

Ref.: EFORL IR046/2020

November 20, 2020

Subject: Management Discussion and Analysis in the third quarter ending 30 September 2020

To President
 The Stock Exchange of Thailand

1. Overview financial performance of E for L Aim Public Company Limited (“EFORL” or “the Company”) and its subsidiaries (collectively as “the Companies”) for Q3/2020

Financial performances Comparison is as follows:

(Unit: Thousand Baht)

Consolidate F/S	Q3/2020	Q3/2019	Δ%	Q2/2020	Δ%	Q1/2020	Δ%
Revenues from sales of medical equipment and services	450,374	471,226	-4%	431,618	4%	301,848	49%
Revenues from sales and beauty treatment services	2,513	37,511	-93%	3,568	-30%	22,202	-89%
Interest income	116	1,881	-94%	82	41%	298	-61%
Other income	2,835	8,810	-68%	3,852	-26%	4,339	-35%
Total revenues	455,838	519,428	-12%	439,120	4%	328,687	39%
Profit (loss) before interest and income tax	64,154	(19,757)	425%	27,930	130%	(767,358)	108%
Margin	14%	-4%		6%		-233%	
Profit (loss) before income tax	47,084	(46,724)	201%	11,138	323%	(788,443)	106%
Margin	10%	-9%		3%		-240%	
Profit (loss) for the period	30,937	(59,449)	152%	960	3,123%	(649,014)	105%
Margin	7%	-11%		0.2%		-197%	
Profit (loss) for the period attributable to equity holder of the company	54,226	(10,892)	598%	18,494	193%	(391,713)	114%
Margin	12%	-2%		4%		-119%	

"Excellence for Life"

Financial performance in Q3/2020

Total revenue of EFORL and its subsidiaries in Q3/2020 was THB 456 million decreased by 12% in comparison with the same period at the previous year and increased by 4% compared to the last quarter. It derived from:

- Revenues from sales and services of medical equipment in Q3/2020 were THB 450 million decreased by 4% in comparison with the same period at the previous year, due to the delay approval process of budget expenditure of the government for the 2020 fiscal year.
- Revenues from sales and beauty treatment services in Q3/2020 were THB 3 million decreased by 93% in comparison with the same period at the previous year. Revenues in Q3/2020 derived from selling product via online channel. The main reason is that the beauty clinic business has impacted on the Coronavirus 2019 (“COVID-19”) outbreak caused Wuttisak Clinic Intergroup Co., Ltd. has closed all branches to comply with the measurement of the government bringing about the significantly impact to insufficient working capital.

2. Financial Performance Summary – by business

(Unit: Thousand Baht)

Revenues by business	Q3/2020	Q3/2019	Δ%	Q2/2020	Δ%	Q1/2020	Δ%
Distributor of medical devices and equipment	449,095	452,572	-1%	430,615	4%	301,627	49%
Margin	180,836	168,235	7%	154,098	17%	115,259	57%
Beauty services	3,795	56,165	-93%	4,571	-17%	22,423	-83%
Margin	(3,473)	(8,358)	-58%	(14,430)	-76%	(22,055)	-84%

(Unit: Thousand Baht)

Revenues by business	Nine-Month/2020	Nine-Month/2019	Δ%
Distributor of medical devices and equipment	1,181,337	1,349,593	-12%
Margin	450,193	495,607	-9%
Beauty services	30,789	133,419	-77%
Margin	(39,958)	(41,951)	-5%

Distributor of medical devices and equipment business

Distributor of medical devices and equipment business has been operated by the Company and Spacemed Company Limited (subsidiary). Revenues from sales and services from distributor of medical devices and equipment at the third quarter was THB 450 million decreased by 1% in comparison with the same period at the previous year, due to the delay approval process of budget expenditure of the government for the 2020 fiscal year.

Gross margin in Q3/2020 from distributor of medical devices and equipment business was THB 181 million increased by 7% compared to the same period in the previous year. Gross margin accounted to 40% and the proportion of revenues from distributor of medical devices and equipment business by total revenues was 99%.

Beauty service business

Beauty service business has been operated by Wuttisak Clinic InterGroup Co., Ltd. (held shares by WCI Holding PCL) and Siam snail Co., Ltd. (Subsidiary). Revenues from beauty service in Q3/2020 were THB 4 million decreased by 93% compared to the same period in the previous year mainly due to the impact of the Coronavirus 2019 (“COVID-19”) outbreak, the government has strictly controlled the situation by closing the potential risk business including beauty clinic. These measurements directly affect with the business of Wuttisak Clinic InterGroup Co., Ltd. (“Wuttisak Clinic” or “WCIG” indirect subsidiary, hold share by WCI Holding PCL) to close all branches resulting in lack of service income and seriously lack of working capital and personnel shortage. This causes a material adverse effect on WCIG’s operations. After assessment the situation, the current Board of Directors of WCIG has submitted a petition for business rehabilitation to the Central Bankruptcy Court on 24 April 2020.

Loss margin from beauty service business in Q3/2020 was THB 3 million or decreasing loss by 58% in comparison with the same period in the previous year. Negative gross margin accounted to -109% and the proportion of revenues beauty service business per total revenues was 1%.

3. Key Highlights for performance for the third quarter 2020 and 2019

(Unit: Thousand Baht)

Consolidate F/S	Q3/2020	Q3/2019	Δ%	Nine-Month/2020	Nine-Month/2019	Δ%
Revenues from sales of medical equipment and services	450,374	471,226	-4%	1,183,840	1,397,200	-15%
Revenues from sales and beauty treatment services	2,513	37,511	-93%	28,283	85,812	-67%
Total revenues from sales and services	452,887	508,737	-11%	1,212,123	1,483,012	-18%
Costs of sales of medical equipment and services	(271,205)	(314,062)	-14%	(724,054)	(884,141)	-18%
Costs of sales and beauty treatment services	(6,797)	(34,062)	-80%	(77,436)	(145,536)	-47%
Total costs of sales and services	(278,002)	(348,124)	-20%	(801,490)	(1,029,677)	-22%
Gross margin	174,885	160,613	9%	410,633	453,335	-9%
Interest income	116	1,881	-94%	496	6,446	-92%
Other income	2,835	8,810	-68%	11,026	22,732	-51%
Selling expenses	(66,742)	(125,246)	-47%	(217,231)	(327,877)	-34%
Administrative expenses	(47,056)	(65,815)	-29%	(170,588)	(215,425)	-21%
Loss on impairment of assets and intangible assets	116	-	N/A	(709,610)	-	N/A
Finance costs	(17,070)	(26,967)	-37%	(54,947)	(83,423)	-34%
Profit (loss) before income tax	47,084	(46,724)	201%	(730,221)	(144,212)	-406%
Income tax income (expense)	(16,147)	(12,725)	27%	(28,720)	(39,665)	-28%
Reversal of deferred tax liability	-	-		141,824	-	N/A
Profit (loss) for the period	30,937	(59,449)	152%	(617,117)	(183,877)	-236%
Profit (loss) for the period attributable to						
Equity holder of the Company	54,226	(10,892)	598%	(318,993)	(46,952)	-579%
Non-controlling interests	(23,289)	(48,557)	-52%	(298,124)	(136,925)	118%
Key Financial Ratios						
Gross profit margin	38.6%	31.6%	7.0%	33.9%	30.6%	3.3%
SG&A as % to sales	25.1%	37.6%	-12.4%	32.0%	36.6%	-4.6%
Net profit margin	6.8%	-11.7%	18.5%	-50.9%	-12.4%	-38.5%
Net profit margin (Portion of the Company's shareholders)	12.0%	-2.1%	14.1%	-26.3%	-3.2%	-23.2%

Revenues from sales and services

Revenues from sales and services in Q3/2020 were THB 453 million decreased by 11% comparing to same period at the previous year.

Gross margin

Gross margin in Q3/2020 was THB 175 million increased by 9% comparing to the same period at the previous year. Gross profit margin ratio in Q3/2020 was 39% increased by 7% comparing to the same period at the previous year.

Selling and Administrative Expenses

Selling and Administrative expenses in Q3/2020 were THB 114 million consisting of selling expenses (THB 67 million) and administration expenses (THB 47 million). Selling expenses and Administrative expenses in Q3/2020 decreased by 77% comparing to the same period at the previous year. Selling and Administrative expenses as percentage to sales in Q3/2020 were 25% decreased by 12% comparing to the same period at the previous year. This came from the indirect subsidiary temporary closed all branches of which it does not bear burden cost.

Financial costs

Financial costs in Q3/2020 were THB 17 million decreased by 37% compared to the same period at the previous year.

Net income/ Loss

In Q3/2020, the net profit of EFORL and its subsidiaries was THB 31 million or increased by 152% comparing to the same period at the previous year. Net profit margin ratio was 7. Profit for the period attributable to Equity holder of the Company was THB 54 million and net profit margin (Portion of the Company's shareholders) ratio was 12.

According to statement of financial position as of 30 September 2020, equity attributable to the Company's shareholders – net is 719. This came from WCIH's investment portion in WCIG to decrease from 100% to 20% (the company's remaining participation is 11.20%). However, WCIH still has control over WCIG as WCIH's directors, juristic person with controlling power, are the same directors of WCIG. WCIH therefore must continue including WCIG in its consolidated financial statements which affect the inclusion in the consolidated financial statements of the Company. The effect from decreasing investment portion in WCIG was THB 685 million presented as "difference from change in proportion of investment in subsidiary and indirect subsidiary" of THB 860 million consisting of difference from change in proportion of subsidiary's investment of THB 175 million and indirect subsidiary of THB 685 million.



According to Loan of Wuttisak Clinic to TPN 2018 Co., Ltd. totaling of Baht 100 million, the Company would like to report the progress of this transaction that Wuttisak Clinic currently appoints lawyer to take legal action to force TPN to pay its debts.

Please be informed accordingly.

Yours sincerely,

Preecha Nuntnarumit

(Mr. Preecha Nuntnarumit)

Chief Executive Officer