



ที่ APCO.002/2563

February 26, 2020

Subject: Management Discussion and Analysis (MD&A) for the year 2019

To: President and Manager, The Stock Exchange of Thailand

Asian Phytoceuticals Public Company Limited (“The Company”) would like to submit this Management Discussion and Analysis for the year 2019 ended 31 December 2019, with details as follow:

Statement of Comprehensive Income	2019 (Previous financial reporting Standard)	2019 (TFRS15)	2018	% Growth (Y-O-Y)	
	Million Baht	Million Baht	Million Baht	Increase (Decrease)	Percent
Sales	269.43	247.65	369.83	(122.18)	(33.04)
Total Revenue	276.11	254.33	376.45	(122.12)	(32.44)
Costs of sales	51.81	51.81	64.89	(13.08)	(20.16)
Selling expenses	74.56	52.79	114.39	(61.61)	(53.85)
Administrative expenses	78.17	78.17	80.41	(2.23)	(2.78)
Share of gain from investment in associate	0.79	0.79	0.89	(0.10)	(11.74)
Profit before tax expense	72.36	72.36	117.66	(45.30)	(38.50)
Tax expense	14.45	14.45	22.91	(8.46)	(36.92)
Profit for the year	57.90	57.90	94.75	(36.84)	(38.88)

Revenue

The company’s revenue for 2019 ended December 31, 2019 is 247.65 million baht, decreasing by 33.04% from the year 2018 since from the second quarter of 2019, the Company has cancelled the distribution network and has established a distribution channel for sales agents with an upfront payment discount of 20% on products purchased by the sales agents. This causes the company to recognize reduced revenue by about 20%. In addition, the company has adjusted sales expenses in the financial statements for the year 2019 in accordance with Thai Financial Reporting Standard No.15 “Revenue from Contracts



with Customers (TFRS15)” by showing the net amount in sales revenue. This results in a drop in sales revenue and gross profit by 21.78 million baht. However, this standard has no effect on the company's profit or loss.

Costs of Sales

During the year 2019, the company had cost of sales of 51.81 million baht, a decrease of 13.08 million baht or 20.16 % from the previous year due to a decrease in the company's revenue.

Selling and Administrative Expenses

During the year 2019, the Company incurred total administrative expenses of 78.17 million baht, a decrease of 2.78% and total selling expenses of 52.79 million baht, a decrease of 53.85% from the year 2018, due to a fall in the company's sales and the adjustment downward of 21.78 million baht in the selling expenses to comply with the TFRS15 standard.

Net Profit

Net profit of the company's operation for the year 2019 ended December 31, 2019 when compared with the previous year, decreased from 94.75 million baht to 57.90 million baht or a decrease of 36.84 million baht, representing a fall of 38.88% because of the reasons described above.

Please be informed accordingly

Sincerely yours,

(Prof.Dr. Pichaet Wiriychitra)

Chief Executive Officer