

-TRANSLATION-

13 November 2020

Subject : Management Discussion and Analysis for Q3/2020

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q3/2020, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,066.2 million which is decreasing from the 2019 at equivalence of Baht 430.1 million, about 17%. These caused, revenue from sales of domestic and export decreased about 24% and 15% respectively.

Analysis of loss of company and its subsidiaries

The Q3/2020, the company and its subsidiaries have loss for the period of Baht 188.0 million as compared to the 2019, the company and its subsidiaries have loss for the period of Baht 297.0 million, decreased Baht 108.9 million or 37% for the following main reasons;

1. The total sales has decreased of Baht 430.1 million, due to sales volume of MDF Board has decreased by 16% and the average price of Particleboard has decreased by 9%.
2. Cost of sales of Baht 1,836.6 million, decreased of Baht 477.6 million, due to decreased sales volume of MDF Board.

Financial status

Total assets

As of 30 September 2020, the company and its subsidiaries have the total assets valued Baht 19,116.4 million, as compared to the 2019, Baht 17,806.8 million, increased Baht 1,309.6 million as below detailed;

1. Cash and cash equivalent items increased Baht 629.8 million.
2. Trade and other receivable decreased Baht 94.4 million.
3. Revenue Department receivable decreased Baht 12.0 million.
4. Inventories increased Baht 60.1 million, mainly caused by increased of work in process Baht 39.8 million, raw materials Baht 44.2 million, supplies Baht 24.0 million, decreased of finished goods Baht 11.8 million and goods in transit Baht 36.0 million.
5. Maintenance supplies increased Baht 9.1 million.

6. Property, Plant and equipment increased Baht 267.2 million.
7. Right-of-use assets increased Baht 459.1 million.
8. Intangible assets increased Baht 1.1 million.
9. Deferred tax assets increased Baht 2.8 million.

#### Total Liabilities

As of 30 September 2020, the company and its subsidiaries have the total liabilities valued Baht 12,658.1 million, compared to the 2019, Baht 11,176.0 million, increased Baht 1,482.1 million as below detailed;

1. Overdrafts and short-term loans from financial institutions increased Baht 562.8 million.
2. Trade and other payable decreased Baht 190.8 million.
3. Advances received from customers increased Baht 83.7 million.
4. Short-term loans from related parties increased Baht 45.0 million.
5. Long-term loans from financial institutions increased Baht 501.5 million.
6. Lease liabilities increased Baht 464.8 million.
7. Employee benefit obligations increased Baht 8.2 million.
8. Deferred tax liabilities increased Baht 4.1 million.

#### Total shareholder's equity

As of 30 September 2020, the company and its subsidiaries have the total shareholder's equity valued Baht 6,458.3 million, as compared to the 2019, Baht 6,630.8 million, decreased Baht 172.5 million, due to net loss from operating.

As of 30 September 2020, the company and its subsidiaries have debt to equity ratio is 1.96:1, compared to the 2019 is 1.69:1, increased by 0.27 times, due to increased of long-term loans from financial institutions, lease liabilities and decreased of shareholders' equity, due to loss from operating.

Liquidity

Cash flow

The period ended 30 September 2020, the company and its subsidiaries have cash flow received from operating activities Baht 261.2 million, cash flow used in investing activities Baht 994.0 million and cash flow received from financing activities Baht 1,524.2 million, cash and cash equivalent items as of the ended 30 September 2020 is Baht 1,161.9 million, increased from the 2019 by Baht 629.8 million as summarized;

1. Net cash received from operating activities is Baht 261.2 million, decreased by Baht 82.5 million, because of increased of profit from operation before change in operating assets and liabilities by Baht 426.6 million, increased operating assets Baht 538.2 million and increased operating liabilities Baht 15.4 million and decreased of cash paid for income tax Baht 14.1 million.
2. Net cash used in investing activities is Baht 994.0 million, decreased by Baht 359.0 million, due to the payment of investment projects decreased.
3. Net cash received from financing activities is Baht 1,524.2 million, increased by Baht 427.9 million, because of increased of short-term loans from financial institutions by Baht 891.4 million, increased of short-term loans from related parties by Baht 45.0 million, decreased of long-term loans from financial institutions by Baht 1,239.0 million, increased of cash paid for lease liabilities by Baht 57.8 million, cash received from increase of share capital Baht 630.9 million, decreased of cash paid for interest expenses by Baht 0.7 million and decreased of dividend paid by Baht 156.7 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director