

TWZ004/2023

February 24, 2023

Subject: Management Discussion and Analysis for the year ended December 31, 2022.

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, 2022 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 2021 as follows:

Operating Results

In 2022, the company and its subsidiaries had total revenue Baht 3,426.92 million, increased from Baht 3,322.85 million in the same period which was Baht 104.07 million or equivalent to increase of 3.13%, as follows

- Revenues from sales and services. The company and its subsidiary's has revenues from sales and services was Baht 3,398.66 million for the year 2022 increased from Baht 3,293.31 million of the same period last year which was Baht 105.35 million or equivalent to the increase of 3.20 %. Because in the year 2021, the company was hit by the Covid-19 epidemic, resulting in lower sales revenues. In 2021, As a result, sales revenue decreased from the past.
- Sales support income was Baht 8.93 million decreased from Baht 9.61 million of the same period last year which was Baht 0.67 million or equivalent to the decrease of 7.03%. Because This income is derived from sales support from the dealer according to the promotions that the dealer determines as well.
- Other income was Baht 19.33 million decreased from Baht 19.93 million of the same period last year which was Baht 0.60 million or equivalent to the decrease of 3.01%. Other income of the company in 2022 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 3,109.67 million increase from Baht 2,972.47 million of the same period last year. Because in 2022, the Company and its subsidiaries' revenues from sales and services increased from the previous year.
- Distribution costs were Baht 62.77 million decreased from Baht 63.20 million of the same period last year. The company has Distribution costs to total revenue was 1.83% and 1.90 % in 2022 and 2021 respectively.
- Administrative expenses were Baht 123.07 million decreased from Baht 142.27 million of the same period last year, which Administrative expenses to total revenue of the Company accounted for 3.59% and 4.28% in 2022 and 2021, respectively.

- Finance cost was Baht 90.70 million decreased from Baht 123.94 million of the same period last year. which was Baht 33.24 million or equivalent to the decrease of 26.82%, Which is the result of borrowing in the normal operation of the company.
- Share of profit (loss) from investments in associates amounted to 3.91, decreasing from a loss of Baht 24.92 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 2022 was Baht 12.46 million increased from Baht 9.94 million of the same period last year which was Baht 2.53 million because the operating result as described above.
- An amount of net loss was approximately Baht 24.28 million which was deducted by a deficit of non-controlling interests at Baht 1.71 million Accordingly total net loss was Baht 25.99 million. because the company and its subsidiaries have the operating results as mentioned above.

Financial Status

The total assets of the Company in 2022 were Baht 6,097.92 million decreased from Baht 6,497.95 million of the same period last year which was Baht 400.03 million or equivalent to the decrease of 6.16%. The Company's total assets at the end of year 2022 consisted of current assets with the portion of 82.11% and non-current assets with the portion of 17.89%. The Company's major assets were summarized as follows:

- Accounts receivable of the Company were Baht 1,925.81 million increases from Baht 1,733.35 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 2,358.26 million in the year 2022, which increased from Baht 2,353.17 million in the last year was Baht 5.08 million or increase 0.22 %. The 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.
- The total amount of short-term loans from related parties decreased from the previous year amounting to Baht 5.00 million because the debts from related parties had already been repaid.
- Real estate development projects for rent under finance lease amounted to Baht 2.72 million, which decreased from Baht 10.04 million last year to Baht 7.32 million or a decrease of 72.94% because it was reclassified as a commercial real estate investment.
- Other current assets amounted to Baht 0.07 million, decreased of Baht 5.00 million from the previous year by Baht 4.93 million or decreased of 98.69% because the company received a security deposit from the redemption debenture.

- Other non-current financial assets amounted to Baht 5.51 million decreased from Baht 7.16 million from the previous year in the amount of Baht 1.66 million or decrease of 23.12% due to the decrease in fixed deposits of financial institutions.
- Assets arising from non-current contracts decreased in whole amount from the previous year in the amount of Baht 5.46 million because the company had already recognized it as the cost of services.
- Right-of-use assets amounted to Baht 40.52 million decreased from Baht 51.33 million from the previous year was Baht 10.81 million. Consideration of lease contracts shall be in accordance with Thai Financial Reporting Standard No. 16.
- Land leasehold rights amounted to Baht 4.33 million decreased of Baht 9.49 million from the previous year in the amount of Baht 5.16 million or decreased of 54.39% mainly arising from being classified as investment properties.

Liquidity

The company and its subsidiaries have cash and cash equivalent as December 31, 2022 was Baht 356.40 million decreased from the year ended of 2021 amount Baht 554.90 million or equivalent to the decrease of 60.89%.

The details of the sources and uses of cash as follows

- Net cash provided from operating activities was Baht 161.47 million. Mainly from interest payments from operations. An increase in trade and other current receivables.
- Net cash used from investing activities was Baht 7.37 million. Mainly from cash received from the repayment of loans to other parties or related parties.
- Net cash provided from financing activities was Baht 400.80 million. Mainly from cash payment for debentures.

Current ratio of the Company in year 2021- 2022 equaled to 2.75 times and 3.21 times, respectively. The Company's current assets in terms of cash and cash equivalents decreased. and current liabilities in the part of debentures

Source of Capital

The total liabilities of the Company as of December 31, 2022, amounted to Baht 2,010.71 million decreased from the year 2021 was 17.51 %. The decrease in such liabilities This was largely due to the decline in corporate bonds. While the company's shareholders' equity was Baht 4,087.21 million resulting in a debt to equity ratio of 0.49 times, down from 0.60 times in 2021.

Please be informed accordingly.

Yours Faithfully,

(Mr.Puttachat Rungkasiri)
Managing Director