

56-1 One Report 2022



modernform

Design Awards Collection

19 AWARDS IN 3 YEARS

Our pride, in the eyes of the world

Modernform is committed to creating furniture products that provide both comfort and happiness in living, which eventually lead us to win an International Awards. Our continuous recognition from the global stages is the proof of quality for our brand's delicate design, functionality, innovation that crafted for the new generation living.



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Message from the Chairman

In 2022, the world continued to be impacted by COVID-19 and the Russian-Ukraine war. In Thailand, the country witnessed signs of economic recovery thanks mainly to successful vaccination campaigns that enabled us to keep the pandemic under control. This resulted in the ease of Covid-19 measures, which allowed people and businesses to gradually return to our normal lifestyle. On top of this was the re-opening of the country as tourism is one of Thailand's main sources of revenue.

Modernform continued to be affected by Thailand's economic conditions during the past year, which inspires us to constantly adapt and be agile. We remain committed to sustainable growth both in economic, social and environmental dimensions. We underline the importance of product designs and manage to win so many awards at the international level. We strive to produce furniture that satisfies our customers. We continue to look out for new business opportunities to strengthen our performance and pay shareholders a dividend declared in our policy as we always did in the past.

On behalf of the Board of Directors and the management, Modernform would like to express our heartfelt appreciation to shareholders, customers, business partners and the entire staff for your relentless trust and support throughout the years.

Yothin Nerngchamong
Chairman

Kittipat Nerngchamong
CEO and President





Financial Highlights for the Year 2022

	2022	2021	2020
TOTAL REVENUES (Million Baht)	2,431.7	2,424.2	2,997.9
Revenue from Sales, rental, services (**excluded of their services), design services and construction (Million Baht)	2,394.2	2,375.9	2,923.5
Cost of sales, rental, services, design services and construction (Million Baht)	1,676.4	1,578.0	2,045.5
Gross profit (Million Baht)	717.8	797.8	878.0
Earning before non-controlling interests of the subsidiaries (Million Baht)	39.5	85.4	141.9
Net profit (Million Baht)	39.0	88.1	141.6
Total assets (Million Baht)	3,351.9	3,415.6	3,342.8
Total liabilities (Million Baht)	1,066.5	1,092.8	1,015.8
Non-controlling interests of the subsidiaries (Million Baht)	8.0	7.5	10.7
Equity attributable to the owners of the Company (Million Baht)	2,277.5	2,315.3	2,316.3
PROFITABILITY :			
Gross profit margin (%) **	30.0	33.6	30.0
Net profit margin (%) **	1.6	3.7	4.8
RETURN ON INVESTMENT :			
Return on total assets (%)	1.2	2.6	4.1
Return on equity (%)	1.7	3.8	6.1
LIQUIDITY &STABILITY:			
Current ratio (Times)	2.5	2.6	2.9
Debt to equity ratio (Times)	0.5	0.5	0.4
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)	3.05	3.10	3.10
Net profit(EPS) (Baht/Share)	0.05	0.12	0.19
Dividends (Baht/Share)	0.06	0.12	0.20

Note : * The Meeting of the Board of Directors of the Company No.1/2023 held on February 27, 2023 passed to pay dividends for the 2022 operating year to shareholders of the company at a rate of 0.06 Baht per share. The matter will be proposed for approval at the Annual Ordinary General Shareholders Meeting No.1/2023 on April 20, 2023.

** 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



1.1 Policy and Business Overviews

Vision

of Modernform Group

To be a leader in providing innovative solutions that enhance quality of life and take care of society and environment.

Vision

of Modernform Furniture

The most preferred Thai furniture brand for designers and owners alike

Mission

to achieve goals

- Offer **innovative** product at international **quality** and sensible price
- Becoming the top of mind brand with **winning marketing campaign** and build best-in-class **relationship program** for all stakeholders
- Do business with flexibility and **team spirit**
- Care for the **communities & environment**

5

Core Values
that will lead to goals

01 Consumer-centric

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

02 creativity

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

03 Achievement

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

04 Teamwork

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

05 Sustainability

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

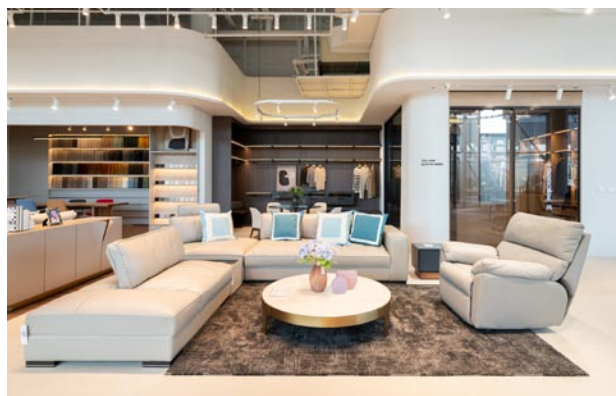


Modernform Group Public Company Limited manufactures and distributes office, home and kitchen furniture. We also import accessories to be assembled as furniture and home and office decoration items. The Company has enjoyed a healthy growth for more than 4 decades.

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 knock down furniture manufacturer in 1980. The Company was listed in the Stock Exchange of Thailand in 1992.

There are 7 subsidiary companies and associated companies under Modernform Group Public Company Limited as of December 31, 2022, 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
- Workscape Company Limited
- Built Dee Company Limited
- Lesmo Company Limited
- Charoensup Kamlung 3 Company Limited or MOTIF



- **Short-Term Goals**

Modernform's goal is to grow sustainably and to be one of the most favorite brands for customers. These goals are executed through the following main strategies for the company's success.

1. Unique "Customer First" Marketing Strategy:

- A consumer-centric strategy to create valuable experiences by offering fulfilled living to customers through the "Sensible Solution for Modern Lifestyle" concept.
- Collaborative marketing to reach out to new groups of customers or to co-create new experience in order to respond to customer's desires while distinguishing the Modernform brand from competitors'.

2. Technology & Innovation for Customer's Great Experience:

- Technological and digital transformation is introduced in operation processes or new innovations to reflect evolving business environments. This transformation encompasses three dimensions of business processes, corporate culture and customer experience.
- Developing business innovations through improvement of quality control, reduce and recycle and responsible innovation development of eco-friendly, healthy and safe products that benefit the society and the environment.

3. Adding Values to Customers and the Lean Management

- Increasing the efficiency of organization management through a lean management process as well as through adaptability that welcomes ongoing development. This is done through analysis of customer's needs, re-configuration of the production process, shortening of the production time and delivery of goods and services that embody the best quality.

4. Sustainable Development & ESG

- Incorporating the principle of sustainability as part of business strategies as well as into work processes throughout the entire value chain where the interest of stakeholders is taken into account and attempts are made to balance economic, social and governance dimensions on a journey to become a sustainable brand.

- **Long-Term Goals**

Furniture Business

- Modernform aims to bring the organization and business towards sustainability where the goal is to be a leader who offers innovations that respond to customer's true needs and to be No. 1 favorite brand. This can be achieved by delivering quality products that meet international standards and furniture that focuses on sophisticated designs with functionality to fulfil modern lifestyle as well as by researching for innovation that benefit the society through responsible designs for long-term health, green products and competent workforce collaborating for a long-term business success.

**Investment in
Other Businesses**

- Modernform eyes investment opportunities in other businesses that will strengthen long-term stability by expanding footprint in to in-trend projects, health and healthcare businesses and innovation businesses focusing on lifestyle, work and home & living of today's generation.

- **Significant Changes and Developments**

Year	Significant Development
2019	<ul style="list-style-type: none"> • 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, Sliver 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 5 institutions for its 3 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.

Year	Significant Development
2022	<ul style="list-style-type: none"> Modernform has invested in MOTIF, which imports furniture items and luxury decorative products from overseas. MOTIF's registered and paid-up capital is Baht 20 million, divided into 200,000 shares at Baht 100 par value per share. Modernform currently holds 60% of its registered and paid-up capital totaling 120,000 shares. The total investment value in MOTIF was Baht 108 million. 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 a total of Baht 3.75 million to Rafa Associates Co., Ltd.'s existing shareholders. It was awarded five 2021 design awards from 5 institutions for its 3 products, namely, the GOOD DESIGN Award, the Golden Pin Design Award, the Good Design Award and the DNA Paris Design Award; and was shortlisted in the Industrial Design category by the SKY Design Awards. A new showroom "modernform FORTY 9" is open at the heart of Sukhumvit 49 under the concept of the "House of Fulfilled Living" as we plan to create a space easily accessible to urbanites' lifestyles while delivering homey feeling and uniqueness not found in other showrooms. The "Modernform Rachapruek" showroom in Bangkok West, an area touted to be Bangkok's new CBD, is open under the concept of "western destination for modern living." Four design awards were received in 2022 from the world's four leading design bodies for two products, namely, the iF DESIGN AWARD, the DNA PARIS DESIGN AWARD, the EUROPEAN PRODUCT DESIGN AWARD and the SKY DESIGN AWARD.

In 2022, the Board of Directors considered to review the Company's vision, mission, strategies and business direction including significant policies. The Board concluded that its policies have been appropriate and in line with business operations under the corporate governance. In addition, the Board has had a follow up to supervise implementation according to strategies quarterly and consider the investment policies in other business that benefit the Company's main business.

- **General Information of the Company**

Company Name	Modernform Group Public Company Limited
Head Office Location	699 Srinakarindr Road, Phattanakan, Suanluang, Bangkok 10250
Type of Business	Manufacturer, importer and distributor of finished furniture to distribute both in domestic and foreign countries including import furniture accessories 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, 2022)
Paid Up Capital	750,000,000 Baht (as of December 31, 2022)
Class of Shares	750,000,000 ordinary shares
Par Value	Baht 1 per share

1.2 Business Operations of the Company

1.2.1 Revenue Structure of Different Business Groups

The revenue structure for the years 2020 to 2022 from the operations of the Company, 3 Subsidiaries can be divided into 4 business groups.

Product Line / Business Group	as follows	Shares (%)	2022		2021		2020	
			MB	%	MB	%	MB	%
Furniture Business	Modernform Group Public	-						
- Office furniture and residential furniture	Company Limited		1,602	66	1,661	69	2,133	71
- Furniture fittings: composite stones, carpet tile and engineering wood			390	16	353	14	387	13
Space Rental and Service	Modernform Tower Co., Ltd.	100	82	3	83	3	89	3
	Modernform Group Public Company Limited*	-	3	0	3	0	1	0
	Modernform Health & Care Public Company Limited**	95	14	1	15	1	15	1
Health Care**	Modernform Health & Care Public Company Limited	95	305	13	246	10	269	9
Architectural Design and Construction	Rafa Associates Co., Ltd.***	75	-	-	16	1	30	1
Miscellaneous****	-	-	36	1	47	2	74	2
	Total		2,432	100	2,424	100	2,998	100

Notes * 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.

*** In October 2021, the Company disposed the total investment in Rafa Associates Co., Ltd.

**** 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

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:

- **Office Furniture**

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.

Covid-19 has transformed office work and the use of office space. Conventional work formats are yielding to home office and hybrid office, which induces customer to buy ergonomic chairs and height-adjustable desks for their homes. This year, Modernform has launched ergonomic chairs and adjustable sit-or-stand desks where designs and functionality have been developed to respond to diverse needs of consumers. They are warmly received by the market.

Aside from product development, we also underline service development. The "Workplace Planning Solution" service has been launched to listen to customer's wishes in order to come up with designs and space management that reflect user's behaviors. Focus is also made on maximized space allocation where user's behaviors and how his/her work patterns interact with furniture are scrutinized to enhance work efficiency, living quality, health and wellbeing as well as workplace satisfaction. These are changes that Modernform embraces in order to come up with innovative products and services to respond to evolving consumer's tastes.

Customer Group of Office Furniture

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.
Retail and E-commerce Group	Due to COVID-19, the Company set up a policy to serve directly its retail customers and consumer through showroom channel, a push strategy, for example, a new showroom in concept of new lifestyle showroom located at Sukumvit 49 and a new showroom at Ratchapuek, the west of Bangkok, for customer group at the outskirts of Bangkok. In addition, online channel is another strategy for serving a customer group who likes convenient and fast shopping. These strategies help truly fulfil the customers' life.

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 special assistance and recommendation from professional designers who can give unique designs and new innovations, resulting in clean layouts, quality materials and functional usage. As a result, the furniture helps reflecting user's character as they can choose various combinations to accommodate their distinctive lifestyle.

Customer Group of Residential Furniture

User Customers	Homeowners such as owners of single-detached house, townhouse and condominium from middle- to high-income ranges.
Large Customer Group	Designers, architects, contractors and real estate and condominium developers are a group of customers that continue to grow over the years; they usually order in bulk.

3. Furniture Accessories and Decorative Products (Modernform HDP)

These products which are our main business and which make us unique from others are mainly imported from many leading countries such as German, Italy, Switzerland, England, Denmark, etc. for Modernform's furniture production and distribution to other local furniture producers including retail customers.

Furniture Accessory	Furniture Hardware	Cover and Flooring Material	Others
<ul style="list-style-type: none"> Handles and pull handles of Furnipart and Confur brands Hinges of Grass and FGV brands Drawer rails of Grass and FGV brands Knock-down accessories of Italiana and Titus brands Kitchen basket accessories of the Peka brand Aluminum Frame of the Confurn brand 	<ul style="list-style-type: none"> House brand named "Home" International Brand such as Linea Cali and AGB Sliding doors under the Koblenz and Cinetto brands 	<ul style="list-style-type: none"> Synthetic rock under the Hi-Macs brand Marble and composite quartz under the Verona Stone brands Flooring materials such as carpet under the Interface brand Luxury vinyl tile (LVT) under the Floover and Interface brands Outdoor wooden deck under the M Deck brand 	<ul style="list-style-type: none"> Ready-made doors and fireproof hardware under the ReadyDor brand Interior materials for lift of the m-decor brand Solar Rooftop

Customer Group of Furniture Accessories and Decorative Products

B2B Customer	<ol style="list-style-type: none"> Large project customers who collaborate with designers and developers where sales are from products sold directly to these projects; they range from housing estate to hotel, hospital, office and condominium project. Furniture factories where furniture accessories are sold to leading furniture makers. Contractors to whom accessories are directly sold for use in interior decoration and built-in furniture. Distributors and retailers where furniture accessories, hardware and kitchen storage are sold to building supply and decorative product retailers nationwide.
Retail and E-commerce Group	For retailers and e-commerce customers, Modernform sells products through own showrooms in a form of B2C. E-commerce platforms are another channel to reach new groups of consumers in a move to expand our customer base as well as to respond to current trends where homeowners prefer to choose home accessories themselves.

- **Real Estate Business**

1. **Rental and Service Business**

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. **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.

Marketing and Competition

Marketing and Competition Competitive Environment

In 2022, the world started to see economic-stimulating measures introduced in several countries to boost their economic activities while several re-opened borders following the ease of Covid-19 control mechanisms. Thailand witnessed a gradual economic recovery thanks to support to stimulate the private sector's economic activities, leading to a recovery both in the service sector and an ongoing expansion in the manufacturing sector. However, there remained risks and uncertainties ranging from new Covid-19 variants to vaccine efficiency and a chronic shortage of supply in the manufacturing sector throughout 2022, all of which have led to increasing production costs.

The property market from Q4/2022 to 2023 did experience a gradual recovery, which led to a gradual growth of the furniture business in large-scaled residential and hospitality projects that in turn gradually revived the property market. Most demands remain in the market of condominiums priced lower than Baht 3 million while low-rise property especially single-detached houses within a medium price range between Baht 6-10 million attracts increasing interest. Demands for twin homes and townhouses are negative while growth within the luxurious high-end property remains healthy.

Looking ahead, the housing market in Bangkok and vicinity will continue to expand in 2023 thanks to higher purchasing power, economic recovery and government economic stimulus campaigns such as reduction of the property transfer and mortgage fees and the expansion of public transportation. This however will be countered by rising inflation, higher interest rates, soaring household debts and rising housing prices due to higher construction costs, which may translate into a gradual recovery of the property market.

The office furniture market for large projects is set to expand as several new office buildings commanding more than 1 million square meters in downtown and midtown areas are ready to open. Due to Covid-19 which transforms the way we work, most offices embrace hybrid workstyle, which leads to a re-design of office layouts. Furniture makers are required to offer diverse types of furniture that can answer to these needs as well as manufacturing flexibility to make furniture that conforms to layout changes to suit different uses. Furniture should not only enable activities to take place without fuzziness but it should also save space, answer to health concerns and reduce long-term work-related injury.

The prospect for residential furniture is brighter thanks to the economic recovery following the full re-opening of the country, ease of Covid-19 control measures, strong purchasing power of medium and high-ended consumers, a growing number of city dwellers and urbanites and a long-term Work From Home (WFH) policy implemented by several companies. All have induced consumers to decorate their homes to suit specific work demands. Yet the market may be affected by high household debts and rising inflation, which should make consumers cautious when it comes to spending. Meanwhile,

production costs of furniture tend to rise as raw materials become more expensive. As products in the market are somewhat similar while the market is crowded by a large number of players, competition in the business will remain intense. As a result, solution products are an important answer. Post Covid-19 market also sees a sharp drop of online sales as consumers return to retailers and showrooms following the re-opening of the country.

Marketing and Competition of the Company		
	Project Customer Group	Retail Customer Group
Customer Target	70% <ul style="list-style-type: none"> Large project clients such as office, residential condominium, single-detached home and townhouse, hotel, hospital, government office, education institution and state-owned enterprise where sales are made through designers, architects, interior decorators or project owners. 	30% <ul style="list-style-type: none"> Retail customers visiting showrooms. Retail customers from e-commerce in all age ranges and gender groups.
Strategy	<ul style="list-style-type: none"> Focusing on sales of highly-competitive products that can generate profit. Focusing on new groups of customers such as those in a growing business who keep opening new branches, for instance, an auto showroom business. New collaborations with business partners such as office building landlords in prime locations where new products and offices are offered to lessen tenants' burden in a one-stop service. Offering products that the market needs at a competitive price while still making reasonable profit. Building product and service awareness through ongoing communication with target customers before expanding to potential customers. 	<ul style="list-style-type: none"> Classifying target customers based on their characters rather than age to offer the right products. For instance, the Double Income No Kids (DINK) customers are looking for products that really meet their needs. Other groups include the SHEconomy (single professional women) and senior citizens. The "accessing and fulfilling" strategy that focuses on producing and offering right products to fulfil customer's wishes.
Distribution and Channel	<ul style="list-style-type: none"> Focusing on sales promotion policies through various co-promotion and co-marketing formats to match with promotion campaigns done by real estate developers. Introducing the CRM application to manage data, control and enhance product and service quality that respond to individual need for better customer relation management (CRM). 	<ul style="list-style-type: none"> The new modernform Forty 9 showroom at Sukhumvit 49 represents Modernform's endeavor to bring the Modernform brand right to the heart of Bangkok through a lifestyle community with cafes and restaurants in the same premise to offer difference. In addition, the new Rajapruk showroom is our attempt to bring the brand to those living in suburb as Rajapruk is attracting new housing estates and other projects.

Communication and Engagement

- Collaborative marketing with a specific project or designer to create special products for marketing purpose.
- Participating in sales promotion activities of suppliers both in innovation and social and environmental projects in education and healthcare areas.

- Developing a customer database platform and a loyalty program to collect data and maintain rapport with customers.
- Training salespersons as a true lifestyle consultant and not merely an ordinary sales representative where they can solve problems to customers, create differences and increase customer satisfaction.
- Organizing events to educate consumers on a regular basis.

Competitive Potential Development

- Developing new products for the property market that capture the needs of specific consumers such as senior citizens and health-concerned buyers as well as developing green products based on the Well Standard and the Leed Standard. Well Standard and Leed Standard
- Developing smart home products using smart home technology and home automation items.
- Developing products that solve hybrid workplace needs.
- Introducing digitalization in planning, sales and transportation activities to create customer's best experience.

- Adding functionality to products especially those that help relieving health concerns.
- Adapting office furniture into home office furniture
- Developing eco-friendly furniture design innovations for social and environmental benefits; taking part in design competitions at the international level.
- Incorporating high-quality accessories into furniture to build products that enjoy the same quality standard as imported brands.
- Enhancing the e-commerce customer order system by introducing automation to reduce paperwork and improve transportation by 70%
- Introducing digitalization to fully manage customer data and a loyalty program.

Product and Service Procurement

Raw Material Procurement

Modernform Group manufactures and install furniture products for office, home and kitchen. The main and important raw materials of furniture production are as follow;

Modernform: Production 1

	Type of Raw Material	From	Utilization Rate
Wood, Surface/Cover Material and Cover Edge Materials	To be main materials for making furniture such as desk, cabinet, closet and bed	Domestic manufacturers	42%
Steel and Aluminum	To be used as an accessory item for the furniture as a table leg or a table beam to accommodate a table top or a shelf	Domestic and international manufacturers	24%
Accessories	To be supporting materials used in furniture assembly such as screw, nuts and bolts, hinges and keys for the furniture's aesthetic look	Domestic and international manufacturers	25%
Chemical	Refers to acetone, tinner and alcohols as well as glue used in surface covering and corner covering work.	Domestic manufacturers	5%
Packaging	Main packaging including paper boxes and corrugated boxes	Domestic manufacturers	4%

Modernform: Production 2

	Type of Raw Material	From	Utilization Rate
Steel	<ul style="list-style-type: none"> Steel sheet and structural steel for structural work, main table, desk, chair, sofa, cabinet Stainless steel for beautiful surface furniture, main table, desk, chair and sofa Aluminum for frame, cabinet door, screen and petition 	Domestic manufacturers	22%
Leather and Fabric	<ul style="list-style-type: none"> Genuine leather made to order as specified by the Company Artificial leather made to order as specified by the Company and its color, pattern and format selected by customers Fabric selected as usage or customer needs 	Domestic and international manufacturers	22%
Wood	<ul style="list-style-type: none"> Hard wood for use in making table, desk, chair, sofa, bed and cabinet Interlocking wood for large-scaled work with unique form Plywood, MDF and PB wood for shaping work, chair, sofa, table, cabinet and bed Veneer wood and HPL 	Domestic and international manufacturers	12%
Accessories	<ul style="list-style-type: none"> Plastic including injected plastic, wheels and back rest Shock Absorber, recliner spring, nuts and bolts 	Domestic and international manufacturers	11%
Others	<ul style="list-style-type: none"> Paint, glue, tinner Machinery, Consumable Stone material, Glass Plastic, sponge, natural rubber, synthetic fiber 	Domestic and international manufacturers	33%

Costs of these major raw materials will vary according to oil prices as well as their supply and demand. This especially applies to the costs of wood, steel and aluminum, which are main raw materials and accessories for our products. For the year that ended December 31, 2022, Production 1 and 2 imported 12.14% and 12.74% of all raw materials from overseas, respectively, out of the total raw material values used in the production lines. Raw material prices usually fluctuate in tandem with foreign exchange rates and oil prices.

Modernform has an amicable relationship with raw material distributors over the years and maintains relationship with various distributors to avoid material shortage or significant pricing increase. In addition, a meeting is periodically held to exchange information involving new technology, industrial trends and marketing information as well as to discuss potential business collaboration.

Modernform is in a constant search for distributors of high-quality raw materials. It also seeks renewable sources of raw materials, implements technology to constantly reduce production costs and maximizes the use of required raw materials by seeking efficient means to use wood and wood waste to express social and environmental responsibility.

Results of Maximizing the Use of Wood and its Waste in the Production Process:

	2020	2021	2022
% of wood reduced in the production of the entire year based on manufacturing formula of the Opti-Planning* program and Production 1's internal control procedures.	12.37%	9.17%	11.28%

* Opti-Planning is a project that enhances planning technology; it calculates how wood should be cut for optimization as part of a transition of the production process from Industry 2.0 to Industry 3.0.

Modernform interacts with several raw material distributors. As of end of December 31, 2022, purchasing orders from the first top five raw material distributors were:

	Top 5 of Distributors	% of Purchasing Volume
Production 1	Distributor No. 1	10.38%
	Distributor No. 2	9.17%
	Distributor No. 3	6.31%
	Distributor No. 4	3.50%
	Distributor No. 5	2.17%
Production 2	Distributor No. 1	7.64%
	Distributor No. 2	6.05%
	Distributor No. 3	5.70%
	Distributor No. 4	4.86%
	Distributor No. 5	3.25%

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

	Currency	2020	2021	2022
Production 1	Baht	93.72%	88.78%	87.86%
	US Dollar	6.28%	11.22%	12.14%
Production 2	Baht	93.72%	88.78%	87.26%
	US Dollar	6.28%	11.22%	12.74%

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.

Product Sourcing from Vendor or External

Production Plant

Name	Location	Year of Established	Products
Modernform Group: Production 1	33/2 and 33/5 Moo 7 Bangna-trad Highway, Tambon Bangchalong, Amphoe Bangplee, Samutprakarn 10540	1978	Office furniture, Home furniture and Kitchen furniture made of wood
Modernform Group: Production 2	P2A: 5 Bangkhuntien Road, Kwang Sa-Mae-Dam, Khet Bangkhuntien, Bangkok 10150	1986	Office furniture, Home furniture such as chair sofa, desk, coffee table, side table, cabinet and screen partition
	P2B: 622 Bangkhuntien Road, Kwang Ta-Kam, Khet Bangkhuntien, Bangkok 10150	1990	

Production Capacity

Production	Maximum Production Capacity as of 31 December 2022 (Units/Year)	Capacity Utilization Rate (for the year as of 31 December)		
		2020	2021	2022
Production 1	141,544.00	89.8 %	77.8%	88.47%
Production 2	76,210	84%	88%	67%

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 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.
- Energy Management: 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.
- Green Industry (GI) Level 3 - Department of Industrial Work accredited Modernform on July 21, 2022.

Assets Used in Business Operations

Fixed Assets (as of December 31, 2022)

Type of Assets	Area/Rai/ Number of Rooms	Usable Area/Sqm.	Ownership	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	429.06	250.25	178.98	Mortgage with BBL (Partial) 159 MB
2. Land and Building No.1 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 10150	5.2	9,000	Owner	29.27	25.81	3.46	Mortgage with 29 MB KBANG
4. Land and Building No.4 622 Bangkhuntien Road, Kwang Ta-Kam, Khet Bangkhuntien, Bangkok 10150	6.0	10,000	Owner	74.44	62.83	11.61	-
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	46.54	11.93	34.61	-
Machines							
1. Machines for Production 1, 2	127			220.75	165.54	55.21	
2. Machines for Production 3,4	265			105.42	104.32	1.10	
3. Machine for Warehouse LG 19/28 19/28 Moo 7, Bangna-Trad Rd., Tambon Bangchalong, Amphoe Bangplee, Samutprakarn	1			0.98	0.98	0.00	
Other Assets				840.37	608.34	232.03	
Total Assets				1,747.00	1,230.00	517.00	

Note : Assets used in business operations consist of land, building and equipment - net and intangible assets - net

Intangible Assets

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



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 2022, the Company has recorded the deposits amount 261 million baht of total order amount 1,665 million baht which is undelivered orders to customers.

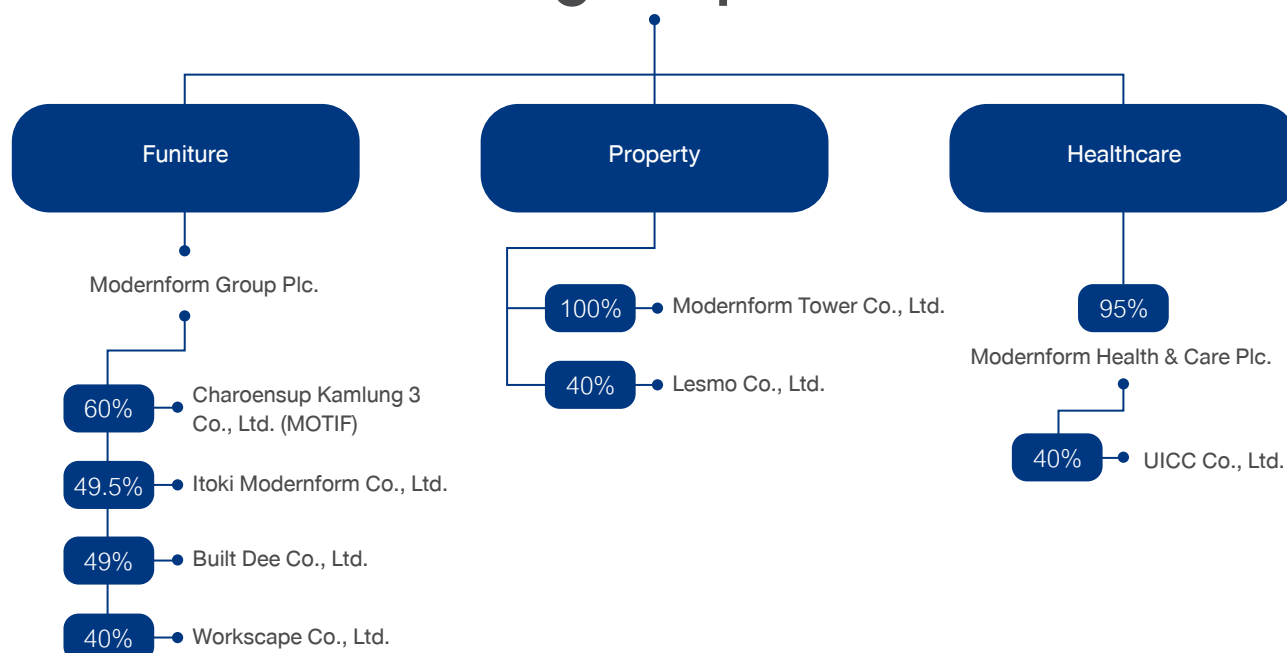
1.3 Shareholding Structure of the Corporate Group

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.

modernform group



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 for rent and service facility
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 per share
% of Shareholding	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:	15 May 2018 (Transformed)
Type of Business	Health care business
Registered Capital	230,000,000 Baht
Paid-up Capital	150,000,000 Baht
Type of Shares	300,000,000 of ordinary shares
Par Value	0.5 Baht per share
% of Shareholding	95%

3. Charoensup Kamlung 3 Company Limited

Villa Fourteen, Floor 3, Room No.3B, 18 Soi Sukumvit 14, Kwang Klongtoey, Khet Khongtoey, Bangkok 10110

Date of Registered:	4 June 1980
Type of Business	Import and distribute luxury brand furniture and decorative accessories from international countries
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 per share
% of Shareholding	60%

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	Import and export 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 per share
% of Shareholding	49.5%

2. Built Dee Company Limited

33/2 Moo7 Tambon Bangchalong, Amphoe Bangplee, Samutprakarn 10540

Telephone 0-2191-6999

Date of Registered:	3 March 2020
Type of Business	Manufacture and sell fit-in furniture including interior and decoration contractor for office buildings, hotels, condominiums and residential houses
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 per share
% of Shareholding	49%

3. Workscape Company Limited

51 Moo5, Bang kruai-Tsainoi, Tambon Srithong, Amphoe Bangkruai, 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 per share
% of Shareholding	40%

4. Lesmo Company Limited

89/2 Soi Phaholyothin 5, Phaholyothin Rd., Phayathai, Bangkok

Telephone 064-636-4515

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 per share
% of Shareholding	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, Bangkok Bangkok

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 per share
% of Shareholding	19%

The Company's Shareholders

Top 10 shareholders according to the book closing date as of December 30, 2022 are as follows:

	Name	Number of Shareholding	% of Paid-Up Capital
1.	Mr. Thaveechat Jurangkool	55,529,800	7.40
2.	Mr. Nattapol Jurangkool	51,067,100	6.81
3.	Group of Mr. Yothin Nerngchamnong	44,481,420	5.93
4.	Mrs. Chuleewan Vivaddhanakasem	34,101,840	4.55
5.	Group of Mr. Bancha Dhammarungruang	32,807,000	4.37
6.	Mr. Kavivud Nerngchamnong	27,504,000	3.67
7.	Mr. Thaksa Busayapoka	24,446,000	3.26
8.	Mr. Ongart Dumrongsakulwong	22,000,000	2.93
9.	Mr. Apiroom Punyapol	20,506,900	2.73
10.	Dhipaya Insurance Public Company Limited	19,511,600	2.60

Name of Shareholders

Name	Relationship	Number of Shareholding	% of Paid-Up Capital
Group of Mr. Yothin Nerngchamnon			
1. Mr. Yothin Nerngchamnon	Spouse Son Son	26,989,420	3.60
2. Mrs. Kirana Nerngchamnon		6,042,000	0.81
3. Mr. Niti Nerngchamnon		6,320,000	0.84
4. Mr. Sithi Nerngchamnon		5,130,000	0.68
Total		44,481,420	5.93
Group of Mr. Bancha Dhammarungruang			
1. Mr. Bancha Dhammarungruang	Spouse Father Mother	6,700,000	0.89
2. Ms. Paweena Jiwutcharanukul		6,000	0.00
3. Mr. Jajjai Dhammarungruang		26,100,070	3.48
4. Mrs. Kritiyanee Dhammarungruang		930	0.00
Total		32,807,000	4.37

1.4 Registered Capital and Paid-up Capital

As of December 31, 2022, the Company has registered capital of 809,646,280 baht, consisting of 809,646,280 common 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 11, 2022 (the day of the registration book closing by the Company for reporting the "Distribution of ordinary Shares Report Form" to SET) amounted to 4,579 shareholders, equivalent to 81.82% 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)	% of Net Profit
2022*	39.0	-	0.06	0.06	120.0
2021	88.08	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

* The Board of Directors' Meeting No. 1/2023 held on February 27, 2023 resolved to pay Baht 0.06 per share to shareholders as the 2022 dividend. Payment will be made in May 2023. This will be proposed to the AGM No. 1/2023 to be held on April 20, 2023 for approval.



2.1 Risk Management Policy and Plans under the Risk Management Framework

Modernform realizes that systematic and efficient risk management will facilitate its business management and supervision so that it can achieve its goals in a sustainable manner. Risk management will also enhance opportunities to add business values in time for rapid changes taking place within today's business environment. To ensure that its risk management effectively evolves to minimize business losses, Modernform underlines the importance of risk management under the supervision of its Risk Management Committee carried out within the framework of the Committee of Sponsoring Organization of the Treadway Commission (COSO). The Board, executives and all staff give priority to risk management when setting strategies and making operation plans and processes to keep risk within an acceptable level and to achieve goals set by the company with confidence.

Risk Management Plan

- **Structure and Responsibilities**

The Risk Management Committee is appointed by the Board of Directors to help oversee enterprise 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 Role

This involves risk owner departments, the management and employees who shall evaluate the potential risks, issue preventive and control measures, manage them and prepare effective risk management reports.

2nd Role

This refers to the Risk Management Committee, which supervises to ensure that the Company is equipped with an adequate risk management process based on required standards.

3rd Role

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 Risk Management Committee establishes both short- and long-term risk management strategies as a basis to set up a system that will efficiently manage corporate risks. Risk management working committees in various departments such as product management, production process, project management and IT have been established to manage risks perceived as significant threats to the business, namely, strategic risk, operation risk, financial risk, compliance risk and other risks that may affect prominent business goals. Risk management processes and methods are systematically established.



2.2 Risk Factors for the Company's Business Operations

Risk Management System of the Entire Organization

To manage corporate risk, the goal is to be able to quickly adapt to complexity and volatility posed by rapid changes in today's world. That's why we feel the need to remain agile while effectively implementing integrative strategies where risk management strategies can be applied organization wide. Directors, executives and employees, who are jointly responsible for risk management, must be aware of risk factors affecting the management. Standard and reliable tools and practices are implemented to establish confidence in the adequacy of Modernform's risk management process, one of which is the COSO Enterprise Risk Management framework. Its components are:

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 Management 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 Management 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.

Scope of Risk Management

Risks are managed on the basis of policies and criteria implemented by the company and its subsidiaries under the responsibility of staff at all levels ranging from directors to executives and employees.

Risk and Risk Management of the Company

Strategic Risk

Detail	Risk Management Process
<p>This refers to risk from economic recession following the global economic slowdown and the weakening property market which has not been fully recovered. This inevitably affects our main strategies because our project customers, which are property firms, delay their delivery while expansion is contracted due to declining purchasing power within the business sector and delayed purchasing decisions by consumers.</p>	<p>Since our customers are large companies who are able to continue buying while our clientele base is diverse enough as we sell products through designers, architects, interior decorators or project owners, we manage to expand our sales growth annually. Yet we underline the importance of long-term risk management and so far have managed our strategies to keep the risk at bay. Details are as follows.</p> <ul style="list-style-type: none">• Modernform strengthens its business fundamentals by investing in additional businesses. An income structure of the company itself and of subsidiaries reflect a number of income-generating businesses ranging from office furniture to residential furniture, furniture accessories and decorative products, healthcare furniture and medical equipment and office building. Besides, we also enjoy incomes from associated companies. This helps reducing impact from having to rely on a single business.• Modernform adds distribution channels so consumers can directly access our products and services through online platforms. We underline the importance of digital marketing by effectively managing customer data and communicating through social media and a management system.• Modernform has expanded showrooms by effectively managing existing branches and adding new showrooms in potential locations to widen consumer access to our products.

Detail	Risk Management Process
<p><u>Risk relating to raw materials and costs of goods.</u></p> <p>2022 was a challenging year for most businesses as costs of materials continued to rise together with record-high oil prices which rose rapidly within a short period of time due to various pressure factors, leading to a chain-reaction price hike in other goods and services. This in turn signaled businesses to take care of their cost management.</p>	<ul style="list-style-type: none"> • Modernform has a policy to use high-quality raw materials sourced locally. While pricing was volatile and aggressively increased, yet with several factories offering raw materials, we were able to minimize our risk by comparing prices from several suppliers. In addition, since we buy in bulk, we were able to negotiate with manufacturing factories for the best possible price. We are considering a joint venture with raw material manufacturers especially when such materials are critical for our products. • Modernform continues to monitor raw material prices. Accessories required for the manufacturing of furniture such as coating materials, hinges, handles, drawer rails, keys and other knock-down parts are imported from overseas where prices fluctuate based on manufacturers and exchange rates. However, since we are a direct importer and we order in bulk, we have high bargaining power to receive discounts from foreign exporters. We are informed several months in advance of price adjustment, which is enough to adjust our costs and sales prices. Besides, we periodically conduct currency hedging to minimize currency risk. • Modernform manages energy to minimize risk from higher operating costs. Part of the costs associated with our manufacturing process comes from electricity consumption. In 2022, we invested in a solar rooftop system after a long-term cost-effectiveness evaluation to increase the use of renewable energy and to reduce costs. An integration plan between cost management and production process is also established to reduce production loss and to systematically minimize production costs and expenses.
<p><u>Risk from the Operation of Subsidiary and Associated Companies</u></p> <p>Subsidiary and associated companies may pose an operational risk when they fail to generate profit anticipated by Modernform or when they miss their operation goals, which means Modernform's investment in their companies will be subject to an investment risk if their performances are off the target.</p>	<ul style="list-style-type: none"> • Modernform minimizes this operation risk by having its directors sit at a board of subsidiary and associated companies to safeguard shareholders' interest. So far, our investment returns from subsidiary and associated companies have been strong. • The Internal Audit Department establishes its annual audit plan to audit and assess risks in subsidiary and associated companies to ensure risk management and internal audit adequacy so that operation can meet the target.

Financial Risk

Detail	Risk Management Process
<p><u>Risk from financial management</u></p> <p>A declining growth rate may jeopardize the company's financial ratios.</p>	<ul style="list-style-type: none"> Modernform has prudently managed its expenses by keeping the debt to equity ratio low and by maintaining liquidity to accommodate economic volatility. In 2022, our financial liquidity was good with enough cashflow to handle the growth of our business. Financial management in terms of incomes-expenditures and receivables-payables remained healthy and therefore effectively minimized effects to the overall operation.
<p><u>Risk from foreign exchange rate</u></p> <p>Local economic factors, finance and fiscal policies, the global economy and market speculation all contribute to high volatility in the financial market and pose risks to the import-export sector. Modernform is also exposed to the exchange risk.</p>	<ul style="list-style-type: none"> The Company manage this risk by buying forward contracts of no more than six months. Yet to do so, we review situations and opportunities to leverage potential risks and exchange rate gains.
<p><u>Risk from receivable-related credits</u></p> <p>Under the current economic condition, debtors are likely to default payments since most businesses suffer from illiquidity, which significantly jeopardize their survival. Some of them may be our customers.</p>	<ul style="list-style-type: none"> Our policy is to prudently extend credits to minimize debt loss. We have no policy to extend credit to retail customers who are required to pay in full before a product is delivered. For project clients, we require a down payment before a product is made. In addition, we conduct credit review and request for guarantee in the case of new customers depending on their financial statements. For existing customers, we closely monitor the situation to minimize potential risks, shorten a payment collection period as well as constantly assess each business's debt payment ability.

IT Risk Management

Detail	Risk Management Process
<p>IT development is a critical process to help an organization manage its data for decision-making purpose or for resource planning, manufacturing, delivery and office management to create values to the business. Yet IT innovation changes rapidly and may have immense impacts to the business if not intervened by proper IT risk management in a timely manner.</p>	<ul style="list-style-type: none"> • Modernform is aware of timely IT risk management to keep up with innovations and changes. The IT risk management policy must be regularly updated while the IT security policy must be established and updated to reflect ongoing changes for maximum efficiency. • Modernform assesses the IT system's efficiency and readiness for implementation, which is strictly controlled, especially when organization structure, operation procedures or work processes that may pose threats to the IT security are changed or updated.

Social and Environmental Risk

Detail	Risk Management Process
<p><u>Social Risk</u></p> <p>Modernform's business especially our manufacturing process or even our delivery service could pose health and safety threats to internal and external operators or to neighboring communities.</p>	<ul style="list-style-type: none"> • Being aware of health, safety and environment of our staff and those working at our premises, Modernform focuses on safety measures by adhering to the HSE standard. We implement the ISO 14001: 2015 environmental management standard to enhance environmental management for sustainability. We are accredited by Ministry of Industry as a Green Industry Level 3. Assessment and review are periodically made for ongoing enhancement.
<p><u>Environmental Risk</u></p> <p>Impact from climate change to product design and procurement, noise from the manufacturing process, dust, chemicals, heat, waste and trash may all pose health and safety threats to our staff and cause pollution to surrounding communities.</p>	<ul style="list-style-type: none"> • To be responsible for the society, surrounding communities and consumers, Modernform underlines the importance of social and environmental development. A working committee to manage energy and the environment has been established to set up practices and monitor environmental management activities inside and outside factories. The working committee also integrates risk management and production process development through the 3R concept of Reuse, Reduce and Recycle to minimize production waste, reduce material loss and cut waste treatment costs. The production process is improved by reducing water and energy consumption especially electricity. We start developing a solar-energy project by installing solar panels at factory and building rooftops to reduce electricity consumption. We also improve the production process to reduce dust and odor as well as to systematically manage waste while continuing to measure and monitor these activities.

Compliance Risk

Detail	Risk Management Process
Compliance risk may occur due to frequent changes in legal and regulatory provisions. Modernform has to be cautious to avoid non-compliance, which may lead to legal penalties as a direct impact and also jeopardize our reputation and brand as an indirect impact.	<ul style="list-style-type: none">Realizing the importance of compliance risk, Modernform requires supervisory units, namely, the Company Secretary, Legal Department, HR Department and related working committees such as the PDPA working committee and responsible persons in each department to monitor and report legal and regulatory changes as well as to communicate internally so relevant parties realize their impacts and what must be complied.

Creating Risk Culture

- Modernform encourages employees to learn about risks and how to manage them. A department which supervises risk assessment and monitor the efficiency of its risk management process is the Internal Audit Department where staff are regularly trained for risk management.
- The Internal Audit Department establishes a risk-based audit plan in short and long run to review and minimize the operation risk. Risk-related advices are regularly given to risk owners.
- Modernform organizes internal training for executives and staff of risk-owner departments especially risk management committees to understand and identify risk circumstances and situation risks that may affect the company's business goals for effective risk management.
- The Risk Management Committee supervises Modernform's strategy by paying attention to both internal and external changes that may impact the business. Its main task is to review and ensure that the company's strategy aligns with and reflects evolving technology and circumstances. The Risk Management Committee meets with risk owners from all departments to jointly establish risk management practices and to effectively communicate them for mutual recognition and action.
- The HR Department establishes a plan where risk management is incorporated in its training agenda for employees. It also incorporates risk management as part of KPIs for relevant departments to meet especially in regard to main risk factors they need to manage.

Business Disruption

Detail	Risk Management Process
<p>Modernform may assess factors likely to disrupt the business as follows:</p> <ul style="list-style-type: none">• Disaster risk from flood, blackout and fire.• Risk from cyber threats• Risk from emerging diseases as well as national and global situations that could disrupt the business.	<ul style="list-style-type: none">• Modernform manages this risk by transferring its exposure through insurance bought to cover its main assets to protect itself from damage. Besides, it is aware of the importance of the Business Continuity Plan (BCP) which provides systematic management in case of unexpected circumstances that could disrupt its normal operation. Relevant working committees are tasked to set up an emergency plan and conduct drills to ensure adequate handling. This refers especially to departments proven critical to the operation such as production, finance, IT, HR and building where they are required to prepare an interim plan ready for use in emergency situations.• Modernform also establishes a disaster recovery plan ready for use in an emergency in case its main system is not functioning. This recovery plan can be implemented within a short time and prevent damage to the business as it covers all major departments and production units. The plan is tested annually to ensure its efficiency.

Emerging Risk

Changes in today's world lead to new challenges following uncertainties in various dimensions whether it's about behaviors and attitudes of different generations of consumers, technological advancement and other volatilities and complexities, all of which may pose too many drastic impacts. Modernform feels the need to monitor these new risks, adapt to changes and manage possible risks to create confidence as an organization. New emerging risks are:

Risk from IT Change

Detail	Risk Management Process
<p>Whether it is e-commerce to directly reach out to consumers, access to information via additional channels, Work from Home measures implemented during the Covid-19 pandemic and online meetings, they increasingly expose us to external networks through online connections, which means we are exposed to various forms of cyber security as well as cyber-attacks that become the IT risk.</p>	<ul style="list-style-type: none">• Modernform has updated its IT policy, IT Risk management and safety practices and cyber security risk practices to cover operation of all departments and to require employees to comply with them to minimize the IT risk and to adhere to relevant IT laws.• Modernform has established a mobile device and teleworking policy, an access control policy and an effective authentication process to establish safety and security within the IT system.

Risk from Employee Adaptability to Technology Change

Detail	Risk Management Process
Ongoing technological changes means employees, who are a key element of the company, must learn not only to adapt to these changes but also to effectively exploit them for the company's benefit.	<ul style="list-style-type: none"> Modernform promotes knowledge transfer and a learning process to understand changes and new technologies through internal communication and campaigns to enable staff to adapt and propose new concepts conducive to their roles and responsibilities. This is in line with Modernform's core values focusing on capacity-building. When a new technology is introduced, Modernform organizes a training for staff in relevant departments to facilitate their implementation.

Risk from COVID-19 Explosion Impact to the Company's Operation and Performance

Detail	Risk Management Process
Covid-19 continues to affect the global economy and its effect to the company's business remains highly unpredictable.	<ul style="list-style-type: none"> Throughout 2022, we continued to monitor and assess the Covid-19 situation from news media and measures imposed by the public sector to minimize risk to our business and performance. Measures to prevent and minimize Covid-19 risk in each period were announced for strict compliance by employees. Each working committee, through its representatives and executives, closely monitored the situation and reported it to the HR Department. Ongoing communication was made for everyone to comply with the DMHTTA measure (social distancing-mask wearing, sanitation, hand washing, temperature measuring, virus detection and application installation). A Work from Home measure and online meetings were implemented in response to changing circumstances. Bubble and Seal measures were introduced to manage the risk within an area and at a particular time when proven appropriate. Based on the situation which requires ongoing surveillance, the working committee through its representatives and executives from each department and the HR Department continue to assess this risk for effective management.



3.1 Sustainability Management Policy and Goals

- **Corporate Policy of Sustainability Management**

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.

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.

- **Scope of the report**

Driving business towards sustainability in the interest of communicating performance to stakeholders by connecting operations to respond and in accordance with the Sustainable Development Goals (SDGs) indicates the Company's commitment to operating a business based on social and environmental responsibility and meeting expectations of the stakeholders. The scope of this report illustrates performance in an area that affects the Company's sustainable business operations, and it covers the Company's activities from January 1 to December 31, 2022.



Read SD Policy at
www.modernform.co.th




- Sustainability Management Goals**

Modernform, a leading furniture manufacturer and distributor in Thailand, is committed to conducting business in accordance with the principles of sustainable development. It has been implemented across the organization with the following goals:



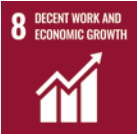

Consistency with SDGs	Operations	Goals 2023	Performance 2023
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Promoting Business Growth (Economic Perspective)

	1. Quality Management		
	<ul style="list-style-type: none"> Project for the development of management software and assistance in drawings and BOM (Bill of Materials) 	Reduce working hours by at least 40%	✓
	<ul style="list-style-type: none"> Project for the development of working drawing standards 	100% apply the same standard throughout the entire organization	✓
	2. Product quality testing and testing of components used in products	Be certified	✓
	<ul style="list-style-type: none"> Accreditation for industrial product standards ISO17025: 2017 of testing laboratories and calibration laboratories. 		
	3. Customer satisfaction evaluation	90%	98%

Consistency with SDGs	Operations	Goals 2023	Performance 2023
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Enriching the Society (Social Perspective)

	1. Staff training	Not less than 6 hours per person	6 hours per person
	2. The bond of employees to the organization as a whole	Not less than 74%	75.2%
	3. Requirements of the company's neighboring communities	No	✓
	4. Social and community activities	Not less than 7 activities	11 activities
	5. accidents that may result in work absence	No	
	6. Claims regarding human rights violations from the company's employees and partners	No	✓
			
			

Preserving the Environment (Environmental Perspective)



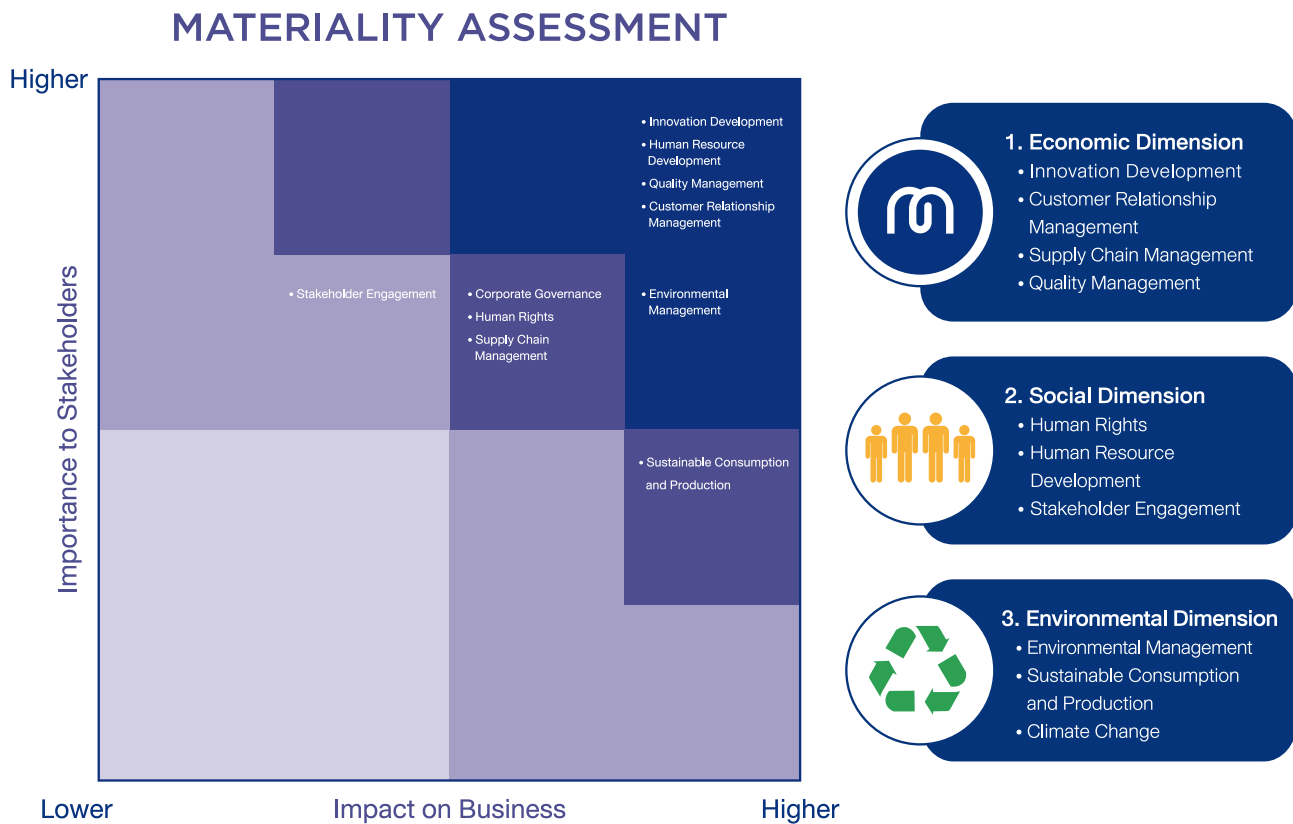
1. Reduce greenhouse gas emissions	20% by 2024	Reduced from 2021 = 3%
2. Environmental management		
• Reduce energy and fuel consumption	10%	Increase from 2021 = 1%*
• Reduce waste	3%	Reduced from 2021 = 6%
• Reduce water usage	10%	Increase from 2021 = 1%**
• Air quality and sound control	Up to standard	✓
• Complaints from the factory's neighboring communities	No	✓
2. Innovation for social and environmental responsibility		
• Develop software for punch card sorting and forming by using CNC machinery	Reduce errors by 20% on average	Reduce errors by 28% on average
• Develop software for the wood arrangement calculation	Reduce the average production leftovers by 10%	Reduce the average production leftovers by 15%
• Design innovation in compliance with the Sustainable Design and Circular Economy concepts	Received not less than 3 world-class design awards	Received not less than 4 world-class design awards

* The volume of fuel consumed increased by 12% in 2022 compared to 2021 when the amount of fuel consumed was reduced because of the COVID-19 pandemic.

** In 2022, water consumption increased in tandem with a 12% increase in output, compared to 2021, when production dropped due to the COVID-19 pandemic.

- **Materiality Assessment**

Having reviewed sustainability issues both in negative and positive effects 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.



- **Sustainability Strategy**

At Modernform, we believe that our duty is not just to provide "Sensible Solutions for Modern Lifestyle." We are also determined to develop a sustainability strategy that covers all three dimensions: economic, social, and environmental. This is driven by our Sustainability Working Team and will be brought into serious practice throughout the organization.

In 2022, the company divided its priorities into three areas: promoting business growth, enriching society, and preserving the environment under good governance, righteousness, and transparency. The goal is to drive the organization to grow strongly and increase long-term competitiveness. The company has analyzed the expectations of stakeholders and important considerations to improve the organization's sustainability strategy. There are ten important considerations to be implemented, with three new important matters added to this list: customer relationship management, supply management, and quality management, which make the organization's growth complete and more inclusive to all stakeholders.

Sustainable and Fulfilled Life



Promoting Business Growth

- Innovation Development for Sustainability
- Customer Relationship Management
- Supply Chain Management
- Quality Management



Enriching the Society

- Human Rights
- Human Resource Development
- Stakeholder Engagement



Preserving the Environment

- Sustainable Consumption and Production
- Environmental Management
- Climate Change



ใส่ใจ
Consumer-centric



สร้างสรรค์
Creativity



มุ่งสู่เป้าหมาย
Achievement



ร่วมกัน
Teamwork



ทำเพื่อส่วนรวม
Sustainability

Corporate Governance

3.2 Management of Impact

on Stakeholders in Business Value Chain

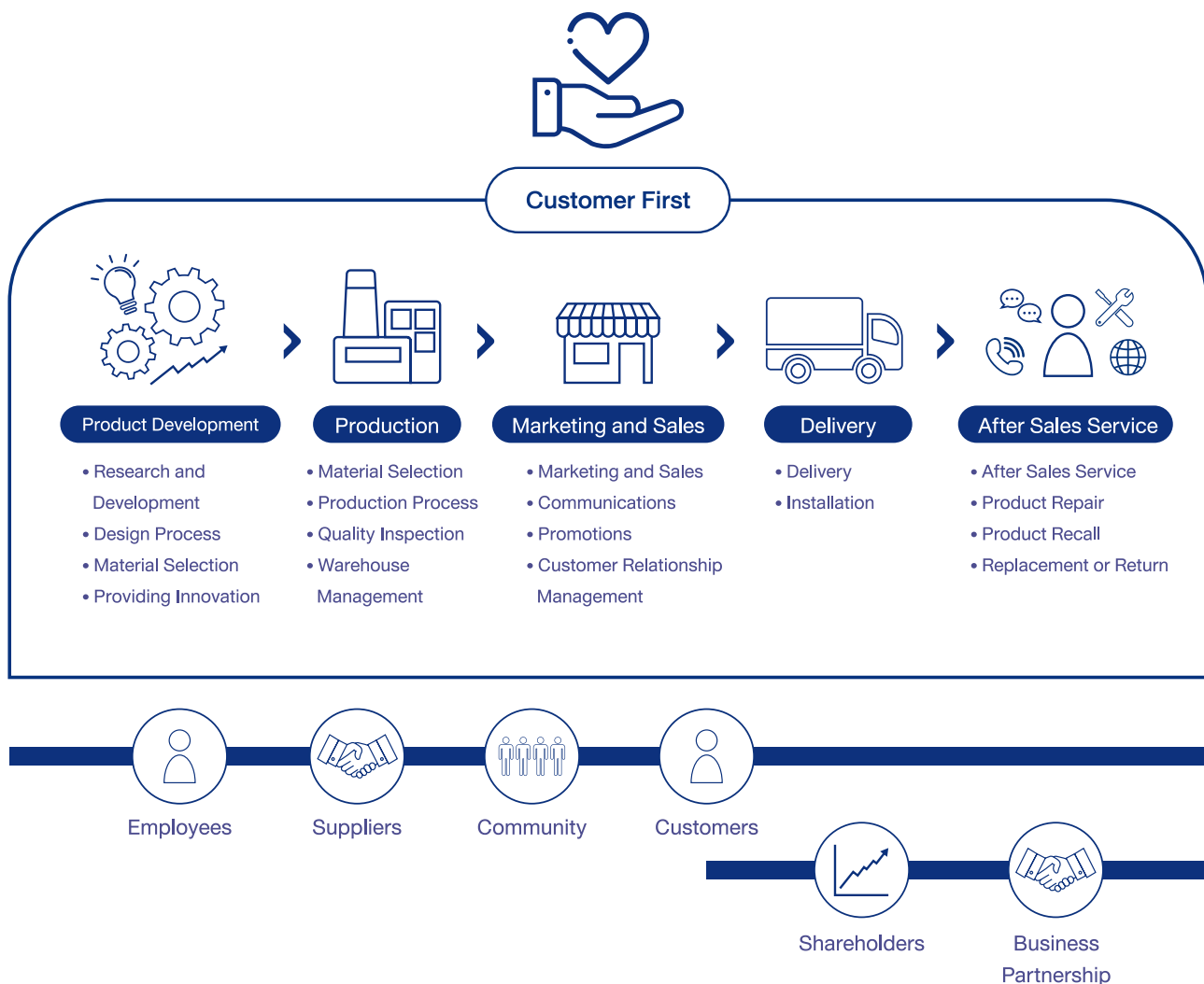
Modernform identified stakeholders considering activities within its value chain consisting of Primary Activities and Support Activities as illustrated.

- 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

VALUE CHAIN ANALYSIS

Value Chain of Modernform



• Analysis of Stakeholders in 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.

Stakeholder Group	Concern and Expectation	Action	Engagement Channel
(1) Employee	<ul style="list-style-type: none"> • Fair remuneration and welfare • Stability and career advancement • Safety at work • Knowledge, skill and career path development • Work-life balance • Labor code compliance • Being treated equally and fairly 	<ul style="list-style-type: none"> • Allocate fair, appropriate, and competitive remuneration and benefits • Provide safe and pleasant work environment • Provide knowledge and skill training courses related to responsibilities • Support progress in career • Employees' engagement activities and health promotion 	<ul style="list-style-type: none"> • Internal communication to share information continuously • Organize CSR activities for employee engagement • Annual employee satisfaction and engagement survey • Performance Appraisal • Functional team meeting • E-mail • Telephone • Complaint Channel
(2) Customer	<ul style="list-style-type: none"> • Quality and safety products and services • Fair prices • Socially and environmentally responsible product • Good after-sales service 	<ul style="list-style-type: none"> • Delivery products that pass quality inspection and meet standards as advertised • Promote sales and promotions that meet customers' needs • Provide equal services • Manage production process with care for environment and social impact • Listen and response to complaints • Offer product warranty, repair, exchange or return • Provide pre and after sale service 	<ul style="list-style-type: none"> • Customer Satisfaction Survey • Call Center • Website • Social Media such as Facebook, Line Official Account • Questionnaires • Customer relationship activities
(3) Supplier	<ul style="list-style-type: none"> • Fair trade and competition • Conduct business in compliance with conditions and contractual agreement • Long term growth and progress together 	<ul style="list-style-type: none"> • Treat suppliers equally and fairly • Provide clear procurement process • Do business in compliance with trading terms and conditions • Complete in free and fair trade • Ethical conduct in business 	<ul style="list-style-type: none"> • Meeting • Plant visit and assessment • Website • Telephone • E-mail

Stakeholder Group	Concern and Expectation	Action	Engagement Channel
(4) Business Partners	<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"> • Build good relationship • Work in synergy • Create values for business synergy • Conduct fair and ethical joint business venture • Communications in all avenues, internally and externally, online and offline 	<ul style="list-style-type: none"> • Meeting with related party • Cooperative marketing activity • Communicate to mass medias through integrated channels • E-mail • Telephone
(5) Shareholders and Investors	<ul style="list-style-type: none"> • Return on investment • Good corporate governance and risk management • Transparency and disclosure • Rights and equality 	<ul style="list-style-type: none"> • Generate consistence returns • Disclose transparent report • Conduct business under good corporate governance • Generate maximum benefit for shareholders 	<ul style="list-style-type: none"> • Annual Report • Annual general shareholder meeting • Analyst meeting • Investment relations contact • E-mail • Website
(6) Society and Community	<ul style="list-style-type: none"> • Safety and environmental impact from business activities 	<ul style="list-style-type: none"> • Continuously create awareness in social and community responsibility to employees and embed this as a part of the Company's core values • Rigorous comply with policy, guidelines such as safety manual, environmental management manual • Agree on collaborative process with partners to minimize business impact on community • Support CSR activities that advance health and quality of life for society and community 	<ul style="list-style-type: none"> • CSR activities to support community's quality of life especially education supporting • Job opportunities and recruitment for surrounding community people • Website

3.3 Sustainability Management in Economic Dimensions

3.3.1 Development of Innovation for Sustainability

Modernform's mission is to deliver innovative furniture products with internationally respected quality. This can be achieved by developing design and creating furniture products that can meet all users' needs, from innovation that helps strengthen the quality of life with quality in various aspects, including durability, safety, and health, as well as design with environmental conservation and benefit to society. To achieve its mission, the Company has promoted innovation in different areas as follows:

Innovation for Product Responsibility

- Digital Transformation for Resource Efficiency

1. Software development project for the arrangement of piercing tools and forming process by using Computerized Numerical Control (CNC)

Policy and Goal

The Company strives to use wood raw materials in the most efficient way possible. Therefore, the company initiated a software development project to arrange piercing tools and forming with CNC. This is an automatic machine that works with computer systems that can be processed automatically with a computer and send the information directly into the machinery in the production process in order to achieve the most efficient production process. This also reduces the potential loss that may arise from manual data input errors and also helps to save working time, resulting in different energy savings and efficiently lowering raw materials and energy used in the entire industrial production process.

Practice

1. Plan the operation by evaluating the existing work process, the potential, and constraints of machinery, the production process, and the ability and manpower in the organization;
2. Design, develop, and test software in line with the objectives and desired goals;
3. Develop a staff training plan and an operational strategy for using the new software to replace the current work process;
4. Follow the plan, monitor, and assess the operations to ensure real-world applications, in a systematic and controlled manner, and consequently lead to operational efficiency;
5. Issues encountered during use will be put into the software enhancement process and then incorporated into a more appropriate work process that leads to maximum efficiency;
6. Build a mechanism to report usage efficiency in the form of an auto-email to those it may concern. This enables daily and weekly reporting and monitoring of the work to represent the outcomes of the operation, both the benefits and considerations for further improvement that may be implemented instantly.

2022 Performance

1. Reporting the overall system performance in real-time enables the company to analyze problems and plan and alter the work strategy to support adjustments rapidly and on a timely basis;
2. Improve the precision of computerized data input and decrease manual data entry errors by more than 28% compared to the year 2022.
3. Improve daily production capacity by more than 35% thanks to automated data input, which saves time and allows for planning daily tasks in advance;
4. Decrease the amount of time spent working and resources consumed by machinery, computers, and electrical components. The usage of machinery may be reduced by 95 hours per month on average, allowing for the most effective use of resources and energy;
5. The ability to display all the workloads each day allows the Company to know the form of workpieces and analyze the most difficult and simplest aspects, as well as the production timeline, ahead of time. This aids in production planning and equipment preparation, as well as reducing the time spent on daily machine configurations to fit the task each day at a single time;
6. The workforce can be organized properly and in a manner that is relevant to workloads for creating forms to input into the production line, utilizing data on the quantities and challenges in generating clear, concrete, and always updated forms.

2. Formwork arrangement calculation software development project for the efficient use of materials

Policy and Goal

The company began carefully research on Wood Formwork Arrangement Calculation Software Development Project at the end of 2021 and began developing software for real-world applications in 2022. As a result of digital usage planning, it helps to decrease production loss, resulting in more efficient material use and raw material purchases. Furthermore, it aids in calculating cost prices that are reasonable and nearest to real production levels, resulting in increased competitiveness.

Practice

1. Plan the operation beginning with a study of the original work process, restrictions, and difficulties that arise, as well as opportunities and value for money in developing new solutions to problems that arise in the original work process;
2. Design, develop, and test software in line with the objectives and desired goals;
3. Create a strategy for staff training as well as a plan for using the new software to replace the existing work process;
4. Install the software for the team of actual users;
5. Follow the plan that has been made by beginning to utilize it in the real action plan, monitoring and evaluating operational performance in order to be employed actively and in a systematic manner, resulting in increased work efficiency.
6. Analyze the data collected during real use. Issues encountered during use will be put into the software enhancement process and then transformed into a more appropriate work process that leads to maximum efficiency.

2022 Performance

In 2022, the Company began testing software produced in the actual project, beginning with a project with a diversity of work characteristics and project sizes in order to observe the efficiency of usage more clearly.

By monitoring the results, there are considerable benefits of the application of the software such as reducing the usage of resources used as the raw materials for creting woodwork by an average of more than 15%* as compared to calculating in the original system. This results in decreased costs per piece of woodwork and assists in improving competitiveness.

*The efficiency of lowering the amount of material used, whether increasing or decreasing, varies according to the number of designs and colors of the same materials used in each project. The greater the number of identical materials utilized, the greater the effectiveness of minimizing material consumption.

Design Innovation based on Sustainable Design and Circular Economy

• Standard product design project based on sustainable design and circular economy concepts

Policy and Goals

"Sustainability is not an alternative; it is something that everyone must participate in." This is the source of Modernform's commitment to creating a direction for delivering design innovation for sustainable development. The Company has the policy to respond to the circular economy through planning, design, and utilization of existing resources as efficiently as possible to maximize benefits and reduce the opportunity to create waste and loss. By working to repurpose waste materials and create valuable new products, this effort demonstrates a commitment to the betterment of society, the economy, and the environment. Additionally, it strives to increase consumption, broaden the use of the product, and raise awareness and consciousness within society, both domestically and globally, in order to foster a sense of responsibility for collectively constructing sustainability in society.

Practice

1. Study and collect information regarding environmentally friendly materials, as well as waste materials derived from consumption and the manufacturing process, that are suitable for designing and manufacturing furniture in a variety of categories that fulfill a variety of needs and restrictions.
2. Create items that are relevant to people's modern lifestyles by using materials that are suitable under Sustainable Design principles. Utilize the resources as needed and/or utilize waste materials derived during the factory's furniture manufacturing process or from consumption to create value and new products in accordance with the Circular Economy concept.
3. Create awareness, realization, and a sense of responsibility for the environment and society by manufacturing and presenting items to target customers, disseminating and creating a variety of perceptions through distribution and communication channels.



2023 Performance

Since 2020, Modernform has been developing Sustainable Collection items based on the concepts of Sustainable Design and Circular Economy. It focuses on attractive, distinctive, and inventive design as its signature, as well as delivering design concepts that employ beauty, comfort in use, simplicity, and functionality in many sections of the product in an adequate and suits the materials and manufacturing processes. The company also chooses to use waste materials from the factory's manufacturing of various furniture, materials derived from industrial waste, and/or ecologically friendly materials. They can be recycled, allowing for the most effective use of resources and energy in manufacturing, decreasing the generation of

new waste, and satisfying the requirements of today's users.

The products in this collection have been constantly released to the market, carefully curated to appeal to the target customers. Their outstanding design has been acknowledged by winning an international design award and featuring in global media, showcasing the standard of excellence for social and environmental responsibility.



Product	Award	From
	<ul style="list-style-type: none"> DNA Paris Design Awards 2022 Product Design: Furniture & Lighting European Product Design Awards 2022 Home Interior Products/ Interior Furniture Sky Design Awards 2022 (Silver Award) Product Design 	<p>Franch</p> <p>Hungary</p> <p>Japan</p>
	<ul style="list-style-type: none"> iF Design Awards 2022 Home Furniture/Decoration GOOD DESIGN Awards Furniture Design from The Chicago Athenaeum Museum of Architecture and Design and Metropolitan Arts Press Ltd. The Golden Pin Design Awards Product Design from Taiwan Design Research Institute (TDRI) Shortlisted in Industrial Design from SKY Design Awards in 2021 	<p>German</p> <p>USA</p> <p>Taiwan</p> <p>Japan</p>

Simultaneously, Modernform was chosen to participate in a number of international exhibitions and trade fairs in 2022, including the annual Good Design Show 2022 at the European Centre in Athens, Greece. It was also chosen by the Office of Innovation and Value Creation Promotion of Thailand's Department of International Trade Promotion, Ministry of Commerce, in collaboration with the Office of Foreign Trade Promotion in Manila (Part 2) and Taiwan Design Research Institute (TDRI), to participate in an exhibition showcasing the works of Thai designers and entrepreneurs who won the GOLDEN PIN Design Award 2021 from Taiwan at Kaohsiung Exhibition Center, Taiwan, at Creative Expo Taiwan 2022 (CET2022) to promote design works of Thai designers and entrepreneurs. Through bettering the quality of their design, these products have become highly sought-after in both Taiwan and the Chinese-speaking world.

- **Cooperation with business partners in product design and development under Upcycling Upstyling - Season 3 (2022)**

As part of the extension of Upcycling Upstyling - Season 3, Modernform is collaborating with PTT Global Chemical Public Company Limited (GC). GC's goal in this project is to expand collaboration with customers, partners, and designers whose work is internationally recognized in order to develop new products with added value by upcycling four types of used plastic and plastic waste, including PET bottles, PE caps, PE plastic bags, and PE films, to reduce waste by making them no longer waste. To achieve a balance between growing businesses and a sustainable environment, "Together to Net Zero" aims to reduce greenhouse gas emissions by 20% by 2030 and zero by 2050. Creating the power of extension relies on concerted efforts from all parties in order to achieve desired goals and results.

Policy and Goals

Modernform is participating in the third edition of the Upcycling Upstyling project in 2022 under the theme "Together to Net Zero." As part of this project, three main elements are used to design products for alliances, including Collect Together, Upcycling Together, and Impact Together. The products are manufactured under the brand UPTOYOU, which has the idea of product creation through the concept of Sustainable Design by using waste plastic that has been separated to add value through innovation before being developed into various products. It considers the environment in every step of the manufacturing process. The main raw materials used in designing items within the Home & Decorating category are artificial wood products that comprise recycled plastics in combination with a plastic substance manufactured from plastic waste.

Practice

- Study the design requirements as well as the material attributes in order to appropriately create new values in the new product;
- Create a design collection under the concept of Sustainable Design;
- Create a prototype for use in the industrial system;
- Presenting and publicizing the design works at press conferences and through various media to raise public awareness of product consumption and to serve as a role model for business and new product design that adds value through the upcycling process.

2022 performance

The Sidekick 7 Sustainable Collection includes seven pieces of furniture that are inspired by the concepts of Sustainable Design and Circular Living. Design is built on the concepts that think that developing sustainability is something to which everyone must contribute and that it should be a "simple, blooming, beautiful" approach. It should also be understandable, enabled, and simple to use while generating cash and attractiveness from a beauty and problem-solving standpoint, and responsive to user applications. It should also be comprehensible, enabled, and easy to use while helping to generate income and beauty in terms of aesthetic and problem-solving perspectives, and responsive to users' applications. artificial wood materials are employed as the primary raw material in the design of environmentally and user-friendly furniture. The products are aimed at solving problems and making people's daily lives easier, as well as enabling the use of numerous digital gadgets in modern lifestyles. The seven products in this collection are composed of used plastics from PET bottles, PE caps, and PE plastic bags, totaling 4,083 pieces. All of this can reduce carbon dioxide emissions by 165 kilograms, which is equivalent to planting 183 trees for ten years. These seven products were unveiled at a press conference to kick off a

collaboration initiative with numerous partners on December 6, 2022, at the Auditorium, 6th floor, Energy Complex. Interviews, articles, and news were published, and products were promoted in a variety of media channels for a broad range of audiences. Additionally, the public presentation of the seven design works in diverse events is ongoing.

3.3.2 Customer Relationship Management and Commitment to Consumers

Commitment and Goal

Due to the company's commitment to customer-centricity, it prioritizes the needs of its customers by creating a positive customer experience in every aspect and meeting all service requirements with over 40 years of expertise. The important mission that must be adhered to is the development of innovation, the maintenance of product quality, and sales service before and after sales, as well as operating with a commitment to consumers in order to build confidence and trust in the company's operations and products.

Customer Treatment

The Company is dedicated under the Business Code of Conduct to providing satisfaction and confidence for consumers to ensure they receive excellent products and services, while also being determined to continually improve the standard and maintain good relationships with each other through:

1. Providing quality products and services at a reasonable price while maintaining quality to meet relevant standards, taking into account user safety, impact on health and the environment, and resource efficiency;
2. Providing customers with product and service information that is sufficient, complete, accurate, and does not misrepresent facts;
3. Offering product warranties and after-sales service within proper circumstances and timelines, as well as insurance coverage for third parties in the case of product damage (product liability);
4. Do not deliver products or services to customers while knowing that they are defective, damaged or may be hazardous to the customers;
5. Build sustainable relationships with customers by managing them both before and after the transaction. A specialized unit should be responsible for delivering information, assisting with problem-solving, and providing advice to consumers in order for them to be completely satisfied with the products and services they use;
6. Establish a procedure for receiving client complaints and do all possible to ensure that consumers obtain prompt and satisfactory solutions;
7. Customer data should be stored in a systematic and secure manner. Customers' sensitive information should not be disclosed, nor should it be used for personal benefit or the advantage of others, unless required by law;
8. Maintain strict adherence to terms and conditions or agreements with customers as long as they do not violate laws or the Company's regulations;
9. Develop a quality and safety management system that adheres to international standards.

Guidelines for Building Relationships with Customers

To foster relationships with customers, the company starts from the design and development of furniture with attention to detail in every stage of production, responsible marketing and sales, efficient transport and installation, and finally post-sales service with a warranty that always impresses customers and delivers a great customer experience. The company also has a Customer Relations Management department in place to communicate and foster positive relationships with customers over the long run, focusing on customer satisfaction throughout its business operations. These can be summarized as follows:

1. Develop consumer confidence and trust by developing, designing, manufacturing, and delivering excellent products made of quality materials at a reasonable price under the concept of "Sensible Solution for Modern Living," which seeks to meet all the requirements of customers. To meet the needs of modern living, which is what customers desire (personalized marketing), the company emphasizes excellent service that consistently impresses customers before and after a sale, particularly in product guarantee, return, repair, and maintenance, as well as transportation and complete installation as desired by consumers. This is intended to deliver a great customer experience and foster an impressive connection between customers and the brand, making lasting memories.

In 2022, the company announced the “Personal Data Protection (PDPA) Policy,” which includes security measures and procedures for personal data, employees and related parties, and customers. The company also encourages employees to be aware of the need of collecting, storing, using and disclosing personal information effectively and responsibly. In 2022, the company found no complaints about violations of customer data and privacy from outsiders or regulatory agencies.

2. Create salespeople who are more than just salesmen and can also serve as “lifestyle consultants” who give advice to customers, provide them with correct information, propose products that are suitable for them, demonstrate how to use products, solve problems, and do other duties that benefit customers as much as possible.
3. A Customer Relations Management (CRM) department is available to engage with and maintain long-term customer relationships. The unit also collects different data for further analysis of consumer behaviors, which is then utilized to develop a management strategy to make every connection with customers unique and meaningful.
4. Provide communication channels and communicate with customers on a regular and ongoing basis to notify them about product news, promotions and product updates, highlighted items, and other activities. This can be accomplished directly or through websites and social media. There is also a channel for receiving comments, complaints, or reporting problems via the company’s Contact Center to continually repair, enhance, and develop products in a purposeful and ongoing manner. All problems will be dealt with properly and equitably.
5. Keep our customers engaged by offering regular promotions and activities, such as giving them special privileges and sharing helpful tips on how to choose a comfortable office chair. Additionally, the company collaborates with project customers to organize events and activities that foster social and environmental responsibility.
6. Customers who bought products and services from the Company are invited to take part in the customer satisfaction survey, from which customer feedback can be used to improve and further develop the company’s operations. The Company strives to reach a goal of 90% or higher customer satisfaction every year.

2023 Customer Relations Management Performance

- In 2022, the Company has implemented digital systems in various business processes (Digital Transformation) by developing CDP (Customer Data Platform) and a loyalty program to collect customer data and analyze buying behaviors collected from showrooms and online channels. The data is utilized in planning product offerings and services that truly meet the needs of customers and customizing diverse benefits to better meet the different needs of customers (personalization).
- To retain current consumers and increase new customers in the retail industry, the Company established a membership system by establishing a Line Official Account as a CRM tool. Besides, it consistently provides members with benefits and exclusive privileges via the Line OA channel, such as new members receiving extra points for registration, existing members earning extra points when updating their information, and benefits from accumulating points from purchasing products and redeeming points for discounts on products, food, and beverages from affiliated and partner stores. There are additional benefits on participating in specific events such as workshops, as well as privileges during birthday month such as free beverages, etc. For large project customers, the company also employs a CRM platform to help manage customer relationships
- Customer Satisfaction Survey 2022
Every time a customer contacts the Call Center, Modernform conducts a customer satisfaction survey. There are 6,747 consumers polled in 2022 with results indicating that customer satisfaction with products is an impressive 98%, with delivery and installation satisfaction services at 99%.

Survey	2021	2022
Satisfaction with Products	98%	98%
Satisfaction with Delivery and Installation Services	98%	99%

- To retain current customers and attract new customers, the Company promotes customer engagement by providing special discounts to current customers, Early Bird benefits for attending activities or participating in special product promotions, playing games on Facebook and Line OA, and compensating customers for damage caused by products and services.

- In 2022, the Call Center supported and provided services to consumers. Products and services account for 43% of 7,397 inquiries, while after-sales support accounts for 26% and other matters account for 31%.

3.3.3 Supply Chain Management

Commitment and Goals

An efficient supply chain management process heavily relies on a good relationship with suppliers. Modernform, therefore, is committed to developing relationships and cooperation with raw material partners to create continuity in production, systematically reduce costs, and build cooperation between organizations. This enables following up the work process closely while providing an ability to manage inventory efficiently as well as creating mutual business benefits on the basis of fairness, transparency, and in accordance with business terms and conditions.

In this regard, the company has risk management in procurement through various processes, including supplier risk assessment and critical suppliers' identification. A supplier management guideline has been established to ensure the supplier's operations meet required standards, satisfy the increasing demand for products or services, achieve the set goal, and able to maintain the quality of products and good relationships between each other.

In addition, the Company has measures to monitor sustainability risks throughout the procurement process, starting from screening and evaluation of new business partners, partner audit, and partner potential development, to following up on the performance of partners on a continuous basis. The annual proportion of trade partners is determined once a year.

Treatment of Partners

The Company does business with partners in a fair, honest, and integrity-based manner that does not harm the Company's reputation or violate any laws, taking into account equality and mutual benefits. The Company regards its business partners as an important factor in creating value for the standard of products and services.

1. Maintain ethics in procurement with trade partners, and do not enter into contracts to take advantage of one another.
2. There is a clear procurement procedure with trade partners and defined guidelines.
3. As a matter of fact, be honest, and sincere, and always present accurate and comprehensive information.
4. Comply with agreed-upon contract terms and conditions while not infringing on the rights of partners
5. Do not disclose information about business partners without their consent.
6. Do not demand, accept, or pay any dishonest favors in dealing with trade partners.
7. Visit partners to establish a network of collaboration for effective business and market development.
8. Develop a value chain collaboratively to establish production processes and services that maximize mutual benefit.
9. Avoid supporting suppliers who violate trade laws, utilize child labor, violate human rights and intellectual property, and pollute the environment.

Guidelines for Managing and Building Relationships with Partners

The company has put in place a business partner management structure that includes the Purchasing Department, Raw Material Planning Department, Quality Control Department, and Production Department. They are in charge of procurement, purchasing raw materials, equipment, and different associated tools, as well as regularly recruiting new business partners to supply products and services that adapt to changing production and minimize the risk of a business partner shortage, as follows:

- **Selection and Assessment of Partners' Potential**

The Company establishes standards for selecting, evaluating, and inspecting business partners in a fair and transparent manner. The Company also adheres to the principles of business stability and partner trustworthiness, as well as being able to effectively handle the company's primary needs. The following are the management guidelines:

New Vendor Evaluation	Partners after purchasing the product/using the service
<ul style="list-style-type: none"> • Service availability • Production capacity • Quality of products and services • Reasonable price • Delivery • Safety, Occupational Health, and Environment • Human and labor rights • Continuous commitment to supporting and sharing business practices with partners 	<p>The company has assessed the partners who have purchased the product/used the service. The criteria and topics of assessment are specified in the document: Purchasing Department's Work Procedure</p>

- **Risk Assessment in Dealing with Partners**

The Company has created the following guidelines for dealing with internal risks, which fall within the responsibility of the Purchasing Department:

Primary Business Partners	Secondary Business Partners
Competence assessment topics cover delivery and quality, as well as risk assessment, in the "Partner Risk Assessment Form," which is reviewed regularly	Competence assessment topics cover delivery and quality with reference to the operational methods of the Purchasing Department in accordance with the relevant laws. Checks are conducted to guarantee that business partners are abiding by the agreed-upon terms.

- **Supplier Assessment Method**

Method	Assessment Based on Criteria	On-site Assessment	Collaborating with Partners on Process Development	Note
Secondary business partners that regularly trade and use services	●			Assessment according to specified criteria and frequency
Key partners	●		●	Based on the suitability of each project
Business partners with risks in quality, delivery, and sustainability	●	●		Depending on the most appropriate time for inspection

- **Identifying Solutions**

1. If an audit at the establishment discovers any inconsistencies, partners should be advised to take corrective and improvement measures. In the instance of significant issues, the Company necessitates partners to come up with corrective action plans within a given time frame. In addition, partners must ensure that corrective actions are taken until the end of the process. For those partners who can't take corrective actions as necessary and don't comply within the given timeframe, the Company will suspend trading and/or using services until they've fixed the issues and meet the requirements.
2. If partners provide products or services, the Company will send a representative to inspect them and ensure they meet the agreed standards. If they are found to be inconsistent, the Company will decline their acceptance according to the procedures of each department, so that the partners can take corrective actions in line with their agreement before proceeding with the product receipt process.

- Integrating sustainability into the procurement process

Partners	Topics for Operation	Supporting Documents/Action
New Partners	Partner screening and assessment	• Buyer Selection Form
		• Partner assessment at the establishment (if any)
	Partner Registration	• List of subcontractors that have been selected
Current Partner	Purchase consideration	• Set the terms in the trading agreement
	Partner Performance Evaluation	• Audit risky partners at the establishment
		• Supplier Assessment Summary Sheet
	Developing the Potential of Key Partners	• Team up with key partners to prepare action plans to solve problems and develop processes
		• Arrange joint meetings with business partners

Partner Relationship Management Performance

According to the ESG assessment results of both new and current partners in 2022, no partners were found to have sustainability risks.

Modernform Group Public Company Limited requires an audit of key business partners and partners with ESG risks are required to undergo regular onsite visits at least once every 3 years. However, due to the COVID-19 pandemic, the onsite visit could not be carried out as specified in 2022. The company attaches a lot of importance to quality control in order to obtain quality raw materials, equipment, and services. Trade partners are expected to have excellent practices regarding economics, social, and environmental matters. The company, therefore, uses a system for selecting partners by considering the initial qualifications based on the potential of partners, quality of products and services, and procurement of environmentally friendly products and services. Comparisons are taken to evaluate quality management, environmental management, human rights, and labor management. The audit of the production base is included to guarantee that the production process meets the Company's requirements before continuing onto the selection process. It is also needed to monitor partner performance twice a year to verify that quality requirements are met and product pricing is appropriate. According to the Company's policy, environmental responsibility is firmly promoted.

By the end of 2022, the Company had partnered with 168 businesses through its Purchasing Department. By selecting more diverse innovations from its partners, the Company was able to gain greater advantages such as better pricing, quality, and service. To mitigate the risk of not having irreplaceable partners, 35 new partners were added to the partner network, along with 18 key partners which compose 10% of all partnerships.

The company recognizes key customers by their annual order value of 2 million baht or more, or by being a trade partner who produces, distributes, or offers services involving rare products that are primarily raw materials and prioritize sustainability.

3.3.4 Quality Management

Modernform is committed to continually enhancing its quality management system in order to provide maximum customer satisfaction by way of top-notch, standardized products, and timely delivery. To achieve this, the Company is actively working towards meeting the requirements of the ISO 9002:2015 standard. Various quality control measures have been incorporated into every part of the operations from R&D, design, and production, all the way through to customer service.

By 2022, the Company will have implemented a quality control policy that takes into account development and production design, as well as an ongoing process for managing product quality and upgrading the testing standards and equipment used in the products. These are as follows:

Product Quality Management and Control		
Project	Process	Performance
<ul style="list-style-type: none"> Project for the development of management and drawing assistant software and the creation of production formulas with the PDM (Product Development Management) program by the Product Design Center 	<ul style="list-style-type: none"> Research and create management and drawing assistant software, as well as software to aid in the development of production formulas, with a focus on increasing sizing accuracy and decreasing steps that could result in mistakes. The software should also be able to be 3D tested for accuracy. Provide employees with user training sessions and a user manual. Utilize the software in practical applications, while conducting examination, monitoring, and evaluation of its usage. Implement modifications for maximum proficiency. 	<ul style="list-style-type: none"> Operations can be conducted more quickly. Cut working time by at least 40-50% compared to the initial timeframe. Extend the development by using the software in internal departments related to production drawings.
<ul style="list-style-type: none"> Project for the development of production drawing standards throughout the entire process by the Product Design Center 	<ul style="list-style-type: none"> Establish product drawing standards, as well as enhance and develop standards for usage throughout the organization that encompasses all related functions. They adhere to and comply with the same standard throughout the organization in order to achieve seamless operation, eliminate errors, and have work flexibility. It is consistent and comprehensive when it comes to working with current machinery and manufacturing processes. Train employees, prepare standard manuals, and constantly conduct system enhancement. 	<ul style="list-style-type: none"> Utilize the software in practical and full-scale applications in 2022, while monitoring and supervising to ensure it is actively employed throughout the organization. Drawings are up to standards and follow the same direction and criteria, resulting in a noticeable decrease in errors and consequently leading to reducing work time and improved productivity within the organization.

Advancement of Testing Laboratory for Product and Equipment Quality Control		
Project	Process	Performance
<ul style="list-style-type: none"> Accreditation of the competence of testing laboratories and calibration laboratories (ISO17025: 2017) 	<ul style="list-style-type: none"> Apply for certification of laboratory competency according to Thai Industrial Standards TIS 17025 (ISO/IEC 17025: 2017) Follow the quality system strictly and systematically Continuously maintain quality standards 	<ul style="list-style-type: none"> The first and only testing laboratory in Thailand to be certified in the furniture industry category. It has also been recognized and respected in the Company's product quality testing, domestically and internationally. This helps facilitate international trade and reduce trade barriers.

3.4 Sustainability Management in Social Dimension

Social Policy and Principles

According to the Code of Conduct that has been developed as a standard for the organization, Modernform continues to adhere to ethical business practices based on responsibility, transparency, and honesty. Its objective is to build confidence in all stakeholders by incorporating a code of conduct for executives and staff, as well as instructions for dealing with stakeholders. There is supervision and inspection to guarantee that all aspects of corporate ethics are followed.

Social Operations

- **Human Rights**

Commitment and Goals

The Company has always recognized that each employee is a valuable resource. As a result, it prioritizes employee fundamental human rights, with the intention that employees will work cheerfully, have a decent quality of life, have self-esteem and believes that they will grow together with the organization. The company's corporate ethics have specified how employees should be treated, as follows:

1. The Company will treat employees equally according to human rights principles and strictly comply with the laws or regulations related to employees.
2. Promote and support the advancement of employees' knowledge, skills, and capacities by providing them with equitable opportunities.
3. Do no action that threatens and puts pressure on the physical and mental condition of employees or that may jeopardize their job security.
4. Listen to comments and suggestions from employees.
5. Based on the handbook that has been prepared, provide a platform for making complaints, informing clues of inappropriate practices in accordance with the Code of Conduct, and preventing workers from bullying or being penalized as a result of complaining (Whistleblower Policy).

The Company has conducted frequent audits and reviews to ensure that all parties involved have followed the Code of Conduct. Human rights are fundamental rights and freedoms to which all people are entitled, and which are founded on human values, regardless of race, gender, religion, skin color, age, education, language, or viewpoints.

The company has developed a fair employment, recruitment, and selection procedure based on qualifications and abilities. It allows no discrimination based on gender, educational institution, or nationality. There is no forced labor in any kind, and no persons under the age of 15 are employed. It modifies working conditions for pregnant female workers so that they may work safely and in an environment that is not harmful to their health. Through an Employee Survey, the Company allows workers to offer comments or provide opinions on work to improve their quality of life. Complaints are handled in accordance with the principles of justice, hygiene, safety, and the well-being of employees and contractors. In addition, the Company provides a healthy and safe working environment and has a procedure in place to establish channels for complaints if employees are not treated properly. The objective is to have zero complaints from internal employees.

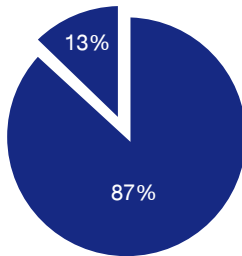
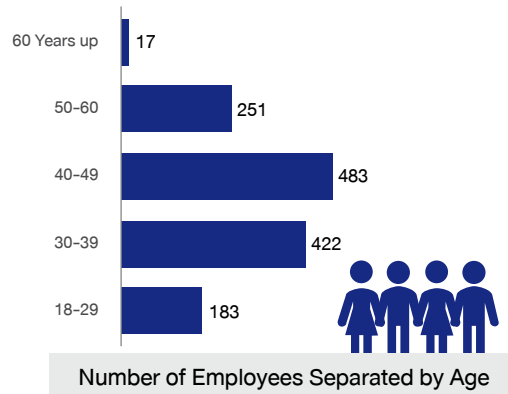
Performance

The Company values and supports human rights, equality, and diversity in the workplace, as well as the necessity of treating all employees with respect and without bias due to gender or religion. In 2022, **the Company has received no complaints concerning violations of human rights.** The following are the operations' results:

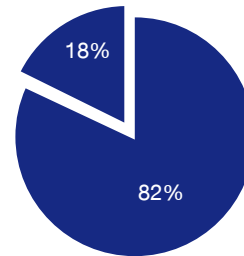
Employment Non-discrimination and Equal Opportunities for All



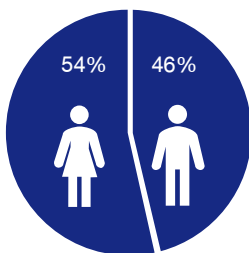
Total number of employees as of December 2022
1,356 Employees



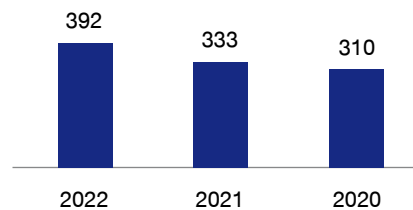
Management 13% Employee 87%



Full Time 82% Contract 18%

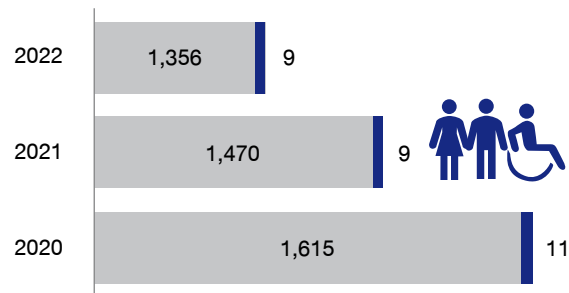


Female 54% Male 46%



Employment Opportunities for People with Disabilities

In adherence to the Empowerment and Development of the Life of Persons with Disabilities Act B.E. 2550, the Company has established a policy of employment equality for individuals with disabilities in compliance with applicable labor law. It promotes and encourages persons with disabilities to be given equal opportunity to work in all positions that are appropriate for their talents and abilities, such as administrative positions, internal document delivery, accounting, design, and so on. They have the same rights as general employees in all aspects, including development, expressing ideas, working conditions, welfare, and performance evaluation to obtain salary adjustments and bonuses, among others.



% of Employment for People with Disabilities

Number of Employment for People with Disabilities for the Past 3 Years

2020 = 11 People | 2021 = 9 People | 2022 = 9 People

Note: Number of employment for people with disabilities has reduced due to a decrease in number of employees

• Human Resource Development

The Company maintains its commitment to employees for them to continually develop their potential, from required management skills to work-related skills, for the empowerment and welfare of the organization's employees. Training is done to guarantee that the company can offer excellent products that meet requirements by providing courses that are appropriate for the workers' job descriptions and roles.



In 2022, the Company conducted 19 training courses for employees in 32 sessions, with 713 trained employees accounting for 53% of all employees and averaging 6 hours of training per person. These can be divided into the following categories of courses:

Courses on operation

1. Product, service, and another knowledge sharing for the sales team
2. Skill and craftsmanship enhancements for production, delivery, installation teams
3. Performance management training for employees

Courses on management

1. Risk management training for supervisors
2. Sharing knowledge and information about the Personal Data Protection Act (PDPA)
3. Courses for supervisor
4. Authentic Team Leadership program



Courses and Participants in 2022				
No.	Location	Name of Training Course	No. of Participants	No. of Hours
1	Head Office	Service Excellence Revolution (2 Classes)	36	14
2		Product Knowledge: Kitchen	9	6
3		Risk Management	27	6
4		Product Knowledge: HDP	22	6
5		Authentic Team Leadership	37	6
6		Product Knowledge: Office Furniture	44	6
7		Role and Duty of Team Leader	12	6
8	Production 1	Skill Development Training for Furniture Assembler Class 1	25	6
9		Reporting Result through Dashboard BI Tools for Management	53	6
10		Skill Development Training for Furniture Assembler Class 2	21	6
11		Skill Development Training for Production Technician Version 1	25	6
12		Skill Development Training for Furniture Assembler Class 3	26	6
13		Skill Development Training for Production Technician Class 2	18	6
14		Skill Development Training for Production Technician Class 3	15	6
15		Skill Development Training for Production Technician Class 4	19	6
16		Skill Development Training for Production Technician Class 5	28	6
17		Skill Development Training for Production Technician Class 6	27	6
18		Skill Development Training for Installer Class 1	28	6
19		Skill Development Training for Installer Class 2	49	6
20		Skill Development Training for Installer Class 3	51	6
21		Skill Development Training for Painter Class 1	8	6
22	Production 2	Skill Development Training for Cutting Work	9	6
23		Skill Development Training for Sewing Work Class 1	9	6
24		Skill Development Training for Sewing Work Class 2	8	6
25		Skill Development Training for Upholstering Work Class 1	13	6
26		Skill Development Training for Upholstering Work Class 12	9	6
27		Skill Development Training for Assemble Parts Class 1	14	6
28		Skill Development Training for Sponge Patch Work Class 1	12	6
29		Skill Development Training for Woodworking Class 1	17	6
30		Skill Development Training for Woodworking Class	18	6
31		Skill Development Training for Metal Work Class 1	12	6
32		Skill Development Training for Metal Work Class 2	12	6
			713	200

Corporate Culture Building

In addition to enhancing employees' skills and expertise, the company is dedicated to fostering corporate culture through core values. It believes that employees who embody all five core values will be able to operate efficiently in accordance with the organization's mission and attain the goals necessary to realize the vision in the future. Actions are as follows:



- Establish a set of behaviors by allowing employees to engage in defining behaviors that are appropriate for work according to their values.
- Appoint a change agent who is knowledgeable and experienced in each department to be an agent for promoting and pushing culture to all employees.
- Organize activities that encourage employees to align with core values, such as monthly and special activities.
- Internally communicate with employees by incorporating corporate values on a regular and consistent basis to raise awareness, comprehension, and practice until it becomes a habit.

Driving the Company toward HPO Status

For long-term goals, the Company is committed to transforming the organization into a high-performing organization (HPO), which includes several dimensions such as management quality, strategic vision, long-term orientation, development, innovation, continuous improvement, renewal, and employee quality.

- In 2022, the Company organized knowledge-sharing events with business partners such as Food Passion Co., Ltd. in the hopes of sharing management expertise with executives and leaders in the sector.
- The company held quarterly performance reviews for workers to help them see their goals and promote engagement in pushing contributions toward common goals.

- **Quality of Life Care**

The company's goal is for the organization to be a place where everyone can work together for good health and well-being, particularly in terms of physical status, social status, and their surrounding communities. As a result, the company prioritizes employee quality of life throughout their working period. To ensure that workers can work and live a decent life, the company launches programs to promote and enhance the quality of life for employees at all levels. These programs follow the 'healthy workplace' approach to improve employees' quality of life in all dimensions, such as promoting savings and spending planning, promoting and creating moral organizations, collaborating with medical institutions to provide advice to employees via an online system, and taking care or paying well-wishing hospital visit to sick employees. The Company also organizes sporting activities to foster togetherness and encourage exercise, prevention, and health and safety at work, all of which contribute to employee enthusiasm, optimism, and job satisfaction.

Employee Health

The Company prioritizes having a "healthy workplace" by creating campaigns and events to encourage employees to take care of their physical and mental health. Every year, the company organizes a health-related run. The Company organized the "Together Run 2022: Run for Good &



"Together Run 2022: Run for Good & Green" in 2022, which encouraged employees across the organization to walk and run to gather distances in order to meet the targets set together. It also instills the habit of exercising and boosting one's health by walking and jogging on a regular basis. The "City Run" and "Run for the Blind," for example, introduce visually impaired youngsters to running. Furthermore, there are in-house athletic activities on the production line, such as sepak takraw tournaments.

Preventing Risks from the Spread of Coronavirus Disease (COVID-19) in the Workplace

Because of the continued spread of Coronavirus Disease (COVID-19), which continues to affect businesses and industries, the Company has strengthened its epidemic management strategy to keep up with the ever-changing environment. It also has monitoring and preventative measures in place to prevent and reduce risks to all stakeholders. They include things like developing knowledge-sharing media, promoting safe cohabitation in the workplace, and administering ATK tests to staff who have to interact or collaborate with customers and outsiders on a regular basis. For example, the Company gives treatment advice to infected employees, as well as medications and survival kits that are sent to employees who are healing at home. It also supervises, controls, and follows up on people working in risky areas to ensure they are in a safe working environment (bubble and seal).

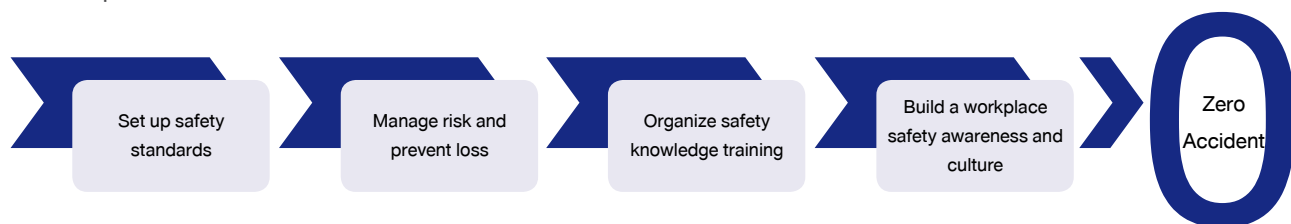
• **Safety, Occupational Health and Workplace Environment**

Commitment and Goals

The company believes that safety and occupational health are the company's primary responsibilities. As a result, safety officers have been recruited at various levels, ranging from supervisory and managerial roles to technical ones, to supervise workplace safety. Employees can operate safely and in conformity with applicable laws and regulations. The company is committed to operating in an efficient manner with continuous improvement. Achieving zero accidents is part of the policy's objectives shown as follows:

- Follow the laws, regulations, and standards related to safety, occupational health, and work environment.
- Control, prevent, and resolve hazards that endanger all employees. All employees must regard their personal safety, the safety of their colleagues, and the property of the company.
- Support and promote safety improvement, occupational health, working environment, and continuous safe operations.
- Increase the supervisor's and all workers' awareness of the importance of participating in safety, training, motivating, and encouraging employees to perform safely.
- Support for human resources and budget for safety management, occupational health, work environment, and the use of appropriate personal safety equipment to prevent fire, accidents in the workplace, illness in the workplace, occupational diseases, and dangerous diseases, as well as the overall health of all employees.
- Review and improve the safety policy and instructions, occupational health, and work environment continuously in order to be relevant to and keep up with the current situation.

Operational Guidelines



The Company has appointed a committee of occupational health and working environment to ensure compliance with the Ministerial Regulations on the Standard of Management and Administration of Safety, Occupational Health and Working Environment. The committee comprises the chairman of the committee, employer representatives, employee representatives, and the secretary. Details are as follows:

- Consider the safety policy and work plan as well as outside work safety to prevent and reduce accidents, dangers, illnesses, or causes of trouble due to work or insecurity in the workplace, and then report to the management.
- Report to management and advise measures or improvements that comply with work safety regulations and safety standards for the safety of workers, contractors, and third parties that appear for work or use a service in the company's office.
- Promote and support the company's safety activities.
- Consider the regulations and safety manual as well as the company's safety standards, and then report to the management.
- Examine work safety operations and check the danger statistics that occur in the company's office at least once a month.

- Consider projects or training plans regarding safety in the workplace as well as projects or training plans regarding roles and responsibilities in the safety of employees, supervisors, executives, and staff at all levels to submit feedback to the management.
- Develop a system for reporting unsafe work conditions and require employees at all levels to put it into practice.
- Follow up on the progress of the status of the issue reported to management.
- Submit an annual performance report as well as identify problems, obstacles, and suggestions for the performance of the committee, and submit these to the management.
- Evaluate the operation of the company's work safety.
- Perform other duties regarding safety in the workplace as assigned by the management and based on the proportion of safety officers at various levels.

Safety Officer Ratio at Workplace

Plant	Safety Officer Supervisory Level	Safety Officer Management Level	Safety Officer Technical level	Safety Officer Advanced Technical Level	Safety Officer Professional Level
Production 1	74	17	1	-	1
Production 2	33	5	-	1	1



2022 Performance

- Assess the work environment for any health hazards. Establish the measurement and assessment in relation to the accepted standard criteria or recognized standards, such as light, sound, heat, dust, and chemicals. Provide a report and recommendations for preventative measures. Following the measurement, it must be improved to meet the law's required standards.
- Avoid risky spots that may cause danger. Injury from work is an unwelcome incident that has occurred without a plan in advance or there is no purpose to cause it to happen. This results in the loss of one or more things, ranging from persons to property. As a result, there is protection against potential danger spots. There should be changes made to prevent the recurrence of accidents and to reduce the number of incidents to zero.

Accident Statistics

No. of Accidental Employees	2022	2021	2020
Production 1	2	6	10
Production 2	8	7	12

An incidence rate of injuries and illnesses are computed from the following formula:

1. Incidence rate = (number of injuries and illnesses X 100,000) / employee hours worked
2. Injury severe rate = (number of injury loss date x 100,000) / employee hours worked



- **Organize security-related activities.**
 - Communicate to highlight the importance of safety in the daily Morning Talk assembly before beginning the work day.
 - Complete new employee orientation before starting to work.
 - Examine and improve the firefighting system.

- **Emergency response measures**

Emergencies, fire, and chemical leaks in the factory may result in loss of life and property, as well as adverse effects on the environment. Since company is mindful of the risk of emergency scenarios, it implements preventative measures, inspection, monitoring, training, and drills, as well as aid, relief, and rehabilitation operations to respond to unexpected incidents in a timely manner. In addition to emergency, fire, and chemical spill training, the firm conducts an electrical system inspection and electrical system safety certification every year to ensure the safety of both employees and company property.

- **Measure ventilation systems as required by standard regulations**

Ventilation systems are categorized as a source of several sorts of pollutants that are emitted into the environment. Air pollution measurement from polluted chimneys is therefore a method of monitoring and controlling in order to comply with regulations. This contributes to lowering the environmental effect. As a result, the Company has managed and inspected to ensure that the air discharged into the environment was treated and controlled in line with specified standards.

- **Stakeholder Engagement Activities**

In every facet of sustainability, the Business is dedicated to establishing a sustainable company along with social development. Activities have been launched to encourage stakeholder participation. In compliance with the international sustainable development goals, there is a project to help society and a project to save the environment in several sectors that is ongoing. The Company has carried out the following actions in accordance with the plan and strategy for social and environmental responsibility:

2022 Projects	Society	Environment	Stakeholders
1. Sharing Dreams. Sharing Love. blood donation	✓		Employees, customers, community, charity
2. Sponsored Children's Day gifts to Suan Luang District Office to give to the community's children	✓		Employees, government agencies
3. Donated old calendars to the Foundation for the Blind in Thailand under the Royal Patronage	✓	✓	Employees, charity
4. Donated furniture to Ban Thai Thawee School, Kosampeenakorn District, Kamphaeng Phet Province	✓	✓	Employees, partners, school
5. Donated furniture to Wat Prasat School Sing Buri Province	✓	✓	Employees, school
6. Donated furniture to Thammasat Primary School	✓	✓	Employees, school
7. Invited visually impaired young people to participate in a charity walk and run event and donated furniture	✓	✓	Employees, charity
8. Donated eco-friendly furniture to Bangkok Metropolitan Administration	✓	✓	Employees, Special Local Government Administration
9. Sharing Dreams, Sharing Love, Sharing Together	✓	✓	Employees, charity
10. 7R: Green Lifestyle Intersection	✓	✓	Employees, Community, Charity
11. Knowledge sharing in furniture design and manufacture with educational institutions	✓		Employees, educational institutions, students



1. Sharing Dreams. Sharing Love. blood donation to the Thai Red Cross



The company has collaborated with the Thai Red Cross National Blood Centre to organize the “Sharing Dreams. Sharing Love.” blood donation campaign. at the company headquarters (Production 1 and 2). The campaign is held annually to encourage the development of Thai people’s good quality of life and to support enough blood supply for patients while increasing the amount of blood reserve. The Company is always campaigning for employees to be aware of the importance and advantages of blood donation. In addition to keeping the donor healthy, and enable red blood cells and bone marrow to function properly, blood donation aids in the preservation of other people’s lives. It is viewed as a simple way to perform good deeds, help others, and allow patients to be treated and return to a better life. At the event, the Company also donated drinking water to support the National Blood Center’s operations.

In the year 2022, the Company invited persons from outside the company to donate blood at the company’s mobile blood donation unit. To boost the number of blood donors, the company arranges blood donation events for first-time blood donors and encourages them to donate blood every three months. To date, the Company’s employees have donated 294,000 cc of blood to mobile blood donation units as well as the Thai Red Cross National Blood Center.

Year	No. of Activities	Blood Volume from Donation (Milliliter)	No. of Employees	No. of First Time Donors
2020	10	334,400	836	-
2021	9	205,600	514	29
2022	10	294,000	736	26



2. Donated the Children’s Day gifts to Suan Luang District Office to be distributed to children in nearby communities

Modernform donated the Children’s Day gifts to Suan Luang District Office to be distributed to children in nearby communities on the National Children’s Day of 2022



3. Donated old calendars to the Foundation for the Blind in Thailand under the Royal Patronage

The Company gathered 381 old desk calendars and presented them to the Foundation for the Blind in Thailand under Royal Patronage. These are used to develop teaching and learning materials, Bille books for the visually impaired, and to increase reuse awareness, which helps employees decrease waste and conserve the environment.

4. Donated furniture to schools and public agencies to support the learning of Thai students and environmental conservation

Modernform places importance on participation in helping to improve the quality of life and society. The Company has participated in promoting and supporting education and the conservation of the environment through the “Modernform Sharing Dreams. Sharing Love” project and cooperated with all sectors to promote sustainable growth. The project is organized on a continuous basis for the benefit of society and the environment. The Company has donated furniture so that schools in Bangkok and remote areas have completely functional furniture and

classroom materials. This is expected to help expand opportunities, enhance the learning environment, and share a positive learning experience with young Thai students. The company has also contributed to promoting the idea of natural resources and environmental conservation in society. In 2022, Modernform donated furniture worth a total of 596,146 baht to schools and charities. Detailed donations are as follows:

Donation to	Value
Ban Thai Thawee School at Kamphaeng Phet Province	90,528
Wat Prasat School at Sing Buri Province	71,290
Thammasat Primary School at Patumtani Province	132,029
Foundation for the Blind in Thailand under the Royal patronage of H.M. the Queen	195,783
Bangkok Metropolitan Administration (BMA)	56,800
Pan Kan Shop of Yuwaphat Foundation	49,716
Total	596,146

4.1 Donated furniture to Ban Thai Thawee School, Kosampeenakorn District, Kamphaeng Phet Province

On February 26, 2022, Modernform cooperated with the Electricity Generating Authority of Thailand to donate furniture, classroom materials, and library supplies to schools. These contribute to the building of completely functional classrooms, expanded opportunities, and better learning environment, and also encourage young students to develop reading habit while sharing a good learning experience with them.

Ban Thai Thawee School in Kosampeenakorn District of Kamphaeng Phet Province is a small school providing education to students from Kindergarten Year 2 to Prathom Suksa 6. The school has organized a project entitled “Learner-friendly School Building and Environment with the Help of Alliances” to gather resources from various agencies, striving to provide rural students with equal opportunities as urban students, and encourage students to develop and possess life skills in order to be the country’s decent citizens in the future.



4.2 Donated furniture to Thammasat Primary School in Khlong Luang, Pathum Thani

The company has given furniture worth a total of 132,029 baht to Thammasat Primary School, Khlong Luang, Pathum Thani, as part of an education support initiative.



4.3 Donated furniture to Wat Prasat School in Sing Buri Province

Wat Prasat School in Phrom Buri District, Sing Buri Province, was flooded in October 2022, causing the school’s teaching and learning materials to be damaged. On December 23, 2022, the Company provided the school with the necessary furniture to encourage the school to have a supportive environment for teaching and learning, as well as to promote the education and development of Thai school students in the countryside to have an opportunity to get a better education.



The Company also invited the visually impaired to participate in a health-promoting walk and run and donated money and furniture to the Bangkok School for The Blind, which is operated by the Foundation for the Blind in Thailand under the Royal Patronage, to support the school’s education activities.

4.4 Volunteer guide runner activity for blind children and donated educational fund and furniture to the Foundation for the Blind in Thailand under the Royal patronage of H.M. the Queen

Modernform has created a framework for social responsibility policy that is intended to produce a positive impact. The company believes in producing shared value, bringing benefits to society, and accepting the capacity and differences in cohabitation. They are integrated into a force that propels society forward in a sustainable way. Therefore, the Company organized the “Modernform Run for the Blind” event, in which managers and workers serve as volunteer guide runners, leading visually impaired children from the Bangkok School for the Blind to walk and run for good health.

The activity fulfilled the dreams of the visually impaired to be able to exercise by walking and running. On November 19, 2022, at Dharma Park, the Company also donated money to fund education and furniture to Bangkok Blind School under the operation of the Foundation for the Blind in Thailand under the Royal Patronage.



4.5 Donated eco-friendly furniture to Bangkok Metropolitan Administration

Modernform provided 100 pieces of MOTION, MIXX, and Mono furniture to be used in Bangkok parks. The eco-friendly furniture is made of materials created from waste plastic manufactured from plastic beads and industrial waste termed “LLDPE”. It is a linear low-density polyethylene resin that has been upcycled and molded using the roto-molding method, with remarkable qualities such as durability, heavy impact resistance, lightweight, and greater weather resistance than regular plastic. Based on sitting behavior, ergonomics, and usage in a variety of settings, it is designed into multi-purpose chairs that support both work and leisure, ideal for residences, offices, and private and public spaces.



5. Sharing Dreams, Sharing Love with Pan Kan Shop

The Company is one of the driving forces behind projects for the development of Thai children and youth. The initiative called “Sharing Dreams, Sharing Love” has partnered with the Yuwaphat Foundation’s “Pan Kan Shop,” with the Company’s goal of imparting knowledge and awareness among employees in accordance with the 7R Guidelines for Waste Reduction. In addition, the Company has urged and encouraged employees to collect unused items in good condition and give them to the “Pan Kan Shop.” These items have been sold in the shop with revenues to be translated into scholarships for students in the Yuwaphat Foundation. In 2022, 1,543 pieces were donated, resulting in a total of 96,590 baht.



Year	No. of Items Donated (Unit)	Value (Baht)
2020	1,045	62,375
2021	3,814	236,005
2022	1,527	96,685

In addition, the Company has donated furniture to two branches of Pan Kan pop-up store (IT Square and People Park Onnut branches) to expand the number of channels for the management of waste and to enhance scholarships for youth.

6. 7R: Green Lifestyle Project: Waste Separation for a Better Society

The company continuously organizes the 7R: Green Lifestyle initiative under the concept of circular economy which emphasizes the use of resources in the most efficient way possible and for maximum benefit. The project also seeks to improve waste management efficiency in order to return as much waste to the economy as feasible while minimizing waste to the environment. It also aims to raise awareness and realization of the benefits of waste separation that will be used to benefit society and the environment, which is in line with its goal of becoming a responsible global citizen contributing to reducing global warming caused by greenhouse gas.

In 2022, the Company campaigned for waste separation among employees by dividing waste into categories. Recyclable stretch plastic bags will be recycled into new plastic bags. Aluminum waste such as cans and caps will be given to aluminum donation programs to benefit the production of prosthetic legs through HRH the Princess Mother's Protheses Foundation.

Year	Waste Separation Project	Quantity	Value Creation to Society	Reduce Carbon Dioxide Emissions (kg.CO2e)
2021	PET Bottle Waste	503 kg.	922 PPE Suits	316.89
2022	Plastic Waste	18 kg.	92 new plastic bags	110
	Aluminum Waste	6 kg.	Donated to the Foundation of HRH the Princess Mother	57.6



7. Collaborating with educational institutions in knowledge-sharing projects

The Company always attaches importance to education and believed that sharing knowledge with society is a key instrument in supporting the country's development. As a result, the company collaborates with educational institutions to conduct knowledge-sharing activities for students studying in relevant fields. Speakers from the company with experience in different disciplines such as design, selection, manufacturing materials, quality, marketing, and so on lead the knowledge exchange. The initiative's goal is to foster a powerful learning ecosystem that will serve as a solid foundation for society.

In 2022, the company organized activities to share knowledge with many educational institutions, namely Chiang Rai Rajabhat University (Chiang Rai), Phibun Songkram Rajabhat University (Phitsanulok), Naresuan University (Phitsanulok) and Rajamangala University of Technology Lanna (Tak). The Company intends to carry on with such knowledge-sharing programs in the future.

3.5 Sustainability Management in Environmental Dimension

3.5.1 Environmental Policy and Principles

Environmental Policy

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.

Energy Policy

1. The Company shall take into action and develop energy management system properly by assigning energy conservation as a part of the Company's operations in compliance with legal and related regulations
2. The Company shall continuously improve efficiency of energy use in line with technology used and principles
3. The Company shall set a plan and goal of energy conservation annually and communicate to all employees to understand and follow
4. The Company shall consider energy conservation to be duty of management in every level and all employees to follow and achieve
5. The Company shall support human resources, budget, working time, training and sharing opinion for energy management development

Commitment and Goal

Modernform is committed to following sustainable business practices with environmental responsibility. The Company has in place a comprehensive and efficient environmental management approach that incorporates climate change adaptation, energy management, water management, and waste management. The Company is also committed to strictly upholding the country's environmental laws and regulations to minimize the potential impact of its product and service operations throughout the Company's value chain.

Management Approach



In terms of production, the Company makes it a policy to ensure products are produced with high standards of quality, safety, and environmental awareness. Related certifications held by the Company are as follows:

ISO 9001	Quality Management System
ISO 14001	Environmental Management System
ISO/IEC 17025	Laboratory Management System
Green Industry	Green Industry Level 3



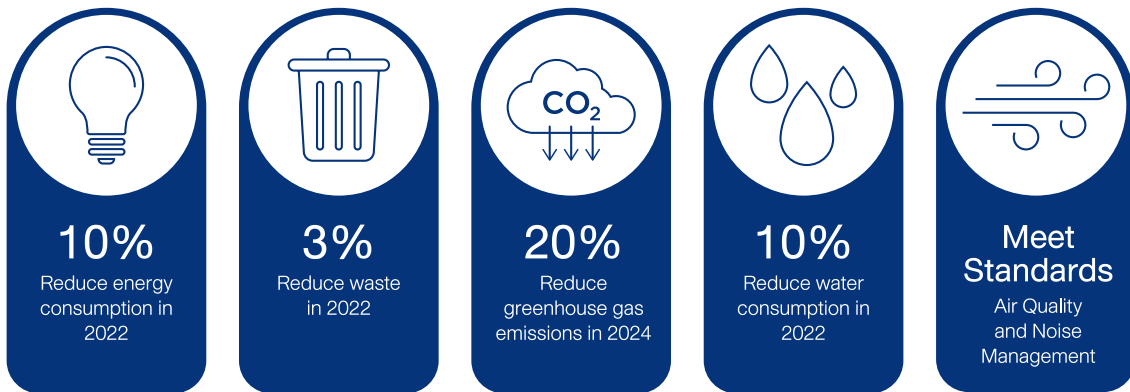
In 2022, the Company has been awarded Green Industry Level 3 from the Department of Industrial Works, representing its commitment to environmental sustainability where the following three aspects are being focused: 1) production process enhancement, 2) continuous improvement of environmental management, and 3) internal and external social and environmental responsibility throughout the supply chain.

The Company has also been certified with ISO/IEC 17025, the general requirements for the competence of testing and calibration laboratories, which include both quality management and technical requirements.

There has been neither complaint from communities or stakeholders, nor a breach of environmental laws or requirements, which serves as evidence of the Company's commitment to environmental management to prevent an impact on communities and stakeholders.

3.5.2 Environmental Management and Performance

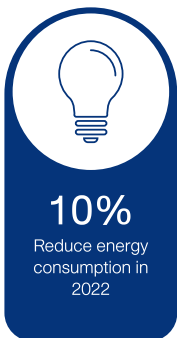
3.5.2.1 Resource Consumption Management



Energy Management

Commitment and Goal

With awareness of energy conservation and commitment to optimized energy use, the Company's energy management working group and the environmental management working group are given the mandate to work together to ensure that the implementation is aligned with the 8-step management system defined by the Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy. The working groups, with Personnel Responsible for Energy (PRE) as the secretary, are entrusted with the following responsibilities:



- To implement energy management according to the Company's energy conservation policy and energy management procedures.
- To coordinate with relevant departments and ask for cooperation in following the energy conservation policy and energy management procedures, as well as organizing training or activities to promote awareness of personnel.
- To oversee and ensure that the Company's energy management is aligned with energy conservation and energy management procedures.
- To report the performance of energy conservation and management based on energy conservation policy and energy management procedures to senior executives.
- To provide recommendations on the development or review of the energy conservation policy and energy management procedures to senior executives.
- To support senior executives in complying with Ministerial Regulations.



Energy Management Approach

Energy Management is an important issue because it directly affects resource utilization, cost of production, and greenhouse gas reduction. Therefore, it is essential that the promotion of tangible energy conservation is established by taking into consideration the efficient use of energy.

The Company's energy management measures can be classified into two parts, including technical measures and participation measures.

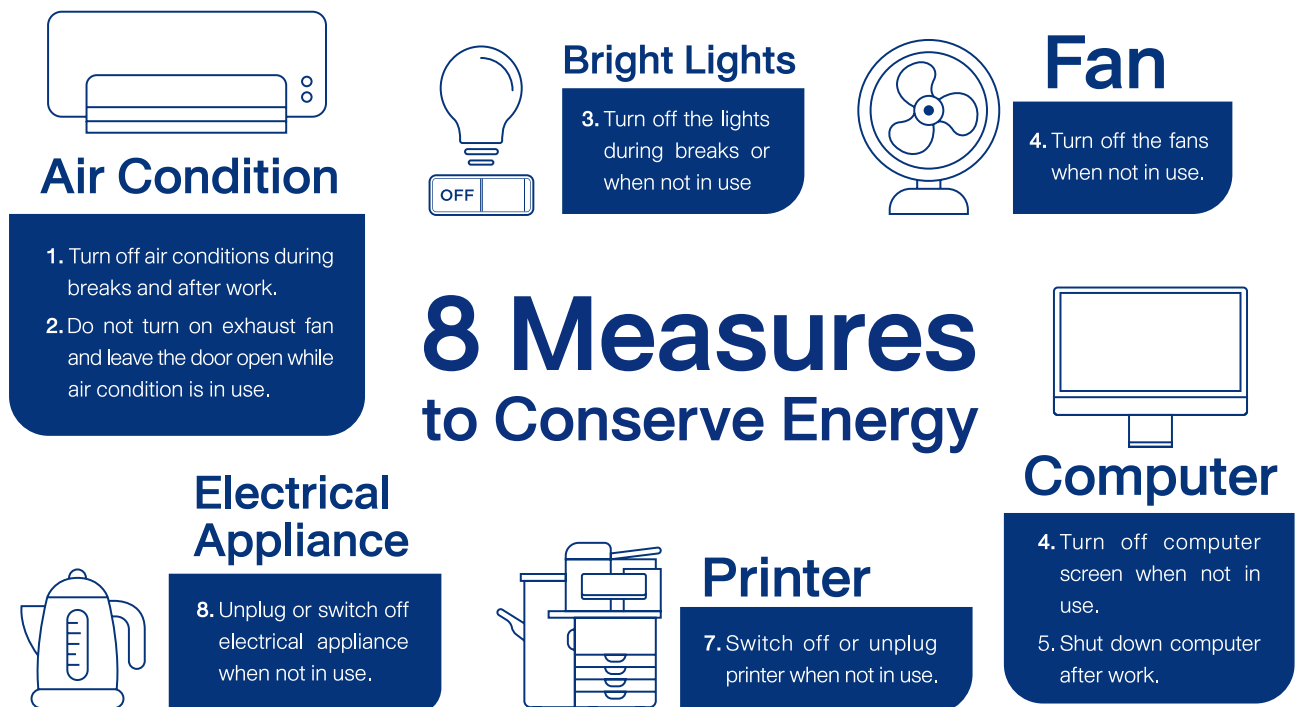
1. Technical Measures

In 2022, Modernform has actively set a long-term goal to reduce environmental impact in response to the government's greenhouse gas policies. Based on this idea, the "Solar Rooftop" Project was initiated with a 1.29690-megawatt solar energy system installed at Production Line 1. The initiative served as a pilot project for the introduction of clean energy into business operations through investment in renewable power generation. Modernform has installed a total of 2,260 solar panels on the roof of one of its production plants and a warehouse, with a capacity of 1,243 kilowatts and 53.9 kilowatts respectively. The total installed area is about 6,370 square meters or an equivalent of a 1.3-megawatt power plant with an annual capacity of 1,500,000 kilowatts of solar energy, helping the Company reduce up to 50% of daytime electricity cost.



2. Participation Measures

In addition to technical measures to reduce energy consumption in production, and being aware of the importance of employees' contribution to minimizing energy use throughout the organization, the Company has developed eight energy conservation measures and communicated them through several channels to promote awareness, understanding, and participation to achieve tangible energy reduction.



Performance of Energy Consumption Reduction

Electricity Consumption (kwh.)	2020	2021	2022	% of Reduction
Production 1	3,246,000	2,838,000	2,774,000	↓ 2.26%
Production 2	1,167,277	1,238,426	1,109,562	↓ 10.41%
Head Office	-	1,687,808	1,703,827	↑ 0.95%
Total Consumption	4,413,277	5,764,234	5,587,389	↓ 3.07%

Fuel Management

Fuel Consumption Goal

- Combined with electricity consumption reduction goal.

Energy Management Approach

The Company has developed a set of measures to regulate the use of internal transport vehicles to reduce unnecessary use of energy, improve driving behavior, educate relevant operational staff, and control the disbursement of fuel by supervisors. The effort has helped reduce both fuel consumption and CO2 emissions.

* In 2022, fuel consumption has increased due to an increase in production by 12% compared to 2021 where production decreased as a result of COVID-19. There was no fuel consumption in Production Line 2.

Performance of Fuel Consumption Reduction

Fuel Consumption (Liter)	2020	2021	2022
Production 1*	12,660	10,501	↑ 11,985

* In 2022, fuel consumption has increased due to an increase in production by 12%, compared to a decrease in 2021 production as a result of COVID-19 situation. There is no use of fuel in Production 2.

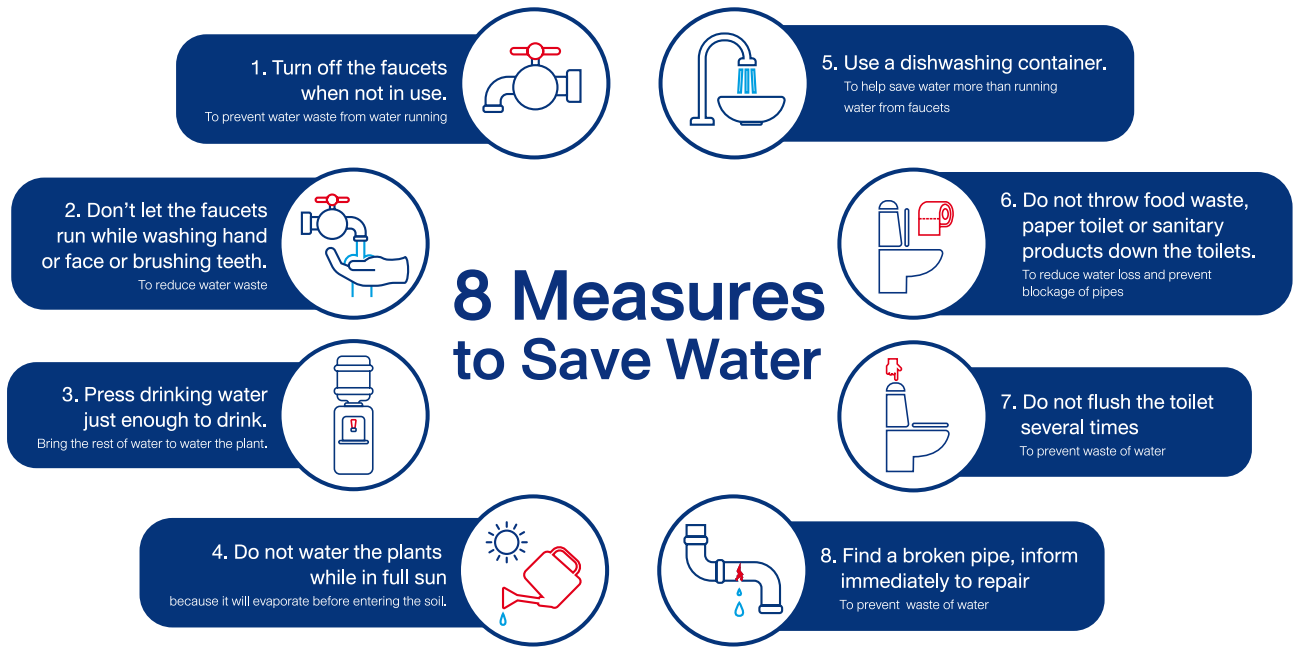
Water Management



Commitment and Goal

Water is not the main resource for furniture production at Modernform, but is rather used for general consumption. Therefore, the Company has launched a campaign to promote water-saving awareness and constantly communicate with its employees on this issue. Under this campaign, there is a working group conducting a random inspection once a month. Channels for reporting problems such as LINE messenger groups, supervisors, and housekeepers has been established to allow for timely repair and maintenance.

Water Saving Guideline



Performance of Water Consumption Reduction

Water Consumption (Cubic Meter)	2020	2021	2022
Production 1	23,911	21,863	↓ 18,636
Production 2	18,565	18,224	↑ 22,318
Total	42,476	40,087	↑ 40,954

* In 2022, water consumption has increased due to an increase in production by 12% compared to 2021 where production decreased as a result of COVID-19.

Waste Management



Commitment and Goal

Conducting business without affecting surrounding communities is the Company's priority. The Company has established a set of standards and procedures that corresponds with its business as well as ensures compliance with applicable laws as follows:

Waste Management Approach

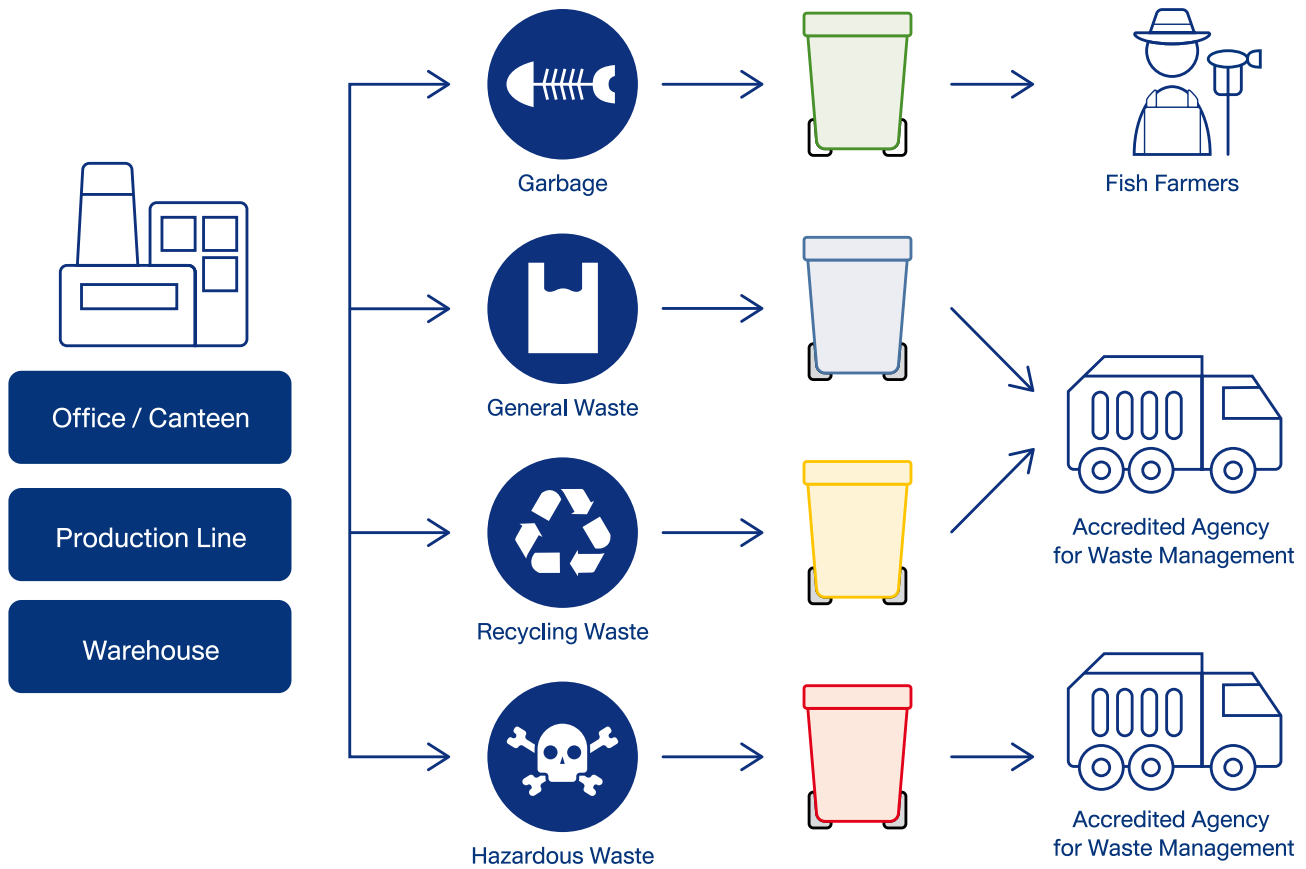
• Wastewater Management

The Company's furniture factories are equipped with a wastewater treatment system. Water quality testing is conducted regularly one time per week, of which the results are included in a report that is sent to relevant government agencies every three months. The Company also tests the quality of water for general consumption on an annual basis.

• Waste Management

The Company is committed to improving its waste and industrial waste management processes. Waste classification and separation methods were appropriately determined from the beginning of the processes. Employees are encouraged to correctly sort the waste so that different types of waste i.e. wet waste, general waste, recyclable waste, and dangerous waste can be disposed of according to sustainable management standards. Moreover, the Company arranges for verification of the waste management system to be conducted by the working group once a month.

Waste Management at Production Line



Air Quality and Noise Management



Commitment and Goal

It is the Company's priority to control air quality and manage noise from its operations which could potentially impact employees and surrounding communities. The Company develops and updates its air quality and noise control plan on an annual basis with a maintenance plan in place. Air quality and noise are measured and monitored regularly with the results recorded in a report for continuous improvement, making sure that the air quality and noise level are within limits required by applicable laws.



Measurement

- Annual budget for air quality and noise measurement is allocated.
- Conduct the measurement at least once a year.
- Appoint an area inspection working group to monitor work areas, report issues, follow up corrective actions, and provide updates to the environmental management working group on a monthly basis.



Control Plan

- The environmental management working group devises an annual control and monitoring plan.
- Tools, equipment/machines to be operated are inspected on an annual basis.
- Determine control measures.
- Keep updated on relevant laws and measures issued by the government or local agencies and follow them accordingly.
- Determine the frequency of legal compliance review for the next two periods.



Maintenance

- Develop a comprehensive operating manual for maintenance and arrange training for operators and relevant staff.
- Create a layout of the equipment/machine shop for ease of monitoring and systematic emergency response.
- Assign the person in charge of monitoring and reporting emergency incidents.
- Appoint a technical team in charge of problem analysis and maintenance, allocated to ensure sufficient resources for continuous improvement toward sustainability.



Reporting

- Arrange a performance review meeting three times per year.
- Arrange meetings to discuss issues about air quality and noise management systems to ensure the successful implementation of planned activities.
- Supporting resources are properly allocated to ensure sufficient resources for continuous improvement toward sustainability.

- The concentration level of chemicals and dust.

ตารางที่ 4.2 แสดงผลการประเมินปริมาณความเข้มข้นของฝุ่นและสารเคมีในบรรยากาศการทำงานเปรียบเทียบกับเกณฑ์มาตรฐานฯ

ลำดับที่	จุดตรวจวัด	จุดตรวจวัด	หน่วย	ผลการตรวจวัด	ประเมินผล							
					มาตรฐาน ^{1/}	ผล	มาตรฐาน ^{2/}	ผล	มาตรฐาน ^{3/}	ผล	มาตรฐาน ^{4/}	ผล
1	บริเวณแผนก AD ห้องขัดเล็ก	Total Dust	mg/m ³	0.740	-	-	-	-	15	✓	10	✓
2	บริเวณแผนก AD ห้องขัดใหญ่	Total Dust	mg/m ³	1.038	-	-	-	-	15	✓	10	✓
2	บริเวณแผนก AD ห้องขัดใหญ่	Respirable Dust	mg/m ³	0.5724	-	-	-	-	5	✓	3	✓
3	บริเวณแผนก AD ห้องพ่นสี 2	methy ethyl ketone (MEK)	ppm	<0.001	200	✓	200	✓	200	✓	200	✓
3	บริเวณแผนก AD ห้องพ่นสี 2	Xylene	ppm	0.311	100	✓	100	✓	100	✓	100	✓
3	บริเวณแผนก AD ห้องพ่นสี 2	Toluene	ppm	0.032	200	✓	100	✓	200	✓	200	✓
3	บริเวณแผนก AD ห้องพ่นสี 2	Ethylbenzene	ppm	0.203	100	✓	100	✓	100	✓	100	✓
3	บริเวณแผนก AD ห้องพ่นสี 2	styrene	ppm	<0.001	100	✓	50	✓	100	✓	50	✓
3	บริเวณแผนก AD ห้องพ่นสี 2	Cyclohexanone	ppm	<0.001	50	✓	25	✓	25	✓	50	✓
3	บริเวณแผนก AD ห้องพ่นสี 2	Acetone	ppm	0.212	1000	✓	250	✓	750	✓	1000	✓
3	บริเวณแผนก AD ห้องพ่นสี 2	Methyl isobutyl Ketone	ppm	<0.001	200	✓	50	✓	50	✓	50	✓
3	บริเวณแผนก AD ห้องพ่นสี 2	Ethyl acetate	ppm	0.015	400	✓	400	✓	400	✓	400	✓
4	บริเวณ ห้องผสมสาร	Acetone	ppm	31.853	1000	✓	250	✓	750	✓	1000	✓
4	บริเวณ ห้องผสมสาร	Xylene	ppm	1.740	100	✓	100	✓	100	✓	100	✓
4	บริเวณ ห้องผสมสาร	Toluene	ppm	2.732	200	✓	100	✓	200	✓	200	✓
4	บริเวณ ห้องผสมสาร	Hexane	ppm	0.268	500	✓	50	✓	500	✓	50	✓
4	บริเวณ ห้องผสมสาร	Naphthalene	ppm	<0.001	-	✓	10	✓	10	✓	10	✓
5	บริเวณแผนก ML ล้างถังสี	Acetone	ppm	0.052	1000	✓	250	✓	750	✓	1000	✓
5	บริเวณแผนก ML ล้างถังสี	Xylene	ppm	0.052	100	✓	100	✓	100	✓	100	✓
5	บริเวณแผนก ML ล้างถังสี	Toluene	ppm	1.559	200	✓	100	✓	200	✓	200	✓
5	บริเวณแผนก ML ล้างถังสี	Hexane	ppm	0.051	500	✓	50	✓	500	✓	50	✓
5	บริเวณแผนก ML ล้างถังสี	Naphthalene	ppm	<0.001	-	-	10	✓	10	✓	50	✓

ตารางที่ 4.2 แสดงผลการประเมินปริมาณความเข้มข้นของฝุ่นและสารเคมีในบรรยากาศการทำงานเปรียบเทียบกับเกณฑ์มาตรฐานฯ

ลำดับที่	จุดตรวจวัด	จุดตรวจวัด	หน่วย	ผลการตรวจวัด	ประเมินผล							
					มาตรฐาน ^{1/}	ผล	มาตรฐาน ^{2/}	ผล	มาตรฐาน ^{3/}	ผล	มาตรฐาน ^{4/}	ผล
6	บริเวณแผนก AL Aluminum	Acetone	ppm	<0.001	1000	✓	250	✓	750	✓	1000	✓
6	บริเวณแผนก AL Aluminum	Xylene	ppm	0.063	100	✓	100	✓	100	✓	100	✓
6	บริเวณแผนก AL Aluminum	Toluene	ppm	0.105	200	✓	100	✓	200	✓	200	✓
6	บริเวณแผนก AL Aluminum	Hexane	ppm	0.088	500	✓	50	✓	500	✓	50	✓
6	บริเวณแผนก AL Aluminum	Naphthalene	ppm	<0.001	-	-	10	✓	10	✓	10	✓
7	บริเวณแผนก KF	Acetone	ppm	0.053	1000	✓	250	✓	750	✓	1000	✓
7	บริเวณแผนก KF	Xylene	ppm	0.024	100	✓	100	✓	100	✓	100	✓
7	บริเวณแผนก KF	Toluene	ppm	1.702	200	✓	100	✓	200	✓	200	✓
7	บริเวณแผนก KF	Hexane	ppm	0.092	500	✓	50	✓	500	✓	50	✓
7	บริเวณแผนก KF	Naphthalene	ppm	<0.001	-	-	10	✓	10	✓	10	✓
8	บริเวณแผนก KD	Acetone	ppm	0.012	1000	-	250	✓	750	✓	1000	✓
8	บริเวณแผนก KD	Xylene	ppm	0.031	100	✓	100	✓	100	✓	100	✓
8	บริเวณแผนก KD	Toluene	ppm	1.011	200	✓	100	✓	200	✓	200	✓
8	บริเวณแผนก KD	Hexane	ppm	0.082	500	✓	50	✓	500	✓	50	✓
8	บริเวณแผนก KD	Naphthalene	ppm	<0.001	-	-	10	✓	10	✓	10	✓
9	บริเวณแผนกประกอบโถ KD	Total Dust	mg/m ³	0.462	-	-	-	-	15	✓	10	✓
10	บริเวณแผนก OD	Total Dust	mg/m ³	0.723	-	-	-	-	15	✓	10	✓
10	บริเวณแผนก OD	Total Dust	mg/m ³	0.723	-	-	-	-	15	✓	10	✓
10	บริเวณแผนก OD	Acetone	ppm	0.017	1000	✓	250	✓	750	✓	1000	✓
10	บริเวณแผนก OD	Xylene	ppm	0.119	100	✓	100	✓	100	✓	100	✓
10	บริเวณแผนก OD	Toluene	ppm	15.941	200	✓	100	✓	200	✓	200	✓
10	บริเวณแผนก OD	Hexane	ppm	0.805	500	✓	50	✓	500	✓	50	✓
10	บริเวณแผนก OD	Naphthalene	ppm	<0.001	-	-	10	✓	10	✓	10	✓
11	บริเวณแผนก WIP OD	Acetone	ppm	0.077	1000	-	250	✓	750	✓	1000	✓
11	บริเวณแผนก WIP OD	Xylene	ppm	0.026	100	✓	100	✓	100	✓	100	✓
11	บริเวณแผนก WIP OD	Toluene	ppm	2.557	200	✓	100	✓	200	✓	200	✓
11	บริเวณแผนก WIP OD	Hexane	ppm	0.038	500	✓	50	✓	500	✓	50	✓
11	บริเวณแผนก WIP OD	Naphthalene	ppm	<0.001	-	-	10	✓	10	✓	10	✓

ตารางที่ 4.2 แสดงผลการประเมินปริมาณความเข้มข้นของฝุ่นและสารเคมีในบรรยากาศการทำงานเปรียบเทียบกับเกณฑ์มาตรฐานฯ

ลำดับที่	จุดตรวจวัด	จุดตรวจวัด	หน่วย	ผลการตรวจวัด	ประเมินผล							
					มาตรฐาน ^{1/}	ผล	มาตรฐาน ^{2/}	ผล	มาตรฐาน ^{3/}	ผล	มาตรฐาน ^{4/}	ผล
12	บริเวณแผนก งานฝีมือ	Acetone	ppm	0.068	1000	✓	250	✓	750	✓	1000	✓
12	บริเวณแผนก งานฝีมือ	Xylene	ppm	0.093	100	✓	100	✓	100	✓	100	✓
12	บริเวณแผนก งานฝีมือ	Toluene	ppm	0.727	200	✓	100	✓	200	✓	200	✓
12	บริเวณแผนก งานฝีมือ	Hexane	ppm	0.166	500	✓	50	✓	500	✓	50	✓
12	บริเวณแผนก งานฝีมือ	Hexane	ppm	<0.001	-	-	10	✓	10	✓	10	✓
13	บริเวณห้องเก็บสารเคมี	Acetone	ppm	0.103	1000	✓	250	✓	750	✓	1000	✓
13	บริเวณห้องเก็บสารเคมี	Xylene	ppm	0.024	100	✓	100	✓	100	✓	100	✓
13	บริเวณห้องเก็บสารเคมี	Toluene	ppm	0.152	200	✓	100	✓	200	✓	200	✓
13	บริเวณห้องเก็บสารเคมี	Hexane	ppm	0.085	500	✓	50	✓	500	✓	50	✓
13	บริเวณห้องเก็บสารเคมี	Naphthalene	ppm	<0.001	-	-	10	✓	10	✓	10	✓
14	บริเวณเครื่องเจาะ DL-70	Total Dust	mg/m ³	0.678	-	-	-	-	15	✓	10	✓
15	บริเวณเครื่องเจาะ DL-65	Total Dust	mg/m ³	0.227	-	-	-	-	15	✓	10	✓

หมายเหตุ	*	:	วิเคราะห์ผลโดย บริษัท เอส.พี.เจ. ไรแอนติฟิค จำกัด ห้องปฏิบัติการวิเคราะห์เอกชน เลขทะเบียน 9-206
	1/	:	ประกาศกรมสวัสดิการและคุ้มครองแรงงาน เรื่อง ขีดจำกัดความเข้มข้นของสารเคมีอันตราย ประกาศในราชกิจจานุเบกษา วันที่ 3 สิงหาคม 2560
	2/	:	ตามข้อเสนอแนะของ The National Institute for Occupational Safety and Health (NIOSH)
	3/	:	ตามข้อกำหนดของ Occupational Safety and Health Administration (OSHA)
	4/	:	ตามข้อเสนอแนะของ The American Conference of Governmental Industrial Hygienists (ACGIH) ปี ค.ศ. 2018
	mg/m ³	:	มิลลิกรัมต่อลูกบาศก์เมตร
	ppm	:	ส่วนในล้านส่วน
	GRAVIMETRIC	:	METTLER TOLEDO, Model XP26DR, S/N B112122827
	AAS	:	Atomic Absorption spectrophotometry
	GC-FID	:	Gas Chromatography spectrophotometry
	IC	:	Ion Chromatography
	IR	:	INFRARED ABSORPTION SPECTROPHOTOMETR (IR)
	ISE	:	Ion-Selective-Electrode
	ND	:	ตรวจไม่พบ

- Temperature Check

ตารางที่ 1.1 แสดงผลการตรวจวัดระดับความร้อนในสภาพแวดล้อมการทำงาน

ลำดับ	บริเวณที่ทำการตรวจวัด	ความหนักเบา ของงาน	ช่วงเวลา	ค่าที่ตรวจวัดได้ (องศาเซลเซียส)				เกณฑ์มาตรฐานความปลอดภัย	
				NWB	DB	GT	WBGT _n	มาตรฐาน ^{1/2/}	ผล
1	แผนกปิดบ่อฝัง บริเวณเครื่อง EG-13	งานเบา	10.00-12.00 น.	25.0	34.7	37.1	28.6	34.0	✓
2	เครื่องปิดผิว บริเวณเครื่อง LA-07	งานเบา	10.00-12.00 น.	24.8	33.4	34.1	26.7	34.0	✓
3	บริเวณเครื่องปิดบ่อฝัง EG-33	งานเบา	13.00-15.00 น.	23.8	33.9	34.9	27.1	34.0	✓

หมายเหตุ	1/	:	กฎกระทรวงแรงงาน กำหนดมาตรฐานในการบริหาร จัดการ และดำเนินการด้านความปลอดภัย อาชีวอนามัย และสภาพแวดล้อมในการทำงานเกี่ยวกับความร้อน แสงสว่าง และเสียง พ.ศ. 2559 หมวด 1 ความร้อน
	2/	:	ประกาศกระทรวงอุตสาหกรรม เรื่อง มาตรการคุ้มครองความปลอดภัยในการประกอบกิจการโรงงานเกี่ยวกับสภาวะแวดล้อมในการทำงาน พ.ศ. 2546 หมวด 1 ความร้อน
	✓	:	เป็นไปตามค่ามาตรฐานที่กำหนด
	WBGT _n	:	Wet Bulb Globe Temperature (In) - ดัชนีระดับความร้อนในสิ่งแวดล้อม หรืออุณหภูมิเวทบูลบิลโกลบ(ภายในอาคาร)
	DB	:	Dry Bulb Temperature - อุณหภูมิกระเปาะแห้ง
	NWB	:	Natural Wet Bulb Temperature - อุณหภูมิกระเปาะเปียกตามธรรมชาติ
	GT	:	Globe Temperature - อุณหภูมิโกลบ (อุณหภูมิการแผ่รังสีความร้อน)

- The Amount of Contaminants in the Air.

ตารางที่ 5.1 แสดงผลการตรวจวัดและการประเมินปริมาณสารเจือปนในอากาศที่ระบายออกจากปล่อง

ลำดับที่	จุดตรวจวัด	ดัชนี	หน่วย	ผลการตรวจวัด	มาตรฐาน ¹⁰⁾	ผล
1	ปล่องดูดฝุ่น BL-15	ฝุ่นละออง (Total Suspended Particulate)	mg/m ³	0.080	ไม่เกิน 400	✓
2	ปล่องดูดฝุ่น BL-18	ฝุ่นละออง (Total Suspended Particulate)	mg/m ³	0.900	ไม่เกิน 400	✓
3	ปล่องดูดฝุ่น BL-19	ฝุ่นละออง (Total Suspended Particulate)	mg/m ³	0.740	ไม่เกิน 400	✓
4	ปล่อง Hood ดูดอากาศ CC-24	ไทเทเนียม (Titanium)	mg/m ³	0.010	-	-
		อะซิโตน (Acetone)	ppm	1.948	-	-
		โทลูอีน (Toluene)	ppm	0.603	-	-
		สไตรีน (Styrene)	ppm	ND (ตรวจไม่พบ)	-	-
		ไซลีน (Xylene)	ppm	7.514	ไม่เกิน 400	✓
		บิวทิล อะซิเตท (n-Butyl acetate)	ppm	13.873	-	-
5	ปล่อง Hood ดูดอากาศ CC-02	ไทเทเนียม (Titanium)	mg/m ³	ND (ตรวจไม่พบ)	-	-
		อะซิโตน (Acetone)	ppm	1.021	-	-
		โทลูอีน (Toluene)	ppm	1.394	-	-
		สไตรีน (Styrene)	ppm	0.937	-	-
		ไซลีน (Xylene)	ppm	2.563	ไม่เกิน 200	✓
		บิวทิล อะซิเตท (n-Butyl acetate)	ppm	1.758	-	-
6	ปล่อง Hood ดูดอากาศ CC-04	ไทเทเนียม (Titanium)	mg/m ³	ND (ตรวจไม่พบ)	-	-
		อะซิโตน (Acetone)	ppm	0.808	-	-
		โทลูอีน (Toluene)	ppm	1.432	-	-
		สไตรีน (Styrene)	ppm	ND (ตรวจไม่พบ)	-	-
		ไซลีน (Xylene)	ppm	4.648	ไม่เกิน 200	✓
		บิวทิล อะซิเตท (n-Butyl acetate)	ppm	7.506	-	-

หมายเหตุ

1/ : ประกาศกระทรวงทรัพยากรธรรมชาติและสิ่งแวดล้อม เรื่อง กำหนดมาตรฐานควบคุมการปล่อยทิ้งอากาศเสียจากโรงงานอุตสาหกรรม พ.ศ. 2549

2/ : ประกาศกระทรวงอุตสาหกรรม เรื่อง กำหนดค่าปริมาณของสารเจือปนในอากาศที่ระบายออกจากโรงงาน พ.ศ. 2549

3/ : ในสภาวะมาตรฐาน ที่อุณหภูมิ 25 องศาเซลเซียส หรือความดัน 1 บรรยากาศที่สภาวะแห้ง (Dry Basis)

4/ : ในสภาวะมาตรฐาน ที่อุณหภูมิ 25 องศาเซลเซียส หรือความดัน 1 บรรยากาศที่สภาวะแห้ง (Dry Basis) โดยมีปริมาณคาร์บอนมอนอกไซด์ในอากาศเสีย ร้อยละ 7

5/ : ประกาศกระทรวงอุตสาหกรรม เรื่อง กำหนดค่าปริมาณเขม่าควันที่เจือปนในอากาศที่ระบายออกจากปล่องของหม้อน้ำของโรงงาน พ.ศ. 2549

• : วิเคราะห์ผลโดย บริษัท เอ็มเน็กซ์ แอสโซซิเอต จำกัด ห้องปฏิบัติการวิเคราะห์เอกชน เลขทะเบียน ว-244

• : เป็นไปตามเกณฑ์มาตรฐาน x : ไม่เป็นไปตามเกณฑ์มาตรฐาน

- : ไม่มีเกณฑ์มาตรฐานที่กำหนด

- The Eight-hour Time-weighted Average Sound Level (TWA)

ตารางที่ 3.1 แสดงผลการตรวจวัดและการประเมินปริมาณเสียงเฉลี่ยตลอดระยะเวลาการทำงานปกติ

ลำดับที่	จุดตรวจวัด	ระดับเสียงเฉลี่ย Laeq (เดซิเบลเอ)	เกณฑ์มาตรฐาน ความปลอศภัย		ค่าระดับเสียง สูงสุด (Lpeak)	เกณฑ์มาตรฐาน ความปลอศภัย	
			มาตรฐาน ¹¹⁾	ผล		มาตรฐาน ¹²⁾	ผล
1	บริเวณเครื่องตัด เลเซอร์เครื่อง CT-47	81.0	85.0	✓	107.6	140.0	✓
2	บริเวณเครื่องปิดปากไม้ เลเซอร์เครื่อง EG-28	81.3	85.0	✓	106.2	140.0	✓

หมายเหตุ

1/ : ประกาศกระทรวงอุตสาหกรรม เรื่อง มาตรการคุ้มครองความปลอดภัยในการประกอบกิจการโรงงานเกี่ยวกับสภาวะแวดล้อมในการทำงาน พ.ศ. 2546 หมวด 3 เสียง

2/ : กฎกระทรวง กำหนดมาตรฐานในการบริหาร จัดการ และดำเนินการด้านความปลอดภัย อาชีวอนามัย และสภาพแวดล้อมในการทำงานเกี่ยวกับความร้อน แสงสว่าง และเสียง พ.ศ. 2559 หมวด 3 เสียง

✓ : เป็นไปตามเกณฑ์มาตรฐาน

X : ไม่เป็นไปตามเกณฑ์มาตรฐาน

ตารางที่ 3.2 แสดงผลการตรวจวัดและประเมินปริมาณเสียงสะสมที่ตัวบุคคลตลอดการทำงาน

ลำดับที่	จุดตรวจวัดชื่อ-สกุล	เกณฑ์มาตรฐาน ความปลอศภัย		เกณฑ์มาตรฐาน ความปลอศภัย		ค่าระดับ เสียงสูงสุด (Lpeak)	เกณฑ์มาตรฐาน ความปลอศภัย	
		มาตรฐาน ¹¹⁾	ผล	มาตรฐาน ¹¹⁾	ผล		มาตรฐาน ¹²⁾	ผล
1	บริเวณแม่ข่าย เลเซอร์เครื่อง DL-55 (นายวสัน)	56.4	83.1	85.0	✓	126.8	140.0	✓
2	บริเวณเครื่องปิดปากไม้เลเซอร์เครื่อง EG-35 (นายอชัญ)	62.3	83.4	85.0	✓	130.2	140.0	✓

หมายเหตุ

1/ : กฎกระทรวงกำหนดมาตรฐานในการบริหาร จัดการ และดำเนินการด้านความปลอดภัย อาชีวอนามัย และสภาพแวดล้อมในการทำงานเกี่ยวกับความร้อน แสงสว่าง และเสียง พ.ศ. 2559 หมวด 3 เสียง

2/ : ประกาศกรมสวัสดิการและคุ้มครองแรงงาน เรื่องมาตรฐานระดับเสียงที่ยอมให้อุปกรณ์ได้รับเฉลี่ยตลอดระยะเวลาการทำงานในแต่ละวัน พ.ศ. 2560

✓ : เป็นไปตามเกณฑ์มาตรฐาน

X : ไม่เป็นไปตามเกณฑ์มาตรฐาน



- The Level of Annoyance Noise.

ตารางที่ 8.1 ผลการตรวจวัด และประเมินผลกระทบระดับเสียงรบกวน

ลำดับที่	จุดที่ตรวจวัด	ระดับเสียงรบกวน	หน่วย	เกณฑ์มาตรฐานความปลอญภัย	
				มาตรฐาน ^{1/2/}	ผล
1	บริเวณประตูท้ายโรงงาน (47 P 689656 UTM 1506531)	9.3	dB(A)	≤ 10	✓
2	บริเวณแผนก MD-4 (47 P 689595 UTM 1506451)	9.8	dB(A)	≤ 10	✓
3	บริเวณด้านหน้าโรงงาน (47 P 689165 UTM 1506613)	8.6	dB(A)	≤ 10	✓

หมายเหตุ 1/ : ประกาศคณะกรรมการสิ่งแวดล้อมแห่งชาติ ฉบับที่ 29 (พ.ศ. 2550) เรื่อง ค่าระดับเสียงรบกวน
2/ : ประกาศกระทรวงอุตสาหกรรม เรื่อง กำหนดค่าระดับเสียงการรบกวนและระดับเสียงที่เกิดจากการประกอบกิจการโรงงาน พ.ศ. 2548 ประกาศในราชกิจจานุเบกษา 25 มกราคม 2549
✓ : เป็นไปตามค่ามาตรฐานที่กำหนด

ตารางที่ 9.1 ผลการตรวจวัด และประเมินผลกระทบระดับเสียงโดยทั่วไปเฉลี่ย 24 ชั่วโมง

ลำดับที่	จุดที่ตรวจวัด	ระดับเสียงเฉลี่ย 24 ชั่วโมง (เดซิเบล)	ค่ามาตรฐาน ^{1/2/}	ผล	ระดับเสียงสูงสุด (เดซิเบลเอ)	ค่ามาตรฐาน ^{1/2/}	ผล
1	บริเวณประตูท้ายโรงงาน (47 P 689656 UTM 1506531)	Electrometric	70.0	✓	107.2	115.0	✓
2	บริเวณแผนก MD-4 (47 P 689595 UTM 1506451)	Electrometric	70.0	✓	104.5	115.0	✓
3	บริเวณด้านหน้าโรงงาน (47 P 689165 UTM 1506613)	ADMI Method	70.0	✓	94.4	115.0	✓

หมายเหตุ 1/ : ประกาศคณะกรรมการสิ่งแวดล้อมแห่งชาติ ฉบับที่ 15 (พ.ศ. 2550) เรื่อง ค่าระดับเสียงโดยทั่วไป ออกโดยอาศัยอำนาจตามตรา 32(5) แห่งพระราชบัญญัติส่งเสริมและรักษาคุณภาพสิ่งแวดล้อม พ.ศ. 2535
2/ : ประกาศกระทรวงอุตสาหกรรม เรื่อง กำหนดค่าระดับเสียงการรบกวนและระดับเสียงที่เกิดจากการประกอบกิจการโรงงาน พ.ศ. 2548 ประกาศในราชกิจจานุเบกษา 25 มกราคม 2549
✓ : เป็นไปตามค่ามาตรฐานที่กำหนด

- The Quality of Drain Water Quality

ตารางที่ 6.1 แสดงผลทดสอบคุณภาพน้ำทิ้ง ณ บริเวณบ่อพักน้ำทิ้ง

ลำดับที่	พารามิเตอร์ที่ทดสอบ	วิธีทดสอบ	หน่วย	มาตรฐาน	จุดตรวจวัด / ผลการตรวจสอบ ^{1/}	
					บ่อพักน้ำทิ้ง	ผล
1	น้ำมันและไขมัน (Oil and Grease)	Electrometric	**	5.5 - 9.0	7.0	✓
2	ฟอรัมาลดีไฮด์ (Formaldehyde)	Electrometric	มก./ล.	ไม่เกิน 20	< 0.020	✓
3	สี (Color) (Normal)	ADMI Method	มก./ล.	ไม่เกิน 20	0.101	✓
	สี (Color) (Adjust)	ADMI	มก./ล.	ไม่เกิน 20	0.101	✓
4	Odour (กลิ่น)	-	มก./ล.	ไม่เกิน 20	< 0.010	✓
5	ของแข็งละลายทั้งหมด (Total Dissolved Solids หรือ TDS)	Dried at 180°C	มก./ล.	ไม่เกิน 20	ND	✓
6	ของแข็งแขวนลอยทั้งหมด (Total Suspended Solids)	Dried at 103-105°C	มก./ล.	ไม่เกิน 20	14.00	✓
7	บีโอดี (Biochemical Oxygen Demand)	Digestion, Direct Air-Acetylene Flame	มก./ล.	ไม่เกิน 20	< 0.002	✓
8	ซีโอดี (Chemical Oxygen Demand)	Colorimetric Method	มก./ล.	ไม่เกิน 20	< 0.006	✓
9	ซัลไฟด์ (Sulfide)	Zns Precipitation, Iodometric Method	มก./ล.	ไม่เกิน 20	< 0.03	✓
10	ไซยาไนด์ (Cyanides CN)	Distillation, Colorimetric	มก./ล.	ไม่เกิน 20	< 0.0005	✓

หมายเหตุ 1/ : วิเคราะห์โดย บริษัท สเปเชียล แล็บ เอ็นไว แอนด์ คอนซัลแตนท์ จำกัด เพื่อบริการปฏิบัติการวิเคราะห์เอกชน เลขที่ 2-133
2/ : ประกาศกระทรวงทรัพยากรธรรมชาติและสิ่งแวดล้อม เรื่อง กำหนดมาตรฐานควบคุมการระบายน้ำทิ้งจากโรงงานอุตสาหกรรมนิคมอุตสาหกรรมและเขตประกอบการอุตสาหกรรมประกาศในราชกิจจานุเบกษา วันที่ 6 มิถุนายน 3559
3/ : ประกาศกระทรวงอุตสาหกรรม เรื่อง กำหนดมาตรฐานควบคุมการระบายน้ำทิ้งจากโรงงาน พ.ศ. 2560 ประกาศในราชกิจจานุเบกษา วันที่ 7 มิถุนายน 2560
มก./ล. : มิลลิกรัมต่อลิตร
** : ไม่มีหน่วยการวัด
✓ : เป็นไปตามค่ามาตรฐานฯ
X : ไม่เป็นไปตามค่ามาตรฐานฯ
- : ไม่มีมาตรฐานกำหนด

ตารางที่ 6.1 แสดงผลทดสอบคุณภาพน้ำก้าง ณ บริเวณบ่อพักน้ำก้าง (ต่อ)

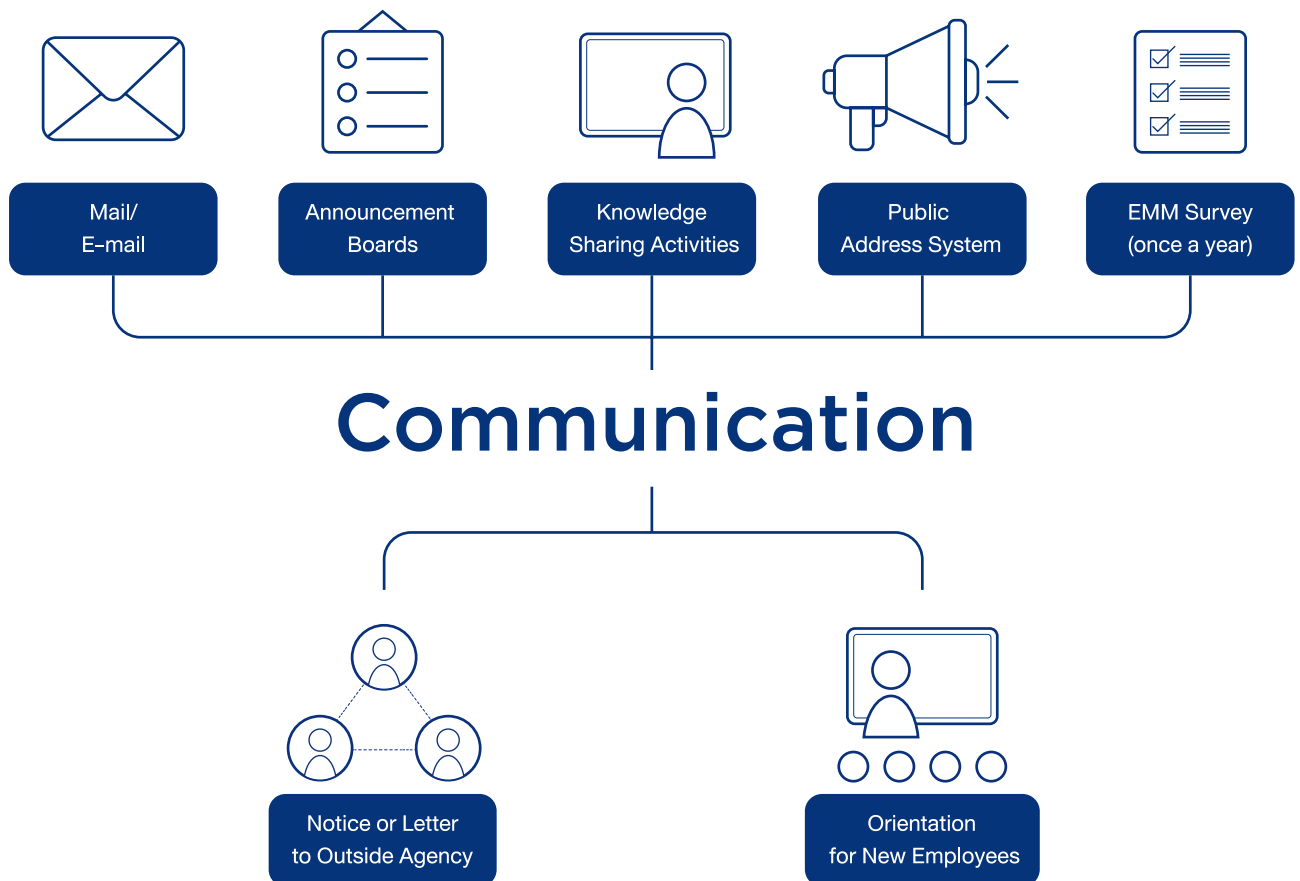
ลำดับที่	พารามิเตอร์ที่ทดสอบ	วิธีใช้ทดสอบ	หน่วย	มาตรฐาน	จุดตรวจวัด / ผลการตรวจสอบ	
					บ่อพักน้ำก้าง	ผล
11	น้ำมันและไขมัน (Oil and Grease)	Liquid-Liquid, partition-Gravimetric	มก./ล.	ไม่เกิน 20	< 5	✓
12	ฟอร์มาลดีไฮด์ (Formaldehyde)	Colorimetric Method	มก./ล.	ไม่เกิน 20	< 0.020	✓
13	สารประกอบฟีนอล (Phenols)	Distillation, Direct Photometric	มก./ล.	ไม่เกิน 20	0.101	✓
14	คลอรีนอิสระ (Free Chlorine)	DPD Colorimetric	มก./ล.	ไม่เกิน 20	< 0.010	✓
15	สารฆ่าศัตรูพืชและสัตว์ (Pesticide)	Liquid-Liquid ExtractionGas Chromatographic (ECD)	มก./ล.	ไม่เกิน 20	ND	✓
16	ไนโตรเจน (Total Kjeldahl Nitrogen)	Macro Kjeldahl	มก./ล.	ไม่เกิน 20	14.00	✓
17	สังกะสี (Zn)	Digestion, Direct Air-Acetylene Flame	มก./ล.	ไม่เกิน 20	< 0.002	✓
18	โครเมียมเฮกซะวาเลนต์ (Hexavalent Chromium)	Filtration, Colorimetric Method	มก./ล.	ไม่เกิน 20	< 0.008	✓
19	โครเมียมไตรวาเลนต์ (Trivalent Chromium)	Digestion, Direct Air Acetylene Flame Filtration, Colorimetric Method	มก./ล.	ไม่เกิน 20	< 0.03	✓
20	สารหนู (As)	Digestion, Hydride Generation/Atomic Absorption Spectrometric	มก./ล.	ไม่เกิน 20	< 0.0005	✓
21	ทองแดง (Cu)	Digestion, Direct Air-Acetylene Flame	มก./ล.	ไม่เกิน 20	0.021	✓
22	ปรอท (Hg)	Cold Vapor Atomic Absorption Spectrometric	มก./ล.	ไม่เกิน 20	< 0.0005	✓
23	แคดเมียม (Cd)	Digestion, Direct Air-Acetylene Flame	มก./ล.	ไม่เกิน 20	< 0.003	✓
24	แบเรียม (Ba)	Digestion, Direct Air-Acetylene Flame	มก./ล.	ไม่เกิน 20	< 0.100	✓
25	ซีลีเนียม (Se)	Digestion, Hydride Generation / Atomic Absorption Spectrometric	มก./ล.	ไม่เกิน 20	< 0.0005	✓
26	ตะกั่ว (Pb)	Digestion, Direct Air-Acetylene Flame	มก./ล.	ไม่เกิน 20	< 0.02	✓
27	นิกเกิล (Ni)	Digestion, Direct Air-Acetylene Flame	มก./ล.	ไม่เกิน 20	< 0.02	✓
28	แมงกานีส (Mn)	Digestion, Direct Air-Acetylene Flame	มก./ล.	ไม่เกิน 20	< 0.004	✓

หมายเหตุ 1/ : วิเคราะห์โดย บริษัท สเปเชียล แล็บ เซ็นโวล แอนด์ คอนซัลแตนท์ จำกัด ทะเบียนห้องปฏิบัติการวิเคราะห์เอกชน เลขที่ ว-133
2/ : ประกาศกระทรวงทรัพยากรธรรมชาติและสิ่งแวดล้อม เรื่อง กำหนดมาตรฐานควบคุมการระบายน้ำทิ้งจากโรงงานอุตสาหกรรมนิคมอุตสาหกรรมและเขตประกอบการอุตสาหกรรมประกาศในราชกิจจานุเบกษา วันที่ 6 มิถุนายน 3559
3/ : ประกาศกระทรวงอุตสาหกรรม เรื่อง กำหนดมาตรฐานควบคุมการระบายน้ำทิ้งจากโรงงาน พ.ศ. 2560 ประกาศในราชกิจจานุเบกษา วันที่ 7 มิถุนายน 2560
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3.5.2.2 Other Campaigns to Cultivate and Build Awareness among Employees

- Appoint a training and communications working group to devise an annual training plan to educate operational staff on safety, chemical handling, and environment as well as promoting environmental awareness among employees.
- Arrange activities to educate employees and encourage their participation in environmental conservation such as the 7R: Green Lifestyle and the Waste Separation for the Society campaign.
- Organize activities such as announcements and quizzes with prizes on different occasions through the public address system to educate employees.
- Conduct the Morning Talk activity to promote environmental awareness.
- Define channels to inform external service providers such as material and transportation vendors about the environmental measures they are required to follow while providing services within the Company's facilities to ensure compliance with the Company's policy and create a sustainable implementation of the environmental management system.

Channels for Internal and External Communications



3.5.3 Sustainable Production and Consumption

Commitment and Goal

Modernform is a furniture manufacturer that uses a combination of wood and other materials such as metal, fabric upholstery, leather upholstery, and other accessories for its products. As part of the society and world community, the Company is aware of its responsibility to conserve energy and ensure optimal use of limited natural resources. Realizing the importance of conserving and passing on natural resources to future generations, the Company prioritizes sustainable production and minimization of negative impact on the environment. Operational guidelines for every process from R&D, material selection, production, and transportation to delivery have been developed based on the principle of environmental responsibility. Moreover, with environmental sustainability as one of its key missions, the Company has implemented the following initiatives by taking Sustainable Development Goal 12 as a guideline:

1. Responsible Production for Sustainability

Project	Approach	Performance in 2022
<ul style="list-style-type: none"> Nesting software development for CNC punch press and fabrication 	<ul style="list-style-type: none"> Developed nesting software for wood material cutting which allows for automated processing and direct input into the machine in the production process. 	<ul style="list-style-type: none"> The nesting software has helped optimize the use of resources and energy by shortening the duration of work and reducing the utilization of machines, computers, and electricity. Machine operating time, in particular, was reduced by an average of 95 hours per unit.
<ul style="list-style-type: none"> Nesting software development to calculate the layout of components on wood material for optimized resource utilization 	<ul style="list-style-type: none"> Developed nesting software for optimized wood material cutting which allows for automated processing and direct input into the machine in the production process. 	<ul style="list-style-type: none"> The nesting software has helped reduce the utilization of wood material by 15% compared to the previous calculation system.
<ul style="list-style-type: none"> Improvement of the production process for enhanced safety 	<ul style="list-style-type: none"> Shifted to a more appropriate parts production process by using a larger portion of powder-coated parts and/or stainless steel parts in production while minimizing chrome-plated parts. 	<ul style="list-style-type: none"> Replaced chrome-plated parts with other materials for new product designs. Improved existing product designs by using a more sustainable alternative to chrome material. Developed a set of standards and product specifications to eliminate the use of chrome-plated parts. Set a target to achieve 100% chrome-free product design and follow the production process according to the new standards by 2023.
<ul style="list-style-type: none"> Product design based on the principles of sustainable design and circular economy 	<ul style="list-style-type: none"> Designed and developed new products to answer the needs of consumers in the present day by using suitable materials and optimized production processes while minimizing waste and/or maximizing the use of leftover materials from production or consumption. Presented sustainable products to target groups, and published information about the products to the public to promote awareness of social and environmental responsibility. 	<ul style="list-style-type: none"> The products won international recognition awards. The products received publicity from several global media outlets. The products are expected to be launched gradually during 2022 - 2023.

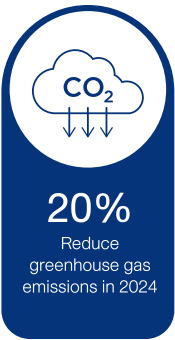
Project	Approach	Performance in 2022
<ul style="list-style-type: none"> Solar rooftop project 	<ul style="list-style-type: none"> Use of clean, renewable energy in the production process 	<ul style="list-style-type: none"> Electricity cost was reduced by 50%
<ul style="list-style-type: none"> Optimized use of waste materials 	<ul style="list-style-type: none"> Scrap wood from production were reused to maximizing the value of the resource while contributing to society and the environment at the same time. 	<ul style="list-style-type: none"> Wood material was used to produce furniture and donated to Wat Prasat Singburi School and the Bangkok School for the Blind. Wood scraps from production were used to produce small furniture items and sold to employees at a lower price.

2. Business Partnership toward Sustainable Product

Project	Approach	Performance in 2022
<ul style="list-style-type: none"> Partnership on upcycling product development 	<ul style="list-style-type: none"> Became a partner of GC's Upcycling Upstyling Project Year 3 which was organized under the concept, "Together to Net Zero", to develop products under the UPTOYOU brand. Launched the "Sidekick 7 Sustainable Collection", an upcycling furniture collection created based on sustainable design and circular living principles. The products under this collection were produced through upcycling of leftover plastic materials and reclaimed plastic waste that is 100% recyclable. 	<ul style="list-style-type: none"> 4,083 pieces of PET bottles, plastic lids, and plastic bags were used for the production of this special collection, contributing to a reduction of CO2 emission by 165 kilograms or an equivalent of 183 trees grown for 10 years.

Project	Approach	Performance in 2022
<ul style="list-style-type: none"> Development of design standard for project furniture under the concept, "Good Health & Wellbeing Design" 	<ul style="list-style-type: none"> Conducted a study on product design and development under the concept, "Good Health & Wellbeing Design." Determined guidelines for sourcing materials that corresponded with the product design principle where health, well-being, and environment were taken into consideration. Devised a plan to conduct the training on sustainable design for employees. Supported and formed a partnership with partners who shared common ideas and practices. Improved the process to ensure maximum efficiency. 	<ul style="list-style-type: none"> The Company has already started using the newly developed standard for the design and development of furniture for project clients including the Aspen tree Project, Aries Project, and Nan Hospital Project. Obtained a list of materials that are suitable for product design and development according to the concept such as PB-E1, MDF-HMR-E1, water-based spray paint, artificial stone tops, ROHS grade LEDs, which are durable, safe, and environmentally friendly substitute materials. Cultivated awareness among employees about socially and environmentally responsible product design and development.

3.5.4 Climate Change



Commitment and Goal

Climate change causes global warming and changing climate conditions affect both natural and human activities. It also poses risks to economic well-being and the environment. With awareness of this issue and commitment to the reduction of its impact, Modernform has organized several activities and campaigns to minimize its greenhouse gas emissions with an aim towards Sustainable Development Goal (SDG) Goal 13.

In 2022, the Company recorded its utilization of electricity, fuel, tap water, and paper. The company also made a self-calculation of its greenhouse gas emissions based on its own carbon footprint assessment parameters and emission factor (EF) from the Thailand Greenhouse Gas Management Organization (Public Organization).

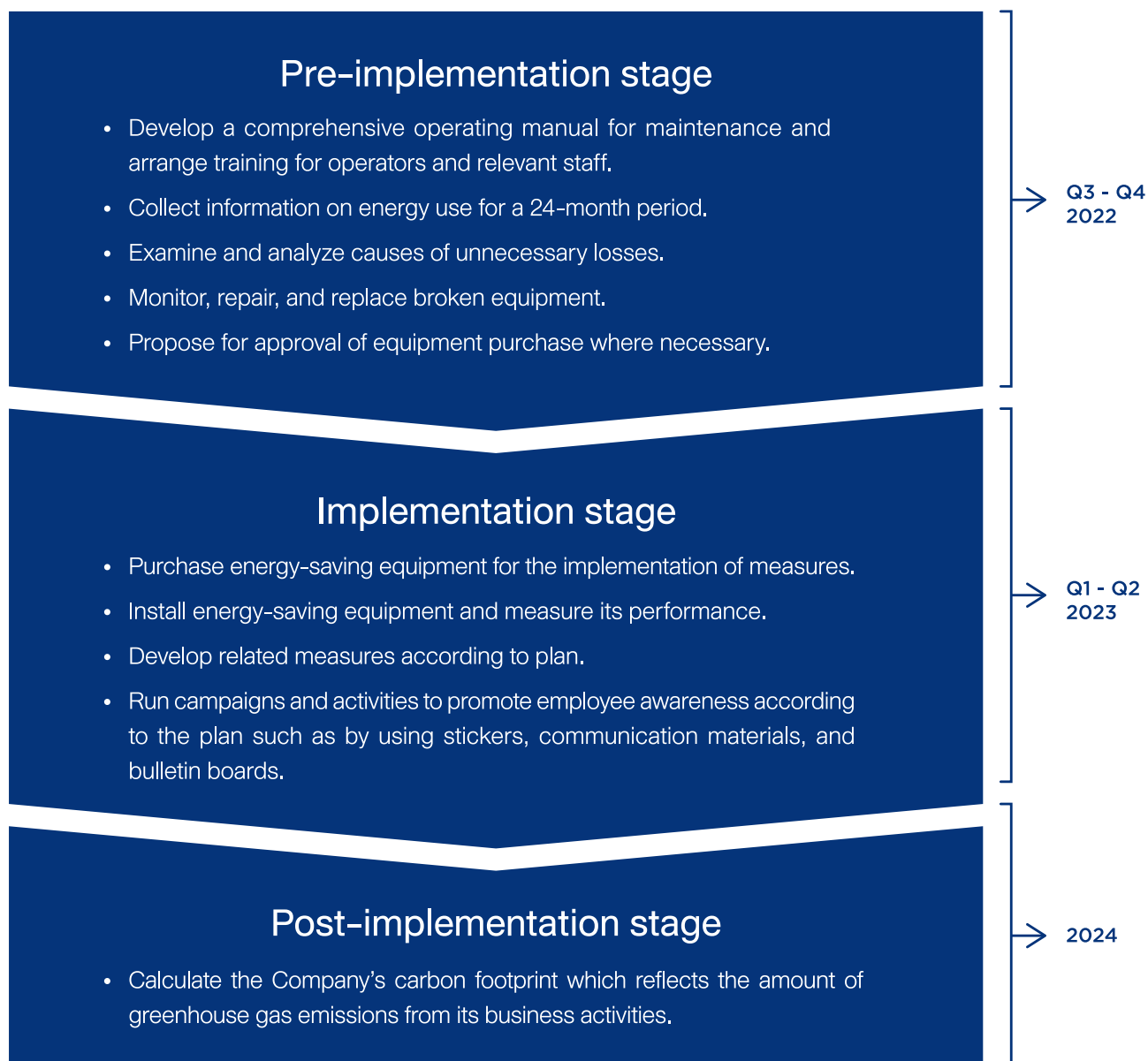
Assessment of the Company's Greenhouse Gas Emissions

Related activities contributing to greenhouse gas emissions that have been collected and recorded are as follows:

Consumption of	Electricity	Fuel	Water	Delivery	Paper
Production 1					
Production 2					
Head Office					

Greenhouse Gas Reduction Guidelines in 2022

In 2021, the Company began to actively adopt the sustainable development principle and created its first greenhouse gas reduction guidelines in 2022, of which Production Line 1 was chosen for implementation. An overview of the implementation plan is provided below:



Projects and Activities to Reduce Green House Gas Emission in 2022

Project	Approach	Performance in 2022
<ul style="list-style-type: none"> Use of renewable energy 	<ul style="list-style-type: none"> Installation of a 1.29690-megawatt solar energy generating system 	<ul style="list-style-type: none"> Reduce electricity cost by 50%
<ul style="list-style-type: none"> Use of digital system to help reduce paper use 	<ul style="list-style-type: none"> An electronic system for recording and approval of the QC-RM Division's Non-Conforming Product Report (NCR) has been developed to replace the previous paper-based process. 	<ul style="list-style-type: none"> Reduce its paper use for the task by 100% or an equivalent of 10 reams compared to 2021
	<ul style="list-style-type: none"> The project by the Product Planning Division to reduce paper-based documents to be submitted to the Assembly Division 	<ul style="list-style-type: none"> Reduce the paper use by 50% compared with that of 41 reams in 2021
	<ul style="list-style-type: none"> The e-Transfer Project to reduce the use of paper for product transfer documents 	<ul style="list-style-type: none"> Decrease the use of paper-based transfer documents by 90% compared with a total of 40 cartons (or 200 reams) in 2021

Year	Total Volume (kgCO ₂ e)	Carbon Dioxide Equivalent (tCO ₂ e)
2020	2,268,389.69	2,268.39
2021	2,935,820.84	2,935.82
2022	2,851,402.62	2,851.40



Management Discussion & Analysis of a One-year Performance as of End December 31, 2022

4

Company Overview

A sign of recovery from project business

There is a positive trend of recovery of office furniture, residence furniture and decorative items from both public and private sectors which the proportion of public project is about 60% and private 40%.

A new showroom at the West Bangkok “Modernform Ratchaphruek”

“Modernform Ratchaphruek”, for retail market, is under the concept of “Western Destination for Modern Living”. It is located on an area of over 500 square meters, where it will support the expansion of real estate projects and mega-projects of government and private sectors in the future. This showroom comprehensively offers the residence, kitchen and office furniture to meet the needs of all customer groups -regarding living and working.

The first launch of Steelcase Workbetter Magazine in South East Asia

Steelcase, the biggest office furniture in the world, has been closely working with Modernform to pioneer the initiatives of office solution and new ergonomic chairs, as well as, recently launched a Workbetter magazine, a knowledge-based to capture the office trend for interiors, architectures and customers at Modernform Forty9. This is the first launch in South East Asia.

Implementation of new system for loyalty program with more partners

The company has implemented a new customers system in order to create a more aggressive CRM and loyalty program with more partners such as True, credit card, Jaspal and etc. This effort will help expanding customers' base with a sound sales conversion.

Sustainability - Solar Rooftop Project

The company has recently installed solar rooftop 1.29690 megawatt at one of our factors located at Bangplee. This will align with company's sustainability plan, and at the same time, save the tremendous amount of electric energy.

Sustainability Design Concept

The company designs and manufactures furniture under the concept of sustainability together with social and environmental responsibility. The design is to focus on fit and sufficiency. Selection of materials is such as waste materials from the production process or renewable resources derived from industrial waste through the production process as necessary but provides a wide range of benefits and a modern style. From 2020 to the present, the design work has been guaranteed by world-class awards for 8 products, totaling 19 awards such as the Red Dot Design Award from Germany, the DNA Paris Design Awards from France and the SIT Furniture Design Award from Switzerland.

Corporate Social Activities

The company still maintains a policy of commitment to conduct business coupled with social and environmental development. CSR activities are organized regularly, for example, organizing areas for employees to participate in plastic and aluminum waste sorting forwarded to the Suan Luang District Office to bring into the proper recycling process, organizing blood donation activities with the Thai Red Cross Society every 3 months, and supporting furniture for the Pankan shop in the Yuvabadhana Foundation to create scholarships for children who lack opportunities, etc.



Financial Performance in 2022

(Unit: Million Baht)

	2022	2021	Increase (Decrease)	%
Revenues from sales	2,207.0	2,134.6	72.4	3.4%
Revenues from rental, services, design services and construction	188.2	242.1	(53.9)	(22.3%)
Other income	36.5	47.5	(11.0)	(23.3%)
Total revenues	2,431.7	2,424.2	7.5	0.3%
Cost of sales	1,573.6	1,443.7	129.9	9.0%
Cost of rental, services, design services and construction	102.8	134.3	(31.5)	(23.5%)
Selling and administrative and other expenses	692.9	704.8	(11.9)	(1.7%)
Total expenses	2,369.3	2,282.8	86.5	3.8%
Profit (loss) from operating activities	62.4	141.4	(79.0)	(55.9%)
Share of profit (loss) from investments in associates and investments in joint venture	7.6	(21.2)	28.8	135.8%
Finance income	2.8	4.9	(2.1)	(42.3%)
Finance cost	(13.5)	(13.7)	0.2	1.3%
Profit (loss) before income tax expenses	59.3	111.4	(52.1)	(46.8%)
Tax expenses	(19.8)	(26.0)	6.2	23.8%
Profit (loss) for the year	39.5	85.4	(45.9)	(53.8%)
Profit (loss) for equity holders of the company	39.0	88.1	(49.1)	(55.7%)

Total revenues: Baht 2,431.7 million representing an 0.3% increase

The company and subsidiaries recorded total revenues of Baht 2,431.7 million, which was up 0.3% or Baht 7.5 million. This accounted for sales revenues totaling Baht 2,207.0 million, representing a 3.4% increase or Baht 72.4 million; rent and service incomes as well as design service and construction fees totaling Baht 188.2 million, decrease 23.3% or Baht 53.9 million; as well as other incomes totaling Baht 36.5 million representing a 23.3% decrease or Baht 11.0 million year on year (YoY).

Gross profit margin: 30.0%, representing a 3.6% decrease

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 30.0%, or a decrease by 3.6% YoY.

Total expenses: Baht 2,369.3 million, representing an 3.8% increase

The company and subsidiaries recorded total expenses of Baht 2,369.3 million, which was up 3.8 % or Baht 86.5 million. This was categorized into costs of sales totaling Baht 1,573.6 million or increase by 9.0% totaling Baht 129.9 million; costs of rent, service fees and design service and construction fees totaling Baht 102.8 million, which represented a decrease by 23.5% or Baht 31.5 million; as well as sales & general administration expenses and other expenses totaling Baht 692.9 million or decrease by 1.7% totaling Baht 11.9 million YoY.

Net profit: Baht 39.0 million, representing a 55.7% decrease

In 2022, the company and subsidiaries recorded net loss attributable to shareholders' equity totaling Baht 39.0 million, which was down 55.7% or Baht 49.1 million YoY due to the cost of goods sold increased due to higher raw material prices.

Business Units and Subsidiaries Performance

(Unit: Million Baht)

Business Units	2022	2021	Increase (Decrease)	%
Office and Residential furniture business	1,601.7	1,660.7	(59.0)	(3.6%)
Furniture fittings, solid surface, carpet tile and flooring business	390.2	353.4	36.8	10.4%
Space rental and services business (excluded other service)	83.9	85.0	(1.1)	(1.3%)
Healthcare product and medical equipment business	318.5	261.0	57.5	22.0%
Total	2,394.3	2,360.1	34.2	0.8%

Office and Residential furniture business

Sales: Baht 1,601.7 million, representing a 3.6% increase

Sales of office and home furniture business totaled Baht 1,601.7 million in 2022, which was down 3.6% YoY totaling Baht 59.0 million due to delayed delivery of furniture to project.

Furniture fittings, solid surface, carpet tile and flooring business

Sales: Baht 390.2 million, representing an 10.4% increase

Sales of furniture accessories, synthetic rock, carpet and flooring materials during in 2022, an increase 10.4% totaling Baht 390.2 million to remain at Baht 36.8 million YoY.

Space rental and Services Business (excluded other service)

Income: Baht 83.9 million, representing a 1.4% decrease

In 2022, the rental and service businesses recorded Baht 83.9 million revenues from rent and services (excluding other service fees such as consulting fees and internal audit fees), a decrease 1.3% or Baht 1.1 million YoY.

Healthcare product and medical equipment business

Income: Baht 318.5 million, representing an 22.0% increase

The healthcare furniture and medical equipment business recorded a total of Baht 318.5 million worth of sales revenues, services, design and construction fees during in 2022, an increase 22.0% totaling Baht 57.5 million YoY.

Financial Position Analysis

(Unit: Million Baht)

	2022	2021	Increase (Decrease)	%
Assets				
Total current assets	2,114.7	2,279.2	(164.5)	(7.2%)
Total non - current assets	1,237.2	1,136.4	100.8	8.9%
Total Assets	3,351.9	3,415.6	(63.7)	(1.9%)
Liabilities				
Total current liabilities	838.9	881.0	(42.1)	(4.8%)
Total non-current liabilities	227.5	211.8	15.7	7.5%
Total liabilities	1,066.4	1,092.8	(26.4)	(2.4%)
Shareholders' equity				
Equity attributable to the owners of the Company	2,277.5	2,315.3	(37.8)	(1.6%)
Non-controlling interests of the subsidiaries	8.0	7.5	0.5	5.6%
Total shareholders' equity	2,285.5	2,322.8	(37.3)	(1.6%)
Total liabilities and shareholders' equity	3,351.9	3,415.6	(63.7)	(1.9%)

Significant changes of assets, liabilities and shareholders' equity as of December 31, 2022 compared to the outstanding as of December 31, 2021 are as follows.

Assets

As of December 31, 2022, the company and subsidiaries registered total assets of Baht 3.3519 billion compared to as of December 31, 2021. This represented a 1.9% decrease totaling Baht 63.7 million thanks mainly to the following:

1. Cash and cash equivalents decreased Baht 368.5 million from Baht 329.7 million to Baht 698.2 million.
2. Financial assets increased Baht 1.2 million from Baht 325.0 million to Baht 323.8 million.
3. Inventories increased Baht 34.6 million from Baht 1.1763 billion to Baht 1.1417 billion.
4. Trade receivables and other receivables increased Baht 92.0 million from Baht 373.5 million to remain at Baht 281.5 million.
5. Properties for investment, land, plants and equipment decreased Baht 16.5 million from Baht 627.7 million to Baht 644.2 million.

Liabilities

As of December 31, 2022, the company and subsidiaries registered total liabilities of Baht 1.0664 billion compared to December 31, 2021. This represented a 2.4% decrease totaling Baht 26.4 million thanks mainly to the following:

1. Bank overdraft and short-term loans from financial institutions totaled Baht 215.7 million, decreased Baht 5.1 million from Baht 220.8 million.
2. Trade payables and other payables decreased Baht 53.8 million from Baht 285.2 million to Baht 339.0 million.
3. Contract liabilities increased Baht 8.4 million from Baht 261.7 million to Baht 253.3 million.
4. Lease contract liabilities increased Baht 2.6 million from Baht 45.1 million to Baht 42.5 million.
5. Unbilled payables decreased Baht 5.5 million from Baht 23.0 million to Baht 28.5 million.

Shareholders' equity

As of December 31, 2022, the company and subsidiaries registered Baht 2.2855 billion worth of shareholders' equity compared to December 31, 2021. This was down 1.6% or Baht 37.3 million due to the decline of retained earnings as a result of dividend payment.

Liquidity Analysis

As of December 31, 2022, the company's cash and cash equivalents totaled Baht 368.5 million, which was down Baht 329.7 million from end of 2021. Details are as follows.

(Unit: Million Baht)

	2022
Cash flows from operating activities	(38.3)
Cash flows from investing activities	(238.5)
Cash flows from financing activities	(52.9)
Net increase (decrease) in cash and cash equivalents	(329.7)
Cash and cash equivalents at beginning of period	698.2
Cash and cash equivalents at end of period	368.5

Changes of cash and cash equivalents for the year that ended December 31, 2022 can be explained through the following activities:

Net cash used in operating activities totaling Baht 38.3 million was a result of operation results during the current year.

Net cash used in investing activities totaled Baht 238.5 million. This resulted from Baht 20.0 million of cash paid for short-term loans to related parties; Baht 33.7 million of cash paid for purchase of financial instruments; Baht 128.0 million cash paid share subscription in joint venture and Baht 70.8 million cash paid for land and building as well as equipment and investment property.

Net cash used in financing activities totaled Baht 52.9 million. This resulted from Baht 17.9 million cash paid for lease liabilities and Baht 52.5 million was paid as dividend.

Analysis of Significant Financial Ratios

	2022	2021
Net profit margin (%)	1.6%	3.7%
Return on equity (%)	1.7	3.8
Return on total assets (%)	1.2	2.6
Debt to equity ratio (Times)	0.5	0.5
Current ratio (Times)	2.5	2.6

In 2022, the company and subsidiaries' net profit margin remained at 1.6%, 2.1 % decreased YoY. Return on equity (ROE) fell 2.1% while Return on total assets (ROA) fell 1.4% and Debt to equity ratio (D/E Ratio) remained unchanged from the same period a year ago. Current ratio decreased 0.1 times.

Financial Highlights

Modernform Group Public Company Limited and its Subsidiaries

Statement of Financial Position (Consolidated)

(Unit: Million Baht)

	2022	%	2021	%	2020	%
Assets						
Current assets						
Cash and cash equivalents	368.5	11.0	698.3	20.4	677.3	20.2
Contract assets	72.7	2.2	69.1	2.0	45.0	1.4
Trade and other receivables	373.5	11.1	281.5	8.2	387.6	11.6
Short-term loans to related parties	20.1	0.6				
Inventories	1,176.3	35.1	1,141.7	33.5	992.2	29.7
Other current financial assets	28.0	0.8	33.3	1.0	29.2	0.9
Other current assets	75.6	2.3	55.3	1.6	44.5	1.3
Total current assets	2,114.7	63.1	2,279.2	66.7	2,175.8	65.1
Non-current assets						
Non-current contract assets	17.8	0.5	41.8	1.0	50.9	1.2
Other non-current financial assets	297.0	8.9	290.6	8.5	218.5	6.5
Investments in associates	36.7	1.1	30.6	1.2	38.3	1.5
Investment in joint venture	159.0	4.8	29.5	0.9	39.1	1.2
Investment properties	237.3	7.1	117.2	3.4	134.6	4.0
Property, plant and equipment	390.4	11.6	527.1	15.4	563.7	16.9
Right-of-use assets	42.4	1.2	41.1	1.2	57.5	1.7
Intangible assets	12.9	0.4	13.8	0.4	14.6	0.4
Deferred tax assets	40.1	1.2	40.0	1.2	40.6	1.2
Other non-current assets	3.5	0.1	4.7	0.1	9.2	0.3
Total non-current assets	1,237.2	36.9	1,136.4	33.3	1,167.0	34.9
Total assets	3,351.9	100.0	3,415.6	100.0	3,342.8	100.0

(Unit: Million Baht)

	2022	%	2021	%	2020	%
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans from financial institutions	215.7	6.4	220.9	6.5	193.6	5.8
Trade and other payables	285.2	8.5	339.0	9.9	253.6	7.6
Current portion of long-term loans from financial institution	9.6	0.3	1.2	0.0	1.2	0.0
Unbilled payables	23.0	0.7	28.5	0.9	26.0	0.8
Contract liabilities	261.7	7.8	253.3	7.4	254.1	7.6
Current portion of lease liabilities	17.4	0.5	17.2	0.5	16.2	0.5
Income tax payable	7.3	0.2	7.8	0.2	12.9	0.4
Other current liabilities	19.0	0.5	13.1	0.4	20.6	0.6
Total current liabilities	838.9	25.0	881.0	25.8	778.2	23.3
Non-current liabilities						
Long-term loans from financial institution net of current portion	14.9	0.4	0.6	0.0	1.9	0.0
Lease liabilities, net of current portion	27.6	0.8	25.3	0.8	42.4	1.3
Provision for long-term employee benefits	185.0	5.6	185.9	5.4	193.3	5.8
Total non-current liabilities	227.5	6.8	211.8	6.2	237.6	7.1
Total liabilities	1,066.4	31.8	1,092.8	32.0	1,015.8	30.4
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	22.4	750.0	22.0	750.0	22.4
Share premium	733.6	21.9	733.6	21.4	733.6	21.9
Treasury stocks premium	146.0	4.4	146.0	4.3	146.0	4.4
Other surplus	5.7	0.2	5.7	0.2	8.0	0.2
Retained earnings						
Statutory reserve	114.9	3.4	114.4	3.3	116.6	3.5
Unappropriated	575.3	17.1	589.3	17.2	643.7	19.3
Other components of shareholders' equity	(48.0)	(1.4)	(23.7)	(0.7)	(81.6)	(2.4)
Equity attributable to the owners of the Company	2,277.5	68.0	2,315.3	67.8	2,316.3	69.3
Non-controlling interests of the subsidiaries	8.0	0.2	7.5	0.2	10.7	0.3
Total shareholders' equity	2,285.5	68.2	2,322.8	68.0	2,327.0	69.6
Total liabilities and shareholders' equity	3,351.9	100.0	3,415.6	100.0	3,242.8	100.0



Modernform Group Public Company Limited and its Subsidiaries
Income Statement (Consolidated)

(Unit: Million Baht)

	2022	%	2021	%	2020	%
Revenues						
Sales	2,207.0	100.0	2,134.6	100.0	2,701.6	100.0
Rental income	38.2	1.6	38.9	1.8	39.7	1.5
Architectural design services and construction income	89.1	4.0	141.5	6.7	117.6	4.3
Service income	60.9	2.8	61.7	2.9	65.4	2.4
Dividend income	5.7	0.3	6.3	0.3	25.5	0.9
Other income	30.8	1.4	41.2	1.9	48.1	1.8
Total revenues	2,431.7	110.1	2,424.2	113.6	2,997.9	110.9
Expenses						
Cost of sales	1,573.6	71.3	1,443.7	67.6	1,927.7	71.4
Cost of rental and services	30.3	1.4	31.4	1.5	33.4	1.2
Cost of design services and construction	72.5	3.2	102.9	4.9	84.4	3.1
Selling and distribution expenses	466.9	21.1	391.8	18.3	423.3	15.7
Administrative expenses	204.5	9.3	297.2	13.9	306.5	11.3
Other expenses	21.5	1.0	15.8	0.8	35.3	1.3
Total expenses	2,369.3	107.3	2,282.8	107.0	2,810.6	104.0
Operating profit	62.4	2.8	141.4	6.6	187.3	6.9
Share of profit from investments in associates	6.1	0.3	(11.7)	(0.6)	0.5	0.0
Share of loss from investment in joint venture	1.5	0.1	(9.6)	(0.5)	(5.7)	(0.2)
Finance income	2.8	0.1	4.9	0.3	4.4	0.2
Finance cost	(13.5)	(0.6)	(13.6)	(0.6)	(12.9)	(0.5)
Profit before income tax expenses	59.3	2.7	111.4	5.2	173.6	6.4
Income tax expenses	(19.8)	(0.9)	(26.0)	(1.2)	(31.7)	(1.2)
Profit for the year	39.5	1.8	85.4	4.0	141.9	5.2
Profit (loss) attributable to:						
Equity holders of the Company	39.0	1.8	88.1	4.1	141.6	5.2
Non-controlling interests of the subsidiaries	0.4	0.0	(2.7)	(0.1)	0.3	0.0
	39.5	1.8	85.4	4.0	141.9	5.2
Earnings per share						
Basic earnings per share						
Profit (loss) attributable to equity holders of the Company	0.05		0.12		0.19	

Modernform Group Public Company Limited and its Subsidiaries
Statement of Comprehensive Income (Consolidated)

(Unit: Million Baht)

	2022	2021	2020
Profit for the year	39.5	85.4	141.9
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	(24.3)	62.7	(1.0)
Actuarial gain for post-employment benefits plan			
- net of income tax		1.2	21.9
Other comprehensive income for the year	(24.3)	63.9	20.9
Total comprehensive income for the year	15.2	149.3	162.8
Total comprehensive income attributable to:			
Equity holders of the Company	14.7	151.5	164.0
Non-controlling interests of the subsidiaries	0.5	(2.2)	(1.2)
	15.2	149.3	162.8

Modernform Group Public Company Limited and its Subsidiaries
Statement of Cash Flows (Consolidated)

(Unit: Million Baht)

	2022	2021	2020
Cash flows from operating activities			
Profit before income tax	59.3	111.4	173.6
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	96.8	102.7	107.9
Written-off equipment	0.1	0.0	2.7
Allowance for doubtful accounts (reversal)	5.9	(21.7)	(19.1)
Allowance of diminution in value of inventory (reversal)	(13.8)	(11.2)	17.6
Impairment loss on non-financial assets	(8.2)	0.1	0.7
Share of loss (profit) from investments in associates	(6.1)	11.7	(0.5)
Share of loss from investment in joint venture	(1.5)	9.6	5.7
Loss (gain) on sales of property, plant and equipment	(3.8)	(0.9)	2.7
Gain on cancellation of lease agreements	(0.2)		
Loss (gain) on fair value adjustments of financial assets	9.1	(5.4)	1.1
Difference of discount from lease agreements			0.3
Gain on sales of investments in available-for-sale securities		(0.1)	
Gain on sales of investments in subsidiary		(10.8)	
Long-term employee benefit expenses	25.1	27.6	54.0
Dividend income	(5.7)	(6.3)	(25.5)
Finance income	(2.8)	(4.9)	(4.4)
Finance cost	13.5	13.6	12.9
Profit from operating activities before changes in operating assets and liabilities	167.7	215.4	329.7
(Increase) decrease in operating assets			
Trade and other receivables	(98.0)	115.8	185.4
Inventories	(20.7)	(139.0)	234.1
Contract assets	28.6	(15.2)	16.9
Other current assets	(18.0)	(12.4)	(12.4)
Other non-current financial assets	(0.2)	(0.4)	0.4
Other assets	1.2	3.6	(5.8)
Increase (decrease) in operating liabilities			
Trade and other payables	54.6	95.1	(102.5)
Other current liabilities	10.7	(11.9)	(177.1)
Provision for long-term employee benefits	(25.9)	(23.5)	(59.1)
Cash flows from operating activities	(9.0)	227.5	409.6
Interest paid	(6.5)	(4.6)	(5.4)
Corporate income tax paid	(22.8)	(31.8)	(55.5)
Net cash flows from operating activities	(38.3)	191.1	348.7

Modernform Group Public Company Limited and its Subsidiaries
Statement of Cash Flows (Consolidated)

(Unit: Million Baht)

	2022	2021	2020
Cash flows from investing activities			
Cash paid for short-term loans to related parties	(20.0)		
Cash paid for purchase of financial instruments	(33.7)	(40.4)	
Cash received from disposals of investment in subsidiary		(4.0)	(6.0)
Share subscription in joint venture	(128.0)		
Cash receipt from share capital reduction of investment measured at fair value through profit or loss		0.2	0.1
Cash received from sale of financial instruments		31.9	
Cash received from disposals of investment in subsidiary		3.8	
Dividend received from investment measured at fair value through other comprehensive income	4.8	5.5	5.6
Dividend received from investment measured at fair value through profit or loss	0.8	0.8	20.0
Cash paid for purchase of property, plant and equipment	(70.8)	(25.5)	(13.9)
Cash paid for purchase of intangible asset	(1.9)	(2.0)	(1.3)
Proceeds from sales equipment	8.1	1.2	1.0
Cash received from interest income	2.0	0.5	3.8
Net cash flows from (used in) investing activities	(238.5)	(28.0)	9.3
Cash flows from financing activities			
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(5.1)	27.6	(0.3)
Cash receipt from long-term loan from financial institution	28.5	3.7	
Repayment of long-term loans	(5.9)	(1.2)	(0.6)
Cash payment for lease liabilities	(17.9)	(18.6)	(15.3)
Dividend paid	(52.5)	(150.0)	(127.5)
Net cash flows used in financing activities	(52.5)	(142.2)	(140.0)
Net increase (decrease) in cash and cash equivalents	(329.7)	20.9	218.0
Cash and cash equivalents at beginning of year	698.2	677.3	459.3
Cash and cash equivalents at end of year	368.5	698.2	677.3

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

		2022	2021	2020
LIQUIDITY RATIO				
Current ratio	(Times)	2.5	2.6	2.8
Quick ratio	(Times)	0.9	1.1	1.4
Cash from operating ratio	(Times)	(0.04)	0.2	0.4
Receivable turnover ratio	(Times)	5.8	5.4	5.3
Collection days	(Days)	62	66	68
Inventory turnover	(Times)	1.4	1.4	1.8
Average number of days sales	(Days)	250	253	199
Account payable turnover	(Times)	7.5	7.1	9.1
Payment days	(Days)	48	51	40
Cash Cycle	(Days)	264	269	227
PROFITABILITY RATIO				
Gross profit margin	(%)	30.0	33.6	30.0
Operating profit	(%)	1.0	3.9	4.2
Quality of earnings	(%)	(153.9)	205.3	281.3
Net profit margin	(%)	1.6	3.7	4.8
Return on total income	(%)	1.6	3.6	4.7
Return on equity	(%)	1.7	3.8	6.1
EFFICIENCY RATIO				
Return on total assets	(%)	1.2	2.6	4.1
Return on fixed assets	(%)	18.3	25.4	31.2
Assets turnover	(Times)	0.7	0.7	0.9
FINANCIAL POLICY RATIO				
Debt to Equity ratio	(Times)	0.5	0.5	0.4
Interest payment ratio	(Times)	(1.4)	48.8	75.4
Cash coverage	(Times)	(0.1)	0.9	2.4
Dividend Payment	(%)	120.0	100.0	105.3

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.



5.1 General Information

Reference

(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 Suppasedtanon	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

Legal Department of Modernform Group Public Company Limited
699 Modernform Tower, Srinakarindr Road, Phatthanakan, Suan-Luang, Bangkok 10250
Tel. 0-2094-9999 Fax. 0-2722-8382

5.2 Other Information

-None-

5.3 Legal Dispute

As of 31 December 2022, 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 2022.





Part 2

Corporate Governance



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. The Company assigns the Board of Corporate Governance and Sustainable Development to monitor and support the Company's performance as well as review and improve the corporate governance manual continuously to ensure that directors, executives and all employees 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.

In 2022, the Board approved an amendment of the Corporate Governance (CG) Code proposed by the Corporate Governance and Sustainable Development Committee (the CG and SD Committee) to ensure that current situations are accurately reflected. The amendment was based on SEC's 2017 CG Code for listed companies.

6.1 Overview of Corporate Governance Policies and Practices

Practice 1: Realize the Board of Directors' role and responsibilities as the organization's leader who create the Company's sustainable values

The Board of Directors ("The Board") has prepared a Board Charter to clearly determine scopes and responsibilities of the Board and to differentiate them from the management's. The Board Charter also helps guide 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 follow 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 shall hold at least 6 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 corporate objectives and goals 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, 2022, Modernform's board consisted of 11 directors, of whom 1 were executive directors, 6 were non-executive directors and 4 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 2022 there are a total of 7 meetings of the Board of Directors with 100% of the directors attending the meeting.

Directorship in Listed Companies

The Board limits its directors to hold directorship in no more than 5 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 has set performance evaluation for the Board and all other board committees at least once a year at the end of each year. The performance evaluation will be in line with the Company's corporate governance and the scope of roles and responsibilities of the Board. The result of evaluation will be used to review performance, problem issues or obstacles of the past year as well as to develop maximum performance of the Board and other committees and to help consider their later compensations.

In 2022, the Company evaluated performances of the Board and the other committees as follows:

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 Sustainable Development 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 One Report on the structure of corporate governance.

Practice 4: Recruit and develop chief executives and manage human resources

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: Promote innovation and conduct business responsibly

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:

Business Innovation

Modernform 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

Consideration of the Roles of Stakeholders

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. The same year also saw the CG and SD Committee proposed an update of the Code of Conduct, which was submitted to the Board Meeting No. 7/2565 for approval. Full contents of the updated Code of Conduct are posted at Modernform's website. Essential information is as follows.

1. Treatment of shareholders: Modernform commits to operate our business with integrity, transparency, ethics and morality. We encourage shareholders to exercise their fundamental rights. We intend to make shareholders most satisfied by taking into account sustainable growth, value creation, steady shareholder returns and business operated on good corporate governance principles.

2. Treatment of employees: Modernform commits to create corporate culture and work environment conducive to creativity, teamwork and workplace satisfaction. We underline the importance of knowledge transfer and capacity building. We equally listen to opinions and recommendations from staff at all levels. Our remunerations are based on the fairness principle. We pay attention to safety to foster trust and confidence in the organization. Finally, our employees are considered the most valuable asset that will lead us to success.

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. Treatment of the public sector: As government agencies are one of stakeholders, we have established guidelines on how to treat the public sector to avoid inappropriate actions.

4. Treatment of customers: We fully commit to make customers satisfied and confident through quality goods and services offered at reasonable prices. We continue to enhance our standards and maintain a strong and trusted relationship with our customers.

5. Treatment of suppliers: Modernform conducts business with suppliers on the basis of fairness and integrity where no transaction shall jeopardize our reputation or be illegal. As suppliers are a critical player to enhance values to our products, we take into account equality and mutual interest when interacting with suppliers.

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 to community, the society and the environment: Being part of the society, we have responsibility to communities, the society and the environment. Modernform encourages efficient use of energy. Not only are we aware of quality of life of neighboring communities, but we also respect their culture and traditions. The company shares part of our profit as a return to communities and the society. While doing business, we take into account environmental impacts where attention is paid to the process of product design, selection of eco-friendly materials, care to our production process, waste treatment and product delivery to customers.

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.

9. Human rights practices: Directors, consultants, executives and all employees are required to be aware of human rights from all management dimensions to ensure that our operation and those within the group, supplier and stakeholders abide by the laws and the principles of human rights and international labor standards that affect communities and stakeholders. We comply to the following policies:

- Treating everyone equally with no discrimination based on human rights principles.
- Refraining from doing anything that violates human rights principles.
- Encouraging all stakeholders to be aware of human rights issues; communicating and disseminating knowledge and understanding; establishing guidelines for supervision and support endeavors to fulfil the principles of human rights.

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 5 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 30 days prior to the day the public disclosure. Directors and management are required to inform to the Board of Directors or the directors assigned to manage the Company's share purchase at least 1 day in advance while 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.

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.

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 2022, shareholders were invited to nominate directors and propose agenda items for the shareholders' meeting from 23 November -30 December 2022. The announcement appeared on the company website on 1 November 2022.

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 2022, Modernform sent the invitation out on March 24, 2022, or 28 days prior to the shareholders' meeting date scheduled on April 22, 2022.

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 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. The Company facilitated shareholders to attend the Annual General Meeting of Shareholders (AGM) by choosing a convenient meeting venue enough to accommodate shareholders and proxies, 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 2022, 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.

6.2 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. The Company improved its Code of Conduct according to the resolutions of the Board of Directors' meeting No.7/2022 on November 14, 2022.

6.3 Significant Changes and Developments in Corporate Governance Policy, Practices and System as well as the Charter of the CG Committee in 2022

Recognizing the importance of corporate governance and the commitment of business operations with transparency and fairness, 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. The Board is aware of the importance of corporate governance (CG) and intends to oversee the business with transparency and fairness.

Due to restructure of the sub-committee board, the Company's corporate governance principles should be reviewed accordingly. Therefore, the Board of Corporate Governance and Sustainable Development developed and improved its principles No.7 and submitted to the Board of Directors' meeting No.7/2022 for approval and announcement through the Company's website to inform its directors, executives and employees. In addition, the Board proposed to improve the code of conduct in replacement of the former to keep up with the current situation. This renewed code of conduct was published on the website as well.

Being aware of the importance of sustainable development, the Board Meeting No. 7/2565 entrusted the CG to oversee an alignment between the company's operation and social responsibility to reflect its sustainable development agenda. The CG Committee also saw its name changed to the CG and SD Committee.

In 2022, the Board reviewed the CG Code and found that the company complied with most of it. There were a few practices not yet implemented by the company but were developed and ready for action in 2023. These areas are:

Principle/Best Practice	Our Clarification
<ul style="list-style-type: none">• Rights of shareholders and equitable treatment of shareholders1. The company should allow shareholders to attend the shareholders' meeting electronically.2. The company should establish a policy that requires directors and senior management to notify the Board about their trading of the company's shares at least one day prior to the trade.3. The company should train directors, executives and employees on how to protect the use of internal information on an annual basis.4. The company should disclose plans and results of its prevention of conflict of interest.5. The company should train directors, executives and staff on how to prevent conflict of interest annually.	<p>In 2022, the Board approved the policy that required directors and senior executives to notify the Board about their trading of the company's shares at least one day prior to the trade.</p> <p>In 2023, the company plans to provide education regarding prevention of the use of internal information and prevention of conflict of interest. It will disclose plans and action to prevent conflict of interest. For an e-meeting, the company will evaluate circumstances before making a decision.</p>

Principle/Best Practice	Our Clarification
<ul style="list-style-type: none"> • Roles of Stakeholders and Sustainable Development <ol style="list-style-type: none"> 1. The company should disclose information relating to non-discriminating, equal opportunity employment covering the disabled and other less-privileged groups. 2. The company should disclose information relating to green procurement. 3. The company should disclose results of its actions on whistleblowing and grievances filed during the past year. 4. The company should set and disclose its goal on energy management. 5. The company should set and disclose its goal on water management. 6. The company should set and disclose its goal on trash and waste management and/or pollution reduction. 7. The company should set and disclose its goal on a reduction of Greenhouse Gas (GHG) resulting from its operation. 8. The company should provide an anti-corruption policy and practices training to employees and publish this training information annually. 	<p>The sustainable development working committee will proceed to ensure that all contents are covered.</p>
<ul style="list-style-type: none"> • Disclosure and Transparency <ol style="list-style-type: none"> 1. The company should issue an MD&A (Management Discussion and Analysis) that reflects a connection between its operation and the ESG concept to enlighten investors who may wish to foresee its future business directions. 2. The company should establish and disclose Key Performance Indicators (KPI) for its ESG endeavors. 3. The company should publish a social responsibility report as part of its annual report or, even better, a separate sustainable development report based on the Global Reporting Initiative (GRI). 	<p>The Board acknowledged and would review the matter.</p>

Principle/Best Practice	Our Clarification
<ul style="list-style-type: none"> • Board Responsibilities <ol style="list-style-type: none"> 1. The Board should appoint an SD Committee which shall consist at least of one director; it should disclose the committee's Charter or roles and responsibilities. 2. The Board should appoint the CG Committee (committee member level). 3. The CG Committee should publish a report detailing its performances. 4. The SD Committee should publish a report detailing its performances. 5. The Risk Management Committee should produce a report detailing its performances. 6. The Board should establish the office term of independent directors to no more than nine years without exception. 7. The Board should consider convening the Board Meeting more than six times each year. 8. The Board should establish an IT security policy and report its monitoring results. 9. The company should appoint a responsible person or a Compliance Unit to monitor legal and other regulatory compliance. 10. The Board should convene a meeting with non-executive directors without the presence of management executives annually. 11. Chairman of the Board should be an independent director. 12. The Board should consist of more than 50% of independent directors. 13. The majority of the Nomination Committee's members should be independent directors (more than 50%). 14. The majority of the Remuneration Committee's members should be independent directors (more than 50%). 15. The Board should disclose its short- and long-term remuneration policy applied to its CEO as well as the monitoring of the CEO's performances. 	<p>1.-2. The Board Meeting No. 7/2565 entrusted sustainable development tasks to the CG Committee and therefore changed its name to the CG and SD Committee. This has been disclosed in the Charter and published in One Report. The CG and SD Committee consists of two independent directors, one director and another three consultants and senior executives.</p> <p>3.-5. The CG Committee and the Risk Management Committee have already published their performance outcomes in the One Report.</p> <p>6.-15. The Board acknowledged the matter and will consider it.</p>

Modernform has constantly complied with the CG principles. This refers to compliance with the laws, rules and regulations. Therefore, there has been no case where the company, its directors, employees or executives are sued or subject to grievance by the third party.

So far, Modernform has adhered to the CG Code and the Code of Conduct when conducting its business including legal and regulatory compliance. It also updates its CG Code to maintain efficiency and resonance with the business. Its CG practices received the following scores from supervisory and monitoring evaluations.

- Excellent (four stars) from the 2022 CGR survey project of listed Thai companies with a score of 89%, which was higher than the average score of 85% received by listed companies.
- Excellent from the 2022 AGM Checklist quality assessment survey conducted by the Thai Investors Association with a score of 99.



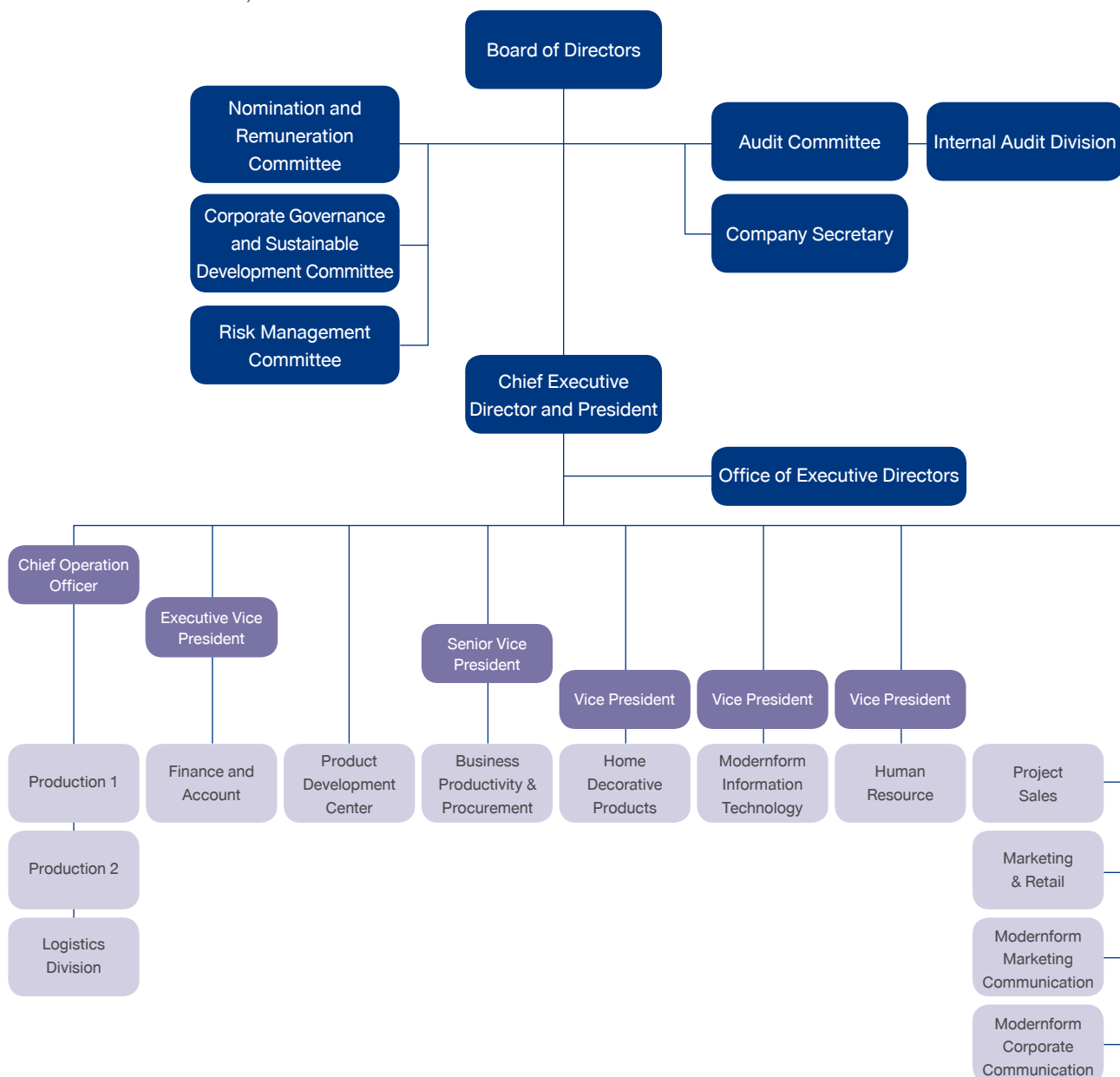
Corporate Governance Structure and Key Information about the Board, Sub-Committees, Management, Employees and Others

7

The Company's Board of Directors always recognizes the importance for corporate governance to conduct sustainable business, therefore, the principles of corporate governance have been specified in writing in 2002 as a guideline for the Board.

7.1 Corporate Governance Structure

as of December 31, 2022



7.2 Details of Board of Directors

The 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.

The Company has set up the organization management by separating duties between the Board and management team. The Company's management structure as of December 31, 2022 consisted of the Board of Directors and 4 committees, namely, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management and the Committee of Corporate Governance and Sustainable Development. According to the resolutions of the Board of Directors No.5, dated August 11, 2022, the Management Committee was rescinded to reduce redundancy with the management team which comprises head of function from every division as part of the management structure to steer the management towards the company's business goals and purposes set by the Board.

Components of the Board of Directors

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. The Board of Directors has important roles to set the Company's objectives and goals both in short term and long term together with the top management as well as supervise the top management to direct the company in line with the established policy, monitor them to implement the organization plans and review the objective and goals annually.

According to the Company's regulations, the Board of Directors consists of not less than 5 directors and not less than half of directors must reside in Thailand. As of December 31, 2022, the Board of Directors have 11 directors consisting of 4 independent directors or 36.33% of total number of directors, 1 executive director or 9.09% and 6 non-executive directors or 54.55%.

Name of the Board of Directors as of December 31, 2022 consist of 11 member's details are as follows.		
1.	Mr. Yothin Nerngchamnong	Chairman of the Board and Chairman of the Nomination and Remuneration Committee
2.	Mr. Kitipat Nerngchamnong	Chief Executive Director, President and Risk Management Committee
3.	Mr. Chareon Usanachitt	Director
4.	Mr. Somsak Varikarn	Director and Nomination and Remuneration Committee
5.	Mr. Kittit Busayapoka	Director
6.	Mr. Patana Usanachitt	Director and Corporate Governance and Sustainable Development Committee
7.	Mr. Bantha Dhammarunguang	Director
8.	Mr. Supparerk Mallikamari	Independent Director and Nomination and Remuneration Committee
9.	Mr. Suchart Thammapitakul	Independent Director and Chairman of Audit Committee
10.	Mr. Kittichai Lattisophonkul	Corporate Governance and Sustainable Development Committee
11.	Mr. Surachai Sonthirathi	Independent Director, Chairman of Corporate Governance and Sustainable Development Committee and Chairman of Audit Committee
	Ms. Penpun Kasetsiri	Company Secretary

Note: Mr. Thaksa Busayapoka and Mr. Kaweeut Nerngchamnong resigned from their directorship on February 28, 2022.

Qualification of the Board of Directors

- The directors must possess the qualifications and not having any prohibited characteristics as specified by the Public Limited Companies Act, the Stock Exchange of Thailand and other relevant regulations. Independent directors must be qualified according to Notifications of the Securities and Exchange Commission.
- The directors must have business experience in related industry generating benefit and value to the Company and must be able to perform their responsibilities effectively and give useful far-sighted vision for the Company.
- The directors must have characteristics of leadership, integrity, fair, ethics and responsibility.

4. The directors must dedicate time to perform fully their responsibilities and use discretion honestly and independently as well as be able to give useful suggestions to the Company.
5. Each director will be nominated as members of the Board no more than 5 listed companies

Authorized Directors

Authorized Directors: Mr. Yothin Nerngchamnong, Mr. Somsak Varikarn or Mr. Patana Usanachitt, two of four directors sign together with the Company's seal.

Roles and Responsibilities of the Board of Directors

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, President, 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 authorizations 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.

Independent Directors

The Board defines independent directors as the third-party director who is not an executive and who is independent from major shareholders or groups of shareholders, executives and other relevant parties. Independent directors are able to express opinions proven beneficial to shareholders or give advice independently without having to take into account their interest in the company's company assets, title or position. Independent directors shall also be independent from any control of the management and major shareholders. They shall have no relation nor interest and shall by no means be subject to influence of a person or a group of persons. Independent directors shall be subject to no circumstance that may prevent them from expressing their opinions when necessary.

The Qualifications of Independent Directors

1. Not hold share worth more than 1 percent of total number of shares with voting rights of the Company, associated companies, or any juristic person who may have conflict of interest. The shareholding must be included the number of shares held by related parties.
2. Have no participation in the executive committee of the Company. He or she shall not be an executive director, employee, consultant with monthly salary or person with controlling power from the Company, associated companies, related companies, or any juristic person who may have conflict of interest, except he or she has ended his or her status at least 2 years.
3. Have no blood relationship or relationship through legal registration as a father, mother, spouse, sibling, and child, including as a spouse of a child, of any executives, major shareholder, person with controlling power, or person who will nominate as executives or person with controlling power of the Company or subsidiary.
4. Have no any business relationship with the Company, subsidiary, associated company, or person who may have conflict of interest which may not clear and free to give his/her opinion.
5. Shall not be a director who has been appointing as the representative of the Company, major shareholder or any shareholder who relates to major shareholder of the Company.
6. Shall not be any professional service provider to the Company.
7. Shall not possess any characteristics which can obstruct to provide his/her opinion independently that relate to the Company's operation.

However, independent director shall be appointed to be stay in the position continuously from the date of the first appointment over 9 years when the Nomination and Remuneration Committee reasonably considers his/her qualification, performance, capability and knowledge and opinion given during the tenure.

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 Chairman of the Board	Roles and Responsibilities of Chairman of Executive Officer
<ol style="list-style-type: none">1. To supervise and ensure that performances of the Board of Directors are effective and fulfil Modernform's critical goals and targets.2. To ensure that all directors take part in promoting ethical corporate culture.3. To promote the standard of corporate governance among the Board of Directors.4. To 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. To ensure that meeting invitations and supporting documents are delivered to the Board so that it receives adequate information in time for the meeting.	<ol style="list-style-type: none">1. To determine missions, objectives, guidelines and policies of the Company as well as to order and supervise overall operation to maximize corporate management2. To ensure that the management meets objectives, policies, goals, operation plans and budgets approved by the Board and/or the Executive Board of the Company3. To manage and supervise the business and/or day-to-day activity of the Company4. 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 Directors5. 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

Roles and Responsibilities of Chairman of the Board	Roles and Responsibilities of Chairman of Executive Officer
<ol style="list-style-type: none"> 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. To promote a good relationship between directors, the management and shareholders 8. To perform other duties as required by the laws. 	<ol style="list-style-type: none"> 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 and set up structure and internal administrative regulations to maximize effectiveness
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
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 consider important asset purchase or distribution and propose to the Board of Directors
8. To have authorization as the Company's representative to contact to related company that benefit the Company
9. To appoint advisors in different fields as deemed necessary in operations.
10. To review operation from time to time in order to find a solution rapidly for goal achievement
11. 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.

7.3 Details of Subcommittee

There are 4 committees as follows.

1. Audit Committee

The Board appoints the Audit Committee which consists of at least three independent directors and experts where at least one shall be knowledgeable in finance or accounting. They shall have qualifications as announced by the Office of the SEC. They shall have no business or professional service relationship with the company, its subsidiaries and associated companies or any entity which may pose a conflict of interest. The term of office is five years. Members resigning on rotation may be re-elected. In case of vacancy due to other reasons aside from resignation on rotation, the Board shall appoint a qualified candidate as the Audit Committee's member within three months to maintain the number of committee members as required by the Board. A new member shall take the office for the remaining term of the member he/she is replacing only. The Audit Committee shall convene at least four times a year on a quarterly basis.

The Audit Committee as of December 31, 2022 consisted of 3 directors as follows:

1. Mr. Suchart Thammapiatagkul	Chairman of Audit Committee and Independent Director
2. Mr. Kittichai Lattisophonkul	Audit Committee Director and Independent Director
3. Mr. Surachai Sonthirathi	Audit Committee Director and Independent Director

Ms.Penpun Kasetsiri

Secretary to the Audit Committee

Note: Mr. Kittachai Lattisoponkul and Mr. Surachai Sonthirathi were capable to review the financial statement's reliability.

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. Yothin Nerngchamnong	Chairman of the Committee
2.	Mr. Kittichai Lattisophonkul	Director
3.	Mr. Suparerk Mallikamarl	Director and Independent Director

Mrs. Somrak Chotibhongs

Secretary to Nomination and Remuneration Committee

Note: Mr. Thaksa Busayapok and Mr. Kaweewut Nerngchamnong submitted a resignation letter to resign from their directorship on February 28, 2022. The Board Meeting No. 3/2565 held on May 13, 2565 resolved to appoint Mr Yothin Nerngchamnong as Chairman of the Board to replace Mr Thaksa. However, no director was appointed to replace Mr Kaweewut Nerngchamnong.

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 and Sustainable Development 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 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.

To ensure that the company's sustainability actions become more efficient, the Board of Directors' Meeting No. 7/2565 held on November 14, 2565 entrusted the Corporate Governance Committee to establish the company's sustainability development (SD) goals and to also supervise SD activities. The committee therefore changed its name to the Corporate Governance and Sustainable Development Committee.

The Corporate Governance and Sustainable Development Committee comprises of:		
1	Mr. Surachai Sonthirathi	Chairman of the Committee and Independent Director
2.	Mr. Kittichai Lattisophonkul	Director and Independent 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 and Sustainable Development Committee

Roles and Responsibilities of the Corporate Governance Committee

Corporate Governance

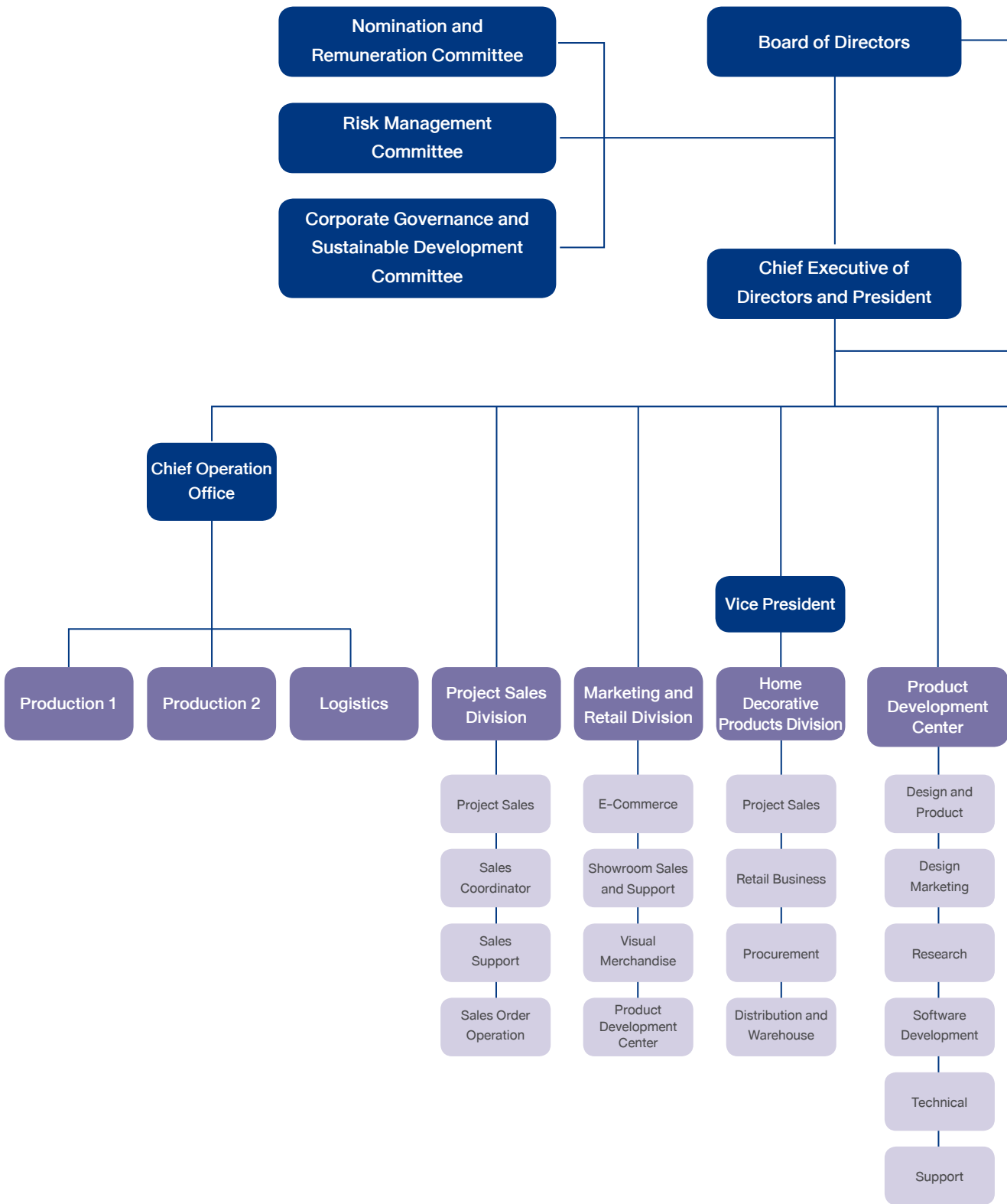
1. To present the Corporate Governance Policy to the Board in order to seek its approval so that it can be implemented as the best practices by board directors and the management. The Corporate Governance policy meanwhile shall be made in writing.
2. To supervise and advise board members and the management 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 report activities of the CG Committee to the Board and submit opinions and recommendations at least once a year.
6. To produce a report of its performance outcomes based on the CG policy for disclosure in the annual report.

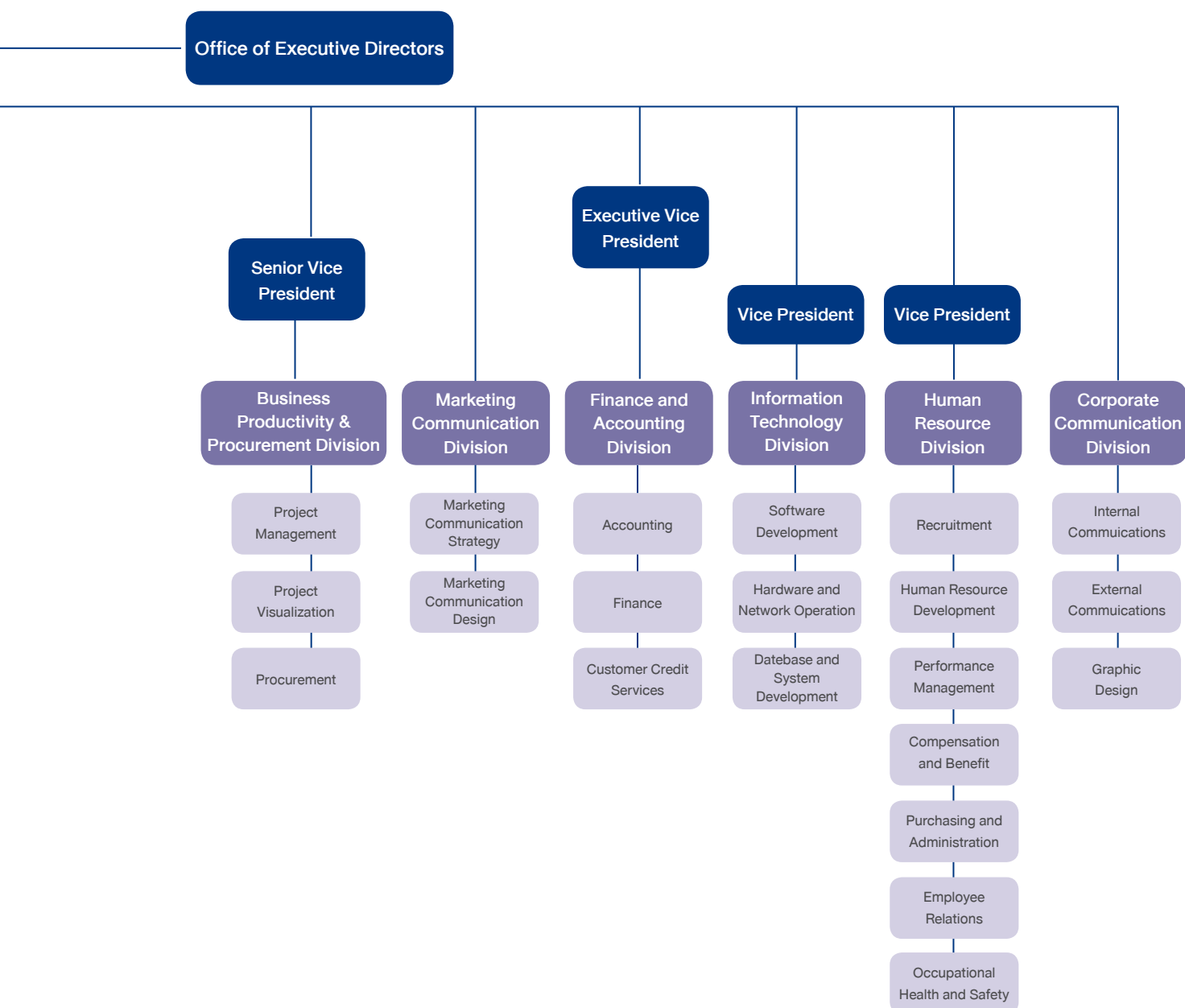
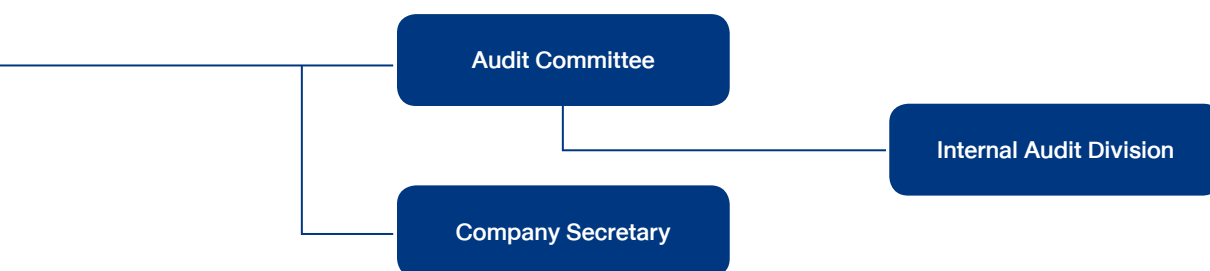
Sustainable Development

1. To review activities and policies on sustainable development and submit them to the Board.
2. To monitor issues and trends relating to SD and report the Board possible impacts to Modernform.
3. To appoint a working committee on sustainable development where head of the working committee will select committee members.
4. To promote the participation of the Board, executives and employees in the company's SD policy.
5. To report to the Board SD activities.
6. To publish a report on the company's sustainable development activities for disclosure in the annual report.

7.4 Details of Executives

• Administrative Organization Structure





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, 2022 are as follows:

The Executive of the Company	
1. Mr. Kitipat Nerngchamnong	Chief Executive Director and President
2. Mr. Kookiat Orankit	Chief Operating Officer
3. Ms. Natcharintorn Siri wattana	Executive Vice President
4. Ms. Sawangjit Pongpipatpong	Senior Vice President
5. Mr. Panya Pispa	Vice President
6. Mr. Jiruss Rianchaiwanich	Vice President
7. Mr. Supaiboon Chumai	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 2022, the management consisted of CEO, President and top four senior managers immediately under President and every equivalent position totaling 7 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 28,137,583 and other remunerations including contributions to the provident fund totaling Baht 865,616

Non-Monetary Compensation: None

7.5 Detail of Employees

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, 2022, totaled 1,369 persons. This was down 101 persons from 2021. They were in the following departments:

Division	Total
Production 1	373
Production 2	235
Logistics	221
HDP	95
Project Sales	67
Marketing & Retails	96
Business Productivity & Procurement	78
Product Development Center	27
Finance and Account	72
Modernform Marketing Communications	17
Modernform Corporate Communications	6
Human Resource	35
Modernform Information Technology	22
Office of Executive Directors	17
Internal Audit	8
Total	1,369

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 2022, 642 employees were members of the Fund. This accounted for 46.89% of the entire staff. The Company paid monetary remunerations in a form of salary, bonus and contribution to the provident fund totaling Baht 422,826,709. Details are as follows:

	2565	2564
Salary	402,457,391	454,019,065
Bonus	7,428,347	9,826,695
Provided Fund	12,940,971	14,673,681
Total	422,826,709	478,519,441

7.6 Other 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 Nerngchamnon, 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. 1/2022 on February 24, 2022, 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 2022 total 2,180,000 baht, which is the same rate as the year 2021, 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 8 companies total 2,850,000 baht

Non-audit Fee

None



8.1 Performance of the Board of Directors

Nomination and Appointment of Board Members

Modernform's Articles of Association requires its Board of Directors to consist of no fewer than 5 members where no fewer than half of all directors must be domiciled in Thailand. The Nomination and Remuneration Committee is responsible for nominating directors, independent directors and non-executive directors who shall be qualified for their experiences, knowledge and competency. The nomination will be submitted to the Board of Directors' Meeting and the Shareholders' Meeting for approval.

To recruit a director, Modernform relies upon the Board Skill Metrix to find a member whose qualification is aligned with our strategy. We will take into consideration missing skills among existing board members and board diversity in relation to profession, specialization, competency, gender and work experience to identify an appropriate candidate with experiences and competency that are proven beneficial to the business. In addition, evaluation results of the current Board's performance will be used to review the Board's structure to maintain a competent board that corresponds to 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.

Skill Matrix of the Company's Board of Directors

Skill/Experience/Expertise	1	2	3	4	5	6	7	8	9	10	11
Finance and Account	✓	✓	✓	✓	✓						
Production	✓	✓	✓	✓	✓	✓					
Sales and Marketing	✓	✓	✓	✓	✓	✓	✓	✓			
Design	✓	✓									
Information Technology	✓										
Legal	✓										
Internal Audit	✓	✓	✓								
Investment	✓	✓	✓								
Business Management	✓	✓	✓	✓	✓	✓	✓				
Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ No. 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.



At the 2022 AGM, the Meeting appointed Mr. Kitipat Nerngchamnong, Mr. Somsak Varikarn and Mr. Kittti Busayapoka as directors for another term. The 3 directors had been considered 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.

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.

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.

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 2022, no director orientation was held because those appointed by the Annual General Meeting of Shareholders were the same directors being re-elected for another term

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

Evaluation Criteria

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.

Topics of performance evaluation for the Board are as follows:

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.

Process of Performance Evaluation

1. The Company Secretary will submit an evaluation form to the Board and all committees for an annual performance evaluation at least once a year at the end of the year.
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:

- | | | |
|--------------|---|------------------------|
| 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% |

Summary of the assessment results in the year 2022

Board of Directors

- | | |
|------------------------------|------------------------|
| 1. Performance by group | the Board received 97% |
| 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 93% |
| 3. The Corporate Governance Committee and Sustainable Development | the Committee received 94% |
| 4. The Risk Management Committee | the Committee received 92% |

Sub-Committee by individual

- | | |
|------------------------|----------------------------|
| 1. The Audit Committee | the Committee received 97% |
|------------------------|----------------------------|

The overall results of the 2022 performance evaluation of the entire Board, its individual members, and of each committee and their individual member were excellent.

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 2022, 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 2022. Results of this evaluation will be used to determine their remunerations.

Board's Meeting

The Board schedules its meetings in advance each year and convenes at least six times a year to review operation results after the auditor has audited or certified Modernform's financial statements. The Board also allows subsidiary companies to report their operation results, work plans and their goals at least once a year. It will additionally convene other special meetings if necessary. The Company Secretary is designated to inform directors of the entire year's meeting schedules at the end of the year prior to the year during which the meeting will take place so that directors can attend all scheduled meetings. Modernform encourages directors to attend no less than 75% of all meetings to be held in the entire year.

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 prior to the meeting, as the case may be. In case of emergency, this shall be done no fewer than 5 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 2022, the Board held 7 meetings. Directors' meeting attendance was 100%.

Name of Directors	Attendance	Remark
1. Mr. Yothin Nerngchamnon	7/7	-
2. Mr. Kitipat Nerngchamnon	7/7	-
3. Mr. Chareon Usanachitt	7/7	-
4. Mr. Somsak Varukarn	7/7	-
5. Mr. Kittti Busayapoka	7/7	-
6. Mr. Patana Usanachitt	7/7	-
7. Mr. Bancha Dhammarungruang	7/7	-
8. Mr. Suparerk Mallikar	7/7	-
9. Mr. Suchart Thammapiatgul	7/7	-
10. Mr. Kittichai Lattisophonkul	7/7	-
11. Mr. Surachai Sonthirathi	7/7	-
Remark :		
1. Mr. Thaksa Busayapoka	1/1	Resigned from his directorship on February 28, 2022
2. Mr. Kaweewut Nerngchamnon	1/1	Resigned from his directorship on February 28, 2022

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. In addition, the Nomination and Remuneration Committee determines remunerations to be paid to the Board and committees where it will take into consideration the company's operation results and each director's performance. 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. 1/2022 resolved to approve the following remunerations to the Board of Directors and other committees. Details are as follows.

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 2022

Name of Directors	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Total (Baht)
1. Mr. Yothin Nerngchamnong	313,333	-	-	-	313,333
2. Mr. Kitipat Nerngchamnong	288,000	-	-	-	288,000
3. Mr. Chareon Usanachitt	288,000	-	-	-	288,000
4. Mr. Somsak Varikarn	288,000	-	-	-	288,000
5. Mr. Kitti Nerngchamnong	288,000	-	-	-	288,000
6. Mr. Patana Usanachitt	288,000	-	-	-	288,000
7. Mr. Bancha Dhammarunguang	288,000	-	-	-	288,000
8. Mr. Supparek Mallikamarl	288,000	-	120,000	-	408,000
9. Mr. Suchart thammapitugkul	288,000	300,000	-	-	588,000
10. Mr. Kittichai Lattisophonkul	288,000	264,000	-	-	552,000
11. Mr. Surachai Sonthirathi	288,000	264,000	-	20,000	572,000

Note: Both directors resigned from the directorship on February 28, 2022.

1. Mr. Thaksa Busayapoka	62,667	-	-	-	62,667
2. Mr. Kaweewut Nerngchamnong	48,000	-	20,000	-	68,000
Total	3,304,000	828,000	140,000	20,000	4,292,000

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 4 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 2022, 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. Educating directors and executives who are required to report their securities holding which is part of their responsibilities to the Office of Securities and Exchange according to Section 59 of the Securities and Exchange Act, B.E 2535 (1992).
2. Directors and executives who are dutiful to report their holding of securities issued by the company shall include spouses and partners with whom they form a husband-and-wife relationship as well as children under legal age. The report shall be made to the Office of the Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act within three business days from the day the securities are purchased, sold, transferred or get transfer by through the SEC's electronic system.
3. Directors, executives and employees getting access to internal information proven material to affect or likely to affect securities price shall be refrained from trading the company's shares during a 30-day period before the financial statements or relevant information are disclosed to the public.
4. Directors and executives (as defined by the SEC) shall notify their trading activity of the company's shares to the Board or its designated representative at least one business day prior to the trading.
5. Directors, executives and employees at all levels are prohibited to use the company's internal information or trade secrets of the company's customers or business partners that they may access while working for their benefit or for the benefit of others. Nor shall they disclose such information to others to act on their behalf whether or not they will benefit from such disclosure unless the disclosure is required by the law.
6. To protect the IT security, Modernform restricts the third party from accessing the information. It requires employees at various levels to access the information based on their roles and responsibilities in accordance with the Personal Data Protection Act.

In 2022, no directors or executives were found to trade securities during the silent period. No trading involving the use of internal information was found, either.

Report of Change in the Company's Shareholding in 2022

Name		Title	No. of Shareholding (As of October 5, 2021)	No. of Shareholding (As of December 30, 2022)	No. of Shareholding Change (Increase/Decrease) in 2022	Proportion of Shareholding in the Company
1	Mr. Yothin Nerngchamnong Spouse and minor children	Chairman	26,989,420 6,042,000	26,989,420 6,042,000	- -	4.40
2	Mr. Kitipat Nerngchamnong Spouse and minor children	CEO and President	4,657,200 2,000	4,657,200 2,000	- -	0.62
3	Mr. Chareon Usanachitt Spouse and minor children	Director	4,542,000 7,592,660	4,542,000 7,592,660	- -	1.62
4	Mr. Somsak Varikarn Spouse and minor children	Director	- -	- -	- -	0.00
5	Mr. Kitti Nerngchamnong Spouse and minor children	Director	369,360 -	369,360 -	- -	0.05
6	Mr. Patana Usanachitt Spouse and minor children	Director	811,750 -	811,750 -	- -	0.11
7	Mr. Bancha Dhammarunguang Spouse and minor children	Director	6,700,000 6,000	6,700,000 6,000	- -	0.89
8	Mr. Supparek Mallikamarl Spouse and minor children	Independent Director	- -	- -	- -	0.00
9	Mr. Suchart thammapitugkul Spouse and minor children	Independent Director and Chairman of Audit Committee	- -	- -	- -	0.00
10	Mr. Kittichai Lattisophonkul Spouse and minor children	Independent Director and Audit Committee	15,000 -	15,000 -	- -	0.00
11	Mr. Surachai Sonthirathi Spouse and minor children	Independent Director and Audit Committee	- -	- -	- -	0.00
12	Mr. Kookiat Orankit Spouse and minor children	Chief Operation Officer	- 4,000	- 4,000	- -	0.00
13	Ms. Natcharintorn Siriwattana Spouse and minor children	Executive Vice President	- -	- -	- -	0.00
14	Ms. Sawangjit Pongpipatpong Spouse and minor children	Senior Vice President	- -	- -	- -	0.00
15	Mr. Panya Pispa Spouse and minor children	Vice President	- 1,000	- 1,000	- -	0.00
16	Mr. Jiruss Rianchaiwanich Spouse and minor children	Vice President	- -	- -	- -	0.00
17	Mr. Supaiboon Chumai Spouse and minor children	Vice President	- -	- -	- -	0.00

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 2022, no whistleblowing or complaint regarding corruption or violation of the Company's CG Code was reported.

8.2 The Audit Committee Report

Modernform Group Plc's Audit Committee (AC), which has been appointed by the Board, consists of three independent directors, namely, Mr Suchart Thammapiatagkul, chairman, as well as Mr Kitichai Lattisophonkul and Mr Surachai Sonthirathi, the AC's two members. They have expertise in law, accounting and finance.

In 2022, the AC met on four occasions. Auditors and Vice President, Finance and Accounting, attended the meetings in related agendas to review information on financial statements, acknowledge auditing reports and examine financial information. The AC also acknowledged the auditors' opinions to Modernform Group's financial statements and other opinions with material effects. Attendance of all AC members was 100% as follows.

Name	Position	# of Attendance
1. Mr. Suchart Thammapiatagkul	Chairman	4/4
2. Mr. Kitichai Lattisophonkul	Member	4/4
3. Mr. Surachai Sonthirathi	Member	4/4

The AC performed its duty independently as per its Charter and as entrusted by the Board to review corporate governance principles to reflect best practices set by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Results of all its meetings were informed to the Board.

Details of the AC's performance and opinions are summarized as follows.

1. Reviewing financial statements

The AC reviewed both quarterly and annual financial statements as well as consolidated statements of Modernform Group and its subsidiaries together with auditors, Vice President, Accounting and Finance and internal audit executives. The AC, upon reviewing important issues, offered advice to ensure that preparation of the financial statements was in sync with the Generally-Accepted Accounting Principles (GAAP) and international accounting standards, and that they remained accurate, reliable and adequate while material information was disclosed in a timely matter to Modernform Group, subsidiary and associated companies.

The AC was of the view which was congruent with the auditors' opinion that Modernform Group's financial statements were accurate in its essence and that they were transparent and reliable. The information was adequately and properly reviewed. An appropriate accounting policy was implemented upon review to prepare the financial statements, which duly reflected the GAAP. The financial statements as of end of December 31, 2022 have been audited, reviewed and given an unconditional opinion by independent certified public accountants (CPA).

2. Reviewing the internal audit system

The AC reviewed the adequacy and effectiveness of Modernform Group's internal control system under the COSO-ERM framework that cover all internal audit aspects within an organization ranging from risk assessment to operation control, IT and communications and monitoring system. In addition, mechanisms to cultivate adequate auditing and balance of power were in place to protect and safeguard shareholders' equity and the company's assets. A control self assessment has also been communicated to all departments in a bid to build up a system that would minimize a corruption risk while achieving business goals.

In addition, the AC annually assessed the adequacy of the internal audit and risk management systems based on the COSO-ERM framework. In 2022, the AC was of the view that Modernform Group did have an adequate and effective internal control system. No material weakness or defect that may affect its business was found. Details are under the Internal Control topic in the Annual Report.

3. Supervising the internal audit

The AC has supervised the Internal Audit Department, including its appointments, transfer and termination of employment. It also determined scopes of work, roles and responsibilities and independence involving in auditing responsibilities where an annual internal audit plan was to be reviewed annually under the risk management framework covering sensitive and high-risk systems. In addition, the AC reviewed the Internal Audit Department's performances on a quarterly basis, offered advices and followed up with remedies in material issues identified in an internal audit report. It also worked to strengthen the Department's independence to enable free, fair and effective expressions of opinion so that all other departments would remain confident in its advices. The AC also reviewed a number of required workforce and approved annual training budgets for internal audit staff to enhance their capacity and audit quality to reflect the International Standard for the Professional Practice of Internal Audit. Finally, the AC advised internal audit staff to strictly comply with Charter No. 3/2557 of the Internal Audit Department.

4. Supervising legal and Regulatory Compliance

The AC reviewed the operation to see if it complied with the Securities and Exchange Act, the SET's requirements and other related laws. The AC also acknowledged regulatory changes that affected the company.

5. Appointing auditors and Setting their remunerations for 2022

The AC assessed the 2022 auditor's performance based on their knowledge, experiences and outcomes. It also evaluated auditor's independence and auditing performance based on auditing standards. Auditors were found to submit plans in advance, meet targets set for their tasks and offer extremely useful recommendations to the company.

As a result, the AC decided to nominate EY Office Co Ltd as the 2022 auditor. This was submitted to the Board to seek approval from the Annual General Meeting of Shareholders (AGM). In addition, the 2022 auditing fee totaling Baht 2.18 million, which represented a 4.8% increase, was reviewed. EY Office Co Ltd was also an auditor of other eight subsidiary and associated companies, namely, Modernform Tower Co Ltd, Modernform Health and Care Plc, MOTIF Co Ltd, Itoki Modernform Co Ltd, Workscape Co Ltd, Build Dee Co Ltd, Lesmo Co Ltd, and UICC Co Ltd. The 2022 AGM subsequently resolved to appoint EY Office Co Ltd as the auditor as proposed by the Board. The team consisted of:

- | | |
|-----------------------------------|------------------|
| 1. Miss Sumana Punpongsanon | CPA No. 5782, or |
| 2. Mr. Chayapol Suppasedtanon | CPA No. 3972, or |
| 3. Miss Pimjai Manitkajohnkit | CPA No. 4521, or |
| 4. Miss Orawan Techawatanasirikul | CPA No. 4807 |

Aside from hiring them to audit annual financial statements, Modernform Group and other eight companies within the Group did not hire the auditors for other purposes. The four auditors were not shareholders of Modernform Group or any of its subsidiary and associated companies. They had neither relationship nor interest with executives, major shareholders or other relevant parties in any subsidiary, associated or other related company, which therefore contributed to zero effect to their independence in performing their duties.

6. Reviewing connected transactions and those with possible conflict of interest

The AC reviewed opinions relating to connected transactions and those with possible conflict of interest with Modernform Group and subsidiaries to reflect relevant rules, regulations and laws and to ensure that transactions were fair and at arm's length. The AC also reviewed items qualified as connected transactions or with possible conflict of interest during the year and saw that the information was duly disclosed.

7. Increasing communication efficiency between the AC, auditors and Modernform Group's Internal Audit Department

The AC has invited auditors to attend a meeting with executives from the Internal Audit Department as well as from Accounting and Finance on a quarterly basis without the presence of the management to review accounting and finance performances for compliance purpose with a new accounting standard relevant to the company and as advised by the auditors. The Internal Audit Department has been tasked to monitor this review on a project-by-project basis as well as to update the Board on a quarterly basis its monitoring results. The AC also promoted independence of both external and internal auditors so that they can express their opinions independently, report what they have found and follow up with revisions in areas they have recommended for changes as well as obstacles found during the auditing process.

8. Reporting the AC's meeting results

The Board required the AC to convene four times a year on the same day of the Board's meeting to review quarterly financial statements, connected transactions and transactions with conflict of interest, and also to report the Internal Audit Department's performance. Discussions at the AC meeting were to be submitted to the Board for acknowledgement. The AC offered useful advices to the management, which they appropriately applied as suggested.

9. Performing the AC's roles and responsibilities as stated in the AC's Charter

In 2022, the AC duly performed its tasks based on roles and responsibilities stated in the AC's Charter and approved by the Board. In this regard, it had exercised knowledge and competency with prudence and adequate independence. The AC reported results of its meetings while independently expressing opinions to the Board for ultimate and equal benefit to the company and all stakeholders.

The AC is of the view that Modernform Group has duly reported its financial information that reflects the GAAP. Information of connected transactions and those with conflict of interest has been adequately disclosed. The company does have effective and proper internal control and internal audit, and finally, it has duly complied with the SET's requirements and relevant laws.



Mr. Suchart Thammapiatagkul
(Chairman of the Audit Committee)

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 and non-executive directors and assigns to hold meetings at least twice a year, with a term of office of 3 years.

As of December 31, 2022, the Nomination and Remuneration Committee consisted of 3 directors and held 2 meetings with 100% of number of the members.

Name	Position	Meeting
1. Mr. Yothin Nerngchamnong	Director	2/2
2. Mr. Somsak Varikarn	Director	2/2
3. Mr. Suparek Mallikamarl	Director	2/2

Note: Mr. Thaksa Busayapok and Mr. Kaweewut Nerngchamnong submitted a resignation letter to resign from their directorship on February 28, 2022. The Board Meeting No. 3/2022 held on May 13, 2022 resolved to appoint Mr. Yothin Nerngchamnong as Chairman of the Board to replace Mr. Thaksa. However, no director was appointed to replace Mr. Kaweewut Nerngchamnong.

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 2022, the NRC reported its meeting result as well as recommendations to the Board as follows.

1. To nominate 3 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 November 1 to December 30, 2022. 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 3 directors whose term were about to be due on rotation be re-appointed as company directors for another term.
2. To determine the 2022 remunerations of both the Board of Directors and the other sub-committees and submit them to the Annual General Meeting of Shareholders No. 1/2022 for further approval.
3. 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. Yothin Nerngchamnong)
Chairman of the Nomination and Remuneration Committee

The 2022 Report of the Corporate Governance and Sustainable Development (CG & SD) Committee

To reflect Modernform Group Plc's policy aimed to conduct business with responsibility, transparency and integrity based on the Code of Conduct as well as for balanced and sustainable benefits, the Board of Directors appointed and subsequently assigned, in its meeting No. 7/2565 dated November 14, 2022, the Corporate Governance (CG) Committee to set sustainability development goals and supervise Modernform's sustainability development activities. This has resulted in the change of the committee's name to the CG & SD Committee.

In 2022, the CG & SD Committee convened once in which 100% of the following members attended.

Name	Position	Meeting
1. Mr. Surachai Sonthirathi	Chairman and Independent Director	1/1
2. Mr. Kittichai Lattisophonkul	Member and Independent Director	1/1
3. Mr. Patana Usanachitt	Member	1/1
4. Mrs. Somrak Chotibhongs	Member	1/1
5. Miss Natcharinorn Siri Wattana	Member	1/1
6. Miss Jongjit Naboonpattana	Member	1/1

In 2022, the CG & SD Committee exercised its responsibility and held a meeting to establish policies and practices relating to the Board, shareholders and stakeholders that covered eight CG Principles issued by the SEC as follows.

Principle 1: Aware of roles and responsibilities of the Board as a leader who shall create sustainable values for the organization.

- Under this principle, Modernform has updated its vision, missions and strategic plans to reflect increasing competitions and changes felt at the moment.

Principle 2: Establishing main purposes and goals to achieve its sustainability mission.

- Modernform has updated the Corporate Governance Principles Version 7 to replace the previous version to reflect changes in relevant rules, regulations and policies. The update has been submitted for the Board's approval.
- The Code of Conduct has also been updated to reflect the Stock Exchange of Thailand's CG principles as well as the SET's criteria that have been recently changed.
- A sustainability development policy has been made as a framework to manage Modernform's sustainability development activities. The policy has also been proposed to the Board for approval.

Principle 3: Strengthening committees through the following activities undertaken in 2022.

- Roles, responsibilities and structure of various committees were reviewed. For example, sustainable development responsibility is now assigned to the CG Committee while a working committee on sustainability development is entrusted to supervise related activities. Meanwhile, the Risk Management Committee saw its structure updated so the committee could oversee major risk factors and a newly established committee would manage details in each risk issue and directly report to the Risk Management Committee.

Principle 4: Nominating and building capacity of senior executives and human resource management personnel.

- Modernform has continued its capacity-building activities for staff of all levels for better, more effective and more sustainable management and operation.

Principle 5: Promoting innovations and responsible business operation.

- Modernform has introduced new innovations to enhance its production and marketing capacity for better competition. Attempts were made to study and integrate new machines while innovative tools and devices have constantly been implemented within the organization.

Principle 6: Ensuring sound risk management and internal audit systems.

- The Risk Management Committee has assessed various risk factors that Modernform might be exposed to as well as appointed a working committee to oversee relevant risk issues while directly reporting to the RM Committee.

Principle 7: Maintaining financial creditability and information disclosure.

- Sustainability development contents submitted by a working committee on sustainability has been reviewed for disclosure in the One Report.

Principle 8: Supporting participation and communication with shareholders.

- The CG Committee has been supporting Modernform's participation at the Opportunity Day event annually.

The CG Committee has performed its duty under the scope of its entrusted roles and responsibilities. It deeply commits to support Modernform to achieve its goals in creating values, stability and business growth for ultimate benefit of the company itself, its shareholders and all stakeholders in a sustainable manner.



(Mr. Surachai Sonthirathi)

Chairman of the Corporate Governance and Sustainable Development Committee

The 2022 Report of the Risk Management Committee

Recognizing the importance and necessity of risk management especially in light of adverse effects of the Covid-19 pandemic during the past few years and from ongoing conflicts and a war in the western hemisphere that affected the global economy and energy costs, Modernform has readjusted its strategic plans, controlled production costs and expenses especially those relating to energy, strengthened marketing and online strategies and developed information platforms to accommodate new businesses in a bid to maintain and enhance its competitiveness.

The Risk Management Committee which has been appointed by the Board aims to formulate risk management plans and manage risks that the business may be exposed to. The committee consists of independent directors, executive directors and relevant executives. An independent director currently chairs the Risk Management Committee. The Committee convened twice in 2022 in which seven members attended. Details are as follows.

Name	Position	# of Attendance
1. Mr. Surachai Sonthirathi	Chairman and Independent Director	2/2
2. Mr. Kitipat Nerngchamnon	Member	2/2
3. Mr. Kookiat Orankit	Member	2/2
4. Miss Natcharintorn Siri Wattana	Member	2/2
5. Miss Sawangjit Phongpipatpong	Member	2/2
6. Miss Wannee Limpattanasin	Member	1/2
7. Ms. Jongjit Naboonpattana	Member	2/2

In 2022, the Risk Management Committee convened to review the following risk issues:

1. It reviewed and revised a risk management policy, which was later approved by the Board of Directors at its Meeting No. 1/2565.
2. The Risk Management Committee has applied the COSO-ERM (Enterprise Risk Management) principles and processes in Modernform's risk management policy and framework to cover all aspects of risk from strategic risk to operational risk, financial risk and compliance risk.
3. The Risk Management Committee has identified and planned to manage potential risks with material significance to the business and, in response to that, has appointed a working committee to manage risks in the following areas:
 - 3.1 Project Sales and Management
 - 3.2 Contract Risk Management
 - 3.3 Production Efficiency
 - 3.4 Inventory Management
 - 3.5 Debts Collection Management
 - 3.6 Assets Risk Management
 - 3.7 IT Risk Management

In 2022, the risk management working committee reported progress in its risk management in areas mentioned above as follows.

- Regarding project management and contract risk management, the working committee worked with relevant departments to set up a process that enabled project management collaboration from when a purchase order was received by a client to signing a contract, delivering products to a client until the project is closed and payment is duly collected within a specified period as stated in the contract. The collaboration contributed to a more effective debtor management.

- The risk management working committee also integrated work processes between project management, quality/production management & effectiveness and inventory management. Besides, to enhance efficiency, technology such as 3D production, pilot run, virtual pilot run and the Opti Planning program were introduced into the production process to detect error before production started, which helped reducing waste from wood and other major raw materials in a tangible way. In addition, standards were set for equipment and cabinet frames being used in the production process in order to minimize model varieties, enable equipment to be used with cost-effectiveness and reduce would-be product inventories.
- 4. The working committee assessed each type of risk and prioritized their significance based on their adverse effects and chances for the identified risks to emerge.
- 5. The working committee planned its risk management endeavors based on the assessed priorities before appointing a responsible person to manage each type of risk accordingly.
- 6. The working committee followed up with those responsible for risk management as well as listened to reports and progresses in each risk area mentioned above before reporting to the Board.



(Mr. Surachai Sonthirathi)

Chairman of the Risk Management Committee



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 of 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 2022, 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 5 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. 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 attachment 3)

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.

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 is not 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 following business ethics and meet the criteria of the stock Exchange of Thailand and the Office of the Securities and Exchange Commission. Information disclosure on potential conflicts must be considered by the Audit Board to ensure accurate and adequate disclosure. In addition, 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 2022. 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.

In 2022 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 Transactions	Amount (Million Baht)		Necessity and Reasonableness
			December 31, 2022	December 31, 2021	
MHC	MODERN holds 95% of the paid-up capital of MHC with common directors namely Mr. Yothin Nerngchamrong and Mr. Kitipat Nerngchamrong	Sales of Goods Purchase of Goods	1.1 0.3	0.6 0.3	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 hold 4.76% of IHL's paid-up capital with Ms. Chutima Busayapoka, sister of Mr. Thaksa Busayapoka, acting as director of IHL. In February 2022, Ms. Chutima Busayapoka and Mr. Thaksa Busayapoka had termination of executive director status. As a result, the related company status has ended.	Sales of Goods Trade Payable Purchase of Goods	- - -	15.5 2.7 0.2	
IMC	MODERN holds 49.50% of the paid-up capital of IMC with common directors namely Mr. Patana Usanachitt and Mr. Kitipat Nerngchamrong.	Purchase of Goods Sales of Goods Trade Accounts Receivable	6.9 3.9 1.2	7.3 3.6 0.9	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 the paid-up capital of WKS with common director namely Mr. Kitipat Nerngchamrong	Sales of Goods Purchase of Goods Trade Accounts Payable	- 7.3 0.2	0.1 4.2 1.9	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 the paid-up capital of BUD with common director namely Mr. Kitipat Nerngchamrong	Sales of Goods Trade Accounts Receivable Purchase of Goods Trade Account Payable	1.5 0.1 0.1 0.2	1.3 0.5 0.1 0.2	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 Transactions	Amount (Million Baht)		Necessity and Reasonableness
			December 31, 2022	December 31, 2021	
MTC	MODERN holds 100% of the paid-up capital of MTD with common directors namely Mr. Yothin Nerngchamrong and Mr. Somsak Varikarn.	Rent and Service Expenses Deposit (Rent and Services) Other Trade Accounts Payable (Phone Bill, Electricity Bill and Air Condition System) Service Fee (Internal Audit Fee)	58.8 13.2 1.0 0.2	70.6 17.1 0.8 0.2	MODERN rented MTC's building space at appropriate rental fee and service fee, close to those MTC charged for general customers.

Related Person/Entity	Relation	Type of Transactions	Amount (Million Baht)		Necessity and Reasonableness
			December 31, 2022	December 31, 2021	
RFA	MODERN holds 75% of the paid-up capital of RFA with common directors namely Mr. Thaksa Busayapoka and Ms. Sutheera Busayapoka, a daughter of Mr. Thaksa Busayapoka acting as authorized director of RFA and holding 1% of the registered capital. On November 11, 2021 the meeting of the Board of Directors approved to sell total investment in RFA to existing shareholders of RFA.	Service Fee	-	0.2	
MHC	MODERN holds 95% of the paid-up capital of MHC with common directors namely Mr. Yothin Nerngchamnon and Mr. Kitipat Nerngchamnon	Service Fee	1.7	1.6	Financial, Human Resources and IT consultancy services
IMC	MODERN holds 49.50% of the paid-up capital with common directors namely Mr. Patana Usanachit and Mr. Kitipat Nerngchamnon	Service Fee	0.3	0.3	Internal Audit services
WKS	MODERN holds 40% of the paid-up capital of WKS with common director namely Mr. Kitipat Nerngchamnon	Service Fee Service Charge	0.3 0.2	0.1 -	Internal Audit services
BUD	MODERN holds 49% of the paid-up capital of BUD with common director, Mr. Kitipat Nerngchamnon.	Service Fee Rental Fee and Related Services Service Charge	0.1	-	Internal Audit services Rent of Land and Building

Remark	MODERN = Modernform Group Public Company Limited	Manufacture and distribute furniture
MTC	= Modernform Tower Company Limited	Office rental
RFA	= Rafa Associates Company Limited	Provide design consulting services, supervise construction projects and hold shares in limited partnerships, limited companies and public companies (Holdings Company)
MHC	= Modernform Health and Care Company Limited	Manufacture, import and distribute furniture and products of health
IHL	= Interhides Public Company Limited	Produce and distribute leather
IMC	= Itoki Modernform Company Limited	Import and export office furniture
WKS	= Workscape Company Limited	Manufacture and distribute furniture
BUD	= Build Dee Company Limited	Manufacture and distribute furniture



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 3 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, 2022 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. Yothin Nerngchamnong)
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 2022, 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 2022, 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.

Fair value measurement of the assets acquired and liabilities assumed from investment in joint venture - Charoensup Kamlung 3 Company Limited

As described in Note 15.1 to the financial statements, on 24 March 2022, the Company has entered into sale and purchase agreement of Charoensup Kamlung 3 Company at 60 percent of its registered capital, totaling Baht 108 million. The Company's management has completed the process of assessing the fair value of the identified assets acquired and liabilities assumed and goodwill during the year. The management needs to exercise substantial judgement when appraising the fair value of the assets acquired and liabilities assumed. Therefore, I have determined that this investment in a joint venture is a key audit matter.

I examined the investment in joint venture of such company by reviewing the terms and conditions of the purchase agreement. I checked supporting documents and related payments. I also assessed the fair value of assets acquired and liabilities assumed as prepared the management of the Company, by reviewing the reasonableness of the financial model, comparing significant assumptions with historical information and related information in the same industry, testing of the calculation and reviewing the adequacy of disclosures in Note to the financial statements.

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: 27 February 2023

Statement of Financial Position

Modernform Group Public Company Limited and its Subsidiaries

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	7	368,483,484	698,245,168	294,810,947	580,042,336
Contract assets	8	72,695,935	69,111,613	31,324,729	16,272,731
Trade and other receivables	6, 9	373,545,659	281,486,707	285,954,003	218,682,354
Short-term loan to related party	6	20,105,342	-	20,105,342	-
Inventories	10	1,176,255,638	1,141,730,400	926,833,891	872,591,183
Other current financial assets	11	28,023,788	33,257,146	28,023,788	33,257,146
Other current assets		75,615,304	55,318,998	69,745,871	49,227,491
Total current assets		2,114,725,150	2,279,150,032	1,656,798,571	1,770,073,241
Non-current assets					
Non-current contract assets	8	17,826,254	41,837,471	17,826,254	41,837,471
Other non-current financial assets	6, 12	296,964,330	290,589,363	311,271,241	306,925,878
Investments in associates	13	36,730,020	30,601,270	33,959,700	36,359,515
Investments in subsidiaries	14	-	-	395,299,004	395,299,004
Investment in joint ventures	15	159,021,577	29,532,066	108,000,000	-
Investment properties	16	237,307,650	117,170,293	7,262,221	4,457,933
Property, plant and equipment	17	390,433,209	527,078,304	319,618,787	310,755,112
Right-of-use assets	18	42,431,158	41,099,357	78,802,433	101,849,248
Intangible assets	19	12,858,686	13,804,654	12,830,231	13,772,801
Deferred tax assets	29	40,148,757	39,999,468	32,074,282	32,798,397
Other non-current assets		3,487,549	4,736,501	3,432,580	4,698,632
Total non-current assets		1,237,209,190	1,136,448,747	1,320,376,733	1,248,753,991
Total assets		3,351,934,340	3,415,598,779	2,977,175,304	3,018,827,232

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 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	20	215,694,767	220,843,597	-	124,843
Trade and other payables	6, 21	285,226,884	339,015,271	217,324,866	279,305,852
Current portion of long-term loans from financial institution	22	9,600,000	1,233,324	9,600,000	1,233,324
Unbilled payables		22,991,520	28,504,201	-	-
Contract liabilities	8	261,679,628	253,338,307	260,891,124	251,940,967
Current portion of lease liabilities	18	17,422,029	17,226,149	38,260,436	35,979,369
Income tax payable		7,282,663	7,780,800	-	-
Other current liabilities		19,013,721	13,058,369	12,173,324	7,996,467
Total current liabilities		838,911,212	881,000,018	538,249,750	576,580,822
Non-current liabilities					
Long-term loans from financial institution, net of current portion	22	14,862,000	616,690	14,862,000	616,690
Lease liabilities, net of current portion	18	27,666,477	25,294,420	50,175,207	74,940,744
Provision for long-term employee benefits	23	185,029,880	185,864,657	177,235,692	177,401,533
Total non-current liabilities		227,558,357	211,775,767	242,272,899	252,958,967
Total liabilities		1,066,469,569	1,092,775,785	780,522,649	829,539,789
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	5,789,631	14,438,833	14,438,833
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	24,909,272	24,406,000	-	-
Unappropriated		575,309,779	589,264,217	510,722,987	479,027,324
Other components of shareholders' equity		(48,031,929)	(23,701,478)	(48,031,929)	(23,701,478)
Equity attributable to the owners of the Company		2,277,499,517	2,315,281,134	2,196,652,655	2,189,287,443
Non-controlling interests of the subsidiaries	14.2	7,965,254	7,541,860	-	-
Total shareholders' equity		2,285,464,771	2,322,822,994	2,196,652,655	2,189,287,443
Total liabilities and shareholders' equity		3,351,934,340	3,415,598,779	2,977,175,304	3,018,827,232

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 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Revenues					
Sales	6, 26	2,206,987,204	2,134,578,665	1,992,939,319	2,014,300,071
Rental income		38,219,137	38,850,513	2,461,000	1,791,000
Architectural design services and construction income	26	89,101,589	141,496,269	-	-
Service income	6, 26	60,872,110	61,735,191	2,743,500	2,757,000
Dividend income	6, 12, 14	5,684,090	6,278,374	137,683,670	72,102,840
Other income	6	30,790,661	41,248,474	26,405,058	29,232,215
Total revenues		2,431,654,791	2,424,187,486	2,162,232,547	2,120,183,126
Expenses					
Cost of sales	6	1,573,645,915	1,443,718,709	1,411,562,067	1,352,292,995
Cost of rental and services		30,283,058	31,375,715	572,425	272,747
Cost of design services and construction		72,471,366	102,918,831	-	-
Selling and distribution expenses	6	466,880,694	476,088,783	494,251,997	522,678,859
Administrative expenses	6	204,524,205	212,840,395	143,395,428	141,665,417
Other expenses		21,511,380	15,829,328	20,651,816	11,142,911
Total expenses		2,369,316,618	2,282,771,761	2,070,433,733	2,028,052,929
Operating profit		62,338,173	141,415,725	91,798,814	92,130,197
Share of profit (loss) from investments in associates	13	6,128,750	(11,697,950)	-	-
Share of profit (loss) from investment in joint venture	15	1,489,511	(9,568,392)	-	-
Finance income		2,811,531	4,874,024	3,274,951	5,481,954
Finance cost	27	(13,479,285)	(13,659,307)	(10,157,090)	(14,221,213)
Profit before income tax expenses		59,288,680	111,364,100	84,916,675	83,390,938
Income tax expenses	29	(19,816,032)	(26,003,849)	(721,012)	(2,708,570)
Profit for the year		39,472,648	85,360,251	84,195,663	80,682,368
Profit (loss) attributable to:					
Equity holders of the Company		39,049,254	88,081,945	84,195,663	80,682,368
Non-controlling interests of the subsidiaries		423,394	(2,721,694)		
		39,472,648	85,360,251		
Earnings per share	30				
Basic earnings per share					
Profit attributable to equity holders of the Company (Baht per share)		0.05	0.12	0.11	0.11

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 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit for the year		39,472,648	85,360,251	84,195,663	80,682,368
Other comprehensive income:					
Other comprehensive income not 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		(24,330,451)	62,741,236	(24,330,451)	61,182,420
Actuarial gain from post-employment benefits plan					
- net of income tax	23	-	1,208,383	-	-
Other comprehensive income for the year		(24,330,451)	63,949,619	(24,330,451)	61,182,420
Total comprehensive income for the year		15,142,197	149,309,870	59,865,212	141,864,788
Total comprehensive income attributable to:					
Equity holders of the Company		14,718,803	151,534,092	59,865,212	141,864,788
Non-controlling interests of the subsidiaries		423,394	(2,224,222)		
		15,142,197	149,309,870		

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 2022

(Unit: Baht)

Consolidated financial statements										
	Note	Equity attributable to owners of the Company								
		Other components of shareholders' equity								
		Other comprehensive income								
		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 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
Balance as at 1 January 2022		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
Profit for the year		-	-	-	-	39,049,254	-	39,049,254	423,394	39,472,648
Other comprehensive income for the year		-	-	-	-	-	(24,330,451)	(24,330,451)	-	(24,330,451)
Total comprehensive income for the year		-	-	-	-	39,049,254	(24,330,451)	14,718,803	423,394	15,142,197
Statutory reserve	25	-	-	-	503,272	(503,272)	-	-	-	-
Dividend paid	33	-	-	-	-	(52,500,420)	-	(52,500,420)	-	(52,500,420)
Balance as at 31 December 2022		750,000,000	879,522,764	5,789,631	114,909,272	575,309,779	(48,031,929)	2,277,499,517	7,965,254	2,285,464,771

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

Statement of Changes in Shareholders' Equity

Moderriform Group Public Company Limited and its Subsidiaries

For the year ended 31 December 2022

(Unit: Baht)

Separate financial statements									
	Other components of shareholders' equity								
	Other comprehensive income					Total other components of shareholders' equity			
	Issued and paid-up share capital	Share premium	Other surplus	Retained earnings	Unappropriated	Surplus (deficit) on changes in value of investments designated at FVOCI			
				Appropriated statutory reserve					
Balance as at 1 January 2021	750,000,000	879,522,764	16,675,836	90,000,000	539,668,282	(78,444,227)	(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	61,182,420	
Total comprehensive income for the year	-	-	-	-	80,682,368	61,182,420	61,182,420	141,864,788	
Dividend paid	-	-	-	-	(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)	(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)	(23,701,478)	2,189,287,443	
Balance as at 1 January 2022	750,000,000	879,522,764	14,438,833	90,000,000	479,027,324	(23,701,478)	(23,701,478)	2,189,287,443	
Profit for the year	-	-	-	-	84,195,663	-	-	84,195,663	
Other comprehensive income for the year	-	-	-	-	-	(24,330,451)	(24,330,451)	(24,330,451)	
Total comprehensive income for the year	-	-	-	-	84,195,663	(24,330,451)	(24,330,451)	59,865,212	
Dividend paid	-	-	-	-	(52,500,000)	-	-	(52,500,000)	
Balance as at 31 December 2022	750,000,000	879,522,764	14,438,833	90,000,000	510,722,987	(48,031,929)	(48,031,929)	2,196,652,655	

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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 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before income tax	59,288,680	111,364,100	84,916,675	83,390,938
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	96,842,845	102,732,913	83,480,173	96,317,626
Written-off building improvement and equipment	133,534	46,586	133,534	13,974
Allowance for doubtful accounts (reversal)	5,895,699	(21,713,621)	5,895,699	(7,137,932)
Reversal of allowance for diminution in value of inventory	(13,840,726)	(11,220,006)	(17,574,813)	(13,957,857)
Impairment loss on non-financial assets (reversal)	(8,176,277)	66,150	(8,176,277)	66,150
Impairment loss on investment in associate	-	-	2,399,815	5,000,000
Share of loss (profit) from investments in associates	(6,128,750)	11,697,950	-	-
Share of loss (profit) from investment in joint ventures	(1,489,511)	9,568,392	-	-
Gain on sales of equipment and investment property	(3,829,385)	(948,916)	(3,973,481)	(940,775)
Loss (gain) on fair value adjustments of financial assets	9,108,301	(5,376,209)	9,108,301	(5,376,209)
Gain on cancellation of lease agreements	(167,433)	-	(167,433)	(1,226,479)
Gain on sales of investments in other financial assets	-	(95,906)	-	(95,906)
Gain on sales of investments in subsidiary	-	(10,829,530)	-	(2,700,000)
Long-term employee benefit expenses	25,075,082	27,635,407	24,745,218	25,842,529
Dividend income	(5,684,090)	(6,278,374)	(137,683,670)	(72,102,840)
Finance income	(2,811,531)	(4,874,024)	(3,274,951)	(5,481,954)
Finance cost	13,479,285	13,659,307	10,157,090	14,221,213
Profit from operating activities before changes in operating assets and liabilities	167,695,723	215,434,219	49,985,880	115,832,478
(Increase) decrease in operating assets				
Trade and other receivables	(97,954,651)	115,773,048	(73,167,348)	86,939,912
Inventories	(20,684,512)	(139,013,101)	(36,667,895)	(92,337,759)
Contract assets	28,603,172	(15,170,196)	17,135,496	11,846,482
Other current assets	(17,959,511)	(12,436,346)	(18,055,212)	(16,343,821)
Other non-current financial assets	(216,779)	(355,862)	2,469,820	1,159,109
Other assets	1,248,952	3,643,536	1,266,052	3,649,836
Increase (decrease) in operating liabilities				
Trade and other payables	(54,590,118)	95,084,951	(56,437,937)	78,490,405
Other current liabilities	10,725,434	(11,906,747)	10,438,531	(9,875,173)
Provision for long-term employee benefits	(25,909,859)	(23,521,899)	(24,911,059)	(23,255,632)
Cash flows from operating activities	(9,042,149)	227,531,603	(127,943,672)	156,105,837
Interest paid	(6,463,907)	(4,665,871)	(2,174,663)	(2,860,243)
Corporate income tax paid	(22,800,253)	(31,804,526)	(2,460,065)	(9,530,660)
Net cash flows from (used in) operating activities	(38,306,309)	191,061,206	(132,578,400)	143,714,934

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 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from investing activities				
Cash paid for short-term loan to related party	(20,000,000)	-	(20,000,000)	-
Cash paid for purchase of financial instruments	(33,700,000)	(40,400,605)	(33,700,000)	(40,400,605)
Cash receipt from share capital reduction of investment measured at fair value through profit or loss	-	213,639	-	-
Cash received from disposal of financial instruments	-	31,959,636	-	20,714,214
Cash received from disposal of investment in subsidiary	-	3,750,000	-	3,750,000
Cash received from share capital reduction of investments in subsidiary	-	-	-	7,500,000
Dividend received from investment measured at fair value through other comprehensive income	4,840,000	5,455,324	4,840,000	5,280,000
Dividend received from investment measured at fair value through profit or loss	844,090	823,050	844,090	823,050
Dividend received from investment in subsidiary	-	-	131,999,580	65,999,790
Cash paid for share subscription in associate	-	(3,999,900)	-	(3,999,900)
Cash paid for share subscription in joint ventures	(128,000,000)	-	(108,000,000)	-
Cash paid for purchase of property, plant and equipment and investment property	(70,819,051)	(25,544,537)	(67,238,780)	(24,266,341)
Cash paid for purchase of intangible assets	(1,855,290)	(1,979,389)	(1,855,290)	(1,941,500)
Proceeds from sales of equipment and investment property	8,128,747	1,225,726	8,096,503	1,217,313
Cash received from interest income	2,042,607	542,022	1,849,032	3,712,984
Net cash flows from (used in) investing activities	(238,518,897)	(27,955,034)	(83,164,865)	38,389,005
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(5,148,830)	27,573,574	(124,843)	124,843
Cash receipt from long-term loan from financial institution	28,462,000	-	28,462,000	-
Repayment of long-term loans	(5,850,014)	(1,233,324)	(5,850,014)	(1,233,324)
Cash payment for lease liabilities	(17,899,214)	(18,535,301)	(39,475,267)	(46,497,376)
Dividend paid	(52,500,420)	(150,000,210)	(52,500,000)	(150,000,000)
Net cash flows used in financing activities	(52,936,478)	(142,195,261)	(69,488,124)	(197,605,857)
Net increase (decrease) in cash and cash equivalents	(329,761,684)	20,910,911	(285,231,389)	(15,501,918)
Cash and cash equivalents at beginning of year	698,245,168	677,334,257	580,042,336	595,544,254
Cash and cash equivalents at end of year (Note 7)	368,483,484	698,245,168	294,810,947	580,042,336
Supplement cash flows information				
Non-cash items consist of:				
Increase (decrease) in payables from purchase of assets	(5,673,484)	4,724,971	(5,543,049)	5,000,347
Increase in liabilities from lease agreements	19,624,334	1,780,823	13,335,641	776,808
Unrealised gain (loss) on investment measured at fair value through other comprehensive income - net of income tax	(24,330,451)	62,741,236	(24,330,451)	61,182,420
Actuarial gain from post-employment benefits plan - net of income tax	-	1,208,383	-	-
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
Transfer property, plant and equipment to investment property	134,548,882	-	-	-
Amortisation of intangible asset which measured at fair value	(2,513,490)	-	-	-

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 2022

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.

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	
			2022 %	2021 %
<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

- 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 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 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 2023

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 2023.

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 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 Group, 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 Group recognises 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 ventures and associates

Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.

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 ventures 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.

Regular way sales of financial assets

Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the date on which the Company commits to purchase or sell the asset.

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 Group 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.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

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
Itoki Modernform Company Limited	Associate
Workscope Company Limited	Associate
BuiltDee Company Limited	Associate
Lesmo Company Limited	Associate
Charoensup Kamlung 3 Company Limited	Joint venture
UICC Company Limited	Joint venture (Holding by subsidiary)
Interhides Public Company Limited ⁽¹⁾	Shareholder and director is related to the Company's management
Related person	Director, executive officer and related person with director and executive officer

⁽¹⁾ In February 2022, related company's director discontinued in the Company's director. As a result, the status of related company ended.

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
	2022	2021	2022	2021	
<u>Transactions with subsidiaries</u> (Eliminated from the consolidated financial statements)					
Sales of goods	-	-	1.1	0.6	Close to market price
Purchases of goods	-	-	0.3	0.3	Close to market price
Services income	-	-	1.9	2.1	Contract price
Rental expenses and related service fees	-	-	58.8	70.6	Baht 500 per square meter per month for showroom (2021: Baht 325 to Baht 500) and Baht 380 per square meter per month for office unit
Dividend received	-	-	132.0	66.0	As declared
<u>Transactions with associates</u>					
Sales of goods	5.5	5.0	5.4	5.0	Close to market price
Purchases of goods	15.1	11.6	14.3	11.6	Close to market price
Services income	0.7	0.5	0.7	0.5	Contract price
Rental income and related service fees	3.3	3.1	1.7	1.6	Close to market price
Service paid	3.5	-	0.6	-	Contract price
<u>Transactions with joint ventures</u>					
Sales of goods	0.3	0.2	0.2	-	Close to market price
Services income	0.3	0.3	0.2	0.2	Contract price
<u>Transactions with related company</u>					
Sales of goods	-	0.2	-	0.2	Close to market price
Purchases of goods	-	15.5	-	15.5	Close to market price
Dividend income	-	2.8	-	2.8	As declared

As at 31 December 2022 and 2021, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<u>Trade receivables</u> (Note 9)				
Associates	1,272	1,380	1,263	1,380
Joint ventures	185	60	185	-
Related company	-	4	-	4
Total	1,457	1,444	1,448	1,384
<u>Other receivables</u> (Note 9)				
Subsidiaries	-	-	247	163
Associates	124	28	103	9
Joint ventures	13	11	3	1
Total	137	39	353	173
<u>Other non-current financial assets - deposits</u> (Note 12)				
Subsidiary	-	-	13,224	17,140
<u>Trade and other payables</u> (Note 21)				
Subsidiaries	-	-	961	828
Associates	371	1,912	371	1,912
Joint venture	17	-	17	-
Related company	-	2,729	-	2,729
Total	388	4,641	1,349	5,469
<u>Other current liabilities</u>				
Associate	465	465	-	-

Short-term loan to related party and interest receivable

(Unit: Thousand Baht)

	Consolidated financial statements and Separate Financial Statements			
	Balance as at 1 January 2022	Increase	Decrease	Balance as at 31 December 2022
<u>Associate</u>				
Lesmo Company Limited	-	20,105	-	20,105

The loan is unsecured, carrying interest at MLR of a local commercial bank plus a fixed rate per annum. The loan is to be repaid within 1 year or due at call.

Directors and management's remuneration

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Short-term employee benefits	38	49	34	36
Post-employment benefits	3	3	2	2
Total	41	52	36	38

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash	631	561	581	511
Bank deposits	367,852	697,684	294,230	579,531
Total	368,483	698,245	294,811	580,042

As at 31 December 2022, bank deposits carried interests between 0.15% to 0.60% per annum (2021: between 0.05% to 0.50% per annum).

8. Contract assets/Contract liabilities

Contract balances

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Contract assets				
Unbilled receivables	41,361	52,824	-	-
Retention receivables	50,841	68,204	50,831	68,189
Less: Allowance for expected credit losses	(3,300)	(11,476)	(3,300)	(11,476)
Total retention receivables - net	47,541	56,728	47,531	56,713
Other	1,620	1,397	1,620	1,397
Total contract assets - net	90,522	110,949	49,151	58,110
Contract liabilities				
Customer deposits	(259,592)	(251,239)	(258,803)	(249,842)
Other	(2,088)	(2,099)	(2,088)	(2,099)
Total contract liabilities	(261,680)	(253,338)	(260,891)	(251,941)

The balance of unbilled receivables as at 31 December 2022 and 2021, 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	
	2022	2021	2022	2021
Period to expected billing				
In up to 3 months	40,757	22,839	-	-
In over 3 and up to 12 months	604	29,985	-	-
Total unbilled receivables	41,361	52,824	-	-

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade receivables - related parties				
Age on the basis of due dates				
Not yet due and past due				
Up to 3 months	1,461	925	1,452	925
Past due				
3 - 6 months	-	60	-	-
6 - 12 months	-	765	-	765
Total	1,461	1,750	1,452	1,690
Less: Allowance for expected credit losses	(4)	(306)	(4)	(306)
Total trade receivables - related parties	1,457	1,444	1,448	1,384
Trade receivables - unrelated parties				
Age on the basis of due dates				
Not yet due and past due				
Up to 3 months	338,819	230,420	266,404	177,242
Past due				
3 - 6 months	25,302	19,417	24,282	14,970
6 - 12 months	28,866	20,327	21,780	19,840
Over 12 months	30,332	58,298	30,332	57,944
Total	423,319	328,462	342,798	269,996
Less: Allowance for expected credit losses	(59,601)	(53,403)	(59,601)	(53,403)
Total trade receivables - unrelated parties, net	363,718	275,059	283,197	216,593
Other receivables				
Other receivables - related parties	137	39	353	173
Other receivables - unrelated parties	8,234	4,945	956	532
Total	8,371	4,984	1,309	705
Total trade and other receivables - net	373,546	281,487	285,954	218,682

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	
	2022	2021	2022	2021
Beginning balance	53,709	75,423	53,709	60,847
Allowance for expected credit losses (reversal)	8,398	(4,875)	8,398	(4,875)
Amount written off	(2,502)	(2,948)	(2,502)	(2,263)
Decrease from disposal of a subsidiary	-	(13,891)	-	-
Ending balance	59,605	53,709	59,605	53,709

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventory - net	
	2022	2021	2022	2021	2022	2021
Finished goods	1,061,739	1,024,173	(141,592)	(152,806)	920,147	871,367
Work in process	48,400	43,511	(4,023)	(7,063)	44,377	36,448
Raw materials	183,448	207,540	(56,742)	(60,257)	126,706	147,283
Goods for showroom	57,192	45,112	(6,142)	(2,214)	51,050	42,898
Goods in transit	28,545	39,770	-	-	28,545	39,770
Other supplies	5,431	3,964	-	-	5,431	3,964
Total	1,384,755	1,364,070	(208,499)	(222,340)	1,176,256	1,141,730

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventory - net	
	2022	2021	2022	2021	2022	2021
Finished goods	802,024	753,904	(114,413)	(129,361)	687,611	624,543
Work in process	47,571	42,951	(4,023)	(7,063)	43,548	35,888
Raw materials	183,448	207,540	(56,742)	(60,257)	126,706	147,283
Goods for showroom	54,226	42,008	(6,142)	(2,213)	48,084	39,795
Goods in transit	15,477	21,118	-	-	15,477	21,118
Other supplies	5,408	3,964	-	-	5,408	3,964
Total	1,108,154	1,071,485	(181,320)	(198,894)	926,834	872,591

During the current year, the Group reversed the write-down of cost of inventories by Baht 14 million (2021: Baht 11 million) (The Company only: Baht 18 million, 2021: Baht 14 million) 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	
	2022	2021	2022	2021
<u>Fair value</u>				
<u>Financial assets measured at FVTPL</u>				
Listed equity investments	28,024	33,257	28,024	33,257
Total financial assets at measured FVTPL	28,024	33,257	28,024	33,257
Total other current financial assets	28,024	33,257	28,024	33,257

12. Other non-current financial assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<u>Financial assets measured at FVTPL</u>				
Non-listed equity investments	85,656	85,656	85,656	85,656
Investments in overseas non-listed fund	61,225	31,400	61,225	31,400
Total financial assets measured at FVTPL	146,881	117,056	146,881	117,056
<u>Financial assets designated at FVOCI</u>				
Listed equity investments	140,678	165,008	140,678	165,008
Total financial assets measured at FVOCI	140,678	165,008	140,678	165,008
<u>Financial assets at amortised cost</u>				
Deposit	9,405	8,525	23,712	24,862
Total financial assets at amortised cost	9,405	8,525	23,712	24,862
Total other non-current financial assets	296,964	290,589	311,271	306,926

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	
	2022	2021	2022	2021	2022	2021	2022	2021
<u>Listed equity instruments</u>								
Information & communication technology	56,445	77,390	2,840	3,280	56,445	77,390	2,840	3,280
Industrials	66,400	78,800	2,000	2,000	66,400	78,800	2,000	2,000
Consumer products	17,833	8,818	-	-	17,833	8,818	-	-
Energy & utilities	-	-	-	19	-	-	-	-
Property & construction	-	-	-	156	-	-	-	-
Total financial instruments designated at fair value through other comprehensive income	140,678	165,008	4,840	5,455	140,678	165,008	4,840	5,280

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	
			2022 (%)	2021 (%)	2022 (Thousand Baht)	2021 (Thousand Baht)	2022 (Thousand Baht)	2021 (Thousand Baht)
Itoki Modernform Company Limited	Interior design and distribution of furniture	Thailand	49.5	49.5	14,850	14,850	-	844
Workscape Company Limited	Manufacture and distribution of furniture	Thailand	40.0	40.0	28,000	28,000	28,900	26,389
BuiltDee Company Limited	Manufacture and distribution of furniture	Thailand	49.0	49.0	1,960	1,960	3,597	-
Lesmo Company Limited	Property development	Thailand	40.0	40.0	4,000	4,000	4,233	3,368
Total					48,810	48,810	36,730	30,601

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	
			2022 (%)	2021 (%)	2022 (Thousand Baht)	2021 (Thousand Baht)	2022 (Thousand Baht)	2021 (Thousand Baht)	2022 (Thousand Baht)	2021 (Thousand Baht)
Itoki Modernform Company Limited	Interior design and distribution of furniture	Thailand	49.5	49.5	14,850	14,850	(14,850)	(12,450)	-	2,400
Workscape 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	40.0	4,000	4,000	-	-	4,000	4,000
Total					48,810	48,810	(14,850)	(12,450)	33,960	36,360

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	
	2022	2021
Itoki Modernform Company Limited	(844)	(6,392)
Workscape Company Limited	2,511	(3,150)
BuiltDee Company Limited	3,597	(1,524)
Lesmo Company Limited	865	(632)
Total	6,129	(11,698)

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		Workscope Company Limited		BuiltDee Company Limited		Lesmo Company Limited	
	2022	2021	2022	2021	2022	2021	2022	2021
Current assets	29	18	80	80	41	18	16	8
Non-current assets	4	4	50	47	5	4	17	1
Current liabilities	(32)	(15)	(53)	(57)	(38)	(22)	(22)	(1)
Non-current liabilities	(4)	(5)	(4)	(4)	-	(1)	-	-
Net assets	(3)	2	73	66	8	(1)	11	8
Shareholding percentage (%)	49.5	49.5	40.0	40.0	49.0	49.0	40	40
Share of net assets	-	1	29	26	4	-	4	3
Carrying amounts of associates based on equity method	-	1	29	26	4	-	4	3

Summarised information about income statement

(Unit: Million Baht)

	Itoki Modernform Company Limited		Workscope Company Limited		BuiltDee Company Limited		Lesmo Company Limited	
	For the year ended 31 December 2022	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ended 31 December 2021	For the year ended 31 December 2022	For the period as from 7 May 2021 to ended 31 December 2021
Revenue	53	28	194	128	88	19	16	-
Profit (loss)	(7)	(13)	6	(8)	7	(3)	2	(2)

13.4 Investment in associates with capital deficit

During the current year, the Company recognised share of losses from investment in 1 associate (2021: 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	
	2022	2021	2022	2021
BuiltDee Company Limited	-	0.2	-	0.2
Itoki Modernform Company Limited	3.0	-	3.0	-
Total	3.0	0.2	3.0	0.2

14. Investments in subsidiaries

14.1 Details of investments in subsidiaries as presented in the separate financial statements

Company	Shareholding							
	Paid-up capital		percentage		Cost		Dividend received	
	2022 (Million Baht)	2021 (Million Baht)	2022 (%)	2021 (%)	2022 (Thousand Baht)	2021 (Thousand Baht)	2022 (Thousand Baht)	2021 (Thousand Baht)
Modernform Tower Company Limited	220	220	100	100	219,899	219,899	132,000	66,000
Modernform Health & Care Public Company Limited	150	150	95	95	175,400	175,400	-	-
Total					395,299	395,299	132,000	66,000

14.2 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 years		Other comprehensive income allocated to non-controlling interests during the years	
	2022 (%)	2021 (%)	2022 (Million Baht)	2021 (Million Baht)	2022 (Thousand Baht)	2021 (Thousand Baht)	2022 (Thousand Baht)	2021 (Thousand Baht)
Modernform Health & Care Public Company Limited	5	5	8	7	1	-	-	-

14.3 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	
	2022	2021
Current assets	394	404
Non-current assets	63	47
Current liabilities	(293)	(293)
Non-current liabilities	(6)	(7)

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December	
	Modernform Health & Care Public Company Limited	
	2022	2021
Revenue	319	263
Profit (loss)	8	(2)
Total comprehensive income	8	(2)

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December	
	Modernform Health & Care Public Company Limited	
	2022	2021
Cash flow from (used in) operating activities	26	(21)
Cash flow from (used in) investing activities	(19)	(1)
Cash flow from (used in) financing activities	(8)	24
Net increase (decrease) in cash and cash equivalents	(1)	2

15. Investment in joint ventures

15.1 Details of investment in joint venture:

Investment in joint ventures represents investment in entities which is jointly controlled by the Group and individual. Details as follows:

Company	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2022 (%)	2021 (%)	2022 (Thousand Baht)	2021 (Thousand Baht)	2022 (Thousand Baht)	2021 (Thousand Baht)
UICC Company Limited	Health care business	Thailand	40.0	40.0	80,000	60,000	47,103	29,532
Charoensup Kamlung 3 Company Limited	Distribution of furniture	Thailand	60.0	-	108,000	-	111,918	-
Total					188,000	60,000	159,021	29,532

A subsidiary has pledged investment in joint venture as at 31 December 2022 which its net book value in the consolidated financial statements amounting to Baht 47 million (2021: Baht 30 million) as collateral against credit facilities of a joint venture received from financial institutions.

Company	Shareholding percentage		Carrying amounts based on the cost method in separate financial statements	
	31 December 2022 (%)	31 December 2021 (%)	31 December 2022 (Thousand Baht)	31 December 2021 (Thousand Baht)
Charoensup Kamlung 3 Company Limited	60.0	-	108,000	-
Total			108,000	-

Investment in joint venture - UICC Company Limited

During the year 2022, UICC Company Limited called payment for shares, or the remaining 25% of the full amount to be paid, representing 10 million ordinary shares with the par value of Baht 5 per share. The subsidiary made the payment amounting to Baht 20 million on 20 July 2022. The call for share payment did not affect the shareholding in the invested joint venture.

Investment in joint venture - Charoensup Kamlung 3 Company Limited

On 24 March 2022, the Company signed a share purchase agreement in Charoensup Kamlung 3 Company Limited, which has a registered capital of Baht 20 million, consisting of 200,000 ordinary shares at

the par value of Baht 100 per share. As a result, the Company's shareholding in Charoensup Kamlung 3 Company Limited represents 60% of registered share capital, or 120,000 million shares, totaling Baht 108 million. The Company paid for the shares in April 2022.

During 2022, the Company assessed the fair value of the assets acquired and liabilities assumed at the acquisition date, in order to the identification and valuation of goodwill and certain tangible assets. The process was completed in the fourth quarter of 2022 within the period of twelve months from the acquisition date, in accordance with the relevant Thai Financial Reporting Standard.

As at 31 December 2022, the Company have assessed the value which conclude as follows:

	(Unit: Million Baht)
Net assets as at acquisition date	16
Intangibles recognised	2
Goodwill	90
Cash paid for investment in Charoensup Kamlung 3 Company Limited	108

The Company classified the investment in Charoensup Kamlung 3 Co., Ltd. as an investment in joint venture since it fell into the nature of joint venture defined under the agreement between the shareholders.

Goodwill, amounting to Baht 90 million, arises from the Company's consideration that investing in Charoensup Kamlung 3 Co., Ltd. could strengthen sales, marketing and enhance the Company's image and the Company could expand customer base to premium luxury segment.

15.2 Share of profit (loss) from investment in joint ventures

During the years, the Company has recognised its share of profit (loss) from investment in joint ventures in the financial statements are as follows:

Joint venture	Consolidated financial statements	
	Share of profit (loss) from investment in joint venture	
	For the years ended 31 December	
	2022	2021
UICC Company Limited	(2,429)	(9,568)
Charoensup Kamlung 3 Company Limited	3,919*	-
Total	1,490	(9,568)

* Share of profit from investment in joint venture is calculated since the date that the Company start jointly invested.

15.3 Summarised financial information of investment in joint ventures

Financial information of joint ventures as included in the consolidated financial statements is summarised below:

Summarised information about financial position

(Unit: Million Baht)

	UICC Company Limited		Charoensup Kamlung 3 Company Limited	
	2022	2021	2022	2021
Current assets	12	6	89	-
Non-current assets	324	345	21	-
Current liabilities	(38)	(68)	(69)	-
Non-current liabilities	(180)	(207)	(5)	-
Net assets	118	76	36	-
Shareholding percentage (%)	40.0	40.0	60.0	-
Share of net assets	47	30	22	-
Goodwill	-	-	90	-
Carrying amounts of joint venture based on equity method	47	30	112	-

Summarised information about income statement

(Unit: Million Baht)

	UICC Company Limited		Charoensup Kamlung 3 Company Limited
	For the year end	For the year end	For the period as from
	31 December 2022	31 December 2021	1 April 2022 to 31 December 2022
Revenue	104	77	119
Profit (loss)	(6)	(24)	11

16. Investment properties

The net book value of investment properties as at 31 December 2022 and 2021 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 2022							
Cost	164,780	528,156	6,597	699,533	1,084	6,597	7,681
Less: Accumulated depreciation	(3,193)	(458,613)	(10)	(461,816)	-	(10)	(10)
Less: Allowance for impairment	(409)	-	-	(409)	(409)	-	(409)
Net book value	161,178	69,543	6,587	237,308	675	6,587	7,262
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

A reconciliation of the net book value of investment properties for the years 2022 and 2021 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Net book value at beginning of year	117,170	134,603	4,458	4,663
Addition - cost	6,598	-	6,597	-
Transfers (Note 17)	134,549	-	-	-
Disposals during the year - net book value at disposal date	(3,678)	-	(3,647)	-
Depreciation expenses	(17,331)	(17,433)	(146)	(205)
Net book value at end of year	237,308	117,170	7,262	4,458

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 17) with their net book value as of 31 December 2022 amount Baht 97 million and Baht 70 million, respectively (2021: Baht 113 million and Baht 80 million, respectively) to the bank as collateral for bank overdraft of a subsidiary.

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 as of 31 December 2022 and 2021 are as follows;

(Unit: Thousand Baht)

	Consolidated financial statements	
	2022	2021
Within 1 year	68,649	26,311
Over 1 year and up to 3 years	78,861	8,910
Total	147,510	35,221

The fair value of the investment properties as at 31 December 2022 and 2021 stated below:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2022	2021
Land and office building and building improvement for rent	864,575	736,875
Condominium	6,597	4,353

(Unit: Thousand Baht)

	Separate financial statements	
	2022	2021
Land	675	675
Condominium	6,597	4,353

The fair value of land and office building and building improvement for rent as at 31 December 2022 and 2021 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 has been determined by basing on the appraisal value of Treasury Department.

The fair value of condominium has been determined by the management based on the market price.

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements								
	Land and improvement	Buildings	Building and leasehold improvement	Machinery	Furniture and equipment	Vehicles	Construction in progress	Others	Total
Cost:									
1 January 2021	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
Additions	-	-	40,267	2,585	6,300	963	6,766	1,667	58,548
Transfer-in (transfer-out)	-	-	1,730	2,555	64	-	(3,512)	(837)	-
Transfers	(112,554)	(29,369)	(813)	-	-	-	-	(1,782)	(144,518)
Disposals	-	-	(267)	(36,389)	(3,287)	(7,464)	-	(390)	(47,797)
Written-off	-	-	(22,876)	-	(134)	-	-	-	(23,010)
31 December 2022	182,887	629,139	366,639	344,617	189,860	78,930	3,254	102,026	1,897,352
Accumulated depreciation:									
1 January 2021	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
Depreciation for the year	3,691	18,662	12,793	14,544	6,214	811	-	3,174	59,889
Depreciation for transfer-In (transfer-out)	-	-	-	-	11	-	-	(11)	-
Depreciation for transfer	-	(9,635)	(334)	-	-	-	-	-	(9,969)
Depreciation on disposals	-	-	(150)	(36,389)	(2,782)	(7,464)	-	(391)	(47,176)
Depreciation on written-off	-	-	(22,756)	-	(120)	-	-	-	(22,876)
31 December 2022	46,749	526,347	287,550	300,274	175,991	75,529	-	94,479	1,506,919
Net book value:									
31 December 2021	252,383	141,188	50,601	53,747	14,249	3,249	-	11,661	527,078
31 December 2022	136,138	102,792	79,089	44,343	13,869	3,401	3,254	7,547	390,433
Depreciation for the year									
2021 (Baht 33 million included in manufacturing cost, and the balance in selling and administrative expenses)									66,242
2022 (Baht 32 million included in manufacturing cost, and the balance in selling and administrative expenses)									59,889

	Separate financial statements								Total
	Land and improvement	Buildings	Building and leasehold improvement	Machinery	Furniture and equipment	Vehicles	Construction in progress	Others	
Cost:									
1 January 2021	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
Additions	-	-	40,242	2,585	5,921	963	3,775	1,613	55,099
Transfer-in (transfer-out)	-	-	521	2,555	65	-	(521)	(2,619)	-
Disposals	-	-	(33)	(36,388)	(2,756)	(7,464)	-	(385)	(46,846)
Written-off	-	-	(22,876)	-	(134)	-	-	-	(23,010)
31 December 2022	147,020	305,771	337,900	344,617	178,060	77,413	3,254	99,927	1,493,962
Accumulated depreciation:									
1 January 2021	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
Depreciation for the year	3,685	6,930	11,384	14,544	5,382	745	-	2,955	45,625
Depreciation for transfer-in (transfer-out)	-	-	-	-	10	-	-	(10)	-
Depreciation on disposals	-	-	(33)	(36,289)	(2,100)	(7,463)	-	(385)	(46,370)
Depreciation on written-off	-	-	(22,756)	-	(120)	-	-	-	(22,876)
31 December 2022	44,527	229,450	267,587	300,274	165,651	74,013	-	92,841	1,174,343
Net book value:									
31 December 2021	106,178	83,251	41,054	53,747	12,305	3,183	-	11,037	310,755
31 December 2022	102,493	76,321	70,313	44,343	12,409	3,400	3,254	7,086	319,619
Depreciation for the year									
2021 (Baht 33 million included in manufacturing cost, and the balance in selling and administrative expenses)									51,461
2022 (Baht 32 million included in manufacturing cost, and the balance in selling and administrative expenses)									45,625

As at 31 December 2022, 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 958 million (2021: Baht 974 million) (The Company only: Baht 912 million, 2021: Baht 934 million).

The Company has mortgaged land and buildings with net book value as at 31 December 2022 and 2021 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 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Buildings and building improvement	Vehicles	Total
1 January 2021	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
Additions	19,624	-	19,624
Depreciation for the year	(16,622)	(199)	(16,821)
Decrease from lease cancelled	(1,471)	-	(1,471)
31 December 2022	42,034	397	42,431

(Unit: Thousand Baht)

	Separate financial statements		
	Buildings and building improvement	Vehicles	Total
1 January 2021	164,615	-	164,615
Additions	777	-	777
Depreciation for the year	(42,012)	-	(42,012)
Decrease from lease cancelled	(21,531)	-	(21,531)
31 December 2021	101,849	-	101,849
Additions	13,335	-	13,335
Depreciation for the year	(34,911)	-	(34,911)
Decrease from lease cancelled	(1,471)	-	(1,471)
31 December 2022	78,802	-	78,802

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Lease payments	48,878	46,326	94,615	120,982
Less: Deferred interest expenses	(3,790)	(3,806)	(6,180)	(10,062)
Total	45,088	42,520	88,435	110,920
Less: Current portion	(17,422)	(17,226)	(38,260)	(35,979)
Lease liabilities - net of current portion	27,666	25,294	50,175	74,941

Movements of the lease liability account during the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Balance at beginning of year	42,520	58,552	110,920	170,863
Additions	19,624	1,781	13,335	777
Accretion of interest	2,482	2,643	5,294	8,535
Repayments	(17,899)	(18,535)	(39,475)	(46,497)
Decrease from disposal of a subsidiary	-	(1,921)	-	-
Cancellation of lease agreements	(1,639)	-	(1,639)	(22,758)
Balance at end of year	45,088	42,520	88,435	110,920

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	
	2022	2021	2022	2021
Depreciation expenses of right-of-use assets	16,821	16,361	34,911	42,012
Interest expenses on lease liabilities	2,482	2,643	5,294	8,535
Expenses relating to leases of low-value assets	172	110	48	18

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 18 million (2021: Baht 19 million) (The Company only: Baht 40 million, 2021: Baht 47 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 2022 and 2021 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cost	53,533	51,678	52,549	50,694
Less: Accumulated amortisation	(40,674)	(37,873)	(39,719)	(36,921)
Net book value	12,859	13,805	12,830	13,773

A reconciliation of the net book value of intangible assets for the years 2022 and 2021 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Net book value at beginning of year	13,805	14,643	13,773	14,470
Acquisition of assets - cost	1,855	1,979	1,855	1,942
Amortisation	(2,801)	(2,697)	(2,798)	(2,639)
Decrease from disposal of a subsidiary - net book value	-	(120)	-	-
Net book value at end of year	12,859	13,805	12,830	13,773

20. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)		Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021	2022	2021
Bank overdrafts	-	5.84 - 5.87	-	125	-	125
Trust receipts	1.73 - 2.40	1.15 - 1.65	33,195	33,719	-	-
Promissory notes	2.15 - 2.40	1.75 - 2.00	182,500	187,000	-	-
Total			215,695	220,844	-	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	
	2022	2021	2022	2021
Trade accounts payables - related parties	384	4,641	384	4,655
Trade accounts payables - unrelated parties	172,519	242,129	146,348	215,371
Other payables - related parties	4	-	4	-
Other payables - unrelated parties	64,882	55,172	57,385	48,678
Accrued expenses - related party	-	-	961	814
Accrued expenses - unrelated parties	27,896	16,078	12,243	9,788
Customer deposits - unrelated parties	19,542	20,995	-	-
Total trade and other payables	285,227	339,015	217,325	279,306

22. Long-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated and Separate financial statements	
	2022	2021	2022	2021
Long-term loans	MLR - 1%	MLR - 1%	24,462	1,850
Less: Current portion	to 1.4%		(9,600)	(1,233)
Long-term loans - net of current portion			14,862	617

Movement of the long-term loan account during the year ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements	
	2022	2021
Beginning balance	1,850	3,083
Additional borrowings	28,462	-
Repayments	(5,850)	(1,233)
Ending balance	24,462	1,850

The loan is unsecured.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio, debt service coverage ratio at the rate prescribed in the agreements and dividend payment.

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	
	2022	2021	2022	2021
Provision for long-term employee benefits at beginning of year	185,865	193,334	177,402	174,815
Included in profit or loss:				
Current service cost	21,701	21,499	20,408	19,912
Interest cost	2,205	2,146	2,107	2,018
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	45	-	-
Financial assumptions changes	-	64	-	-
Experience adjustments	-	(1,619)	-	-
Reverse of provision for long-term employee benefits	(2,075)	-	(1,036)	-
Decrease from disposal of a subsidiary	-	(10,072)	-	-
Benefits paid during the year	(22,666)	(19,532)	(21,645)	(19,343)
Provision for long-term employee benefits at end of year	185,030	185,865	177,236	177,402

The Group expects to pay Baht 5.8 million of long-term employee benefits during the next year (The Company only: Baht 5.3 million) (2021: Baht 14.1 million, The Company only: Baht 13.1 million).

As at 31 December 2022, 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) (2021: 7.43 to 11.94 years, The Company only: 9.33 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	0.9 - 1.5	0.9 - 1.5	1.2	1.2
Future salary increase rate	2.0 - 3.0	2.0 - 3.0	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 2022 and 2021 are summarised below:

(Unit: Million Baht)

	As at 31 December 2022			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(8.3)	8.9	(8.0)	8.6
Salary increase rate	10.8	(10.1)	10.3	(9.7)
Turnover rate	(8.8)	5.6	(8.4)	5.5

(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

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. At present, the statutory reserve has fully been set aside.

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	
	2022	2021	2022	2021
Type of goods or service:				
Sale of furniture	1,816,815	1,781,186	1,602,283	1,660,788
Sale of furniture fitting and other materials	390,172	353,393	390,656	353,512
Architectural design service and construction	89,102	141,496	-	-
Service income	60,872	61,735	2,744	2,757
Total revenue from contracts with customers	2,356,961	2,337,810	1,995,683	2,017,057
Timing of revenue recognition:				
Revenue recognised at a point in time	2,217,946	2,146,314	1,995,683	2,017,057
Revenue recognised over time	139,015	191,496	-	-
Total revenue from contracts with customers	2,356,961	2,337,810	1,995,683	2,017,057

26.2 Revenue recognised in relation to contract balances

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Revenue recognised during the year that was included in contract liabilities at the beginning of the year	202,533	248,236	201,220	247,890

26.3 Revenue to be recognised for the remaining performance obligations

As at 31 December 2022, the Group's revenue totaling Baht 1,783 million (2021: Baht 1,533 million) (The Company only: Baht 1,665 million (2021: Baht 1,463 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 (2021: within the year 2025).

27. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Interest expenses on borrowings	4,580	3,647	290	104
Interest expenses on lease liabilities	2,482	2,643	5,294	8,535
Other finance expenses	6,417	7,369	4,573	5,582
Total	13,479	13,659	10,157	14,221

28. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Salaries and wages and other employee benefits	605,452	642,324	559,223	583,265
Purchase of finished goods	943,655	877,036	817,550	755,451
Depreciation	94,042	100,036	80,682	93,679
Amortisation	2,801	2,697	2,798	2,639
Rental expenses from operating lease agreements	172	110	48	18
Raw materials and consumables used	363,618	353,262	363,641	353,262
Changes in finished goods and work in process	54,535	94,128	64,958	58,251
Transportation and installation	62,313	55,567	58,554	52,553

29. Income tax

Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Current income tax:				
Current income tax charge	19,968	25,866	-	2,326
Adjustment in respect of income tax of previous year	(3)	-	(3)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(149)	137	724	383
Income tax expenses reported in the income statements	19,816	26,003	721	2,709

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deferred tax on actuarial gains	-	302	-	-
Deferred tax on gain from the change in value of financial assets designated at FVOCI	-	(860)	-	82
	-	(558)	-	82

The amounts of current tax and deferred tax that recognised directly in equity for the years ended 31 December 2022 and 2021 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
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	
	2022	2021	2022	2021
Accounting profit before tax	59,289	111,364	84,917	83,391
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	11,858	22,273	16,983	16,678
Adjustment in respect of income tax of previous year	3	6	3	-
Temporary differences unrecognised to deferred tax assets	(3,113)	(811)	(3,590)	(1,672)
Effects of:				
Non-deductible expenses	1,443	3,037	1,243	2,762
Dividend income	(1,137)	(1,227)	(27,537)	(14,421)
Additional expense deductions allowed	(58)	(412)	(53)	(382)
Share of loss from investments	486	1,855	-	-
Tax loss which may not be utilised	12,634	-	12,634	-
Others	(2,300)	1,283	1,038	(256)
Total	11,068	4,536	(12,675)	(12,297)
Income tax expenses reported in the income statements	19,816	26,004	721	2,709

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Separate of financial position			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deferred tax assets				
Allowance for expected credit losses	8,916	8,916	8,916	8,916
Allowance for diminution in value of inventories	19,982	19,235	14,546	14,546
Depreciation	324	241	-	-
Provision for long-term employee benefits	15,872	16,006	14,313	14,313
Warranty provisions	756	578	-	-
Total	45,850	44,976	37,775	37,775
Deferred tax liabilities				
Unrealised gain on contracts with customers	2,082	1,176	2,082	1,176
Unrealised gain from revaluation of investments	3,610	3,610	3,610	3,610
Accretion of interest	9	191	9	191
Total	5,701	4,977	5,701	4,977
Deferred tax assets - net	40,149	39,999	32,074	32,798

As at 31 December 2022, the Group has deductible temporary differences and unused tax losses totaling Baht 76.9 million (The Company only: Baht 76.9 million) (2021: Baht 64.9 million, The Company only: Baht 64.9 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.

As at 31 December 2022, the unused tax losses amounting to Baht 12.6 million (The Company only: Baht 12.6 million) will expire by 2027, on which deferred tax assets have not been recognised.

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 2022 and 2021.

(Unit: Million Baht)

	For the year ended 31 December 2022						
	Furniture fitting			Architectural		Elimination of inter-segment	Consolidation
	Furniture business	and other materials business	Rental and service business	design and construction business	Total reportable segments		
Revenue from sale rental and service external customers	1,818	390	164	89	2,461	(66)	2,395
Intersegment revenues	(1)	-	(65)	-	(66)	66	-
Dividend income	138	-	-	-	138	(132)	6
Other income	27	1	1	-	29	2	31
Finance income	3	1	-	-	4	(1)	3
Finance cost	(15)	-	-	-	(15)	2	(13)
Depreciation and amortisation	(83)	(3)	(31)	-	(117)	20	(97)
Expected credit losses	(6)	-	-	-	(6)	-	(6)
Reversal of allowance for diminution in value of inventories	22	(8)	-	-	14	-	14
Profit from disposal of land, buildings and equipments	4	-	-	-	4	-	4
Share of loss from investments in associates on equity method	6	-	-	-	6	-	6
Share of loss from investment in joint venture on equity method	1	-	-	-	1	-	1
Profit before income tax expenses	51	24	100	16	191	(132)	59
Income tax expenses	(3)	-	(17)	-	(20)	-	(20)
Segment profit	48	24	83	16	171	(132)	39
Segment total assets							
Investments in associates based on equity method	37	-	-	-	37	-	37
Investment in joint venture based on equity method	159	-	-	-	159	-	159
Change in non-current assets other than financial instruments and deferred tax assets	105	1	(28)		78	40	118

	For the year ended 31 December 2021						
	Furniture fitting		Architectural		Total reportable segments	Elimination of inter-segment	Consolidation
	Furniture business	and other materials business	Rental and service business	design and construction business			
Revenue from sale rental and service external customers	1,783	354	178	141	2,456	(79)	2,377
Inter-segment 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)
Reversal of 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)

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 2022 and 2021, 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 2022, the Group contributed Baht 14 million (2021: Baht 16 million) to the fund (The Company only: Baht 13 million, 2021: Baht 15 million).

33. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final dividends for 2021	Annual General Meeting of the shareholders on 22 April 2022	52,500	0.07
Total dividends for 2022		52,500	
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	

34. Commitment and contingent liabilities

34.1 Capital commitments

As at 31 December 2022, the Company had capital commitments of approximately Baht 2.2 million (31 December 2021: Baht 0.2 million), relating to purchasing machinery for production.

34.2 Purchasing of goods for sale

As at 31 December 2022, the Company had commitments relating to purchasing of goods for sale approximately Baht 108 million (2021: 41 million).

34.3 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 2022	31 December 2021	31 December 2022	31 December 2021
Within 1 year	14	17	44	44
Over 1 and up to 5 years	11	16	45	84
Total	25	33	89	128

34.4 Guarantees

34.4.1 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 2022	31 December 2021	31 December 2022	31 December 2021
Contractual performance guarantees	394	397	346	353
Guarantees for electricity use and others	10	10	5	5
Total	404	407	351	358

34.4.2 As at 31 December 2022, the Company had issued a letter of comfort to banks for credit facilities granted to two associates totaling Baht 125 million. As at 31 December 2022, the associates had made a drawdown of Baht 30 million.

34.5 Letter of credit

As at 31 December 2022, the Group had unused letters of credit amounting to Baht 1,223 million (2021: Baht 1,234 million).

35. Fair value hierarchy

As at 31 December 2022 and 2021, 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 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Listed equity investments	28	-	-	28
Non-listed equity investments	-	-	86	86
Investments in overseas non-listed securities	-	28	33	61
Financial assets designated at FVOCI				
Investments in listed securities	141	-	-	141
Assets for which fair value are disclosed				
Investment properties	-	7	865	872

(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 securities	-	-	31	31
Financial assets designated at FVOCI				
Investments in listed securities	165	-	-	165
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1
Assets for which fair value are disclosed				
Investment properties	-	4	737	741

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Listed equity investments	28	-	-	28
Non-listed equity investments	-	-	86	86
Investments in overseas non-listed securities	-	28	33	61
Financial assets designated at FVOCI				
Investments in listed securities	141	-	-	141
Assets for which fair value are disclosed				
Investment properties	-	7	-	7

(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	-	-	86	86
Investments in overseas non-listed securities	-	-	31	31
Financial assets designated at FVOCI				
Investments in listed securities	165	-	-	165
Assets for which fair value are disclosed				
Investment properties	-	4	-	4

36. Financial instruments

36.1 Derivatives

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Derivative liabilities				
Derivative liabilities not designated as hedging instruments				
Foreign exchange forward contracts	-	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 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, contract assets, 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 and contract assets 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 2022 and 2021, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at		Financial liabilities as at		Average exchange rate	
	31 December		31 December		as at 31 December	
	2022	2021	2022	2021	2022	2021
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	22	3	1,556	2,939	34.5624	33.4199
Euro	-	-	703	932	36.8274	37.8948
Danish Krone	-	-	40	-	4.9542	-
Swiss Franc	-	-	36	23	37.4333	36.5227
Hong Kong Dollar	-	-	-	54	4.4340	4.2885
Singapore Dollar	-	-	-	1	25.7206	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 2022 and 2021, 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 2022					
	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	-	-	368	1	369	0.15 - 0.60
Contract assets - retention receivables	-	-	-	48	48	-
Trade and other receivables	-	-	-	374	374	-
Short-term loans to related party	-	-	20	-	20	MLR
Other financial assets	-	-	-	325	325	-
	-	-	388	730	1,136	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	216	-	-	-	216	1.73 - 2.4
Trade and other payables	-	-	-	285	285	-
Long-term loans from financial institutions	-	-	24	-	24	MLR - 1.4
Lease liabilities	17	28	-	-	45	2.66 - 5.78
	233	28	24	285	570	

(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)

	Separate financial statements					
	As at 31 December 2022					
	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	-	-	294	1	295	0.15 - 0.60
Contract assets - retention receivables	-	-	-	48	48	-
Trade and other receivables	-	-	-	286	286	-
Short-term loans to related party	-	-	20	-	20	MLR
Other financial assets	-	-	-	339	339	-
	-	-	314	674	988	
Financial liabilities						
Trade and other payables	-	-	-	217	217	-
Long-term loans from financial institutions	-	-	24	-	24	MLR - 1.4
Lease liabilities	38	50	-	-	88	5.25 - 5.78
	38	50	24	217	329	

(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	

Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans and lease contracts. Approximately 85% of the Group's debt will mature in less than one year at 31 December 2022 (2021: 90%) (The Company only: 42%, 2021: 33%) 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 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans from financial institutions	-	221	-	-	221
Trade and other payables	-	285	-	-	285
Lease liabilities	-	19	30	-	49
Long-term loans	-	10	14	-	24
Total non-derivatives	-	535	44	-	579

(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	-	224	-	-	224
Trade and other payables	-	339	-	-	339
Lease liabilities	-	19	27	-	46
Long-term loans	-	1	1	-	2
Total non-derivatives	-	583	28	-	611
Derivatives					
Derivative liabilities: net settled	-	1	-	-	1
Total	-	1	-	-	1

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Trade and other payables	-	217	-	-	217
Lease liabilities	-	42	53	-	95
Long-term loans	-	10	14	-	24
Total non-derivatives	-	269	67	-	336

(Unit: Million 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

36.3 Fair values of financial instruments

The methods and assumptions used by the Group in 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
Net gain recognised into profit or loss	2
Balance as of 31 December 2022	119

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 2022, the Group's debt-to-equity ratio was 0.47:1 (2021: 0.47:1) and the Company's was 0.35:1 (2021: 0.38:1).

38. Events after the reporting period

38.1 Dividend payment of the subsidiary

On 23 January 2023, the Board of Directors Meeting No. 1/2023 of Modernform Tower Company Limited has approved the interim dividend payment of Baht 25 per share, totalling Baht 55 million. The payment made on 10 February 2023.

38.2 Dividend payment of the Company

On 27 February 2023, the meeting of the Company's Board of Directors No. 1/2023 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 2022 of Baht 0.06 per share, totalling of Baht 45 million. The dividend will be paid and recorded after it is approved by the Annual General Meeting of the Company's shareholders.

38.3 Investment in Back in Motion Company Limited by a subsidiary and an associate of the Company

A subsidiary and an associate jointly established Back in Motion Company Limited engages in physical therapy service center with a registered share capital, totaling Baht 5 million. The subsidiary and the associate each held 29.5% of registered shares capital, totaling Baht 1.8 million. Back in Motion Company Limited registered its establishment with Department of Business Development (DBD) in January 2023.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2023.



Attachment 1

Details of Director Executive and Controller and Company Secretary as of December 31, 2022

1. Details of Directors, Executive and Controller

Mr. Yothin Nerngchamnonng (Age : 72 years) Chairman, Authorized Director and Chairman of Nomination and Remuneration Committee		
Year of Directorship	Since March, 1992	
Education	<ul style="list-style-type: none"> • Honorary Doctorate in Business Administration, Sripatum University • Master of Political Science, Ramkhamhang University • Bachelor of Political Science, Ramkhamhang University • DCP 35/2003 Program of Thai Institute of Directors (IOD) • Capital Market Academy Leadership Program (CMA#7) • Top Executive Program in Commerce and Trade #4 • Thailand Energy Academy #2 • Certificated, Good Governance for Executive Medical batch 3 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 26,989,420 shares (3.60%)	Spouse 6,042,000 shares (0.81%)
Relationship with other Directors and Executives	Father of Mr.Kitipat Nerngchamnonng	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
<ul style="list-style-type: none"> • Listed Company • Other Companies or Organization 	<ul style="list-style-type: none"> • 2017 - present • 2017 - present • 1989 - present 	<ul style="list-style-type: none"> • Director : UICC Company Limited • Chief Executive Director : Modernform Health and Care Public Company Limited • Executive Director : Modernform Tower Company Limited



Mr. Kitipat Nerngchamnong

(Age : 44 years)

Chief Executive Director and President, Authorized Director and Risk Management Committee

Date of Directorship

Since April 2016

Education

- Master of Business Administration, Finance, University of Leeds, United Kingdom
- Bachelor of Business Administration, Assumption University
- Certificated, Good Governance for Executive Medical batch 2 of King Prajadhipok's Institute
- Certificated, Executive Management of Capital Market Academy batch 1
- EDP Program batch 9 of The Stock Exchange of Thailand
- Certificated, Yong Leadership of Democracy batch 1 of King Prajadhipok's Institute
- DAP 139/2017 Program of Thai Institute of Directors (IOD)
- Top Executive Program in Commerce and Trade #7 : Commerce Academy

Number of Shareholding in the Company
(as of December 30, 2022)

Director

4,675,200 shares (0.62%)

Spouse

2,000 share (0.00%)

Relationship with other Directors and Executives

Son of Mr.Yothin Nerngchamnong

Illegal record in the last 5 years

None

Working experience in last 5 years

- Listed Company

None

- Other Companies or Organization

- | | |
|--|---|
| <ul style="list-style-type: none"> • 2022 - present • 2021 - present • 2020 - present • 2020 - present • 2020 - present • 2019 - present • 2018 - present • 2017 - present • 2015 - present | <ul style="list-style-type: none"> • Director : Charoensup Kamlung 3 Co.,Ltd. • Director : Lesmo Company Limited • Director : Itoki Modernform Company Limited • Director : Arkitektura Company Limited • Director : Built Dee Company Limited • Director : Workscape Company Limited • Audit Committee : Belink Media Company Limited • Director : UICC Company Limited • Director : Modernform Health and Care Company Limited |
|--|---|

Mr. Chareon Usanachitt

(Age : 71 years)

Director

Year of Directorship	Since March, 1992	
Education	<ul style="list-style-type: none"> • BBA. University of Connecticut, U.S.A. • RCP 1/2000 Program of Thai Institute of Directors (IOD) • DCP 32/2003 Program of Thai Institute of Directors (IOD) • DCP Re2/2006 Program of Thai Institute of Directors (IOD) 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 4,542,000 shares (0.60%)	Spouse 7,592,660 shares (1.01%)
Relationship with other Directors and Executives	Brother of Mr.Patana Usanachitt	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
• Listed Company		
• Other Companies or Organization	None	

Mr. Somsak Varikarn

(Age : 72 years)

Director and Authorized Director

Year of Directorship	Since March, 1992	
Education	<ul style="list-style-type: none"> • BBA. Memphis State University, U.S.A. • DCP Program 45/2004 Program of Thai Institute of Directors (IOD) 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 0 share (0.00%)	Spouse 0 Share (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
• Listed Company		
• Other Companies or Organization	• 1989 - present	• Chairman : Modernform Tower Company Limited

Mr. Kitti Busayapoka

(Age : 65 years)

Director

Year of Directorship	Since April 2017	
Education	<ul style="list-style-type: none"> • Bachelor of Economics, Kasetsart University • DAP 138/2007 Program of Thai Institute of Directors (IOD) 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 357,000 shares (0.05%)	Spouse 0 share (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
• Listed Company		
• Other Companies or Organization	None	

Mr. Patana Usanachitt

(Age : 63 years)

Director , Authorized Director and Corporate Governance and Sustainable Development Committee

Year of Directorship	Since April 2001	
Education	<ul style="list-style-type: none"> • Bachelor of Marketing, University of Nevada, U.S.A. • DCP 35/2003 Program of Thai Institute of Directors (IOD) • FND 4/2003 Program of Thai Institute of Directors (IOD) 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 811,750 shares (0.11%)	Spouse 0 share (0.00%)
Relationship with other Directors and Executives	Brother of Mr.Chareon Usanachitt	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
• Listed Company		
• Other Companies or Organization	• 2015- present	• Executive Director : Itoki Modernform Company Limited

Mr. Bancha Dhammarungruang

(Age: 40 years)

Director

Year of Directorship	Since April 2021	
Education	<ul style="list-style-type: none"> • Sasin Graduate Institute of Business Administration of Chulalongkorn University Executive Master of Business Administration (EMBA) • Master of Science in Information Technology of Carnegie Mellon University • Bachelor of Science in Computer Science of Carnegie Mellon University • Leading in a Disruptive World Program, SCPD of Stanford University • Executive Program, Kellogg School of Management of Northwestern University • DAP 184/2021 Program of Thai Institute of Directors (IOD) 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 6,700,000 shares (0.89%)	Spouse 6,000 shares (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
<ul style="list-style-type: none"> • Listed Companies 	None	
<ul style="list-style-type: none"> • Other Companies or Organization 	<ul style="list-style-type: none"> • 2016 - present • 2019 - present • 2020 - present • 2020 - present 	<ul style="list-style-type: none"> • Founder and CEO : AMPOS Solutions (Thailand) Company Limited • Chief Technology Officer (CTO) PACRIM Digital Company Limited • Director : Executive Committee for Promotion and Development of Manpower to Have Advanced Skills as Needed of the Country, Office of the Higher Education Policy, Science, Research and Innovation • Accounting & Treasurer Director and Board Director, Sasin Alumni Association



Mr. Supparek Mallikamarl

(Age : 71 years)

Independent Director and Nomination and Remuneration Committee

Year of Directorship	Since November 2004	
Education	<ul style="list-style-type: none"> • Master of Architecture, Chulalongkorn University • Bachelor of Architecture, Chulalongkorn University • ACP 7/2005 Program of Thai Institute of Directors (IOD) • DAP 29/2004 Program of Thai Institute of Directors (IOD) • QFR 5/2007 Program of Thai Institute of Directors (IOD) 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 0 shares (0.00%)	Spouse 0 shares (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
<ul style="list-style-type: none"> • Listed Company • Other Companies or Organization 	<ul style="list-style-type: none"> • 2017 - present • 2008 - present • 1983 - present 	<ul style="list-style-type: none"> • Director: Supparek planning and Design Company Limited • Lecturer: Faculty of Architecture, Chulalongkorn University • Managing Director : Four Aces Consultant Company Limited

Mr. Suchart Thammapiatagkul

(Age : 73 years)

Independent Director and Chairman of Audit Committee

Year of Directorship	Since November 1999	
Education	<ul style="list-style-type: none"> • Master of Law, Harvard Law School, U.S.A • Barrister-at-law • Bachelor of Law, Chulalongkorn University • DCP 60/2005 Program of Thai Institute of Directors • DAP 27/2004 Program of Thai Institute of Directors • Effective Audit Committee Program of Thai Institute of Directors • RCC 11/2010 Program of Thai Institute of Directors 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 0 share (0.00%)	Spouse 0 share (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years	<ul style="list-style-type: none"> • 2005 - present • 2005 - present 	
• Listed Company	<ul style="list-style-type: none"> • Independent Director and Chairman of Audit Committee : MFEC Public Company Limited • Independent Director and Audit Committee : Unimitr Engineering Public Company Limited 	
• Other Companies or Organization	<ul style="list-style-type: none"> • 2011 - present • 1989 - present • 1986 - present • 1970 - present 	
	<ul style="list-style-type: none"> • Independent Director and Chairman of Audit Committee : T.C. Union Global Public Company Limited • Director : Bansathorn Company Limited • Director : Onnic Company Limited • Director : Somnuk Sutee and Associates Company Limited 	

Mr. Kittichai Lattisophonkul

(Age : 73 years)

Independent Director, Audit Committee Director and Corporate Governance and Sustainable Development Committee

Date of Directorship	Since May 2012	
Education	<ul style="list-style-type: none"> • Bachelor of Commerce, Chulalongkorn University • DAP 97/2012 Program of Thai Institute of Directors (IOD) 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 15,000 Shares (0.00%)	Spouse 0 share (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
• Listed Company		
• Other Companies or Organization	None	

Mr. Surachai Sonthirathi

(Age : 71 years)

Independent Director, Audit Committee Director, Chairman of Risk Management Committee and Chairman of Corporate Governance and Sustainable Development Committee

Date of Directorship	Since July 2014	
Education	<ul style="list-style-type: none"> • Bachelor of Commerce, Chulalongkorn University • DAP 10/2004 Program of Program of Thai Institute of Directors (IOD) • ACP 37/2011 Program of Program of Thai Institute of Directors (IOD) 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 0 share (0.00%)	Spouse 0 share (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
• Listed Company		
• Other Companies or Organization	• 2015 - present	• Independent Director and Chairman of Remuneration Committee : Siam Technique Concrete Company Limited

Mr. Kookiat Orankit

(Age : 61 years)

Chief Operating Officer

Education	<ul style="list-style-type: none"> • Diploma, St.John College • DAP 167/2019 Program of Thai Institute of Directors (IOD) 	
Number of Shareholding in the Company (as of December 30, 2022)	Director 0 share (0.00%)	Spouse 4,000 shares (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years • Listed Company	<ul style="list-style-type: none"> • 2019 - 2020 • 2015 - 2018 	<ul style="list-style-type: none"> • Executive Director: Modernform Group Public Company Limited • Senior Executive Vice President: Modernform Group Public Company Limited
• Other Companies or Organization	• 2020 - present	• Built Dee Company Limited

Ms. Natcharintorn siriwattana

(Age: 57 years)

Executive Vice President, Finance and Accounting

Education	<ul style="list-style-type: none"> • Master of Business Administration (Finance), Kasetsart University • Bachelor of Law, Sukhothai Thammathirat University • Bachelor of Business Administration (Accounting), Sukhothai Thammathirat University • Bachelor of Economics, Thammasat University • DCP 109/2008 Program of Thai Institute of Directors (IOD) • CFO Certification Program Class 19/2015, Federation of Accounting Professions 	
Number of Shareholding in the Company (as of December 30, 2022)	Executive 0 share (0.00%)	Spouse 0 share (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years • Listed Company	None	
• Other Companies or Organization	<ul style="list-style-type: none"> • 2022 - present • 2020 - present • 2020 - present 	<ul style="list-style-type: none"> • Director: Modernform Health and Care PLC. • Director: Workscape Company Limited • Director : Itoki Modernform Company Limited



Ms. Sawangjit Pongpipatpong

(Age : 56 years)

Senior Vice President

Education	• Bachelor of BBA, Thammasat University	
Number of Shareholding in the Company (as of December 30, 2022)	Executive 0 share (0.00%)	Spouse 0 share (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years • Listed Company	None	
• Other Companies or Organization	None	

Mr. Punya Pispa

(Age : 55 years)

Vice President, Home Decorative Products

Education	• Diploma • Mini MBA, Chulalongkorn University • Super Grid	
Number of Shareholding in the Company (as of December 30, 2022)	Executive 0 share (0.00%)	Spouse 1,000 share (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years • Listed Company	None	
• Other Companies or Organization	None	

Mr. Jirus Rianchaiwanich

(Age : 49 years)

Vice President, Human Resource Devision

Education	<ul style="list-style-type: none"> Ph.D., Business Administration Program in Industrial Business and Human Resource Development (DBR), Faculty of Business and Industrial Development, KING MONGKUT'S UNIVERSITY OF TECHNOLOGY NORTH BANGKOK 	
Number of Shareholding in the Company (as of December 30, 2022)	Executive 0 share (0.00%)	Spouse 1,000 share (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
<ul style="list-style-type: none"> Listed Company 		
<ul style="list-style-type: none"> Other Companies or Organization 	<ul style="list-style-type: none"> 2020 - 2021 2018 - 2020 	<ul style="list-style-type: none"> Advisor : Digital Government Development Agency (Public Organization) Deputy Managing Director: Zuellig Pharma Co., Ltd.

Mr. Supailboon Chumai

(Age : 54 years)

Vice President, IT Division

Education	<ul style="list-style-type: none"> Doctoral Student of Business Administration of Marketing, Eastern Asia University Master of Science Program in Applied Statistics, The School of Applied Statistics at National Institute of Development Administration (NIDA) Bachelor's Degree: Computer Science, Ramkhamhaeng University 	
Number of Shareholding in the Company (as of December 30, 2022)	Executive 0 share (0.00%)	Spouse 1,000 share (0.00%)
Relationship with other Directors and Executives	None	
Illegal record in the last 5 years	None	
Working experience in last 5 years	None	
<ul style="list-style-type: none"> Listed Company 		
<ul style="list-style-type: none"> Other Companies or Organization 	<ul style="list-style-type: none"> 2019 - 2021 2017 - 2019 	<ul style="list-style-type: none"> Advisor: Green Line Synergy Co.,Ltd. Deputy Managing Director: Save Drug Center Co., Ltd.

Ms. Penpun Kasetsiri
(Age : 49 years)
Company Secretary

Education

- Bachelor of Law, Thammasat University
- Sustainability Reporting by Industry, Class 6 of the Stock Exchange of Thailand
- Business Sustainability Strategy Course, Class 2 of the Stock Exchange of Thailand.
- CSP 93/2018 Program of Thai Institute of Directors (IOD)
- Fundamentals of Laws and Rules related to Listed Companies organized by the Association of Listed Companies, Class 2/2552
- The Supervisory Grid Seminar - Grid Organization Development and Change Management
- Safety officer course in management level.
- Techniques for reading and analyzing financial statements.

Number of Shareholding in the Company
(as of December 30,2022)

Company Secretary	Spouse
75,000 shares (0.00%)	0 shares (0.00%)

Relationship with other Directors and Executives

None

Illegal record in the last 5 years

None

Working experience in last 5 years

- Listed Company

None

- Other Companies or Organization

None

Information on holding positions of directors, executives and controlling persons in the Company, subsidiaries, associated companies and related companies

Company		Subsidiaries			Associated Companies			Related Companies		
		Modernform Group PLC.	Modernform Tower Co., Ltd.	Modernform Health and Care Co., Ltd.	Charoensup Kamlung 3 Co., Ltd.	Itoki Modernform Co., Ltd.	Workscape Co., Ltd.		Built Dee Co., Ltd.	Lesmo Co., Ltd.
Directors										
1.	Mr. Yothin Nerngchamnong	X	II	II	-	-	-	-	-	II
2.	Mr. Kitipat Nerngchamnong	II	-	II	II	X and II	II	X and II	II	
3.	Mr. Chareon Usanachitt	I	-	-	-	-	-	-	-	-
4.	Mr. Somsak Varikam	I	X	-	-	-	-	-	-	-
5.	Mr. Kitti Busayapoka	I	-	-	-	-	-	-	-	-
6.	Mr. Patana Usanachitt	I	-	-	II	-	-	-	-	-
7.	Mr. Bancha Dhammarunguang	I	-	-	-	-	-	-	-	-
8.	Mr. Supparek Mallikamarl	I	-	-	-	-	-	-	-	-
9.	Mr. Suchart Thammapiitagkul	I	-	-	-	-	-	-	-	-
10.	Mr. Kittichai Lattisophonkul	I	-	-	-	-	-	-	-	-
11.	Mr. Surachai Sonthirathi	I	-	-	-	-	-	-	-	-
12.	Mr. Kookiat Orankit	-	-	-	-	-	II	-	-	-
13.	Ms. Natcharintorn Siriwattana	-	-	II	II	II	-	-	-	-
14.	Ms. Sawangjit Pongpipatpong	-	-	-	-	-	-	-	-	-
15.	Mr. Punya Pispa	-	-	-	-	-	-	-	-	-
16.	Mr. Jirus Rianchaiwanich	-	-	-	-	-	-	-	-	-
17.	Mr. Supaiboon Chumai	-	-	-	-	-	-	-	-	-

Remark : 1. X = Chairman

I = Director

II = Executive Director



Attachment 2

Name of Directors in Subsidiaries

Directors	Name of Subsidiaries	Modernform tower Co., Ltd.	Modernform Health and Care PLC.	Cahroensup Kamlung 3 Co.,Ltd.
Mr. Thaksa Busayapoka		II	X	-
Mr. Yothin Nerngchamnong		II	II	-
Mr. Somsak Varikarn		X	-	-
Mr. Jajjai Dhammarungruang		II	-	-
Mr. Kitipat Nerngchamnong		-	II	II
Mr. Suradej Chaiwiwat		-	II	-
Mr. Niti Nerngchamnong		-	I	-
Ms. Natcharintorn Siri wattana		-	II	-
Mr. Sithi Nerngchamnong		-	-	II
Mr. Akarat Vanarat		-	-	II

Remark: X = Chairman I = Director II = Executive Director





Attachment 3

Details of Head of Internal Audit

1. **Name-Surname**
Miss Jongjit Naboonpattana Position Internal Audit Division Manager
2. **Education**
 - Master of Business Administration Managerial Accounting College of Commerce, Burapha University
 - Bachelor of Business Administration Accounting Faculty of Business Administration, Ramkhamhaeng University
 - Graduate Diploma in Auditing Faculty of Commerce and Accountancy, Thammasat University
3. **Experience and Training**
 - 3.1 **Experience**
 - 2020 - Present Internal Audit Division Manager, Modernform Group Public Company Limited
 - 2014 - 2020 Internal Audit Manager, MAC Education Company Limited
 - 2012 - 2013 Internal Audit Manager, Arawan Suga Company Limited
 - 1999 - 2012 Internal Audit Manager, Modernform Group Public Company Limited
 - 1996 - 1999 Assistant auditor, Dharmniti Auditing Company Limited
 - 3.2 **Training**
 - 3.2.1 Internal Audit Professional Course (The Institute of Internal Auditors of Thailand), Federation of Accounting Professions, The Securities Exchange of Thailand
 - Certificate Internal Auditor Training Program, Class 22 of the Association of Internal Auditors of Thailand (CPIAT)
 - Business Strategy for Internal Auditor
 - Prevention of Business Fraud and Fraud Auditing
 - Internal Audit Course "Level 2"
 - Writing Audit Report
 - Internal Quality Assessment
 - Audit Project Management
 - Internal Quality Assessment
 - Leadership Skills for Auditors
 - Operational Auditor
 - Risk Based Audit
 - Introduction to Control Self - Assessment
 - CSA Facilitation Techniques for Auditor
 - Consulting : Activities Skills And Attitudes



3.2.2 Management course Personnel management and others

- Executive Micro MBA, Faculty of Commerce and Accountancy, Chulalongkorn University
- Integrating Management Accounting Techniques Under Modern Management, Chulalongkorn University
- Spirit of Leadership Program (SLP)
- The Supervisory Grid Seminar - Grid Organization Development and Change Management, Thailand
- Intelligence and ingenuity to target intent and make business decisions.
- Vision and Management Strategy Workshop
- Strategy management according to the guidelines of Balanced scorecard
- Leadership Skills for Leader
- Coaching for executives
- Problem Solving Skills
- Introduction to ISO 9000 : 2000 and its application in organizations - Technology Promotion Association (Thai-Japanese)
- Executive Safety Officer Course



Attachment 4

Details of the Asset Appraisal

- None -





Attachment 5

Corporate Governance Policy and Code of Conduct Policy

The Company discloses Code of Conduct Policy and Good Corporate Governance Policy on the Company website under Investor Relations Section.

Code of Conduct Policy

<https://www.modernform.co.th/ir/shareholder-info/company-policy>

Good Corporate Governance Policy

<https://www.modernform.co.th/ir/shareholder-info>



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Modernform Dealer

Chiang Mai | Khon Kaen | Surat Thani | Songkhla | Cambodia

Modernform Group Public Company Limited

Head Office: 699 Srinakarindr Rd., Phatthanakan, Suanluang, Bangkok, Thailand 10250

Call Center: 0-2094-9999

E-mail: enquiry@modernform.co.th

Website: www.modernform.co.th

Facebook: [modernform furniture](#)

Instagram: [modernformfurniture](#)

