



August 10, 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 (the “Company”) would like clarify the revenue from sales and net profit in the consolidated financial statements for the six-month period ended June 30, 2020 as follow:

Consolidated Financial Statements	2nd Quarter (April – June)				
	Q2/ 2020		Q2/ 2019		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
<b>Revenue from Sales</b>	<b>1,011.6</b>	<b>100.0 %</b>	<b>1,302.1</b>	<b>100.0 %</b>	<b>(22.3 %)</b>
Cost of Sales	(734.6)	(72.6 %)	(937.5)	(72.0 %)	(21.6 %)
Gross Margin	277.0	27.4 %	364.5	28.0 %	(24.0 %)
Distribution Costs	(99.7)	(9.9 %)	(197.2)	(15.1 %)	(49.5 %)
Administrative Expenses	(69.5)	(6.9 %)	(63.2)	(4.9 %)	10.0 %
Profit before Income Tax Expenses	94.2	9.3 %	104.5	8.0 %	(9.9 %)
Income Tax Expenses	(5.4)	(0.5 %)	(6.3)	(0.5 %)	(14.1 %)
<b>Net Profit : Owners of the Parent</b>	<b>88.9</b>	<b>8.8 %</b>	<b>98.4</b>	<b>7.6 %</b>	<b>(9.6 %)</b>

  

Consolidated Financial Statements	January – June				
	YTD June 2020		YTD June 2019		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
<b>Revenue from Sales</b>	<b>2,121.5</b>	<b>100.0 %</b>	<b>2,582.4</b>	<b>100.0 %</b>	<b>(17.8 %)</b>
Cost of Sales	(1,542.7)	(72.7 %)	(1,876.4)	(72.7 %)	(17.8 %)
Gross Margin	578.9	27.3 %	706.0	27.3 %	(18.0 %)
Distribution Costs	(229.1)	(10.8 %)	(359.5)	(13.9 %)	(36.3 %)
Administrative Expenses	(148.0)	(7.0 %)	(150.6)	(5.8 %)	(1.8 %)
Net Profit before Tax	192.9	9.1 %	193.4	7.5 %	(0.3 %)
Corporate Income Tax	(18.6)	(0.9 %)	(14.7)	(0.6 %)	26.9 %
<b>Net Profit : Owners of the Parent</b>	<b>174.6</b>	<b>8.2 %</b>	<b>179.7</b>	<b>7.0 %</b>	<b>(2.9 %)</b>

**บริษัท เค้าน้อย ฟู้ดแมกเก็ตติ้ง จำกัด (มหาชน)**

สำนักงาน : 337 ถนนชนนีสัตร์ ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120  
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนะ : 55/5 หมู่5 ตำบลสามัคคี กิ่งอำเภออุทัย พระนครศรีอยุธยา 13210  
โทร. 0 3592 3055

โรงงานหนองหวี : 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



## Revenue from Sales

The Company has revenue from sales in the second quarter in the amount of 1,011.6 million Baht **decreased by 22.3 percent** compared to the same quarter of the previous year (decreased by 8.9 percent from Q1/2020) and has revenue for the first six month in total of 2,121.5 million Baht **decreased by 17.8 percent** compared to the same period of the previous year, particularly tourism market and such countries directly affected by the Covid-19 pandemic.

**Domestic Sales:** Revenue from sales of the second quarter is 240.2 million Baht **decreased by 54.0 percent** compared to the same quarter of the previous year (decreased by 40.1 percent from Q1/2020) and has revenue for the first six month in total of 641.6 million Baht **decreased by 39.1 percent** compared to the same period of the previous year. The number of tourists continued to decline since Chinese New Year, coupled with the government measures against the pandemic, e.g., inbound travel ban, department store closure and curfew, thereby causing revenues from sales during such period to drop drastically, and after the ease of such measures, sales from June onwards evidently started to recover.

**International sales:** Revenue from sales of the second quarter is 771.3 million Baht **decreased by 1.1 percent** compared to the same quarter of the previous year (increased by 8.8 percent from Q1/2020) and has revenue for the first six month in total of 1,479.9 million Baht **decreased by 3.1 percent** compared to the same period of the previous year. Thanks to such positive signs in the second quarter, and revenues from sales in several countries grew substantially, especially the US market where new sales continued to be New High continuously since the first quarter.

## Gross Margin

In the second quarter, the Company has gross profit of 277.0 million Baht or equal to 27.4 percent of revenue from sales. The ratio between gross profits per the sales revenue is **decreased by 0.6 percent** compared to the same quarter of the previous year (increased by 0.2 percent from Q1/2020). During the first half of the year, the Company's costs were lower due to such increase in utilization of seaweed from the 2019 season (at relatively lower costs), and the roasted seaweed snack production line at the US factory was discontinued and changed to outsourced production instead, and thanks to the reduced production capacity, the unit production costs were relatively increased from last year.

The Company has a gross margin for the first six month in total of 578.9 million Baht or equal to 27.3 percent of the sales revenue. The ratio of gross margin per sales revenue is **decreased by 0.1 percent** from that of the same period of the previous year. The Company started to utilize seaweeds from the 2019 season in full since late June, and as such, the costs of seaweed dropped during the second half of the year.

บริษัท เต้าแก๋น้อย ฟู๊ดแอนด์มาร์เก็ตติ้ง จำกัด (มหาชน)	
สำนักงาน :	337 ถนนธนบุรีศรีตรัง 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
โรงงานหนองหวาย :	12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140
	โทร. 0 2108 6888

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	Tel. +66 2108 6888



### Distribution Costs

The Company has the distribution costs in the second quarter in the amount of 99.7 million Baht or equal to 9.9 percent of revenue from sales. The ratio between distribution costs per the sales revenue is **decreased by 5.3 percent** compared to the same quarter of the previous year (decreased by 1.8 percent from Q1/2020). The Company adjusted its strategic plan to focus on direct sales market and alter its marketing budget in line with revenues from sales and focused more on online channels.

The company has the distribution costs for the first six month in total of 229.1 million Baht or equal to 10.8 percent of sales revenue **decreased by 3.1 percent** from the same period in the last year.

### Administrative Expenses

The Company has the administrative expenses in the second quarter in the amount of 69.5 million Baht or equal to 6.9 percent of the revenue from sales. The ratio between administrative expenses per the sales revenue is **increased by 2.0 percent** compared to the same quarter of the previous year (decreased by 0.2 percent from Q1/2020). The increased expenses primarily were due to recognition of the closure of 7 branches of Tao Kae Noi Land, which amounted to 5.3 million Baht, including such decreased revenues from sales, thereby causing such increased in the administrative expenses to sales.

The company has the administrative expenses for the first six month in total of 148.0 million Baht or equal to 7.0 percent of sales revenue **increased by 1.1 percent** from the same period in the last year.

### Net Profit : Owners of the Parent

The Company has the net profit in the second quarter in the amount of 89.0 million Baht or equal to 8.8 percent of the revenue from sales which **decreased by 9.6 percent** compared to the same quarter of the previous year. The ratio between net profit per the sales revenue is **increased by 1.2 percent** compared to the same quarter of the previous year (increased by 1.1 percent from Q1/2020). This was mainly due to cost control in terms of both production and distribution, and the growth of sales in the US subsidiary and the substantial operating loss.

The Company has the net profit for the first six month in total of 174.6 million Baht or equal to 8.2 percent of sales revenue **increased by 1.3 percent** from the same period in the last 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.

#### บริษัท เท้าแก๋น้อย ผู้ดูแลการตลาดตั้งจ้กักัด (มหาชน)

สำนักงาน : 337 ถนนนนทบุรีสี่ตริท ตำบลบางพูด อำเภอปากเกร็ด นนทบุรี 11120  
เมืองทองธานี โทร. 0 2984 0666 แฟกซ์. 0 2984 0118

โรงงานโรจนะ : 55/5 หมู่5 ตำบลสามัคคีเก็ด อำเภอกุ๊กย พระนครศรีอยุธยา 13210  
โทร. 0 3592 3055

โรงงานนพวงศ์ : 12/1 หมู่4 ตำบลหน้าไม้ อำเภอลาดหลุมแก้ว ปทุมธานี 12140  
โทร. 0 2108 6888

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Office : 337 Bond Street Road, Bangphut, Pak Kret, Nonthaburi 11120  
Muang Thong Thani Tel. +66 2984 0666 Fax. +66 2984 0118

Rejana 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