

Ref.: EFORL IR037/2020

September 11, 2020

**Subject:** Management Discussion and Analysis Quarter 2 Ending 30 June 2020

**To** President  
The Stock Exchange of Thailand

1. Overview financial performance of E for L Aim Public Company Limited (“EFORL” or “the Company”) and its subsidiaries (collectively as “the Companies”) for Q2/2020

Financial performances Comparison is as follows:

THB'000	Q2/2020	Q2/2019	Δ%	Q1/2020	Δ%
Revenues from sales of medical equipment and services	431,618	440,596	-2%	301,848	43%
Revenues from sales and beauty treatment services	3,568	43,985	-92%	22,202	-84%
Interest income	82	2,381	-97%	298	-72%
Other income	3,852	7,251	-47%	4,339	-11%
<b>Total Revenues</b>	<b>439,120</b>	<b>494,213</b>	<b>-11%</b>	<b>328,687</b>	<b>34%</b>
<b>Profit / (Loss) before interest and taxation</b>	<b>27,930</b>	<b>(44,109)</b>	<b>163%</b>	<b>(767,358)</b>	<b>104%</b>
Margin	6%	-9%		-233%	
<b>Profit / (Loss) for the period</b>	<b>960</b>	<b>(84,511)</b>	<b>101%</b>	<b>(649,014)</b>	<b>100%</b>
Margin	0.2%	-17%		-197%	
<b>Portion of the Companies' shareholders</b>	<b>18,494</b>	<b>(26,632)</b>	<b>169%</b>	<b>(391,713)</b>	<b>105%</b>
Margin	4%	-5%		-119%	

Financial performance in Q2/2020

Total revenue of EFORL and its subsidiaries in Q2/2020 was THB 439 million decreased by 11% in comparison with the same period at the previous year and increased by 34% compared to the last quarter. It derived from:

*"Excellence for Life"*

- Revenues from sales and services of medical equipment in Q2/2020 were THB 432 million decreased by 2% in comparison with the same period at the previous year, due to the delay approval process of budget expenditure of the government for the 2020 fiscal year.
- Revenues from sales and beauty treatment services in Q2/2020 were THB 4 million decreased by 92% in comparison with the same period at the previous year due to the impact of the Coronavirus 2019 (“COVID-19”) outbreak. The beauty clinic business has been closed all branches to comply with the measurement of the government.

In 2Q/2020, the Company has net profit during the period of THB 0.96 million, increased by 101% comparing to the same period at the previous year. The main reason is due to the decrease in expenses of beauty business.

## 2. Financial Performance Summary – by business

Revenues by business THB '000	Consolidated		
	Q2/2020	Q2/2019	Δ%
Distributor of medical devices and equipment	430,615	451,157	-5%
Margin	154,098	163,818	-6%
Beauty services	4,571	33,424	-86%
Margin	(14,430)	(23,976)	-40%

Revenues by business THB '000	Consolidated		
	H2/2020	H2/2019	Δ%
Distributor of medical devices and equipment	732,242	897,021	-18%
Margin	269,357	327,372	-18%
Beauty services	26,994	77,254	-65%
Margin	(36,485)	(33,593)	9%

### Distributor of medical devices and equipment business

Distributor of medical devices and equipment business has been operated by the Company and Spacemed Company Limited (subsidiary). Revenues from sales and services from distributor of

medical devices and equipment at the second quarter was THB 431 million decreased by 5% in comparison with the same period at the previous year, due to the delay approval process of budget expenditure of the government for the 2020 fiscal year.

Gross margin in Q2/2019 from distributor of medical devices and equipment business was THB 154 million decreased by 6% compared to the same period in the previous year. Gross margin accounted to 36% and the proportion of revenues from distributor of medical devices and equipment business by total revenues was 98%.

### Beauty service business

Beauty service business has been operated by Wuttisak Clinic InterGroup Co., Ltd. (held shares by WCI Holding PCL) and Siam snail Co., Ltd. (Subsidiary). Revenues from beauty service in Q2/2020 were THB 5 million decreased by 86% compared to the same period in the previous year mainly due to the impact of the Coronavirus 2019 (“COVID-19”) outbreak, the government has strictly controlled the situation by closing the potential risk business including beauty clinic. These measurements directly affect with the business of Wuttisak Clinic InterGroup Co., Ltd. (“Wuttisak Clinic” or “WCIG” indirect subsidiary, hold share by WCI Holding PCL) to close all branches resulting in lack of service income and seriously lack of working capital and personnel shortage. This causes a material adverse effect on WCIG’s operations. After assessment the situation, the current Board of Directors of WCIG has submitted a petition for business rehabilitation to the Central Bankruptcy Court on 24 April 2020.

Loss margin from beauty service business in Q2/2020 was THB 14 million or decreasing loss by 40% in comparison with the same period in the previous year. Negative gross margin accounted to -316% and the proportion of revenues beauty service business per total revenues was 1%.

### 3. Key Highlights for performance for the second quarter 2020 and 2019

THB'000	Q2/2020	Q2/2019	Δ%	H1/2020	H1/2019	Δ%
Revenues from sales of medical equipment and services	431,618	440,596	-2%	733,466	901,307	-19%
Revenues from sales and beauty treatment services	3,568	43,985	-92%	25,770	72,968	-65%
<b>Total revenues from sales and services</b>	<b>435,186</b>	<b>484,581</b>	<b>-10%</b>	<b>759,236</b>	<b>974,275</b>	<b>-22%</b>

THB'000	Q2/2020	Q2/2019	Δ%	H1/2020	H1/2019	Δ%
Costs of sales of medical equipment and services	(259,732)	(279,108)	-7%	(452,849)	(570,079)	-21%
Costs of sales and beauty treatment services	(32,995)	(66,592)	-50%	(70,639)	(111,474)	-37%
<b>Total costs of sales and services</b>	<b>(292,727)</b>	<b>(345,700)</b>	<b>-15%</b>	<b>(523,488)</b>	<b>(681,553)</b>	<b>-23%</b>
<b>Gross profit</b>	<b>142,459</b>	<b>138,881</b>	<b>3%</b>	<b>235,748</b>	<b>292,722</b>	<b>-19%</b>
Interest income	82	2,381	-97%	380	4,565	-92%
Other income	3,852	7,251	-47%	8,191	13,922	-41%
Selling expenses	(72,837)	(114,508)	-36%	(150,489)	(202,631)	-26%
Administrative expenses	(45,019)	(78,114)	-42%	(123,532)	(149,610)	-17%
Loss on impairment of assets and intangible assets	(607)	-	100%	(709,726)	-	100%
Finance costs	(16,792)	(27,887)	-40%	(37,877)	(56,456)	-33%
<b>Profit (loss) before income tax</b>	<b>11,138</b>	<b>(71,996)</b>	<b>115%</b>	<b>(777,305)</b>	<b>(97,488)</b>	<b>697%</b>
Income tax income (expense)	(10,178)	(12,515)	-19%	129,251	(26,940)	580%
<b>Profit (loss) for the period</b>	<b>960</b>	<b>(84,511)</b>	<b>101%</b>	<b>(648,054)</b>	<b>(124,428)</b>	<b>421%</b>
Profit (loss) for the period attributable to						
Equity holder of the Company	18,494	(26,632)	169%	(373,219)	(36,060)	935%
Non-controlling interests	(17,534)	(57,879)	-70%	(274,835)	(88,368)	211%
<b>Key Financial Ratios</b>						
Gross profit margin	32.7%	28.7%	4.1%	31.1%	30.0%	1.0%
SG&A as % to sales	27.1%	39.8%	-12.7%	36.1%	36.2%	-0.1%
Net profit margin	0.2%	-17.4%	17.7%	-85.4%	-12.8%	-72.6%
Net profit margin (Portion of the Company's shareholders)	4.2%	-5.5%	9.7%	-49.2%	-3.7%	-45.5%

#### Revenues from sales and services

Revenues from sales and services in Q2/2020 were THB 435 million decreased by 10% comparing to same period at the previous year.

### **Gross margin**

Gross margin in Q2/2020 was THB 142 million increased by 3% comparing to the same period at the previous year. Gross profit margin ratio in Q2/2020 was 33% increased by 4% comparing to the same period at the previous year.

### **Selling and Administrative Expenses**

Selling and Administrative expenses in Q2/2020 were THB 118 million consisting of selling expenses (THB 73 million) and administration expenses (THB 45 million). Selling expenses and Administrative expenses in Q2/2020 decreased by 39% comparing to the same period at the previous year.

Selling and Administrative expenses as percentage to sales in Q2/2020 were 27% decreased by 13% comparing to the same period at the previous year.

### **Financial costs**

Financial costs in Q2/2020 were THB 17 million decreased by 40% compared to the same period at the previous year.

### **Net income/ Loss**

In Q2/2020, the net loss of EFORL and its subsidiaries was THB 0.96 million or increased by 101% comparing to the same period at the previous year. Net profit margin ratio was 0.2. Profit for the period attributable to Equity holder of the Company was THB 18 million and net profit margin (Portion of the Company's shareholders) ratio was 4.2.

According to Loan of Wuttisak Clinic. to TPN 2018 Co., Ltd. totaling of Baht 100 million, the Company would like to report the progress of this transaction that during Q4/2019 Wuttisak Clinic sent the notification letter to TPN requesting the debt payment. In addition, Wuttisak Clinic currently considers other plan/methods to follow up TPN to pay the debts.

Please be informed accordingly.

Yours sincerely,

*Preecha Nuntnarumit*  
(Mr. Preecha Nuntnarumit)  
Chief Executive Officer