



(TRANSLATION)

AF. 004 / 2021

March 1, 2021

Subject Explanation of the operating performance for the year 2020

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 2020 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 2020 as in the consolidate financial statement has net profit 90.19 Million Baht, increase of 42.50 Million Baht or 89.12% comparing to the last year. Profit to equity holders of the parent is 89.57 Million Baht increase of 51.82 Million Baht or 137.29% comparing to the same period last year, this is caused by followings:

Total revenues from the Company and its subsidiaries amounted to 637.50 million baht a decrease of 224.70 million baht or 26.06% from the previous year due to the revenue from sales of 590.18 million baht in 2020 a decrease of 161.04 million baht from the previous year or 21.44% The impact of covid-19 situation on the Company and its subsidiaries there was a decrease in orders from both domestic and overseas customers for about 3 months production capacity was 70%. Revenues from hire of work in 2020 amounted to 17.26 million baht an increase from the last year 9.39 million baht or 119.42% the most of the revenue is generated by subsidiaries earning from nose sewing and wiring box production. The Company and its subsidiaries profit there is gain on disposal of assets types of machinery and equipment that have a long service life and unable to use in production of 1.27 million baht or 259.88% Other income in 2020 amounted to 28.03 million baht a decrease from the last year by 74.10 million baht or 72.55% the main reason for the decrease is because in 2019 the company has income from debt collection of Ban Pan Engineering and Holding Company Limited in the amount of 67.32 million baht, the year 2020 is 4.04 million baht a decrease of 63.28 million baht or 93.99%, In 2019 the company has income from the stock investment income between the purchase price and the fair value of Pek Industries Co., Ltd. 10.39 million.



Total expenses of the company and its subsidiaries amounted to 635.64 million baht a decrease of 166.61 million baht from the last year or 20.77% decreased in proportion to revenue from sales and reduced from the cost reduction policy and increase the efficiency of the company and its subsidiaries.

In 2020, the impact of TFRS 9 Financial Instruments about Reversal(Doubtful Accounts) is recognized for credit loss amounting to Baht 8.50 million the Group has applied a simplified approach to determine the lifetime expected credit losses for trade account receivable and Reversal of doubtful debts in the amount of 0.61 million baht and loss from impairment of investments in related companies, Sahachol Foods Supplies Company Limited amounting to 1.35 million baht.

The realization of the gain on disposal of assets from the dissolution of the subsidiary of 107.25 million baht was caused by Footwear Tech 1530 Co., Ltd. (Subsidiary) registered to dissolve the business, Therefore, the Company recorded gain on disposal of assets recognized by the subsidiary in the financial statements of the subsidiary in the consolidated financial statements.

The consolidated financial statements of the group of businesses pose net profit of 90.19 million baht Equity holders of the parent is 89.57 million baht. The net profit per share is calculated at 0.17 baht per share. The separate financial statements shows the net profit of 61.50 million baht. The net profit per share is calculated at 0.11 baht per share.

Please be informed accordingly.

Yours faithfully,

(Mr. Sommat Khunset)

Managing Director