



(Translation)

1 March 2021

Subject: Delivery of Management Discussion and Analysis (MD&A) of the year 2020

To: Director and manager, The Stock Exchange of Thailand

Attachment: Management Discussion and Analysis (MD&A) of the year 2020

The Union Textile Industries Public Company Limited submitted the Company's financial statement for the year ending 31 December 2020, in order to provide investors and other interested parties to better understand the Company's operating results and financial statement for the year 2020, attached please find the Management Discussion and Analysis (MD&A) of the year 2020. This report should consider together with the parts of financial statements in which the equity method is applied as of 31 December 2020. Which the company has already disclosed to investors and general interested parties.

Please be informed accordingly.

Sincerely yours,

- Signature -

(Mrs.Pimporn Chotirattanakul)

Managing Director

**Union Textile Industries Public Company Limited****Management Discussion and Analysis (MD&A) for the year 2020**

Business operating results and financial position for the year 2020, in which the equity method is applied, of the Company, analyzed and explained as follows:

1 Overview

The Company has been operating in the textile business, manufacturing greige fabrics, through the production process of yarn spinning and fabric weaving, based on the customers' specification. The Company may have revenues from providing services on yarn spinning and/or fabric weaving, using raw material from customer.

Over the past 3 years, the Company has no significant changes in capital structure, management, and business operations.

1.1 Factors that affect business operations.

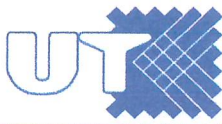
In 2020, the textile industry greatly declined due to the Covid-19 pandemic. This affected the global economy, causing the economy of many countries to slow down. Furthermore, the fluctuations of the world finance and the trade agreement between the UK and the EU also have an impact on the global economy.

1.2 Summary of operating results.

As of 31 December 2020, the Company had net loss amounting to 37.72 million Baht; loss increased 133.58 million Baht compared to 2019, having a net profit of 95.86 million Baht. The comparative of operating results between the year 2020 and 2019, summarized as follows:

(Unit: million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2020	2019	Amount	%
Total revenues	470.93	749.33	(278.40)	(37.15)
Total cost of sales and expenses	516.02	619.84	(103.82)	(16.75)
Share of profit from investments in associate	-	0.44	(0.44)	(100.00)
Finance income / Finance cost	0.95	0.20	0.75	375.00
Income (expense) tax revenue	6.42	(34.27)	40.69	118.73



Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2020	2019	Amount	%
Net Profit (loss)	(37.72)	95.86	(133.58)	(139.35)

2 Results of Operations

2.1 Revenue

(Unit: Million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2020	2019	Amount	%
Sales and services income	432.52	511.06	(78.54)	(15.37)
- Export sales	368.95	443.20	(74.25)	(16.75)
- Local sales	63.57	67.86	(4.29)	(6.32)
Other income	38.41	238.27	(199.86)	(83.88)
Total revenues	470.93	749.33	(278.40)	(37.15)

1) Sales and service income

In 2020, the Company had sales and service income 432.52 Million Baht decreased 78.54 million Baht or 15.37 % compared to 2019, divided into export sales decreased 74.25 million Baht or 16.75%, and local sales decreased 4.29 million Baht or 6.32%. Because of The slowdown of the textile industry and the economic of trading countries were impacted from COVID-19 pandemic resulted in purchase order from oversea and local customers decreased.

2) Other income

The Company had other income 38.41 million Baht, Came from sale of scrap, some of asset rental, investments dividend. Compared with 2019, Other income of the company to 199.86 million Baht. Due to in, the year 2019, the company had gain on sale of the investment in associate amounted to 10.63 million Baht and gain on fair value measurement from changes in the status of investment 173.60 million Baht; and gain on exchange 9.19 million Baht; besides, The company had gain on dividend income, sales of scrap, and others, decreased from 2019, amounted to 6.44 million Baht.

2.2 Costs of sales and expenses

(Unit: Million Baht)

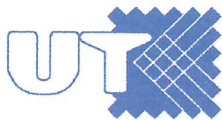
Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2020	2019	Amount	%
Total cost of sales	435.64	554.14	(118.50)	(21.38)
Selling expenses	10.20	8.36	1.84	22.01
Administrative expenses	70.18	57.34	12.84	22.39
Finance Cost	0.50	0.75	(0.25)	(33.33)

- Cost of sales and services decreased by 118.50 million Baht or 21.38%, due to cost of raw material and production expenses decreased from 2019.
- Selling expenses increased by 1.84 million Baht or 22.01%, due to export expenses increased.
- Administrative expenses increased by 12.84 million Baht or 22.39%, the main reason came from the increased in provision for long-term employee benefits amounted 9.45 million Baht.

2.3 Net profit (loss)

As per the separate financial statement, the Company had a net loss of 37.72 million Baht; loss increased 7.07 million Baht compared with that of 2019. because of the Company recorded post-employment benefit amounted to 32.29 million Baht. and the Company submitted the notification on the resolution of the board of Directors' meeting No.12/2020 dated 22 December 2020, to the SET related to the cessation of textile business operation. The Company have to prepare the financial report on income statement which present the discontinued and continuing operations, as per Thai Financial Reporting Standard No. 5 (Revised 2018) - Non-current assets Held for Sale and Discontinued Operations, which present the operations performance as follows;

- Continuing operations



In 2020, the Company had total revenues amounted to 20.33 million Baht decreased from 2019 amounted to 25.28 million Baht. Main reason were came from, in prion year ,the company had ; gain on sales for some of investment amounted to 23.80 million Baht. In 2020, there was no sale on investment; having administrative expenses, 10.86 million Baht decreased from 2019 amounted to 1.87 million Baht due to employee benefits expenses, land and building tax decreased. and interest income increased 0.50 million Baht. As a result, the Company had profit, from continuing operation, amounted to 10.82 million Baht which less than the year 2019 amounted to 23.03 million Baht. As for the financial statements as per the equity methods reduced from 2019, amount 149.54 million Baht because in 2019 the company had a profit from fair value measurement from changes in status of investment in the financial statement.

b) Discontinued operation

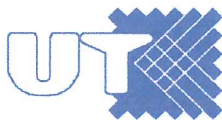
In 2020, the Company had total revenues 450.70 million Baht decreased by 92.32 million Baht, compare with 2019, Main reasons were sales and service income decreased by 78.54 million Baht, as a result of purchase order from main customers decreased, Which affected from COVID-19 pandemic. Other income came from sale of scrap and gain from exchange rate decreased from 2019 amounted to 12.96 million Baht.

For expenses in 2020 compared with 2019, the Company had cost of sales and service amounted to 435.64 million Baht decreased by 118.50 million Baht, due to cost of raw materials and production expenses decreased. Selling and administrative expenses amounted to 69.52 million Baht was increased from the year 2019 16.55 million Baht, from allowance of post-employment benefits after discontinued textile business amounted to 32.29 million Baht. The Company had deferred tax income, presented as income tax income, 6.39 million Baht increased from the year 2019 6.09 million Baht. For discontinued operation, the Company had net loss amounted to 48.54 million Baht, decreased by 15.96 million from the year 2019

According to the Company's Articles of Association, the preference shareholders are entitled to receive a dividend equal to 1.40 Baht per share or the sum of 21.00 million Baht. There for, the Company had net loss of 1.31 Baht per ordinary share.

2.4 Profitability

Description	Unit	For the year ending 31 December	
		2020	2019
Net Profit (Loss) Margin	%	(8.01)	12.79



Debt to Equity ratio	Times	0.19 :1	0.11:1
Return On Equity	%	(3.65)	9.54

Net Profit (Loss) Margin

The Company had net loss amounted to 37.72 million Baht or 8.01% of total income compared with the year 2019, which was net profit margin 95.86 million Baht or 12.79% of total income. The main reasons that makes the year 2020 had more net loss came from the recorded of for provision for post-employment benefits after discontinued textile operations amounted to 32.29 million Baht and in the year 2020, There was no gain on sales of investment in associate and gain on fair value measurement from changes in status of investment.

Debt to Equity Ratio

In 2020, the Company had a D/E ratio of 0.19 times, slightly higher than that of the year 2019 which was 0.11 times, indicated the ratio of liabilities still at the lower level compared to shareholders' equity.

Return on Equity (ROE)

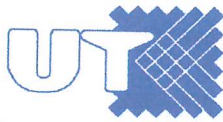
As per financial statement in which the equity method is applied, the Company had net loss 37.72 million Baht equal to minus 3.65%, less than that of the year 2019 which was 9.54%.

3 Asset management**3.1 Financial position**

As of 31 December 2020, the Company's financial position compared with the previous year are the followings;

(Unit: Million Baht)

Description	For the year ending 31 December			
	Year		Increased (decreased)	
	2020	2019	Amount	%



Total Assets	1,205.70	1,163.37	42.33	3.64
Total Liabilities	188.61	111.37	77.24	69.35
Total Shareholders' equity	1,017.09	1,052.00	(34.91)	(3.32)

1) Assets

As of 31 December 2020, the Company had total assets amounting to 1,205.70 million Baht; comprised 38.01% current assets and 61.99% non-current assets; compared with the year 2019, which had total assets amounted 1,163.37 million Baht, Total assets increased 42.33 million Baht or 3.64%; changed items are as follows;

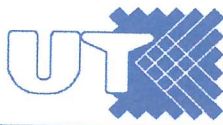
- Current assets increased 20.68 million Baht, comprised of decreased in cash and cash equivalents 5.04 million Baht; decreased in trade and other receivable 33.41 million Baht; decreased in inventories 141.29 million Baht; increased in others current assets 201.27 million Baht and decreased in other current asset 0.85 million Baht.
- Increased in non-current assets 21.65 million Baht, comprised of fair value of investment in equity securities TFRS no.9 which increased the equity instruments classified and measured fair value through other comprehensive income amounted to 600.52 million Baht, and decreased in long-term investment 551.56 million Baht; decreased in investment properties 2.28 million Baht; decreased in property, plant, and equipment 25.05 million Baht; and increased in other non-current assets 0.02 million Baht.

2) Liabilities

The Company had total liabilities of 188.61 million Baht, increased from 2019 of 77.24 million Baht or 69.35%; main changes came from increased in trade and others account payables 3.80 million Baht; increased in other current financial assets 1.86 million Baht; increased in provision for long-term employee benefits 24.21 million Baht, increased in deferred tax liabilities and other current liabilities 47.37 million Baht.

3) Shareholders' equity

The Company accounted for shareholders' equity amounting 1,017.09 million Baht, decreased by 34.91 million Baht or 3.32%, resulting from decreased in unappropriated retained earnings 74.08 million and increased in other components of shareholders' equity 39.17 million Baht. The unappropriated retained earnings decreased came from; changing accounting policy in accordance with TFRS 9 Financial instruments, resulted in decreased in equity investment 42.69 million Baht; loss for the year 37.72 million



Baht; and other comprehensive income for the year 6.33 million Baht. For the increased in other components of shareholders' equity, came from adjusted fair value of investment in equity instruments.

3.2 Analysis of the financial status

As of 31 December 2020, the Company's capital structure comprises of total liabilities amounting to 188.61 million Baht and total shareholders' equity amounting to 1,017.09 million Baht. The Company had a debt-to-capital ratio of 18.54%, indicating a stable financial position.

4 Liquidity and capital adequacy

4.1 Capital sources

1) Analysis of changes in capital sources

As of 31 December 2020, the Company had cash and cash equivalent amounted to 107.32 million Baht decreased 5.04 million Baht compared with the previous year, summary as follows:

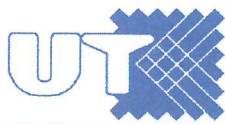
(Unit; Million Baht)

Description	For the year ending December 31			
	Year		Changes	
	2020	2019	Amount	%
Net cash flows from (used in) operating activities	187.96	(35.48)	223.44	629.76
Net cash flows from (used in) investing activities	(193.00)	27.16	(220.16)	(810.60)
Net cash flows from (used in) financing activities	-	-		
Cash and cash equivalent increased (decreased)	(5.04)	(8.32)	3.28	(39.42)
Cash and cash equivalent - beginning	112.36	120.68	(8.32)	(6.89)
Cash and cash equivalent -ending	107.32	112.36	(5.04)	(4.49)

- Net cash flows from operating activities increased since inventories decreased, as a result of The decreased of purchasing of raw materials to be just for used in productions.
- Net cash flows used in investing activities increased from the investing in short-term investment, which was fixed deposit 200 million Baht.
- In 2020 and 2019, there is no financing activity.

2) The optimal capital structure

The Company had Debt to Equity ratio 0.19:1 time, higher than that of the 2019, indicated a proportion of debt still at low level compared with source of shareholders' equity.



4.2 Capital expenditure

In 2020 the Company did not have any capital expenditure for machinery and accessories.

4.3 Liquidity adequacy

Description	units	As of 31 December		Increased (decreased)
		2020	2019	
Current Ratio	times	4.41	13.83	(9.42)
Quick ratio	times	3.76	7.23	(3.47)
Inventory turn over	times	3.15	2.87	0.28
Average debt collection	days	79	102	(23)

- The current ratio decreased due to the provision for long-term employee benefits due, which one year portion
- The quick ratio decreased 3.47 times compared to the year 2019.
- Inventory turnover increased 0.28 times due to decreased in sales.
- Average debt collection decreased, indicating time of debt collection is better than the year 2019

4.4 The ability to procure additional sources of capital.

The Company has adequate financial facilities, therefore, no need for additional capital procurement .

4.5 The ability to repay debt and to follow the terms of the loan, and fundamentally important for several bindings

Over the past year, the Company has been able to repaid debts and done the business as per the commitment.

5 Contractual Obligations and Off-Balance Sheet Arrangements

Please see Note 28 to Financial Statements – Commitment and contingent liabilities for the year ended 31 December 2020.

6 Forward-looking

On 22 December 2020, the Company submitted the notification on the resolution of the Board of Directors' Meeting No. 12/2020 to SET related to the cessation of textile business (yarn spinning and fabric weaving) within 2021 and the seeking of business. In addition, being undertook feasibility study to invest in new business.