

## Management Discussion &amp; Analysis of a one-year performance as of end December 31, 2021

**Business Overview**

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

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

**Company Overview**

**The Company has constantly adapted to changing in business.**

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

1. New Normal era – Home in New Normal era is not only for residence but also the place involved various activities such as Work from Home and hobbies. Therefore, “The Power of Positivity Series” – the special collections of furniture and lifestyle items that gracefully combines art and function to enliven cozy corners in home – has been launched by the collaboration with two world-renowned Thai artists, Khun Yoon and Kru Parn.
2. O2O (online to offline) strategy – the Company has increased retail sales by O2O by launching new products such as Steelcase chair – SILQ series for working lifestyle, Sofa set – Kaledia series designed for both relaxing and working with USB Plug and Recliner chair. Also arranged marketing activity through Showroom, Online Store and E-Commerce partners (NocNoc, Shopee, JD Central and Lazada).
3. Digital Transformation – the Company has improved internal process by using digital technology for more efficiency at manufacturing, logistic and installation.

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

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

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## Financial Performance in 2021

(Unit : Million Baht)

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

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

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

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

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

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

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

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

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

## Business units and subsidiaries performance

(Unit : Million Baht)

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

## Management Discussion &amp; Analysis of a one-year performance as of end December 31, 2021

**Office and Residential furniture business**

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

Sales of office and home furniture business totaled Baht 1,660.7 million in 2021, which fell 22.20% YoY totaling Baht 472.7 million due largely to the pandemic that subsequently led to delayed delivery of furniture to project clients.

**Furniture fittings, solid surface, carpet tile and flooring business**

*Sales: Baht 353.4 million, representing a 8.6% decline*

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

**Space rental and Services Business (excluded other service)**

*Income: Baht 85.1 million, representing a 4.9% decline*

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

**Healthcare product and medical equipment business**

*Income: Baht 261.0 million, representing a 8.1% decline*

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

**Architectural design business**

*Incomes: Baht 15.7 million, representing a 47.8% decline*

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

## Management Discussion &amp; Analysis of a one-year performance as of end December 31, 2021

## Financial Position Analysis

(Unit : Million Baht)

	31 December 2021	31 December 2020	Increase (decrease)	%
<b>Assets</b>				
Total current assets	2,279.2	2,175.8	103.4	4.8%
Total non - current assets	1,136.4	1,167.0	(30.6)	-2.6%
<b>Total Assets</b>	<b>3,415.6</b>	<b>3,342.8</b>	<b>72.8</b>	<b>2.2%</b>
<b>Liabilities</b>				
Total current liabilities	881.0	778.2	102.8	13.2%
Total non-current liabilities	211.8	237.6	(25.8)	-10.9%
<b>Total liabilities</b>	<b>1,092.8</b>	<b>1,015.8</b>	<b>77.0</b>	<b>7.6%</b>
<b>Shareholders' equity</b>				
Equity attributable to the owners of the Company	2,315.3	2,316.3	(1.0)	0.0%
Non-controlling interests of the subsidiaries	7.5	10.7	(3.2)	-29.7%
<b>Total shareholders' equity</b>	<b>2,322.8</b>	<b>2,327.0</b>	<b>(4.2)</b>	<b>-0.2%</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,415.6</b>	<b>3,342.8</b>	<b>72.8</b>	<b>2.2%</b>

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

**Assets**

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

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

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**Liabilities**

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

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

**Shareholders' equity**

As of December 31, 2021, the company and subsidiaries registered Baht 2.3228 billion worth of shareholders' equity compared to December 31, 2020. This was down 0.2% or Baht 4.2 million due to the decline of retained earnings as a result of dividend payment.

**Liquidity analysis**

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

(Unit : Million Baht)

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

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

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

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

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

### Analysis of significant financial ratios

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

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