

TWZ014/2020

May 15, 2020

Subject : Management Discussion and Analysis for Quarter 1 Ending March 31, 2019.

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 Quarter 1 Ending March 31, 2020 which was reviewed by authorized auditor. The Company and its subsidiaries wishes to clarify the operation result of the Company and its subsidiary as follows:

Operating Results

For Quarter 1 Ending March 31, 2020, the company and its subsidiaries had total revenue Baht 968.93 million, increased from Baht 858.81 million in the same period which was Baht 110.12 million or equivalent to increase of 12.82%, as follows;

- Revenues from sales and services Baht 950.23 million, from increased Baht 823.09 million of the same period last year which was Baht 127.14 million or equivalent to the increase of 15.45%. Because in Quarter 1,2020 the company has revenue from sales of mobile phones and accessories increased from the same period of the previous year.
- Sales promotion income was Baht 7.25 million decreased from Baht 10.46 million of the same period last year which was Baht 3.21million or equivalent to the decreased of 30.69%. Because the company and its subsidiaries received lower sales support from suppliers.
- Others income was Baht 11.45 million decreased from Baht 25.26 million of the same period last year which was Baht 13.81 million or equivalent to the decreased of 54.67%. Because the company has profits from the sale of investments in Gear Corporation Company Limited.
- Cost of sales and services was Baht 864.76 million increased from Baht 736.05 million of the same period last year. Because the Company and its subsidiaries have more product distribution from the same period of the previous year.
- The cost of distribution was Baht 18.40 million, decreased from Baht 22.68 million in the same period of the previous year because the company was able to manage expenses efficiently. And administrative expenses in the amount of Baht 45.72 million, an increase of Baht 42.38 million in the same period last year. Because the subsidiary company has increased operating expenses.

- Finance cost was Baht 34.20 million increased from Baht 27.50 million of the same period last year which was Baht 6.70 million or equivalent to the increased of 24.36%.
- Income tax expenses was Baht 1.98 million of Quarter 1, 2020 decreased from Baht 7.95 million of the same period last year which was Baht 5.97 million because the operating result as described above.
- An amount of net profit was approximately Baht 3.87 million which was deducted by a deficit of non-controlling interests at Baht (0.26) million accordingly total net profit was Baht 4.13 million. A number of year-over-year decrease was around Baht 26.50 million which decrease from Baht 22.63 million in 2019. It can be seen that it decreased at 85.40% because the operating result as described above.

Financial Status

The total assets of the Company in Quarter 1, 2020 were Baht 5,335.79 million and as of December 31, 2019 were Baht 5,436.52 million decreased in amount of Baht 100.73 million or equivalent to the decrease of 1.85%. The Company's total assets at Quarter 1, March 31, 2020 consisted of current assets with the portion of 74.54% and non-current assets with the portion of 25.46% The Company's major assets were summarized as follows:

- Accounts receivable of the Company in Quarter 1, 2020 were Baht 1,584.35 million and as of December 31, 2019 were Baht 1,583.06 million increases in amount of Baht 1.29 million or equivalent to the increase of 0.08 %. Due to increase in trade receivables
- The inventory of the Company consisted of mobile phone and accessories Including waste that is a raw material for the production of electric power of its subsidiary were at the total amount of Baht 1,598.15 million in Quarter 1, 2020 and as of December 31, 2019 were Baht 1,606.88 million decreases in amount of Baht 8.73 million or equivalent to the decrease 0.54%.
- The Company and its subsidiaries are real estate development project for rental under financial lease agreement as of Quarter 1, 2020 in the amount of Baht 13.72 million, an decrease of Baht 21.08 million as at December 31, 2019 amounted to Baht 7.36 million baht or equivalent to the decrease of 34.91%. The Company's subsidiary has transferred its property development projects for lease under finance lease agreements to operate and Investment Property.
- The Company and subsidiaries have investment properties which have changed from property development projects for rent under financial lease agreements To enter into a short-term lease contract of Baht 117.40 million, an increase of Baht 104.80 million from the previous year, amounting to Baht 12.60 million or an increase of 12.02%.

Liquidity

The company and its subsidiaries have cash and cash equivalent as March 31, 2020 was Baht 255.73 million decreases from the same period last year amount Baht 69.91 million or equivalent to the decrease of 21.47%. The details of the sources and uses of cash as follows;

- Net cash provided from operating activities was Baht 0.79 million. Caused by the reduction of inventories.
- Net cash used from investing activities was Baht 55.07 million. Mainly due due to cash payment for shares.
- Net cash provided from financing activities was Baht 101.91 million. Mainly due to short-term loans from financial institutions.

Current ratio of the Company in March 31, 2020 equaled to 2.38 times. Whereby the Company and its subsidiaries have current assets and current liabilities decreased compared to December 31, 2019 with the current ratio of 1.78 times.

Source of Capital

As of March 31, 2020, the Company and its subsidiaries had total liabilities of Baht 2,319.40 million, while the shareholder's equity of the Company equal to Baht 3,016.39 million a result, debt to equity ratio was 0.77 times, decreased from 0.89 times as at December 31, 2019.

Please be informed accordingly.

Yours Faithfully,

(Mr.Kittipong Kittipassorn)

Director