

February 13, 2020

Subject : Management Discussion and Analysis regarding METCO's performance
for the period of quarter 1, ending December 31, 2019

Attention: Directors and Manager of the Stock Exchange of Thailand

Following the submission to the Stock Exchange of Thailand by Muramoto Electron (Thailand) Public Company Limited of its financial statements for the period of quarter 1, ending December 31, 2019, the Company wishes to report Management Discussion and Analysis regarding its performance for the said period, in which the Company and its subsidiary Net profit of 34.53 million baht, an increase 58.26 million baht, or increase 245.54% from the same period of the prior year, as follows;

1. The Company and its subsidiary earned, in this quarter, an income from sales amount 2,713.43 million baht, a decrease of 183.28 million baht, or decrease 6.33% from the same period of the prior year. The reduction of sales amount due to the decline of current Ink jet Printer and automotive audio product such as Blu Ray and Car Center Panel Unit.
2. The Company and its subsidiary earned, in this quarter, a gross profit amount 143.00 million baht, gross profit increase 81.48 million baht from the same period of the prior year which gross profit amount 61.51 million baht.
3. A selling and administration expenses of the Company and its subsidiary were decrease 14.22 million baht from the same period of last year. The Company target to reduce the fixed expenses also to strictly continue controlling of total expenses.
4. The Company and its subsidiary gain on exchange amount 2.20 million baht in this quarter, compared to 16.47 million baht gain on exchange from the same period of last year.
5. Coronavirus risk
The coronavirus outbreak in China at the end of January, 2020 still ongoing spread. The Chinese government has launched a policy to extend the Chinese New Year holiday 9th February. Unfortunately, since electrical parts suppliers in China cannot foresee when they will be able to resume operating. In this regards, we expect that the supply chain of parts for our mainstay products, such as EPSON printers, keyless entry products, and car audio panels, will be stopped from late in February.

While we are promoting measures such as alternative imports, the prospects are bleak, and we expect that the stoppage of our production lines is unavoidable under continuously these circumstances. As a result, we are afraid this will have a significant impact on our net income for this year.

As the schedule for normalization of parts supply from China is completely uncertain, we do not know how much it will affect in the future, but we will collect information and make efforts to restore normal operations.

That is all about our report on the risk of shutdown due to the coronavirus situation.

The Company provides this information for clarification to the Stock Exchange of Thailand and for disseminated to all market investors

Sincerely,

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(Mr. Ichiro Nishimura)
Director