



Ref. OS 2020/005

February 17, 2020

Subject : Management Discussion and Analysis for the year 2019

To : The Director and Manager of The Stock Exchange of Thailand

SiS Distribution (Thailand) Public Company Limited and its subsidiaries would like to announce the Financial Report for the year ended December 31, 2019 which has been audited by certified Auditors. The details are as follows:

1) Total Revenue

Total revenue of the Company and its subsidiaries for the year of 2019 was 20,477 Million Baht, a decrease of 746 Million Baht or 3.5% from last year. This was from smartphone sales drop by 44.7% from last year. The reason were a slowdown in the new smartphone demand for replacement combined with high competition in the entry level smartphones in the market. Excluding the decline in Phone product group, all remaining products grew from last year.

2) Net Profit

Net Profit of the Company and its subsidiaries for the year of 2019 was 423 Million Baht, a decrease of 44 Million Baht or 9.5% from last year. The main reasons were as follows:

2.1 Selling and distribution expenses for the year of 2019 were 512 Million Baht, an increase of 14 Million Baht from last year from promotion and marketing expenses.

2.2 Administrative expenses for the year of 2019 were 346 Million Baht, an increase of 25 Million Baht from last year. This increase was mainly due to a change of legal severance pay rates for employees. Thus, the Company has to reserve long-term employee benefit liabilities of 19 Million Baht more for the year.

2.3 In 2019, the Company shared the 6.9 Million Baht loss from investment with Wiko Mobile (Thailand) Company Limited. Wiko continued to be affected by the intense competition in smartphone market which made sales decline significantly. However, they



have considered to reduce expenses to be in line with a situation change by focus on suitable models and channels.

Yours sincerely,

Mr. Somchai Sittichaisrichart
Managing Director