



March 1, 2021

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 year ended December 31, 2020 as follow:

Consolidated Financial Statements	4th Quarter (October – December)				
	Q4/ 2020		Q4/ 2019		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
<b>Revenue from Sales</b>	<b>882.9</b>	<b>100.0 %</b>	<b>1,416.8</b>	<b>100.0 %</b>	<b>(37.7 %)</b>
Cost of Sales	(703.1)	(79.6 %)	(984.1)	(69.5 %)	(28.6 %)
Gross Margin	179.8	20.4 %	432.7	30.5 %	(58.4 %)
Distribution Costs	(114.2)	(12.9 %)	(212.5)	(15.0 %)	(46.3 %)
Administrative Expenses	(82.1)	(9.3 %)	(120.5)	(8.5 %)	(31.9 %)
Profit before Income Tax Expenses	(26.4)	(3.0 %)	106.9	7.5 %	(124.7 %)
Income Tax Expenses	5.1	0.6 %	8.7	0.6 %	(41.5 %)
<b>Net Profit : Owners of the Parent</b>	<b>(20.9)</b>	<b>(2.4 %)</b>	<b>117.8</b>	<b>8.3 %</b>	<b>(117.7 %)</b>

Consolidated Financial Statements	January – December				
	Full Year 2020		Full Year 2019		Change
	(Million Baht)	(%)	(Million Baht)	(%)	(%)
<b>Revenue from Sales</b>	<b>3,983.1</b>	<b>100.0 %</b>	<b>5,266.8</b>	<b>100.0 %</b>	<b>(24.4 %)</b>
Cost of Sales	(2,959.1)	(74.3 %)	(3,786.5)	(71.9 %)	(21.9 %)
Gross Margin	1,024.1	25.7 %	1,480.3	28.1 %	(30.8 %)
Distribution Costs	(442.4)	(11.1 %)	(768.1)	(14.6 %)	(42.4 %)
Administrative Expenses	(299.2)	(7.5 %)	(343.6)	(6.5 %)	(12.9 %)
Net Profit before Tax	273.1	6.9 %	372.9	7.1 %	(26.8 %)
Corporate Income Tax	(31.2)	(0.8 %)	(11.0)	(0.2 %)	182.4 %
<b>Net Profit : Owners of the Parent</b>	<b>242.6</b>	<b>6.1 %</b>	<b>366.2</b>	<b>7.0 %</b>	<b>(33.8 %)</b>

**บริษัท เค้าน้อย ฟู้ดแมกเก็ตติ้งตั้ง จำกัด (มหาชน)**

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## Revenue from Sales

The Company has revenue from sales in the fourth quarter in the amount of 882.9 million Baht **decreased by 37.7 percent** compared to the same quarter of the previous year (decreased by 9.8 percent from Q3/2020) and has revenue for the year 2020 in total of 3,983.1 million Baht **decreased by 24.4 percent** compared to the previous year, due to the fact that the Company was affected by the Covid-19 pandemic, particularly in tourists' market, which accounted for more than one-fourth of domestic sales, and the closure of department stores or lockdown measures in several countries, such as, Thailand, Indonesia, China and the United States of America.

**Domestic Sales:** Revenue from sales of the fourth quarter is 314.3 million Baht **decreased by 39.2 percent** compared to the same quarter of the previous year (decreased by 1.7 percent from Q3/2020) and has revenue for the year 2020 in total of 1,275.6 million Baht **decreased by 39.8 percent** compared to the previous year. The Company's seaweed snack market share remained higher than 64 percent and focused on branding via online marketing activities and new product launch, including expansion to beverage product line to compensate for sales for tourists. In this regard, the Company started to launch its "Just Drink" pasteurized original milk tea products available for sales in more than 6,000 convenience stores during the last week of December and planned to continuously increase the distribution and volume of the products throughout 2021.

**International sales:** Revenue from sales of the fourth quarter is 568.6 million Baht **decreased by 36.8 percent** compared to the same quarter of the previous year (decreased by 13.7 percent from Q3/2020) and has revenue for the year 2020 in total of 2,707.6 million Baht **decreased by 14.0 percent** compared to the previous year. Sales in the market in China, which represented 40 percent of total revenue from sales, decreased by 20.6 percent as compared to the previous year. Other than the Covid-19 pandemic, by the end of last year, the Company was also affected by the shortage of containers and increasing international shipment costs which doubled the existing costs, and the situations were expected to improve in early 2021, including the recognition of the listing fee of 50 million Baht for the first year of collaboration with a new distributor.

## Gross Margin

In the fourth quarter, the Company has gross profit of 179.8 million Baht or equal to 20.4 percent of revenue from sales. The ratio between gross profits per the sales revenue is **decreased by 10.2 percent** compared to the same quarter of the previous year (decreased by 6.7 percent from Q3/2020), The Company incurred extra costs from recognition of allowances for obsolete packaging, clearance sales of products for shutdown of Taokaenoi Land stores and consolidation of production facilities, which amounted to more than 30 million Baht, including such impact of increasing unit production costs against the declining production utilization rate.

The Company has a gross margin for the year 2020 in total of 1,024.1 million Baht or equal to 25.7 percent of the sales revenue. The ratio of gross margin per sales revenue is **decreased by 2.4 percent** that of the same period of the previous year The Company shifted its priority to cost control, particularly the consolidation of its production facilities at Rojana factory, and once completed, the gross margin would improve accordingly.

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### Distribution Costs

The Company has the distribution costs in the fourth quarter in the amount of 114.2 million Baht or equal to 12.9 percent of revenue from sales. The ratio between distribution costs per the sales revenue is **decreased by 2.1 percent** compared to the same quarter of the previous year (increased by 2.8 percent from Q3/2020). The company has the distribution costs for the year 2020 in total of 442.4 million Baht or equal to 11.1 percent of sales revenue **decreased by 3.5 percent** from the previous year, since the Company revised its budgets for sales and marketing expenses to be in line with the sales forecast and the current situations, focusing on such activities which efficiently and directly affected sales through such channels with potential growth.

### Administrative Expenses

The Company has the administrative expenses in the fourth in the amount of 82.1 million Baht or equal to 9.3 percent of the revenue from sales. The ratio between administrative expenses per the sales revenue is **increased by 0.8 percent** compared to the same quarter of the previous year (increased by 2.2 percent from Q3/2020). The company has the administrative expenses for the year 2020 in total of 299.2 million Baht or equal to 7.5 percent of sales revenue **increased by 1.0 percent** from the previous year, thanks to the impact of the legal fees and costs of proceedings in China in the amount of 18 million Baht and the expenses incurred by the shutdown of 18 Taokaenoi Land stores in the amount of over 12 million Baht.

### Net Profit : Owners of the Parent

The Company has the net loss in the fourth quarter in the amount of -20.9 million Baht or equal to -2.4 percent of the revenue from sales which **decreased by 117.7 percent** compared to the same quarter of the previous year. The ratio between net profit per the sales revenue is **decreased by 10.7 percent** compared to the same quarter of the previous year (decreased by 11.4 percent from Q3/2020). The Company's net profit for the year 2020 in total of 242.6 million Baht or equal to 6.1 percent of sales revenue **decreased by 0.9 percent** from the same period in the previous year.

Therefore, given the impact of the COVID-19 pandemic, the Company's annual profit and loss for 2020 were lower than forecast by 200 million Baht, divided into 150 million Baht per the separate financial statements and 50 million Baht per Taokaenoi Land's financial statements.

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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