Domestic Sales: Revenue from sales of the first quarter is 403.3 million Baht **decreased by 24.2 percent** compared to the same quarter of the previous year (decreased by 22.0 percent from Q4/2019), due to the declining number of Chinese tourists visiting Thailand by more than 90 percent after the Chinese New Year festival, closure of certain stores, restricted commute to crowded areas and stock of necessary supplies to prevent the spread of the virus. The Company focused on adjusting its sales and marketing plans to suit the situations, and moved forwarded to online channels as an alternative for consumers.

บริษัท เค้าน้อย ฟู้ดแมกเก็ตติ้ง จำกัด (มหาชน)
 สำนักงาน : 337 ถนนธนบุรีตัดใหม่ ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120
 เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
 โรงงานโรจนะ : 55/5 หมู่5 ตำบลสามัคคีวัฒนา อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
 โทร. 0 3592 3055
 โรงงานหนองโพธิ์ : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
 โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited
 Office : 337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120
 Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118
 Rojana Factory : 55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210
 Tel. +66 3592 3055
 Nopawong Factory : 12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140
 Tel. +66 2108 6888



International sales: Revenue from sales of the first quarter is 706.7 million Baht **decreased by 5.5 percent** compared to the same quarter of the previous year (increased by 21.5 percent from Q4/2019). Sales in China, which accounted for 36 percent of total sales, decreased by 14.8 percent compared to the previous year, due to such impact of the closure of international and intercity transportations during the lockdown, although the Company's growth continued substantially in several countries, such as the United States of America and Indonesia.

Gross Margin

In the first quarter, the Company has gross profit of 301.9 million Baht or equal to 27.2 percent of revenue from sales. The ratio between gross profits per the sales revenue is **increased by 0.5 percent** compared to the same quarter of the previous year (decreased by 3.3 percent from Q4/2019), primarily due to the declining prices of seaweed as main raw materials in the production by 8 percent and the discontinuation of the production line in the United States of America for outsourced production instead. However, the Company's incurred increased costs totaling over 20 million Baht for improvement of its production efficiency and standards as well as labor management to be in line with sales.

Distribution Costs

The Company has the distribution costs in the first quarter in the amount of 129.5 million Baht or equal to 11.7 percent of revenue from sales. The ratio between distribution costs per the sales revenue is **decreased by 1.0 percent** compared to the same quarter of the previous year (decreased by 3.3 percent from Q4/2019), due to the lesser domestic marketing activities in the amount of over 20 million Baht to be in line with the situations and revised sales forecast, although the budgets for new channel and product development remained unchanged.

Administrative Expenses

The Company has the administrative expenses in the first quarter in the amount of 78.5 million Baht or equal to 7.1 percent of the revenue from sales. The ratio between administrative expenses per the sales revenue is **increased by 0.2 percent** compared to the same quarter of the previous year (decreased by 1.4 percent from Q4/2019), due to the recognition of doubtful debts from replacement of the distributor in China in the amount of approximately 13 million Baht in the first quarter of last year.

Net Profit : Owners of the Parent

The Company has the net profit in the first quarter in the amount of 85.7 million Baht or equal to 7.7 percent of the revenue from sales which **increased by 5.3 percent** compared to the same quarter of the previous year. The ratio between net profit per the sales revenue is **increased by 1.4 percent** compared to the same quarter of the

บริษัท เค้าแก้วน้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)	
สำนักงาน : เมืองทองธานี	337 ถนนพหลโยธิน ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120 โทร. 0 2984 0666 แฟกซ์. 0 2984 0118
โรงงานโรจนะ :	55/5 หมู่5 ตำบลสามัคคีวัฒนา อำเภอลำลูกเกด พระนครศรีอยุธยา 13210 โทร. 0 3592 3055
โรงงานหนองศรี :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140 โทร. 0 2108 6888

Taokaenoi Food and Marketing Public Company Limited	
Office : Muang Thong Thani	337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120 Tel. +66 2984 0666 Fax. +66 2984 0118
Rojana Factory :	55/5 Moo5 Sam Bundit, Uthai, Phra Nakhon Si Ayutthaya 13210 Tel. +66 3592 3055
Nopawong Factory :	12/1 Moo4 Namai, Ladlumkaew, Pathumthani 12140 Tel. +66 2108 6888



previous year (decreased by 0.6 percent from Q4/2019), mainly due to cost control in terms of production and distribution, including the fact that sales of its affiliate in the United States of America was clearly growing against its decreased operating loss.

Please be informed accordingly.

Yours Sincerely,

(Mr.Jirapong Suntipiromkul)
Deputy Managing Director
Authorized to sign on behalf of the company
Taokaenoi Food & Marketing PLC.

บริษัท เค้าแก้วน้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)

สำนักงาน : 337 ถนนชนนีสถาริถ ตำบลบางพุฒ อำเภอบางเกร็ง นนทบุรี 11120
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนะ : 55/5 หมู่5 ตำบลสามัคคีภิวัต อำเภอลำลูกเกด พระนครศรีอยุธยา 13210
โทร. 0 3592 3055

โรงงานนพวงศิ : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
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