Management Discussion & Analysis for three month period ended March 31, 2022

Business Overview

Overall, office furniture for projects and large high-rise projects still not getting better as investors are still uncertain about the direction of the economy. However, after working from home for a long time, Project works for large private companies start to come back better while the small and medium size are still unclear. Concerned the Government, more projects have been pushed to move forward this year.

The cost of furniture production is higher from the price of raw materials such as wood, steel, and oil, while the purchasing power of the customers has not returned yet.

Company Overview

The Company has constantly adapted to changing in business.

In aspect of Furniture business, the Company has emphasized on 4 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, Kru Parn and Khun Ji.
2. Increase sales in the retail segment with strategies :
   - The main driving force for this year's business is focused on Customer First especially CRM- in the first quarter- for both of new and existing members by the special campaign for members only.
   - Product development such as Custom Sofa that meets the customers needs by choosing the cover material, the cushion softness, etc.
   - For online sale, the company adds more channels with online platform groups such as Line OA, Central Online, Mercular.

     Concerned selling through the physical store, the company has adjusted the product portfolio at 5 branches - 3 in Bangkok, 2 in Pattaya and Rayong - to meet the customers needs in each area.
3. To be the innovative organization that creates furniture and lifestyle items that respond to the lifestyles of modern people. Such creations are by using knowledge and expertise in innovation and international quality to match trends that occur and change rapidly such as preparing to enter the digital asset industry NFT (Non-Fungible Token) to create NFT limited items with various famous creators.

4. Digital Transformation – the Company has improved internal process by using digital technology for more efficiency at manufacturing, logistic and installation.

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

Financial Performance First Quarter of 2022

(Unit : Million Baht)

	Q1/2022	Q1/2021	Increase (decrease)	%
Revenues from sales	492.9	512.7	(19.8)	-3.9%
Revenues from rental, services, design services and construction	46.0	54.6	(8.6)	-15.7%
Other income	8.6	12.0	(3.4)	-28.9%
Total revenues	**547.5**	**579.3**	**(31.8)**	**-5.5%**
Cost of sales	368.0	327.3	40.7	12.4%
Cost of rental, services, design services and construction	23.5	28.1	(4.6)	-16.3%
Selling and administrative and other expenses	155.6	177.6	(22.0)	-12.4%
Total expenses	**547.1**	**533.0**	**14.1**	**2.7%**
Profit (loss) from operating activities	**0.4**	**46.3**	**(45.9)**	**-99.3%**
Share of profit (loss) from investments in associates and investments in joint venture	(2.8)	(4.6)	1.8	-40.3%
Finance income	0.8	1.1	(0.3)	-24.4%
Finance cost	(3.4)	(3.5)	0.1	-0.2%
Profit (loss) before income tax expenses	**(5.0)**	**39.3**	**(44.3)**	**-112.9%**
Income tax revenues (expenses)	(5.4)	(10.0)	4.6	-46.1%
Profit (loss) for the year	**(10.4)**	**29.3**	**(39.7)**	**-135.6%**
Profit (loss) for equity holders of the company	**(10.4)**	**29.5**	**(39.9)**	**-135.2%**

Management Discussion & Analysis for three month period ended March 31, 2022

Total revenues: Baht 547.5 million representing a 5.5% decline

The company and subsidiaries recorded total revenues of Baht 547.5 million, which was down 5.5% or Baht 31.8 million. This accounted for sales revenues totaling Baht 492.9 million, representing a 3.9% decline or Baht 19.8 million; rent and service incomes as well as design service and construction fees totaling Baht 46.0 million, decrease 15.7% or Baht 8.6 million; as well as other incomes totaling Baht 8.6 million representing a 28.9% fall or Baht 3.4 million year on year (YoY).

Gross profit margin: 27.3%, representing a 10.0% 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 27.3%, or a decrease by 10.0% YoY.

Total expenses: Baht 547.1 million, representing an 2.7% increase

The company and subsidiaries recorded total expenses of Baht 547.1 million, which was up 2.7% or Baht 14.1 million. This was categorized into costs of sales totaling Baht 368.0 million or increase by 12.4% totaling Baht 40.7 million; costs of rent, service fees and design service and construction fees totaling Baht 23.5 million, which represented a decrease by 12.4% or Baht 4.6 million; as well as sales & general administration expenses and other expenses totaling Baht 155.6 million or a decline by 28.9% totaling Baht 22.0 million YoY.

Net loss: Baht 10.4 million, 135.2% change

During Q1/2022, the company and subsidiaries recorded net loss attributable to shareholders' equity totaling Baht 10.4 million, 135.2% change YoY mainly due to dwindling sales as a result of the Covid-19 pandemic, which thereby delayed delivery of furniture to project clients and the cost of goods sold increased due to higher raw material prices.

Business units and subsidiaries performance

(Unit : Million Baht)

Business Units	Q1/2022	Q1/2021	Increase (decrease)	%
Office and Residential furniture business	364.6	387.8	(23.2)	-6.0%
Furniture fittings, solid surface, carpet tile and flooring business	90.5	91.2	(0.7)	-0.7%
Space rental and services business (excluded other service)	21.49	21.50	(0.01)	-0.1%
Healthcare product and medical equipment business	62.2	60.5	1.7	2.8%
Total	**538.8**	**561.0**	**(22.2)**	**-4.0%**

Office and Residential furniture business

Sales: Baht 364.6 million, representing a 6.0% decline

Sales of office and home furniture business totaled Baht 364.6 million in Q1/2022, which fell 6.0% YoY totaling Baht 23.2 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 90.5 million, representing a 0.7% decline

Sales of furniture accessories, synthetic rock, carpet and flooring materials during in Q1/2022, which fell 0.7% totaling Baht 0.7 million to remain at Baht 90.5 million YoY.

Space rental and Services Business (excluded other service)

Income: Baht 21.49 million, representing a 0.1% decline

During Q1/2022, the rental and service businesses recorded Baht 21.49 million revenues from rent and services (excluding other service fees such as consulting fees and internal audit fees), which fell 0.1% or Baht 0.01 million YoY.

Healthcare product and medical equipment business

Income: Baht 62.2 million, representing an 2.8% increase

The healthcare furniture and medical equipment business recorded a total of Baht 62.2 million worth of sales revenues, design and construction fees during in Q1/2022, an increase 2.8% totaling Baht 1.7 million YoY.

Financial Position Analysis

(Unit : Million Baht)

	31 March 2022	31 December 2021	Increase (decrease)	%
Assets				
Total current assets	2,294.8	2,279.2	15.6	0.7%
Total non - current assets	1,114.4	1,136.4	(22.0)	-1.9%
Total Assets	**3,409.2**	**3,415.6**	**(6.4)**	**-0.2%**
Liabilities				
Total current liabilities	889.0	881.0	8.0	0.9%
Total non-current liabilities	215.4	211.8	3.6	1.7%
Total liabilities	**1,104.4**	**1,092.8**	**11.6**	**1.1%**
Shareholders' equity				
Equity attributable to the owners of the Company	2,297.3	2,315.3	(18.0)	-0.8%
Non-controlling interests of the subsidiaries	7.5	7.5	-	-0.9%
Total shareholders' equity	**2,304.8**	**2,322.8**	**(18.0)**	**-0.8%**
Total liabilities and shareholders' equity	**3,409.2**	**3,415.6**	**(6.4)**	**-0.2%**

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

Assets

As of March 31, 2022, the company and subsidiaries registered total assets of Baht 3.4092 billion compared to as of December 31, 2021. This represented a 0.2% decrease totaling Baht 6.4 million thanks mainly to the following:

1. Cash and cash equivalents decreased Baht 93.7 million from Baht 604.5 million to Baht 698.2 million.
2. Financial assets increased Baht 24.4 million from Baht 348.2 million to Baht 323.8 million.
3. Inventories increased Baht 96.6 million from Baht 1.2383 billion to Baht 1.1417 billion.
4. Trade receivables and other receivables fell Baht 1.6 million from Baht 279.9 million to remain at Baht 281.5 million.
5. Properties for investment, land, plants and equipment decreased Baht 14.6 million from Baht 629.6 million to Baht 644.2 million.

Liabilities

As of March 31, 2022, the company and subsidiaries registered total liabilities of Baht 1.1044 billion compared to December 31, 2021. This represented a 1.1% decrease totaling Baht 11.6 million thanks mainly to the following:

1. Bank overdraft and short-term loans from financial institutions totaled Baht 215.8 million, decreased Baht 5.0 million from Baht 220.8 million.
2. Trade payables and other payables decreased Baht 4.6 million from Baht 334.4 million to Baht 339.0 million.
3. Contract liabilities increased Baht 22.4 million from Baht 275.7 million to Baht 253.3 million.
4. Lease contract liabilities decreased Baht 1.3 million from Baht 41.2 million to Baht 42.5 million.
5. Reserves for long-term employee benefits decreased Baht 3.1 million from Baht 189.0 million to Baht 185.9 million.

Shareholders' equity

As of March 31, 2022, the company and subsidiaries registered Baht 2.3048 billion worth of shareholders' equity compared to December 31, 2021. This was down 0.8% or Baht 18.0 million due to the decline of retained earnings as a result of dividend payment.

Liquidity analysis

As of March 31, 2022, the company's cash and cash equivalents totaled Baht 604.5 million, which was up Baht 93.7 million from end of 2021. Details are as follows.

(Unit : Million Baht)

	2022
Cash flows from operating activities	(43.3)
Cash flows from investing activities	(41.1)
Cash flows from financing activities	(9.3)
Net increase (decrease) in cash and cash equivalents	**(93.7)**
Cash and cash equivalents at beginning of period	698.2
Cash and cash equivalents at end of period	**604.5**

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

Net cash used in operating activities totaling Baht 43.3 million was a result of operation results during the current year.

Net cash used in investing activities totaled Baht 41.1 million. This resulted from Baht 33.7 million of cash paid for purchase of financial instruments; Baht 9.5 million cash paid for land and building as well as equipment.

Net cash used in financing activities totaled Baht 9.3 million. This resulted from Baht 5.0 million accounted for payments of bank overdraft and short-term loans from financial institutions and Baht 3.9 million cash repaid to lease contract liabilities.

Analysis of significant financial ratios

	Q1/2022	Q1/2021
Net profit (loss) margin (%)	-1.9%	5.2%
Return on equity (%)	(0.4)	1.3
Return on total assets (%)	(0.3)	0.9
Debt to equity ratio (Times)	0.5	0.4
Current ratio (Times)	2.6	2.8

During Q1/2022, the company and subsidiaries' net loss margin remained at 1.9%, 7.1% change YoY. Return on equity (ROE) fell 1.7% while Return on total assets (ROA) fell 1.2% and Debt to equity ratio (D/E Ratio) increased 0.1 times. Current ratio decreased 0.2 times.