

AJA.023/2019

November 14<sup>th</sup>, 2019

Subject Management Discussion and Analysis of the Consolidated Financial Statements of Quarter 3  
(2019)

To Committee and Manager  
The Stock Exchange of Thailand

As the resolution of Board of Director Meeting of AJ Advance Technology Public Co., Ltd. ("Company") No.19/2019 on November 14<sup>th</sup>, 2019 approved the financial statement of Quarter 3/2019 for period 9 months ended September 30<sup>th</sup>, 2019 which had the net loss attributable to owners of the parent at 296.68 million Baht. If compared with the operation result of same period last year, company had the net profit at 5.22 million Baht which was loss decreased at 291.46 million Baht or 5,581.42 percent.

Company would like to report the operation result of Quarter 3/2019 for period 9 months ended September 30<sup>th</sup>, 2019 about the change that more than 20 percent when compared with same period last year. The main reasons are as follows.

1. Total income was 350.25 million Baht which decreased at 250.44 million Baht or 41.69 percent when compared with same period of last year at 600.69 million Baht. Total income had changed by income categories as follows.

Unit : million Baht

Total income by category	Quarter 3 2019	Quarter 3 2018	Increase (Decrease)	Change percentage
Revenue from sales of goods				
- Electric appliance including parts	142.14	341.12	(198.98)	(58.33)
- Mobile phone, including parts	125.70	141.23	(15.53)	(11.00)
- Others	55.53	48.40	7.13	14.73
<b>Total Revenue from sales of goods</b>	<b>323.37</b>	<b>530.75</b>	<b>(207.38)</b>	<b>(39.07)</b>

Total income by category	Quarter 3 2019	Quarter 3 2018	Increase (Decrease)	Change percentage
Revenue from rendering of services	17.94	10.79	7.15	66.27
Net foreign exchange gains	0.35	0.34	0.01	2.94
Other Income	8.59	58.81	(50.22)	(85.39)
<b>Total Income</b>	<b>350.25</b>	<b>600.69</b>	<b>250.44</b>	<b>(41.69)</b>

Nevertheless from the table above Total Revenue from sales of goods revenue decreased was 207.38 million baht or 39.07 percent when compared with same period of last year at 530.75 million baht. The main reason is that the company has sold electrical appliances including parts decreased at 198.98 million baht or 58.33 percent such as DVD players ,Blu-ray are replaced by mobile phones (Smart Phone) due to that the current consumer behavior has changed. For the sold of mobile phones and accessories which the subsidiary (Siam Advance Electronic Co., Ltd.) decreased at 15.53 million baht or 11.00 percent due to the change of distribution channels by distributing to retail customers in order to increase the customer base which will good result in long-term sales. And other income decreased at 50.22 million or 85.39 percent from the previous year. The Company recognized gain on sale of investment in a somewhere a company, which is shown under other income worth 43.02 million baht and this year there is no transaction as above.

2. The cost of sales of goods was 266.66 million Baht or 82.46 percent of the revenue from sales of goods. The ratio of cost of sales of goods per revenue from sales of goods increased at 12.08 percent when compared with same period of last year at 70.38 percent. The main reason is that the company has adjusted the selling price of electrical appliances and some mobile phone models that are slow-moving products. In order to release long-standing product and to reduce impairment of inventories.

3. The Cost of service was 10.33 million baht or 57.57 percent of revenue from services. The ratio of cost of service to revenue from services decreased at 34.85 percent when compared with same period of last year at 92.42 percent. The main reason was due to the group of companies able to better manage the cost of services. In addition, revenue from services in the business of the group company increased.

4. Impairment losses on investment was 185.51 million baht, or 52.96 percent of total income, increasing in whole amount. When compared to the same period of the last year. due to at the end of quarter 3/2018, The company had investments in foreign funds and the Net Asset Value of investments significantly decreased ,therefore setup allowance for impairment of that investment.

Please be informed accordingly.

Sincerely Yours,



(Mrs. Prangthip Chanvisitsak)

Company Secretary