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11 November 2020

Subject: Clarification of the Change in the Operating Result Exceeded 20% of
Loxley Public Company Limited for the Quarter Ended 30 September 2020

To: President
The Stock Exchange of Thailand

Loxley Public Company Limited (“the Company”) has submitted the consolidated financial statement for the quarter ended 30 September 2020 and the consolidated statements of income are summarized as follows:

THB:Million	Quarter 3 2020	Quarter 3 2019	% Change
Revenue from sale of goods and rendering of services	3,071	3,052	1%
Cost of sale of goods and rendering of services	(3,074)	(3,400)	-10%
Gross loss	(3)	(348)	-99%
Distribution costs and administrative expenses	(446)	(511)	-13%
Other income and gain on fair value adjustment	66	35	87%
Share of profit of investment in associates and joint ventures, net	174	109	61%
Loss before finance cost and income tax expense	(209)	(715)	-71%
Finance costs	(45)	(45)	0%
Income tax expense	(2)	6	>100%
Non-controlling interests	(1)	5	>100%
Loss for the period from continuing operations	(257)	(749)	-66%
Profit for the period from discontinued operation, net of tax	-	20	-100%
Net Loss	(257)	(729)	-65%

According to the table presented above, the operating performance for the third quarter ended 30 September 2020 results in revenue of 3,071 million Baht and a net loss of 257 million Baht which are changed more than 20% compared to that of last year. The Company would like to declare the details of the changes as follows:

Gross loss

Gross loss for the third quarter ended 30 September 2020 is 3 million Baht decreases from that of 348 million Baht in that period last year causes in 2020 The Company recognized additional provision for project loss from a project of Network Solution Business Group with one of the State Enterprise of 320 million Baht compared to 653 million Baht provision of that period in 2019. Additional provision results from a necessary changes of construction design and installation work in some area of operating system in order to entirely integrates with a utilities system and others building structure. Thus such changes of design and major equipment of the mentioned project is caused by an uncontrollable external factor. In addition, COVID-19 pandemic during early 2020 affects operating expenses of The Company's projects as well as increases the cost of project. Therefore, The Company has to reconsidering and revises provision for project loss which currently has progress more than 75%. However, during 2020 The Company has reserved the right to claim for additional income against the employer for those costs incurred from the change of scope and condition of work which such claim is currently under consideration. As at 30 September 2020, The Company has been granted 465 days project contract extension ending August 2021 which is in consistent with the project schedule to completion.

Distribution cost and administrative expenses

Distribution cost and administrative expenses for the third quarter ended 30 September 2020 decreases from that of last year by 13% due to a decrease of employee related expenses from corporate restructuring during the fourth quarter in 2019 where non-profitable and impact by changes of competitive landscape businesses were ceased.

Other income and gain on fair value adjustment

Other income and gain on fair value adjustment for the third quarter ended 30 September 2020 is 66 million Baht changed from 35 million Baht of the same period last year due to, in the third quarter, The Company has gain from investment property disposal which was a non-core operating assets of 30 million Baht.

Share of profit of investment in associates and joint ventures, net

Share of profit of investment in associates and joint ventures for the third quarter ended 30 September 2020 is 174 million increased 61% from that of last year of 109 million Baht due to an improvement of performance of associates in Steel Coated Group which has already gone through the lowest point. In addition, at the beginning of 2020, such associates had a grand opening of new metal coating production line with the most advanced technology in ASEAN which allows productivity efficiency to improve.

Net Profit (loss)

Net loss for the third quarter ended 30 September 2020 is 257 million Baht changed from that of last year of 729 million Baht. The Changes due to negative factor from additional provision for project loss of Network Solution Business Group as aforementioned whereas an improvement on share of profit of investment in associates and an ongoing expenses control are positive signal.

Please be informed accordingly.

Sincerely yours,
Loxley Public Company Limited

(Mr. Pichai Mooputtarak)
Company Secretary