



(TRANSLATION)

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February 26, 2020

Subject Explanation of the operating performance for the year 2019

To Managing Director

The Stock Exchange of Thailand

Pan Asia Footwear Public Company Limited would like to submit the report of Management Discussion and Analysis for the year ended 31 December 2019 which has been audited by the auditor this is caused by followings:

The Operating results of the company and its subsidiaries Explanation of the operating performance for the year 2019 as in the consolidate financial statement has net profit 47.69 Million Baht, decrease of 13.02 Million Baht or 21.44% comparing to the last year. Profit to equity holders of the parent is 37.75 Million Baht decrease of 15.31 Million Baht or 28.86% comparing to the same period last year, this is caused by followings:

Revenues

1. Revenue from hire of work 7.86 million baht was 22.98 million Baht or 74.50% decrease from the last year due to a subsidiary company stop operation 14.50 million baht and the customers had decrease orders from the production of shoes, bags and others.

2. Gain on sales of assets 0.49 million baht was 17.82 million baht or 97.32% decrease from the last year due to a subsidiary company stop operation therefore, sales of machinery and equipment manufacturing.

3. Other income 103.19 million baht was 40.02 million baht or 63.35% increase from the same period last year due to get payment from the auction of assets of Banpan Engineering and Holding Company Limited from Legal execution Department total 67.32 Million Baht increase from last year 29.48 million and the difference between the cash payment for purchase of investments and the net assets of Pek Industry Company Limited (subsidiary) 10.39 million baht

Expenses

1. Reversal Allowance for doubtful accounts by 0.83 million baht decreased from the last year 63.81 million baht due to in 2018, Footwear Tech 1530 Company Limited (subsidiary) received the debt back from the debtor, who already set up an allowance for doubtful debt.

2. Impairment loss on investments 5.97 Million Baht increase from the last year by 4.81 million baht due to allowance for impairment of investments in related parties are Nutrition House Company Limited 3.90 Million Baht , Thai Takaya Company Limited 1.63 Million Baht and Sahachol Foods Supplies Company Limited 3.89 Million Baht.

3. Impairment loss on fixed assets 0.83 Million Baht decrease 14.71 Million Baht or 94.48% from last year due to in 2018 Impairment of machinery and equipment of subsidiaries, Pontex (Thailand) Company Limited total amount 15 Million Baht

The consolidated financial statements of the group of businesses pose net profit of 47.69 million baht Equity holders of the parent is 37.75 million baht. The net profit per share is calculated at 0.07 baht per share. The separate financial statements shows the net profit of 43.05 million baht. The net profit per share is calculated at 0.08 baht per share.

Please be informed accordingly.

Yours faithfully,

(Mr. Sommat Khunset)

Managing Director