



MBAX 001/2563

February 26, 2020

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 year ended December 31, 2019 as follows:

#### 1. Revenue of sales

Total revenue was accounted for 1,434.35 million Baht, decreased by 120.02 million Baht or 7.72 percent compared to the same period last year (1,554.37 million Baht).

#### 2. Cost of sales

Total cost of sales was accounted for 1,284.20 million Baht, decreased by 102.62 million Baht or 7.40 percent compared to the same period last year (1,386.82 million Baht).

#### 3. Selling and Administrative Expenses

Total selling and administrative expenses were accounted for 105.12 million Baht, increased by 2.16 million Baht or 2.10 percent compared to the same period last year (102.96 million Baht).

#### 4. Finance costs

Finance costs was accounted for 10.65 million Baht, decreased by 0.69 million Baht or 6.08 percent compared to the same period last year (11.34 million Baht).

#### 5. Other Income and Gain on exchange rate

Other income and Gain on exchange rate were accounted for 22.47 million Baht, increased by 1.85 million Baht or 8.97 percent compared to the same period last year (20.62 million Baht).

#### 6. Tax expenses (Income tax)

Tax expenses and (Income tax) was accounted for 7.22 million Baht and (1.35) million Baht, respectively, compared to the same period last year (tax expensed 2.22 million Baht and income tax (11.21) million Baht).

#### 7. Net Profit

Net profit was accounted for 50.98 million Baht, decreased by 31.87 million Baht or 38.47 percent compared to the same period last year (net profit 82.85 million Baht).

## Reasons for the decrease of net profit for year ended December 31, 2019 were:

1. Revenue of sales decreased by 120.02 million Baht or 7.72 percent, from the lower sales quantity. This is the result noticed from the second quarter onwards. The first reason was partly from the slow global economic conditions which having an impact to the export quantity. The second reason was the tensed competition for food bag from other manufacturers, as such, lower orders were seen. However, the company has discussed with new customers and activity to develop the new products is on the way and started to see the new sales from the 4th quarter. We have seen the higher sales quantity in this quarter, comparatively. Additionally, the sales value was getting worse by the continuous appreciation of Thai baht against US dollar thru out the year 2018, thus, the revenue from sales had been decreased substantially.
2. Cost of sales decreased by 102.62 million Baht or 7.40 percent, reflected from the lower sales quantity. Since then, the company still focused to control the production cost and other expenses as well as those of variable costs, therefore, the company have seen the reduction of production cost in all products produced. Unfortunately, the portion of sales decreased mainly from the revenue of food bags which provided a better gross margin ,as such, the gross profit for this year had been reduced by 150.15 million Baht, less by 17.40 million baht or 10.38 percent.
3. Total selling and administrative expenses were increased by 2.16 million Baht or 2.10 percent, mainly from the increasing of the administrative expenses from the provisions for employee benefit, stipulated in the recent regulation effective from 5 May 2019 onwards. Proportionately, the selling expenses were decreased from the lower sales and export expenses which was tallying with the lower sales quantity.
4. Finance costs decreased by 0.69 million Baht or 6.08 percent, from the conservative management policy of the company short-term loans.
5. Other income and gain on exchange rate were increased by 1.85 million Baht or 8.97 percent, mainly from the increase of the gain on exchange rate from prudent hedging activity.
6. Tax expenses were increased by 5.00 million Baht or 225.23 percent. This is the impact of the expiration of the accumulated loss in 2019. Income tax decreased by 9.86 million Baht or 87.96 percent from the decrease of the deferred tax assets recording which is the outcome from the temporary difference between the accounting and the tax base basis.
7. In summary, the revenue of sales decreased from lower sales quantity and the selling price were decreased from the strengthening of Thai Baht. As a result, the gross profit was decreased by 17.40 million Baht or 10.38 percent. Worsening up by the increasing of the administrative expenses from the provision of employee benefit and increasing of the tax expenses, then, added up by the other income and gain on exchange rate, finally, the overall net profit of 50.98 million Baht were recorded for year ended December 31, 2019. This net profit was decreased by 31.87 million Baht or 38.47 percent when compared to the 82.85 million baht for the same period of 2018. The 4<sup>th</sup> quarter performance or net profit were recorded at 21.66 million Baht, significantly increasing when compared with the other quarters this year, mainly contributed from the higher sales quantity as explained above.

For your acknowledgement.

Yours Sincerely,

Signature \_\_\_\_\_  
(Mr. Pisuth Lertvilai)  
Deputy Managing Director