

No. AC004/2020 (PPP)

14 February 2020

Subject: Clarification on the difference of the profit (loss) from the same period of the previous year

To: Director  
Listing & Disclosure Department, The Stock Exchange of Thailand.

According to the Company and its subsidiaries' business operational results for the year ended 31 December 2019, the net profit of the Company and its subsidiaries was Baht 131.25 million, increasing from the previous year by Baht 73.88 million or 128.78%. Such change was due to the Company's subsidiary's disposal of land and buildings not used for operation generating profit from assets sale in the amount of Baht 71.59 million. The Company also disposed of machineries and equipment of Sanko roof products generating profit in the amount of Baht 7.72 million. In addition, due to change in employment law, the Company and its subsidiaries recognized an increase in post-employment benefit scheme as Past Service Cost in the amount of Baht 15.87 million. If excluding the above-mentioned items, the operating profit of the Company and its subsidiaries was Baht 67.81 million, increasing from the previous year by Baht 10.44 million. Such result represents the difference of the Company and its subsidiaries' business operational results for this period from the same period of the previous year of more than 20%. Key changing items are as follows:

1. The revenue from sale and service of the Company and its subsidiaries was Baht 1,329.05 million, decreasing from the previous year by Baht 0.47 million or 0.04%. The revenue from sale of water solutions products decreased by Baht 78.96 million. The revenue from sale of environmental conservation products and solar roof products increased by Baht 73.67 million. The revenue from sale of electricity of the Company's subsidiary increased by Baht 4.82 million. The gross profit margin was at 34%, close to the previous year.
2. The selling expense of the Company was Baht 180.23 million. The ratio of selling expense to sales and services revenue was at 16.63%, increasing from the same period of the previous year by 16.58% due to the increase of personnel to accommodate sales task of the Company.
3. The administrative expense of the Company was Baht 147.04 million, increasing from the same period of the previous year by Baht 6.68 million. The key items were allowance for doubtful accounts which was increased by Baht 6.26 million (such accounts are certain construction contract customers with delay payment which are now under the Company's debt collection process), R&D expenses which was increased by Baht 1.11 million according to new products development plan and other expenses which was decreased by Baht 0.69 million.

4. The financial expense of the Company was Baht 7.19 million, decreasing from the previous year by Baht 0.45 million due to the repayment of long term loan which decreased principal amount.
5. The income tax receivable of the Company was Baht 7.26 million, being the deferred income tax which mostly arise from reserves for long term employees benefit and accumulated loss.
6. According to the business operational results of the Company's subsidiary (Infinite Green Co., Ltd.) for this period, the profit for the period was Baht 152.22 million which includes profit from disposal of assets not used for operation in the amount of Baht 71.59 million. Therefore, the operating profit before such profit from disposal of assets was Baht 80.63 million, increasing from the same period of the previous year by Baht 9.82 million. In the period, the total revenue from sale of electricity was Baht 246.79 million, increasing from the same period of the previous year by Baht 4.82 million. The gross profit margin was at 62.43%. The administrative expense decreased by Baht 12.36 million due to the decrease in reserve for deteriorated solar panel by Baht 12.41 million comparing to last year. The financial expense decreased by Baht 6.90 million due to the repayment of long term loan which decreased principal amount. The income tax expense was Baht 13.74 million, increasing from the previous year as a result of BOI benefit of 50% tax exemption for Ta Maprang power plant and profit from disposal of assets not used for operation which was not tax exempted.

Please be informed accordingly.

Yours faithfully,

-Signed-  
Mrs. Pensri Dettingeng

Authorized Person

Premier Products Public Company Limited