

TWZ006/2022

February 25, 2022

Subject: Management Discussion and Analysis for the year ended December 31, 2021

To: Secretary,
Securities and Exchange Commission, Thailand

With the TWZ Corporation Public Company Limited (the "Company") has submitted consolidated financial statement of the Company and its subsidiary for the year ended December 31, 2021 which was reviewed by authorized auditor. The Company and its subsidiaries wishes to clarify the operation result of the Company and its subsidiary when compared to the same period in 2019 as follows:

Operating Results

In 2021, the company and its subsidiaries had total revenue Baht 3,445.89 million, increased from Baht 3,302.38 million in the same period which was Baht 143.51 million or equivalent to increase of 4.35%, as follows

- Revenues from sales and services. The company and its subsidiary's has revenues from sales and services was Baht 3,412.84 million for the year 2021 increased from Baht 3,247.54 million of the same period last year which was Baht 165.30 million or equivalent to the increase of 5.09 %. Because in the year 2021, the company was hit by the Covid-19 epidemic, resulting in lower sales revenues. In 2021, in addition to revenue from the sale of mobile phones and accessories The company also generated income from the electric vehicle business of Baht 69.72 million, revenue from real estate development projects of Baht 160.65 million, and income from investment properties of Baht 11.48 million baht.
- Sales support income was Baht 13.12 million decreased from Baht 28.96 million of the same period last year which was Baht 15.84 million or equivalent to the decrease of 54.70 %. Because the company has arranged marketing activities in order to accelerate the distribution of mobile phones and accessories. Therefore, it is supported to reduce sales from distributors according to the promotions that the distributors set as well.
- Other income was Baht 19.93 million which was 0.58 % of Total revenue decreased from Baht 25.88 million of the same period last year which was Baht 5.95 million or equivalent to the decrease of 22.99 %. Other income of the company in 2021 mainly consists of Profit from foreign exchange rates Interest earned on fixed deposits and interest received under the financial lease agreement
- The cost of sales and services was Baht 3,095.51 million increase from Baht 2,953.99 million of the same period last year. Because in 2021, the Company and its subsidiaries' revenues from sales and services increased from the previous year.

- Distribution costs were Baht 63.20 million decreased from Baht 63.25 million of the same period last year. The company has Distribution costs to total revenue was 1.83% and 1.92 % in 2021 and 2020 respectively.
- Administrative expenses were Baht 142.40 million decreased from Baht 142.54 million of the same period last year, which Administrative expenses to total revenue of the Company accounted for 4.13% and 4.32% in 2021 and 2020, respectively.
- Finance cost was Baht 123.94 million decreased from Baht 147.77 million of the same period last year. which was Baht 23.83 million or equivalent to the decrease of 16.13%, Which is the result of borrowing in the normal operation of the company.
- Share of profit (loss) from investments in associates amounted to 24.92, increasing from a loss of Baht 0.39 million in the previous year. Arising from the investment in Advance Mobility Company Limited for holding 31.17% of the shares to operate electric vehicle business.
- Income tax expenses in 2021 was Baht 9.93 million increased from Baht 3.92 million of the same period last year which was Baht 6.01 million because the operating result as described above.
- An amount of net loss was approximately Baht 35.83 million which was deducted by a deficit of non-controlling interests at Baht 3.00 million Accordingly total net loss was Baht 38.83 million. because the company and its subsidiaries have the operating results as mentioned above.

Financial Status

The total assets of the Company in 2021 were Baht 6,497.95 million increased from Baht 5,758.67 million of the same period last year which was Baht 739.28 million or equivalent to the increase of 12.84%. The Company's total assets at the end of year 2021 consisted of current assets with the portion of 82.46% and non-current assets with the portion of 17.54%. The Company's major assets were summarized as follows:

- Accounts receivable of the Company were Baht 1,733.35 million decreases from Baht 1,734.02 million of the same period last year. Most of the Company's trade accounts receivable are account receivables arising from the sale of mobile phones and accessories. Other receivables for most operations consist of Advance payments for purchases of goods Other receivables Prepaid expenses accrued income Operating Advances and accrued interest.
- Inventories of the Company and its subsidiaries consisting of mobile phones and accessories including waste that is raw materials for electricity generation of subsidiaries. Inventories were Baht 2,058.24 million in the year 2021, which increased from Baht 1,781.64 million in the last year was Baht 276.60 million or increase 15.53%. In 2020, there is no electric vehicle inventories. and mobile phone inventories and accessories according to the company's product management policy Currently, the cost of mobile phone products per unit is higher than in the past year.
- Other current assets in 2021 amounted to Baht 272.36 million, decrease from Baht 336.05 million from the previous year was Baht 63.69 million baht or 18.95% due to the classification of deposits for machinery in the power generation and distribution business with energy. Plasma is another non-current asset.

- Non-current assets or asset classes to be disposed of classified as assets held for sale amounting to Baht 3.95 million, decreased from Baht 180.25 million because in 2021 the company sold real estate development projects.
- Investments in subsidiaries and associates amounted to Baht 75.80 million, an increase from Baht 50.39 million from the previous year was Baht 25.41 million or an increase of 50.43% because the company received a share of profit from the associated company.
- Right-of-use assets amounted to Baht 51.33 million, increase from Baht 8.50 million from the previous year was Baht 42.83 million. Consideration of lease contracts shall be in accordance with Thai Financial Reporting Standard No. 16.
- Goodwill was Baht 63.29 million, decrease from Baht 66.31 million from the previous year was 3.02 million baht due to impairment of goodwill from investments that the company invested in Piyachart Company Limited, a subsidiary doing real estate business.
- Other non-current assets amounted to Baht 79.86 million, increased from Baht 22.95 million from the previous year was Baht 56.91 million due to the classification of deposits for machinery in the business of producing and selling electric power with energy. Plasma comes from other current assets.

Liquidity

The company and its subsidiaries have cash and cash equivalent as December 31, 2021 was Baht 911.30 million increases from the year ended of 2020 amount Baht 560.13 million or equivalent to the increase of 159.50%. The details of the sources and uses of cash as follows

- Net cash provided from operating activities was Baht 157.68 million. Mainly due to Increase inventories and payment of operating interest.
- Net cash used from investing activities was Baht 123.55 million. Mainly due to cash received from the sale of assets held for sale.
- Net cash provided from financing activities was Baht 594.26 million. Mainly due to the cash received from the issuance of the issued capital. advance payment of the issued capital and cash received from the issuance of convertible debentures.

Current ratio of the Company in year 2020- 2021 equaled to 2.27 times and 2.74 times, respectively. The Company has current assets in cash and cash equivalents. and increased inventories and current liabilities for bank overdrafts and short-term loans from financial institutions decreased.

Source of Capital

The total liabilities of the Company as of December 31, 2021, amounted to Baht 2,437.49 million decreased from the year 2020 was 10.61%. reduction of such debt This was mainly due to decrease in bank overdrafts and short-term loans from financial institutions. while the shareholders' equity of the Company was Baht 4,060.46 million, resulting in the debt to equity ratio of 0.60 times, decrease from 0.90 times in 2020.

Please be informed accordingly.

Yours Faithfully,

(Mr.Teerayot Suthisamdaeng)

Deputy Managing Director