

บริษัท โมเดิร์นฟอร์มกรุ๊ป จำกัด (มหาชน)



Modernform Group

Vision

ผู้นำในการนำเสนอนวัตกรรมที่ตอบโจทย์ทุกความต้องการของลูกค้า ทั้งยังใส่ใจในสังคมและสิ่งแวดล้อมไปอย่างควบคู่กัน
To be a leader in providing innovative solutions that enhance quality of life.

Modernform Furniture

Vision

แบรนด์เฟอร์นิเจอร์ไทยที่นักออกแบบ เจ้าของบ้าน และเจ้าของกิจการ ชื่นชอบมากที่สุด
The most preferred Thai furniture brand for designers and owners alike

Mission

Modernform จะนำเสนอสินค้าที่มีนวัตกรรม ในคุณภาพระดับสากลและราคาที่สมเหตุสมผล เราจะก้าวขึ้นสู่การเป็นแบรนด์ที่ทุกคนนึกถึงเป็นแบรนด์แรกอยู่เสมอ ด้วยกิจกรรมทางการตลาดที่โดดเด่น และการสร้างความสัมพันธ์กับทุกภาคส่วนให้แข็งแรงและยั่งยืน เราจะทำธุรกิจด้วยความเป็นทีมและพร้อมปรับตัวเพื่อผลลัพธ์ที่ดีที่สุด อีกทั้งยังใส่ใจและห่วงใยสังคมและสิ่งแวดล้อมอย่างควบคู่กัน

Modernform will offer innovative product at international quality and sensible price, while becoming the top of mind brand with winning marketing campaign and best-in-class relationship program. We will do business with flexibility and team spirit, while caring for the communities & environment.

Modernform Core Values



Consumer-centric



Creativity



Achievement



Teamwork



Sustainability

Consumer-centric

Truly understand the needs of customer and consumer to deliver good experiences and excellent services with our experts

Creativity

Think and work creativity and offer products and services more innovative than competitors

Achievement

Constantly strive for success and conquer all the mission as well as overcome obstacles to achieve the best results

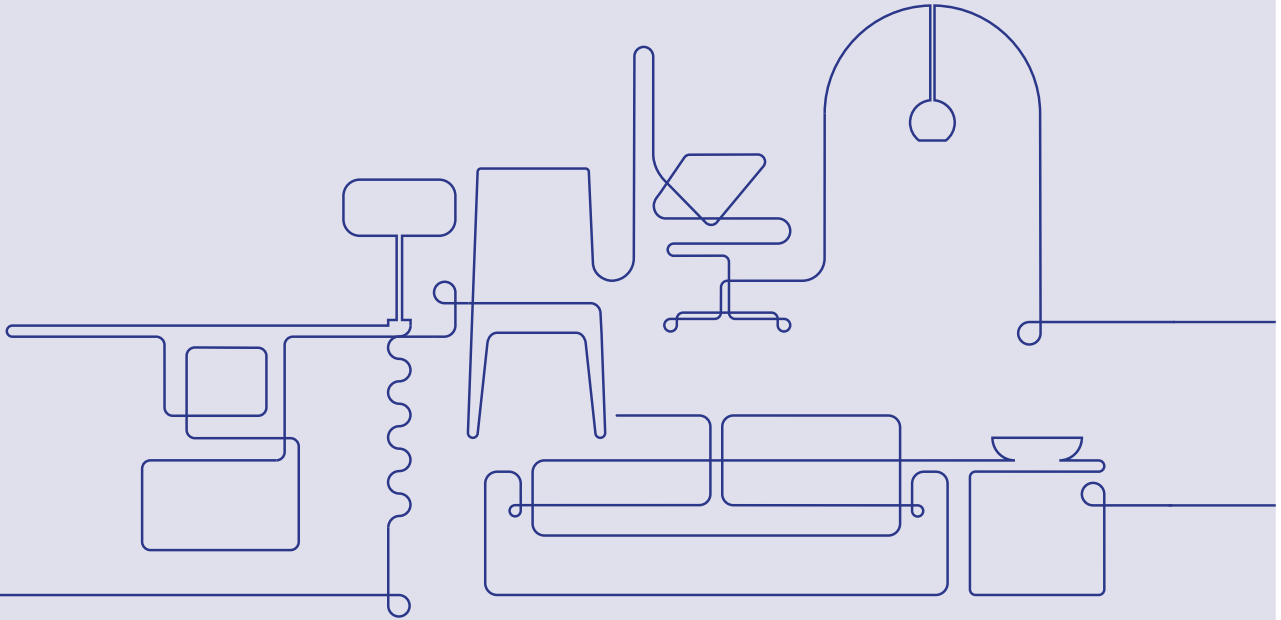
Teamwork

Work together as a team and accept different opinions to aim for the same goal

Sustainability

Care for community and environment to be a part of sustainable development

From Innovation for Sustainability



Design Innovation under the Concept of Sustainable Design and Circular Economy

Design and develop the products made of waste and reusable material from production process under the concept of sustainable design sustainable design and circular economy



Product Innovation to Benefit Society

Design and develop products by understanding user behavior, choosing the right materials and promoting relaxation and health for users in long term period

To Environmentally Friendly Furniture with the Outstanding International Awards







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Message from Chairman

Most businesses have been affected by Covid-19, which started since 2020 and lasted until 2021. While this impacted the global economy, it also forced businesses to adapt the management and strategies to tackle the crisis, which indicates no ending in the near future. While our 2021 operation result has been affected by the pandemic, Modernform Group continues to generate sales and make profits although the growth rate has been receded.

We strongly commit to the bi-annual dividend payment as we have done for years thanks to our strong financial management capability and opportunities to invest in new businesses based on our newly-adjusted strategic plan aimed for long-term growth.

In 2021, Modernform Group enhanced our products, sales and marketing activities by introducing new sales channels especially via online to respond to changing business landscape. We are confident that we will be able to have a

better operation result in 2022 thanks to our plan to enhance business development through new technology and diversity by continuing to invest in new businesses for sustainable growth.

At the other front, we have never ignored social and environmental development activities as we actively take into account impacts to the environment and general wellbeing. Internally, we regularly organize events to raise social awareness focusing on education, health and wellbeing.

On behalf of the Board and the management, I wish to express my heartfelt appreciation to our colleagues, customers, suppliers, shareholders and related parties for your trust and support over the years.



(Mr. Thaksa Busayapoka)
Chairman



(Mr. Kitipat Nerngchamnon)
CEO and President

Financial Highlights for the Year

	2021	2020	2019
TOTAL REVENUES (Million Baht)	2,424.2	2,997.9	3,177.5
REVENUES FROM SALES, RENTAL,SERVICES(**EXCLUDED OTHER SERVICES), DESIGN SERVICES AND CONSTRUCTION (Million Baht)	2,375.9	2,923.5	3,101.5
COST OF SALES, RENTAL,SERVICES, DESIGN SERVICES AND CONSTRUCTION (Million Baht)	1,578.0	2,045.5	2,094.2
GROSS PROFIT (Million Baht)	797.8	878.0	1,007.3
EARNING BEFORE NON-CONTROLLING INTERESTS OF THE SUBSIDIARIES (Million Baht)	85.4	141.9	122.9
NET PROFIT (Million Baht)	88.1	141.6	125.7
TOTAL ASSETS (Million Baht)	3,415.6	3,342.8	3,617.7
TOTAL LIABILITIES (Million Baht)	1,092.8	1,015.8	1,286.5
NON-CONTROLLING INTERESTS OF THE SUBSIDIARIES (Million Baht)	7.5	10.7	11.9
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (Million Baht)	2,315.3	2,316.3	2,319.3
PROFITABILITY:			
Gross profit margin (%) **	33.6	30.0	32.5
Net profit margin (%) **	3.7	4.8	4.1
RETURN ON INVESTMENT:			
Return on total assets (%)	2.6	4.1	3.4
Return on equity (%)	3.8	6.1	5.3
LIQUIDITY &STABILITY:			
Current ratio (Times)	2.6	2.9	2.3
Debt to Equity ratio (Times)	0.5	0.4	0.6
DATA PER SHARE:			
Number of shares Registered (Million shares) (ordinary 809.6 million shares of Baht 1 each)	809.6	809.6	809.6
Number of shares paid-up (Million shares) (ordinary 750.0 million shares of Baht 1 each)	750.0	750.0	750.0
Par value (Baht/Share)	1.00	1.00	1.00
Book value (Baht/Share)	3.10	3.10	3.11
Net profit(EPS) (Baht/Share)	0.12	0.19	0.17
Dividends (Baht/Share)	0.12*	0.20	0.17

Note * The Board of Directors' Meeting No.1/2022 held on February 24, 2022 passed to pay dividends for the 2021 operating year to shareholders of the company at a rate of 0.12 Baht per share. Hence the interim dividend has been paid at a rate of Baht 0.05 the remaining value of Baht 0.07 per share will be paid to a shareholders as dividend. The matter will be proposed for approval at the Annual Ordinary General Shareholders Meeting No.1/2022 on April 22, 2022.

** The calculation of gross profit margin and net profit margin will not calculate other service income included in service income such as consulting fee and internal audit fee.

Part 1 Business Operations and Performance

1. Modernform Group Structure and Operation

1.1 Policy and Business Overview

Modernform Group Public Company Limited manufactures and distributes office, home and kitchen furniture. We also import accessories to be assembled as furniture and home and office decoration items. The Company has enjoyed a healthy growth for more than four decades.

Modernform Group Public Company Limited started its business by importing furniture and interior decoration items under the name of Home Decorative Products Co Ltd, before transforming itself into a Knocked-Down furniture manufacturer in 1980. The Company was listed in the Stock Exchange of Thailand in 1992.

There are 6 subsidiary companies and associated companies under Modernform Group Public Company Limited as of December 31, 2021, they are the following:

- Modernform Tower Company Limited
- Modernform Health and Care Public Company Limited and cancer treatment hospital named Chiwa Mitra Hospital at Ubon Ratchathani Province
- Itoki Modernform Company Limited
- Workspace Company Limited
- Built Dee Company Limited
- Lesmo Company Limited

Remark : The Company sold the entire shares it held totaling 75% in Rafa Associates Co Ltd on October 2021

Thanks to disruptions ranging from changing consumer behavior to new emerging lifestyles, technological development that becomes part of everyone's life and other changes resulting from digitalization, the Company is required to re-adjust its management and operation systems aside from reviewing its vision, missions and strategies. Currently, Modernform Group has restructured the way it administers its tasks into functional units to enhance agility, facilitate fast decision-making processes and respond to online retailing and sales. We strive to turn our five core values into tangible corporate culture, which shall be translated into actual implementation by everyone in the organization for us to fulfil the goals.

In 2021, the Board revisited the Company's vision, missions and strategic directions as well as important policies and was of the opinion that they remained sound and appropriate for its business under the CG Code. The Board also monitored strategic compliance on a quarterly basis as well as approved joint investment policies in businesses that would be favorable to the Company's main operation.

Vision Mission and Core Values

Modernform Group	To be a leader in providing innovative solutions that enhance quality of life
Vision	
The most preferred Thai furniture brand for designers and owners alike	MODERNFORM FURNITURE VISION
Modernform will offer innovative product at international quality and sensible price, while becoming the top of mind brand with winning marketing campaign and best-in-class relationship program. We will do business with flexibility and team spirit, while caring for the communities & environment	MODERNFORM FURNITURE MISSION
MODERNFORM FURNITURE CORE VALUES	 Consumer-centric
	 Creativity
	 Achievement
	 Teamwork
	 Sustainability

The company has announced core values to nurture the following qualities in our people:

- **Consumer-centric**
This is related to true understanding of “customers” (and consumers) by offering experiences through our expertise.
- **Creativity**
This refers to the way we think and work creatively in order to offer products and services with innovation beyond our competitors.
- **Achievement**
The value underlines commitment to success and devotion to overcome obstacles for the best possible outcome.
- **Teamwork**
Teamwork points to collaboration and acceptance of different opinions for a shared goal.
- **Sustainability**
The organization commits to grow ethically through sustainable development by taking into account the society, the community and the environment and by nurturing common values to all stakeholders.

Business Objectives and Goals

Modernform Group’s goals are to maintain its leadership as a furniture maker who offers innovation that responds to customer’s lifestyle as well as to be a No. 1 furniture brand for customers through the offering of quality products that meet international standards while embodying sophisticated designs as well as innovation and technology that are highly functional and truly answer to today’s generation. Modernform Group strives to deliver innovation to the society through responsible designs that underline user’s health and wellbeing for long-term benefits as well as innovative production that is environmental-friendly. In all, Modernform Group aims to make Modernform a brand that customers always think of for our sustainable growth.

Aside from the furniture business, which is its main business, Modernform Group also plans to invest in other endeavors to expand its footprint into new “hot” businesses such as health and healthcare and tech business to nurture its growth. The Company also studies new marketing techniques such as the Metaverse technology and NFT.

Short-term Goals

Thanks to Covid-19 pandemic in 2020 that last into 2021, which, although affecting various industries, also offered a great opportunity for consumers who increasingly worked from home and who clearly paid more attention to their health and wellbeing, Modernform Group re-adjusted

its business plans and set short-term goals to reflect changing conditions as follows.

1. Achieving sales targets of project clients

The target of our main furniture business to whom Modernform Group sells home and office furniture and decorative items are industries, education institutions, hospitals, hotels and government offices, which account for 80% of total sales revenues. Modernform Group is well recognized by project customers and suppliers for its product quality and innovation that truly meet diverse needs. In addition, it has developed a great relationship with project customers in various industries and therefore remains very competitive with a high growth potential in some businesses.

2. Expanding the online market and adjusting sales channels to reflect online demands

In 2021, Modernform Group actively expanded its market through e-commerce platforms to accommodate demands resulting from the New Normal lifestyle and the Work From Home landscape. As more consumers stay home, they pay more attention to home decoration. They tend to buy desks and chairs for home decoration purpose as well as ergonomic work chairs, which become one of the most popular items among online clients. To respond to online demand surge, Modernform Group revamped its showrooms to offer services to walk-in customers while maintaining its well-received brand image to both existing and new clientele. Showroom designs were re-adjusted; decoration and display were freshened up for an easier access while more furniture was added to the showrooms for variety and for online customers to have an experience especially with office furniture before buying it online.

3. Nurturing the Modernform Brand under the Sensible Solution for Modern Lifestyle concept through outstanding marketing strategies

Customers are Modernform Group’s priority. This is actively translated into various marketing plans to address their diversity, ranging from personalized marketing to respond to different needs to collaboration marketing where we feature with other brands, both through product development and collaboration with renowned artists and designers whose products or designs align with Modernform brand identity. While this highlights Modernform brand, it also helps us responding even more to eclectic desire of our customers.

4. Developing specialized staff to respond to changing marketing strategies

Modernform Group aims to enhance staff's capacity working in various functions including product development and sales both online and at showrooms to respond to an increasing shift to online retail sales.

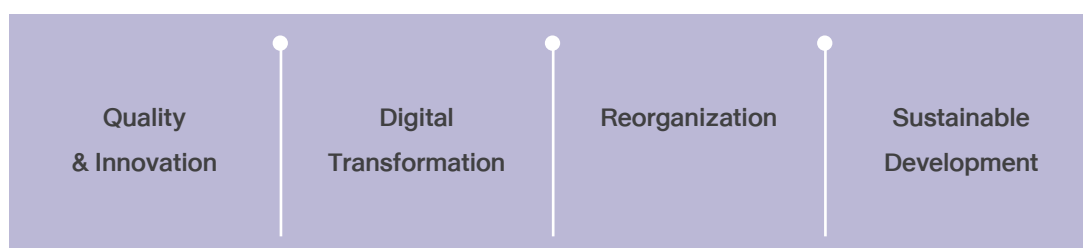
Long-Term Goals (3-5 years)

In response to Modernform Group Public Company Limited's vision "To be leader in providing innovative solutions that enhance quality of life" The company

underlines long-term investment for corporate sustainability. Investment however must be in line with the following:

1. New investment should synergize with current businesses ranging from furniture to accessories, interior and exterior decoration and healthcare products and services.
2. New investment should be related to future innovation in lifestyle, work and living.
3. Any business that is different from the current ones but creates sustainable returns.

Strategies towards the Goals



Modernform Group underlines the importance of four major factors to drive the business to success. They are:

1. Quality & Innovation

The Company aims to strengthen its product development by relying upon innovation that directly responds to the needs of today's users, whether in terms of quality, product safety, health and wellbeing and environment-friendly nature. The goal is to respond to lifestyles of today's generation so that Modernform becomes the first brand they are thinking of as well as to use innovation to help us manufacturing better and more environmental-friendly products.

2. Digital transformation

Modernform Group has re-structured work processes through the new Rethink-Refresh-Restart concept. Work processes that created zero value were removed as part of the organizational restructuring for better efficiency in order to enhance agility and facilitate ongoing product development. In addition, the way the business was conducted is transformed so that the organization becomes fully digitalized whether it's about an internal process or corporate culture. In the end, we aim to deliver new experiences to customers.

3. Reorganization

Cross functional management or the One Goal, One Team concept is introduced with a consumer-centric practice to cultivate agility, promote sustaining innovation culture and enhance best customer's satisfaction. The cross functional management is divided into performance functions and productivity functions and they are encouraged to truly coordinate with each other to achieve common goals.

4. Growing Sustainability

We aim to conduct our business for sustainable growth by managing the three economic, social and environmental dimensions in a balanced manner. We take into consideration impacts to stakeholders by announcing policies, appointing a working group for sustainability and setting strategies and goals for tangible implementation organization-wide.

Significant changes and development

2019

- Workscape Co Ltd was founded to manufacture and distribute all kinds of office furniture and office decorative products with a registered capital of Baht 60

million and a par value of Baht 100 per share. Modernform Group holds 40% therein. Workscape is expected to increase sales, expand distribution channels and add office furniture market share to Modernform Group.

- Capcon received two awards, namely, Silver Award for Design for Society/Design for Social Impact, and Bronze Award for Design for Sustainable Living/Environmental Preservation/Urban Sustainable Design at the European Product Design Award event held to laud outstanding designers and design teams who make everyday's living easier through elegant but truly functional designs. The Award focuses on designs with the least complexity that help users live more easily and happily.
- The Chivamitra Cancer Hospital, a cancer-specialized hospital in Ubon Ratchathani Province, was opened in November 2019. The hospital is managed by UICC Co Ltd, a subsidiary of Modernform Health and Care Public Company Limited, a Modernform Group subsidiary.

2020

- Modernform Group launched the rebranding campaign to respond to the new generation's lifestyle, which actively embraces facilitating technology through our mission to create "furniture that truly answers to today's lifestyle."
- Thailand's first Steelcase Flagship Store that showcases the US's well-loved office furniture brand, Steelcase, was opened on the 2nd floor of Modernform's Crystal Design Center in December.
- BuiltDee Co Ltd was founded to manufacture and distribute fit-in furniture and offer interior decoration services to offices, hotels, condominiums and residences with Baht 4 million registered capital at Baht 100 par value per share. Modernform Group holds 49% share in the company.
- Modernform Group acquired capital-increase shares in Workscape Co Ltd, which increased its capital from Baht 60 million to Baht 70 million, for a total of 40,000 shares to maintain its equity ratio in the company to 40%.
- Modernform Group was bestowed eight 2020 design awards from five institutions for its three products, namely, the Red Dot Design Award 2020, the European Product Design Awards, the DNA Paris Design Awards 2020, the Design Excellent Award (Denmark) 2020, and the Sky Design Awards.

2021

- Modernform Group founded Lesmo Co Ltd, which buys, sells, develops, designs, builds, renovates and decorates all kinds of immovable properties with a registered capital of Baht 10 million at Baht 100 par value per share. Modernform Group holds 40% of its shares.
- Modernform Group sold the entire shares it held totaling 75% or 375,000 shares in Rafa Associates Co Ltd, of which the registered capital was Baht 5 million with Baht 10 par value per share, for 3.75 million to Rafa Associates Co Ltd's existing shareholders.
- It was awarded five 2021 design awards from five institutions for its three products, namely, the GOOD DESIGN Awards, the Golden Pin Design Awards and the DNA Paris Design Awards; and was shortlisted in Industrial Design by the SKY Design Awards.

General Information of Company (Head Office)

Company Name	Modernform Group Public Company Limited
Head Office Location	699 Srinakarindr Road, Phattanakan, Suanluang, Bangkok 10250
Major Activity	Manufacturer, Importer and Distributor of Knocked-Down Furniture to distribute in domestic and abroad including import furniture setting and interior decorative products
Company Registration	0107536000943
Telephone	0-2094-9999
Facsimile	0-2722-8382
Website	www.modernform.co.th
Email	co.secretary@modernform.co.th, ir@modernform.co.th and enquiry@modernform.co.th
Registered Capital	809,646,280 Baht. (As of December 31, 2021)
Paid-up capital	750,000,000 Baht. (As of December 31, 2021)
Class of shares	Ordinary shares
Par value	Baht 1

1.2 Business Operations of the Company

1.2.1 Revenue structure of different business groups

The revenue structure for the years 2019 to 2021 from the operations of the Company, 3 Subsidiary can be divided into 4 business groups.

Product Range / Business Group	Operated by	Shares (%)	2021		2020		2019	
			Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Furniture Business - Office furniture and Residential furniture - Furniture fittings :composite stones, carpet tile and engineering wood	Modernform Group Public Company Limited	-	1,661	69	2,133	71	2,186	69
			353	14	387	13	514	16
Space rental and services	Modernform Tower Co., Ltd.	100	83	3	89	3	88	3
	Modernform Group Public Company Limited*	-	3	0	1	0	5	0
	Modernform Health & Care Public Company Limited*	95	15	1	15	1	15	1
Health Care **	Modernform Health & Care Public Company Limited	95	246	10	269	9	258	8
Architectural design and Construction	Rafa Associates Co., Ltd.	75	16	1	30	1	43	1
Miscellaneous***	-	-	47	2	74	2	69	3
Total			2,424	100	2,998	100	3,178	100

Note * Service income for Modernform Group Plc. and Modernform Health & Care Plc. is other service income collected under agreement, including maintenance service, consulting fee, internal audit fee and etc.

** Healthcare business for Modernform Health & Care Plc. has income in the distribution of healthcare furniture, design and construction service for operation room and laboratory in hospital.

*** Miscellaneous revenues of the Company and subsidiary companies includes gain on sale of investment, dividend received, delivery services, gain on sale of asset, sales of raw material scraps and gain on sales of investment in associated company.

1.2.2 Product Information

(1) Characteristics of innovative development products and services

Modernform Group Public Company Limited offers the following products and services categorized by business units as follows:

1. Furniture Business: this can be divided into three groups of products as follows:

1.1 Modernform's office furniture is designed to inspire and enhance productivity. The furniture aims to penetrate leading offices nationwide. At present, it has developed products and services as a comprehensive workplace solution provider where it not only provides innovative office furniture combined with technology to add more comfort and respond to today's increasingly digitalized workplace, but it also offers furniture for co-working space, which is a new work style of today's generation who focuses more on collaborative space with clean and relaxed

design to inspire more creativity. This market has a potential to grow.

Yet Covid-19 changed office work patterns, which effectively leads to the change of the use of office space. Working from home induces consumers to buy furniture, especially that with technological features that help maintaining their health and wellbeing. This refers to, for example, ergonomic work chairs and height-adjustable desks that users may sit or stand while working. The products receive much attention and their sales growth is leap-frogging. The original office workspace meanwhile is downsized and increasingly transformed into a smart office equipped with work-related and hygiene-focused technology. This includes, among a few, teleconference meeting systems and transformation of personal desk into hot desk to reduce personal space while enlarging common space, which also responds to employee's need

for more open space, work flexibility and staff's independence. More needs for a smart locker are also witnessed. Modernform Group has adjusted itself to embrace this change by creating new innovative furniture to respond to disruptive consumer's behaviors.

Modernform's two main groups of customers who buy its office furniture are:

Private companies

While office space did not expand much this year, what significantly grew was office furniture bought to facilitate the Work From Home lifestyle as well as direct purchase by consumers via e-commerce online platforms or even direct showroom visit to purchase furniture. Sales of ergonomic office furniture to this group of customers have significantly increased.

Government agencies

To sell office furniture to this group of customers, Modernform Group's sales teams work through the third party such as architect, project consultant, project contractor, interior designer and project owners who are government agencies, state-owned enterprises, hospitals and education institutions. Large-scaled projects usually have allocated budgets or that they are financed by budget carried forward to the following year.

1.2 Residential Furniture

Modernform Group manufactures residential furniture that underlines luxury, taste and sophistication. For medium and high-end customers, Modernform's residential furniture remains outstanding through sophisticated functions and designs together with a wide range of available decorative items that can be elegantly added for more inspirational home living. This includes kitchen furniture with unique designs and new innovations, resulting in clean layouts, quality materials and functional usage. The furniture helps reflecting user's character as they can choose various combinations to accommodate their distinctive lifestyle.

Modernform Group's residential furniture and kitchen furniture customers are not only end-users, namely, home, townhouse and condominium owners with medium to high-end

incomes, but they are also designers, architects, contractors and developers of housing estates or condominium projects. This second large group of customers continued to grow during the past several years as witnessed by their large purchase volumes on each occasion.

1.3 Furniture accessories and decorative products

These products which are our main business and which make us unique from others are:

- Imported furniture accessories from leading countries such as Germany, Italy, Spain, Austria, Denmark, the US, China, Singapore and Malaysia for use internally and for local distribution to other furniture manufacturers and retail customers. They are furniture accessories, fitting, handles, hinges, locks, drawer rails, sliding doors, surface materials, kitchen sinks and accessories.
- Furniture accessories under our house brand named "Home"
- Ready-made doors and hardware under the ReadyDor brand
- Flooring materials such as carpet and vinyl tiles under the Interface brand
- Synthetic rock under the LG Hi-Macs brand
- Marble and composite quartz under the Verona Stone brand
- Luxury vinyl tile (LVT) under the Floover brand
- Outdoor wooden deck under the M Deck brand with a click-lock patented installation system from Italy
- Fa_ade decorative materials for use with buildings, external building structure and elevator decoration for new sensations.
- Fire-resistant Magnesium Oxide Board for use with ceilings, doors and walls.

2. Space rental

2.1 Modernform Tower Co Ltd is renting office space, showroom and warehouse within an area of 3 rai and 35 square wah for a total rentable area of 28,000 square meters. This is divided into parking lot, a food center, office space for rent in general, showroom and office space for Modernform Group Plc to rent.

2.2 Residential building construction business

Lesmo Co Ltd is operating a business which buys, sells, develops, designs, builds, renovates and decorates all kinds of immovable properties.

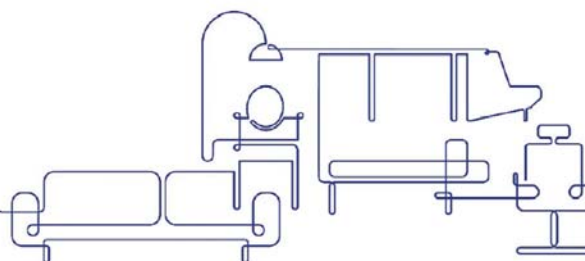
3. Health Care business

Modernform Health and Care Public Company Limited was established in 2005 to manufacture, sell, import and export, repair and rent health products,

which include equipment and health-related tools for use in hospitals, rehabilitation facilities and residences. In addition, a hospital with specialty in cancer treatment named the Chivamitra Cancer Hospital was established at Ubon Ratchathani Province under UICC Co Ltd's operation. The hospital is a result of a collaboration between the Company and a team of cancer specialists in the Northeast.

Innovation for a full-fledged furniture business

Quality | Safety | Ergonomic | Environment-Friendly
Innovation for Sustainability



Modernform Group Public Company Limited manufactures and distributes a comprehensive range of furniture with a goal to deliver high-standard quality products and to design and create innovative furniture that respond to user's needs in various manners ranging from durability, safety, health and wellbeing and environmental friendliness. The innovations are as follows.

1. Innovation for production responsibility

We realize that technology can be effectively introduced in work processes especially in the production process. While this helps promoting sustainability through environmental protection which is a responsibility of everyone in the society, introducing it in the business also enables the business to go forward sustainably. The innovations are:

1.1 Digitalization for less resources

Policy and goals

In 2020, the Company introduced a design software that automatically processed a cutting order of wood through a computerized system. Information is sent directly to a machine in a production process and the software can be implemented with any machine from different manufacturers. The computerized system replaces the original manual system and therefore maximizes the use of raw materials in the production process. It reduces loss resulting from error made of

information fed manually and lowers work time, which led to energy-saving. All of this effectively help reducing the amount of raw materials and energy consumed in the production process.

Results in 2021

Following our study in 2020, the process was actually implemented in 2021 during which information was collected for further analysis. We found that in terms of efficiency, the automated system helped reducing work time, amount of wood being consumed and loss from human error. The average efficiency resulting from the use of lesser wood was around 6%***

(Note: ***The Covid-19 situation in 2021 slowed down the economy, which was reflected in a relatively low rate of average change.)

1.2 Improving the production process for safety purpose

One of Modernform Group's policies and values is to commit to social responsibility and to safeguard the environment. That's why it's meaningful for us to have a right production process to manufacture parts of furniture. Although the coating process on metal surface with chromium has been used by the furniture industry for a long time, yet the fact that the process uses chromium that could affect worker's health and damage

the environment makes us want to replace it with other processes that offer a healthier and greener result.

Policy and Goal

To increase the ratio of products which rely upon parts going through a powder coating process and/or to increase the ratio of stainless steel that will replace chromium-coated parts by 100% in 2023.

Results in 2021

We were able to maintain the standard of design and production process of new products, which were not coated by chromium, to 100%

For Production Line 2, 50% of the tasks to improve the production process were completed.

2. Innovative design under the concept of Reuse/Recycle for Sustainable Design and Circular Economy

Moderform Group commits to sustainability through the circular economy policy, which has been widely implemented internationally. This concept aims to reduce waste, maximize the use of existing resources and/or reuse them in new products where designs are developed to enable the reuse of recycled products resulting from production and consumption processes on the basis of sustainable design and the circular economy.

Policy and Goal

To design and develop new products that respond to the needs of today's consumers by using recycled products left from the production or consumption process, focusing mainly on the qualifications of materials and sustainable design to effectively enhance product values.

Results in 2021

Modernform Group managed to develop a group of products made of environmental-friendly and recycled materials from the production process. The focus was on design simplicity and the use of materials that match product functionality while the goal was to maximize values of both raw materials and energy used in the production process and effectively respond to lifestyle needs of today's consumers.

Some products in this collection were awarded at the international design events and published in world-class media. They were gradually be launched to the market in December 2021 and all will be completed by 2022.

m.any:

This is a multi-purpose table, which functions as a friend who is ready to be next to you wherever you are. m.any has received the following awards:



- GOOD DESIGN Awards for Furniture Design by the Chicago Athenaeum Museum of Architecture and Design and Metropolitan Arts Press Ltd, USA.
- The Golden Pin Design Awards for Product Design by the Taiwan Design Research Institute (TDRI), Taiwan.
- Being shortlisted in Industrial Design by SKY Design Awards, Japan.

w.hole:

This is a multi-purpose table designed with a purpose to use as necessary raw materials and production process as possible under the sustainable design concept. The table connects today's lifestyle with that of the future. Users may adapt the product's

usability and beauty the way they wish. The table receives the following awards:



- GOOD DESIGN Awards for Furniture Design by the Chicago Athenaeum Museum of Architecture and Design and Metropolitan Arts Press Ltd, USA.
- DNA Paris Design Awards for Product Design / Furniture and Lighting, France.

3. Innovation for products to strengthen social benefits

We strive to offer quality products to consumers. One of the missions of our furniture is to provide comfort and relaxation by accommodating the user's ergonomic posture either during work or leisure. We therefore commit to consumer's health and wellbeing by offering products specifically designed with a true understanding of how users will use the furniture where only quality materials are selected and how it is manufactured will help users relax and become healthier in the long run.

Policy and Goal

To design furniture using ergonomic factors to promote the right way of sitting; to underline comfort and safety as well as user's wellbeing, and to transfer knowledge of how to rightly use the product for better efficiency and user's better health and wellbeing.

Results in 2021

1. Training by speakers from the Ergonomics Society of Thailand (EST) was organized to share the principles of ergonomics adaptable to product design and for further recommendations on how to use the furniture for long-term safety and wellbeing.
2. A new production design plan with ergonomic-based products accounting for 50% of the entire plan was made. In this regard, there were two groups of products: those of which the design and production were completed and ready to be

launched into the market in 2021; and those being designed and made and will be ready for commercial launch in 2022.

3. Ergonomic-based products incorporated in our design were launched to the market and some of them were submitted to international design contest events to underline Modernform Group's goal to be a responsible furniture maker for users' health and wellbeing as well as to publicize the concept of healthy design for better health and wellbeing to a wider audience. Products being awarded are the Million working set and the w.hole table.

Million:

This is a set of work furniture designed to respond to new work lifestyle when there is no longer a clear distinction between work and rest. Million receives the Honorable Mention Award from the European Product Design Awards.



w.hole: The product receives the following awards:

- GOOD DESIGN Awards in Furniture Design from the Chicago Athenaeum Museum of Architecture and Design and Metropolitan Arts Press Ltd, USA.
- DNA Paris Design Awards in Product Design/ Furniture and Lighting, France.

(2) Marketing and Competition

Marketing of major products and services

Modernform Group has a clear goal when it comes to marketing. We underline the fact that we are a manufacturer and distributor of products that respond to the needs of our clientele and we aim to provide great

experiences to customers through products that are appropriately priced while introducing innovation to reflect the new generation's lifestyle. Our strategies and major operation in 2021 were as follows.

1. Making presence in a retail market by actively penetrating online channels while strengthening offline avenues

The 2021 economy continued to be harshly affected by Covid-19's third and fourth wave, making the economy that had been anticipated to revive spiral into a downward fall again. Yet the pandemic induced a New Normal lifestyle where the furniture business needed to adapt itself quite rapidly to follow this powerful trend. The Company chose to actively penetrate online markets where sales grew by more than 200%. This was especially true for office furniture, especially with regard to ergonomic chairs of both Steelcase and Modernform brands as we now focus to retail them more. The Company also underlined a comprehensive online sales strategy through Modernform Online Store website and other e-commerce platforms, social media and Line OA. This successfully increased our online sales to 21%. The Company also spent time developing new innovation and enhancing product quality to satisfy customer's needs and to respond to both local and export demands.

In addition, the Company planned to refurbish its showrooms to answer to both existing clientele and new customers in the New Normal lifestyle in preparation for the re-opening of the country's international border and the bouncing back of the Thai economy in Q4/2021. With regard to our sales, this year, 95% were sales within local market and only 5% was exported to overseas.

2. Personalization marketing

Modernform Group aims to be No. 1 brand for our customers especially when it comes to develop furniture with different designs that answer to all lifestyles through innovative production and material innovation. The ultimate goal is to enable consumers to access a right product, which answers to their needs and which is sophisticated, durable and safe. For example, we have launched the Custom Sofa campaign under the concept of "Every difference has an answer" to highlight Modernform's eclectic designs.

3. Brand strengthening through collaboration

Modernform Group Plc has initiated furniture design collaboration with various brands since 2020 where we started featuring with xiaomi in the modernform x xiaomi and modernform x PDM campaigns. While xiaomi is a tech leader, PDM is renowned for its unique designs. The two collaborated to design furniture that reflected Modernform's identity. In 2021, Modernform collaborated with two Thai's renowned artists, namely, Khun Yoon Pannapat Tejmethakul and Kru Pan Somnuk Klangnok, to launch the Power of Positive Series collection, the furniture items with joyful patterns aimed at collectors who were fans of the two great artists who produced these delights.

4. Strengthening the CRM system for customer care at all touch points

CRM is our No. 1 priority for it ensures us a smooth long-term relationship between the Company and our customers. We have done the following:

- CRM with Project Clients
Sales teams collect information of project clients before using the pipeline management system to manage the CRM to witness sales opportunities and sales status, either through monitoring, forecasting of various projects on reporting display boards, and cultivating deals with customers through their journey starting from proposing to submitting a quotation, negotiating and closing deals. This applies to key accounts and new potential customers who can be developed into key accounts in the future. Each year, an activity with customers or suppliers is held to strengthen this relationship. This includes corporate social responsibility (CSR) activities and donations of basic food supply to workers and their families at customer's construction sites.

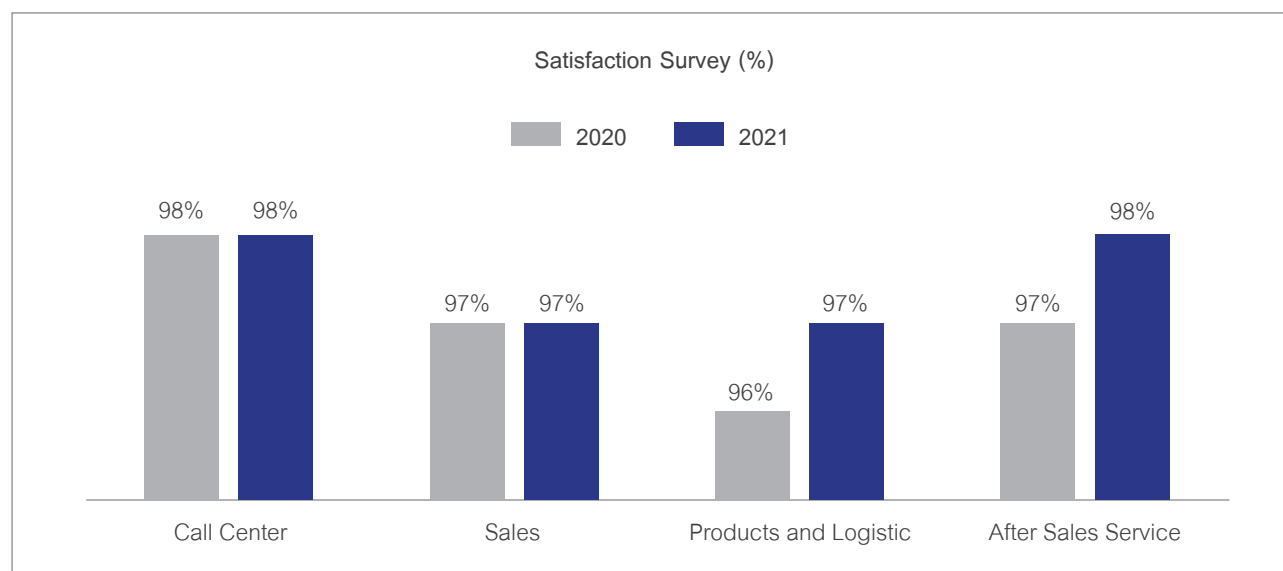
Retail CRM

- CRM with Retail Clients
The marketing team is responsible for enhancing values to customers whose information is collected and analyzed to classify them as well as products they may need and to also design a right activity for their best customer experience. In 2022, Modernform

Group will implement the Customer Experiential Management (CEM) to render positive exquisite experience to customers where each individual will be personally taken care of to strengthen the customer base who will carry the brand from one generation to the next.

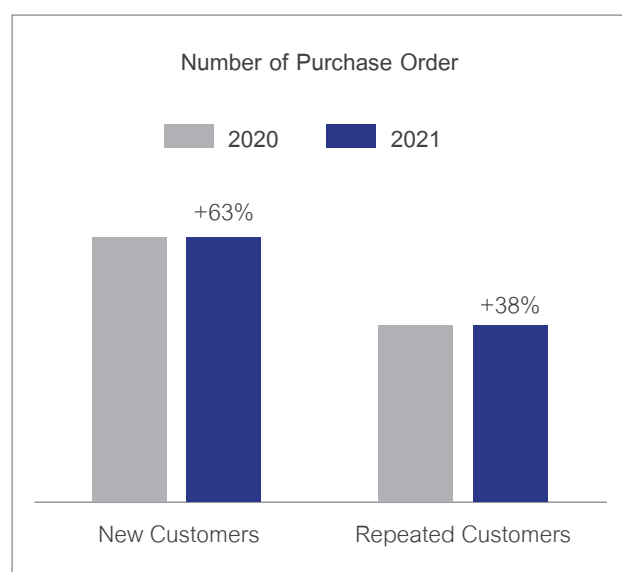
- Customer Satisfaction

As customers are our priority, we conduct regular customer satisfaction surveys through questionnaires at all service points, the information of which is used to strengthen our services.



- Ongoing communications with existing customers

Modernform Group maintains relationship with existing customers by communicating and informing benefits of their interest to keep the brand in their mind. The return rate of existing customers is as high as 38% while the growth of new customers is phenomenally high at 63%.



- Knowledge-sharing Communications

We provide information for consumers to raise their awareness on how to select materials that match their needs and how to choose the right furniture and the right design that truly reflects their desire. A product review video was made to educate customers to properly use the product and this is posted on our website, YouTube and Facebook. In addition, we collaborate with "The Standard," a web-based information media, to do a special series video where we took viewers to visit nine "desks" of successful celebrities in their fields to see what's behind their success and where their creativity came from. Modernform Group also launched the world-renowned office furniture Steelcase's SILQ Chair that accommodates all movements and beautifully answers to today's wellbeing work-life environment. A special talk on "how to sit healthily while working;" and a workshop entitled "Ergonomic sit that takes you away from office syndrome" by Dr Sumetha Chirachotechuentaweethai were organized as part of the SILQ launch.

จัดระเบียบชีวิตดี สร้าง Productivity ได้สบายๆ

Productivity อีกหนึ่งคำยอดฮิตที่ยังคงได้รับความนิยมอย่างต่อเนื่อง เพราะด้วยรูปแบบการทำงานที่เปลี่ยนแปลงไปตามสถานการณ์ช่วงนี้ที่เราต้อง Work From Home กัน ต้องปรับเปลี่ยนสถานที่ทำงาน แต่ได้งานที่เกิดประสิทธิภาพดีไม่แพ้การทำงานในออฟฟิศ



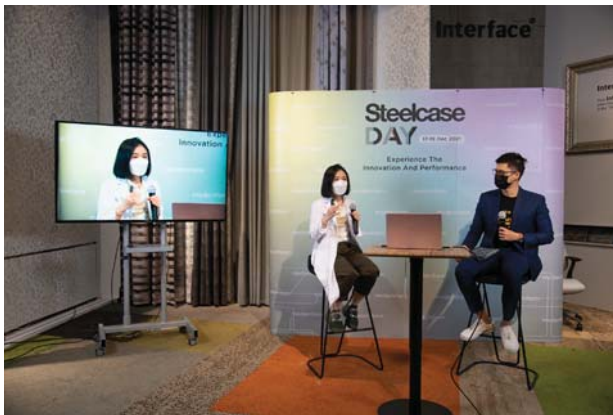
เราขอแนะนำ 7 วิสตุกรรม สำหรับใช้พาคอลเลกชั่นใหม่ ที่จะทำให้รู้สึกแตกต่าง และค้นพบประสบการณ์ที่แสนพิศมัย เต็มไปด้วยสไตล์ที่เป็นตัวเอกอย่างขึ้น



โซฟาหนังเป็นอีกหนึ่งในโซฟาที่ได้รับความนิยมเป็นอย่างมาก เพราะเป็นวัสดุที่มีความเรียบได้ สะท้อนรสนิยมของผู้ใช้งานได้เป็นอย่างดี และยังดูแลรักษาง่าย มีระยะเวลาใช้งานยาวนาน เราจึงพิถีพิถันในทุกคุณภาพดีจากทั่วทุกมุมโลก มาให้ลูกค้าได้เลือกสรร โดยแบ่งหนังออกเป็น 3 ประเภท

ทำงานอย่างถูกหลัก Ergonomics คืออะไร มีผลต่อการทำงานหรือไม่

ในปัจจุบันคนเรารู้ความสำคัญกับการใช้ชีวิตที่คำนึงถึงเรื่องสุขภาพเป็นหลัก ไม่ว่าจะเป็นเรื่องที่อยู่อาศัย สภาพแวดล้อม อาหารการกิน รวมถึงความใส่ใจในเรื่องของการทำงานที่ไม่ส่งผลเสียต่อสุขภาพในระยะยาว ที่น่าทึ่งซึ่งความสุขและชิ้นงานที่มีประสิทธิภาพนั่นเอง



• Nature and Groups of Targeted Customers

As a leading premium furniture maker and distributor who offers office and home furniture to kitchen and space solution built-in furniture, Modernform boasts a wide range of customer base, which is distinctive from other businesses in the same industry. Most customers are looking for high-ended furniture and services that match their needs.

Our customers are classified into two major groups. First, retail customers to whom we sell our furniture via our showrooms account for 20% of the revenues. The remaining 80% are large-scaled customers whose sales are through projects such as office, residential condominium, single detached and townhouse, hotel, hospital, government agency, education institution and state enterprise. Products are presented through designers, architects and interior

decorators or even project owners themselves. Our customer base therefore is quite expansive with power to constantly buy our products. This helps diversify our risk for not depending on a particular group of customers, which in turn helps expanding our sales growth annually.

Competition

The furniture business continues to grow as evidenced by sales of furniture and home decorative items in three main businesses, namely, office, hotel and residence. While the hotel business continues to grow, the office building business remains stagnant as clearly seen from the number of new office building construction. The residential business may be partially impacted by the weakening property market. Yet there are buyers with real demands together with constant demands from projects under renovation.

The overall picture of the property market in 2021 was as follows. Condominiums in the Central Business District (CBD) tended to delay their launch but demands for single detached houses were increasing. Consumer confidence tumbled to the lowest point in years. The hotel business needed to really adjust itself. It was the first time that there was no launch of premium condominium projects in Bangkok's CBD for two consecutive quarters between Q2 and Q3. There were still new projects in midtown and suburban areas being launched but the number was minimal.

High-rise property

11,760 units of condominiums were launched during the first nine months of the year, which was down 72% from 2019 and 37% from 2020 (Source: CBRE). New condominiums launched in 2021 were priced to no more than Baht 3.5 million per unit and most were around outer Bangkok along commuter lines currently being built. Investors or condominium project owners wanted to release their products in hand as fast as possible. For long-term investors who bought condominium units for rent, they had to accept a lower return due to high competition in the market. Rents were historically low. Some units had to reduce their rents by more than 30%. Unit re-sale were slower than in the past especially in projects not completely sold out because project owners competed to offer discounts to get rid of their unsold units. Hotels or serviced apartments also seduced clients wishing to rent a condominium unit. In the long run, returns from condominium investment are likely to fall due to an increasing supply of condominium units entering the market each year, which will definitely affect future competition.

Mixed-use developers now tend to re-adjust their investment portfolio by focusing on low-rise development as well as by diversifying into other businesses such as buying liabilities and debts of hospitals and hotels to minimize risk and enhance business opportunities. This is especially true with hospital and healthcare businesses, which tend to do better now that Thailand admirably shows that it can control Covid-19 pandemic, making more foreigners to express interest in buying a property in Thailand which includes land purchase through nominees.

Low-rise property

This refers to single and duplex houses and townhouses of which sales of units priced Baht 10

million or higher remain strong especially in Bangkok's vicinity. For those within a Baht 2-3 million price bracket, demands remain healthy especially in provinces such as Khon Khen, Ratchasima and Ubon Ratchathani. High-ended houses remain slow in terms of sales.

Several developers with condominium and housing estate products in their portfolios will continue to generate streams of revenues. Those with fewer products of housing estate projects in their hands may face declining incomes. Hotel or tourism-related operators may not be able to generate as much income as they used to be and therefore may need to rely upon their housing estate projects in hand to generate revenues in 2021.

Overall speaking, the furniture market remains challenging as transactions still do not return to normalcy. There are more than 200,000 units of residential housing in Bangkok and its vicinity waiting for sale. Together with tougher competition in all markets whether they are about prices or types of the housing as well as liquidity and cost of doing this business which tend to climb up, investment in 2022 therefore remains quite prudent due to high uncertainty of the market itself.

- **Market for project furniture**

Sales competition of project furniture especially for high-rise condominiums and low-rise housing project remain very intense due to a declining number of projects expected to be launched in 2022, which will directly affect the overall property market.

As developers delay delivery and installation schedules of their purchased furniture, a phenomenon that is expected to last into mid 2022, this will affect the Company's income. Yet our competitiveness in terms of quality, designs and innovation remain strong. This is especially true in the case of free-standing furniture, which has been well received by project clients. Meanwhile, the Company is able to close more deals with hotel, hospital and healthcare clients, all of which tend to enjoy their growth.

- **Retail Furniture**

In 2021, the Covid-19 pandemic and the government's lock-down measures helped the retail furniture business to grow healthily since consumers wanted to buy more furniture and home decorative

items to help them Work From Home. Together with expansive online sales channels, furniture became one of the most popular items being purchased.

Competition in the furniture retail market remains high. What makes this business grow is the e-commerce. Furniture and home decorative items especially office furniture such as desk and chair become so hot so that it ranks No. 4 after department store, cosmetics and supplementary food and fashion apparel and accessories as items being most purchased by customers. This reflects a new consumer's trend that they may not travel yet they want to get access to a diverse collection of goods online so that they can compare prices and promotions before making a decision. As

businesses worldwide are likely to embrace the idea of staff working from home now than ever, this WFH trend could be permanent in the future.

The uncertainty caused by Covid-19 does affect the spending of local consumers. In addition, more players enter the furniture market especially those in the online e-commerce platforms. As consumer's purchasing power remains limited, the Company re-adjusts its strategies to remain flexible to enhance its competitive edge and to offer interesting campaigns to targeted customers. It also introduces new technology to add agility to its work and to embrace new disruptions that remain today's latest trend such as Metaverse and NFT.

(3) Product distribution and Service

Production Plants

No.	Name	Location	Year of Established	Products
1	Modernform Group Public Company Limited - Production 1	33/2 and 33/5 Moo 7 Bangna-trad rd., Tambon Bangchalong, Amphoe Bangplee, Samutprakarn 10540	1978	Office furniture, Home furniture and Kitchen furniture made of wood
2	Modernform Group Public Company Limited - Production 2	P2A: 5 Bangkhuntien Road, Kwang Sa-Mae-Dam, Khet Bangkhuntien, Bangkok 10150 P2B: 622 Bangkhuntien Road, Kwang Ta-Kam, Khet Bangkhuntien, Bangkok 10150	1986 1990	Office furniture, Home furniture such as chair sofa, desk, coffee table, side table, cabinet and screen partition

Capacity

Production	Capacity As of 31 December 2021 (Units/year)	Capacity utilization rate for the year as of 31 December	
		2020	2021
Modernform Group PLC.- Production 1	124,404	89.8%	77.8%
Modernform Group PLC.- Production 2	93,571	100.00%	100.00%

Raw materials of Production Line 1

Costs of raw materials remain the most important item when considering the Company's costs of sales. The following are main raw materials used in the Company's products:

- **Wood, surface/cover material, cover edge materials**
They are main materials for making furniture such as desk, cabinet, closet and bed and account for 54% of all raw material costs. The Company purchases them from local distributors.
- **Steel**
Steel is used as an accessory item for the furniture as a table leg or a table beam to accommodate a tabletop or a shelf. Steel accounts for 17% of all costs of raw materials. The Company orders it from both local and overseas distributors.
- **Accessories**
They are also supporting materials used in furniture assembly such as screw, nuts and bolts, hinges and keys for the furniture's aesthetic look. They account for 24% of all costs of raw materials and they are purchased from local and international distributors.
- **Chemical**
This refers to acetone, tinner and alcohols as well as glue used in surface covering and corner covering work. It accounts for 3% of the entire raw material costs. The Company buys it from local distributors.
- **Packaging**
Main packaging includes paper boxes and corrugated boxes, which accounts for 2% of the entire raw material costs. The Company buys it from local distributors.

The prices of raw materials are subject to exchange rates, oil prices and demand and supply of a particular raw material, especially in the case of wood and steel, the two main raw materials. For the accounting year that ended December 31, 2021, the Company imported 11% of raw materials for use in the production process from overseas.

The Company pays distributors and service providers of raw materials, accessories and packaging in Thai Baht and foreign currencies, most of which are in US dollar.

Currency	2020	2021
Thai Baht	93.72 %	88.78 %
US. Dollar	6.28 %	11.22 %

Raw materials of Production Line 2

- **Parts**
This refers to sponge, natural rubber, synthetic fiber, plastic, injected plastic, wheels, back rest, chemicals, glue, paint, tinner, alcohol, surface cleaner, recliner spring and shock absorber, nuts and bolts, packaging, box, bubble wraps and foam. They account for 30% of the entire costs of raw materials. The Company orders them from local manufacturers.
- **Metal**
This is for structural work, main table, desk, chair, sofa, bed, cabinet, cabinet door, screen and partition. Metal accounts for 13.80% of all costs of raw materials.
- **Wood**
This refers to moderately hard wood for use in making table, chair, sofa, bed, molding/shaping work and large-scaled work with unique form and it accounts for 11.23% of all costs of raw materials. The Company buys them from local and international manufacturers.
- **Covering materials** such as fabric, synthetic leather with specifications required by customers or the nature of work. They account for 11% of all costs of raw materials and they are bought from local and overseas manufacturers.
- **Genuine leather** made to order as specified by the Company, which accounts for 8.9% of the entire costs of raw materials. The Company orders it from local manufacturers while other parts are imported from overseas based on customer's specifications.

The Company pays distributors and service providers of raw materials, accessories and packaging in Thai Baht and foreign currencies, most of which are in US dollar.

Currency	2020	2021
Thai Baht	91.46%	91.84%
US. Dollar	6.28%	8.06%

The Company selects distributors of raw materials based on product quality, efficiency, reliability, production capacity, pricing and service. It does not rely on a specific manufacturer and it maintains a good relationship with several primary distributors to avoid supply shortage and/or price hike. The Company organizes a meeting on a regular basis to exchange information of new technology, new furniture trends and marketing information as well as to discuss collaboration. It constantly seeks new high-quality raw material distributors while reviewing renewable resources and new technology to cut costs as well as reducing the use of raw materials in its production formulae such as maximizing the use of wood and wood waste for cost-effectiveness.

Awards and Standards

During the past several years, the Company was honored with the following standardization and certification.

Product

- ISO 9001: 2015 - We have been certified with ISO9001-2015 since 2003 or more than 19 years. The certification reassures our clients of our quality management process.
- Made in Thailand: MiT - The Company has a policy to enhance the sourcing of raw materials from local sources in Thailand. This started in 2021.

Energy and the environment

- ISO 14001:2015: The company has been certified ISO14001-2015 since 2019, or for more than four years, which underlines our commitment in environmental management in this business.
- It has collaborated with the public sector to manage energy within the organization for cost-effectiveness and sustainability where the energy management report is published annually.

(4) Business Asset

Fixed Assets as of 31 December 2021

Type of assets	Area/Rai /number of rooms	usable area /sqm.	proprietary nature	Value (Million Baht)			obligation
				Cost Price	Depreciation	Book Value	
Land and Buildings							
1. Land and Building NO.1 33/2 Moo 7 Bangna-trad Rd., Tambon Bangchalong, Amphoe Bangplee, Samutprakarn	26.5	30,000	Owner	435.33	264.47	170.86	Mortgage with BBL (Partial) 159 Million Baht
2. Land and Building NO.2 33/5 Moo 7 Bangna-trad Rd., Tambon Bangchalong, Amphoe Bangplee, Samutprakarn	10.2	11,000	Owner				
3. Land and Building NO.3 5 Bangkhuntien Road, Kwang Sa-Mae-Dam, Khet Bangkhuntien, Bangkok	5.2	9,000	Owner	29.27	26.05	3.22	Mortgage with KBANK 29 Million Baht
4. Land and Building NO.4 622 Bangkhuntien Road, Kwang Sa-Mae-Dam, Khet Bangkhuntien, Bangkok	6.0	10,000	Owner	74.44	63.83	10.61	-
5. Land and Building DBS 58 Soi Thien Talay 10 Bangkhuntien Road, Kwang Sa-Mae-Dam, Khet Bangkhuntien, Bangkok	3 Rai 62.7 sq.wha.	4,800	Owner	46.55	12.70	33.85	-
Machines							
1. Machines for Production 1,2	127			222.78	177.20	45.58	
2. Machines for Production 3,4	265			92.66	89.91	2.75	
3. Machine for warehouse LG 19/28 Moo 7 Bangna-trad Rd Tambon Bangchalong, Amphoe Bangplee, Samutprakarn	1			0.98	0.98	0.00	
Others Assets				834.01	670.05	163.96	
Total Assets				1,736.02	1,305.19	430.83	

Remark : Assets used in the Company's business consist of property, plant and equipment-net and intangible assets-net.

Intangible assets

Under the operation of Modernform Group Public Company Limited, the Company uses trademarks for various products of the company as follows



(5) Undelivered orders

The Company will collect the deposit from customers 15-40 percent of total order amount before delivery. The estimated time of delivery is 2 weeks to 2 months for retail customers and 2 months to 2 years for project customers.

As of 31 December 2021, the Company has recorded the deposits amount 250 million baht of total order amount 1,463 million baht which is undelivered orders to customers

1.3 Shareholders Structure of Company Group

Operation in subsidiary and associated companies

Our investment policy is to invest in related businesses with direct and indirect potential. A business that we will invest will contribute to short- and long-term operation of the Company. This can be in a form of profit sharing it will receive and added values from such investment for shareholders. The investment ratio will depend on to what extent a particular business needs and how the Company sees itself in its management. Investment will not exceed 50% of the Company's total assets.

Subsidiaries and associated companies will be operated under the management policy of their respective executives who will govern the companies under the CG Code. Modernform Group will dispatch directors or senior management as their director or executive director based on its equity ratio in order to supervise and take part in deliberating significant policies.

Structure of the Company Group as of 31 December, 2021



Remark: The Company sold the entire shares it held totaling 75% in Rafa Associates Co Ltd on October 2021

Juristic person in which the Company holds shares of at least 10%

Subsidiaries Company as follows:

1. Modernform Tower Company Limited

699 Srinakarindr rd., Phatthanakan, Suan Luang, Bangkok 10250 Telephone 0-2722-8395(-8) Facsimile 0-2722-8399

Date of registered : 4 October 1989
Type of business : Office space rental and services
Registered Capital : 220,000,000 Baht
Paid-up Capital : 220,000,000 Baht
Type of shares : 2,200,000 of ordinary shares
Par Value : 100 Baht
Percentage of holds : 100%

2. Modernform Health and Care Public Company Limited

699 Modernform Tower 15fl, Srinakarindr rd., Phatthanakan, Suan Luang, Bangkok 10250

Telephone 0-2722-8033(-5) Facsimile 0-2722-8032

Date of registered : 14 October 2005
Type of business : Health Care business
Registered Capital : 230,000,000 Baht
Paid-up Capital : 150,000,000 Baht
Type of shares : 15,000,000 of ordinary shares
Par Value : 10 Baht
Percentage of holds : 95%

Associated Company as follows:

1. Itoki Modernform Company Limited

699 Modernform Tower 22fl, Srinakarindr rd., Phatthanakan, Suan Luang, Bangkok 10250

Telephone 0-2722-8288 Facsimile 0-2722-8289

Date of registered : 16 April 2015
Type of business : Imports and exports Office furniture
Registered Capital : 30,000,000 Baht
Paid-up Capital : 30,000,000 Baht
Type of shares : 30,000 of ordinary shares
Par Value : 1,000 Baht
Percentage of holds : 49.5%

2. Built Dee Company Limited

33/2 Moo7 Tambon Bangchalong, Amphoe Bangplee, Samutprakarn 10540 Telephone 0-2191-6999

Date of registered : 16 April 2020
Type of business : Manufacture and sell fit-in furniture and to contract interior decoration work of office buildings, hotels, condominiums and homes
Registered Capital : 4,000,000 Baht
Paid-up Capital : 4,000,000 Baht
Type of shares : 40,000 of ordinary shares
Par Value : 100 Baht
Percentage of holds : 49%

3. Workscape Company Limited

51 Moo 5 Bang Kruai Sai Noi rd., Amphoe Bang Kruai, Nontaburi

Telephone 0-2886-3356 Facsimile 0-2886-3359

Date of registered : 27 February 2019
Type of business : Manufactures and distributes furniture and all kinds of office decoration items
Registered Capital : 70,000,000 Baht
Paid-up Capital : 70,000,000 Baht
Type of shares : 700,000 of ordinary shares
Par Value : 100 Baht
Percentage of holds : 40%

4. Lesmo Company Limited

89/2 Soi Phaholyothin 5, Phaholyothin Rd., Phayathai, Bangkok Telephone 064-636-4515 email: pasorachon@gmail.com

Date of registered : 7 May 2021
Type of business : Manufactures and distributes furniture and all kinds of office decoration items
Registered Capital : 10,000,000 Baht
Paid-up Capital : 10,000,000 Baht
Type of shares : 100,000 of ordinary shares
Par Value : 100 Baht
Percentage of holds : 40%

Meanwhile, associate and subsidiary companies do not hold shares between one another.

Related Company as follows:

1. Arkitektura Company Limited

1412 Crystal Design Center room no.107/1 Building B, Ladprao 87(Jantrasuk) Klong Chan,Bangkapi Bangkok 10250

Telephone 0-2392-5460

Date of registered : 8 April 1999
Type of business : Imports exports and distributes furniture
Registered Capital : 20,000,000 Baht
Paid-up Capital : 20,000,000 Baht
Type of shares : 200,000 of ordinary shares
Par Value : 100 Baht
Percentage of holds : 19%

Shareholders

Top 10 shareholders according to the Share registration book closing on October 5, 2021 are as follows:

Name of shareholders	Total of shares	% of Paid-up capital
1. Group of Mr.Thaksa Busayapoka	73,578,160	9.81
2. Mr.Thaveechat Jurangkool	55,293,500	7.37
3. Group of Mr.Yothin Nerngchamnong	45,757,220	6.10
4. Group of Mr.Bancha Dhammarungruang	39,357,000	5.25
5. Group of Mr.Kavivud Nerngchamnong	37,779,000	5.04
6. Mrs.Chuleewan Vivaddhanakasem	34,101,840	4.55
7. Mr.Chaiyot Paporn	20,719,063	2.76
8. Mr.Apiroom Punyapol	20,506,900	2.73
9. Dhipaya Insurance Public Company Limited	19,511,600	2.60
10. Group of Mr.Chareon Usanachitt	18,725,520	2.49

Name of Shareholders

Name of shareholders	Relationship	Total of shares	% of Paid-up capital
Group of Mr.Thaksa Busayapoka			
1. Mr.Thaksa Busayapoka		24,384,300	3.25
2. Mrs.Charuwan Busayapoka	Spouse	12,176,000	1.62
3. Mrs.Panicha Chaiyotburna	Daughter	6,500,000	0.87
4. Ms.Sutheera Busayapoka	Daughter	14,400,000	1.92
5. Mr.Thanat Busayapoka	Son	9,350,000	1.25
6. Mrs.Patra Chuwatiwat	Sister	2,800,000	0.37
7. Mr.Theeravit Busayapoka	Brother	3,967,860	0.53
Total		73,578,160	9.81
Group of Mr.Yothin Nerngchamnong			
1. Mr.Yothin Nerngchanong		26,989,420	3.60
2. Mrs.Kirana Nerngchamnong	Spouse	6,042,000	0.81
3. Mr.Niti Nerngchamnong	Son	6,320,000	0.84
4. Mr.Sithi Nerngchamnong	Son	5,050,000	0.67
5. Mrs.Preeyapun Nerngchamnong	Sister	1,355,800	0.18
Total		45,757,220	6.10
Group of Mr.Bancha Dhammarungruang			
1. Mr.Bancha Dhammarungruang		6,700,000	0.89
2. Ms.Paweena Jiwutcharanukul	Spouse	6,000	0.00
3. Mr.Jajjai Dhammarungruang	Father	22,950,070	3.06
4. Mrs.Kritiyane Dhammarungruang	Mother	930	0.00
5. Ms.Benchamas Dhammarungruang	Sister	9,700,000	1.29
Total		39,357,000	5.25

Name of shareholders	Relationship	Total of shares	% of Paid-up capital
Group of Mr.Kavivud Nerngchamnong			
1. Mr.Kavivud Nerngchamnong	Son Daughter Daughter	27,504,000	3.67
2. Mr.Akawut Nerngchamnong		6,200,000	0.83
3. Ms.Peerakan Nerngchamnong		2,575,000	0.34
4. Ms.Anutree Nerngchamnong		1,500,000	0.20
Total		37,779,000	5.04
Group of Mr.Chareon Usanachitt			
1. Mr.Chareon Usanachitt	Spouse Daughter Daughter Sister Brother	4,542,000	0.61
2. Mrs.Chantana Usanachitt		7,592,660	1.01
3. Ms.Montira Usanachitt		3,084,500	0.41
4. Mrs.Usawadee Apichartthanapat		1,954,160	0.26
5. Mrs.Urai Anuchartworakul		1,500,000	0.20
6. Mr.Thavorn Usanachitt		52,200	0.00
Total		18,725,520	2.49

1.4 Registered Capital and Paid-up Capital

As of December 31, 2021, the Company has registered capital of 809,646,280 baht, consisting of 809,646,280 ordinary shares with a par value of 1 baht per share. The Company paid-up capital is 750,000,000 baht

The free float of minority shareholders on March 16, 2021 (the day of the registration book closing by the Company for reporting the "Distribution of ordinary Shares Report Form" to SET) amounted to 4,826 shareholders, equivalent to 68.74% of the Company's paid-up capital.

1.5 Issuance of other securities

-None-

1.6 Dividend Policy

The Company dividends policy is to pay dividend at not less than 60% of its consolidated net profits for each fiscal cycle after corporate income tax. It depends on the economic conditions and future operations.

As for subsidiary companies, the dividend policy is not determined. It depends on each company performance, investment plan, liquidity and other factors which may affect the company's operation.

Dividend payment for the last 5 years

Year	Net Profit	Interim dividends Baht/Share	Final dividends Baht/Share	Total dividends Baht/Share	Dividend Payment % of net profit
2021	88.1	0.05	0.07	0.12	100.0
2020	141.6	0.05	0.15	0.20	105.3
2019	125.7	0.05	0.12	0.17	100.0
2018	137.2	0.10	0.10	0.20	111.1
2017	215.6	0.10	0.20	0.30	103.4

Note : * The Board of Directors' Meeting No.1/2022 held on February 24, 2022 passed resolution to pay dividend at the rate of Baht 0.12 The Company paid interim dividend on October 2021 at the rate Baht 0.05 (five satang) hence a remaining value of Baht 0.07 per share will be paid to shareholders as dividend on May 2022. The matter will be proposed for approval at the Annual Ordinary General Shareholders Meeting No.1/2022 on April 22, 2022.

2. Risk management

The Company prioritizes the awareness of risk management and therefore has tangibly formulated the risk management policy and a risk management plan at a corporate level. It also encourages staff at all levels, namely, directors, the management and employees, to familiarize themselves and pay attention to the risk management under the Company's risk management framework that shall reflect international standard of practice in order to achieve corporate goals and ensure that all internal operation is subject to adequately efficient risk management.

2.1 Risk management policy and plans under the risk management framework

Strategy

The Company assesses prevalent risks from external and internal factors in order to come up with strategic and operation plans that will lead to an appropriate operation direction by taking into consideration risk appetite and systematic management.

Structure and responsibilities

The Risk Oversight Committee (ROC) is appointed by the Board to help the Board oversee risk management at various levels to ensure that the management, who is responsible for risk management, can effectively implement the risk management system encompassing various types of risks associated with the Company's business.

The Company has set up the risk management structure and supervision responsibilities using the Three Lines Models where three important roles are identified as follows.

- 1st Line: This involves risk-owning departments, the management and employees who shall evaluate potential risks, issue preventive and control measures, manage them and prepare effective risk management reports.
- 2nd Line: This refers to the Risk Management Committee, which supervises that the Company is equipped with an adequate risk management process based on required standards.
- 3rd Line: The Internal Audit Department assesses and enhances the efficiency of the risk management process, the supervision and control independently from the management to ensure fair and reliable advice.

Risk management plans and processes

The Company manages all types of important risks whether they are strategic risk, operation risk, financial risk, compliance risk and other risks that may affect its main goals. The process contains steps and procedures to systematically manage these risks to the same direction

organization-wide. It consists of eight components under the COSO-ERM framework as follows.

1. Internal Environment

The internal environment is jointly determined between the management and employees through activities and work processes in order to create common behaviors and work ethics that reflect the company's core values while being able to raise awareness and create common commitment towards main corporate goals and corporate risks.

2. Objective setting

The Company clearly sets its business objectives that align with strategic goals before managing them and keeping them within an acceptable risk appetite and risk tolerance.

3. Event Identification

All risk factors are reviewed both from internal and external factors to effectively identify events that may affect the Company's main objectives and goals.

4. Risk assessment

Causes and possible sources of risks, opportunities and potential effects, both positive and negative nature, are identified to assess risk levels. Criteria of impact and likelihood risk assessment are classified into five levels with clear definitions for mutual understanding and for benchmarking with the Company's risk appetite for sound management.

5. Risk response

A risk management plan must be submitted to the management's meeting and to the Risk Oversight Committee to review and select appropriate risk management procedures. The review aims to select response methods such as avoidance, sharing, reducing or accepting risks so that the risks are kept within the risk appetite level; or that they will not materially disrupt the Company's main goals.

6. Control activities

Control activities will be conducted organization-wide where the Company will take into consideration the cost-effectiveness of benefits expected to appropriately, adequately and systematically received from the organized activities.

7. Information and communication

The Company underlines the importance of information management where it conducts internal communication with the management and all employees to raise awareness that their performance shall align with the Company's objectives, goals, strategies and major risk management factors.

8. Monitoring

The Company makes sure that there is a coordination, meeting and reporting process between the management and those responsible for risk management, the Risk Oversight Committee and the Audit Committee. A monitoring and review process through the internal audit must be conducted to analyze major risks that currently exist as well as new potential risks and to monitor their changes. This is to ensure that the risks are constantly reviewed and prioritized and that the adequacy of the risk management is constantly assessed.

Risk Culture

- The Company promotes the knowledge sharing about risk and risk management practices among employees. A department within the Company which functions as a mechanism to control, supervise and enhance the efficiency of the risk management assessment is the Internal Audit Department, which has been regularly trained in risk assessment. The Company also organizes an internal training to enable the management and risk owner departments to understand and be aware of potential corporate risks, the environment and incidents that may jeopardize the Company's corporate goals to ensure effective risk management and systematic management practices.
- The Internal Audit Department formulates a risk-based audit plan both in short- and long-term to review and reduce operational risk. Proposals from the risk-based audit plan are submitted to risk owners to inform risks that need to be constantly managed.
- The Risk Oversight Committee is responsible for supervision and strategizing a risk management direction, taking into consideration internal and external changes that rapidly affect the Company. The ROC reviews and ensures that the Company's strategy reflects while remaining agile enough to adapt to fast-changing technological and environmental disruption. The Board usually organizes a meeting to inform risk owners of risk management practices and guidelines for mutual collaboration and also to communicate the risk management to everyone for their awareness of the Company's systematic management.

2.2 Business risk

Business risk to the Company and to the Group of Companies

Covid-19 has posed several risks to the Company. Thanks to social distancing measure, various companies announce a new Work from Home (WFH) policy, which tends to become a new normal way of working. This is an opportunity for us to showcase the strength of our products in response to the new Work from Home practice, especially with regard to ergonomic chairs and desk. In addition, to respond to changing consumer behavior as more consumers are turning towards online shopping, the Company is paying an attention to digital marketing where it actively promotes products and furniture via online media through influencers and various corporate activities. It also enhances online sales channels by offering products through various leading online shopping platforms such as Noc Noc, Shopee and Lazada in order to increase sales while exercising various marketing strategies. The result shows that online sales have gradually increased.

Investment risk in subsidiary and associated companies

The Company strengthens its business by investing in additional businesses. Thanks to the income structure of the Company itself and its subsidiaries, which depend on a wide range of businesses from office furniture to home and kitchen furniture; distribution of furniture accessories, synthetic rock, carpet and wooden floor; furniture for health and medical equipment, office rental as well as incomes from associated companies, this helps minimizing impact from being exposed to a single business. In addition, collaboration with new business alliance also enhances opportunities to expand our business footprint and therefore generate more financial returns. As a result of the Company's policy to expand businesses in subsidiaries and associates, it faces an investment risk in the case where performances of these subsidiary and associated companies may not generate profit as anticipated. The Company tries to control this risk by sending its directors to sit as director in these subsidiary and associated companies to safeguard shareholders' interests. So far, the Company has enjoyed outstanding returns from its investment in subsidiary and associated companies.

Financial risk

Modernform Plc carefully managed its expenditure budget where the debt to equity ratio was kept at a low level while liquidity level was maintained to accommodate

economic volatility. In 2021, the Company did have high liquidity and enough cash flow to accommodate its growth.

Modernform's financial risk can be categorized into 2 types as follows.

- Foreign exchange risk

Modernform is exposed to a foreign exchange risk since we have debtors and creditors in foreign currencies, which we minimize by buying a short-term forward contract of no more than 6 months. However, to do so, Modernform takes into consideration both the prevailing situation and opportunities in order to achieve maximum risk benefit from the foreign exchange risk.

- Credit Risks related to credit sales

Modernform is very prudent when extending credit to customers to minimize bad debts where credit sales will be made only when appropriate. We have no policy to extend credit to small-time customers who are in fact required to pay the entire sum before we deliver our product. For a project client, we allow payments to be made in two installments where we request that the first payment be made before Modernform starts producing the product. This has greatly reduced our risk. In addition, to extend a credit to a new customer, we analyze the client's financial standing from its financial statements. For existing customers, the Company has closely coordinated and monitored the situation to reduce collection risk and to shorten collection period.

Risks on Raw Materials

The Company set a policy on consumption of high proportion of local high-quality raw materials. Their prices are moving along with the markets. Although the material prices increase sharply, there are a number of manufacturing plants. Therefore, the Company mitigates risks by comparing prices from several suppliers before ordering. In addition, with high volume of raw materials used, the Company wields bargaining power in negotiation with the manufacturing plants for the best conditions. It always monitors price movement.

The fittings and supplies used in furniture production, such as finishing foil, hinges, drawer tracks, locks and other hardware items are mostly imported. Prices may fluctuate in response to foreign manufacturers or currency exchange rates, however, in recent periods such problems have not arisen as the Company imports its own fittings and supplies. As such, large order volumes placed enabled the Company

to have high bargaining power and gain discounts from the foreign producers. Furthermore, the Company is aware of price changes several months in advance, allowing it sufficient time to adjust costs and prices accordingly.

IT risk

Modernform has adopted the Disaster Recovery Plan for use in case of emergency that could prevent our main system from mal functioning. This back-up system can replace the main one for a short period of time and effectively prevent damage to the business. The system covers all offices and main production units of Modernform. Besides, a data center room has been developed in which an automatic fire-fighting device was installed and a new electricity cable system was upgraded to provide internationally-recognized safety standard. Last year, Modernform upgraded its server to increase work efficiency and to support its growth.

Modernform has also updated our IT policy so that the contents cover safety and security issues of the IT system and that employees may comply with the conditions to reduce the IT System risk while the updated policy corresponds with relevant IT system laws and regulations.

Natural Disaster Risk

Modernform has secured insurance for its main assets to protect itself from natural disaster risk. We also realize that it's important to develop a business continuity plan in case a natural disaster disrupts our normal business operation. This is especially in the case where business units proven crucial to our continued operation such as production, finance, IT and building and infrastructure could be heavily affected and that's why they have been requested to prepare an emergency plan for use when necessary.

3. Driving Business for Sustainability

Modernform's vision is to be the top Thai furniture brand among designers, homeowners, and entrepreneurs. Modernform is committed to presenting innovation-driven products of international quality at reasonable price, through outstanding marketing activities, and multi-sectoral collaboration. We do business as a team, and resilience for best results, while caring for the society and environment.

3.1 Sustainability Policy and Target

- Corporate Sustainability Policy

Recognizing the importance of sustainable development which will reinforce stable growth for the enterprise, Modernform applies this to its business operation in three dimensions namely economic, social and environmental under corporate governance principle across the entire value chain and taking into account impacts of its business on stakeholder, society and environment. That is why the company announced a policy to drive the enterprise and businesses under a harmonized operational framework, as detailed here.

1. Corporate Governance

Committed to good corporate governance and equitable stakeholders' engagement. We do business under good corporate governance principle, enterprise risk management, compliance with laws and regulations, as well as business code of conduct.

2. Sustainable Economic Development and Growth

Committed to becoming an organization that delivers innovations and products stakeholders require, and regulating business across the entire value chain, to ensure minimal impact on stakeholders. We focus on building strong relationship with clients, supporting, and strengthening the capacity of our business partners so that collectively and sustainably we grow our business.

3. Ethical Business Conduct

Environment-friendly business, by attending to environment impact in work processes, including environment management such as in waste management, water resource management, pollution control, energy use, Greenhouse Gas emissions cut. We aim at making the entire workforce environmentally aware and active in conservation.

4. Social Contribution

Prioritizing human resource to equip our workforce with knowledge, creativity, and customer-focused mindset while caring for the society and community. We support and respect human rights, equitable resource management when it comes to remuneration, welfare and workplace safety. We seek to build bond between the staff and organization. We encourage staff to take part in social activities within and beyond our enterprise. We care for and support communities around where we work.

5. Walking the Talk Across the Organization

We enact our sustainability concept, policy and strategy in all units within our organization. We instill among the workforce five core values: Consumer-Centric, Creativity, Achievement, Teamwork and Sustainability, so we all move in a harmonized direction and aligned with international standards.

The Company's Board of Directors and staff have the duty to support, drive and act according to the policy, as well as communicating the policy to partners, stakeholders for collaboration towards the shared goal of sustainable development.

In 2021, the Company appointed a Sustainability Working Team consisting of representatives, from different lines of relevant work to ensure alignment of sustainability with business conduct, constant improvement and clear communication, under the oversight of Corporate Governance Committee.

The Sustainability Working Team has the following duty and responsibility:

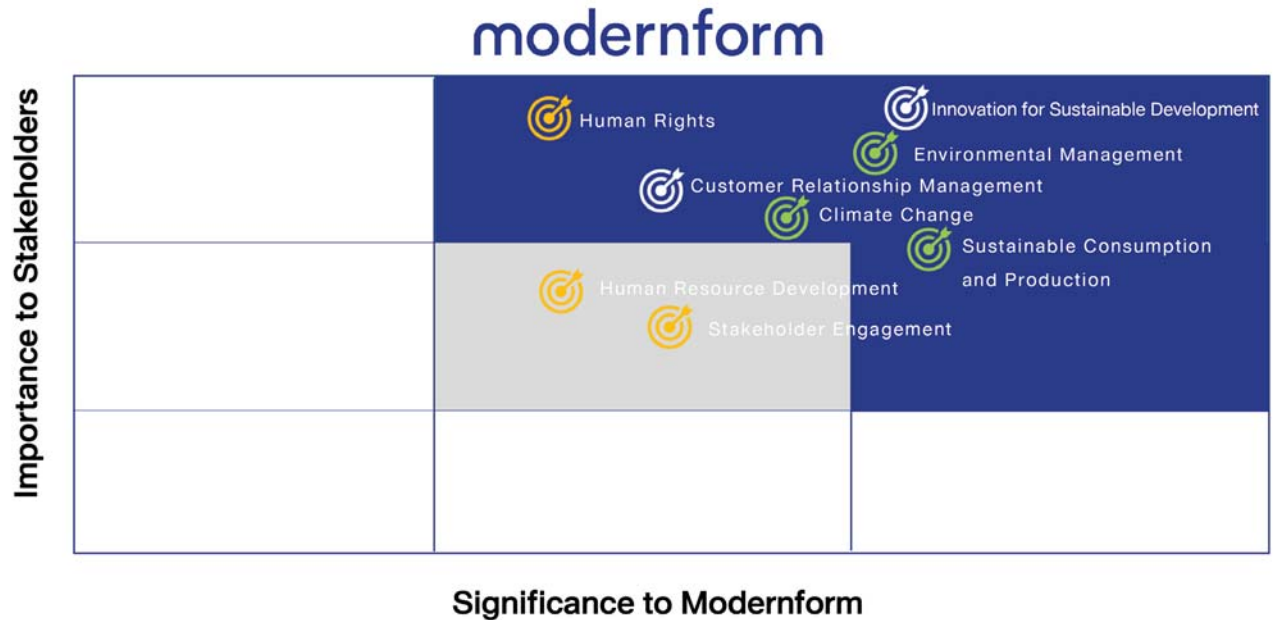
1. Chart the direction and plan for sustainability that is appropriate and aligning with the corporate policy
2. Steer, oversee, review sustainability work and coordinate internally and externally for continual planning and implementation. Foster inclusion of projects within the sustainability framework
3. Establish the sustainability mindset, and communicate this to the Directors, management and staff at all levels, business partner, stakeholder to be on the same page and active about sustainable development
4. Report sustainability result to the Corporate Governance Committee and communicate regularly with stakeholders.

• Sustainability Target

Dimension	Strategy	Performance	Target
Economic	Innovation for end-to-end furniture industry	1. Responsible product innovation 1.1 Digitalization to use less resource	Optimize virgin material use in production, reduce potential waste from mistakes of input by manual labor and reduce work hours by 50%
		1.2. Improve production process to enhance safety	Increase the proportion of products that use parts from powder coat process and/or use stainless as substitute of chromium coat to achieve 100% performance by 2023
		2. Design innovation incorporating Reuse/Recycle for Sustainable Design and Circular Economy thinking	Design and develop new products that answer needs of the day, by utilizing excess material from production process, targeting at least 2 internationally recognized awards per year
		3. Innovative products for social contribution	Incorporating Ergonomics in designing different furniture categories, leading to correct and safe use focusing on user's health, by replanning product design. Ergonomics-driven outputs account for 50% of total of product designs in the pipeline
Social	Human rights	1. Respect of human rights and fair employment	Treat employees equally, respect diversity and inclusion, non-discrimination in the workforce
		2. Employment opportunity for people with disability	Employ people with disability in accordance with the law, and enable workforce harmony
	Employee care and development	1. Responsible recruitment of talent	Efficient and fair recruitment practice
		2. Employee development	Target yet to be fixed
		3. Occupational health and safety and workplace environment	Regular workplace inspection as mandated by the law, and zero-injury target
		4. Health promotion among employees	Organize Health Promotion event annually
	Stakeholder engagement	Awareness raising targeting key stakeholders namely staff, supplier, partner and public good organizations	Co-organize social and environment contribution with multiple stakeholders, with at least six activities per year
Environmental	Environmental management performance	1. Resource • Energy	<1% less energy use than in the past year
		• Fuel	Cap the storage at factory at 450 liters, setting an internal goal of "Zero Fire and Spill Emergency"
		• Water	Campaign for optimization of water use
	Waste management	• Wastewater	Zero complaint from surrounding community on wastewater discharge from the factory
		• Waste	Zero complaint from surrounding community on the factory's waste disposal and waste management. Recyclable materials and waste must be recycled and reused
	Air quality and noise management	Work environment measurement and noise quality management	Zero complaint from surrounding community on air quality and noise
	Sustainable consumption and production	• Wood	Use at least 60% of substitute material for wood in every project

- **Materiality Issues**

Having reviewed materiality to the company and stakeholders - by conducting Inside-out Analysis and Outside-in Analysis - from the economic, social and environmental dimensions, material issues to the company aligning with stakeholders' interest and expectations can be summarized as followed.



1. Economic dimension
 - Innovation for sustainability
 - Customer relationship management
2. Social dimension
 - Human rights
 - Employee development and caring
 - Stakeholder engagement
3. Environmental dimension
 - Environment management
 - Sustainable consumption and production
 - Climate change

- **Sustainable Development Framework**

At Modernform, we believe that our duty goes beyond "Sensible Solution for Modern Lifestyle." The company is committed to fostering long-term growth and value creation for shareholders by operationalizing economic, social and environmental aspects of sustainability. We drive and prioritize investment in innovation and technology. We conduct business with social responsibility, aiming at better quality of life and happiness for all stakeholders. We care about public good to ensure that natural resource is passed on to the next generation. Guiding our work is the Sustainable Development Framework: Sensible Solution for Modern Lifestyle, as illustrated here.

modernform

Sensible Solutions for Modern Lifestyle



Corporate Governance

- Compliance
- Risk Management
- Ethics

ECONOMIC

Driving innovation management to create shared value and sustainable growth to all stakeholders

- Innovation for Sustainable Development
- Customer Relationship Management

SOCIAL

Conducting business with social responsibility in way to enhance all stakeholders' well-being and happiness

- Human Rights
- Human Resource Development
- Stakeholder Engagement

ENVIRONMENTAL

Encouraging environmental commitment to sustainable resource consumption and environment management

- Environmental Management
- Sustainable Consumption and Production
- Climate Change

3.2 Stakeholder's Engagement in the Business Value Chain

3.2.1 Modernform's Value Chain



Modernform identified stakeholders considering activities within its value chain consisting of Primary Activities and Support Activities as illustrated.

- **Primary Activities**

- Product development involves R&D, product design, quality material selection, generating innovation and technology to come up with new products, taking existing product a step further
- Production consists of material selection for goods production, making of products, quality inspection, reducing production time, reducing waste from production processes, environmental management, value adding and product quality enhancing
- Sales and marketing. The scope covers product brand management, public relations and advertising, marketing promotion, exhibition and showroom and customer relationship management, sales to project, office furniture and retail sales

- Logistics and installation deals with improving efficiency of product transport and installation, inventory management and supply chain management.
- After-sales service includes repair, exchange, warranty, product recall, and communication platforms with customers

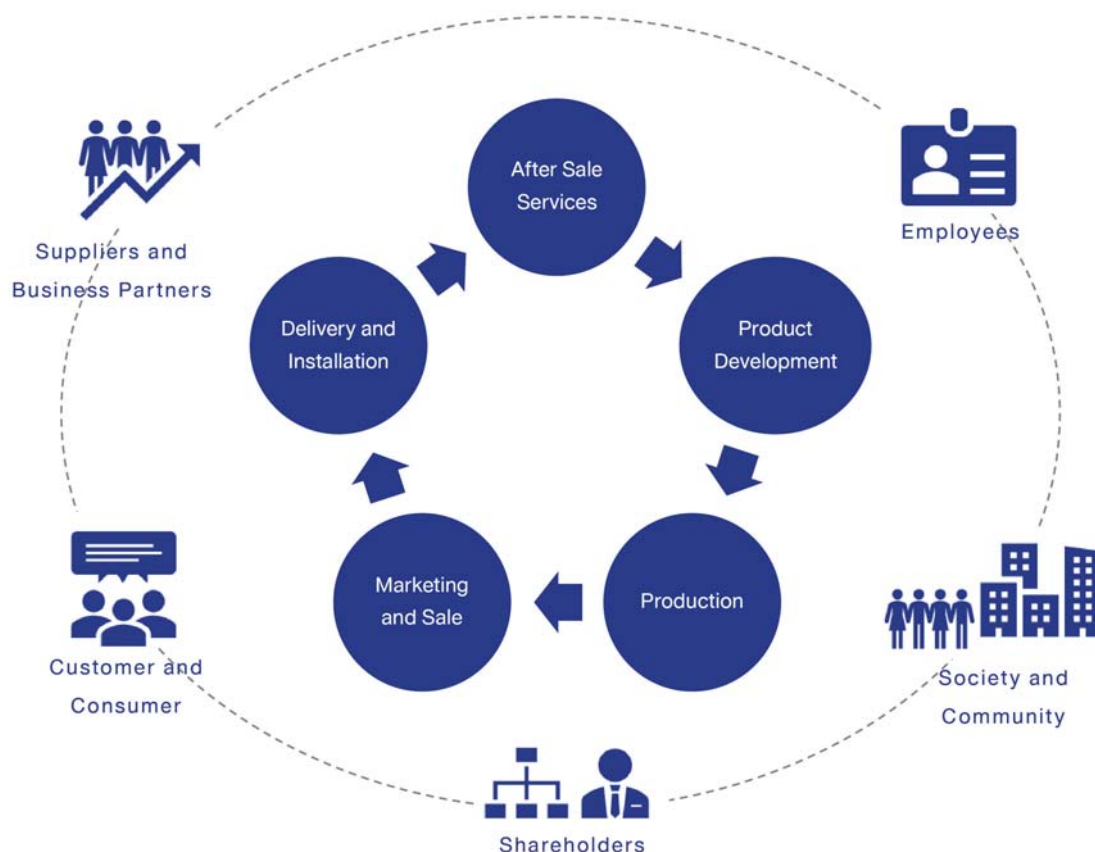
- **Support Activities**

- Resource management, Sourcing, Procurement and Purchasing)
- Resource management such as employee development, recruitment and retention, employee's engagement
- Enterprise infrastructure: finance and accounting, legal affairs, information technology systems and internal control.
- Corporate communications including external communication, internal communication and CSR activities

3.2.2 Stakeholder Analysis in the Business Value Chain

- **Stakeholder Identification**

From the approach described, the Company maps stakeholders into five groups namely: (1) shareholder (2) supplier and business partner (3) staff (4) customer and consumer and (5) the society and community. We take into account stakeholder expectations and concerns for analysis and framing of material issues, managing engagement and guidelines formally and informally as detailed in the Table.

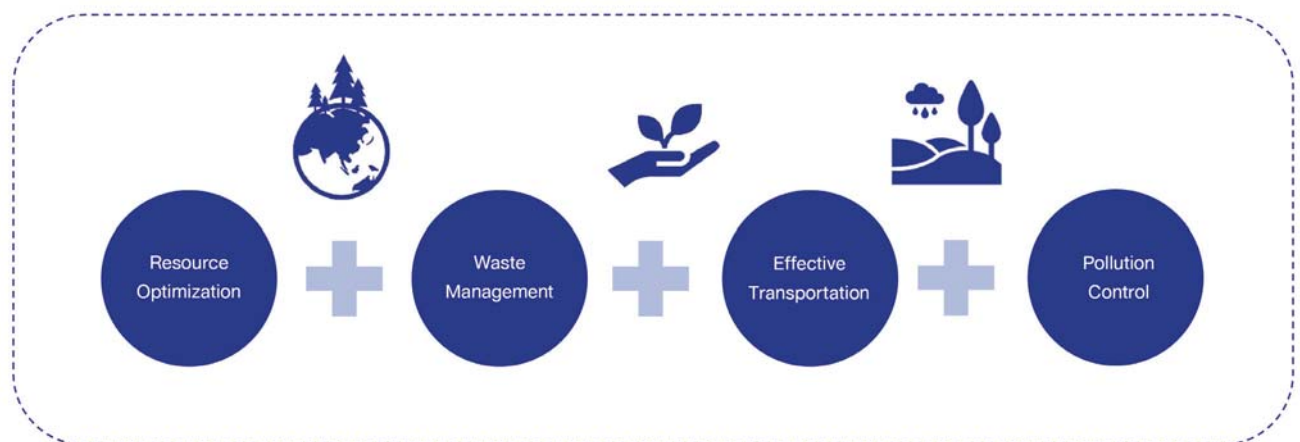


Shareholder analysis on the business Value Chain

Stakeholder	Concern and Expectation	Approach	Engagement Channel
(1) Shareholder and Investor	<ul style="list-style-type: none"> - Improved performance - Good corporate governance - Transparency and disclosure - Rights and equality 	<ul style="list-style-type: none"> - Consistent return - Information disclosure - Corporate governance - Generate maximum benefit for shareholders 	<ul style="list-style-type: none"> - Annual report - Annual general shareholder's meeting - Investment Relations contact Tel: 02-094-9917 email: ir@modernform.co.th - Website: www.modernform.co.th
(2) Trade Partner	<ul style="list-style-type: none"> - Fair trade 	<ul style="list-style-type: none"> - Equal treatment of business partners - Clear procurement process 	<ul style="list-style-type: none"> - Policy and Business Code of Conduct and Supplier Code of Conduct - Visitation and performance evaluation
Business Partner	<ul style="list-style-type: none"> - Effort in growing businesses together - Fostering business collaboration with good corporate governance - Confidence building and safety in business collaboration for mutual growth 	<ul style="list-style-type: none"> - Compliance with trading terms and conditions - Free and open trade competition - Ethical business - Good relationship - Foster synergy - Value creation for business synergy - Fair and ethical joint business venture - Communications in all avenues, internally and externally, 	<ul style="list-style-type: none"> - Website: www.modernform.co.th - Regular meeting - Joint marketing campaign - Media communications using all available platforms - Website: www.modernform.co.th
(3) Employee	<ul style="list-style-type: none"> - Fair remuneration - Safety - Human capital development - Work-life balance - Labor code compliance 	<ul style="list-style-type: none"> - online and offline - Fair, appropriate, and competitive remuneration and benefits - Safe and pleasant work environment - Skills training - Career prospects - Employees' engagement activities and health promotion 	<ul style="list-style-type: none"> - Regular communication and sensitization of workers - Organize activities for employees to join in expression of social and environmental contribution - Employee satisfaction and engagement survey - Unit meeting - Complaint via HR - Direct complaint with the management - E-mail: chakrapongse_c@modernform.co.th

Stakeholder	Concern and Expectation	Approach	Engagement Channel
(4) Customer and Consumer	<ul style="list-style-type: none"> - Product quality and safety - Fair price - Socially and environmentally responsible product - Good after-sales service 	<ul style="list-style-type: none"> - Sell products that pass quality inspection and meet standards as advertised - Sales promotion to offer discount and benefit to customer - Equal service - Environmentally sound production and considerate to impact on community - Respond to complaints - Offer product warranty, repair, exchange, or return - Pre and after sale service 	<ul style="list-style-type: none"> - Customer satisfaction survey - Call Center Tel: 02-094-9999 Website: www.modernform.co.th
(5) Society and community	<ul style="list-style-type: none"> - Safety and environment impact from business activities 	<ul style="list-style-type: none"> - Embed this as part of the corporate Core Values - Rigorous compliance with policy, guidelines such as safety manual, environment management manual - Agree on collaborative process with partners to minimize business impact on community - Join or support activities that advance health and lifestyle of community 	<ul style="list-style-type: none"> - Community support especially in education - Job opportunities and recruitment of people living in community near our facilities - Website: www.modernform.co.th

3.3 Sustainability Management: Environment



3.3.1 Environment Policy and Guideline

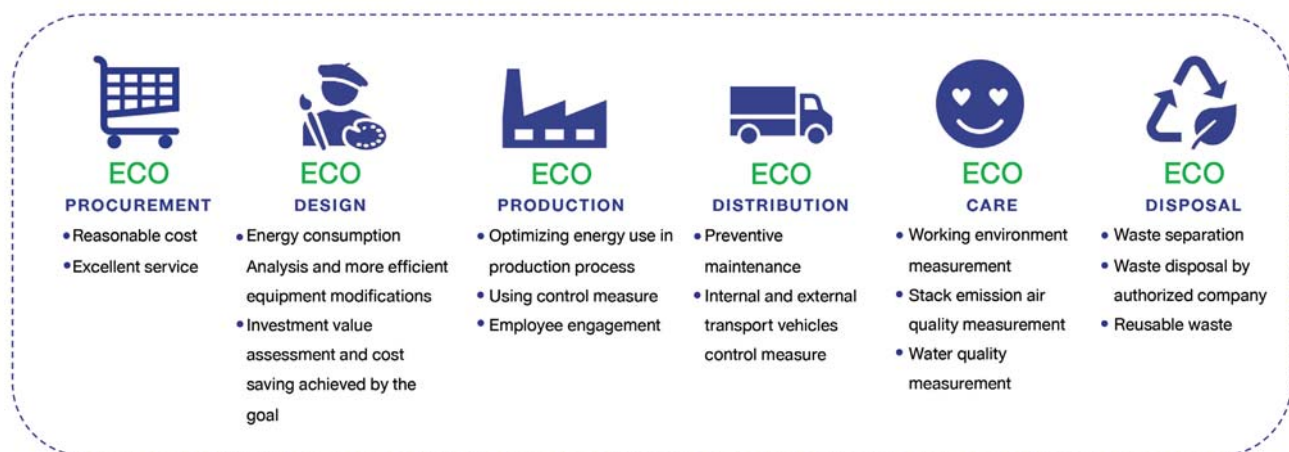
Modernform Group Public Company Limited makes and distributes office, home and kitchen furniture, imports materials used in assembly of office and home furniture. The head office is located at Srinakarin Road, Bangkok, with the First Production Line located in Bangpli, Samutprakarn, and the Second Production Line in Bangkhuntian District, Bangkok. The Company is committed to doing sustainable business that is environmentally responsible and recognizing the importance of environment management to mitigate impact of its business, products and services on community and society. Its environment management policy states that:

1. The Company shall comply with the law, rules and regulations governing the environment

2. The Company shall protect, safeguard, and control pollution resulting from its operation
3. The Company shall promote an enabling environment for work and optimization of resource use
4. The Company shall communicate the policy to staff at all levels and disclose information to external parties who are interested. Environmental compliance is the duty of all employees, whereas the Company shall allocate budget, time and human resource appropriately for the workforce to act according to the policy to achieve the outcomes and targets.
5. The Company shall continually improve and advance its environmental management system.

3.3.2 Environment Management and Performance

At Modernform we are committed to environment care and recognizing the importance of resource optimization across its business value chain. We undertake the following:



3.3.2.1 Resource Management

At Modernform we recognize that resource is limited, therefore we follow this guideline in resource optimization

Energy

Energy is a materiality issue because this is the key factor affecting resource use and production cost. It is imperative to promote energy conservation and efficiency, and its direct impact on GHG emission cut efforts.

Policy and Target

Compile an annual energy management report for submission to the Department of Alternative Energy Development and Efficiency, Ministry of Energy which

mandates systematic energy management within factory. This involves policy making, working group appointment, internal measurement, public relations and relevant measures to support and achieve the corporate goal of using less energy than the previous year by at least <1%.

Operational Guideline

1. Measurement: the purpose is energy use analysis of appliances and machineries, for evidence to inform measures
2. Action Plan: arrange for measures and plan to replace low-efficient appliances and procure energy-efficient machines at appropriate costing

- Result: measure energy use after implementing the action plan and collect data to track success of measures and action plans and replicating at other units within the organization.

Fuel

Policy and Target

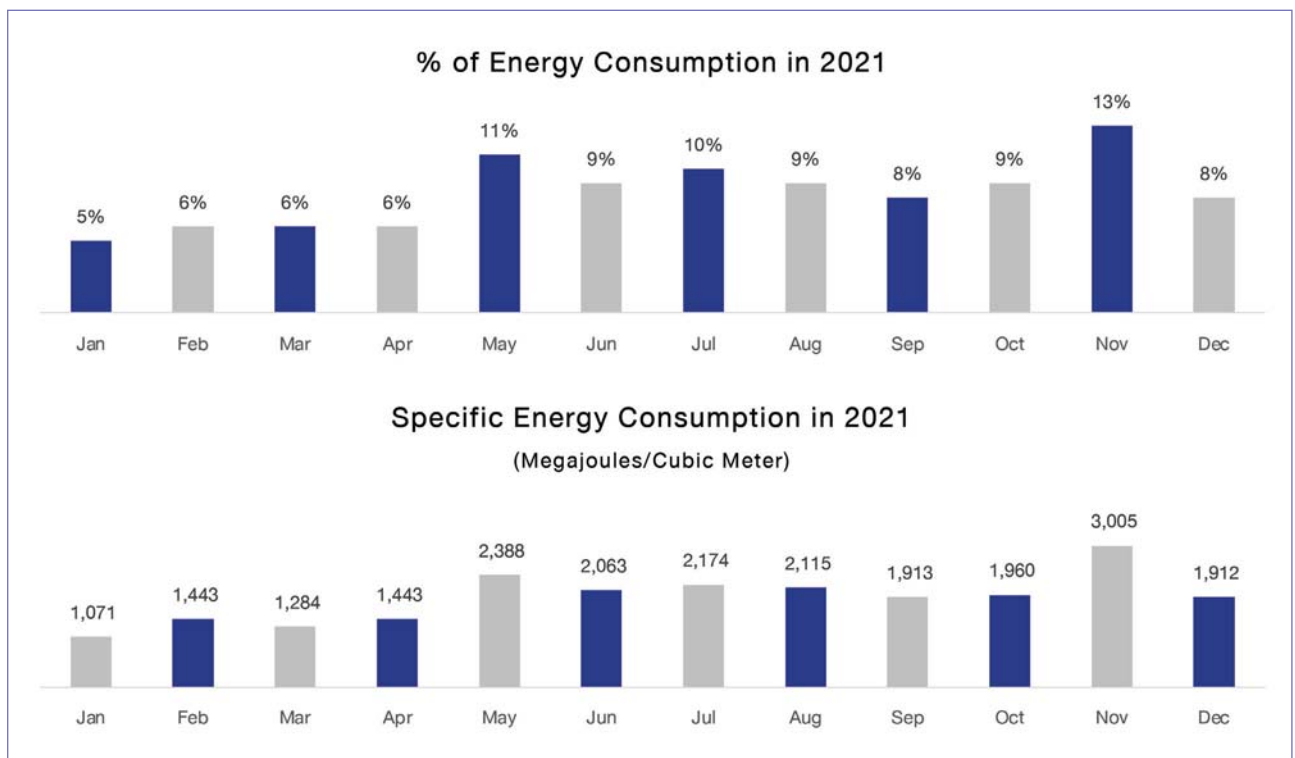
Cap the volume of fuel that can be stored at the factory at maximum 450 liters, and designate storage in well-ventilated area to prevent fire risk. The storage space must be isolated from the main factory ground and away from the community. PPE must be available to fuel dispensing staff. Firefighting gear and emergency

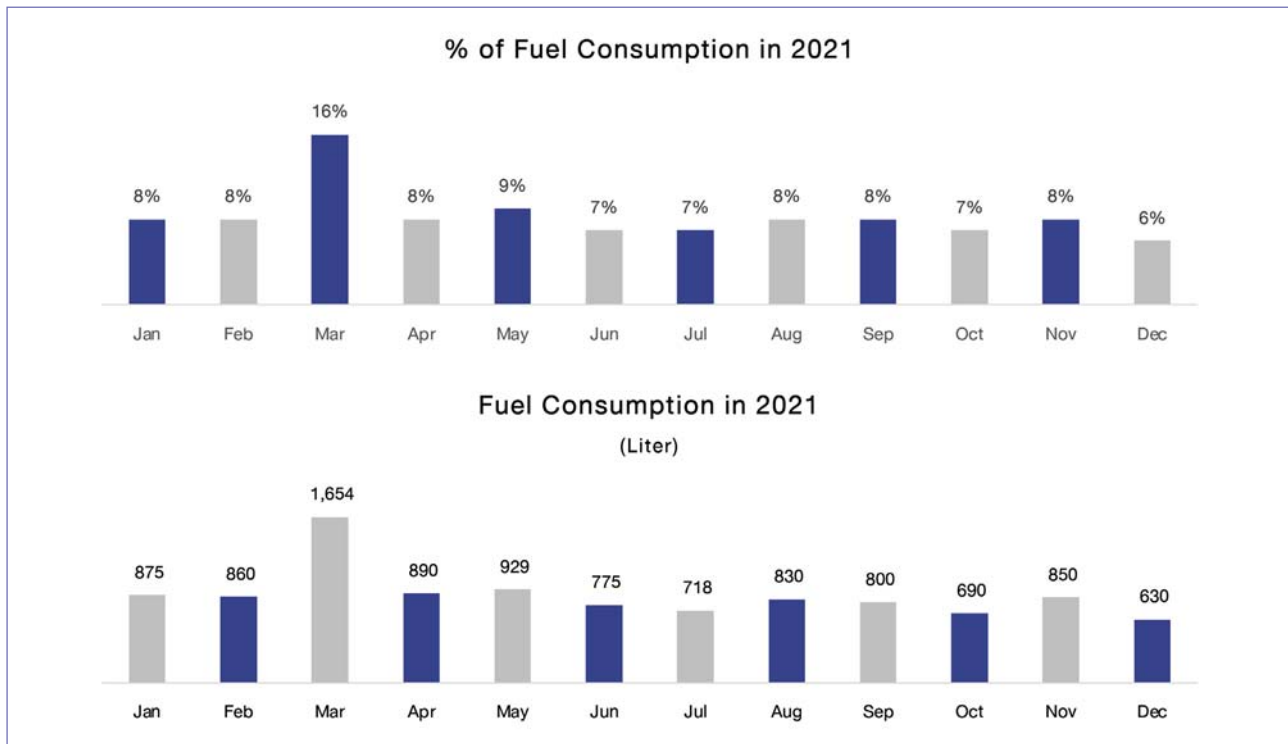
equipment in the event of fire or spill must be ready. Fire drill is conducted once a year. Internal target is set at “zero fire and spill emergency.”

Operational Guideline

- Cap fuel storage at no more than 450 liters
- Control disbursement quantity by each unit, under supervision of unit head
- Weekly stock check
- Monthly summary of disbursement report submitted to the accounting department
- A team shall conduct safety inspection of the fuel storage area once a month and report findings to the Safety Committee.

Operating results in 2021





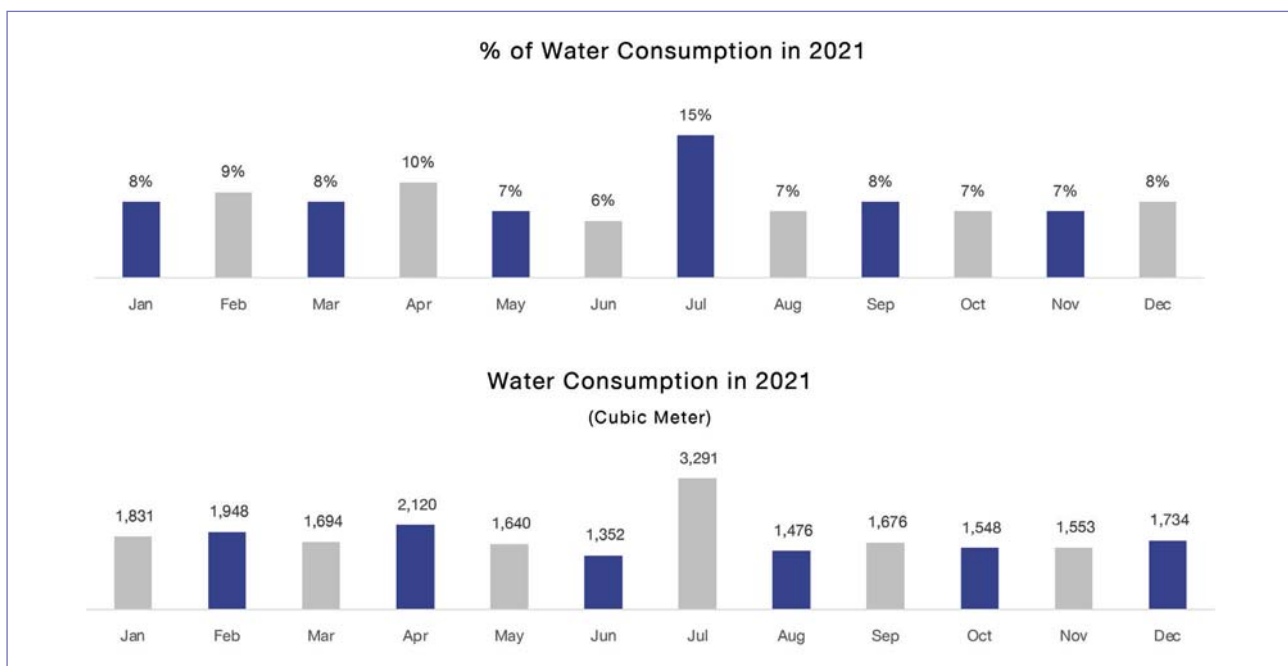
Water Management

Policy and Target

Sensitize the workforce to make the most of water. Appointment of an energy management working group, internal measurement, communication and put in place all necessary measures to meet the organization's target. Also make available the channel for staff to report problems for the team to inspect and remedy.

Operational Guideline

1. Wastewater treatment system
2. Reuse treated water in processes to reduce tap water use
3. Check for any valve leak at water connection points, pipe, for maintenance and prevent loss of water resource.



3.3.2.2 Waste Management

Waste Management means the process to control and reduce waste, waste segregation, storage, transport, reuse and disposal appropriate to each type of waste.

1. Wastewater management

Policy and Target

Comply with local authority's regulation, law and related regulation, as well as submitting report to public agencies as required. Preventive and control measures are in place to safeguard against contamination of the factory's water pipeline system. Measures are communicated and promoted among stakeholders with a view to achieving the organization's target of zero complaint from nearby community regarding the factory's wastewater management.

Operational Guideline

- Waste water treatment system for process-discharge
- Weekly inspection of wastewater treatment system and submit the system's performance report (Taw Saw 2) to the local government body, along with inspection of brown water conditions prior to discharge, which is done by third-party with the report submitted to the authority every three months.
- Communicate and educate the workforce regularly through internal channels such as intercom system, Morning Talk activity in various units to drive home the importance of environmental impact and reinforce measures of the Company.

2. Waste Management

Policy and Target

Determine the approach and category for waste segregation in line with systematic management. This requires an operational manual, appointment of an environment management working group, internal measurement, sensitization and relevant measures in place to promote and support waste management according to organizational and legal guidelines.

Operational Guideline

1. Segregation at factory: dust bins are color-coded: general waste (blue), recyclable (yellow), solid waste (green) and hazardous waste (red)
2. Weekly inspection of waste aggregation area

3. Monthly inspection by a team to report result to the Safety Committee
4. Legally authorized entity shall collect hazardous waste at scheduled time
5. Seek permission to move waste outside factory by filling in the forms and complying with legal procedures
6. Communicate and educate workers regularly through internal communications channels such as the intercom system, Morning Talk activity to reinforce the message of environmental care and regulations

2021 Performance

Zero complaint about waste management from communities around factory



3.3.2.3 Eco Distribution

The Company makes efforts at GHG emission reduction from internal-combustion-engine trucks by applying Eco Distribution concept

Policy and Target

Appoint an officer-in-charge of supervision and maintenance of the company's transport fleet, and institute measures relating to transport vehicles and

external vehicles and not allowing idle engine for over 15 minutes.

Operational Guideline

1. Planning maintenance
2. Measures to control vehicles both internal fleet and external vehicles

2021 Performance

No clear data collection yet, and so no performance evaluation. It is expected that clear performance shall be measured in 2022.

3.3.2.4 Pollution Control

Policy and Target

Compile a workplace environment inspection report and submit the report to relevant authorities by the Safety Officer. Determine plan and zones for inspection, as there is systematic inspection of pollution control within factory which includes policy, appointment of a safety working group, internal audit, mandatory PPE for workers. These measures and actions are geared towards the organization's target of "zero" complaint about pollution.

Operational Guideline

1. Factory environment audit
 - The Safety Officer shall survey areas which are sources of pollution within the organization and work out measures to mandate PPE use, and conduct monthly random check for compliance
 - Air pollution sources such as dust from machines, dust from scrubbing, odors and chemicals evaporation, the Safety Officer and Maintenance Division install ventilation system leading onto filtration system. Preventive maintenance of ventilation system is conducted daily, weekly, and quarterly as appropriate
 - The Safety Officer arranges for annual air quality inspection at operational zones and air emission to outside

- Prepare an annual report of air pollution inspection and submit the report to the Department of Labour Protection and Welfare

2. Noise Management Compliance

- The Safety Officer conducts a survey of noise sources across the whole organization, and has determined measures on PPE use, along with monthly random inspection for compliance.
- Internal noise sources: the Safety Officer and maintenance team installed sound-guards for machine and equipment, to mitigate machine-noises.
- The Safety Officer arranges for annual inspection to check noise level in work areas and ambient noises.
- Annual report of noise pollution management for submission to the Department of Labour Protection and Welfare

2021 Performance

Zero complaint from nearby communities

Climate Change

Green House Gas impacts the climate. Modernform operates in the realm of Consumer Product with two furniture factories. Our business processes revolve around craftsmanship such as sewing, making of furniture frame, shaping and assembly. Fully conscious of energy conservation, we focus on using energy-efficient equipment, enforcing hours-specific operation of machineries. We make similar efforts regarding water usage by raising awareness across the workforce on optimal water use and mobilizing their active contribution to the cause. Wastewater treatment systems are installed to prevent spill onto public waterways, alongside effort to contain solid waste within our factory ground to avoid nuisance to nearby communities. On vehicle use we actively guard against idle engines of visiting vehicles at factory ground.

Sustainability Management: Environment

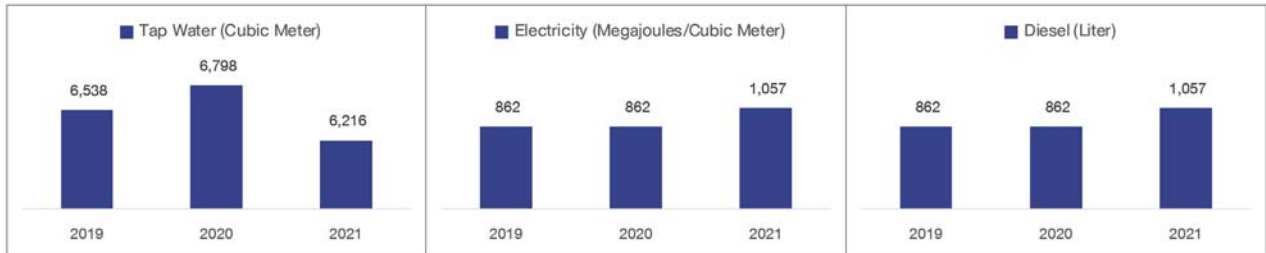
GHG Emissions Management in 2021

Resource	Unit	Amount of Consumption (Unit/Year)			Amount of GHG Emissions (kgCO ₂ e)			
		2019	2020	2021	2019	2020	2021	Difference between 2020 and 2021
Tap Water	cm ³	22,998	23,911	21,863	6,538	6,798	6,216	-582
Electricity	kwh	3,876,000	3,246,000	1,766	2,320,174	862	1,057	195
Fuel	kg	16,156	12,660	10,501	5,690	4,459	3,698	-760

CO₂ Reduction

9%

GHG Emissions Management



3.3.2.5 Other related campaigns among the workforces

- Lights and Air Conditioning Units off during lunchbreak hours
- Training and knowledge sharing on environment topics
- Change to pull-switch with employee in charge
- Signs reminding staff about energy and water use
- Planning on digital technology adoption to reduce paper use
- Encourage people to walk 1-2 stories instead of elevator use

3.3.2.6 Sustainable Production and Consumption

Modernform operates an in-house design division in charge of product development from start to distribution.

The guiding framework is to develop environmentally responsible product and prioritizing environment management system. The design team therefore operates along the following step:

1. Planning and instituting Green Product Design guideline
2. Selection of Green material use as part of product design and development
3. Choose biodegradable and recyclable material as part of product design and development in respect of the material and environmental impact
4. Review environment-impact aspect of commercialized designs

Green Product Design and Development Guideline

In design, Modernform prioritizes selection of environment-friendly materials to develop products in recognition of material value and resource optimization. The process involves the following steps of operation and monitoring.



Furthermore, design focuses on making the most out of limited resources. That is why we institute the following guideline on resource optimization.

Wood

Deforestation is an important problem affecting the environment globally and Thailand. It is imperative we recognize the problem, its impact, and solutions by supporting conservation, reduction of use and optimization of use to mitigate impact on the world's atmosphere, water resources, soil fertility and biodiversity.

Policy and Target

1. Employees' mindset in the design division of using less wood by choosing alternative or substitute material, leading to systematic product development

2. Set up an internal evaluation team by organizing knowledge sharing for the team, promoting and supporting to achieve the goal set by the design team: using at least 60% wood substitute material in every project involving product design and development for client's project.

Operational Guideline

1. Measurement: of performance regarding wood substitute material use as part of product development for client.
2. Action Plan: organize a design planning in every project, aiming for wood substitute material use
3. Result: Measuring result of wood substitute material use in design by collecting percentage data to align with product development target per individual client project.

Project: Scope LANGSUAN

Wood - substitute Composites Particle Board / Melamine Faced Chipboard / High Pressure Laminate



THE BANGKOK THONGLOR

Wood - substitute Composites Medium-Density Fiberboard / Particle Board / Melamine Faced Chipboard



3.4 Social Dimension in Sustainability Management

3.4.1 Social Policy and Guideline

The company adheres to good business conduct, accountability, transparency, honesty, enshrined in its Code of Conduct which serves as standard for the enterprise and reassurance for all stakeholders that include the shareholder, government, staff, clients, supplier, creditors, trade competitors, along with the community, society, and environment.

Respect of human rights and fair treatment of workers

The company prioritizes the fundamental human rights of workers who constitute human capital and success factor. We aspire that our workers feel proud and confident about the organization. The company's Code of Conduct stipulates the following:

- The company shall treat all employees equally in line with human rights principle, and strictly comply with the law and regulations related to employees
- Promote and support knowledge and skills development for workers to advance, offering equal opportunity to all

- Shall not intimidate or put pressure upon the physical and mental wellbeing of the employee, which may affect his/her advancement
- Listen to opinion and suggestion of staff
- Organize for a grievance/whistle-blowing mechanism to report on inappropriate behavior, along with protection of whistleblower in line with the Whistleblower Policy manual

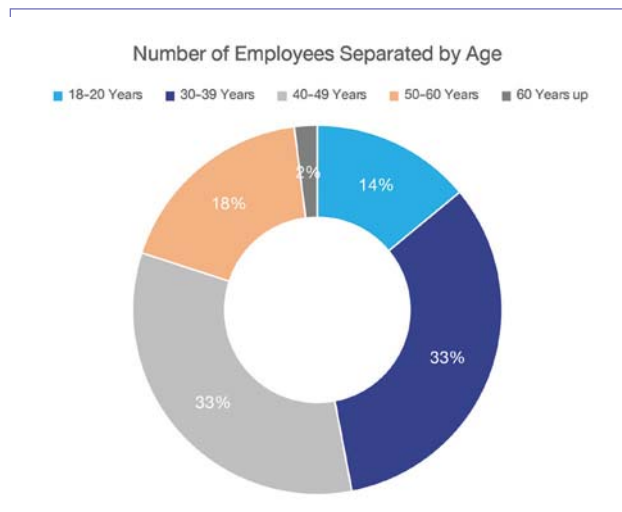
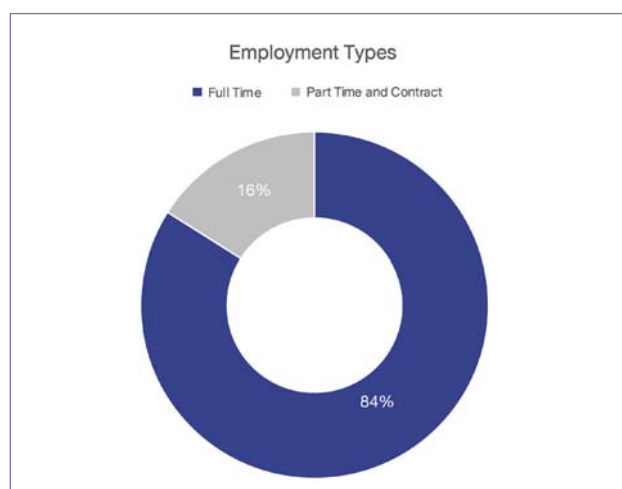
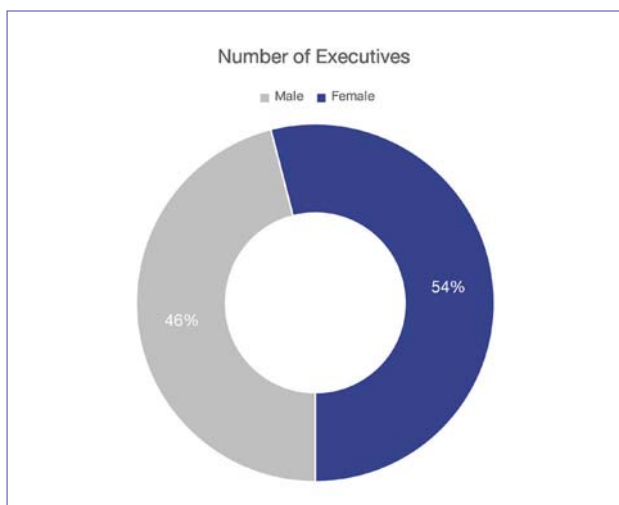
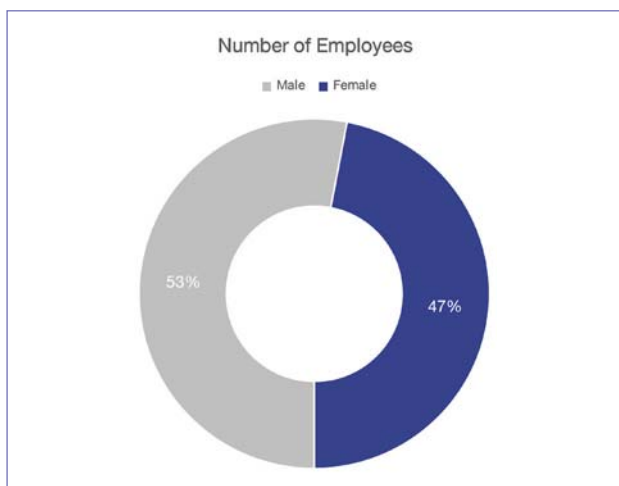
The Company has a recruitment process in place along with fair employment conditions. Modernform is an equal opportunity employer that does not discriminate because of gender. It does not tolerate nor support use forced labour, and it does not employ children aged under 15. It does not put pregnant women to work in an environment hostile to their health. The company has a complaint/grievance mechanism. It delivers fairness and opportunity to improve livelihoods of workers and contractors, as well as a safe and pleasant work environment.



Signing with the government to manage COVID-19 under “Factory Sandbox” Projects.
To create safety for the Company and surrounding communities.

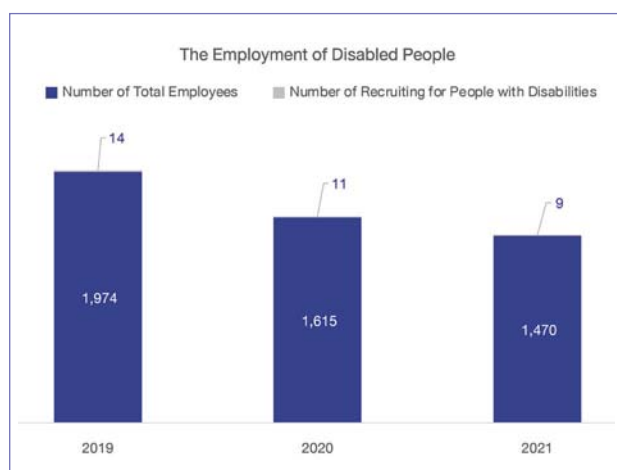
Realization of human rights, equality, and workforce diversity, and attending to employees according to human rights principle without discrimination on the basis of gender, age or faith.

- staff structure



- **Employment Opportunity for People with Disability**

Modernform is an equal opportunity employer, in compliance with the Act to Promote and Develop Quality of Life of People with Disability B.E.2550. The Company supports and promotes people with disability to work equally alongside other colleagues in the administrative staff, internal courier staff, accounting staff.



Employee Development and Care

The company prioritizes employee care as we believe that human resource plays a critical role driving the operation and our competitiveness for sustainability. The company therefore focuses on strengthening its human resource system starting from recruitment, orientation of corporate values, in which sustainable development is one component, for the workforce to recognize and be an active part of the cause.

- **Talent Selection**

The company gives importance to every step of employee care, starting from an efficient and fair recruitment system to ensure we recruit qualified and ethical people into the workforce. The recruitment process is measurable leading to human capital pool with the competency matching requirement, business operation and future business growth.

The company recognizes the importance of knowledge and skills advancement so that our employees work correctly, safely and are able to deliver quality products according to committed timeframe.

- **Human Capital Development**

The company values skills and craftsmanship development as well as empowering employees at all levels to be able to deliver quality products continually.

To accommodate business growth, the company has organized for skills development, supporting management and staff to maximize their knowledge and potential, and to organize regular courses along the two following segments:

Onboarding New Employees for employees to understand and appreciate the business, policy and core values. Supervisor and senior colleague shall mentor to ensure that newly recruited can fulfill their duty and responsibly correctly, safely. For other employees, we regularly hold information sessions to update on the company's policy and regulations.

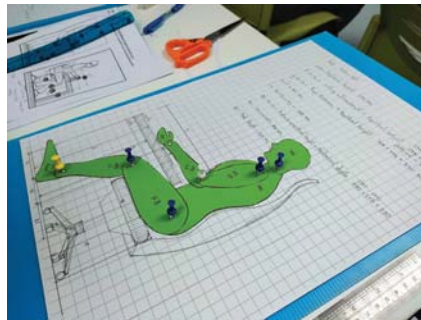
Functional Training. Skill trainings are organized to enhance the knowledge, expertise in crafting of outputs, for safe use of machinery and tools with a view to upskill the workers while delivering quality goods to customers. We organize training on ergonomics for design team and sales force for ergonomic product design and ability to advise clients for products to be fully utilized and valued.



Managerial & Leadership Training. The objective is to enhance managerial skill, to understand the changing global contexts, skills of the future, to be able to motivate the teams towards their full potential.



Craftsmanship Training



Ergonomics Training



Special Lecture on Virtual Worlds and Future Business Direction



Special Lecture on Digital Assets, Non-Fungible Token: NFT

- **Occupational Health and Safety**

With the wellbeing and health of employees in mind, the company puts in place a clear and concrete occupational health and safety policy, in full compliance with relevant laws and standards. The policy guides harm prevention and safety practice, and it is regularly updated.

Policy and Target

1. Develop Occupational Health and Safety System in compliance with the law, regulations and international standards, and instilling safety culture
2. The Company holds safety as the duty and responsibility of all. Supervisors at all levels must be role models and motivate colleagues to practice safety at work, and supervise safety practice of their staff, suppliers, contractors, business partners and visitors. This is to ensure maximum safety at every step across processes
3. Support and promote safe workplace environment as preventive measures against harm, accident, or occupational injuries with a view to achieving zero accident and harm in the workforce
4. Develop employees at all levels for them to have the knowledge and value safety practice
5. Support and promote OHS activities to ensure operational outcome across the workforce
6. Monitor and evaluate performance according to the Company's OHS policy to make sure that the policy is acted and optimized
7. Support budget and human resources to implement OHS policy and practice

Operational Guideline

The Company establishes an Occupational Health and Safety Committee according to the Law on Occupational Health and Safety Standard B.E.2549. The committee consists of chair, employer representative, employee representative and secretary, and is tasked with the following role and responsibility:

1. Consider the OHS policy and plan including safety outside of work to prevent and mitigate accident, harm, illness or nuisance or unsafe aspects of work, and present these to the management
2. Report and recommend measures or improvement, legal compliance related to occupational health and safety, and safety standards to the management to ensure safety of employees, contractors, external crew working in or clients using the company's facilities.
3. Promote and support the company's OHS activities
4. Deliberate on regulations, safety manual and the company's occupational safety standard and present to the management
5. Survey safety operation at workplace and validate accident/injury statistics at work at least once a month
6. Consider the project or training plans on safety, including projects or training plans about role and responsibility about safety of staff, supervisor, managers and workers at all level and report to the management
7. Establish a reporting system, in which it is the duty of all employees to report on unsafe work practice

8. Monitor and update the management on safety issues
9. Compile an annual report which specify problems, obstacles and recommendations regarding the function of the committee and present to the management
10. Evaluate the company's performance on work safety
11. Act on any other safety-related tasks assigned by the management

2021 Performance

- **OHS Inspection**

The inspection is conducted for the purpose of identifying hazard to health. Inspection, analysis and evaluation are benchmarked against legal and recognized standards, as inputs to inform findings and recommendation for prevention and control.

- **Injury**

Unplanned and unintended incidents bring about losses in one way or another to people and property. It is imperative therefore to prevent risk of hazard to prevent recurrence of accident, towards the goal of zero accident

Accodent Statostocs

Accident Rate	2021	2020	2019
No day off	1	2	5
Day off no more than 3 days	5	8	9
Day off more than 3 days	9	12	6
Dismemberment or disability	-	-	-
Accidental death	-	-	-

Calculation

1. Injury Frequency Rate = (Number of injured works x 1,000,000) / Total workers man hours
2. Injury Severity Rate = (Number of days lost x 1,000,000) / Total workers man hours



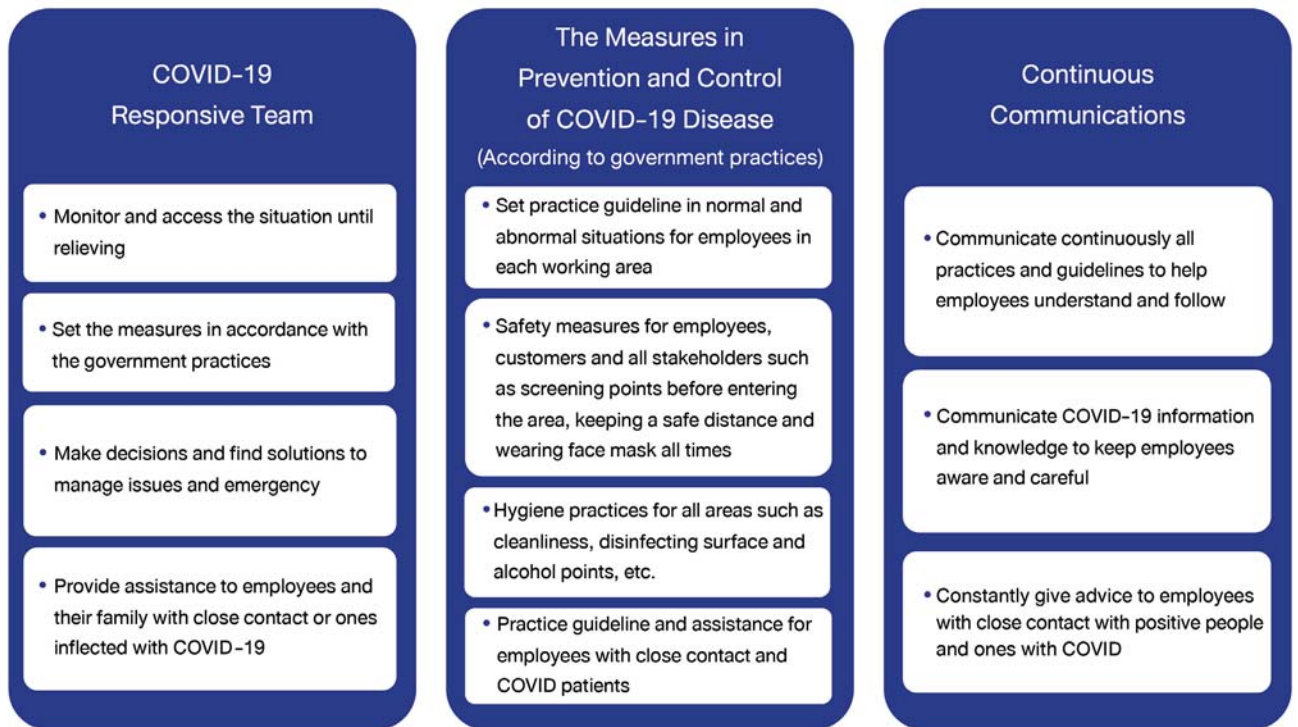
- **Emergency Response**

Fire and chemical spill emergency in factory cause loss of life and property damage, and sometimes harming the environment as well. Fully aware that such emergency may arise, the company plans preventive measures, inspection, surveillance, training, drill, emergency response/rescue, to be prepared.



- Prevention of COVID-19 Risk

The pandemic affects operation of business and industry. The company managed to respond promptly with surveillance and preventive measures relating to key stakeholders in response to the pandemic



- Employee Health Promotion

The company organizes annual health check for the entire workforce and health check for employees in line with their level of work-related risk and closely monitor work-related impact. Furthermore, the company organizes fitness activity for staff such as “Together Run,” “Move Together, Feel Better.”



3.4.2 Giving back to society

- Stakeholder Engagement Activity

Modernform Group Public Company Limited prioritizes doing business alongside fostering collaborative growth between the enterprise, society and environment for all to growth sustainably. We do business while making effort at social and environmental contribution, forming the

foundation for our stakeholder engagement activity. This is one of the core policies of the organization along with driving business growth, as well as our consistent commitment to environmental conservation projects. The company has organized stakeholder engagement activities under social and environmental themes, targeting at least six social and environmental projects.

2021 Projects	Social	Environment	Stakeholder
1 Medical equipment donation to Sirindhorn hospital	✓		Hospital
2 Medical supply donation to doctors and health personnel in response to the COVID19 pandemic	✓		Hospital, Public Health Agency
3 Donation of medicine dispensing carts and meals to Light of the Heart Field Hospital	✓		Staff, supplier, hospital
4 Donation of care package to people affected by COVID19 pandemic	✓		Staff, supplier,
5 Blood Donation to the Thai Red Cross	✓		Staff, community, charitable organization
6 Furniture donation to Wat Prasart School in Singhburi province	✓		Staff, school
7 Furniture donation to the Army Institute of Pathology	✓		charitable organization
8 Sharing and Giving Project	✓	✓	Staff, charitable organization
9 7R Green Lifestyle	✓	✓	Staff, civic organization, public agencies



Social: Donation of Medicine Dispenser and Meal Boxes to Light of Heart Field Hospital

The company donated a medicine dispenser carts and ready-to-eat meals for healthcare personnel working in response to the pandemic crises at Light of the Heart Field Hospital. With public-private-civic sector collaboration, this temporary field hospital at peak of pandemic operated 450 beds for non-critical COVID19 patient care to ease critical caseloads the national health system was facing during 12-16 August 2021.



Social: Care Packages to COVID19-affected People

Modernform mobilized our support to put together care packages that contain dried food and essential items to support workers and their families living in construction camps operated by partner-developers including Sansiri Group Pcl, Ananda Development Pcl. This is to ensure the safety and wellbeing of construction workers and their families at the height of pandemic crisis during July 2021.



Social: Blood Donation to the Thai Red Cross Society

The company joined with the National Blood Center of Thai Red Cross Society in a “Sharing Dream Sharing Love” blood donation drive at the Head office, Production Line 1 and Production Line 2, as an annual activity in support of public health and replenishing supply of the National Blood Center. The company raises awareness among staff on the benefits of donating blood which makes the donor healthy while contributing to the good cause for humanity. At the blood donation drive at Head Office welcomed clients and other donors from the vicinity to join in the cause as well.

In 2021 the company made a campaign to encourage first-time donors adding to the pool of regular donors, with the total of blood donated to the Thai Red Cross Society of 205,600 cc.

Year	Time	Blood donated (ml.)	Employees	First-time donor
2019	10	346,800	867	-
2020	10	334,400	836	-
2021	9	205,600	514	29

* In 2021, blood donation amount decreased due to suspension of one round. And during pandemic, employees are asked to refrain from donating within 7 days after COVID19 vaccination.

Social: Furniture donation to the Army Institute of Pathology

The company donated furniture to the Army Institute of Pathology in support of blood donation work by the Institute which serves as a branch of the National Blood Center, Thai Red Cross, on 28 December 2021.



Social: Furniture donation to Wat Prasart School in Singhburi province

Wat Prasart School in Singhburi province was severely affected by flooding disaster in October 2021. The school's building and education materials were damaged by floods. On 15 December 2021, the company organized donation of essential furniture pieces to the school such as desks and chairs for the computer room, teachers' breakout room, conference room and bookshelves. The company intends to contribute to an enabling environment for education and for advancement of education delivery in remote parts of Thailand.



Social and Environmental: Sharing Dream, Sharing Love

Textile waste amounted to 21,000 tons per year, 85% of which are used clothes. This is translated into 10% of Green House Gas emission source, 20% of wastewater and 20-35% spill as marine trash. To make a T-shirt, as much as 2,700 litres are used, equivalent to a person's three years of water consumption. These have negative impact on the environment, as one of the reasons for global warming, climate change and resource scarcity.

Donation of used clothes and used items help unclutter and contribute to good cause as those can be reused, and waste generation reduced, a way to conserve the environment.

The company sensitizes its workforce on waste management, in which the "Sharing Dream Sharing Love," undertaking forms part. The company joins with "Pan Kan" shop of Yuwaphat Foundation. We invite staff to donate used items of useable quality to sell as Pan Kan charity shop during April-September 2021. All sales proceeds contribute to the scholarship fund for needy pupils operated by Yuwaphat Foundation. This activity contributes to a good social cause, and environmental cause for the reuse of materials. In 2021, a total of 1,527 items donated raised THB96,685 for the scholarship fund.



Year	Amount to donation	Total
2019	1,045	62,375
2020	3,814	236,005
2021	1,527	96,685

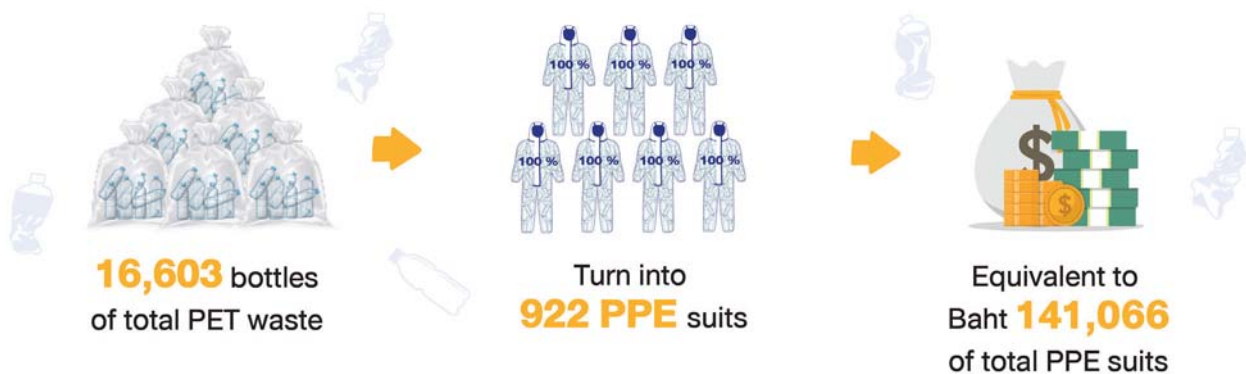
* In 2021 the amount of donations decreased due to the COVID-19 pandemic



Social and Environmental: 7R | Green Lifestyle

The company operates 7R | Green Lifestyle program aiming at fostering the Green Mindset - focusing on correct waste segregation and resource optimization across the enterprise. In one of the campaigns under the theme, we mobilized staff to donate used, properly cleaned PET bottles, to be used as material to make Reusable Level 2 PPE for medical personnel. This type of PPE can be washed and reused up to 20 times. The aim is to protect frontline health personnel working in response to COVID19 pandemic response. It reflects resource optimization according to circular economy principle. The campaign spanned two months from 5 October - 5 December 2021 and we handed it over to Less Plastic Thailand via Suanluang District Office on 17 December 2021.

Results and Benefits



PPE Suits 922 sets

Number of Recycled Bottles 16,603 units

4. Management Discussion & Analysis of a one-year performance as of end December 31, 2021

Business Overview

Due to uncertainty of Covid-19 pandemic situation, the investors especially large-sized project, condominium and hotel in area of utilities and services including the installation scheduled have postponed. Also, the growth of the office furniture is slowing down correlated with current situation.

According to Covid-19 pandemic, the economic recovery remains unstable. The consumer is concerned on their earnings among uncertain situation although the extension of reduction of transfer and mortgage fee for residential properties to 0.01%.

Company Overview

The Company has constantly adapted to changing in business.

In aspect of Furniture business, the Company has emphasized on 3 things as follow;

1. New Normal era - Home in New Normal era is not only for residence but also the place involved various activities such as Work from Home and hobbies. Therefore, "The Power of Positivity Series"- the special collections of furniture and lifestyle items that gracefully combines art and function to enliven cozy corners in home - has been launched by the collaboration with two world-renowned Thai artists, Khun Yoon and Kru Parn.

2. O2O (online to offline) strategy - the Company has increased retail sales by O2O by launching new products such as Steelcase chair - SILQ series for working lifestyle, Sofa set - Kaledia series designed for both relaxing and working with USB Plug and Recliner chair. Also arranged marketing activity through Showroom, Online Store and E-Commerce partners (NocNoc, Shopee, JD Central and Lazada).
3. Digital Transformation - the Company has improved internal process by using digital technology for more efficiency at manufacturing, logistic and installation.

The Chiwamitra Hospital, the cancer-specialized hospital that invested under Modernform Health & Care (MHC) has provided the good efficacy of treatment that is equivalent to large-sized hospital in Bangkok by medical specialists. The hospital has recently accepted the agreement with Comptroller General's Department to service civil servants to facilitate the patients not to reserve their money for treatment, to be treated on schedule and reduce congestion in public hospitals.

Apart from Furniture business, Healthcare products and medical treatments, the Company has plan investing on relating business and other business in order to increase more business opportunity and minimize the risk from One business.

Financial Performance in 2021

(Unit : Million Baht)

	2021	2020	Increase (decrease)	%
Revenues from sales	2,134.6	2,701.6	(567.0)	-21.0%
Revenues from rental, services, design services and construction	242.1	222.7	19.4	8.7%
Other income	47.5	73.6	(26.1)	-35.5%
Total revenues	2,424.2	2,997.9	(573.7)	-19.1%
Cost of sales	1,443.7	1,927.7	(484.0)	-25.1%
Cost of rental, services, design services and construction	134.3	117.8	16.5	14.0%
Selling and administrative and other expenses	704.8	765.1	(60.3)	-7.9%
Total expenses	2,282.8	2,810.6	(527.8)	-18.8%
Profit (loss) from operating activities	141.4	187.3	(45.9)	-24.5%
Share of profit (loss) from investments in associates and investments in joint venture	(21.3)	(5.2)	(16.1)	306.2%
Finance income	4.9	4.4	0.5	11.5%
Finance cost	(13.6)	(12.9)	(0.7)	6.1%
Profit (loss) before income tax expenses	111.4	173.6	(62.2)	-35.9%
Income tax revenues (expenses)	(26.0)	(31.7)	5.7	-17.9%
Profit (loss) for the year	85.4	141.9	(56.5)	-39.9%
Profit (loss) for equity holders of the company	88.1	141.6	(53.5)	-37.8%

Total revenues: Baht 2,424.2 million representing a 19.1% decline

The company and subsidiaries recorded total revenues of Baht 2,424.2 million, which was down 19.1% or Baht 573.7 million. This accounted for sales revenues totaling Baht 2,134.6 million, representing a 21.0% decline or Baht 567.0 million; rent and service incomes as well as design service and construction fees totaling Baht 242.4 million, increase 8.7% or Baht 19.4 million; as well as other incomes totaling Baht 47.5 million representing a 35.5% fall or Baht 26.1 million year on year (YoY).

Gross profit margin: 33.6%, representing an 3.6% increase

The company and subsidiaries recorded a gross profit margin from sales revenues, rent revenues and service revenues (excluding other service incomes such as consulting fee and internal audit fee) as well as design and construction fees totaling 33.6%, or an increase by 3.6% YoY.

Total expenses: Baht 2,282.8 million, representing a 18.8% decline

The company and subsidiaries recorded total expenses of Baht 2,282.8 million, which was down 18.8% or Baht 527.8 million. This was categorized into costs of sales totaling Baht 1,443.7 million or a fall by 25.1% totaling Baht 484.0 million; costs of rent, service fees and design service and construction fees totaling Baht 134.3 million, which represented an increase by 14.0% or Baht 16.5 million; as well as sales & general administration expenses and other expenses totaling Baht 704.8 million or a decline by 7.9 % totaling Baht 60.3 million YoY.

Net profit: Baht 88.1 million, representing a 37.8% fall

In 2021, the company and subsidiaries recorded net profit attributable to shareholders' equity totaling Baht 88.1 million. The represented a fall by 37.8% or Baht 53.5 million YoY mainly due to dwindling sales as a result of the Covid-19 pandemic, which thereby delayed delivery of furniture to project clients.

Business units and subsidiaries performance

(Unit : Million Baht)

Business Units	2021	2020	Increase (decrease)	%
Office and Residential furniture business	1,660.7	2,133.4	(472.7)	-22.2%
Furniture fittings, solid surface, carpet tile and flooring business	353.4	386.7	(33.3)	-8.6%
Space rental and services business (excluded other service)	85.1	89.4	(4.3)	-4.9%
Healthcare product and medical equipment business	261.0	283.9	(22.9)	-8.1%
Architectural design business	15.7	30.1	(14.4)	-47.8%
Total	2,375.9	2,923.5	(547.6)	-18.7%

Office and Residential furniture business

Sales: Baht 1,660.7 million, representing a 22.2% decline

Sales of office and home furniture business totaled Baht 1,660.7 million in 2021, which fell 22.2% YoY totaling Baht 472.7 million due largely to the pandemic that subsequently led to delayed delivery of furniture to project clients.

Furniture fittings, solid surface, carpet tile and flooring business

Sales: Baht 353.4 million, representing a 8.6% decline

Sales of furniture accessories, synthetic rock, carpet and flooring materials during in 2021, which fell 8.6% totaling Baht 33.3 million to remain at Baht 353.4 million YoY.

Space rental and Services Business (excluded other service)

Income: Baht 85.1 million, representing a 4.9% decline

In 2021, the rental and service businesses recorded Baht 85.1 million revenues from rent and services (excluding other service fees such as consulting fees and internal audit fees), which fell 4.9% or Baht 4.3 million YoY.

Healthcare product and medical equipment business

Income: Baht 261.0 million, representing a 8.1% decline

The healthcare furniture and medical equipment business recorded a total of Baht 261.0 million worth of sales revenues, design and construction fees during in 2021, which fell 8.1% totaling Baht 22.9 million YoY.

Architectural design business

Incomes: Baht 15.7 million, representing a 47.8% decline

The architectural design business recorded Baht 15.7 million worth of total design fees, which represented a 47.8% fall YoY totaling Baht 14.4 million.

Financial Position Analysis

(Unit : Million Baht)

	2021	2020	Increase (decrease)	%
Assets				
Total current assets	2,279.2	2,175.8	103.4	4.8%
Total non - current assets	1,136.4	1,167.0	(30.6)	-2.6%
Total Assets	3,415.6	3,342.8	72.8	2.2%
Liabilities				
Total current liabilities	881.0	778.2	102.8	13.2%
Total non-current liabilities	211.8	237.6	(25.8)	-10.9%
Total liabilities	1,092.8	1,015.8	77.0	7.6%
Shareholders' equity				
Equity attributable to the owners of the Company	2,315.3	2,316.3	(1.0)	0.0%
Non-controlling interests of the subsidiaries	7.5	10.7	(3.2)	-29.7%
Total shareholders' equity	2,322.8	2,327.0	(4.2)	-0.2%
Total liabilities and shareholders' equity	3,415.6	3,342.8	72.8	2.2%

Significant changes of assets, liabilities and shareholders' equity as of December 31, 2021 compared to the outstanding as of December 31, 2020 are as follows.

Assets

As of December 31, 2021, the company and subsidiaries registered total assets of Baht 3.4156 billion compared to as of December 31, 2020. This represented a 2.2% increase totaling Baht 72.8 million thanks mainly to the following:

1. Cash and cash equivalents increased Baht 20.9 million from Baht 677.3 million to Baht 698.2 million.
2. Financial assets increased Baht 76.1 million from Baht 247.7 million to Baht 323.8 million.
3. Inventories rose Baht 149.5 million from Baht 992.2 million to Baht 1.1417 billion.
4. Trade receivables and other receivables fell Baht 106.1 million from Baht 387.6 million to remain at Baht 281.5 million.
5. Properties for investment, land, plants and equipment slipped Baht 54.1 million from Baht 698.3 million to Baht 644.2 million.

Liabilities

As of December 31, 2021, the company and subsidiaries registered total liabilities of Baht 1.0928 billion compared to December 31, 2020. This represented a 7.6% increase totaling Baht 77.0 million thanks mainly to the following:

1. Bank overdraft and short-term loans from financial institutions totaled Baht 220.8 million, increased Baht 27.2 million from Baht 193.6 million.
2. Trade payables and other payables rose Baht 85.4 million from Baht 253.6 million to Baht 339.0 million.
3. Contract liabilities decreased Baht 0.8 million from Baht 254.1 million to Baht 253.3 million.
4. Lease contract liabilities decreased Baht 16.1 million from Baht 58.6 million to Baht 42.5 million.
5. Reserves for long-term employee benefits decreased Baht 7.4 million from Baht 193.3 million to Baht 185.9 million.

Shareholders' equity

As of December 31, 2021, the company and subsidiaries registered Baht 2.3228 billion worth of shareholders' equity compared to December 31, 2020. This was down 0.2% or

Baht 4.2 million due to the decline of retained earnings as a result of dividend payment.

Liquidity analysis

As of December 31, 2021, the company's cash and cash equivalents totaled Baht 698.2 million, which was up Baht 20.9 million from end of 2020. Details are as follows.

(Unit : Million Baht)

	2021
Cash flows from operating activities	191.1
Cash flows from investing activities	(28.0)
Cash flows from financing activities	(142.2)
Net increase (decrease) in cash and cash equivalents	20.9
Cash and cash equivalents at beginning of period	677.3
Cash and cash equivalents at end of period	698.2

Changes of cash and cash equivalents for the year that ended December 31, 2021 can be explained through the following activities:

Net cash from operating activities totaling Baht 191.1 million was a result of operation results during the current year.

Net cash from investing activities totaled Baht 28.0 million. This resulted from Baht 40.4 million of cash paid for purchase of financial instruments; Baht 4.0 million spent in investment in associated companies; Baht 25.5 million cash paid for land and building as well as equipment; Baht 32.0 million of cash received from sales of financial instruments; Baht 3.8 million of cash received from disposals of investment in subsidiary and Baht 6.3 million of cash received as dividend received from investments.

Net cash from financing activities totaled Baht 142.2 million. Of this, Baht 150.0 million was paid as dividend, Baht 27.3 million accounted for payments of bank overdraft and short-term loans from financial institutions and Baht 18.5 million cash repaid to lease contract liabilities.

Analysis of significant financial ratios

	2021	2020
Net profit margin (%)	3.7%	4.8%
Return on equity (%)	3.8	6.1
Return on total assets (%)	2.6	4.1
Debt to equity ratio (Times)	0.5	0.4
Current ratio (Times)	2.6	2.8

In 2021, the company and subsidiaries' net profit margin remained at 3.7%, which fell 1.1% rate YoY. Return on equity (ROE) fell 2.3% while Return on total assets (ROA) fell 1.5% and Debt to equity ratio (D/E Ratio) increased 0.1 times. Current ratio decreased 0.2 times thanks to higher cash and cash equivalents in hand.

Financial Highlights

Modernform Group Public Company Limited and its subsidiaries

Statement of financial position (Consolidated)

(Unit : Million Baht)

	2021	%	2020	%	2019	%
Assets						
Current assets						
Cash and cash equivalents	698.3	20.4	677.3	20.2	459.3	12.7
Current investments					30.3	0.8
Contract assets	69.1	2.0	45.0	1.4	123.0	3.4
Trade and other receivables	281.5	8.2	387.6	11.6	579.9	16.0
Inventories	1,141.7	33.5	992.2	29.7	1,243.9	34.4
Other current financial assets	33.3	1.0	29.2	0.9		
Other current assets	55.3	1.6	44.5	1.3	33.7	1.0
Total current assets	2,279.2	66.7	2,175.8	65.1	2,470.1	68.3
Non-current assets						
Non-current contract assets	41.8	1.0	50.9	1.2		
Other non-current financial assets	290.6	8.5	218.5	6.5		
Available-for-sale investments					129.0	3.6
Investments in associates	30.6	1.2	38.3	1.5	31.8	0.9
Other long-term investments					85.7	2.4
Investment in joint venture	29.5	0.9	39.1	1.2	44.8	1.2
Investment properties	117.2	3.4	134.6	4.0	148.6	4.1
Property, plant and equipment	527.1	15.4	563.7	16.9	634.9	17.5
Right-of-use assets	41.1	1.2	57.5	1.7		
Intangible assets	13.8	0.4	14.6	0.4	15.9	0.4
Deferred tax assets	40.0	1.2	40.6	1.2	46.3	1.3
Other non-current assets	4.7	0.1	9.2	0.3	10.6	0.3
Total non-current assets	1,136.4	33.3	1,167.0	34.9	1,147.6	31.7
Total assets	3,415.6	100.0	3,342.8	100.0	3,617.7	100.0

(Unit : Million Baht)

	2021	%	2020	%	2019	%
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	220.9	6.5	193.6	5.8	193.9	5.4
Trade and other payables	339.0	9.9	253.6	7.6	357.3	9.9
Current portion of long-term loans from financial institution	1.2	0.0	1.2	0.0		
Unbilled payables	28.5	0.9	26.0	0.8	23.3	0.7
Contract liabilities	253.3	7.4	254.1	7.6	427.7	11.8
Current portion of lease liabilities	17.2	0.5	16.2	0.5		
Income tax payable	7.8	0.2	12.9	0.4	36.7	1.0
Other current liabilities	13.1	0.4	20.6	0.6	21.8	0.6
Total current liabilities	881.0	25.8	778.2	23.3	1,060.7	29.4
Non-current liabilities						
Long-term loans from financial institution net of current portion	0.6	0.0	1.9	0.0		
Lease liabilities, net of current portion	25.3	0.8	42.4	1.3		
Provision for long-term employee benefits	185.9	5.4	193.3	5.8	225.8	6.2
Total non-current liabilities	211.8	6.2	237.6	7.1	225.8	6.2
Total liabilities	1,092.8	32.0	1,015.8	30.4	1,286.5	35.6
Shareholders' equity						
Share capital						
Registered						
ordinary 809.6 million shares of Baht 1 each	809.6		809.6		809.6	
Issued and paid-up						
ordinary 750.0 million shares of Baht 1 each	750.0	22.0	750.0	22.4	750.0	20.7
Share premium	733.6	21.4	733.6	21.9	733.6	20.3
Treasury stocks premium	146.0	4.3	146.0	4.4	146.0	4.0
Other surplus	5.7	0.2	8.0	0.2	8.0	0.2
Retained earnings						
Statutory reserve	114.4	3.3	116.6	3.5	116.1	3.2
Unappropriated	589.3	17.2	643.7	19.3	647.7	17.9
Other components of shareholders' equity	(23.7)	-0.7	(81.6)	-2.4	(82.1)	-2.2
Equity attributable to the owners of the Company	2,315.3	67.8	2,316.3	69.3	2,319.3	64.1
Non-controlling interests of the subsidiaries	7.5	0.2	10.7	0.3	11.9	0.3
Total shareholders' equity	2,322.8	68.0	2,327.0	69.6	2,331.2	64.4
Total liabilities and shareholders' equity	3,415.6	100.0	3,242.8	100.0	3,617.7	100.0

Modernform Group Public Company Limited and its subsidiaries
Income statement (Consolidated)

(Unit : Million Baht)

	2021	%	2020	%	2019	%
Revenues						
Sales	2,134.6	100.0	2,701.6	100.0	2,876.2	100.0
Rental income	38.9	1.8	39.7	1.5	37.8	1.3
Architectural design services and construction income	141.5	6.7	117.6	4.3	125.2	4.4
Service income	61.7	2.9	65.4	2.4	69.9	2.4
Dividend income	6.3	0.3	25.5	0.9	15.2	0.5
Other income	41.2	1.9	48.1	1.8	53.3	1.8
Total revenues	2,424.2	113.6	2,997.9	110.9	3,177.6	110.4
Expenses						
Cost of sales	1,443.7	67.6	1,927.7	71.4	1,963.2	68.3
Cost of rental and services	31.4	1.5	33.4	1.2	35.5	1.2
Cost of design services and construction	102.9	4.9	84.4	3.1	95.5	3.3
Selling and distribution expenses	391.8	18.3	423.3	15.7	486.9	16.9
Administrative expenses	297.2	13.9	306.5	11.3	368.9	12.8
Other expenses	15.8	0.8	35.3	1.3	22.1	0.8
Total expenses	2,282.8	107.0	2,810.6	104.0	2,972.1	103.3
Operating profit	141.4	6.6	187.3	6.9	205.5	7.1
Share of profit from investments in associates	(11.7)	0.0	0.5	0.0	0.3	0.0
Share of loss from investment in joint venture	(9.6)	-0.5	(5.7)	-0.2	(12.2)	-0.4
Finance income	4.9	0.3	4.4	0.2	3.7	0.1
Finance cost	(13.6)	-0.6	(12.9)	-0.5	(12.8)	-0.4
Profit before income tax expenses	111.4	5.2	173.6	6.4	184.5	6.4
Income tax expenses	(26.0)	-1.2	(31.7)	-1.2	(61.6)	-2.1
Profit for the year	85.4	4.0	141.9	5.2	122.9	4.3
Profit (loss) attributable to:						
Equity holders of the Company	88.1	4.1	141.6	5.2	125.7	4.4
Non-controlling interests of the subsidiaries	(2.7)	-0.1	0.3	0.0	(2.8)	-0.1
	85.4	4.0	141.9	5.2	122.9	4.3
Earnings per share						
Basic earnings per share						
Profit (loss) attributable to equity holders of the Company	0.12		0.19		0.17	

Modernform Group Public Company Limited and its subsidiaries
Statement of comprehensive income (Consolidated)

(Unit : Million Baht)

	2021	2020	2019
Profit for the year	85.4	141.9	122.9
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Loss on change in value of investments in available-for-sale securities - net of income tax			(84.0)
Profit (loss) on investment designated at fair value through other comprehensive income - net of income tax	62.7	(1.0)	
Actuarial gain for post-employment benefits plan - net of income tax	1.2	21.9	9.5
Other comprehensive income for the year	63.9	20.9	(74.5)
Total comprehensive income for the year	149.3	162.8	48.4
Total comprehensive income attributable to:			
Equity holders of the Company	151.5	164.0	51.2
Non-controlling interests of the subsidiaries	(2.2)	(1.2)	(2.8)
	149.3	162.8	48.4

Modernform Group Public Company Limited and its subsidiaries
Statement of cash flows (Consolidated)

(Unit : Million Baht)

	2021	2020	2019
Cash flows from operating activities			
Profit before income tax	111.4	173.6	184.5
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	102.7	107.9	104.9
Written-off equipment	0.0	2.7	1.3
Allowance for doubtful accounts			6.1
Reversal of impairment loss on financial assets	(21.7)	(19.1)	
Bad debt recovery			(13.5)
Allowance of diminution in value of inventory (reversal)	(11.2)	17.6	34.1
Allowance for impairment of unbilled receivables			1.0
Impairment loss on non-financial assets	0.1	0.7	
Share of loss (profit) from investments in associates	11.7	(0.5)	(0.3)
Share of loss from investment in joint venture	9.6	5.7	12.1
Change of investment in joint venture			1.2
Loss (gain) on sales of property, plant and equipment	(0.9)	2.7	(0.9)
Loss on revaluation of current investments			31.4
Loss (gain) on fair value adjustments of financial assets	(5.4)	1.1	
Difference of discount from lease agreements		0.3	
Gain on sales of investments in available-for-sale securities	(0.1)		(1.2)
Gain on sales of investments in subsidiary	(10.8)		
Long-term employee benefit expenses	27.6	54.0	71.8
Dividend income	(6.3)	(25.5)	(15.2)
Finance income	(4.9)	(4.4)	(3.7)
Finance cost	13.6	12.9	12.9
Profit from operating activities before changes in operating assets and liabilities	215.4	329.7	426.5
(Increase) decrease in operating assets			
Trade and other receivables	115.8	185.4	210.4
Inventories	(139.0)	234.1	(30.2)
Contract assets	(15.2)	16.9	(8.5)
Other current assets	(12.4)	(12.4)	8.8
Other non-current financial assets	(0.4)	0.4	
Other assets	3.6	(5.8)	1.2
Increase (decrease) in operating liabilities			
Trade and other payables	95.1	(102.5)	(43.9)
Other current liabilities	(11.9)	(177.1)	33.8
Provision for long-term employee benefits	(23.5)	(59.1)	(10.3)
Cash flows from operating activities	227.5	409.6	587.8
Interest paid	(4.6)	(5.4)	(8.6)
Corporate income tax paid	(31.8)	(55.5)	(60.2)
Tax refund			2.3
Net cash flows from operating activities	191.1	348.7	521.3

Modernform Group Public Company Limited and its subsidiaries
Statement of cash flows (Consolidated)

(Unit : Million Baht)

	2021	2020	2019
Cash flows from investing activities			
Purchase of current investments			(6.8)
Cash paid for purchase of financial instruments	(40.4)		
Purchase of investments in available-for-sale securities			(6.2)
Cash received from disposals of investment in subsidiary	(4.0)	(6.0)	(24.0)
Share subscription in joint venture			(20.0)
Cash paid for purchase of other long-term investments			(44.0)
Cash repayment from capital return to non-controlling interests of subsidiary			(3.3)
Cash receipt from share capital reduction of investment measured at fair value through profit or loss	0.2	0.1	
Cash receipt from share capital reduction of investments in available-for-sale securities			0.1
Cash received from sale of financial instruments	31.9		
Cash received from disposals of investment in subsidiary	3.8		
Cash receipt from sales of investments in available-for-sale securities			8.7
Dividend received from investment measured at fair value through other comprehensive income	5.5	5.6	
Dividend received from investment measured at fair value through profit or loss	0.8	20.0	
Dividend received from investments in available-for-sale securities and current investments			15.2
Cash paid for purchase of property, plant and equipment	(25.5)	(13.9)	(12.8)
Cash paid for purchase of intangible asset	(2.0)	(1.3)	(5.5)
Proceeds from sales equipment	1.2	1.0	1.2
Cash received from interest income	0.5	3.8	3.7
Net cash flows from (used in) investing activities	(28.0)	9.3	(93.7)
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	27.6	(0.3)	(152.8)
Cash receipt from long-term loan from financial institution		3.7	
Repayment of long-term loans	(1.2)	(0.6)	
Cash payment for lease liabilities	(18.6)	(15.3)	
Dividend paid	(150.0)	(127.5)	(112.5)
Net cash flows used in financing activities	(142.2)	(140.0)	(265.3)
Net increase (decrease) in cash and cash equivalents	20.9	218.0	162.3
Cash and cash equivalents at beginning of year	677.3	459.3	297.0
Cash and cash equivalents at end of year	698.2	677.3	459.3

Modernform Group Public Company Limited and its subsidiaries
Financial Ratios (Consolidation)

		2021	2020	2019
LIQUIDITY RATIO				
Current ratio	(Times)	2.6	2.8	2.3
Quick ratio	(Times)	1.1	1.4	1.0
Cash from operating ratio	(Times)	0.2	0.4	0.5
Receivable turnover ratio	(Times)	5.4	5.3	4.2
Collection days	(Days)	66	68	86
Inventory turnover	(Times)	1.4	1.8	1.7
Average number of days sales	(Days)	253	199	212
Account payable turnover	(Times)	7.1	9.1	7.0
Payment days	(Days)	51	40	52
Cash Cycle	(Days)	269	227	246
PROFITABILITY RATIO				
Gross profit margin	(%)	33.6	30.0	32.5
Operating profit	(%)	3.9	4.2	4.2
Quality of earnings	(%)	205.3	281.3	402.8
Net profit margin	(%)	3.7	4.8	4.1
Return on total income	(%)	3.6	4.7	4.0
Return on equity	(%)	3.8	6.1	5.3
EFFICIENCY RATIO				
Return on total assets	(%)	2.6	4.1	3.4
Return on fixed assets	(%)	25.4	31.2	27.3
Assets turnover	(Times)	0.7	0.9	0.9
FINANCIAL POLICY RATIO				
Debt to Equity ratio	(Times)	0.5	0.4	0.6
Interest payment ratio	(Times)	48.8	75.4	68.3
Cash coverage	(Times)	1.1	2.4	2.4
Dividend Payment	(%)	100.0	105.3	100.0

Remark : the calculation of gross profit margin and net profit margin will not calculate other service income included in service income such as consulting fee and internal audit fee.

5. General Information of Company

Head Office and Production Units

Company Name	: Modernform Group Public Company Limited
Major Activity	: Manufacturer, Importer and Distributor of Knocked-Down Furniture to distribute in domestic and aboard including import furniture setting and interior decorative products
Company Registration	: 0107536000943
Registered Capital	: 809,646,280 Baht. (As of December 31, 2021)
Paid-up capital	: 750,000,000 Baht. (As of December 31, 2021)
Par value	: Baht 1
As at	: 31 st December, 2021
Head Office Location	: 699 Srinakarindr Road, Phattanakan, Suanluang, Bangkok 10250
Telephone	: 0-2094-9999
Facsimile	: 0-2722-8382
Website	: www.modernform.co.th
Email	: co.secretary@modernform.co.th , ir@modernform.co.th and enquiry@modernform.co.th
Production Plants	: Production 1 33/2, 33/5 Bangna-trad Highway, Tambon Bangchalong, Amphoe Bangplee, Samutprakarn 10540 Tel. 0-2337-0222 Fax. 0-2337-0839 : Production 2 Plant A 5 Bangkhuntien Road, Kwang Sa-Mae-Dam, Khet Bangkhuntien Bangkok 10150 Tel. 0-2416-9802 Fax. 0-2416-4683 Plant B 622 Bangkhuntien Road, Kwang Ta-Kam, Khet Bangkhuntien, Bangkok 10150 Tel. 0-2897-2201-4 Fax. 0-2897-3739

Modernform's Showrooms and Distribution Outlets

Contract Sales Office

- Bangkok Modernform Tower, Srinakarindr Road.
- Pattaya Modernform Sales office, Banglamung, Cholburi.
- Rayong Modernform Sales office, Nikhom Phatthana, Rayong

Modernform Showrooms

- Modernform Furniture Srinakarindr Road branch
- Modernform Furniture Crystal Design Center branch
- Modernform Furniture Life style Space Ploenchit

Modernform showroom HDP

- Modernform Furniture Crystal Design Center branch

Modernform's Dealers

Chiangmai, : Chiangmai Modernform Limited Partnership
Northern Dealer 107/1-8 Chiangmai -Lampang Road, Tambon Patan, Amphoe Muang, Chaingmai 50300
Tel. (053) 212-222 Fax. (053) 872-451
Email : modernform@tananuwat.com

Khonkaen, : Phum Modern Furniture Company Limited
North-Eastern Dealer 1/69-72 Mitrapap Road, Tambon Nai Muang, Amphoe Muang, Khonkaen 40000
Tel. (043) 243-428-9 Fax. (043) 243-430
Email : phummodern@hotmail.com

Suratthani, : DFL Co., Ltd.
Southern Dealer 140/1 M.2 Tambon Makhamtia, Amphoe Muang, Suratthani 84000
Tel. (077) 272-555 Fax. (077) 288-655
Email : dfl.modernform@gmail.com

Songkhla, : Three K Home Plus Co.,Ltd.
Southern Dealer 29 Karnchanawanich Rd., Tambon Hatyai, Amphoe Hatyai, Songkhla 90110
Tel. (074) 892-224
E-mail : sale.3khomeplus@gmail.com

Cambodia : Home Living
No. 160, Mao Tse Toung Blvd, Phnom Penh, Cambodia
Tel : +855 092 43 42 64, +855 092 99 67 17
E-mail : hcgroup@y7mail.com

References

(A) Share Registrar

Thailand Securities Depository Company Limited
93 Ratchadapisek Road, Dindaeng, Dindaeng, Bangkok 10400
Tel. 0-2009-9000 Fax. 0-2009-9991

(B) Debenture holders

None

(C) Auditor

Ms.Sumana Punpongsanon	C.P.A. No.5872
Mr.Chayapol Suppasdtanon	C.P.A. No.3972
Ms.Pimjai Manitkajohnkit	C.P.A. No.4521
Ms.Orawan Techawatanasirikul	C.P.A. No.4807

EY Office Company Limited
193/136 - 137 Fl.33th Lake Rachada Building Complex, Bangkok 10110
Tel. 0-2264-0777 Fax 0-2264-0790

(D) Solicitor

Sahakarn Law Office Co., Ltd.
16 Tesabalnimitr Nua Rd. Soi 6, Ladyao, Jatuchak, Bangkok 10900
Tel. 0-2954-3090-4 Fax. 0-2953-8225

5.2 Other Information

None

5.3 Legal Dispute

As of 31 December 2021, the Company had no litigation or legal dispute that may materially affect its business or assets. In other words, there was no legal effect that may impact more than 5% of shareholders' equity as of 31 December 2021.

Part 2 Corporate Governance

6. Corporate Governance Policy

Realizing the importance of corporate governance for sustainable operation, the Board of Directors has adopted the Corporate Governance Code in writing since 2002 as a guideline for itself, the management and Modernform's staff to comply with. The essence is to adhere to the Code of Conduct as well as nurture a reliable, effective, transparent and accountable management system to create long-term confidence among shareholders, investors and all stakeholders. In addition, the CG policy should enhance Modernform's competitiveness; help the company to perform well with financial and investment security while allowing the firm to exercise social, environment and community responsibilities and remain resilient enough to cope with changes. We require directors, executives and all employees to acknowledge, understand and comply with the corporate governance policy, which has also been posted on our website at www.modernform.co.th as an additional channel for everyone's compliance.

Overview of Corporate Governance Policies and Practices

Practice 1: Establish clear leadership role and responsibilities of the Board Roles and Responsibilities of the Board

The Board Charter has been made to clearly determine scopes and responsibilities of the Board and to differentiate them from the management's. The Board Charter also helps guiding the Board to understand their roles and responsibilities as a leader in the organizational management with a goal to create sustainable corporate values. The Board is tasked to express targets and missions, set up its structure, responsibilities, recruitment and remunerations and create values, corporate culture, ethics, the Code of Conduct and employee's ethics. Together with the management, it oversees strategies, plans, risk management, allocation of resources and budgeting, human resource management, monitoring and assessment and reporting to ensure that corporate goals are met.

The Board is to perform its duties with integrity, ethics and governance. It must respect the rights and responsibility of shareholders and all stakeholders. It should oversee activities that contribute to the society, reduce impacts to the environment while allocating major resources

to achieve its goals. In addition, its supervision should be in compliance with the laws governing securities and exchange, rules and regulations and meeting resolutions. Information should be accurately disclosed to investors and shareholders in a transparent manner.

The Board of Directors ("The Board") shall hold at least six meetings per annum to report the operating results every quarter after the company auditor has audited the quarterly financial statement and the year-end financial statement. The Board shall call a General Meeting of Shareholders within four months from the end of the company's reporting period and call an Extraordinary General Meeting when it deems necessary. The Board shall see to it that the company has effective and appropriate systems for internal control, internal audit and risk management as well as for on-going monitoring of different aspects of the business.

At a Board meeting every year, the Board shall jointly review operational policies, Corporate action plan and budgets to ensure they align with business operations and appraise the company's operating results by considering its competitiveness, industry trends as well as short- and long-term business impact from the Management Report in order to improve the operation, make it more effective and achieve better results.

Practice 2: Define objectives that promote sustainable value creation

The Board shall jointly adopt and review the vision, mission, strategies as well as business goals in the short-, medium-, and long-term in order to determine the business models of both the core business (furniture) and businesses of the subsidiaries. The aim is to be able to respond to the rapidly changing business environment and consumer lifestyles with new investments, while adding values to the company, customers, suppliers, all stakeholders and the society so that sustainable growth can be achieved. In addition, the company shall define its core values which provide the basis for the norm and code of conduct by which all business units within the organization must abide. During the induction on Day 1 and during the orientation, new staff members will be briefed about these values. Refresher sessions are also available to ensure staffs' behaviors remain aligned with the company's core values. The Board shall see to it that the implementation is successful.

Practice 3: Strengthen board effectiveness

Board structure and director qualifications

The Board shall consist of directors with diverse knowledge, abilities, professional skills, and experiences that benefit the company. The Board's roles and responsibilities shall be clearly separated from those of the Management. The Board has an important role in setting out the company's policies, goals, business plans and budgets as well as overseeing an effective and efficient implementation of such policies by the Management.

The Board has established the board's policy and reviewed the structure of itself and other committees in terms of size, composition, qualifications and ratio of independent directors, executive and non-executive directors for a right balance of power. It also defines roles and responsibilities of various committees and between itself and the management based mainly on Modernform's Board Charter. As of December 31, 2021, Modernform's board consisted of 13 directors, of whom five were executive directors, four were non-executive directors and four were independent directors with diverse knowledge, capability, skills and work experiences. They all fulfilled the qualifications required by the Office of the SEC. Roles and responsibilities between the Board and the management were clearly defined.

Board of Director's Meeting

The Board of Directors has scheduled meetings regularly to follow up on the operating results and other related matters by Schedule meetings at least 6 times a year in advance to facilitate board members' attendance. In 2021 held a total of 5 meetings of the Board of Directors. It is necessary to cancel 1 time due to the pandemic of COVID-19, with 100% of the directors attending the meeting.

Directorship in Listed Companies

The Board limits its directors to hold directorship in no more than five listed companies only without exception. This is to allow directors enough time to effectively perform their duties and attend the Board's meeting and meetings of other committees to handle all agendas.

The Board's remunerations

The Board of Directors has appointed the Nomination and Remuneration Committee to review remunerations of the Board, members of all committees with an exception of its own, and senior executives. The Nomination and Remuneration Committee will review and set fair and reasonable remunerations that reflect the Board's responsibilities, the company's performance while comparing them with director remunerations of other listed

companies in the same or similar industry with an intent to induce board members to lead the company in a manner that will achieve its short- and long-term goals.

Supervision of operations of subsidiaries and associated companies

The Board ensures that a supervision mechanism is in place to supervise the operation and business units of subsidiaries, associated companies and other businesses in which Modernform had materially invested based on the nature of their businesses. The goal is to monitor business progress, and exchange technology and experiences proven beneficial to the business.

The Board's performance evaluation

The Board and other committees will be evaluated at the end of each year. The Company Secretary will submit an evaluation form to all committees for an annual self-evaluation. Once each committee member completes his/her evaluation, he/she will send the form back to the Company Secretary, who will collect and summarize the evaluation results before submitting them to the Board and the Nomination and Remuneration Committee. Evaluation criteria are as follows.

In 2021, Modernform evaluated performances of the following four bodies through six different evaluation forms, namely,

1. An evaluation form applicable for individual and group of the Board of Directors
2. An evaluation form applicable for individual and group of the Audit Committee
3. An evaluation form applicable of group of the Nomination and Remuneration Committee, Corporate Governance Committee and Risk Management Committee

Evaluation Process

1. The Company Secretary sends an evaluation form to all committee members for them to evaluate their annual performance at least once a year at the end of the year.
2. After each director completes his evaluation, the form is sent back to the Company Secretary.
3. The Company Secretary collects the forms, summarizes results and reports them to the Board and the Nomination and Remuneration Committee.

Evaluation scores in percentage term were as follows:

- | | |
|--------------|--------------------------|
| 1. Excellent | - scores between 90-100% |
| 2. Very good | - scores between 80-89% |
| 3. Good | - scores between 70-79% |
| 4. Fair | - scores lower than 69% |

Details of evaluation results of the Board and other committees are under Report on performance in good corporate governance

Practice 4: Ensure effective CEO and People management

The Board of Directors has assigned the Nomination and Remuneration Committee the duties of (i) nominating suitable candidates by focusing first on qualified individuals from within the organization, who have vision, knowledge, abilities, qualifications, experiences, and proven track records that fit the company's corporate culture; (ii) arranging development programs for the Chairman of the Board, Directors, Chief Executive Director, President and senior executives to stay on top of the skills, knowledge, and abilities needed to drive the organization toward the key set targets; and (iii) preparing succession planning for the positions of Chief Executive Director, President and senior executives to prevent any gap or negative impact on the effective operation of the business while creating confidence among investors, organizations and employees that the company will carry on its business without interruption.

For HR management, Modernform has designed the HR management strategy to better reflect our business strategy. A clearer process to incentivize employees through monetary returns, better career path, public acceptance, self-expression and participation in major projects has been put in place. A set of clear and fair tools of performance management is constructively implemented to induce business outcomes. HR resources are efficiently and effectively exploited to make staff happy working with us and enjoy a better quality of life. Modernform's capacity-building activities cover staff of all levels and all types of job descriptions. The evaluation of every level of staff is carried out in a constructive manner.

Practice 5: Nurture innovation and responsible business

The Board recognizes the importance of innovation and supports its creation to add values to the business. The Board also recognizes the importance of doing business ethically while delivering benefits to the customers and other stakeholders. Acting responsibly toward the community, the society and the environment also includes respecting rights and considering the roles of stakeholders. The Board has formulated the company's policy relating to the business code of conduct and its responsibility toward different groups of stakeholders which can be found in the company's Code of Business Ethics and Corporate Governance Policy as detailed below:

Nurturing business innovation

Modernform, we underline and support innovation that will create values to business and will benefit customers and related parties. We have set up a product development center to develop and design new products aimed to take advantage of new innovations. We also emphasize the importance of intellectual property. The management and staff must not violate others' intellectual property while Modernform itself actively registers patents in all groups of furniture to avoid any intellectual property violation. In addition, the enterprise IT management has been adopted to reflect business needs in order to increase business opportunity and enhance the operation.

Anti-corruption practices

Modernform underlines the importance of a fair and clean business. We are against all forms of corruption on the basis of the principles of good corporate governance where we focus on corporate ethics and transparency. As a result, the whistle-blowing policy has been established to oversee all groups of stakeholders. Through the policy, a channel is provided for internal and external whistleblowers to file grievances on illegal actions, unethical performances or corrupted practices. This includes misbehavior of all levels of our personnel and other stakeholders. The policy includes investigation procedures that contain clear, impartial and transparent processes. Protection measures of whistleblowers and related witnesses are also available. The Internal Audit Department is responsible for the operation and monitoring processes. It is tasked to report updates to the Audit Committee and the Board of Directors. The policy is now posted on www.modernform.co.th. In 2019, there was no incident involving any Code of Conduct violation.

Contact channels:

1. Call center: 0-2094-9999
2. Email: co.secretary@modernform.co.th
3. Facsimile: 0-2722-8382
4. Postage: Chairman of Audit Committee
Modernform Group Public Company Limited
699 Srinakarindr rd., Phattanakan, Suan Lung
Bangkok 10250

Taking the roles of stakeholders into consideration

One of the priorities given by the Board is that we will conduct our business with a sense of community, social and environmental responsibility. This is reflected through our

Code of Conduct adopted in a form of policy on how to treat stakeholders, the society and the environment. Details are as follows

1. **Responsibility toward shareholders:** The company operates business with transparency and fairness to create the highest shareholder satisfaction by delivering fair and consistent returns to the shareholders while ensuring compliance with applicable rules, regulations and laws. The company is committed to disclosing information that is accurate, reliable and equitable in order to create maximum benefits and long-term values for shareholders.
2. **Responsibility toward employees:** The company has an employment policy that conforms with relevant laws and standards. The company is committed to treating employees fairly and to respecting human rights by respecting individual freedoms with regards to nationalities, social status, health, education, employment rights, social classes, ethnicities, or sexual orientation. Staff remuneration is set under the Performance Management Policy which provides for other benefits and welfare beyond what is required by law. The company has established a provident fund in support of staff retirement and offered comprehensive accident coverage and several types of allowances to employees. The company recognizes the importance of staff development and career advancement. Employees who are good and capable will be supported and promoted without discrimination under a merits-based system.

The company has adopted the Policy on Occupational Health and Safety and Workplace Environment and appointed the Committee on Occupational Health and Safety and Workplace Environment to address issues or challenges relating to situations at work that affect occupational health and safety and workplace environment in order to take immediate actions to improve and maintain standards.
3. **Responsibility toward customers:** The company has a policy to produce quality goods and services that are safe and up to standard at appropriate prices. The company conducts product testing to ascertain product quality standards and to gain consumer confidence. Product and service warranties are offered with specific terms and conditions. The company is committed to providing consumers with news and information about its products and services, including advertisements and promotional materials that are accurate, complete and transparent without any distorted facts. The company provides after sales service and call center support to

follow up on customer service needs or complaints. Customer satisfaction assessment allows the company to obtain feedback for product and service improvements.

4. **Responsibility toward suppliers:** The company attaches importance to treating suppliers equitably in a competitive environment while operating with good faith, transparency, and mutual respect. The company shall conduct business with suppliers in an honest manner and refrain from any attempt to gain bargaining power through collusion or coercion. It shall not demand or receive bribes or any benefits from suppliers. It shall not buy items that infringe on intellectual property rights or violate human rights and shall not do business with any suppliers that engage in unlawful activities.
5. **Responsibility toward competitors:** The company has a policy and guidelines on business conduct toward competitors. The company shall not violate business confidentiality or attempt to obtain competitors' trade secrets by using dishonest or inappropriate means. The company is committed to operating within a rule-based system of healthy competition and shall not acquire competitive advantages unfairly or damage competitors' reputation by a smear tactic. The company promotes and supports free and fair trade; it is not monopolistic.
6. **Responsibility toward creditors:** The company has a policy and guidelines that are fair and responsible toward creditors. The company shall honor its contracts and act according to the terms and conditions which have been agreed upon in the contracts with the creditors including loan and interest payment, collateral care, and guarantee terms. In an event of a default or failure to fulfil its contractual obligations, the company shall give advance notice to the creditors so that both sides can consider the matter and find a solution together.
7. **Responsibility toward communities and society:** The company is well aware that communities and society is a key that helps keep the business strong and capable of delivering stable growth. The company's corporate social responsibility (CSR) activities focus on education and livelihood promotion as well as assisting disadvantaged groups. Members of staff are encouraged to take part in social and community development activities, which start initially in local communities and surrounding areas, and then expand to involve other public, private and charitable organizations. The company has allocated a portion of its earnings to support CSR activities on an on-going basis.

8. **Responsibility towards the environment:** The company attaches importance to the environment and aims to do business in ways that avoid causing negative impact on the environment and natural resources in its value chain. To start with, in the design process, the company will use resources efficiently and manage them well. It will select raw materials that are environmental-friendly and reduce the use of materials that are harmful to the environment. It will streamline production processes to achieve energy efficiency and dispose of waste and pollutants systemically. The company has received ISO14000 certification which is a family of standards related to environmental management covering activities from design to production, delivery and services. The company aims to improve its environmental performance on an on-going basis.

Allocation and Management of Resources The company shall manage resources effectively and efficiently by considering its impact and developing resources appropriately along the entire value chain. In so doing, the company shall take into account the best interests of all stakeholders from those involved in the procurement through to the customers or the consumers at the end of the supply chain. Managing resources well will enable the company to meet its key objectives and goals consistently and sustainably. The Management shall review and ensure that resources are used and developed effectively and efficiently by considering changes in the internal and external factors.

Practice 6: Strengthen effective risk management and internal control

The Board of Directors has established a risk management policy and internal control policy as a framework for everyone to conduct risk management in a similar manner in order to effectively achieve our core business goals. The risk management policy is reviewed at least once a year where the Board has set up two committees, namely, the Audit Committee and the Risk Management Committee, to conduct relevant supervision. Details are as follows.

1. The Audit Committee consists of three independent directors with competency to perform duty effectively and independently. They help supervising Modernform's business and review the adequacy of our internal control system. The Audit Committee is obliged to hold a meeting at least once a quarter to review financial statements already audited by auditors and see if

Modernform's internal control system is effective and adequate to protect shareholders' investment and Modernform's assets within five components and 17 principles under the COSO Framework. The Internal Audit Department, which directly reports to the Audit Committee, is entrusted to supervise and review the operation system and evaluate the effectiveness of its internal control system on an annual basis.

2. The Board appoints the Risk Management Committee with clear roles and responsibilities to systematically manage risks exposed to all work processes. The risk assessment process is defined to reflect Modernform's core objectives and strategies by identifying risks, analyzing internal and external risk factors, and assessing and responding to risks. Measures, scopes and practices are communicated to executives and staff for implementation in order to reduce or control risk arising from business uncertainty, competition risk, investment risk in subsidiary and associated companies, financial risk, and risk from raw materials and IT operation systems.
3. The supervision policy also prevents executives and related party from using inside information for their benefit of themselves or someone else's. Executives and staff accessing internal information not yet disclosed to the public may not sell, buy or get transfer or persuade anyone to buy or sell Modernform's securities one month prior to the day the public disclosure. Executive officers are required to report the Office of SEC their shareholding of Modernform's equity whenever there is such a change according to Section 59 as stipulated by the rule. The Audit Committee meeting must be immediately held on the day the auditor completes his/her auditing of the quarterly/annual financial statements to solicit any opinion and submit them to the Board of Directors' meeting for approval on the same day. The financial statements are to be submitted to the SET on the same day or no later than the following morning for transparency purpose. Penalties and measures are stated in writing against any violator.
4. Directors, executives and related parties are to report Modernform any interest of themselves or related persons in relation to the management of Modernform/subsidiaries. The Board must submit a report of interest of its directors and their related party to the Company Secretary within seven days following the change of shareholding for further report to the Audit Committee and the Board of Directors.

5. The Board has a clear anti-corruption policy in place. By becoming a signatory of Thailand's Private Sector Collective Coalition against Corruption (CAC) in 2016

Practice 7: Ensure disclosure and financial integrity

The Board recognizes the importance of having a robust financial reporting system and the information disclosure policy to ensure accuracy, adequacy, transparency, reliability and timeliness in compliance with applicable laws, standards and regulations. This principle applies to corporate communications and disclosures to shareholders, investors and all other stakeholders as shown in the Annual Report Filing Forms and on the company website at www.modernform.co.th. The Audit Committee has been assigned to review the quality of the quarterly and year-end financial statements and exercise its discretion, due care and best estimates in preparing the financial statements including making adequate disclosures in the Notes to the Financial Statements. As of December 31, 2020, the financial statements were audited and reviewed with an unconditional opinion from an independent CPA. The Board also underlined the importance of financial credibility by requiring qualifications of its CFO and accounting executives to be in compliance with the Stock Exchange of Thailand's (SET) requirements. In addition, financial liquidity was closely monitored, planned and controlled to properly reflect the company's financing activities. The MD&A report was prepared with supporting figures describing operation results, policies and trends as well as success and challenges the business was facing as part of the company's financial statements on a quarterly basis.

The Board's Report of Responsibility in relation to Financial Statements

Realizing its duties and responsibilities as director of a listed company in the SET as well as a body responsible for separate and consolidated financial statements and other financial information reported in the annual report, the Board supervised the preparation of the financial statements based on the GAAP. In this regard, appropriate accounting policies were implemented upon discretion and reasonable predictions and forecasts. Besides, significant information was adequately disclosed in Notes to Financial Statements for communication with shareholders and investors in a timely fashion.

Regarding the disclosure of information and transparency, the Board feels that disclosing accurate and complete

information in a timely fashion with transparency is very important. This refers, for example, to the disclosure of an adequacy of the internal control system, the auditor's opinion to the financial statements and the Audit Committee's opinion. Adequate disclosure of transactions between the company and other connected persons ranging from the management to major shareholders, controlling persons and subsidiaries or associated companies allows investors and shareholders to transparently access detailed information upon approval measures governing connected transactions between listed companies and associated or subsidiary companies, controlling persons or the management as prescribed by the SET. A policy to prevent the management and related personnel to illegally use inside information for the benefit of their own or others is also in place. In addition, executives are required to report to the SEC their securities holding every time there is a change of such holding in accordance with Section 59.

Practice 8: Ensure engagement and communication with shareholders

The Board is aware of the shareholders' basic rights, namely, the right to receive information concerning the company, the right to receive dividends and the right to participate in the management of the company namely to attend and vote at the shareholders' meetings, to take part in making decisions on key issues regarding the company, to propose agenda items, to revoke the meetings' resolutions, and to file a lawsuit. The Company provides important, sufficient and up-to-date information, and has a policy to facilitate and promote the attendance of shareholders' meetings by nominated Thailand Securities Depository Co Ltd (TSD) as its registrar to facilitate shareholders in registration matters concerning Modernform's securities. The Board has come up with the following practices

Prior the shareholders' meeting

1. A shareholder or several shareholders holding an aggregate of not less than 5 percent of all the voting rights of the company can nominate candidates for directorship and propose matters to be included in the meeting agenda along with relevant information as set forth in the criteria by the company. In 2021, shareholders were invited to nominate directors and propose agenda items for the shareholders' meeting from 23 November -30 December 2021. The announcement appeared on the company website on 23 November 2021.

2. Before the shareholders' meeting, shareholders are invited to submit questions related to the meeting agenda to the Board via the designated communication channels so that the Board can respond adequately to these questions on the day of the shareholders' meeting.
3. An invitation to the shareholders' meeting in Thai and English languages with details of meeting date and venue and the posting of such invitation and supporting documents must be done in advance for at least 28 days prior to the shareholders' meeting date as announced by the Office of the SEC to allow shareholders enough time to study. The notice to the meeting must be published in a Thai-language daily newspaper no fewer than three days prior to the meeting. In 2021, Modernform sent the invitation out on March 24, 2021, or 28 days prior to the shareholders' meeting date scheduled on April 22, 2021.
4. Necessary information and supporting documents with facts, reasons and opinions of directors in each agenda must be adequately given in the invitation to attend the meeting together with the following meeting agendas:
 - **Agenda for acknowledgement:** Matters already carried out by the Board without the shareholders' meeting resolution must be reported.
 - **Agenda for consideration:** Basic and critical matters requiring approval from the shareholders' meeting in relation to legal enforcement, requirements by the Articles of Association and those considered appropriate to be submitted for shareholders' approval must be specified. This includes matters with positive or negative impact to the company, and shareholders and directors' opinions in the agenda.
 - **Dividend payment agenda:** Information of the dividend payment policy, actual dividend paid in comparison to the policy, comparative information of dividend paid during the past year and reason why no dividend is paid must be specified in this agenda.
 - **Director's appointment agenda:** the following information must be included in the agenda:
 - Nomination rules and procedures
 - Types of nominated directors
 - Preliminary information of candidates such as age, education, work experiences, shareholding ratio, number of years in directorship, number of listed companies and general companies he/she is a director
 - Performance results during his/her previous tenure as a company director such as meeting attendance record and past contribution to the company
 - No holding of office in any business with a material conflict of interest to the company's business
 - In case of appointment of independent director, the following information must be included: definition of independent director and absence of interest in the company, subsidiary and associated companies or other entities with a potential conflict of interest.
 - A separate voting ballot for appointing each individual director will be used in this agenda.
- **Remuneration agenda:** the following information must be included: remuneration policy and rules applicable to board members and members of committee, remunerations in the monetary form and other rights or privileges obtained while being a director, supporting information such as comparative information during the past 3-5 years.
- **Auditor's appointment agenda:** the following information is required: auditor's name and his/her office, comparative audit fees in three years to determine if the fee is appropriate, experiences and independence of auditors, relation with the company such as shareholding ratio, consultancy status, number of years being the company's auditor, reason for auditor change in case of an appointment of new auditor and his/her status as an auditor of a subsidiary and an associated company. This has to be approved by the Audit Committee with opinions from the Board enough for shareholders to make a decision.
5. We facilitated shareholders to attend the Annual General Meeting of Shareholders (AGM) by choosing a convenient meeting venue, which was a meeting hall at Modernform Tower, 699 Srinakarin Road, Pattanakan, Suan Luang District, Bangkok. The venue can be reached by bus and is in the proximity of the Huamark Airport Rail Link station.
6. At least an independent director was assigned as a proxy to attend the meeting on behalf of shareholders who could not make it. Details of the independent director were stipulated in the proxy.

On the day of the shareholders' meeting

1. Shareholders are allowed to register at the AGM meeting approximately an hour before it starts.
2. Technology such as the barcode system is used at the meeting to register shareholders, counting votes and display voting results to ensure speedy and accurate meeting procedures.
3. Shareholders and the proxy in case shareholders could not attend the meeting themselves are required to present evidences such as the proxy form of Ministry of Commerce, ID Card, certificate of incorporation issued by Ministry of Commerce and other documents required for registration to attend the meeting together with proxy details as stated in Proxy Form A or Form B sent with the invitation to attend the meeting.
4. The Board, other committees, senior executives, auditors, verifiers and vote-counting witnesses are to attend the meeting. Volunteers to protect shareholders' rights from the Thai Investors Association attend the meeting as an observer. Before the meeting is declared opened, chairman of the meeting will designate the Company Secretary to inform the meeting a number and ratio of shareholders attending the meeting by themselves and through proxies as well as meeting regulations such as how the meeting will proceed, voting procedures and vote-counting methods of votes cast by shareholders in each agenda
5. The Chairman of the Board shall be chairman of the meeting and the Company Secretary shall report the number of shareholders and votes attending the meeting. Before the meeting begins, the Company Secretary shall explain the meeting procedures, vote counting procedures and how to use a ballot card as well as how to cast a vote for each item separately in case there are many items on the agenda.
6. The meeting will consider each agenda based on the order stated in the invitation to attend the meeting without change. No other matters will be considered except those stated in the invitation to attend the meeting.
7. Directors having an interest in any agenda must inform the meeting to excuse themselves from voting in relevant agendas.
8. The company will use a ballot in every agenda where a resolution needs to be adopted. In the director appointment agenda, directors will allow shareholders to

cast their votes to elect each director individually.

9. Approval, disapproval and abstention votes in each agenda will be gathered in order to inform the meeting after the voting is completed in each agenda before being recorded in the minutes of the meeting.
10. Shareholders attending the meeting after the Chairman declares the meeting open will be able to vote in agendas being considered and not yet resolved. Such shareholders will be counted as part of the quorum starting from the agenda they attend the meeting. As a result, the number of shareholders with voting rights in each agenda may vary.
11. Chairman of the meeting will open the floor for shareholders to express opinions and ask questions before the voting starts. After the meeting finishes considering all agendas, chair of the meeting will open the floor for more queries from shareholders in interested matters before adjourning the meeting.

After the day of the shareholders' meeting

1. The company will inform shareholders' resolutions and voting results to the SET via the SET Link system after the meeting ends on the same day or at least within 9.00 hours of the next business day to inform investors. The same information will be posted at the company's website.
2. The Company Secretary is required to complete the minutes of the AGM and submit it to the SET within 14 days following the AGM date and to post it at the company's website. The information must contain a list of directors and executives and the ratio of directors attending and absent from the meeting, voting and vote-counting procedures, meeting resolutions and vote results featuring approval, disapproval or abstention votes in each agenda. The minutes shall include Q&A information and clarification and explanation from the Board.
3. Shareholders may exercise their rights to oppose to the meeting or any resolution adopted by the shareholders' meeting if they see that it's not right or against the laws within 30 days from the meeting date.

Investor Relations

In 2021, the company organized activities to disseminate information about its quarterly results and offered opportunities for participants to ask questions in a

transparent way. Due to the Covid-19 situation, more events were held online including press conferences and press interviews as well as briefings for analysts and investors. Afterwards, the company would send out press releases to media outlets. Many top executives took part in investor relations activities, a summary of which appears below.

1. One press conference was organized with 30 media representatives attending
2. One online interview with 33 media outlets was organized and a press release issued
3. One online analyst meeting was organized with 8 analysts attending
4. The company's executives participated in a live webcast of the event "Opportunity Day" organized by the Stock Exchange of Thailand (SET)

Equitable Treatment of Shareholders

As stipulated in the company's Corporate Governance Policy, all shareholders shall be treated equitably and fairly without any group of stakeholders being favored over another. All shareholders, be they majority or minority shareholders, shall have equal rights and are entitled to exercise their rights at the shareholders' meetings. There are guidelines on equitable information disclosure, on prevention of conflict of interests, on illegal use of insider information to benefit oneself or others as well as on investor relations.

Code of Conduct

The Board of Directors has established a written Code of Conduct as a tool to enhance transparency in the Company's operations. It contains the code of conduct of directors and executives. Guidelines for all groups of stakeholders including the responsibility towards shareholders, responsibility towards government, responsibility towards employees, responsibility towards

customers, responsibility towards suppliers, responsibility towards creditors, responsibility towards competitors, responsibility towards communities, society and the environment as well as employee ethics and communicated to the directors all executives and employees have been informed to ensure compliance with the said policy. By making a manual of the company's business ethics and posting company announcements setup the meeting to clarify distributing documents to all departments. The organization is one of the topics in the company's new employee orientation and is disclosed on the company website. www.modernform.co.th.

Major Changes and Developments in Corporate Governance Policy, Practices and System as well as the Charter of the CG Committee in 2021

Recognizing the importance of corporate governance, the Board adopted the company's Corporate Governance Policy in writing in 2002 to set out relevant guidelines for the conduct of the Board, company executives and employees. The new policy affected the level of confidence among shareholders, investors and other stakeholders and helped create sustainable values for the business. To monitor compliance with the CG policy in all areas of business operations, the Board appointed the Corporate Governance Committee on 12 November 2019.

At the Board Meeting No.5/2021 on 11 November 2021, upon the recommendation of the CG Committee, the Board approved a revised Corporate Governance Principles (6th Edition). This followed the review and update of the Corporate Governance Code (CG Code) by the CG Committee in view of the changes in the company's vision, mission, strategies and policies. The previous CG Principles was approved in 2018 and remained effective until recently. The update was communicated to employees to raise their awareness and ensure compliance.

In 2021, the Board conducted a review on compliance with the CG Principles and found that most of the guidelines were implemented in full and only a few were not adopted as explained below:

Principle/Best Practice	Our clarification
1. The company should set up and disclose its corruption risk assessment process.	The Board has acknowledged this issue and agrees to disclose the corruption risk assessment process.
2. Training about anti-corruption policies and practices should be organized for every employee. Details of the training held each year should be revealed.	The Board has acknowledged the advice and is of the opinion that the training will be organized for every staff.
3. The company should determine employee compensation that is consistent with the company's performance both in the short and long term.	The company has always reviewed the compensation structure to suit the economic conditions, subsistence and be competitive.
4. Directors and independent directors should be in the office for no more than three terms or nine years from his/her first-term appointment.	When the term of director and independent director is up, Modernform allows shareholders to nominate qualified candidates for directorship annually. However, no shareholder proposed the candidates within the timeframe. Besides, our directors and independent directors are highly experienced and truly understand the nature of our business. They have offered us useful advices. That's why the Nomination and Remuneration Committee proposed that independent directors whose terms were due be re-elected.
5. The company should have set a policy relating to the minimum quorum that at least two thirds (2/3) of the total number of directors must be present when the Board calls for a resolution at the Board meeting.	The Board approved the revised CG Principles (6th Edition) on 11 November 2021 in which this policy was amended accordingly.
6. The Board should have arranged a meeting last year whereby only non-executive directors would attend without the Management attending and specify the number of meetings or the dates.	The Board acknowledged the issue and proposed that a non-executive directors-only meeting be held.
7. The Board should disclose the remuneration of the CEO in the short- and long term and the performance-related pay.	The Board made the disclosure in this report.
8. Chairman should be an independent director.	Chairman is a highly-experienced person who has been in our business for a long time and therefore can offer valuable advices.
9. The Nomination and Remuneration Committee should consist of independent directors only.	The Nomination and Remuneration Committee consists of five members of whom one is an independent director, another is a director and three are executive directors. The component of the committee is appropriate and allows it to effectively perform duties.
10. The Chairman of the Remuneration Committee should be an independent director.	The Board deemed the Chairman of the Nomination and Remuneration Committee suitably knowledgeable and experienced.

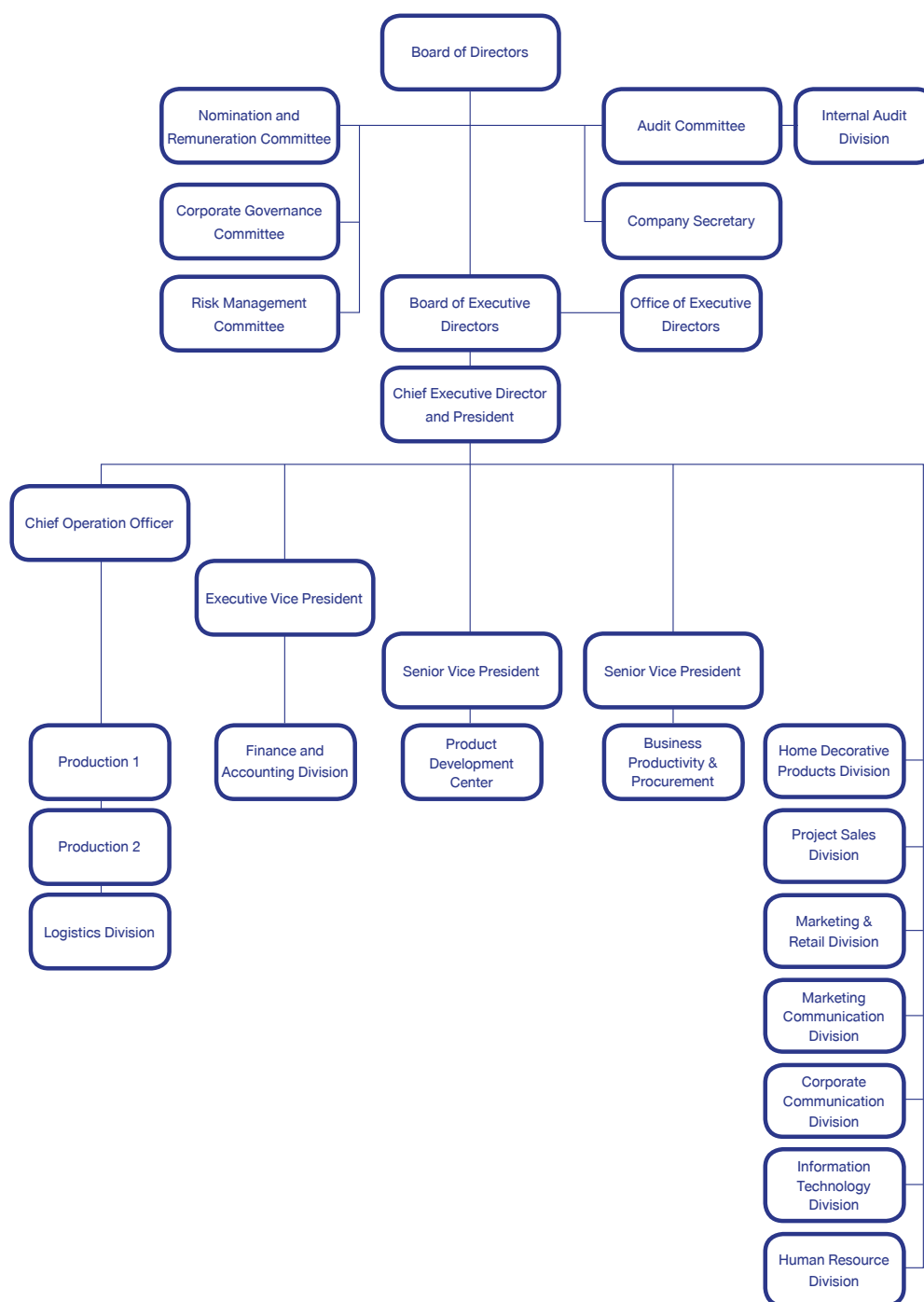
The company has resolutely applied the CG Principles and Business Code of Ethics in managing and operating its business over the years while complying with applicable laws, rules, and regulations. The company has continuously

improved its corporate governance, making it more effective and better suited to the company. The company's CG performance was assessed with the following results:

- The company was rated “very good” (4 Stars) in an assessment published in the Corporate Governance Report of Thai Listed Companies 2021 with an overall score of 89%, higher than the overall average score of 84% for Thai listed companies.
- The company was rated “outstanding” (with a score of 99) in the Thai Investors Association’s assessment of the quality of shareholder meetings (AGM Checklist).

7. Corporate Governance Structure and Key Information about the Board, Sub-committees, Management, Employees, and Others

7.1 Corporate Governance Structure as of December 31, 2021



7.2 Details of Board of Directors

Board of Directors structure consists of Board of Directors and five committees, namely, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Corporate Governance Committee and the Executive Board.

Components of the Board

The Board consists of competent members with qualifications from various professions, diverse expertise and experiences. Board members commit to spend time and dedication to their roles and responsibilities.

They play a pivotal role in determining the Company's short- and long-term goals with the senior management.

They also supervise the management to ensure that the business reflects the policy and that compliance to the plan is realized and reviewed annually.

According to our Articles of Association, the Board shall consist of no fewer than five members where no fewer than half of directors must have domiciles in Thailand. Modernform's Board of Directors as of December 31, 2021 consisted of 13 board members, of whom four or 30.77% were independent directors; five or 38.46% were executive directors and four or 25.00% were non-executive directors.

Name of the Board of Directors as of December 31, 2021 consist of 13 member's details are as follows.

1.	Mr. Thaksa Busayapoka	Chairman/ Chairman of Nomination and Remuneration Committee/ Executive Directors
2.	Mr. Kitipat Nerngchamnong	Chief Executive Director and President/ Risk Management Committee
3.	Mr. Chareon Usanachitt	Director
4.	Mr. Yothin Nerngchamnong	Director/ Nomination and Remuneration Committee / Executive Directors
5.	Mr. Somsak Varikarn	Director/ Nomination and Remuneration Committee / Executive Directors
6.	Mr. Kavivud Nerngchamnong	Director/ Nomination and Remuneration Committee
7.	Mr. Kitti Busayapoka	Director
8.	Mr. Patana Usanachitt	Director/ Corporate Governance Committee/ Executive Directors
9.	Mr. Bancha Dhammarungruang	Director
10.	Mr. Supparerk Mallikamarl	Independent Director/ Nomination and Remuneration Committee
11.	Mr. Suchart Thammapitakul	Independent Director/ Chairman of Audit Committee
12.	Mr. Kittichai Lattisophonkul	Independent Director/ Audit Committee/ Corporate Governance Committee
13.	Mr. Surachai Sonthirathi	Independent Director/ Audit Committee/ Chairman of Corporate Governance Committee/ Chairman of Risk Management Committee
	Ms. Penpun Kasetsiri	Company Secretary

Authorized Directors: Mr.Thaksa Busayapoka Mr.Yothin Nerngchamnong Mr.Somsak Varikarn or Mr.Patana Usanachitt two of four directors signed together with the Company's seal or Mr.Thaksa Busayapoka Mr.Somsak Varikarn Mr.Patana Usanachitt or Mr.Kitipat Nerngchamnong two of four directors signed together with the Company's seal.

Separation of roles and responsibilities between the Board and the management

The Company separates roles and responsibilities between Chairman of the Board and CEO where Chairman of the Board determines corporate policies and the CEO manages the company. That's why both positions are held by two different people so that each individual can perform his/her duty independently while effectively supervising and assessing company performances. The Board of Directors have clearly set the following as roles and responsibilities:

Roles and responsibilities of the Board of Directors are divided into those to be executed by the Board itself and others to be collaborated with the management. Details are as follows.

Duties and responsibilities to be executed by the Board of Directors itself:

1. Comply with the securities and exchange laws, Modernform's objectives and Articles of Association as well as resolutions adopted by the Board and the Shareholders' Meeting with integrity, care, prudence while safeguarding company interest and that of shareholders on the basis of corporate governance.
2. Determine Modernform's vision, direction, policies, goals and budgets.
3. Formulate the Board Charter in which duties and responsibilities of the Board are stipulated as a practice guideline for all directors; divide roles and responsibilities with the Management and periodically review them to ensure that they reflect company directions.
4. Appoint the following sub-committees: the Executive Board, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and Corporate Governance Committee, Preident, senior executives and company secretary so that the operation is under the supervision of the Board or the Executive Board or the President.

5. Report one's interest and that of related persons to the Company.
6. Evaluate performances of the Board and the sub-committees either on a committee basis or on an individual basis each year where results of the evaluation are disclosed in the annual report.

Matters to be collaborated between the Board of Directors and the Management:

7. Approve an annual business plan and estimated capital expenditures proposed by the Executive Board.
8. Periodically supervise and monitor the management's performance to ensure effective compliance with the policy, goals and plans previously set in order to enhance the business's maximum economic values and to achieve the best return to shareholders.
9. Underline the importance of disclosing material information necessary for making investment decisions in Modernform's securities as required by the Stock Exchange of Thailand (SET).
10. Make available accounting system, financial reporting and reliable and accurate auditing that reflects actual financial status based on the Generally-Accepted Accounting Principles (GAAP).
11. Set up an adequate internal control system and create an evaluation process to measure the adequacy and effectiveness of both the internal control and internal auditing systems.
12. Set up an appropriate risk management and supervision system.

However, the above powers do not extend to the execution of any related transactions and the acquisition of or disposal of any material assets of the Company as set forth by the SEC's and SET's rules and regulations according to which the Company shall have to comply. In addition, the above powers do not extend to other matters which according to the Company's Articles of Association, an approval from the shareholders is required.

Roles and responsibilities of Chairman of the Board

1. Supervise and ensure that performances of the Board of Directors are effective and fulfil Modernform's critical goals and targets.
2. Ensure that all directors take part in promoting ethical corporate culture.
3. Promote the standard of corporate governance among the Board of Directors.

4. Call the Board of Directors' Meeting and ensure that important items are incorporated as part of the meeting agendas with discussion made with executive chairman, managing director or chairman of the Audit Committee, as the case may be. Allow all directors to propose meeting agendas. Set the board meetings the annual general meeting dates in advance so that directors are ready to attend no fewer than 90% of all Board Meetings held in a particular year.
5. Ensure that meeting invitations and supporting documents are delivered to the Board so that it receives adequate information in time for the meeting.
6. Chair the Board of Directors' Meeting and the Shareholders' Meeting; supervise the meeting to comply with the Company's Articles of Association and relevant meeting agendas; provide enough time for directors to discuss important matters in each meeting agenda; encourage directors to exercise discretion and to independently express their opinions; allow shareholders to inquire various matters and encourage answers to shareholders' questions in a comprehensive manner.
7. Promote a good relationship between directors, the management and shareholders
8. Perform other duties as required by the laws.

7.3 Details of subcommittee

Subcommittees consist of

1. Audit Committee

The Board of Directors is responsible for the appointment of the Audit Committee which will be composed of independent directors to improve efficiency and increase value in the operation of the Company's business by ensuring that a process of good corporate governance of the Company's business is in existence. The first appointment of Audit Committee was made on 8 November 1999, comprising 3 independent directors with 5 years tenure and at least one director with expertise in accounting or finance. Following the completion of tenure, audit committee directors are eligible for reappointment. Should a position within the audit committee be vacant for reasons other than the completion of tenure, a fully qualified candidate should be appointed to the committee within 3 months and serve the remaining tenure of the absent member. The Audit Committee shall hold a minimum of 4 meetings a year at quarterly intervals.

The Audit Committee as of December 31, 2021 consisted of 3 directors as follows:

- | | |
|--|--|
| 1. Mr.Suchart Thammapitagkul | Independent Director and Chairman of Audit Committee |
| 2. Mr.Kittichai Lattisophonkul | Independent Director and Audit Committee Director |
| 3. Mr.Surachai Sonthirathi | Independent Director and Audit Committee Director |
| Ms.Penpun Kasetsiri Secretary to the Audit Committee | |

Roles and responsibilities of the Audit Committee

1. To review the Company's financial reporting that both quarterly and annual financial statements are accurate and comprehensive and that they reflect the standards and the generally-accepted accounting principles before they are proposed for the Board to approve.
2. To ensure that the Company has an effective and sound internal audit system and that the adequacy of the internal control system is reviewed annually.
3. To review the Company's compliance with the Securities and Exchange Act, the SET's requirements and the laws governing the Company's business.
4. To disclose connected transactions or those with possible conflict of interest to ensure compliance with relevant rules and regulations and that such connected transactions are reasonable and for the Company's best interest.
5. To review the independence of the Internal Audit Unit, which directly reports to the Audit Committee; to approve, remove, transfer or terminate executives within the Internal Audit Unit.
6. To nominate and propose for termination and appointment of independent persons who will become an auditor and to set the auditor's annual fee; to organize a meeting with auditors without the management's presence at least once a year.
7. To approve an annual plan, budget and manpower of the Internal Audit Unit.
8. To ensure that the Internal Audit Unit comprehensively audits other departments' significant matters before proposing recommendations or remedies to the management and to follow up with such recommendations within a specific timeframe.
9. To align the understanding among the auditor, the Board and the Internal Audit Unit.
10. The Audit Committee is authorized to invite the management, executives or staff to express opinions, attend a meeting or submit documents considered necessary to perform its duty under the scope of its authority.
11. To report the performance of the Audit Committee to the Board at least on a quarterly basis.
12. To evaluate the Audit Committee's performance annually for further improvement.
13. The Audit Committee will issue a report expressing its opinion with regard to the adequacy of the risk management system and the internal control system before publishing it in the annual report.
14. The Audit Committee may seek an independent opinion from any other professional if deemed necessary at the Company's cost.
15. To regularly review and update the Audit Committee's Charter to properly reflect the SET's Securities and Exchange Act.

2. Nomination and Remuneration Committee

The Board of Directors will appoint the Nomination and Remuneration Committee, which will consist of independent directors, non-executive directors, executive directors and company secretary. The Committee will relieve the Board of Directors' burden by enhancing efficiency and effectiveness with regard to the nomination and remunerations of directors, members of sub-committees and senior executives starting from department director and higher. This is to promote transparency in the nomination process and to increase competency and expertise of directors and senior executives who should reflect business needs that makes shareholders confident that the Company can access those with potential and competency to take care of their interest. The Nomination and Remuneration Committee's term of office is three years each term where its members may be re-appointed. The Committee's term of office is equivalent to that of the Board of Directors. In case of vacancy due to reasons other than expiration of the term, board members may appoint a qualified individual within three months and the Nomination and Remuneration Committee shall convene at least twice a year and directors attend no fewer than 75% of all meeting being held.

Nomination and Remuneration Committee as of December 31, 2021 consisted of 5 directors as follows:

- | | |
|-----------------------------|-------------------------------|
| 1. Mr. Thaksa Busayapoka | Chairman of the Committee |
| 2. Mr. Yothin Nerngchamnon | Director |
| 3. Mr. Somsak Varikarn | Director |
| 4. Mr. Suparek Mallikamari | Director/Independent Director |
| 5. Mr. Kavivud Nerngchamnon | Director |

Mrs.Somrak Chotibhongs Secretary to Nomination and Remuneration Committee

Scopes of Duties and Responsibilities of the Nomination and Remuneration Committee:

1. Nomination

- 1.1 Review the structure of the Committee by taking into consideration the number of committee members to reflect size, type and complexity of the business as well as their qualifications, skills, experiences and specialization relating to Modernform's main business or industry; recommend improvements.
- 1.2 Nominate candidates qualified as committee members, members of sub-committees, managing director and senior executives from department director and higher by reviewing their qualifications proven suitable to the Company's unique character in a form of the board skill matrix in order to come up with a right candidate for board members, members of sub-committees, managing director and senior executives as well as their work experiences for the Board of Directors to approve.
- 1.3 Set nomination rules and procedures of board members and senior executives to reflect unique corporate characteristics of both existing and new directors; set criteria that will allow shareholders to propose future directors and criteria for each board director to propose an appropriate candidate.
- 1.4 Setup development plan for board members and senior executives to enhance their knowledge, roles and responsibilities as well as to increase their understandings in industrial outlook, stock exchange rules and regulations or corporate laws relating to Modernform's business. In case of new directors and new senior executives, an orientation session will be held and useful information will be distributed to enable them to perform duties as board members.
- 1.5 Formulate a succession plan by establishing and revising the development plan of both managing director and senior executives for succession purpose in case managing director or senior

executives reach a retirement age or could no longer perform one's duty to ensure continued operation.

2. Remunerations

- 2.1 Consider rules, ways and means to remunerate directors and senior executives starting from department director and higher to ensure fairness while inducing them to perform as expected.
- 2.2 Constantly review rules and ways and means of remunerations by comparing them with those offered by other companies in the same industry with different forms of remunerations such as retainer fee, incentive, attendance fee and vehicle expenses taken into consideration.
- 2.3 Set up criteria to evaluate performances of Chairman of the Executive Board and managing director for the Board's approval.
- 2.4 Determine annual remunerations of directors, Chairman of the Executive Board, managing director and senior executives starting from department director based on pre-determined compensation criteria by incorporating their performance evaluations as well as by comparing their remunerations with those offered by other companies in the same industry. While remunerations of managing director and senior executives will be submitted to the Board for approval, those of board members will be submitted for the Shareholders' Meeting's approval.
3. Report performances of the Nomination and Remuneration Committee to the Board of Directors at least once a year.
4. Review performances of the Nomination and Remuneration Committee using a required evaluation form at least once a year as a committee and as an individual before disclosing the evaluation result in the annual report.
5. Perform other tasks as entrusted by the Board of Directors.

3. Risk Management Committee

The Board of Directors appoints Risk Management Committee to determine an overall risk management policy and to supervise the setting up of a system or a process of risk management to properly minimize impact to the business. Components, authority, roles and responsibilities of Risk Management Committee are determined to enable it to effectively perform its duties as entrusted by the Board. Following the restructuring of the Company's management in 2021 into a functional

unit format, the Board resolved to approve the restructuring of Risk Management Committee at its meeting No. 1/2564 dated February 25, 2021 to reflect the Company's management structure and to encompass all risk aspects.

Risk Management Committee consists of no fewer than three members. They are independent directors, senior managers, chief of a relevant BU, a finance and accounting expert and chief of the Internal Audit Unit. The term is 3 years. The ROC is to meet at least twice annually.

The Risk Management Committee as of December 31, 2021 comprises of:

1.	Mr.Surachai Sonthirathi	Chairman of the Committee/ Independent Director
2.	Mr.Kitipat Nerngchamnon	Director
3.	Mr.Kookiat Orankit	Director
4.	Ms.Natcharintorn Siri wattana	Director
5.	Ms.Sawangjit Pongpipatpong	Director
6.	Ms.Wannee Limpattanasin	Director
7.	Ms.Jongjit Naboonpatana	Director and Secretary to the Committee

Scopes, roles and responsibilities of Risk Management Committee

1. To be empowered to call various departments to give information in writing or to invite the management and relevant staff to attend the ROC meeting in order to give an oral explanation with regard to risks and their performance as deemed appropriate by the ROC. The management and staff invited to the information session shall collaborate with the ROC in corporate risk management.
2. To be empowered to have departments do anything as necessary so that they can perform duties as specified in the Charter. In addition, the ROC may have a special duty as additionally and exclusively entrusted by the Board.
3. To review and express opinions about a draft policy and a risk management framework prior to its submission to the Board for further comment and approval.
4. To consider and give opinions towards risk appetite and risk tolerance prior to submitting to the Board for its comments and approval.
5. To acknowledge, consider and express opinions towards a risk assessment evaluation, risk management guidelines and measures and risk management operation plans to ensure that the Company has adequate and proper risk management.
6. To oversee and provide support to ensure that corporate risk management is successful; to propose risk prevention and reduction measures to keep them at an acceptable level; to monitor an operation plan in order to regularly reduce a risk level that properly reflects business conditions for proper and adequate risk management.
7. To advise and provide support to the Board, the management and the risk management working group with regard to corporate-level risk management; to oversee that the internal risk management system is constantly improved and enhanced.
8. To oversee the review of a corporate risk management policy and framework on a regular basis by at least once a year to ensure that they still reflect the overall business conditions and the Company's risk management activities.
9. To report major corporate risks, risk status, risk management directions, their progress and results of such risk management action to the Board on a regular basis.
10. To communicate and exchange risk information and coordinate matters regarding risk and internal control to the Audit Committee at least twice a year.

4. Corporate Governance Committee

The Board of Directors underlines the importance of the Good Corporate Governance principles. In order to share and support responsibilities of the Board in determining good practices to correspond to the Good

Corporate Governance principles, the Corporate Governance Committee was established in accordance with the Board's resolution adopted at its 7/2562 Meeting on November 12, 2019 to consist of at least three board members, one of whom must be an independent director, together with advisors or executives, for a total number of no fewer than five. Chairman of the Corporate Governance Committee must be an independent director whose term of office is three years each. Members whose term is expired may be re-elected.

In case members of the Corporate Governance Committee retires or if there is a reason that a committee member may not be able to stay up to his/her term, the Board must appoint a replacing member at least within three months from the day a number of committee members fail to meet the criteria. The replacing member meanwhile shall be in the office for the remaining term of the retiring member only. The Committee shall meet at least once a year.

The Corporate Governance Committee as of December 31, 2021 comprises of:

1.	Mr. Surachai Sonthirathi	Chairman
2.	Mr. Kittichai Lattisophonkul	Director
3.	Mr. Patana Usanachitt	Director
4.	Mrs. Somrak Chotibhongs	Director
5.	Ms. Natcharintorn Siri wattana	Director
6.	Ms. Jongjit Naboonpattana	Director
	Ms. Penpun Kasetsiri	Secretary to the Corporate Governance Committee

Roles and Responsibilities of the Corporate Governance Committee

1. To present the Corporate Governance Policy to the Board in order to seek its approval so that it can be implemented as the best practices by board directors and the management. The Corporate Governance policy meanwhile shall be made in writing.
2. To supervise and advise board members and the management when it comes to their performance and responsibilities under the Corporate Governance Policy to facilitate their oversight functions, to ensure effectiveness and to materialize continuity in order to meet expectations of both shareholders and stakeholders.
3. To advise the best practices relating to business ethics of directors, executives, employees and staff.
4. To review, revise and update the Corporate Governance Policy at least once a year to ensure its relevance and conformity to the best practices, international standards,

rules and laws as well as recommendations of supervising agencies.

5. To produce a report assessing the performance of the Corporate Governance Committee as well as its activity report to the Board and to provide necessary suggestions and recommendations at least once a year.

5. The Executive Board of Directors

The Executive Board of Directors are appointed by the Board of Directors to transact such activities as designated so as to achieve the Company's goals or plans as set out by the Board of Directors. The Executive Board of Directors are those directors with power to bind upon the Company as authorized by the resolution of the shareholders' meeting. Presently, the Executive Board of Directors consists of 1 Chief Executive Director and President, 3 Executive Directors. The executive board holds meetings at least once a month in year 2021 held 12 meetings.

The Executive Board of Directors as of December 31, 2021 consisted of 5 directors as follows:

1.	Mr. Kitipat Nerngchamnong	Chief Executive Director and President
2.	Mr. Thaksa Busayapoka	Executive Director
3.	Mr. Yothin Nerngchamnong	Executive Director
4.	Mr. Somsak Varikarn	Executive Director
5.	Mr. Patana Usanachitt	Executive Director

Authority and duties of the Executive Board of Directors are as follows:

1. To manage the business in accordance with the objects, goal, guideline, policy, plan and budget of the Company as determined and assigned by the Board of Directors, as may be authorized by the Board of Directors of the Company.
2. To provide direction, strategies and plans to achieve Company's objectives and Company's vision.
3. To organize and provide internal structure and operational procedures of the Company for highest efficiency purpose.
4. Periodically review operational outcomes to achieve company goals.
5. To look for new opportunity in business for submission to the Board of Directors for approval.
6. To review and screen the procurement or disposal of the Company's major assets before submitting the matter to the Board of Directors.
7. To appoint, remove, and terminate high ranking personnels.
8. To approve distribution of bonus and the amount of money for annual salary increase of the staff within the annual budget of the Company.
9. To see to it that the policy on corporate governance is appropriately carried out.
10. To approve any transactions prior to submitting same to the Board of Directors
11. To perform any other duties as may be assigned by the Board of Directors.

The above powers do not extend to approval of any transaction which the directors themselves or other related parties may have interest in conflict with that of the Company or any subsidiary or affiliate of the Company.

Authority, duties and responsibilities of Chief Executive Director are as follows:

1. To determine missions, objectives, guidelines and policies of the Company as well as to order and supervise overall operation to maximize corporate management
2. To ensure that the management meets objectives, policies, goals, operation plans and budgets approved by the Board and/or the Executive Board of the Company

3. To manage and supervise the business and/or day-to-day activity of the Company
4. To appoint and manage various work groups for good and transparent management; to appoint a substitute and/or to assign other parties to do a specific task on the Chief Executive Director's behalf where the authorization given to the substitute and/or the assignment shall be subject to the extent of power authorized under the Power of Attorney and/or to approval authority regulations previously approved by the Board of Directors
5. To monitor and evaluate operation performance on a regular basis; and to report results of such performance, management and operation progress to the Executive Board, the Audit Committee and the Board of Directors
6. To review and propose investment plans to the Executive Board and the Board of Directors for further approval
7. To be an authorized representative of the Company and manage its business to meet objectives, regulations, policies, rules, terms, orders, resolutions of the Shareholders' meeting and/or those of the Board and the Executive Board in all aspects
8. To review and approve each execution of legal acts that shall bind the Company during the normal course of business as stipulated in the approval and direction regulations previously approved by the Board of Directors
9. To approve each spending item during the normal course of the Company's business operation as stipulated in the approval and direction regulations previously approved by the Board of Directors
10. To consider hiring, appointing, cross-department transferring or terminating employment of Assistant Vice President and higher; to determine wages, remunerations, salaries and bonuses and welfare of the Company's employees under the policy framework stated by the Executive Board and the Board of Directors
11. To issue order, regulation, notice and memorandum to ensure operation compliance with the Company's policy and interest and to maintain regulatory discipline within the organization
12. To perform other duties according to the resolutions of the Shareholders' meeting, the Board of Directors' meeting and/or as entrusted by the Board of Directors or the Executive Board from time to time

The authorization of power, duties and responsibilities for the Chief Executive Director shall not be in the nature that such authorization or substitution may allow the Chief Executive Director or his authorized representative to approve transactions that he or the person may have any conflict of interest against (based on a definition of relevant departments), any interest in or any other forms of conflict of interest with the Company or subsidiaries unless it's an approval of transaction during the normal course of business that has been clearly defined.

The Chief Executive Director may be appointed or removed by the Board of Directors.

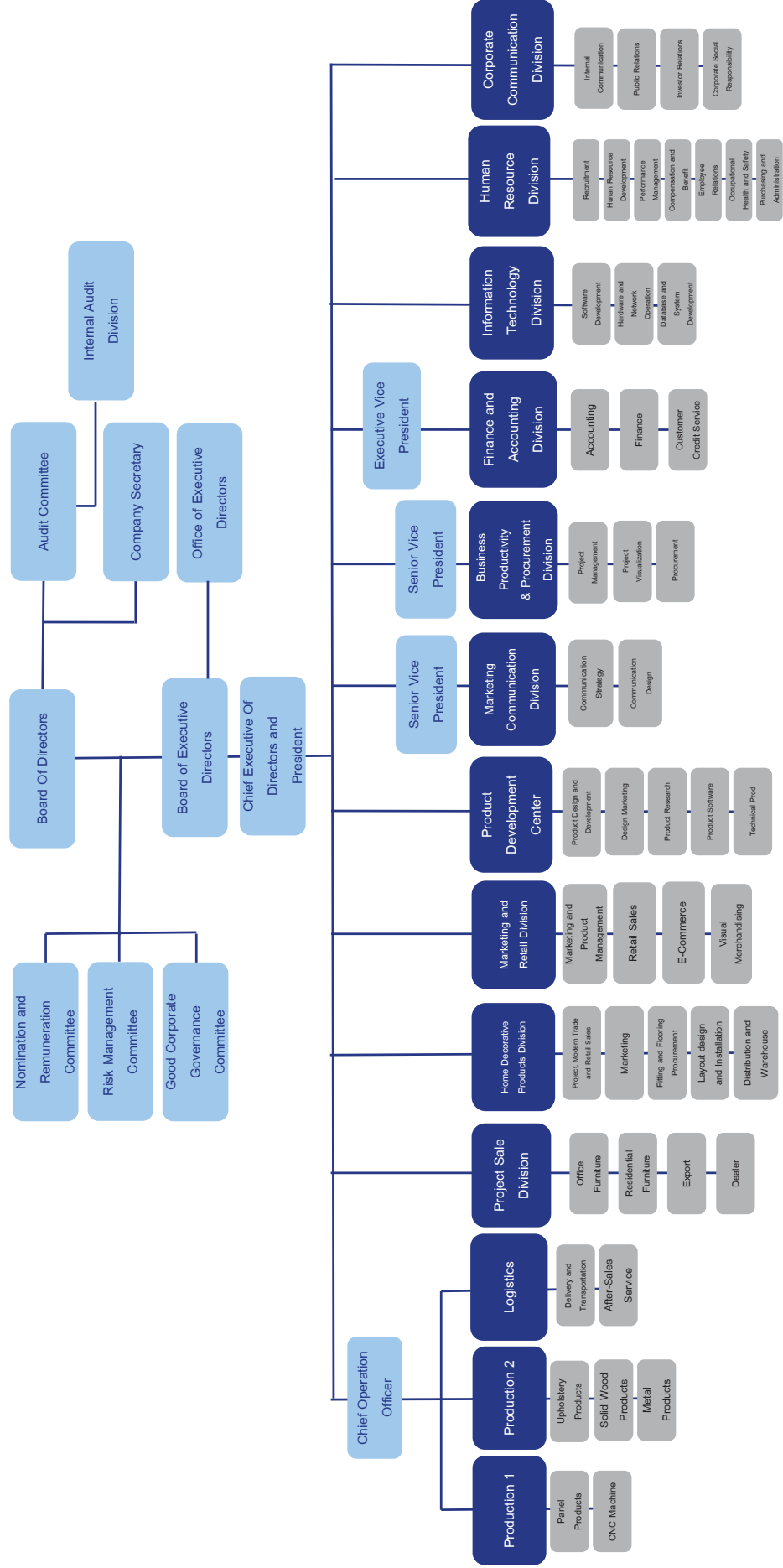
The President: The Board of Directors through recommendations of the Nomination and Remuneration Committee, will approve and appoint the President who will work for Modernform only as its President so that he has enough time to manage the business to meet its objectives for the best interest of shareholders. President may hold directorship in another company but such position must not jeopardize his performance as the company's managing director. President will directly report to the Executive Board and Chairman of the Executive Board. The Executive Board will evaluate managing director's performances annually and will initially set his remunerations before seeking the Nomination and Remuneration Committee's approval.

Authority and duties of the President are as follows:

1. To administer, manage, and control operations concerning the general management of the Company.
2. To comply with policies and guidelines formulated by the Board of Directors, the Executive Board or the CEO.
3. To hire, appoint, transfer, discharge, and lay off; determine wages, bestow awards, adjust monthly salaries, remunerations, and bonuses of all employees except executives those requiring approval from Board of Executive Directors.
4. To approve or transfer the power to approve the purchasing of assets and services that are beneficial to the Company, and financial transactions involved in business operations; all within the budget provided by the Board of Directors or Board of Executive Directors.
5. To issue orders, regulations announcement and memorandum in order to ensure operations align with Company's policies and follow specific codes of conduct.

6. To represent the Company in business activities and transactions related and beneficial to the Company.
7. To appoint advisors in different fields as deemed necessary in operations.
8. To do any other functions as may be designated by the Board of Directors, or Board of Executive Directors, or Chief Executive Director.

The powers conferred above do not extend to approval of any transaction which the President himself or other related parties may have interest in conflict with that of the Company or any subsidiary or affiliate of the Company.



The Executive of the Company that name appear in the Management structure of the Company and according to the definition in the Notification of the Office of the Securities and Exchange Commission as of December 31, 2021 are as follows:

1.	Mr.Kitipat Nerngchamnong	Chief Executive Director and President
2.	Mr.Thaksa Busayapoka	Executive Director
3.	Mr.Yothin Nerngchamnong	Executive Director
4.	Mr.Somsak Varikarn	Executive Director
5.	Mr.Patana Usanachitt	Executive Director
6.	Mr.Kookiat Orankit	Executive Director
7.	Ms.Natcharintorn Siri wattana	Executive Vice President
8.	Mr.Buddiwat Viboonsatien	Senior Vice President
9.	Ms.Sawangjit Pongpipatpong	Senior Vice President

Criteria for determining remunerations of executive directors and senior management

The Company's policy and criteria to determine remunerations of its senior management are as follows: The Nomination and Remuneration Committee determines remunerations of the Board, committees and senior managers from the level of director and higher, namely, director, vice president, senior vice president and president.

Remunerations of the management are based on the Company's short- and long-term operation results. They are linked to each executive's performance through the Key Performance Indicator (KPI) index so that this properly reflects how his/her remuneration and annual salary shall increase on the basis of his/her performance when benchmarking with targets. This also aligns with the Company's vision, mission and strategy each year.

As for the remuneration policy of the CEO and President, the Board entrusts Nomination and Remuneration Committee to evaluate both CEO and President's performances. The criteria to set their remunerations are clear, fair and reasonable on the basis of their roles, responsibilities and performances that reflect the Company's short- and long-term policies. In the short run, their remunerations are based on the Company's annual performance benchmarking with existing business plans. In the long run, they will be remunerated from their ability to set and steer the organization's strategy and business direction to achieve its goals and vision.

In 2021, the management consisted of CEO, President and top four senior managers immediately under President and every equivalent position totaling nine persons based on the definition of executives according to the Notification of the Capital Market Committee Tor Jor 23/2551. They were remunerated in a form of salary, bonus and contribution to the provident fund. Details are as follows.

Monetary Compensation: e.g. Salary, bonus and car allowance totaling Baht 39,935,600 and other remunerations including contributions to the provident fund totaling Baht 1,305,963

Non-Monetary Compensation: None

7.5 Details of employee

Employee

The Company strives on an equal employment policy and non-discrimination in gender, religion and culture, which leads to a variety of age, gender and education levels among our staff, who, as of December 31, 2021, totaled 1,470 persons. This was down 144 persons from 2020. They were in the following departments:

Division	Total
Production 1	355
Production 2	256
Logistics	248
Home Decorative Products	116
Project Sales	67
Marketing & Retails	102
Business Productivity & Procurement	101
Product Development Center	27
Finance and Account	24
Modernform Marketing Communication	20
Modernform Corporate Communication	5
Human Resource	42
Modernform Information Technology	21
Office of Executive Director	18
Internal Audit	8
Total	1,470

Salary

The salary and fringe benefit policy is set in a way that it reflects roles, responsibilities, experiences and potential of staff at all levels. The salary structure is revised to ensure that it properly reflects economic conditions and basic living conditions while remaining competitive with peers in the same industry. Employees are remunerated in a form of salary, bonus, contribution to the provident fund and other allowances based on their responsibilities ranging from car allowance to phone allowance and professional fee.

Provident Fund

The Company has established a provident fund since 1993 as welfare to employees to encourage another form of savings and to incentivize those who have been with us for a long time. Members of the provident fund receive a company contribution to the fund on a monthly basis at different rates based on their years of service. Staff may also choose the rate of contribution and the investment policy on their own. Upon retiring from the fund, staff receives a contribution and the fund's average net profit.

The fund manager is selected by his/her past performance as well as an ability to manage the fund to achieve profits on the basis of the investment policy or guideline set by the Fund Committee.

In 2021, 845 employees were members of the Fund. This accounted for 57.48% of the entire staff. The Company paid monetary remunerations in a form of salary, bonus and contribution to the provident fund totaling Baht 478,519,441. Details are as follows:

	2021	2020
Salary	454,019,065	441,598,957
Bonus	9,826,695	19,441,017
Provided Fund	14,673,681	14,900,186
Total	478,519,441	475,940,160

7.6 Others information

Accounting Supervisor

The Company entrusted Ms. Natcharintorn Siri Wattana, Vice President, Accounting and Finance, to oversee accounting practices that reflect relevant accounting and legal standards. Details of the accounting supervisor is in Annex 1.

Company Secretary

The Company resolved to appoint Ms. Penpun Kasetsiri as the Company Secretary on November 13, 2018 to perform duties specified in the Securities and Exchange Act, B.E. 2535 (1992) and notifications of the Capital Market Supervisory Board. The Company Secretary ensures that relevant work is efficiently and effectively carried out as required by the law. Details of the Company Secretary's roles and responsibilities are in Annex 1.

Internal Audit Manager

The Audit Committee appoints Ms. Jongjit Naboonpattana as manager of the Internal Audit Unit to conduct internal auditing and to supervise compliance with the Company's Articles of Association and other relevant laws. Details of the internal audit manager is in Annex 1.

Investor Relations

The Company sets up the Investor Relation Unit by entrusting Mr. Sithi Nerngchamnong, Corporate Development Director, as a focal point for the disclosure of information and corporate news to shareholders, investors and analysts as well as to nurture relationship with investors and analysts. Investors may contact the Investor Relation Unit at

Investor Relations

699 Modernform Tower

Srinakarindr rd. Phatthanakan, Suan Luang
Bangkok 10250

Telephone: 0-2094-9999 Facsimile: 0-2722-8382

Email: ir@modernform.co.th

Auditors

The Audit Committee Meeting No. 1/2021 on February 25, 2021, proceeded to select the company's auditor on the basis of independence, skills and team competency, impartiality, auditing expertise, accountability and performances that reflect international standards plus thorough understanding of the business which would speed up the auditing process while making it more efficient. It was resolved to appoint an auditor from EY Office Company Limited as the Company's auditor for the year 2021 and appoint one of the following auditors: Ms. Sumana Ms. Sumana Punpongsanon C.P.A. No.5872,

Mr.Chayapol Suppasdtanon C.P.A. No.3972, Ms.Pimjai Manitkajohnkit C.P.A. No.4521 or Ms.Orawan Techawatanasirikul C.P.A. No.4807

EY Office Company audited seven subsidiaries and associated companies do not use any other services from EY Co., Ltd. aside from annual auditing. The 4 auditors are not shareholders of the Company or its subsidiaries. They have no relationship or interest with executives, major shareholders or those relating to subsidiary, associated and connected companies, either.

Audit Fee

The audit fee for the year 2021 total 2,080,000 baht, which is the same rate as the year 2020, which is the quarterly review fee of 190,000 baht per quarter and annual audit fee is 1,510,000 baht of subsidiaries, associated companies and related companies total 7 companies total 2,290,000 baht

Non-audit Fee: None

8. Highlights of Corporate Governance

8.1 Performance of the Board of Directors

Nomination and Appointment of Board Members

The Nomination and Remuneration Committee is responsible for the nomination of directors, independent directors and non-executive director by taking into

consideration the nature of business, its direction and strategy in order to determine proper qualifications of directors they are recruiting while making sure that new directors reflect the Company's business strategies. The nomination is based on a shortfall of skills and qualifications among existing directors as well as board diversity ranging from professional acumen to specialization, capability, gender and work experiences in order to reach out to future directors with qualified experiences, knowledge and expertise that will benefit the Company.

The Company prepares the Board Skill Matrix and use it in conjunction with evaluation performance results of the current Board in order to review the Board's structure. The matrix is also used as a basis to support the nomination of new directors to ensure that the entire Board is qualified to guide the Company's business direction. Those appointed as a director or the Company's executive must be fully qualified according to Section 68 of the Public Company Act, B.E 2535 (1992) (including the amendment) and the Securities and Exchange Commission's notifications. They must not have any prohibited characters stated in the Securities and Exchange Act (including the amendment) and other relevant laws and regulations.

Functional	1	2	3	4	5	6	7	8	9	10	11	12	13
Finance / Accounting													
Production													
Sales and Marketing													
Design													
Information Technology													
Legal													
Internal Audit													
Investment													
Organization management and Human Resource													
Good Corporate Governance													



Number of Directors

The Board allows minority shareholders to nominate those being qualified and without prohibited character in accordance with the laws governing public limited companies and the laws governing securities and exchange based on the criteria set on a yearly basis as the Company's director. The announcement is made via the Company's website. Shareholders are able to nominate a person and submit his/her resume to the Company for the NRC to consider before submitting the nomination to the Board, who will propose it to the Annual General Meeting of Shareholders (AGM) for approval.

Recruitment criteria

Qualifications of Directors

1. All directors are to profess qualifications without any prohibited quality as prescribed in the laws governing public companies and securities and exchange as well as notifications of regulatory authorities. In case of independent directors, they are required to possess qualifications as announced by the Capital Market Supervision Board.
2. All directors are to have relevant business and industrial experiences for the company's overall benefit. They must be able to perform their duties and offer beneficial perspectives to the business.
3. Directors are required to have leadership, integrity, honesty, ethics and accountability.
4. Directors should be able to fully dedicate their time and independently exercise their discretion. They should be able to express their views and give advices proven useful to the company.
5. Each director must hold directorship in no more than five listed companies without exception.

Qualifications of Independent Directors

Independent Directors: means outside directors who are not executives independent from major shareholders, executive or other relevant parties and shall have the following qualifications as prescribed by Board of Directors capital market:

1. Hold not more than 1% shares with voting of the Company, subsidiary or affiliate company or other juristic persons whose interest may be adversary to the Company. Shares belonging to the related persons are also counted.
2. Is not participate in the management and not or used to be executive director, employee, staff, advisers with regular monthly salary, or has been a

person having the authority to control the Company, subsidiary or affiliate of the Company, or other juristic persons whose interest may be adversary to the Company, unless a period of not less than 2 years has lapsed.

3. Is not a person of direct next of kin or by marriage as being parents, spouse, brothers and sisters, or descendants, including spouse of descendants of the executive, major shareholder, a person having the supervisory authority, or a person who is being nominated to be an executive, or person having the supervisory authority of the Company or of the subsidiaries.
4. Has no business relationship with the Company, the Company's subsidiary or affiliate or other juristic person whose interest may be adversary to the Company in a manner that may prejudice independent decision making.
5. Is not a director appointed to represent directors of the Company, major shareholders or shareholders who are related to the major shareholders.
6. Non-Executive of any professional to the company.
7. Has no other characteristics which may obstruct him from making independent opinions concerning the operation of the Company's activities.

Independent directors may be re-appointed to the same position for more than nine years starting from the day he/she was first appointed as an independent director. The Nomination and Remuneration Committee will review qualifications of the Board of Directors, its performances, competency and expertise as well as inputs given by the person while being independent director on an individual basis.

Term of Office

The office term of company director is in accordance with the Public Limited Company Act, B.E. 2535 (1992) and the Company's Articles of Association. At the annual AGM, one-third of directors are to resign from their office. If the number of directors cannot be precisely divided into three portions, the nearest number of directors to one-third shall retire in the first and second year after the incorporation of the company. A lottery drawing shall then be used to identify who must resign. In subsequent years, directors having been in the office for the longest term shall retire. Directors retiring on rotation may be re-elected.

Appointment of Directors

Shareholders may use a ballot to elect each individual director. Shareholders may cast the entire votes he/she has for each person being nominated as a director one by one. One shareholder shall have one vote. Those getting the highest votes will be elected as a director up to a number of directors the Board shall have or may elect on such occasion. For approval votes, a majority vote of shareholders attending the meeting with voting rights is required.

In case of board member vacancy due to other reasons other than director's due term, the NRC shall nominate a person with qualifications and without prohibited characters as required by the laws before proposing him/her to the Board for an appointment as a director at the next Board meeting unless the term of retiring director is fewer than two months, in such case, a person replacing the retiring person may remain for the remaining term of the director whom he/she is replacing. A resolution to appoint a director requires votes from no fewer than three-fourths of the remaining directors.

At the 2021 AGM, the Meeting appointed Mr. Thaksa Busayapoka, Mr. Chareon Usanachitt, Mr. Supparerk

Mallikamarl and Mr. Surachai Sonthirathi as directors for another term. The four directors had their qualifications carefully and thoroughly screened; and this was in accordance with the NRC's nomination process, which had also been approved by the Board. The AGM also resolved to increase the number of directors from 12 to 13 and to appoint Mr. Bancha Dhammarunguang as the latest board member thanks to his expertise and experience proven beneficial to the Company. His qualifications also met the criteria and he was neither a director nor an executive in a business that could pose a conflict of interest to the Company.

Development of Directors and Executives

It is important to provide knowledge to directors and encourage them to attend training related to director's roles and responsibilities or seminars enhancing director's performance regularly organized by the IOD, the Securities and Exchange Commission and other leading institutions. The Company Secretary is entrusted to coordinate with directors and regularly notify directors of available training.

In 2021, directors attended training held by the IOD and other institutes as follows:

Name of Directors	Course	Institute
1. Mr.Bancha Dhammarunguang	Director Accreditation Program no.184	Thai Institute of Directors (IOD)
2. Mr.Kittichai Lattisophonkul	Preparing for the End of the COVID-19 Pandemic: The Crisis in 100 Years, Opportunities and Expectations After the COVID-19 Pandemic	EY Office Co., Ltd.

Orientation of New Directors

Modernform realizes the significance of an orientation session to our new directors, as this is an opportunity for them to learn more about their roles and responsibilities. It's also the time for Modernform to communicate our business and operation to help directors get ready to perform their duties. The following documents and information proven useful for new directors are usually presented at the orientation session:

1. Listed Company Director's Manual, which features share purchase and reporting by directors and stakeholders.
2. Memorandum of Association and Articles of Association, which allows directors to learn about Modernform's business objectives, legal obligations, component of the Board, election and appointment of board members, Board meeting and shareholders' meeting.
3. Scopes of roles and responsibilities of Board of Directors and committees for the benefit of directors.
4. Minutes of the previous Board meetings, meeting agendas and schedules submitted in advance to enable directors to allocate time to attend all meetings as well as to effectively prepare themselves for these meetings.
5. The Corporate Governance Policy to enable new directors to learn more about the Good Corporate Governance principles, oversight measures, compliance practices based on their expertise and experience with a goal to bring the company forward.
6. Supervision of the use of internal information to enable new directors to tread on this subject in a careful and valid manner in accordance with our policy.

7. The risk policy and the risk management system, major risk factors affecting our operations and risk prevention measures.
8. Management Control, Compliance Control, Financial Control, all of which are responsible by our Internal Control Department.
9. Connected Transactions between listed companies and subsidiaries vs. connected persons to avoid any conflict of interest.
10. The Code of Conduct to enable new directors to comply within the framework and ensure strict compliance.
11. Whistleblowing practices to inform new directors of rules and practices with regard to the whistleblowing.
12. Legal disputes, so that new directors learn more about the number of disputes currently under civil/criminal proceedings, our status based on each dispute and value involving in each case.
13. Report by supervising agencies/authorities requiring us to improve, rectify or execute any action based on their orders.

In 2021, The company organized an orientation for Mr. Bancha Dhammarungruang new directors as approved by the Annual General Meeting of Shareholders (AGM) on April 22, 2021.

Succession Plan

The Board is aware of the importance of management continuity and sustainable and effective business management. It entrusts the NRC to nominate a person with right qualifications, vision, expertise, experience and attitudes that align with its corporate culture. The person should also profess performance excellence. The nomination will then be submitted to the Board of Directors' meeting for approval. In addition, the Board is aware of the development of necessary knowledge and skills to enhance succession opportunity of important positions such as CEO, President and senior executives. This ultimately makes investors and company staff be confident in the Company's operation.

Evaluation of Board of Directors

The Board arranges an evaluation of its performance as well as of the existing committees annually to discuss problems and issues during the past year with a goal to maximize the efficiency of both the Board itself and other committees and also to determine remunerations of directors and committee members. An evaluation form reflects the principles of good corporate governance

and scopes of responsibilities of directors.

1. The Board of Directors reviewed its performance by group through the evaluation form in six areas, namely, structure and qualifications of board members; roles, duties and responsibilities of the Board; the Board's meeting; performance of directors; the Board's relationship with the management, and capacity-building for directors themselves and the management. Most directors were found to perform their duties while actions were carried out in required areas.
2. An evaluation form applicable for the individual of Board of Directors in three areas, namely, structure and qualifications of board members; the Board's meeting and roles, duties and responsibilities of the Board.

Evaluation of committees' performance

The Board requires the following committees to conduct a self-evaluation: The Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee. Each committee is to conduct a self-evaluation and report results to the Board annually as part of the committee's performance review.

An evaluation form applicable for the individual of the Audit Committee in three areas, namely, structure and qualifications of board members; the Board's meeting and roles, duties and responsibilities of the Board.

The evaluation process was as follows.

1. The Company Secretary submitted an evaluation form to the Board and other committees for performance assessment at least once a year at year end.
2. After each director completed his evaluation, the form was sent back to the Company Secretary.
3. The Company Secretary summarized the evaluation before reporting the result to the Board and the Nomination and Remuneration Committee.

Evaluation scores in percentage term were as follows:

Excellent	- scores between 90-100%
Very good	- scores between 80-89%
Good	- scores between 70-79%
Fair	- scores lower than 69%

Summary of the assessment results in the year 2021

Board of Directors

1. Performance by group the Board received 95%
2. Performance by individual the Board received 97%

Sub-Committee by group

- | | |
|--|----------------------------|
| 1. The Audit Committee | the Committee received 97% |
| 2. The Nomination and Remuneration Committee | the Committee received 94% |
| 3. The Corporate Governance Committee | the Committee received 95% |
| 4. The Risk Management Committee | the Committee received 91% |

Sub-Committee by individual

- | | |
|------------------------|----------------------------|
| 1. The Audit Committee | the Committee received 96% |
|------------------------|----------------------------|

Evaluation of Chief Executive Directors and President

To evaluate Evaluation of Chief Executive Directors and President's performance, the Board entrusted the Nomination and Remuneration Committee to do so where the CEO evaluation form of the Stock Exchange of Thailand (SET) was used as a guideline. Evaluation areas included identification of corporate goals, leadership, strategic directions, strategic achievement, financial planning and operation, relationship with the Board and the external party, management and relationship with employees, succession, product and service knowledge and personal characteristics. Results of the evaluation would be used to determine a proper financial remuneration. In 2021, the Nomination and Remuneration Committee applied results of the Company's sustainability operation as an additional indicator to evaluate performances of its senior executives. This refers to, among a few, environment operation and its results. Performance of the CEO and President was found to be very good in 2021. Results of this evaluation will be used to determine their remunerations.

Board's Meeting

The Board requires a meeting to be regularly held. At least six meetings per year are scheduled in advance to ensure that directors are ready to attend the meeting to

review the Company's operation after the auditor audits and certifies the Company's financial statements. Subsidiary companies are allowed to report their operation results, plans and goals at least once a year. Other special meetings will be convened when necessary. The Company Secretary is entrusted to submit the Board's meeting schedule and its agenda on each occasion in advance.

Chairman of the Board and CEO will jointly set meeting agendas and also allow other directors to submit agendas for consideration. An invitation and meeting agendas as well as adequate and important information will be sent to support directors' consideration. The Company Secretary is responsible for sending an invitation and supporting documents of each meeting agenda to each director no fewer than 7 days or 14 days prior to the meeting, as the case may be. In case of emergency, this shall be done no fewer than five business days prior to the meeting date to allow directors to adequately review the information.

The Board's quorum shall consist of attending directors of no fewer than half of the entire board members. At the meeting, the Chairman will allow directors to independently and openly express their opinions with enough time to discuss important matters. Any director having an interest or a conflict of interest with a matter being reviewed shall not attend the meeting or shall refrain from voting in such agenda.

The Board's minimum resolution requires no fewer than two-thirds of the entire board members being present at the time the resolution is adopted. The Company Secretary shall precisely and accurately record a minutes of the meeting where directors' opinions are clearly recorded in writing. The minutes shall be completed within 14 days after the meeting date and be kept at the headquarters for directors and relevant parties to examine.

In 2021, the Board held five meetings but one meeting was cancelled due to Covid-19. Directors' meeting attendance was 100%.

Name of Directors	Attendance	Remark
1. Mr.Thaksa Busapyapoka	5/5	-
2. Mr.Kitipat Nerngchamnong	5/5	-
3. Mr.Chareon Usanachitt	5/5	-
4. Mr.Yothin Nerngchamnong	5/5	-
5. Mr.Somsak Varikarn	5/5	-
6. Mr.Kavivud Nerngchamnong	5/5	-
7. Mr.Kitti Busayapoka	5/5	-
8. Mr.Patana Usanachitt	5/5	-
9. Mr.Bancha Dhammarungruang	2/2	Approved to be a Director on April 22 2021
10. Mr.Suparek Mallikarl	5/5	-
11. Mr.Suchart Thammapiatgul	5/5	-
12. Mr.Kittichai Lattisophonkul	5/5	-
13. Mr.Surachai Sonthirathi	5/5	-

Director's remunerations

The Nomination and Remuneration Committee determines remunerations of board members and committee members by reviewing those offered by listed companies in the same industry and having the same size using a survey of remunerations conducted by the Stock Exchange of Thailand. The Nomination and Remuneration Committee also benchmarks these remunerations with an average rate of listed companies. The Nomination and Remuneration Committee meanwhile determines the Board's remunerations before proposing them to the Board to seek further approval from the AGM. These remunerations will be linked with the Company's operation results and performance of each director. For the Nomination and Remuneration Committee's remunerations, the Board will consider it and propose it to the AGM for further approval.

The Annual General Meeting of Shareholders No. 1/2021 resolved to approve the following remunerations to the Board of Directors and other committees. Details are as follows.

Monetary remunerations:

Board of Directors

Chairman	94,000 Baht per Quarter
Directors	72,000 Baht per Quarter

Sub-Committees

• The Audit Committee as a car allowance

Chairman of the Committee	25,000 Baht per month
Audit Committee	22,000 Baht per month

• The Nomination and Remuneration Committee as a remuneration

Member of Committee	30,000 Baht per Quarter
Remark: For non-executive and non-employees of the company.	

• The Risk Management Committee as a Meeting allowance

Chairman of the Committee	10,000 Baht per attendance
Member of Committee	7,000 Baht per attendance
Remark: For non-executive and non-employees of the company.	

Non-Monetary Compensation: None

Summarize the remuneration individually in the year 2021

Name of Directors	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Total (Baht)
1. Mr.Thaksa Busayapoka	376,000				376,000
2. Mr.Kitipat Nerngchamnong	288,000				288,000
3. Mr.Chareon Usanachitt	288,000				288,000
4. Mr.Yothin Nerngchamnong	288,000				288,000
5. Mr.Somsak Varikarn	288,000				288,000
6. Mr.Kavivud Nerngchamnong	288,000		120,000		408,000
7. Mr.Kitti Busayapoka	288,000				288,000
8. Mr.Patana Usanachitt	288,000				288,000
9. Mr.Bancha Dhammarungruang	160,615				160,615
10. Mr.Supparerk Mallikamarl	288,000		120,000		408,000
11. Mr.Sucahrt Thammapiitugkul	288,000	300,000			588,000
12. Mr.Kittichai Lattisophonkul	288,000	264,000			552,000
13. Mr.Surachai Sonthirathi	288,000	264,000		10,000	562,000
Total	3,704,615	828,000	240,000	10,000	4,782,615

Supervision of subsidiary and affiliated companies

The Board sets a policy to supervise subsidiaries and other businesses in which the Company has materially invested to properly reflect their business nature. Directors or senior executives are dispatched to represent the Company as a director or an executive director based on a shareholding ratio. The Board also sets scopes of roles and responsibilities of the Company's representatives so that they can perform their duty to the best, comply with policies of the subsidiaries for company interest while reflecting the parent company's policy. These representative will oversee the subsidiary's internal control to ensure that it is adequate, proper and legally compliant. They also monitor results of subsidiary operation in order to prepare the Company's financial statements in accordance with standards and within a timely fashion.

Compliance with the Corporate Governance Policy and Practices

The Board underlines the importance of the CG principle, which reflects through its policy and the Code of Conduct. It encourages implementation to promote confidence among all stakeholders. In 2021, the Company monitored the CG Code compliance covering shareholder's right, equal treatment of shareholders, accountability to stakeholders, non-discrimination of employees, human rights, fair competition and social, community and environmental responsibilities. The monitoring found full compliance in each area. The Company also monitored CG compliance in the following four areas:

1. Prevention of Conflict of Interest

The Company announces a policy that prevents a conflict of interest to avoid a situation that may cause a conflict of personal interest against the interest of the Company. Directors and executives having an interest or connecting with an agenda item must inform the Company and relevant parties of his/her relationship or connection prior to the Board meeting; and that such report is recorded in the minutes of the meeting. The person must not attend the session nor approve the matter. The Board entrusts the Audit Committee to oversee connected transactions or those with a potential conflict of interest between the Company and its management, the Board or shareholders. The Audit Committee also oversees the misuse of the Company's assets, information and opportunity during a transaction with those connecting with the Company in an improper manner. This is to ensure that the transaction complies with information disclosure procedures as required by the laws and that it is carried out for the best interest of the Company and its shareholders.

In 2021, no directors, executives and staff were found to be involved in any transaction that may pose a conflict of interest.

2. Use of Internal Information

The Board of Directors sets a policy to supervise the use of internal information as part of its CG Code of Conduct for transparency purpose and to prevent an

exploitation of internal information not yet disclosed to the public for one's own interest. The policy governing the use of internal information is as follows.

1. Directors, executives and staff being aware of internal information are prohibited to disclose such internal information to the third party or anyone with no responsibility as it may affect the Company's share price. It is prohibited to use the information or authority from one's position to trade the Company's securities. No shares of the Company shall be traded, transferred or received within one month before its financial statements are disclosed to the public for the purpose of transparency.
2. Directors, executives, spouses and children under the legal age shall report change of their equity holding on every occasion upon such change within three days to the Securities and Exchange Commission and they shall comply with Section 59 of the Securities and Exchange Act.
3. Information concerning the change of equity holding of directors and executives during the entire year shall be disclosed in the annual report as required by the criteria.

In 2021, no directors or executives were found to trade securities during the silent period. No trading involving the use of internal information was found, either.

3. Anti-Corruption

The Company prioritizes the way the business is conducted with fairness and honesty and it is against all forms of corruption. To comply with the CG Code while focusing on morality, ethics and transparency within the organization, the Company issues an anti-corruption policy and posts it on the website to communicate its anti-corruption action to executives, staff, customers, suppliers and stakeholders. The Company has been part of the Thai private-sector Coalition against Corruption (CAC) since 2016.

4. Whistleblowing

To ensure that all stakeholders take part in the CG process, the Board of Directors issues a whistleblowing policy and guidelines and publishes them on its website. The goal is to provide a channel to receive comments, recommendations and complaints from internal staff, the third party and stakeholders in order to enhance the management's efficiency.

Scopes of the whistleblowing encompass any illegal practice; violation of the Company's regulations, Code of

Conduct, the anti-corruption policy, Code of Conduct of executives or employees; inaccurate financial statements; defective internal control system; false financial statements and conflict of interest.

How to Whistle-blow

A contact can be made through Chairman of the Audit Committee to verify information based on the Company's process. Whistle-blowers are protected through an anonymity measure. The Company encourages whistle-blower to identify himself and/or to provide enough and clear evidence with regard to the alleged malpractice of the complaint's subject. Whistle-blower shall inform his/her contact information for further communication with the Company.

Contact channels

Postal: Chairman of Audit Committee
Modernform Group Public Company Limited
699 Srinakarindr rd., Phatthanakan,
Suan Luang, Bangkok 10250
Facsimile: 0-2722-8382
Email: co.secretary@modernform.co.th

Process following the whistleblowing

Once a complaint is received, Chairman of the Audit Committee or the Company Secretary will gather information and submit the matter to the Internal Audit Unit, which directly reports to the Audit Committee. The Internal Audit Unit will review the matter on the basis of the internal control system before immediately reporting a result to the Audit Committee.

If a corruption or a suspicion of a corruption, legal violation or other unusual practice is found that may significantly impact the Company's reputation and financial position, the matter will be reported to the Board for remedy and action guideline. The fact-finding committee will be appointed and will report a result. A unit receiving the complaint will inform the whistleblower of the matter.

Protection of Whistleblower

To provide confidence to a whistleblower or anyone reporting a complaint with good faith, the Company will provide protection based on the following measures:

1. Whistleblower or complainant will be properly protected. For example, he/she will not be transferred out of his/her department, position or workplace. Nor will the person be temporarily suspended from work, threatened or

having his/her employment interfered or terminated or subject to any unfair treatment.

2. Information regarding the matter being reported and the whistleblower's own information will be kept confidential and won't be disclosed to non-authorized staff unless it's required by the laws.
3. Employees being exposed to the complained matter shall keep the information confidential and will not disclose it to non-authorized staff. They shall take into consideration safety and damage of a whistleblower, source of information or other relevant parties.

If the Company finds that such whistleblowing or the giving of statement or any information is carried out with bad faith or is false or intends to damage a person or the Company, in case the person is the Company's staff, he/she will be subject to disciplinary action according to work regulations. In case of the third party whose action results in the Company's damage, it will take legal action against the person.

In 2021, no whistleblowing or complaint regarding corruption or violation of the Company's CG Code was reported.

8.2 Report of the Audit Committee

In 2021, the Audit Committee, which consisted of three independent directors, convened four times. An auditor and Vice President, Finance and Accounting, also attended a meeting at a relevant agenda to review information pertaining financial reporting, acknowledge auditing results, review financial information and recognize the auditor's opinions about the preparation of the Company's financial statements and other material opinions. All audit committee members attended the meeting, which accounted for 100% rate of attendance.

Name	Title	Total attendance (times)
1. Mr.Suchart Thammapiatagkul	Chairman of Audit Committee	4/4
2. Mr.Kittichai Lattisophonkul	Audit Committee	4/4
3. Mr.Surachai Sonthirathi	Audit Committee	4/4

The essence of the Audit Committee's performance in 2021 is as follows.

1. Review the quarterly and annual financial statements of the Company as well as the 2021 consolidated financial statements to ensure that they were accurate, comprehensive and reliable; and that material information was adequately disclosed.
2. Supervise the internal control system where it assessed the adequacy of the Company's internal control to properly reflect the nature of its business. In 2021, the Audit Committee was of the view that the Company's internal control system was enough, appropriate and effective.
3. Supervise the Internal Audit Unit where an annual audit plan was reviewed to cover various issues including the unit's independence. In 2021, no material subject regarding the auditing was found.
4. To nominate and propose the appointment of auditors from EY Co Ltd for the Board's consideration and approval in order to seek further approval from the 2021 AGM. In this regard, Ms. Sumana Panpongsonon, CPA No. 5872; or Mr. Chaiyapon Supasettanon, CPA No. 3972; or Ms. Pimjai Manitkajorn, CPA No. 4521; or Ms. Orawan Techawattanasirikul, CPA No. 4807 were appointed as the auditor. The audit fee was also approved.
5. To review connected transactions or those that could pose a conflict of interest to the Company.
6. To promote compliance to the best practice of listed companies to ensure that the Company has implemented CG practices in a sustainable manner.
7. To perform other roles and responsibilities as stated in the Audit Committee's Charter.
(Audit Committee as per annex 6)

8.3 Report of Other Sub-Committees

Report of the Nomination and Remuneration Committee

The Board of Directors considers and appoints the Nomination and Remuneration Committee consisting of independent directors, non-executive directors. Executive Directors, a total of 5 people, are scheduled to hold meetings at least twice a year, with a term of office of 3 years as of December 31, 2021, consisting of 5 directors.

Name	Title	Total attendance (times)
1. Mr.Thaksa Busayapoka	Chairman of Committee	2/2
2. Mr.Yothin Nerngchamnon	Director	2/2
3. Mr.Somsak Varikarn	Director	2/2
4. Mr.Suparek Mallikamarl	Director	2/2
5. Mr.Kavivud Nerngchamnon	Director	2/2

All members have performed duties entrusted by the Board on the basis of their roles and responsibilities stated in the Nomination and Remuneration Committee Charter. This includes reviewing nomination regulations and procedures, nominating appropriate persons to be directors and senior management and proposing remunerations and other benefit policies for the Board and other subcommittees in order to seek approval from the Board and the AGM. In 2021, the NRC reported its meeting result as well as recommendations to the Board as follows.

1. To nominate four candidates with right qualifications as directors to replace those who would leave on rotation. To promote the corporate governance policy, the Board on this occasion allowed shareholders to nominate those with proper qualifications based on the criteria set by Modernform during the period between December 4, 2019 and January 10 2020. Yet, no shareholder proposed any candidate. The Nomination and Remuneration Committee, having considered necessary qualifications and Modernform's best interest, was of the view that directors who were about the leave on rotation were fully qualified based on the Public Limited Company Act. Besides, they were knowledgeable and possessed experiences found beneficial to Modernform's business. Not only that they were visionary and had impeccably performed their duties, their meeting attendance records were outstanding and they contributed excellent ideas to the meeting. The Committee therefore decided to propose that the four directors whose term were about to be due on rotation be re-appointed as company directors for another term.
2. To nominate a person with proper qualification as a new director. The NRC proposed the candidate to the Board to appoint a competent personnel with the right

experience proven to benefit the company and matching qualifications as required by directors of a listed company.

3. To determine the 2020 remunerations of both the Board of Directors and the Audit Committee and submit them to the Annual General Meeting of Shareholders No. 1/ 2020 for further approval. Meanwhile, the remunerations of the Board of Directors and the Audit Committee were considered on the basis of their roles and responsibilities in handling Modernform's performance. Comparison was also made with remunerations offered by companies within the same industry based on the Stock Exchange of Thailand's survey report on director's remunerations.
4. To determine remunerations of senior executives in the position of Vice President and higher based mainly on the standards of listed companies, Modernform's own performance, the economy in general and the corporate governance policy.

The Committee has performed its duty with competency, prudence, thoroughness and transparency for maximum benefit of Modernform, its shareholders and other stakeholders.

(Mr. Thaksa Busayapoka)

Chairman of the Nomination and Remuneration Committee

Report of Corporate Governance Committee

Realizing the importance of corporate governance, Modernform Group Public Company Limited resolved to appoint the Corporate Governance (CG) Committee at the Board of Directors' Meeting No. 6/2562 dated 12 November 2019. The purpose was to allow directors, the management and operation staff to take part in nurturing corporate culture that underlined the importance of corporate governance in a tangible manner. This was to strengthen Modernform's growth in a sustainable way.

The CG Committee consists of three independent directors and three executives. An independent director acts as Chairman of the CG Committee. The term of office is three years. The CG Committee shall convene at least twice a year. In 2021, the CG met twice on August 27, 2021 and October 27, 2021. The meetings were attended by six members as follows.

Name	Title	Total attendance (times)
1. Mr.Surachai Sonthirathi	Chairman of the Board	2/2
2. Mr.Kittichai Lattisophonkul	Director	2/2
3. Mr.Patana Usanachitt	Director	2/2
4. Ms.Somrak Chotibhings	Director	2/2
5. Ms.Natcharintorn Siriwattana	Director	2/2
6. Ms. Jongjit Naboonpattana	Director	2/2

In 2021, the CG Committee performed its duties and convened as follows:

1. To revise and update its Charter and the CG Code Version 6, to replace the previous version in order to reflect the Company's changing rules, regulations and policies. These were proposed to the Board for approval before being announced for implementation via Modernform's website.
2. To appoint the Sustainability Working Group, which will determine framework and strategies to cultivate sustainable development culture, as well as to communicate them to directors, the management, operation staff and other related parties for recognition and awareness to implement them for the company's sustainability.

The Sustainability Working Group proposed a study plan in which sustainability issues were identified to the CG Committee for approval. The plan consisted of:

- Goals of its main activities that may impact economic, social and environmental endeavors including
 - o Managing production factors
 - o Operation
 - o Distribution of goods and services
 - o Marketing and sales
 - o Post-sales service
- Goals of its supporting activities
 - o Procurement
 - o Product IT Development

- o HR Development
 - o Infrastructure development
3. To formulate a sustainability policy for use as a framework to manage corporate sustainability for the Board's approval.
 4. To acknowledge and report the CG Code compliance the Board's meeting.

The CG Committee has performed its duties under its designated scopes, roles and responsibilities. It committed to support the Company to achieve its goals aimed to sustainably create values, stability and business growth for the best interest of the Company itself, shareholders and all stakeholders.

(Mr.Surachai Sonthirathi)

Chairman of Corporate Governance Committee

Report of Risk Management Committee

Modernform Group Plc recognizes the importance of business risk management especially when confronting with volatility and harsh impact from Covid-19, the pandemic which has been ongoing for more than two years. The appointed Risk Management Committee consists of independent directors, executive directors and relevant executives, having an independent director being its chair. The Risk Management Committee's purpose is to systematically plan and manage business risks. In 2021, the Risk Management Committee convened for the first time in October 2021, having seven directors attending the meeting. They were:

Name	Title	Total attendance (times)
1. Mr.Surachai Sonthirathi	Chairman of Committee	1/1
2. Mr.Kitipat Nerngchamnong	Director	1/1
3. Mr.Kookiat Orankit	Director	1/1
4. Ms.Natcharintorn Siri wattana	Director	1/1
5. Ms.Sawangjit Pongpipatpong	Director	1/1
6. Ms.Wannee Limpattanasilp	Director	1/1
7. Ms.Jogjit NaboonPattana	Director	1/1

In 2021, the Risk Management Committee met to discuss the following risk matters:

1. To revise and update the Risk Management Committee Charter, which was approved by the Board in October 2021.
2. The Risk Management Committee has formulated a risk management policy and framework by applying the COSO Enterprise Risk Management (ERM) principles and processes to manage risks in all aspects, namely, strategic risk, operational risk, financial risk and compliance risk.
3. To consider, evaluate and identify risks that may have material impacts to the Company, namely,
 - 3.1 Project sales and management risk
 - 3.2 Contract risk management
 - 3.3 Production efficiency risk
 - 3.4 Inventory management risk
 - 3.5 Debt collection management risk
 - 3.6 Market and technology risk
 - 3.7 Asset risk management
 - 3.8 IT risk management
4. To consider and evaluate impacts of each risk factor and to prioritize them by evaluating their intensity and opportunities to manifest.
5. To plan risk management activities based on the found priorities and to nominate responsible persons to oversee the management of each risk factor
6. To follow up with frontline staff and to report risk management progress to the Board.

(Mr.Surachai Sonthirathi)
Chairman of Risk Management Committee

9. Internal Control and Connected Transactions

9.1 Internal Control

The Board of Directors entrusted the Audit Committee to ensure that the management established an effective and adequate internal control system, having the internal audit unit, who was independent and who directly reported to the Audit Committee, review and assess the adequacy of the internal control of the Company's operating system. The Audit Committee also invited auditors and an executive vice president - Finance and Accounting to attend its meeting in related agendas. The auditor advised issues relating to risk management and internal control that would enhance the efficiency of the internal control system. It finally concluded to the Audit Committee that the internal control system contained no material defect that may affect the system's reliability. Yet the Audit Committee also asked the internal audit unit to follow up with advices made by the auditor so that the management of the Company and its subsidiaries would regularly review their internal control systems to ensure that they remained effective.

In 2021, the Board assessed the internal control system of the Company itself and subsidiaries by requesting information from the management and through reports of the Audit Committee that addressed five factors, namely, control environment, risk assessment, control activities, information and communication and monitoring activities. The internal control system of the Company and subsidiaries were found to remain adequate and sound. To elaborate, the systems put enough people in place to ensure its effectiveness. The Company's internal control system managed to adequately monitor the operation of its subsidiaries and thereby prevent directors or the management from misusing assets or from exploiting them without authority. This included any connected transaction with a possible conflict of interest or a related party. The internal control system and the risk management of the Company itself and subsidiaries did reflect the nature of the business. There was no material defect that would affect the internal control system or prevent the operation from achieving its goals. Details of its practices under the COSO internal control framework are as follows.

1. Control environment

- 1.1 Through supervision structure, the Board of Directors, the Audit Committee, the Corporate Governance Committee, the Risk Management Committee and the Executive Committee were

designated to supervise, control and manage corporate risks to the company's best interest.

- 1.2 Management structure committee scope of authority and the responsibilities of the Board of Directors, executives and employees at all levels in the organization are clearly stated in accordance with the responsibilities of each line. To comply with and respond to the policies and strategies set by the company including effective risk management by adjusting the management structure to be a functional unit to create clear work according to the duties and responsibilities of each line by jointly setting goals Plan work, check until the end of the work process for joint development. and complex processes in order to operate efficiently as required by the company.
- 1.3 The Board of Directors also supervised the drafting of corporate policies, the Code of Conduct and corporate practices as witnessed in various manuals written for supervision purpose as part of the implementation of the internal control best practices, which were regularly updated to reflect prevalent situations. Committing to the value of integrity, the Board has drafted the Code of Conduct, which specified ethical conducts that executives and staff were to adhere with, as well as encouraged active implementation to promote integrity organization-wide. Modernform Group also announced its anti-corruption policy at a corporate level where a channel was available for stakeholders and employees to participate by providing opinions, initiating whistleblowing of any illegal or unethical conduct of executives or other employee fellows or disclosing the opaqueness of financial statements or the internal control system, simply by writing to co-secretary@modernform.co.th anonymously. The Board would immediately pursue the case and disclose its investigation process if the matter was material to stakeholders. At the other front, Modernform Group expressed its intention to fight corruption by being a member of the private sector Coalition against Corruption (CAC) since 2016, which had been actively supported by the government and the National Anti-Corruption Commission (NACC). Meanwhile, the Internal Audit Department, which directly reported to the Audit Committee, continued to regularly audit the

company's operations before directly reporting to the Audit Committee so that internal auditors could perform their tasks independently and produce their reports in a straight-forward manner. Any corruption or suspicion of corruption, legal violation or any other unusual conduct that can materially affect the company's financial status and reputation must be directly reported to the Audit Committee without delay for remedy within an appropriate timeframe. The management meanwhile was to report any progress regarding such remedy to the Audit Committee and the Board at least once each quarter.

At the staff level, anti-corruption practices were clearly stated in Work Regulations, Section 5, Disciplinary Action, Topic No. 4 Re: "Behaviors" and No. 5 "Integrity." This identified legal compliance and prohibition from demanding bribe or benefit from stakeholders as well as from exploiting authority for personal interest. The penalties meanwhile were clearly stated, all of which were under the HR Department's supervision.

- 1.4 The Board of Directors actively promoted the importance of internal control, operation standards and corporate risk management within the corporate environment. The goal was to ensure that all internal departments were aware of these practices and actively implemented them, having the Internal Audit Department regularly review and update the practices.
- 1.5 Modernform Group underlined the importance of systematic human resource management where clear policies and practices had been put in place, starting from the selection process to capacity building and staff retention where career opportunity and effective training and capacity building for the best interest of the organization were clearly stated. The company actively supported skill enhancement activities as well as fair and systematic performance evaluation and remuneration processes so that the HR management could cultivate loyalty and form an operation system that effectively responded to corporate goals and strategies.

2. Risk assessment

A Risk Management Committee has been established to consist of senior executives in various departments to keep corporate risks within an acceptable level. The

Risk Management Committee was to convene and report meeting results to the Audit Committee and the Board on a quarterly basis. The Committee's task was to regularly review risk factors resulting from internal and external circumstances that could affect the company, taking into account rapid and complicated changes in environmental, social, economic and technological aspects as well as global disruption that could affect the firm. Effective risk management directions were as follows.

- 2.1 The company has encouraged each department to understand, identify and assess risks in both operational and corporate levels. It has also identified risk management practices based on risk priorities as well as acceptable risk levels so that risks can be managed in congruence with four strategic, operational, reporting and compliance objectives. With regard to financial reporting, the firm strictly complied with the generally-accepted accounting principles where the report must be comprehensive, accurate, adequate and appropriately reflecting activities and emerging risk factors.
- 2.2 The Risk Management Committee systematically reviewed internal and external risk management processes in a connected manner, starting from the organization level to department, business unit and subsidiary levels. The goal was to ensure that the company has regularly adapted itself to risks that may affect corporate strategies.

3. Control activities

The company has assessed its internal control system and updated its practices to ensure effective internal control. This encompasses preventive, defective and corrective practices as well as directive supervision to reflect the company's objectives and to properly manage risks. So far, we have identified scopes of responsibility of operational units, the Risk Management Department and the Internal Audit Department at three levels based on the principle of "Three Lines of Defense" to make sure that the internal control is in compliance with COSO's guidelines. Details are as follows.

- 3.1 Payment approval authority was made in writing to each department to exercise approval based on its delegation of authority and scopes of its responsibility. This has become a tool for each department to interact with other units for check and control purpose to ensure that all decisions

were properly approved based on the delegation of authority by the involved executives in accordance with the principle of internal control.

- 3.2 Measures to protect the company's interest were established. In this regard, policies and procedures governing major shareholders, directors, executives or other related individuals were prescribed in writing under the principles of good corporate governance. The idea was to ensure that an approval of transaction would take into account the best interest of the company and that it would be conducted at arm's length basis. In case it was a connected transaction, it must be approved first by the Audit Committee, who would then seek the Board's approval without the presence of a person having interest at such meeting or when a resolution was adopted. In addition, this must be in compliance with rules and regulations prescribed by the Stock Exchange of Thailand. The company would review and follow up with the practice to ensure compliance with conditions previously agreed as long as the binding effect prevailed.
- 3.3 Division of labor was made based on the principles of internal control where operation structure and procedures were duly separated in accordance with roles and responsibilities to enhance efficiency. Each staff/operator in each duty may perform his/her function separately and at the same time be subject to the audit and traceability in related processes. For example, the task of receiving payments was separated from the task of recording such transaction while reconciliation was separated from preparing the registration for the purpose of auditing and re-checking.
- 3.4 Rules, regulations and operation manuals of each department in the main operation were prepared in writing and regularly updated. They contained clear procedures and work details to function as a guideline for operation and for further coordination between staff and departments. This not only enhanced efficiency but also reduced possible risk thanks to adequate internal control.
- 3.5 The company encouraged each unit to set up its own internal control mechanism to supervise its work and for coordination with others on the basis of comprehensive control and adequate risk

management. In this regard, the Internal Control Department would independently audit and assess this mechanism and gave advice in regard to the supervision, internal control and risk management to resolve any material issue affecting the company's main operation. The audit would be based on the plan already approved by the Audit Committee. The Internal Control Department also gave regular advices to various units aside from what's stated in the plan for risk management purpose.

- 3.6 The Risk Management Committee was responsible for the overall risk management of the organization and for compliance with the internal control best practices and regulations.

4. Information and communication

- 4.1 Modernform Group has given priority to IT and communication by regularly updating its operation system and database to keep up with the company's operational nature, taking into account technological disruption, network security and effective data management for the purpose of timely decision-making and organization management.
- 4.2 We have required adequate reporting of important information. This has been clearly stated in regulations governing the Board of Directors' meeting and the Shareholders' meeting Re: Information disclosure. Communication channels have been set up for adequate, accurate and thorough internal and external communication through effective IT and operation systems. Other communication channels such as the Investor Relations Department and the Call Center were also available.
- 4.3 The company has supervised the structure of its IT system and data security as well as keep updating and maintaining the IT system for security purpose. A policy governing general control and data access control was established to tighten the supervision where only authorized personnel would be granted an access to such data. The Disaster Recovery Plan was drafted to control and mitigate damage that may affect data and IT system security to ensure its effectiveness.

4.4 Records of computer traffic was kept in compliance with Section 26 of the Act governing computer crime (No. 2), B.E. 2560 (2017). The company's important data was safely kept in the IT system where a log file indicating system access was stored within the system together with an internet access log to countercheck the information. Prevention was made to minimize the import/export of data to ensure legal compliance. In addition, a prevention system was put in place to adequately deter illegitimate access to the company's system, data and networks.

5. Monitoring activities

- 5.1 The Board regularly monitored the management's performance. In this regard, performance of all levels of executives was regularly compared with work plans and goals so that the company's objectives and strategies could be achieved.
- 5.2 The Internal Audit Department has been tasked to audit the internal control system and is to directly report to the Audit Committee. The Department worked independently and regularly reported its auditing results with information of essential defects or unmet management risks to the Audit Committee at their meetings. The Department was able to report immediate situations, suspicious or unusual actions that could jeopardize the integrity and reliability of corporate governance, internal control or anything that may materially affect the company's operation result and financial status.
- 5.3 The Internal Audit Department also monitored its auditing results that required remedy following an internal control assessment and when the auditing outcome was short of the goal or found to be against rules, regulations and legal requirements. The idea was to ensure that problems were solved within an appropriate timeframe and such an outcome was reported to supervisors of each

department for further remedy or order that would yield the best result and for the company's best interest. The auditing and follow-up functions were stated in the auditing plan already submitted to the Audit Committee. This included any follow-up that would lead to an ongoing evaluation as well as a separate evaluation within a specific timeframe aimed for an immediate remedy in order to enhance efficiency. The Department was to directly report results of these follow-up to the Audit Committee on a regular basis.

The Audit Committee appointed Ms.Jongjit Naboonpattana as an Internal Audit Department with educational qualifications. She has more than 20 years of internal audit experience and has a good understanding of the activities and operations of the company. Therefore, she was qualified to perform such duties appropriately and adequately. (as per annex3)

However, consideration and approval for the appointment, revocation, transfer or termination of the head of the internal audit unit of the Company must be approved by the Audit Committee.

9.2 Connected transactions

Connected Transaction Policy

Connected transactions or future connected transactions between Modernform Group and subsidiaries are defined as those executed under a normal course of business where there isn't any transfer of interest between the company itself and other relevant firms or parties. Our practice in relation to connected transaction echoes what we do with customers in general, which is the transaction must be fair, at arm's length and with no different condition from business normally conducted. Besides, connected transactions have to be approved by the Board of Directors. The Board and the Audit Committee are tasked to review the soundness of these transactions and ensure legal compliance. At the same time, all departments relating to a connected transaction that could be aware of its information are required to inform a supervisory unit of what is revealed to them prior to executing such transaction.

Procedure for approving connected transactions

The Company's Board of Directors established the measures to prevent any conflict of interests. It outlined clear transaction procedures for its major shareholders, directors, executives or any persons relevant to the above-mentioned persons for reviewing any transactions that may have any conflict of interests arise to consider all transactions that may involve conflicts of interest, including related or connected transactions to ensure that they are in compliance with sound business ethics and meet the scrutiny of the Audit Committee for defined items. As well, the Board supervises all transactions to see that they meet the criteria of the stock Exchange Commission (SEC). Information disclosure on potential conflicts must be considered by the Board to ensure accurate and adequate disclosure. In additional, for any transactions in which directors, employees or related persons could derive personal benefit from entering into transactions with the company, the Board and employees are not permitted to participate in the approval of such transactions, and the price must be properly defined in a manner consistent with that offered on arm's length basis.

Comments of the Audit Committee

The Audit Committee reviewed the above-mentioned inter-related and related transactions that took place with account posting in 2021. It stated that the transactions complied with the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission with disclosure of accurate and complete information. The normal business transactions were those with fair and appropriate pricing and conditions according to the market prices. This was similar to pricing for any unrelated persons or other business operations without any benefits among the Company, its subsidiaries, its associate companies, its joint ventures, its related companies and its shareholders. The transactions were approved by the Management or the Board of Directors prior to occurrence of the transactions.

As for the transactions of financial assistance, the Company extended credit and collaterals for its subsidiaries and associated companies at the minimum lending rate (MLR) plus 0.5% per annum. The interest rate was that the commercial banks charged their prime customers. The Company provided loan collateral for its subsidiaries in a proportion of its shareholding. This financial assistance allowed its subsidiaries to have borrowings at the rate and conditions according to the market or better when compared to the case without any collaterals or direct borrowing from other financial institutions.

In 2021 Modernform Group Public Company Limited is not controlled or influenced by other businesses or related persons in any way. The Company and its subsidiaries had connected transactions, and significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies, and the Company has disclosed sufficient information on related transactions which was in the normal course of business and Fair and At Arm's Length and connected transactions complied with the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission to investors for use in investment decisions, as follow.

1. **Normal Business Transactions.** The Company recorded normal business transactions including purchase and selling transactions among the Company, its subsidiaries and affiliated companies that complied with conditions and requirements mutually agreed upon. They were summarized as the followings.

Condition 1: In the case of a unique product model and design, which is not the standard product the Company produces for sale, pricing will be based on the production cost plus a 20% profit margin

Condition 2: In the case of a regular sales order, in which the product model or design is already on sale, pricing will be based on sales price to distributors plus a 30% discount from the standard wholesales price

Related Person / Entity	Relation	Type of Transaction	Amount (million Baht)		Necessity and Reasonableness
			31 Dec 21	31 Dec 20	
MHC	MODERN holds 95% of the paid up capital of MHC and common directors, Mr.Thaksa Busayapoka, Mr.Yothin Nerngchamrong and Mr.Kitipat Nerngchamrong	Sales of goods	0.6	0.6	MODERN and MHC recorded inter-related transactions due to their businesses relevant to furniture. The prices were reasonable with MODERN's clear pricing policy as mentioned above.
IHL	MODERN holds 4.76% of the paid up capital of IHL with Ms.Chutima Busayapoka sister of Mr.Thaksa Busayapoka acting as director of IHL and holds 20.65% of the paid up capital of IHL	Purchase of goods Trade accounts payable Sales of goods	15.5 2.7 0.2	11.5 1.6 0.1	MODERN bought tanned leather for furniture-making from IHL. The transaction price was found appropriate and it was also a market price offered to IHL's major of long-time customers.
IMC	MODERN holds 49.50% of the paid up capital of IMC and common directors Mr.Patana Usanachitt and Mr.Kitipat Nerngchamrong	Purchase of goods Trade accounts payable Sales of goods Trade accounts receivable	7.3 - 3.6 0.9	11.7 0.7 13.5 0.3	MODERN bought furniture from IMC. The transaction price was found appropriate and it was also a market price offered to IMC's major of long-time customers.
WKS	MODERN holds 40% of paid up capital of WKS and common director Mr.Kitipat Nerngchamrong	Sales of goods Purchase of goods Trade accounts payable	0.1 4.2 1.9	0.3 40.0 1.7	MODERN and WKS recorded inter-related transactions due to their business relevant to furniture. The prices were reasonable with MODERN's clear pricing policy as mentioned above.
BUD	MODERN holds 49% of paid up capital of BUD and common director Mr.Kitipat Nerngchamrong	Sales of goods Trade accounts receivable	1.3 0.8	1.0 1.0	MODERN and BUD recorded inter-related transactions due to their business relevant to furniture. The prices were reasonable with MODERN's clear pricing policy as mentioned above.

2. Rental Transactions/Services or Rental Services/Property Services

Related Person / Entity	Relation	Type of Transaction	Amount (million Baht)		Necessity and Reasonableness
			31 Dec 21	31 Dec 20	
MTC	MODERN holds 100% of the paid up capital of MTC and common directors Mr.Thaksa Busayapoka, Mr.Yothin Nerngchamhong and Mr.Somsak Varikam	Rent and service expenses Deposit (rent and services) Other trade accounts payable Service Fee (Internal Audit fee)	70.6 17.1 0.8 0.2	69.5 17.2 1.1 0.1	MODERN rented MTC's building space at appropriate rental fee and service fee, close to those MTC charged for general customers.
RFA	MODERN holds 75% of the paid up capital of RFA and common directors Mr.Thaksa Busayapoka with Ms.Sutheera Busayapoka daughter of Mr.Thaksa Busayapoka acting as director of RFA and holds 1% of the registered and of RFA Remark: MODERN sold the entire shares it held totaling 75% in RFA on October 2021	Service Fee	0.2	0.2	Financial and IT consultancy services
MHC	MODERN holds 95% of the paid up capital of MHC and common directors, Mr.Thaksa Busayapoka, Mr.Yothin Nerngchamhong and Mr.Kitipat Nerngchamhong	Service Fee	1.6	1.6	Financial, Human Resources and IT consultancy services
IMC	MODERN holds 49.50% of the paid up capital of IMC and common directors Mr.Patana Usanachitt and Mr.Kitipat Nerngchamhong	Service Fee	0.3	-	Financial, Sales and IT consultancy services
WKS	MODERN holds 40% of paid up capital of WKS and common director Mr.Kitipat Nerngchamhong	Service Fee	0.1	0.2	Internal Audit services
BUD	MODERN holds 49% of paid up capital of BUD and common director Mr.Kitipat Nerngchamhong	Service Fee	0.1	-	Internal Audit services

3. Acquisition and Liquidation of Assets (Stocks).

Related Person / Entity	Relation	Type of Transaction	Amount (million Baht)		Necessity and Reasonableness
			31 Dec 21	31 Dec 20	
LES	MODERN holds 40% of paid up capital of LES and common directors Mr.Thaksa Busayapoka and Mr.Kitipat Nengchamrong	investment in Lesmo Co.,Ltd.	4	-	On November 13, 2021 the Board of Directors' Meeting passed a resolution to invest in Lesmo Co.,Ltd. holds 40% of paid up capital Baht 10 million with 100,000 ordinary shares at par value 100 per share which amounts Baht 4 million.

Remark	Related Person / Entity	Relation	Type of Transaction	Amount (million Baht)	Necessity and Reasonableness
MODERN	Modernform Group Public Company Limited		Manufacturing and distributing furniture		
MTC	Modernform Tower Company Limited		Office rental		
RFA	Rafa Associates Company Limited		Provides design consulting services and supervises construction projects and holds shares in limited partnerships, limited companies and public companies (Holdings Company)		
MHC	Modernform Health and Care Company Limited		Manufacturing, importing and distributing furniture and products of Health		
IHL	Interhides Public Company Limited		Produce and sale leather		
IMC	Itoki Modernform Company Limited		Import and Export Office furniture		
WKS	Workscope Company Limited		Manufacturing and distributing furniture		
BUD	Build Dee Company Limited		Manufacturing and distributing furniture		
LES	Lesmo Company Limited		Real Estate development		

Part 3 Financial Statements

Statement of Directors' Responsibility to Financial Statements

The Board of Directors of Modernform Group Public Company Limited is aware of its responsibility as director of a listed company in the Stock Exchange of Thailand to prepare separate financial statements and consolidated financial statements of its own and subsidiaries on the basis of the generally-accepted accounting principles upon appropriate accounting policy and practices, thorough discretion, reasonable estimates and adequate disclosure in notes to the financial statements for the benefit of shareholders and investors. The financial statements as of end of 2018 have been audited, certified and given an unconditional opinion by an independent certified public accountant.

The Board has appointed the Audit Committee consisting of three independent directors to supervise and

review the quality of the company's financial statements, internal control and auditing and disclosure of information in connected transactions. The Audit Committee's opinion is expressed in the Audit Committee's report to ensure that the information in the financial reports is prepared under the principles of good corporate governance

The Board of Directors is opinion that Modernform's internal control system is adequate and appropriate and reasonably underline the credibility and reliability of consolidated financial statements of the company itself and subsidiaries for the year that ended December 31, 2021 upon compliance with the generally-accepted accounting principles, relevant laws and regulations. Has passed the examination and gave unconditional opinion from the independent certified auditor of the company

(Mr.Thaksa Busayapoka)
Chairman

(Mr.Kitipat Nerngchamnong)
Chief Executive Director and President

Independent Auditor's Report

To the Shareholders of Modernform Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Modernform Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Modernform Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Modernform Group Public Company Limited and its subsidiaries and of Modernform Group Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion

thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Revenue recognition from sales

The Group recognises revenue as disclosed in the Note 4.1 to the financial statements. Since the Group has sales with a large number of customers and there are a variety of commercial terms. In addition, the economic slowdown has directly resulted in more intense competition in the furniture manufacturing industry. I have therefore considered the revenue recognition from sales as key audit matter and focused on the audit of occurrence and measurement of revenue recognition from sales.

I have examined the revenue recognition of the Group by

- Assessing and testing internal control of the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales and service agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.

- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Allowance for diminution in value of inventories

Estimating the net realisable value of inventories, as disclosed in the Note 10 to the financial statement, is an area of significant management judgment, particularly with regard to the estimation of provision for obsolete inventories. This requires detailed analysis of the product life cycle, the competitive market environment. As a result, there is a risk that the provision set aside for diminution in the value of inventories will be inadequate amount, causing the Group shows overstate the value of inventories.

I assessed and tested the internal controls of the Group relevant to the determination of provision for diminution in the value of inventory by making enquiry of responsible executives, and gaining an understanding of the control. In addition, I also assessed the method and the assumptions applied by management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movement to identify product lines with indicators of lower than normal inventory turnover.
- Comparing the net income from sales occurring after the date of the financial statements to the cost of inventories for each product line.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is

materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Sumana Punpongsanon
Certified Public Accountant (Thailand) No. 5872
EY Office Limited
Bangkok: 24 February 2022

Statement of financial position

Modernform Group Public Company Limited and its subsidiaries

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	7	698,245,168	677,334,257	580,042,336	595,544,254
Contract assets	8	69,111,613	45,002,823	16,272,731	19,195,322
Trade and other receivables	6, 9	281,486,707	387,620,669	218,682,354	298,484,334
Inventories	10	1,141,730,400	992,190,523	872,591,183	766,295,566
Other current financial assets	11	33,257,146	29,135,970	33,257,146	29,135,970
Other current assets		55,318,998	44,483,365	49,227,491	32,883,671
Total current assets		2,279,150,032	2,175,767,607	1,770,073,241	1,741,539,117
Non-current assets					
Non-current contract assets	8	41,837,471	50,842,215	41,837,471	50,827,512
Other non-current financial assets	6, 12	290,589,363	218,515,438	306,925,878	224,572,822
Investments in associates	13	30,601,270	38,299,322	36,359,515	37,359,615
Investments in subsidiaries	14	-	-	395,299,004	403,849,004
Investment in joint venture	15	29,532,066	39,100,457	-	-
Investment properties	16	117,170,293	134,603,289	4,457,933	4,662,764
Property, plant and equipment	17	527,078,304	563,742,167	310,755,112	333,240,773
Right-of-use assets	18	41,099,357	57,500,577	101,849,248	164,615,368
Intangible assets	19	13,804,654	14,643,380	13,772,801	14,470,036
Deferred tax assets	29	39,999,468	40,577,565	32,798,397	31,093,977
Other non-current assets		4,736,501	9,182,992	4,698,632	8,348,467
Total non-current assets		1,136,448,747	1,167,007,402	1,248,753,991	1,273,040,338
Total assets		3,415,598,779	3,342,775,009	3,018,827,232	3,014,579,455

The accompanying notes are an integral part of the financial statements.

Statement of financial position (continued)

Modernform Group Public Company Limited and its subsidiaries

As at 31 December 2021

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	20	220,843,597	193,561,467	124,843	-
Trade and other payables	6, 21	339,015,271	253,617,078	279,305,852	195,815,099
Current portion of long-term loans from financial institution	22	1,233,324	1,233,324	1,233,324	1,233,324
Unbilled payables		28,504,201	26,004,519	-	-
Contract liabilities	8	253,338,307	254,136,437	251,940,967	253,770,283
Current portion of lease liabilities	18	17,226,149	16,139,562	35,979,369	38,000,952
Income tax payable		7,780,800	12,869,194	-	5,594,225
Other current liabilities		13,058,369	20,675,483	7,996,467	13,216,687
Total current liabilities		881,000,018	778,237,064	576,580,822	507,630,570
Non-current liabilities					
Long-term loans from financial institution, net of current portion	22	616,690	1,850,014	616,690	1,850,014
Lease liabilities, net of current portion	18	25,294,420	42,411,619	74,940,744	132,861,580
Provision for long-term employee benefits	23	185,864,657	193,334,032	177,401,533	174,814,636
Total non-current liabilities		211,775,767	237,595,665	252,958,967	309,526,230
Total liabilities		1,092,775,785	1,015,832,729	829,539,789	817,156,800
Shareholders' equity					
Share capital					
Registered					
809,646,280 ordinary shares of Baht 1 each		809,646,280	809,646,280	809,646,280	809,646,280
Issued and paid-up					
750,000,000 ordinary shares of Baht 1 each		750,000,000	750,000,000	750,000,000	750,000,000
Share premium		733,566,600	733,566,600	733,566,600	733,566,600
Treasury stocks premium		145,956,164	145,956,164	145,956,164	145,956,164
Other surplus	24	5,789,631	8,026,634	14,438,833	16,675,836
Retained earnings					
Appropriated					
Statutory reserve - the Company	25	90,000,000	90,000,000	90,000,000	90,000,000
Statutory reserve - the subsidiaries	25	24,406,000	26,530,000	-	-
Unappropriated		589,264,217	643,699,513	479,027,324	539,668,282
Other components of shareholders' equity		(23,701,478)	(81,557,659)	(23,701,478)	(78,444,227)
Equity attributable to the owners of the Company		2,315,281,134	2,316,221,252	2,189,287,443	2,197,422,655
Non-controlling interests of the subsidiaries		7,541,860	10,721,028	-	-
Total shareholders' equity		2,322,822,994	2,326,942,280	2,189,287,443	2,197,422,655
Total liabilities and shareholders' equity		3,415,598,779	3,342,775,009	3,018,827,232	3,014,579,455

The accompanying notes are an integral part of the financial statements.

Income statement

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Revenues					
Sales	6, 26	2,134,578,665	2,701,599,976	2,014,300,071	2,520,668,944
Rental income		38,850,513	39,670,637	1,791,000	807,000
Architectural design services and construction income	26	141,496,269	117,585,921	-	-
Service income	6, 26	61,735,191	65,435,557	2,757,000	2,563,608
Dividend income	6, 14	6,278,374	25,538,603	72,102,840	178,844,560
Other income	6	41,248,474	48,101,332	29,232,215	35,343,910
Total revenues		2,424,187,486	2,997,932,026	2,120,183,126	2,738,228,022
Expenses					
Cost of sales	6	1,443,718,709	1,927,715,789	1,352,292,995	1,794,526,164
Cost of rental and services		31,375,715	33,380,256	272,747	189,958
Cost of design services and construction		102,918,831	84,391,941	-	-
Selling and distribution expenses	6	391,797,807	423,280,877	436,731,621	484,479,302
Administrative expenses	6	297,131,371	306,454,051	227,612,655	198,439,171
Other expenses		15,829,328	35,333,951	11,142,911	32,515,887
Total expenses		2,282,771,761	2,810,556,865	2,028,052,929	2,510,150,482
Operating profit		141,415,725	187,375,161	92,130,197	228,077,540
Share of profit from investments in associates	13	(11,697,950)	501,998	-	-
Share of loss from investment in joint venture	15	(9,568,392)	(5,737,163)	-	-
Finance income		4,874,024	4,369,474	5,481,954	4,608,758
Finance cost	27	(13,659,307)	(12,870,198)	(14,221,213)	(14,084,376)
Profit before income tax expenses		111,364,100	173,639,272	83,390,938	218,601,922
Income tax expenses	29	(26,003,849)	(31,690,885)	(2,708,570)	(8,851,871)
Profit for the year		85,360,251	141,948,387	80,682,368	209,750,051
Profit (loss) attributable to:					
Equity holders of the Company		88,081,945	141,614,343	80,682,368	209,750,051
Non-controlling interests of the subsidiaries		(2,721,694)	334,044		
		85,360,251	141,948,387		
Earnings per share	30				
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company (Baht per share)		0.12	0.19	0.11	0.28

The accompanying notes are an integral part of the financial statements.

Statement of comprehensive income

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Profit for the year		85,360,251	141,948,387	80,682,368	209,750,051
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Profit (loss) on investment designated at fair value through other comprehensive income					
- net of income tax		62,741,236	(1,024,681)	61,182,420	5,044,728
Actuarial gain for post-employment benefits plan					
- net of income tax	23	1,208,383	21,890,643	-	20,849,031
Other comprehensive income for the year		63,949,619	20,865,962	61,182,420	25,893,759
Total comprehensive income for the year		149,309,870	162,814,349	141,864,788	235,643,810
Total comprehensive income attributable to:					
Equity holders of the Company		151,534,092	163,973,067	141,864,788	235,643,810
Non-controlling interests of the subsidiaries		(2,224,222)	(1,158,718)		
		149,309,870	162,814,349		

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements									
		Equity attributable to owners of the Company									
		Other components of shareholders' equity									
		Other comprehensive income									
		Surplus (deficit) on changes in value of investments designated at FVOCI									
		Issued and paid-up share capital	Share premium	Other surplus	Retained earnings	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Non-controlling interests of the subsidiaries	Total shareholders' equity		
					Appropriated statutory reserve	Unappropriated					
Balance as at 1 January 2020		750,000,000	879,522,764	8,026,634	116,074,000	608,175,358	(82,050,331)	2,279,748,425	11,879,746	2,291,628,171	
Profit (loss) for the year		-	-	-	-	141,614,343	-	141,614,343	334,044	141,948,387	
Other comprehensive income for the year		-	-	-	-	21,866,052	492,672	22,358,724	(1,492,762)	20,865,962	
Total comprehensive income for the year		-	-	-	-	163,480,395	492,672	163,973,067	(1,158,718)	162,814,349	
Statutory reserve	25	-	-	-	456,000	(456,000)	-	-	-	-	
Dividend paid	33	-	-	-	-	(127,500,240)	-	(127,500,240)	-	(127,500,240)	
Balance as at 31 December 2020		750,000,000	879,522,764	8,026,634	116,530,000	643,699,513	(81,557,659)	2,316,221,252	10,721,028	2,326,942,280	
Balance as at 1 January 2021		750,000,000	879,522,764	8,026,634	116,530,000	643,699,513	(81,557,659)	2,316,221,252	10,721,028	2,326,942,280	
Profit for the year		-	-	-	-	88,081,945	-	88,081,945	(2,721,694)	85,360,251	
Other comprehensive income for the year		-	-	-	-	906,287	62,545,860	63,452,147	497,472	63,949,619	
Total comprehensive income for the year		-	-	-	-	88,988,232	62,545,860	151,534,092	(2,224,222)	149,309,870	
Statutory reserve	25	-	-	-	350,000	(350,000)	-	-	-	-	
Dividend paid	33	-	-	-	-	(150,000,210)	-	(150,000,210)	-	(150,000,210)	
Transfer of fair value reserve of investments in equity designated at fair value through other comprehensive income due to disposal of investment		-	-	(2,237,003)	-	6,926,682	(4,689,679)	-	-	-	
Decrease from disposal of a subsidiary company		-	-	-	(2,474,000)	-	-	(2,474,000)	(954,946)	(3,428,946)	
Balance as at 31 December 2021		750,000,000	879,522,764	5,789,631	114,406,000	589,264,217	(23,701,478)	2,315,281,134	7,541,860	2,322,822,994	

The accompanying notes are an integral part of the financial statements.

Statement of changes in shareholders' equity

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Note	Separate financial statements						
		Issued and paid-up share capital	Share premium	Other surplus	Retained earnings		Other components of shareholders' equity	
					Appropriated statutory reserve	Unappropriated	Other comprehensive income	Total other components of shareholders' equity
Balance as at 1 January 2020		750,000,000	879,522,764	16,675,836	90,000,000	436,568,950	(83,488,955)	2,089,278,595
Profit for the year		-	-	-	-	209,750,051	-	209,750,051
Other comprehensive income for the year		-	-	-	-	20,849,031	5,044,728	25,893,759
Total comprehensive income for the year		-	-	-	-	230,599,082	5,044,728	235,643,810
Dividend paid	33	-	-	-	-	(127,499,750)	-	(127,499,750)
Balance as at 31 December 2020		750,000,000	879,522,764	16,675,836	90,000,000	539,668,282	(78,444,227)	2,197,422,655
Balance as at 1 January 2021		750,000,000	879,522,764	16,675,836	90,000,000	539,668,282	(78,444,227)	2,197,422,655
Profit for the year		-	-	-	-	80,682,368	-	80,682,368
Other comprehensive income for the year		-	-	-	-	-	61,182,420	61,182,420
Total comprehensive income for the year		-	-	-	-	80,682,368	61,182,420	141,864,788
Dividend paid	33	-	-	-	-	(150,000,000)	-	(150,000,000)
Transfer of fair value reserve of investments in equity designated at fair value through other comprehensive income due to disposal of investment		-	-	(2,237,003)	-	8,676,674	(6,439,671)	-
Balance as at 31 December 2021		750,000,000	879,522,764	14,438,833	90,000,000	479,027,324	(23,701,478)	2,189,287,443

The accompanying notes are an integral part of the financial statements.

Statement of cash flows

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before income tax	111,364,100	173,639,272	83,390,938	218,601,922
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	102,732,913	107,863,433	96,317,626	99,601,914
Written-off equipment	46,586	2,713,640	13,974	2,713,966
Reversal of impairment loss on financial assets	(21,713,621)	(19,123,378)	(7,137,932)	(16,858,549)
Allowance of diminution in value of inventory (reversal)	(11,220,006)	17,584,618	(13,957,857)	19,746,413
Impairment loss on non-financial assets	66,150	759,367	66,150	1,945,846
Impairment loss on investment in associate	-	-	5,000,000	-
Share of loss (profit) from investments in associates	11,697,950	(501,998)	-	-
Share of loss from investment in joint venture	9,568,392	5,737,163	-	-
Loss (gain) on sales of property, plant and equipment	(948,916)	2,654,753	(940,775)	2,657,546
Loss (gain) on fair value adjustments of financial assets	(5,376,209)	1,152,270	(5,376,209)	1,152,270
Gain on cancellation of lease agreements	-	-	(1,226,479)	-
Difference of discount from lease agreements	-	305,555	-	377,034
Gain on sales of investments in available-for-sale securities	(95,906)	-	(95,906)	-
Gain on sales of investments in subsidiary	(10,829,530)	-	(2,700,000)	-
Long-term employee benefit expenses	27,635,407	53,964,162	25,842,529	51,338,297
Dividend income	(6,278,374)	(25,538,603)	(72,102,840)	(178,844,560)
Finance income	(4,874,024)	(4,369,474)	(5,481,954)	(4,608,758)
Finance cost	13,659,307	12,870,198	14,221,213	14,084,376
Profit from operating activities before changes in operating assets and liabilities	215,434,219	329,710,978	115,832,478	211,907,717
(Increase) decrease in operating assets				
Trade and other receivables	115,773,048	185,376,761	86,939,912	211,487,645
Inventories	(139,013,101)	234,109,074	(92,337,759)	221,191,170
Contract assets	(15,170,196)	16,915,338	11,846,482	9,017,199
Other current assets	(12,436,346)	(12,441,911)	(16,343,821)	(11,196,870)
Other non-current financial assets	(355,862)	448,785	1,159,109	1,257,201
Other assets	3,643,536	(5,829,795)	3,649,836	(5,818,195)
Increase (decrease) in operating liabilities				
Trade and other payables	95,084,951	(102,543,025)	78,490,405	(115,819,534)
Other current liabilities	(11,906,747)	(177,066,950)	(9,875,173)	(177,429,794)
Provision for long-term employee benefits	(23,521,899)	(59,080,264)	(23,255,632)	(56,550,095)
Cash flows from operating activities	227,531,603	409,598,991	156,105,837	288,046,444
Interest paid	(4,665,871)	(5,430,949)	(2,860,243)	(1,412,336)
Corporate income tax paid	(31,804,526)	(55,507,932)	(9,530,660)	(33,192,911)
Net cash flows from operating activities	191,061,206	348,660,110	143,714,934	253,441,197

The accompanying notes are an integral part of the financial statements.

Statement of cash flows (continued)

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from investing activities				
Cash paid for purchase of financial instruments	(40,400,605)	-	(40,400,605)	-
Cash receipt from share capital reduction of investment measured at fair value through profit or loss	213,639	101,589	-	-
Cash received from sale of financial instruments	31,959,636	-	20,714,214	-
Cash received from disposals of investment in subsidiary	3,750,000	-	3,750,000	-
Cash receipt from share capital reduction of investments in subsidiary	-	-	7,500,000	-
Dividend received from investment measured at fair value through other comprehensive income	5,455,324	5,563,553	5,280,000	4,870,000
Dividend received from investment measured at fair value through profit or loss	823,050	19,975,050	823,050	19,975,050
Dividend received from investment in subsidiary	-	-	65,999,790	153,999,510
Share subscription in associates	(3,999,900)	(5,959,800)	(3,999,900)	(5,959,800)
Cash paid for purchase of property, plant and equipment	(25,544,537)	(13,904,540)	(24,266,341)	(11,877,918)
Cash paid for purchase of intangible asset	(1,979,389)	(1,287,441)	(1,941,500)	(1,225,441)
Proceeds from sales equipment	1,225,726	1,050,014	1,217,313	1,047,210
Cash received from interest income	542,022	3,856,598	3,712,984	3,201,742
Net cash flows from (used in) investing activities	(27,955,034)	9,395,023	38,389,005	164,030,353
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	27,573,574	(305,316)	124,843	(535,463)
Cash receipt from long-term loan from financial institution	-	3,700,000	-	3,700,000
Repayment of long-term loans	(1,233,324)	(616,662)	(1,233,324)	(616,662)
Cash payment for lease liabilities	(18,535,301)	(15,271,353)	(46,497,376)	(42,657,254)
Dividend paid	(150,000,210)	(127,500,240)	(150,000,000)	(127,499,750)
Net cash flows used in financing activities	(142,195,261)	(139,993,571)	(197,605,857)	(167,609,129)
Net increase (decrease) in cash and cash equivalents	20,910,911	218,061,562	(15,501,918)	249,862,421
Cash and cash equivalents at beginning of year	677,334,257	459,272,695	595,544,254	345,681,833
Cash and cash equivalents at end of year (Note 7)	698,245,168	677,334,257	580,042,336	595,544,254

The accompanying notes are an integral part of the financial statements.

Statement of cash flows (continued)

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Supplement cash flows information				
Non-cash items consist of:				
Increase in payables from purchase of assets	4,724,971	330,204	5,000,347	552,715
Increase in liabilities from lease agreements	1,780,823	6,406,719	776,808	941,054
Unrealised gain (loss) on investment measured at fair value through other comprehensive income - net of income tax	62,741,236	(1,024,681)	61,182,420	5,044,728
Actuarial gain from post-employment benefits plan - net of income tax	1,208,383	21,890,643	-	20,849,031
Decrease in right-of-use from discount of lease agreements	-	(2,584,405)	-	(2,934,463)
Transfer of fair value reserve of investments in equity designated at fair value through other comprehensive income due to disposal of investment	6,926,682	-	8,676,674	-

The accompanying notes are an integral part of the financial statements.

Notes to consolidated financial statements

Modernform Group Public Company Limited and its subsidiaries

For the year ended 31 December 2021

1. General information

1.1 General information of the Company

Modernform Group Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of residential and office furniture and its registered address is 699 Srinakarindr Road, Phatthanakan, Suan Luang, Bangkok. The Company has a total of 11 branches located in Bangkok and other provinces.

1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Modernform Group Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries") (collectively as "the Group"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021 %	2020 %
<u>Held by the Company</u>				
Modernform Tower Company Limited	Rental office space	Thailand	100	100
Modernform Health & Care Public Company Limited	Distribution of health & care products and construction	Thailand	95	95
Rafa Associates Company Limited	Landscape and interior design services	Thailand	-	75
<u>Held by Rafa Associates Company Limited</u>				
Rafa Plus Architect Limited	Architectural engineering design	Thailand	-	75
Rafa Design Office Company Limited	Landscape architecture design	Thailand	-	75

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that effect the amount of its returns.
- c) Subsidiaries are fully consolidated being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022.

These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

When a contract provided a customer with a right to return the goods within a specified period, the Group recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Rendering of rental

Rental income is recognised on a straight-line basis over the lease term.

Rendering of services

Service revenue is recognised at a point in time upon completion of the service.

Rendering of architectural design services and construction

Service income from architectural design and construction contracts are recognised over time when services have been rendered taking into account the stage of completion, measuring based on information provided by the subsidiaries' engineers or project managers.

The recognised revenue which is not yet due per the contracts has been presented under the caption of "Contract asset" in the statement of financial position. The amounts recognised as unbilled receivables are reclassified to trade receivables when the Group's right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer is presented under the caption of "Contract liability" in the statement of financial position. Contract liabilities are recognised as revenue when the Group performs under the contract.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Dividends

Dividends are recognised when the right to receive the dividends is established.

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

4.2 Cost of construction services and expenses

In determining cost of construction services of the subsidiary, the total anticipated construction costs are attributed to each construction projects (comparing to actual cost) and then recognised as cost of services in profit or loss on the basis of percentage of completion.

The recognised cost of construction which have not yet been due have been shown under the caption of "Unbilled payable" in the statements of financial position.

The actual cost of construction incurred but not yet recognised as cost of services in profit or loss has been regarded as "Construction in progress" in the statements of financial position.

Construction in progress includes the cost of raw material, direct labour and other expenses incurred for each project. Such construction in progress is valued at the lower of cost or net realisable value.

Expenses are recognised on an accrual basis.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Balances of contracts with customers

Contract assets

The subsidiaries recognise contract asset when cumulative revenue earned exceed the billings to date. Allowance for impairment loss is provided for the estimated losses that may be incurred in customer collection. Contract assets are transferred to receivables when the rights become unconditional, i.e. services are completed and delivered to the customer.

Contract liabilities

The Group recognises contract liability when the billings to date exceed the cumulative revenue earned and the Group has an obligation to transfer goods or services to a customer. Contract liabilities are recognised as revenue when their performance obligations under the contracts are fulfilled.

4.5 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Trade finished goods are valued at the lower of average cost and net realisable value.

Raw materials are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.6 Cost to obtain a contract

The Group recognises a commission paid to obtain a customer contract as an asset and amortises it to expenses on a systematic basis that is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of the consideration that the entity expects to receive less direct costs.

4.7 Investments in subsidiaries, joint venture and associates

- a) Investments in joint venture and associates are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associates are accounted for in the separate financial statements at cost less provision for impairment of investments (if any).

4.8 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 15 and 30 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.9 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

	<u>Useful lives</u>	
Land improvement	5 - 20	years
Buildings	20	years
Building improvement	5 - 20	years
Leasehold improvement	5	years
Machinery	5 - 12	years
Furniture and equipment	5 - 10	years
Vehicles	5 - 10	years
Other equipment	3 - 20	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.10 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Buildings and building improvement	6	years
Vehicles	5	years

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate.

The Group discounts the present value of the lease payments by the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term or a change in the lease payments.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.11 Intangible assets

Intangible assets with finite lives are amortised on a the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The

amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible asset with finite useful lives is as follow:

	<u>Useful lives</u>	
Computer software	5 - 10	years

4.12 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates, joint venture and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.14 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investment properties or other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

Salary, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

4.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Recognition and derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

4.19 Derivatives

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as current assets or current liabilities if the remaining maturity of the instrument is less than 12 months and it is not due to be realised or settled within 12 months.

4.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The

incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Allowance for expected credit losses of trade receivables and contract assets

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Allowance for diminution in value of inventories

In determining an allowance for diminution in value of inventories, the management needs to exercise judgment in making estimates based upon the condition of goods and the duration such goods have remained in stock.

Allowance for loss of construction project

The subsidiary recognises an allowance for loss of construction project in full upon the project incurs losses.

Fair value of financial instruments

In determining the fair value of financial instruments disclosed in the note to financial statement that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value disclosed in the notes to financial statements and disclosures of fair value hierarchy.

Property, plant and equipment and investment property/Depreciation

In determining depreciation of plant and equipment and investment property, the management is required to make estimates of the useful lives and residual values of the plant and equipment and investment property, and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment and investment property for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determining is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

Details of relationships of the Group to related person or related parties are as follows.

<u>Name of entities</u>	<u>Nature of relationships</u>
Modernform Health & Care Public Company Limited	Subsidiary
Modernform Tower Company Limited	Subsidiary
Rafa Associates Company Limited ⁽¹⁾	Subsidiary
Rafa Plus Architect Limited	Subsidiary (Holding by Rafa Associates Company Limited)
Rafa Design Office Company Limited	Subsidiary (Holding by Rafa Associates Company Limited)
Itoki Modernform Company Limited	Associate
Workscape Company Limited	Associate
BuiltDee Company Limited	Associate
Lesmo Company Limited	Associate
UICC Company Limited	Joint venture (Holding by subsidiary)
Interhides Public Company Limited	Shareholder and director is related to the Company's management
Related person	Director, executive officer and related person with director and executive officer

⁽¹⁾ On 11 November 2021, the Board of Directors meeting of the Company passed a resolution to sell the investment in Rafa Associates Company as described in Note 14 to the consolidated financial statements.

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2021	2020	2021	2020	
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	0.6	0.6	Close to market price
Purchases of goods	-	-	0.3	-	Close to market price
Services income	-	-	2.1	2.1	Contract price
Rental expenses and related service fees	-	-	70.6	69.5	Baht 325 to Baht 500 per square meter per month for showroom Baht 380 per square meter per month for office unit
Dividend received	-	-	66.0	154.0	As declared
Transactions with associates					
Sales of goods	5.0	15.0	5.0	14.8	Close to market price
Purchases of goods	11.6	51.6	11.6	51.6	Close to market price
Services income	0.5	0.5	0.5	0.5	Contract price
Rental income and related service fees	3.1	2.1	1.6	0.5	Close to market price
Purchase of investment in associate	-	6.0	-	6.0	Agreed price
Transactions with joint venture					
Sales of goods	0.2	0.3	-	-	Close to market price
Services income	0.3	0.3	0.2	-	Contract price
Transactions with related company					
Sales of goods	0.2	-	0.2	-	Close to market price
Purchases of goods	15.5	11.5	15.5	11.5	Close to market price
Dividend income	2.8	2.8	2.8	2.8	As declared

As at 31 December 2021 and 2020, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade receivables (Note 9)				
Associates	1,380	1,308	1,380	1,308
Joint venture	60	22	-	-
Related company	4	-	4	-
Total	1,444	1,330	1,384	1,308
Other receivables (Note 9)				
Subsidiaries	-	-	163	22
Associates	28	37	9	18
Joint venture	11	1	1	1
Total	39	38	173	41
Other non-current financial assets - deposits (Note 12)				
Subsidiary	-	-	17,140	15,977
Trade and other payables (Note 21)				
Subsidiaries	-	-	828	1,145
Associates	1,912	2,461	1,912	2,461
Related company	2,729	1,597	2,729	1,597
Total	4,641	4,058	5,469	5,203
Other current liabilities				
Associate	465	447	-	-

Directors and management's remuneration

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Short-term employee benefits	49	66	36	50
Post-employment benefits	3	4	2	3
Total	52	70	38	53

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash	561	617	511	551
Bank deposits	697,684	676,717	579,531	594,993
Total	698,245	677,334	580,042	595,544

As at 31 December 2021, bank deposits carried interests between 0.05% to 0.50% per annum (2020: between 0.05% to 0.50% per annum).

8. Contract assets/Contract liabilities

Contract balances

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Contract assets				
Unbilled receivables	52,824	27,950	-	-
Less: Allowance for expected credit losses	-	(2,923)	-	-
Total unbilled receivables - net	52,824	25,027	-	-
Retention receivables	68,204	82,228	68,189	81,433
Less: Allowance for expected credit losses	(11,476)	(11,410)	(11,476)	(11,410)
Total retention receivables - net	56,728	70,818	56,713	70,023
Other	1,397	-	1,397	-
Total contract assets - net	110,949	95,845	58,110	70,023
Contract liabilities				
Customer deposits	(251,239)	(254,136)	(249,842)	(253,770)
Other	(2,099)	-	(2,099)	-
Total contract liabilities	(253,338)	(254,136)	(251,941)	(253,770)

The balance of unbilled receivables as at 31 December 2021 and 2020, aged on the basis of period until they are expected to be billed to customers in the future, can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Period to expected billing				
In up to 3 months	22,839	2,000	-	-
In over 3 and up to 12 months	29,985	22,336	-	-
In over 1 year	-	691	-	-
Total unbilled receivables	52,824	25,027	-	-

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade receivables - related parties				
<u>Age on the basis of due dates</u>				
Not yet due and past due				
Up to 3 months	925	1,330	925	1,308
Past due				
3 - 6 months	60	-	-	-
6 - 12 months	765	-	765	-
Total	1,750	1,330	1,690	1,308
Less: Allowance for expected credit losses	(306)	-	(306)	-
Total trade receivables - related parties	1,444	1,330	1,384	1,308
Trade receivables - unrelated parties				
<u>Age on the basis of due dates</u>				
Not yet due and past due				
Up to 3 months	230,420	311,541	177,242	231,539
Past due				
3 - 6 months	19,417	60,680	14,970	59,308
6 - 12 months	20,327	16,739	19,840	14,385
Over 12 months	58,298	65,989	57,944	51,386
Total	328,462	454,949	269,996	356,618
Less: Allowance for expected credit losses	(53,403)	(75,423)	(53,403)	(60,847)
Total trade receivables - unrelated parties, net	275,059	379,526	216,593	295,771
Other receivables				
Other receivables - related parties	39	38	173	41
Other receivables - unrelated parties	4,945	6,727	532	1,364
Total	4,984	6,765	705	1,405
Total trade and other receivables - net	281,487	387,621	218,682	298,484

The normal credit term is 30 to 90 days.

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Beginning balance	75,423	108,031	60,847	91,191
Reversal of allowance for expected credit losses	(4,875)	(24,991)	(4,875)	(24,308)
Amount written off	(2,948)	(7,617)	(2,263)	(6,036)
Decrease from disposal of a subsidiary	(13,891)	-	-	-
Ending balance	53,709	75,423	53,709	60,847

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventory - net	
	2021	2020	2021	2020	2021	2020
Finished goods	1,024,173	900,002	(152,806)	(166,397)	871,367	733,605
Work in process	43,511	57,264	(7,063)	(5,028)	36,448	52,236
Raw materials	207,540	178,988	(60,257)	(62,135)	147,283	116,853
Goods for showroom	45,112	61,402	(2,214)	-	42,898	61,402
Goods in transit	39,770	23,997	-	-	39,770	23,997
Other supplies	3,964	4,098	-	-	3,964	4,098
Total	1,364,070	1,225,751	(222,340)	(233,560)	1,141,730	992,191

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventory - net	
	2021	2020	2021	2020	2021	2020
Finished goods	753,904	674,673	(129,361)	(145,689)	624,543	528,984
Work in process	42,951	48,260	(7,063)	(5,028)	35,888	43,232
Raw materials	207,540	178,988	(60,257)	(62,135)	147,283	116,853
Goods for showroom	42,008	57,679	(2,213)	-	39,795	57,679
Goods in transit	21,118	15,450	-	-	21,118	15,450
Other supplies	3,964	4,098	-	-	3,964	4,098
Total	1,071,485	979,148	(198,894)	(212,852)	872,591	766,296

During the current year, the Group reversed the write-down of cost of inventories by Baht 11 million (2020: reduced cost of inventories by Baht 18 million to reflect the net realisable value.) (The Company only: Baht 14 million, 2020: reduced cost of inventories by Baht 20 million to reflect the net realisable value.) and reduced the amount of inventories recognised as expenses during the year.

11. Other current financial assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Fair value				
<u>Financial assets measured at FVTPL</u>				
Listed equity investments	33,257	29,136	33,257	29,136
Total financial assets at measured FVTPL	33,257	29,136	33,257	29,136
Total other current financial assets	33,257	29,136	33,257	29,136

12. Other non-current financial assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<u>Financial assets measured at FVTPL</u>				
Non-listed equity investments	85,656	83,600	85,656	83,600
Investments in overseas non-listed fund	31,400	-	31,400	-
Total financial assets measured at FVTPL	117,056	83,600	117,056	83,600
<u>Financial assets designated at FVOCI</u>				
Listed equity investments	165,008	127,565	165,008	116,721
Total financial assets measured at FVOCI	165,008	127,565	165,008	116,721
<u>Financial assets at amortised cost</u>				
Deposit	8,525	7,350	24,862	24,252
Total financial assets at amortised cost	8,525	7,350	24,862	24,252
Total other non-current financial assets	290,589	218,515	306,926	224,573

Financial instruments designated at fair value through other comprehensive income which the Group intend to hold for long-term and for strategic purpose are as follows:

(Unit: Thousand Baht)

Investment sector	Consolidated financial statements				Separate financial statements			
	Fair value		Dividend		Fair value		Dividend	
	2021	2020	2021	2020	2021	2020	2021	2020
Listed equity instruments								
Information & communication technology	77,390	39,196	3,280	2,870	77,390	39,196	3,280	2,870
Industrials	78,800	70,800	2,000	2,000	78,800	70,800	2,000	2,000
Consumer products	8,818	6,725	-	-	8,818	6,725	-	-
Service	-	1,080	-	36	-	-	-	-
Energy & utilities	-	595	19	42	-	-	-	-
Property & construction	-	9,169	156	615	-	-	-	-
Total financial instruments designated at fair value through other comprehensive income	165,008	127,565	5,455	5,563	165,008	116,721	5,280	4,870

During the year 2021, the Group sold its listed equity instrument as the investment no longer coincides with the Group's investment strategy. The fair value on the date of sale was Baht 12 million (The Company only: Baht 12 million) and the accumulated gain and surplus of Baht 7 million (The Company only: Baht 9 million) was transferred to retained earnings.

13. Investments in associates

13.1 Details of associates:

Company	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2021 (%)	2020 (%)	2021 (Thousand Baht)	2020 (Thousand Baht)	2021 (Thousand Baht)	2020 (Thousand Baht)
Itoki Modernform Company Limited	Interior design and distribution of furniture	Thailand	49.5	49.5	14,850	14,850	844	7,236
Workspace Company Limited	Manufacture and distribution of furniture	Thailand	40.0	40.0	28,000	28,000	26,389	29,539
BuiltDee Company Limited	Manufacture and distribution of furniture	Thailand	49.0	49.0	1,960	1,960	-	1,524
Lesmo Company Limited	Property development	Thailand	40.0	-	4,000	-	3,368	-
Total					48,810	44,810	30,601	38,299

Company	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2021 (%)	2020 (%)	2021 (Thousand Baht)	2020 (Thousand Baht)	2021 (Thousand Baht)	2020 (Thousand Baht)	2021 (Thousand Baht)	2020 (Thousand Baht)
Itoki Modernform Company Limited	Interior design and distribution of furniture	Thailand	49.5	49.5	14,850	14,850	(12,450)	(7,450)	2,400	7,400
Workspace Company Limited	Manufacture and distribution of furniture	Thailand	40.0	40.0	28,000	28,000	-	-	28,000	28,000
BuiltDee Company Limited	Manufacture and distribution of furniture	Thailand	49.0	49.0	1,960	1,960	-	-	1,960	1,960
Lesmo Company Limited	Property development	Thailand	40.0	-	4,000	-	-	-	4,000	-
Total					44,810	44,810	(12,450)	(7,450)	36,360	37,360

On 13 May 2021, the Board of Executive Directors meeting No.2/2021 of the Company passed a resolution approving an investment in Lesmo Company Limited which engaged in the property development with a registered share capital comprised of 100,000 shares at Baht 100 per share, totaling Baht 10 million. The Company has held 40% of paid up capital at Baht 100 per share, equivalent to Baht 4 million in May 2021.

13.2 Share of profit (loss) from investments in associates

During the years, the Company has recognised its share of profit (loss) from investments in associates in the financial statements as follows:

(Unit: Thousand Baht)

Company	Consolidated financial statements	
	Share of profit (loss) from investments	
	in associates	
	For the years ended 31 December	
	2021	2020
Itoki Modernform Company Limited	(6,392)	(417)
Workscape Company Limited	(3,150)	1,355
BuiltDee Company Limited	(1,524)	(436)
Lesmo Company Limited	(632)	-
Total	(11,698)	502

13.3 Summarised financial information of associates

Financial information of associates as included in the consolidated financial statements is summarised below:

Summarised information about financial position

(Unit: Million Baht)

	Itoki Modernform Company Limited		Workscape Company Limited		BuiltDee Company Limited		Lesmo Company Limited	
	2021	2020	2021	2020	2021	2020	2021	2020
Current assets	18	35	80	67	18	9	8	-
Non-current assets	4	1	47	50	4	4	1	-
Current liabilities	(15)	(17)	(57)	(38)	(22)	(7)	(1)	-
Non-current liabilities	(5)	(4)	(4)	(3)	(1)	(2)	-	-
Net assets	2	15	66	76	(1)	4	8	-
Shareholding percentage (%)	49.5	49.5	40.0	40.0	49.0	49.0	40	-
Share of net assets	1	7	26	30	-	2	3	-
Carrying amounts of associates based on equity method	1	7	26	30	-	2	3	-

Summarised information about income statement

(Unit: Million Baht)

	Itoki Modernform Company Limited		Workscape Company Limited		BuiltDee Company Limited		Lesmo Company Limited
	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the year ended 31 December 2020	For the year ended 31 December 2021	For the period as from 3 March 2020 to 31 December 2020	For the period as from 7 May 2021 to 31 December 2021
Revenue	28	82	128	161	19	7	-
Profit (loss)	(13)	(1)	(8)	4	(3)	(1)	(2)

13.4 Investment in associates with capital deficit

The Company recognised share of losses from investment in 1 associate, as listed below, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

(Unit: Million Baht)

Associate	Share of losses unrecognised during the years		Cumulative share of losses unrecognised up to 31 December	
	2021	2020	2021	2020
BuiltDee Company Limited	0.2	-	0.2	-
Total	0.2	-	0.2	-

14. Investments in subsidiaries

14.1 Details of investments in subsidiaries as presented in the separate financial statements

Company	Paid-up capital		Shareholding percentage		Cost		Dividend received	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Million Baht)	(Million Baht)	(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Modernform Tower Company Limited	220	220	100	100	219,899	219,899	66,000	154,000
Modernform Health & Care Public Company Limited	150	150	95	95	175,400	175,400	-	-
Rafa Associates Company Limited	-	15	-	75	-	8,550	-	-
Total					395,299	403,849	66,000	154,000

14.2 Investment in Rafa Associates Company Limited

In October 2021, the Company received cash from capital reduction from Rafa Associates Company Limited amounting to Baht 7.5 million. Subsequently, in November 2021, the Board of Directors meeting No.5/2021 of the Company passed a resolution to ratify, with the executive committee, the disposal of the remainder of the investment in Rafa Associates Company Limited to the existing shareholders of Rafa Associates Company Limited. The Company has already received cash from the disposal of investment totalling Baht 3.8 million in October 2021. The Company recognised gains on disposal of the said subsidiary amounting to Baht 11 million and Baht 3 million in the consolidated income statement and the separate income statement, respectively.

14.3 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year		Other comprehensive income allocated to non-controlling interests during the years	
	2021 (%)	2020 (%)	2021 (Million Baht)	2020 (Million Baht)	2021 (Million Baht)	2020 (Million Baht)	2021 (Million Baht)	2020 (Million Baht)
Modernform Health & Care Public Company Limited	5	5	8	8	-	1	-	-
Rafa Associates Company Limited	-	25	-	3	(3)	(1)	1	(2)

14.4 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling
Summarised information about financial position

(Unit: Million Baht)

	Modernform Health & Care Public Company Limited		Rafa Associates Company Limited	
	2021	2020	2021	2020
Current assets	404	349	-	23
Non-current assets	47	51	-	16
Current liabilities	(293)	(242)	-	(17)
Non-current liabilities	(7)	(5)	-	(11)

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December			
	Modernform Health & Care Public Company Limited		Rafa Associates Company Limited	
	2021	2020	2021 ⁽¹⁾	2020
Revenue	263	285	15	30
Profit (loss)	(2)	3	(9)	(2)
Other comprehensive income	-	-	(2)	(6)
Total comprehensive income	(2)	3	(10)	(8)

⁽¹⁾ The operation results of Rafa Associates Company Limited since 1 January 2021 to the date of disposal of investment

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December			
	Modernform Health & Care Public Company Limited		Rafa Associates Company Limited	
	2021	2020	2021	2020
Cash flow from (used in) operating activities	(21)	10	-	3
Cash flow from (used in) investing activities	(1)	-	-	1
Cash flow from (used in) financing activities	24	(1)	-	(1)
Net increase in cash and cash equivalents	2	9	-	3

15. Investment in joint venture

15.1 Details of investment in joint venture:

Investment in joint venture represents investment in entity which is jointly controlled by the subsidiary of the Company and individual. Details as follows:

Company	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2021 (%)	2020 (%)	2021 (Thousand Baht)	2020 (Thousand Baht)	2021 (Thousand Baht)	2020 (Thousand Baht)
UICC Company Limited	Health care business	Thailand	40.0	40.0	60,000	60,000	29,532	39,100
Total					60,000	60,000	29,532	39,100

A subsidiary has pledged investment in joint venture as at 31 December 2021 which its net book value in the consolidated financial statements amounting to Baht 60 million as collateral against credit facilities of a joint venture received from financial institutions (2020: Baht 60 million).

15.2 Share of loss from investment in joint venture

During the years, the Company has recognised its share of loss from investment in joint venture in the financial statements are as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements	
	Share of loss from investment in joint venture	
	For the years ended 31 December	
	2021	2020
UICC Company Limited	9,568	5,737
Total	9,568	5,737

15.3 Summarised financial information of investment in joint venture

Financial information of joint venture as included in the consolidated financial statements is summarised below:

Summarised information about financial position

(Unit: Million Baht)

	UICC Company Limited	
	2021	2020
Current assets	6	12
Non-current assets	345	367
Current liabilities	(68)	(41)
Non-current liabilities	(207)	(240)
Net assets	76	98
Shareholding percentage (%)	40.0	40.0
Share of net assets	30	39
Carrying amounts of joint venture based on equity method	30	39

Summarised information about income statement

(Unit: Million Baht)

	UICC Company Limited	
	2021	2020
Revenue	77	78
Loss	(24)	(15)

16. Investment properties

The net book value of investment properties as at 31 December 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements		
	Land and land improvement	Office building and building improvement for rent	Condominium	Total	Land	Condominium	Total
31 December 2021							
Cost	52,226	506,335	4,100	562,661	1,084	4,100	5,184
Less: Accumulated depreciation	(3,183)	(441,582)	(317)	(445,082)	-	(317)	(317)
Less: Allowance for impairment	(409)	-	-	(409)	(409)	-	(409)
Net book value	48,634	64,753	3,783	117,170	675	3,783	4,458
31 December 2020							
Cost	52,226	506,335	-	558,561	1,084	-	1,084
Addition	-	-	4,100	4,100	-	4,100	4,100
Less: Accumulated depreciation	(3,174)	(424,363)	(112)	(427,649)	-	(112)	(112)
Less: Allowance for impairment	(409)	-	-	(409)	(409)	-	(409)
Net book value	48,643	81,972	3,988	134,603	675	3,988	4,663

A reconciliation of the net book value of investment properties for the years 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Net book value at beginning of year	134,603	148,578	4,663	1,084
Addition - cost	-	4,100	-	4,100
Depreciation expenses	(17,433)	(17,666)	(205)	(112)
Allowance for impairment	-	(409)	-	(409)
Net book value at end of year	117,170	134,603	4,458	4,663

The Group has mortgaged buildings and offices for rent and offices used by the Company, which presented as investment properties and property, plant and equipment (Note 7) with their net book value as of 31 December 2021 amount Baht 113 million and Baht 80 million, respectively (2020: Baht 130 million and Baht 90 million, respectively) to the bank as collateral for bank overdraft of a subsidiary.

In addition, the Company has mortgaged condominium unit with net book value as at 31 December 2021 and 2020 amount Baht 4 million with the bank to secure the Company's credit facilities.

As at 31 December 2021 and 2020, the subsidiary has entered into operating lease and service agreements for investment property, office building. The terms of the agreements are generally between 1 and 3 years. Future minimum expected to be received under non-cancellable operating lease and service agreements are as follows;

(Unit: Thousand Baht)

	Consolidated financial statements	
	2021	2020
Within 1 year	26,311	74,051
Over 1 year and up to 3 years	8,910	23,429
Total	35,221	97,480

The fair value of the investment properties as at 31 December 2021 and 2020 stated below:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2021	2020
Land and office building and building improvement for rent	736,875	736,875
Condominium	4,353	4,353

(Unit: Thousand Baht)

	Separate financial statements	
	2021	2020
Land held for sales	675	675
Condominium	4,353	4,353

The fair value of land and office building and building improvement for rent as at 31 December 2021 and 2020 have been determined based on valuation performed by an accredited independent valuer using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

The fair value of land held for sales and condominium have been determined by the management based on the appraisal value of Treasury Department.

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements								
	Land and land improvement	Buildings	Building and leasehold improvement	Machinery	Furniture and equipment	Vehicles	Construction in progress	Others	Total
Cost:									
1 January 2020	295,206	658,508	337,667	381,286	187,772	85,250	9	99,740	2,045,438
Additions	-	-	2,576	366	5,031	-	263	1,898	10,134
Transfer-in (transfer-out)	-	-	364	-	-	-	(272)	(92)	-
Disposals	-	-	(73)	(6,541)	(789)	(388)	-	-	(7,791)
Written-off	-	-	(1,603)	(3,784)	(1,688)	-	-	-	(7,075)
31 December 2020	295,206	658,508	338,931	371,327	190,326	84,862	-	101,546	2,040,706
Additions	235	-	12,538	2,749	5,824	2,569	581	5,774	30,270
Transfer-in (transfer-out)	-	-	296	2,183	252	(20)	(548)	(2,163)	-
Disposals	-	-	(173)	(155)	(3,498)	(1,980)	-	(1,727)	(7,533)
Written-off	-	-	-	(238)	(150)	-	(33)	(46)	(467)
Decrease from disposal of a subsidiary company	-	-	(2,994)	-	(5,837)	-	-	(16)	(8,847)
31 December 2021	295,441	658,508	348,598	375,866	186,917	85,431	-	103,368	2,054,129
Accumulated depreciation:									
1 January 2020	35,514	479,944	263,909	295,431	167,901	83,157	-	85,738	1,411,594
Depreciation for the year	3,843	18,714	20,301	17,162	8,768	974	-	4,054	73,816
Depreciation on disposals	-	-	(48)	(2,979)	(669)	(389)	-	-	(4,085)
Depreciation on written-off	-	-	(1,181)	(1,529)	(1,651)	-	-	-	(4,361)
31 December 2020	39,357	498,658	282,981	308,085	174,349	83,742	-	89,792	1,476,964
Depreciation for the year	3,701	18,662	18,182	14,427	7,190	440	-	3,640	66,242
Depreciation for transfer-In (transfer-out)	-	-	-	-	-	(20)	-	20	-
Depreciation on disposals	-	-	(173)	(155)	(3,265)	(1,980)	-	(1,683)	(7,256)
Depreciation on written-off	-	-	-	(238)	(136)	-	-	(46)	(420)
Decrease from disposal of a subsidiary company	-	-	(2,993)	-	(5,470)	-	-	(16)	(8,479)
31 December 2021	43,058	517,320	297,997	322,119	172,668	82,182	-	91,707	1,527,051
Net book value:									
31 December 2020	255,849	159,850	55,950	63,242	15,977	1,120	-	11,754	563,742
31 December 2021	252,383	141,188	50,601	53,747	14,249	3,249	-	11,661	527,078
Depreciation for the year									
2020 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)									73,816
2021 (Baht 33 million included in manufacturing cost, and the balance in selling and administrative expenses)									66,242

(Unit: Thousand Baht)

Separate financial statements									
	Land and improvement	Buildings	Building and leasehold improvement	Machinery	Furniture and equipment	Vehicles	Construction in progress	Others	Total
Cost:									
1 January 2020	146,785	305,771	306,458	381,286	168,929	83,733	9	98,447	1,491,418
Additions	-	-	2,506	366	4,063	-	263	1,131	8,329
Transfer-in (transfer-out)	-	-	364	-	-	-	(272)	(92)	-
Disposals	-	-	(72)	(6,541)	(553)	(388)	-	-	(7,554)
Written-off	-	-	(1,603)	(3,784)	(299)	-	-	-	(5,686)
31 December 2020	146,785	305,771	307,653	371,327	172,140	83,345	-	99,486	1,486,507
Additions	235	-	12,514	2,749	5,412	2,569	52	5,735	29,266
Transfer-in (transfer-out)	-	-	52	2,183	-	(20)	(52)	(2,163)	-
Disposals	-	-	(173)	(155)	(2,618)	(1,980)	-	(1,694)	(6,620)
Written-off	-	-	-	(238)	(150)	-	-	(46)	(434)
31 December 2021	147,020	305,771	320,046	375,866	174,784	83,914	-	101,318	1,508,719
Accumulated depreciation:									
1 January 2020	33,435	208,641	245,518	295,431	152,288	81,953	-	84,786	1,102,052
Depreciation for the year	3,712	6,949	18,262	17,162	7,365	792	-	3,794	58,036
Depreciation on disposals	-	-	(49)	(2,979)	(434)	(388)	-	-	(3,850)
Depreciation on written-off	-	-	(1,180)	(1,530)	(262)	-	-	-	(2,972)
31 December 2020	37,147	215,590	262,551	308,084	158,957	82,357	-	88,580	1,153,266
Depreciation for the year	3,695	6,930	16,614	14,427	6,044	374	-	3,377	51,461
Depreciation for transfer-in (transfer-out)	-	-	-	-	-	(20)	-	20	-
Depreciation on disposals	-	-	(173)	(155)	(2,386)	(1,980)	-	(1,649)	(6,343)
Depreciation on written-off	-	-	-	(237)	(136)	-	-	(47)	(420)
31 December 2021	40,842	222,520	278,992	322,119	162,479	80,731	-	90,281	1,197,964
Net book value:									
31 December 2020	109,638	90,181	45,102	63,243	13,183	988	-	10,906	333,241
31 December 2021	106,178	83,251	41,054	53,747	12,305	3,183	-	11,037	310,755
Depreciation for the year									
2020 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)									58,036
2021 (Baht 33 million included in manufacturing cost, and the balance in selling and administrative expenses)									51,461

As at 31 December 2021, the Group had certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 974 million (2020: Baht 911 million) (The Company only: Baht 934 million, 2020: Baht 869 million).

The Company has mortgaged land and buildings with net book value as at 31 December 2021 and 2020 amount Baht 16 million with the bank to secure the Company's credit facilities.

18. Leases

The Group as a lessee

The Group has lease contracts for various items of buildings and building improvement and vehicles used in its operations. Leases of buildings and building improvement generally have lease terms between 2 - 3 years, while leases of vehicles generally have lease terms of 4 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Buildings and building improvement	Vehicles	Total
1 January 2020	66,422	1,105	67,527
Additions	6,407	-	6,407
Depreciation for the year	(13,594)	(255)	(13,849)
Discount from lease agreements	(2,584)	-	(2,584)
31 December 2020	56,651	850	57,501
Additions	1,781	-	1,781
Depreciation for the year	(16,107)	(254)	(16,361)
Decrease from disposal of a subsidiary	(1,822)	-	(1,822)
31 December 2021	40,503	596	41,099

(Unit: Thousand Baht)

	Separate financial statements		
	Buildings and building improvement	Vehicles	Total
1 January 2020	205,595	-	205,595
Additions	941	-	941
Depreciation for the year	(38,986)	-	(38,986)
Discount from lease agreements	(2,935)	-	(2,935)
31 December 2020	164,615	-	164,615
Additions	777	-	777
Depreciation for the year	(42,012)	-	(42,012)
Decrease from disposal of a subsidiary	(21,531)	-	(21,531)
31 December 2021	101,849	-	101,849

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Lease payments	46,326	65,007	120,982	191,675
Less: Deferred interest expenses	(3,806)	(6,455)	(10,062)	(20,812)
Total	42,520	58,552	110,920	170,863
Less: Current portion	(17,226)	(16,140)	(35,979)	(38,001)
Lease liabilities - net of current portion	25,294	42,412	74,941	132,862

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Balance at beginning of year	58,552	66,592	170,863	204,979
Additions	1,781	6,407	777	941
Accretion of interest	2,643	3,103	8,535	10,157
Repayments	(18,535)	(15,271)	(46,497)	(42,657)
Decrease from disposal of a subsidiary	(1,921)	-	-	-
Discount from lease agreements	-	(2,279)	-	(2,557)
Cancellation of lease agreements	-	-	(22,758)	-
Balance at end of year	42,520	58,552	110,920	170,863

A maturity analysis of lease payments is disclosed in Note 36.2 to the consolidated financial statement under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation expenses of right-of-use assets	16,361	13,849	42,012	38,986
Interest expenses on lease liabilities	2,643	3,103	8,535	10,157
Expenses relating to leases of low-value assets	135	135	135	135

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 19 million (2020: Baht 15 million) (The Company only: Baht 47 million, 2020: Baht 43 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

19. Intangible assets

The net book value of intangible assets, computer software as at 31 December 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cost	51,798	49,819	50,694	48,752
Less: Accumulated amortisation	(37,873)	(35,176)	(36,921)	(34,282)
Decrease from disposal of a subsidiary	(120)	-	-	-
Net book value	13,805	14,643	13,773	14,470

A reconciliation of the net book value of intangible assets for the years 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Net book value at beginning of year	14,643	15,886	14,470	15,712
Acquisition of assets - cost	1,979	1,287	1,942	1,225
Amortisation	(2,697)	(2,530)	(2,639)	(2,467)
Decrease from disposal of a subsidiary	(120)	-	-	-
Net book value at end of year	13,805	14,643	13,773	14,470

20. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020	2021	2020
Bank overdrafts	5.84 - 5.87	-	125	-	125	-
Liabilities under trust receipts	1.15 - 1.65	1.80 - 1.95	33,719	14,561	-	-
Promissory notes	1.75 - 2.00	1.70 - 2.05	187,000	179,000	-	-
Total			220,844	193,561	125	-

Bank overdrafts and certain loans are secured by the mortgage of land with structures thereon of the Company and its subsidiary company, as discussed in Notes 16 and 17 to the consolidated financial statements.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade accounts payables - related parties	4,641	4,058	4,655	4,058
Trade accounts payables - unrelated parties	242,129	157,501	215,371	134,201
Other payables - unrelated parties	55,172	54,000	48,678	45,337
Accrued expenses - related party	-	-	814	1,145
Accrued expenses - unrelated parties	16,078	17,869	9,788	11,074
Customer deposits - unrelated parties	20,995	20,189	-	-
Total trade and other payables	339,015	253,617	279,306	195,815

22. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2021	2020
Long-term loans	1,850	3,083
Less: Current portion	(1,233)	(1,233)
Long-term loans - net of current portion	617	1,850

Movement of the long-term loan account during the year ended 31 December 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements
Balance as at 31 December 2020	3,083
Less: Payment	(1,233)
Balance as at 31 December 2021	1,850

Long-term loans from financial institutions of the Company bear interest rate at MLR - 1.

The loans are secured by the mortgage of investment in properties of the Company, as discussed in Note 16 to the consolidated financial statements.

23. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Provision for long-term employee benefits at beginning of year	193,334	225,813	174,815	206,088
Included in profit or loss:				
Current service cost	21,499	20,449	19,912	18,674
Interest cost	2,146	2,286	2,018	1,873
Included in other comprehensive income:				
Actuarial gain arising from	(1,510)	(27,363)	-	(26,061)
Demographic assumptions changes	45	(10,440)	-	(10,234)
Financial assumptions changes	64	11,087	-	10,885
Experience adjustments	(1,619)	(28,010)	-	(26,712)
Reverse of provision for long-term employee benefits	-	(19,825)	-	(19,825)
Decrease from disposal of a subsidiary	(10,072)	-	-	-
Benefits paid during the year	(19,532)	(8,026)	(19,343)	(5,934)
Provision for long-term employee benefits at end of year	185,865	193,334	177,402	174,815

The Group expects to pay Baht 14.1 million of long-term employee benefits during the next year (The Company only: Baht 13.1 million) (2020: Baht 14.4 million, The Company only: Baht 14.4 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 7.43 to 11.94 years (The Company only: 9.33 years) (2020: 7.16 to 11.94 years, The Company only: 9.33 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	0.9 - 1.5	0.9 - 2.4	1.2	1.2
Future salary increase rate	2.0 - 3.0	2.0 - 5.0	3.0	3.0
Turnover rate (depending on age)	0 - 55	0 - 55	0 - 55	0 - 55

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

(Unit: Million Baht)

	As at 31 December 2021			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(7.9)	8.5	(7.6)	8.1
Salary increase rate	9.3	(8.7)	8.9	(8.4)
Turnover rate	(8.3)	5.4	(8.0)	5.3

(Unit: Million Baht)

	As at 31 December 2020			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(7.8)	8.3	(7.2)	7.7
Salary increase rate	8.4	(7.9)	7.6	(7.1)
Turnover rate	(8.2)	5.2	(7.6)	5.0

24. Other surplus

Other surplus is the value of the Company's investment in an associate under the equity method which increased because the associate raised additional share capital through a public offering on The Stock Exchange of Thailand and the difference arising from the reclassification of investment from investment in associate to investment in available-for-sale securities.

25. Statutory reserve

The Company

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

Subsidiaries

According to the Thai Civil and Commercial Code, the company is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment.

26. Revenue from contracts with customers

26.1 Disaggregated revenue information

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Type of goods or service:				
Sale of furniture	1,781,186	2,314,932	1,660,788	2,133,650
Sale of furniture fitting and other materials	353,393	386,668	353,512	387,019
Architectural design service and construction	141,496	117,586	-	-
Service income	61,735	65,436	2,757	2,564
Total revenue from contracts with customers	2,337,810	2,884,622	2,017,057	2,523,233
Timing of revenue recognition:				
Revenue recognised at a point in time	2,146,314	2,713,075	2,017,057	2,523,233
Revenue recognised over time	191,496	171,547	-	-
Total revenue from contracts with customers	2,337,810	2,884,622	2,017,057	2,523,233

26.2 Revenue recognised in relation to contract balances

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Revenue recognised during the year that was included in contract liabilities at the beginning of the year	248,236	435,209	247,890	434,375

26.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2021, the Group's revenue totaling Baht 1,533 million (2020: Baht 1,477 million) (The Company only: Baht 1,463 million (2020: Baht 1,400 million)) is expected to be recognised in the future in respect of performance obligations under contracts with customers that are unsatisfied (or partially unsatisfied) of contracts with customers. The Group expects to satisfy these performance obligations within the year 2025 (2020: within the year 2024).

27. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Interest expenses on borrowings	3,647	4,295	104	276
Interest expenses on lease liabilities	2,643	3,103	8,535	10,157
Other finance expenses	7,369	5,472	5,582	3,651
Total	13,659	12,870	14,221	14,084

28. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Salaries and wages and other employee benefits	624,324	730,436	583,265	661,318
Purchase of finished goods	877,036	831,814	755,451	741,467
Depreciation	100,036	105,333	93,679	97,135
Amortisation	2,697	2,530	2,639	2,467
Rental expenses from operating lease agreements	110	268	18	78
Raw materials and consumables used	353,262	408,428	353,262	408,428
Changes in finished goods and work in process	110,418	(217,411)	73,922	(195,807)
Transportation and installation	55,567	70,690	55,397	68,342

29. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Current income tax:				
Current income tax charge	25,866	31,189	2,326	9,317
Adjustment in respect of income tax of previous year	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	137	502	382	(465)
Income tax expenses reported in the income statements	26,003	31,691	2,709	8,852

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax on actuarial gains	302	5,473	-	5,212
Deferred tax on gain from the change in value of financial assets designated at FVOCI	(860)	(300)	82	-
	(558)	5,173	82	5,212

The amounts of current tax and deferred tax that recognised directly in equity for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Current income tax:				
Income tax from disposal of investment designated at FVOCI	1,392	-	2,169	-
	1,392	-	2,169	-

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Accounting profit before tax	105,564	173,639	83,391	218,602
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	21,113	34,728	16,678	43,720
Adjustment in respect of income tax of previous year	6	-	-	-
Temporary differences unrecognised to deferred tax assets	(811)	185	(1,672)	185
Effects of:				
Non-deductible expenses	3,037	5,920	2,762	3,753
Dividend income	(1,227)	(4,994)	(14,421)	(35,769)
Additional expense deductions allowed	(412)	(4,676)	(382)	(4,499)
Share of loss from investments	4,253	1,047	-	-
Reversal deferred tax assets record in prior period	-	(1,330)	-	-
Unused tax loss	(572)	-	-	-
Others	1,449	811	1,353	1,462
Total	6,528	(3,222)	(10,688)	(35,053)
Income tax expenses reported in the income statements	26,836	31,691	4,318	8,852

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax assets				
Allowance for expected credit losses	8,916	9,997	8,916	8,916
Allowance for diminution in value of inventories	19,235	18,687	14,546	14,546
Depreciation	241	165	-	-
Provision for long-term employee benefits	16,006	18,017	14,313	14,313
Warranty provisions	578	484	-	-
Total	44,976	47,350	37,775	37,775
Deferred tax liabilities				
Unrealised gain on contracts with customers	1,176	984	1,176	984
Unrealised gain from revaluation of investments	3,610	5,788	3,610	5,697
Accretion of interest	191	-	191	-
Total	4,977	6,772	4,977	6,681
Deferred tax assets - net	39,999	40,578	32,798	31,094

As at 31 December 2021, the Group has deductible temporary differences totaling Baht 25.2 million (The Company only: Baht 25.2 million) (2020: Baht 3.0 million, The Company only: Baht 1.0 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

30. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

31. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Board of Directors of the Company.

For management purposes, the Group is organised into business units based on its products and services and have 4 reportable segments which are (1) furniture business, (2) furniture fitting and other materials business, (3) rental and service business and (4) architectural design and construction business.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Group's operating segments for the years ended 31 December 2021 and 2020, respectively.

(Unit: Million Baht)

	For the year ended 31 December 2021						
	Furniture business	Furniture fitting and other materials business	Rental and service business	Architectural design and construction business	Total reportable segments	Elimination of inter-segment	Consolidation
Revenue from external customers	1,783	354	178	141	2,456	(79)	2,377
Intersegment revenues	(2)	-	(77)	-	(79)	79	-
Dividend income	72	-	-	-	72	(66)	6
Other income	34	2	4	(3)	37	4	41
Finance income	4	2	-	-	6	(1)	5
Finance cost	(18)	(1)	-	-	(19)	5	(14)
Depreciation and amortisation	(97)	(3)	(31)	-	(131)	28	(103)
Expected credit losses	14	8	-	-	22	-	22
Reversal of allowance for diminution in value of inventories	5	6	-	-	11	-	11
Profit from disposal of land, buildings and equipments	1	-	-	-	1	-	1
Share of loss from investments in associates on equity method	(12)	-	-	-	(12)	-	(12)
Share of loss from investment in joint venture on equity method	(10)	-	-	-	(10)	-	(10)
Profit before income tax expenses	(3)	27	114	23	161	(50)	111
Income tax expenses	6	-	(20)	-	(26)	-	(26)
Segment profit	(9)	27	94	23	135	(50)	85
Segment total assets							
Investments in associates based on equity method	31	-	-	-	31	-	31
Investment in joint venture based on equity method	30	-	-	-	30	-	30
Change in non-current assets other than financial instruments and deferred tax assets	(73)	(3)	31	(1)	(108)	46	(62)

	For the year ended 31 December 2020						
	Furniture business	Furniture fitting and other materials business	Rental and service business	Architectural design and construction business	Total reportable segments	Elimination of inter-segment	Consolidation
Revenue from external customers	2,315	387	180	118	3,000	(76)	2,924
Intersegment revenues	(1)	-	(75)	-	(76)	76	-
Dividend income	179	-	-	1	180	(154)	26
Other income	25	5	8	7	45	(3)	48
Finance income	3	-	1	-	4	-	4
Finance cost	(18)	(1)	-	-	(19)	6	(13)
Depreciation and amortisation	(98)	(4)	(31)	-	(133)	25	(108)
Expected credit losses	17	15	-	-	32	-	32
Allowance for diminution in value of inventories	(5)	(12)	-	-	(17)	-	(17)
Loss from disposal of land, buildings and equipments	(3)	-	-	-	(3)	-	(3)
Share of profit from investments in associates on equity method	1	-	-	-	1	-	1
Share of loss from investment in joint venture on equity method	(6)	-	-	-	(6)	-	(6)
Profit before income tax expenses	180	11	115	20	326	(152)	174
Income tax expenses	(11)	-	(20)	(1)	(32)	-	(32)
Segment profit	169	11	95	19	294	(152)	142
Segment total assets							
Investments in associates based on equity method	38	-	-	-	38	-	38
Investment in joint venture based on equity method	39	-	-	-	39	-	39
Change in non-current assets other than financial instruments and deferred tax assets	110	3	(31)	(1)	81	(107)	(26)

Geographic information

The Group operates in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year 2021 and 2020, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

32. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contributed to the fund monthly at the rate of 3% to 15% and 5%, respectively, of basic salary. The fund, which is managed by Bualuang Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2021, the Group contributed Baht 16 million (2020: Baht 18 million) to the fund (The Company only: Baht 15 million, 2020: Baht 16 million).

33. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2020	Annual General Meeting of the shareholders on 22 April 2021	112,500	0.15
Interim dividends for 2021	Board of Directors' meeting on 15 September 2021	37,500	0.05
Total dividends for 2021		150,000	
Final dividends for 2019	Annual General Meeting of the shareholders on 23 April 2020	90,000	0.12
Interim dividends for 2020	Board of Directors' meeting on 17 September 2020	37,500	0.05
Total dividends for 2020		127,500	

34. Commitment and contingent liabilities

34.1 Purchasing of goods for sale

As at 31 December 2021, the Group had commitments relating to purchasing of goods for sale approximately Baht 41 million (2020: 18 million).

34.2 Operating lease and other service commitments

The Group has future minimum payments under leases of low-value assets and short-term leases as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Within 1 year	17	18	44	48
Over 1 and up to 5 years	16	6	84	3
Total	33	24	128	51

34.3 Guarantees

The Group had outstanding bank guarantees issued by banks in respect of certain performance bonds as required in the normal course of business, consist of the followings:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Contractual performance guarantees	397	304	353	264
Guarantees for electricity use and others	10	10	5	5
Total	407	314	358	269

34.4 Letter of credit

As at 31 December 2021, the Group had unused letters of credit amounting to Baht 1,234 million (2020: Baht 1,220 million).

35. Fair value hierarchy

As at 31 December 2021 and 2020, the Group had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Listed equity investments	33	-	-	33
Non-listed equity investments	-	-	86	86
Investments in overseas non-listed fund	-	-	31	31
Financial assets designated at FVOCI				
Investments in listed fund	165	-	-	165
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	0.6	-	0.6
Assets for which fair value are disclosed				
Investment properties	-	5	736	741

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Listed equity investments	29	-	-	29
Non-listed equity investments	-	-	84	84
Financial assets designated at FVOCI				
Investments in listed securities	128	-	-	128
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	0.1	-	0.1
Assets for which fair value are disclosed				
Investment properties	-	5	736	741

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Listed equity investments	33	-	-	33
Non-listed equity investments	-	-	84	84
Investments in overseas non-listed fund	-	-	31	31
Financial assets designated at FVOCI				
Investments in listed securities	165	-	-	165
Assets for which fair value are disclosed				
Investment properties	-	5	-	5

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Listed equity investments	29	-	-	29
Non-listed equity investments	-	-	84	84
Financial assets designated at FVOCI				
Investments in listed securities	116	-	-	116
Assets for which fair value are disclosed				
Investment properties	-	5	-	5

36. Financial instruments

36.1 Derivatives

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Derivative liabilities				
Derivative liabilities not designated as hedging instruments				
Foreign exchange forward contracts	0.6	0.1	-	-

The subsidiary uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 3 to 6 months.

36.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, investments, trade and other receivables, short-term loans, trade and other payables, long-term loans and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade receivables, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade receivables and contract assets

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. In additions, the Group does not have high concentrations of credit risk since it has various customer base and a large number of customers.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by letters of credit and other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 5 years and not subject to enforcement activity.

Cash deposits

The credit risk on debt instruments and derivatives of the Group is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are market risk comprising currency risk and interest rate risk. The Group enters into foreign exchange forward contracts to hedge the foreign currency risk arising on the import of goods to manage its risk exposure.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within 1 year.

As at 31 December 2021 and 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2021	2020	2021	2020	2021	2020
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	3	3	2,939	1,064	33.4199	30.0371
Euro	-	-	932	419	37.8948	36.8764
Danish Krone	-	-	-	67	-	4.9584
Swiss Franc	-	-	23	43	36.5227	34.0287
Hong Kong Dollar	-	-	54	-	4.2885	-
Swedish Krona	-	-	-	7	-	3.6681
Singapore Dollar	-	-	1	-	24.7356	-

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term and long-term borrowings and lease liabilities. Most of the financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2021					
	Fixed interest rates		Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	interest rate	bearing		Interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	697	1	698	0.05 - 0.50
Contract assets - retention receivables	-	-	-	57	57	-
Trade and other receivables	-	-	-	281	281	-
Other financial assets	-	-	-	324	324	-
	-	-	697	663	1,360	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	221	-	-	-	221	1.15 - 5.87
Trade and other payables	-	-	-	339	339	-
Long-term loans from financial institutions	-	-	2	-	2	MLR - 1
Lease liabilities	17	25	-	-	42	2.66 - 5.78
	238	25	2	339	604	

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2021					
	Fixed interest rates		Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	interest rate	bearing		Interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	676	1	677	0.05 - 0.50
Contract assets - retention receivables	-	-	-	71	71	-
Trade and other receivables	-	-	-	388	388	-
Other financial assets	-	-	-	247	247	-
	-	-	676	707	1,383	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	194	-	-	-	194	1.70 - 2.05
Trade and other payables	-	-	-	254	254	-
Long-term loans from financial institutions	-	-	3	-	3	MLR - 1
Lease liabilities	16	42	-	-	58	5.38 - 9.75
	210	42	3	254	509	

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2021					
	Fixed interest rates		Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	interest rate	bearing		Interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	579	1	580	0.05 - 0.50
Contract assets - retention receivables	-	-	-	57	57	-
Trade and other receivables	-	-	-	218	218	-
Other financial assets	-	-	-	340	340	-
	-	-	579	616	1,195	
Financial liabilities						
Trade and other payables	-	-	-	279	279	-
Long-term loans from financial institutions	-	-	2	-	2	MLR - 1
Lease liabilities	36	75	-	-	111	5.25 - 5.78
	36	75	2	279	392	

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2020					
	Fixed interest rates		Floating	Non-interest	Total	Effective
	Within 1 year	1 - 5 years	interest rate	bearing		Interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	595	1	596	0.05 - 0.50
Contract assets - retention receivables	-	-	-	70	70	-
Trade and other receivables	-	-	-	298	298	-
Other financial assets	-	-	-	254	254	-
	-	-	595	623	1,218	
Financial liabilities						
Trade and other payables	-	-	-	196	196	-
Long-term loans from financial institutions	-	-	3	-	3	MLR - 1
Lease liabilities	38	133	-	-	171	5.38 - 5.78
	38	133	3	196	370	

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans and lease contracts. Approximately 90% of the Group's debt will mature in less than one year at 31 December 2021 (2020: 83%) (The Company only: 33%, 2020: 22%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans from financial institutions	-	234	-	-	234
Trade and other payables	-	339	-	-	339
Lease liabilities	-	19	27	-	46
Long-term loans	-	1	1	-	2
Total non-derivatives	-	593	28	-	621
Derivatives					
Derivative liabilities: net settled	-	1	-	-	1
Total	-	1	-	-	1

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans from financial institutions	-	197	-	-	197
Trade and other payables	-	254	-	-	254
Lease liabilities	-	19	46	-	65
Long-term loans	-	1	2	-	3
Total non-derivatives	-	471	48	-	519

(Unit: Thousand Baht)

	Separate financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Trade and other payables	-	279	-	-	279
Lease liabilities	-	41	80	-	121
Long-term loans	-	1	1	-	2
Total non-derivatives	-	321	81	-	402

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Trade and other payables	-	196	-	-	196
Lease liabilities	-	47	145	-	192
Long-term loans	-	1	2	-	3
Total non-derivatives	-	244	147	-	391

36.3 Fair values of financial instruments

The methods and assumptions used by the Grouping estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts receivable and accounts payable, the carrying amounts in the statement of financial position approximate their fair value.
- b) The fair value of equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- c) The fair value of loans is estimated by discounting expected future cash flows by the current market interest rate of loans with similar terms and conditions.
- d) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies.

During the current year, there were no transfers within the fair value hierarchy.

36.4 Reconciliation of recurring fair value measurements, of financial assets, categorised within Level 3 of the fair value hierarchy

(Unit: Thousand Baht)

	Consolidated financial statements and separate Financial Statements
Balance as of 1 January 2021	84
Acquired during the year	31
Net gain recognised into profit or loss	2
Balance as of 31 December 2021	117

37. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder rate. As at 31 December 2021, the Group's debt-to-equity ratio was 0.47:1 (2020: 0.44:1) and the Company's was 0.38:1 (2020: 0.37:1).

38. Event after the reporting period

On 24 February 2022, the meeting of the Company's Board of Directors 1/2022 passed a resolution to propose to the annual general meeting of the Company's shareholders to adopt a resolution to pay a dividend from operating results of the year 2021 of Baht 0.12 per share, totalling of Baht 75 million. The Company paid an interim dividend of Baht 0.05 per share in October 2021. The remaining dividend of Baht 0.07 per share will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2022.

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Call Center: 0-2094-9999

E-mail: enquiry@modernform.co.th

Website: www.modernform.co.th

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