

**ELECTRONICS INDUSTRY PUBLIC COMPANY LIMITED**TH97/10561QM TW00/17276EM IATF 0060636
SGS TH07/1033349 SJ Infinite I Business Complex, Unit 1507, 15th Floor, Vibhavadi-Rangsit Road, Chompol, Chatuchak, Bangkok, 10900
Tel.02 075 5667-8 Fax.02 075 5669 Website: www.eicasia.net

(Translation)

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14 May 2020

Subject: Management Discussion and Analysis for the Performance for the three-month period ended 31 March 2020

To: President

The Stock Exchange of Thailand

The Board of Directors of Electronics Industry Public Company Limited (the “Company”) No.4/2020 convened on 14 May 2020 has passed a resolution to certify the financial statements and the performance for the three-month period ended 31 March 2020 which has been reviewed by the Auditor.

The overall of the Company’s performance can be summarised as follows:

(Unit : Thousand Baht)

Performance (Income Statement)	Q1/2020	Q1/2019	Increase/(decrease)	%
Revenue				
Revenue from sales	99,844	51,495	48,349	93.89
Revenue from services	1,967	25,685	(23,718)	(92.34)
Cost of Sale	(71,275)	(41,034)	30,241	(73.70)
Cost of Service	-	(14,789)	(14,789)	100.00
Gross Profit	30,536	21,357	9,179	42.98
Other Income	530	801	(271)	(33.83)
Profit before Expense	31,066	22,158	8,908	40.20
Selling Expenses	(27,162)	(12,173)	14,989	(123.13)
Administrative Expenses	(29,397)	(22,209)	7,188	(32.37)
Remunerations for directors and management	(4,571)	(5,466)	(895)	16.37
Reversal of allowance (provision) of doubtful accounts	(2,776)	4,712	(7,488)	100.00
Gain (loss) on exchange rate	9,368	(5,944)	(15,312)	257.60
Profit (loss) before Finance cost and Income Tax	(23,472)	(18,922)	(4,550)	24.05
Finance Costs	(4,135)	(1,755)	2,380	(135.61)
Profit (loss) before Income Tax	(27,607)	(20,677)	(2,170)	10.49
Income tax benefit (income tax)	(2,847)	(5,077)	(2,230)	43.92
Profit (loss) for the period	(30,454)	(25,754)	(4,700)	18.25
Other comprehensive income for the period	-	-	-	100.00
Comprehensive Profit (loss) for Year	(30,454)	(25,754)	(4,700)	18.25

Sales and cost of sales

Sales of goods can be grouped in 2 sectors as 1) producing and distributing of electronics parts and 2) selling foods and beverages. The details of sales and cost of sales are as below.

(Unit: Thousand Baht)

	Q1'20		Q1'19	
Producing and distributing electronics spare parts				
Income from sales of goods	62,602		39,503	
Cost of sales	<u>(52,303)</u>		<u>(35,454)</u>	
Gross profit	<u>10,299</u>	16%	<u>4,049</u>	10%
Selling food and beverages				
Income from sales of goods	37,242		11,992	
Cost of sales	<u>(18,972)</u>		<u>(5,580)</u>	
Gross profit	<u>18,270</u>	49%	<u>6,412</u>	53%

Sales from Producing and distributing electronics spare parts

Revenue from sales increased from year 2019, because of increased in diodes order from USA to substitute products from China. The proportion of revenue from sales increase by Baht 23 million and as a result of the gross profit margin growth to 16%.

Sales from selling food and beverages

Revenue from sales increased from year 2019. Because the recognition of revenue and cost of food business by started to recognize from Eastern Cuisine (Thailand) Company Limited and Crepe & Co. Development Company Limited in August 2019. The proportion of revenue from sales increased by Baht 25 million. In the other hand, because the effect of the announcement of the Bangkok Metropolitan Administration on 21 March 2020, subject "Order of Temporary Closure of Premises (No.2)" made the Company changed the sales channel to delivery and increased sales promotion by discount the price to be competitive, accordingly the gross profit margin dropped from the prior period about 4%.

Service and cost of service

Revenue from service and cost of service sharply decreased when compared with the same interval of last year, resulted from the Company sold investment in a subsidiary (S.Thana Media Company Limited) who provides service for rent and advertising production since August 2019. The proportion of revenue from service decreased by Baht 24 million or equivalent to 92%.

Selling expenses

	(Unit: Thousand Baht)		
	Q1'20	Q1'19	Inc/(Dec)
Employee costs	7,528	3,997	3,531
Rental, service fee and utilities expenses	8,406	5,623	2,783
Depreciation and amortisation	6,277	-	6,277
Others	4,951	2,553	2,398
Total	<u>27,162</u>	<u>12,173</u>	<u>14,989</u>

Selling expenses of the Group increased from year 2019 by Baht 15 million due to the recognition of expenses of new investment in Food Industry in January and August 2019. The most of selling expense is from advertising and sales promotion that also increased from the number of business.

Administrative expenses

	(Unit: Thousand Baht)		
	Q1'20	Q1'19	Inc/(Dec)
Employee costs	9,291	5,823	3,468
Professional fee	4,261	5,136	(875)
Rental and service fee	1,242	1,313	(71)
Depreciation and amortisation expenses	8,048	5,353	2,695
Others	6,555	4,584	1,971
Total	<u>29,397</u>	<u>22,209</u>	<u>7,188</u>

Administrative expenses of the Group increased from year 2019 by Baht 7 million mainly from employee costs and depreciation and amortisation expenses due to the recognition of expenses of new investment in Food Industry in January and August 2019. However, the consulting fee decreased in average by Baht 0.5 million per month due to the selling of investment in service for rent and advertising production business in August 2019.

Directors and Managements' remuneration

The remuneration decreased from year 2019 by Baht 0.9 million because the number of director and meeting less than prior period.

Allowance for doubtful accounts (Reversal)

In year 2019, the Company reversed allowance for doubtful accounts amounting to Baht 4.7 million due to the Company received partial payment of advances for share subscription from Khun Pornpan, as a result the allowance for doubtful account decreased when compared with prior year.

Gain (loss) on Exchange Rate

Gain on exchange rate increased from prior year because of the increase in export sales of electronic parts, especially from USA. When Baht depreciated, the subsidiary gained from exchange rate (Selling rate as at 2 January 2020: Baht 30.2826 per 1 USD, 31 March 2020: Baht 32.8298 per 1 USD).

Finance cost

Reporting Standards No. 16 “Leases” which are effective for annual accounting periods beginning on 1 January 2020. Under this standard specified that the Company must to book some rental agreement to financial lease, as a result interest expenses occurred about Baht 3 million.

Income tax

Income tax expenses decreased from prior year by Baht 2 million mainly from sold investment in S.Thana Media Company Limited. In Q1’2019, S.Than Media Company Limited gained from operation and recorded income tax expenses amounting to Baht 2 million. For Q1’2020, the most of income tax expenses is from the decreased in deferred tax asset of the reversal of allowance for loss on indemnity claims due to already paid.

Sincerely yours,

(Mr. Sirutt Ratanapaitoon)
Director/Chief Financial Officer