

- TRANSLATION -

(Q-Con) 017/2020

November 9, 2020.

Attention Managing Director
 The Stock Exchange of Thailand

Subject : Management Discussion and Analysis the third quarter ended 30 September 2020.

Quality Construction Products Public Company Limited (“Q-CON”) would like to clarify the main reason that caused operating result for the third quarter 2020 changed more than 20 percent that of 2019.

Q-CON and subsidiary have loss for the period amount 10.5 Million Baht compared with the performance as the same period of 2019, there were profit for the period 44.7 Million Baht or profit for the period decreased 55.2 Million Baht. The decreasing of Revenue from sales 25% at the same period. Mainly reason from sales volume while cost of sales decreased 23% be the cause of gross margin rate for the third period was 19%, decreased 2% from the third period of 2019

The third quarter in 2020, the company cost of distribution and administrative expenses were 48.9 Million Baht compare with last period 56.6 Million Baht, decreased 14% or 7.6 Million Baht. Due to in the third quarter of 2020, the new plant in Lamphun province was cancelled, therefore the company recognized an impairment losses on property, plant and equipment under construction totalled 4.7 Million Baht and reversed the impairment loss of machinery totalled 10.5 Million Baht in profit or loss. In addition the company could properly controlled cost of distribution and administrative expenses. In the third quarter 2020, the company recognized loss on sale of property, plant and equipment 47.8 Million Baht.

The finance costs were 0.3 Million Baht form interest expenses on lease liabilities.

The company has income tax of 5.5 Million Baht from loss for the period.

At the end of September 30, 2020, the total assets 2,329.2 Million Baht were increased 69.1 Million Baht compare with at the end of December 31, 2019 respectively. Increasing from investments in short-term debt instruments and inventory but decreased from trade receivables.

There were total liabilities of 311.7 Million Baht increased by 54.3 Million Baht from lease liabilities and trade payable.

At the end of September 30, 2020, the company has cash balance and cash equivalents balance amount 227.4 Million Baht decreased 21.3 Million Baht form December 21, 2019. There were net cash flows provided by operating activities 263.1 Million Baht, net cash flows used in investing activities 195 Million Baht from payments of investment in short – term debt instruments 170 Million Baht and net cash flows used in financing activities 89.5 Million Baht from dividend paid 72 Million Baht.

Please be informed accordingly

Sincerely yours,

Saowaluck Suwanprateep

(Mrs.Saowaluck Suwanprateep)

Deputy Managing Director