

-TRANSLATION-

14 August 2020

Subject : Management Discussion and Analysis for Q2/2020

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q2/2020, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,054.0 million which is decreasing from the 2019 at equivalence of Baht 351.9 million, about 15%. These caused, revenue from sales of domestic and export decreased about 30% and 9% respectively.

Analysis of Loss of company and its subsidiaries

The Q2/2020, the company and its subsidiaries have loss for the period of Baht 34.9 million as compared to the 2019, the company and its subsidiaries have loss for the period of Baht 339.9 million, decreased Baht 305.0 million or 90% for the following main reasons;

1. The total sales has decreased of Baht 351.9 million, due to sales volume of Particleboard has decreased by 42% and the average price of Particleboard has decreased by 5%.
2. Cost of sales of Baht 1,727.5 million, decreased of Baht 488.0 million, due to decreased sales volume of Particleboard.

Financial status

Total assets

As of 30 June 2020, the company and its subsidiaries have the total assets valued Baht 18,297.5 million, as compared to the 2019, Baht 17,627.7 million, increased Baht 669.8 million as below detailed;

1. Cash and cash equivalent items increased Baht 215.0 million.
2. Trade and other receivable decreased Baht 356.6 million.
3. Revenue Department receivable decreased Baht 25.1 million.
4. Inventories decreased Baht 55.6 million, mainly caused by increased of finished goods Baht 34.7 million, supplies Baht 30.0 million, goods in transit Baht 23.5 million, decreased of work in process Baht 20.1 million and raw materials Baht 12.6 million.
5. Maintenance supplies decreased Baht 12.8 million.

6. Property, Plant and equipment increased Baht 327.4 million.
7. Right-of-use assets increased Baht 465.6 million.
8. Intangible assets increased Baht 1.3 million.
9. Deferred tax assets increased Baht 1.7 million.

#### Total Liabilities

As of 30 June 2020, the company and its subsidiaries have the total liabilities valued Baht 12,276.3 million, compared to the 2019, Baht 10,696.9 million, increased Baht 1,579.4 million as below detailed;

1. Short-term loans from financial institutions decreased Baht 650.9 million.
2. Trade and other payable increased Baht 8.9 million.
3. Advances received from customers decreased Baht 18.9 million.
4. Short-term loans from related parties increased Baht 45.0 million.
5. Accrued income tax payable decreased Baht 0.9 million.
6. Long-term loans from financial institutions increased Baht 1,710.5 million.
7. Lease liabilities increased Baht 471.5 million.
8. Employee benefit obligations increased Baht 6.5 million.
9. Deferred tax liabilities increased Baht 2.4 million.

#### Total shareholder's equity

As of 30 June 2020, the company and its subsidiaries have the total shareholder's equity valued Baht 6,021.2 million, as compared to the 2019, Baht 6,930.8 million, decreased Baht 909.6 million, due to retained losses from operating.

As of 30 June 2020, the company and its subsidiaries have debt to equity ratio is 2.04:1, compared to the 2019 is 1.54:1, increased by 0.50 times, due to increased of long-term loans from financial institutions, lease liabilities and retained losses from operating.

Liquidity

Cash flow

The period ended 30 June 2020, the company and its subsidiaries have cash flow received from operating activities Baht 324.8 million, cash flow used in investing activities Baht 606.5 million and cash flow received from financing activities Baht 554.2 million, cash and cash equivalent items as of the ended 30 June 2020 is Baht 643.2 million, increased from the 2019 by Baht 215.0 million as summarized;

1. Net cash received from operating activities is Baht 324.8 million, increased by Baht 110.9 million, because of increased of profit from operation before change in operating assets and liabilities by Baht 285.3 million, increased operating assets Baht 240.8 million and increased operating liabilities Baht 55.1 million.
2. Net cash used in investing activities is Baht 606.5 million, decreased by Baht 364.1 million, due to the payment of investment projects decreased.
3. Net cash received from financing activities is Baht 554.2 million, decreased by Baht 185.4 million, because of decreased of short-term loans from financial institutions by Baht 315.6 million, increased of short-term loans from related parties by Baht 45.0 million, decreased of long-term loans from financial institutions by Baht 30.0 million, increased of cash paid for lease liabilities by Baht 34.8 million, increased of cash paid for interest expenses by Baht 6.8 million and decreased of dividend paid by Baht 156.7 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director