

TWZ023/2020

August 14, 2020

Subject : Management Discussion and Analysis for Quarter 2 Ending June, 2020.

To : President,
The Stock Exchange of Thailand

With the TWZ Corporation Public Company Limited (the "Company") has submitted consolidated financial statement of the Company and its subsidiary for Quarter 2 Ending June 30, 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 2 Ending June 30, 2020, the company and its subsidiaries had total revenue Baht 574.26 million, decreased from Baht 929.77 million in the same period which was Baht 355.51 million or equivalent to decrease of 38.24%, as follows;

- Revenues from sales and services. Baht 564.39 million, from decreased Baht 896.93 million of the same period last year which was Baht 332.54 million or equivalent to the decrease of 37.08%. Because in Quarter 2,2020. The company was impacted by the Covid-19 pandemic, resulting in lower sales revenues.
- Sales promotion income was Baht 5.45 million decreased from Baht 13.04 million of the same period last year which was Baht 7.59 million or equivalent to the decrease of 58.21%. Because the company and its subsidiaries received lower sales support from distributors following the distribution.
- Others income was Baht 4.42 million decreased from Baht 19.80 million of the same period last year which was Baht 15.38 million or equivalent to the decrease of 77.68%. Mainly as a result of Interest income on fixed deposits, interest income on financial lease agreement and Foreign Exchange Gain.
- Cost of sales and services was Baht 529.48 million decreased from Baht 819.73 million of the same period last year. Because the Company and its subsidiaries have lower product distribution from the same period of the previous year.
- Selling expenses was Baht 11.83 million decrease from Baht 23.44 million of the same period last year was Baht 11.61 million or equivalent to the decrease of 49.53 % and administrative expenses was Baht 24.29 million decrease from Baht 47.53 million was Baht 23.24 million or equivalent to the decrease of 48.90%. Due to the decline in the amount of revenue from sales and services affected by the COVID-19 epidemic.
- Finance cost was Baht 26.05 million increased from Baht 25.90 million of the same period last year which was Baht 0.15 million or equivalent to the increase of 0.58%.

- Income tax expenses was Baht (3.53) million of Quarter 2, 2020 decreased from Baht 3.90 million of the same period last year which was Baht 7.43 million or equivalent to the decrease of 190.51%. Because the operating result as described above.
- Net loss was approximately Baht 13.86 million A number of year-over-year decrease was around Baht 9.27 million because the company and its subsidiaries have operating results as described above.

Financial Status

The total assets of the Company in Quarter 2, 2020 were Baht 5,410.01 million and as of December 31, 2019 were Baht 5,436.52 million decreased in amount of Baht 26.51 million or equivalent to the decrease of 0.49%. The Company's total assets at Quarter 2, June 30, 2020 consisted of current assets with the portion of 80.81 % and non-current assets with the portion of 19.19% The Company's major assets were summarized as follows:

- Accounts receivable of the Company in Quarter 2, 2020 were Baht 1,502.59 million and as of December 31, 2019 were Baht 1,583.06 million decreases in amount of Baht 80.47 million or equivalent to the decrease of 5.08%. The accounts receivable Because of the company decrease revenues from sales and services. Other accounts receivable from operations such as advance payments, goods, expenses, advance payment, accrued income, accrued income Deposits and guarantees.
- 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 1,699.75 million in Quarter 2, 2020 and as of December 31, 2019 were Baht 1,606.88 million increases in amount of Baht 92.87 million or equivalent to the increase of 5.78%.
- The Company and its subsidiaries are real estate development project for rental under financial lease agreement as of June 30, 2020 in the amount of Baht 10.04 million, an decrease of Baht 21.08 million as at December 31, 2019 amounted to Baht 11.04 million or equivalent to the decrease of 52.37%. The Company's subsidiary has transferred its property development projects for lease under finance lease agreements to operate and Investment Property.
- The Company and its subsidiaries have investment properties changed from real estate development projects for rent under financial lease agreements. For a short-term lease of Baht 123.70 million increased from Baht 104.80 million from the previous year The amount was Baht 18.90 million or an increase of 18.03% due to an increase in short-term lease.

Liquidity

The company and its subsidiaries have cash and cash equivalent as June 30, 2020 was Baht 253.61 million increases from the same period last year amount Baht 18.44 million or equivalent to the increase of 7.84 %. The details of the sources and uses of cash as follows;

- Net cash provided from operating activities was Baht 8.80 million. Mainly due to the increase in inventories.
- Net cash used from investing activities was Baht 113.98 million. Most of them arise from the payment of a share deposit.
- Net cash provided from financing activities was Baht 35.39 million. Mainly due of payment of short-term loans from financial institutions

Current ratio of the Company and its subsidiaries in June 30, 2020 equaled to 2.48 times. The current assets of the company and its subsidiaries in terms of cash and cash equivalents, bank overdraft and short-term loans to buy products decreased compared to the December 31, 2019, which has a current ratio of 1.95 times.

Source of Capital

As of June 30, 2020, the Company and its subsidiaries had total liabilities of Baht 2,407.61 million, while the shareholder's equity of the Company equal to Baht 3,002.40 million a result, debt to equity ratio was 0.80 times, decreased from 0.89 times as at December 31, 2019.

Please be informed accordingly.

Yours Faithfully,

(Mr.Kittipong Kittipassorn)

Director