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8 November 2022

Subject : Management Discussion and Analysis for Q3/2022

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q3/2022, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,820.7 million which is decreasing from the 2021 at equivalence of Baht 482.8 million, about 15%. These caused, revenue from sales of export decreased about 19%.

Analysis of profit of company and its subsidiaries

The Q3/2022, the company and its subsidiaries have profit for the period of Baht 208.3 million as compared to the 2021, the company and its subsidiaries have profit for the period of Baht 500.3 million, profit decreased Baht 292.0 million or 58% for the following main reasons;

1. The total sales has decreased of Baht 482.8 million, due to sales volume of MDF Board and Particleboard have decreased by 37% and 18% respectively. The average price of MDF Board and Particleboard have increased by 12% and 5% respectively.
2. Cost of sales of Baht 2,203.1 million, decreased of Baht 92.5 million, due to decreased sales volume of MDF Board and Particleboard.

Financial status

Total assets

As of 30 September 2022, the total assets of the company and its subsidiaries were Baht 19,931.9 million, decreased by Baht 369.8 million compared to the total assets of Baht 20,301.7 million in 2021.

The details of the significant increased or decreased were as follows:

1. Cash and cash equivalent items decreased by Baht 896.5 million.
2. Trade and other receivable decreased by Baht 105.2 million.
3. Revenue Department receivable increased by Baht 105.9 million.
4. Inventories increased by Baht 706.8 million, due to the increased of finished goods of Baht 721.4 million, work in process of Baht 7.5 million, goods in transit of Baht 163.2 million, decreased of raw materials of Baht 166.3 million and supplies of Baht 19.0 million.
5. Maintenance supplies increased by Baht 30.4 million.
6. Property, Plant and equipment decreased by Baht 401.9 million.

7. Right-of-use assets increased by Baht 146.0 million.
8. Intangible assets increased by Baht 17.8 million.
9. Deferred tax assets increased by Baht 1.3 million.

Total Liabilities

As of 30 September 2022, the total liabilities of the company and its subsidiaries were Baht 12,305.7 million, decreased by Baht 921.3 million, compared to the total liabilities of Baht 13,227.0 million in 2021.

The details of the significant increased or decreased were as follows:

1. Short-term loans from financial institutions decreased by Baht 184.7 million.
2. Trade and other payable increased by Baht 195.3 million.
3. Advances received from customers decreased by Baht 463.9 million.
4. Income tax payables increased by Baht 21.3 million.
5. Long-term loans from financial institutions decreased by Baht 653.7 million.
6. Lease liabilities increased by Baht 154.6 million.
7. Employee benefit obligations increased by Baht 9.0 million.
8. Deferred tax liabilities increased by Baht 0.8 million.

Total shareholder's equity

As of 30 September 2022, the total shareholder's equity of the company and its subsidiaries were Baht 7,626.2 million, increased by Baht 551.5 million, compared to the total shareholders' equity of Baht 7,074.7 million in 2021, due to operating results with net profit and dividend payment during the year 2022.

As of 30 September 2022, the debt to equity ratio was 1.61:1, decreased by 0.26 times compared to that of 1.87:1 in 2021, due to decreased of loans from financial institutions, increased of trade and other payable, decreased of advances received from customers, increased of lease liabilities and operating results with increased retained earnings.

Liquidity

Cash flow

For the nine-month period ended 30 September 2022, the company and its subsidiaries have cash flow received from operating activities Baht 1,385.1 million, cash flow used in investing activities Baht 657.7 million and cash flow used in financing activities Baht 1,168.8 million, cash and cash equivalent items as of the ended 30 September 2022 is 1,040.3 million baht, decreased from as of 30 September 2021, equal to Baht 896.5 million as summarized:

1. Net cash received from operating activities is Baht 1,385.1 million, decreased by Baht 575.9 million, because of increased of profit from operation before change in operating assets and liabilities by Baht 153.3 million, decreased operating assets Baht 311.9 million, decreased operating liabilities Baht 945.2 million, decreased of cash received from interest income Baht 1.2 million and increased of cash paid for income tax Baht 95.4 million.
2. Net cash used in investing activities is Baht 657.7 million, increased by Baht 41.6 million, due to the payment of investment projects increased.
3. Net cash used in financing activities is Baht 1,168.8 million, increased by Baht 665.1 million, because of increased of short-term loans from financial institutions by Baht 447.5 million, decreased of long-term loans from financial institutions by Baht 558.3 million, decreased of cash paid for lease liabilities by Baht 9.7 million, increased of cash paid for interest expenses by Baht 37.5 million and increased of dividend payment by Baht 526.6 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr. Wanthana Jaroennawarat)

Director