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9 May 2023

Subject : Management Discussion and Analysis for Q1/2023

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q1/2023, the company and its subsidiaries have the total revenue from sales in amount of Baht 3,754.5 million which is increasing from the 2022 at equivalence of Baht 214.5 million, about 6%.

Analysis of profit (loss) of company and its subsidiaries

The Q1/2023, the company and its subsidiaries have loss for the period of Baht 245.1 million as compared to the 2022, the company and its subsidiaries have profit for the period of Baht 323.5 million, profit decreased Baht 568.5 million or 176% for the following main reasons;

1. The total sales has increased of Baht 214.5 million, due to sales volume of MDF Board has increased by 44%. While the average price of MDF Board and Particleboard have decreased by 16% and by 20% respectively.
2. Cost of sales of Baht 3,423.7 million, increased of Baht 644.9 million, due to increased sales volume of MDF Board.

Financial status

Total assets

As of 31 March 2023, the total assets of the company and its subsidiaries were Baht 19,864.0 million, decreased by Baht 1,150.5 million compared to the total assets of Baht 21,014.5 million in 2022. The details of the significant increased or decreased were as follows:

1. Cash and cash equivalent items decreased by Baht 214.1 million.
2. Trade and other receivable decreased by Baht 382.8 million.
3. Revenue Department receivable increased by Baht 195.0 million.
4. Inventories decreased by Baht 405.6 million, due to the decreased of finished goods of Baht 492.1 million, goods in transit of Baht 29.5 million, increased of work in process of Baht 81.4 million, raw materials of Baht 6.0 million and supplies of Baht 28.7 million.
5. Maintenance supplies increased by Baht 98.9 million.

6. Property, Plant and equipment decreased by Baht 479.4 million.
7. Right-of-use assets increased by Baht 4.5 million.
8. Intangible assets increased by Baht 18.7 million.
9. Deferred tax assets increased by Baht 1.7 million.

Total Liabilities

As of 31 March 2023, the total liabilities of the company and its subsidiaries were Baht 12,640.0 million, decreased by Baht 624.3 million, compared to the total liabilities of Baht 13,264.3 million in 2022. The details of the significant increased or decreased were as follows:

1. Short-term loans from financial institutions increased by Baht 602.4 million.
2. Trade and other payable decreased by Baht 242.7 million.
3. Advances received from customers decreased by Baht 102.6 million.
4. Income tax payables increased by Baht 25.1 million.
5. Long-term loans from financial institutions decreased by Baht 941.5 million.
6. Lease liabilities increased by Baht 7.2 million.
7. Employee benefit obligations increased by Baht 21.4 million.
8. Deferred tax liabilities increased by Baht 1.5 million.

Total shareholder's equity

As of 31 March 2023, the total shareholder's equity of the company and its subsidiaries were Baht 7,224.0 million, decreased by Baht 526.2 million, compared to the total shareholders' equity of Baht 7,750.2 million in 2022, due to operating results with net loss and dividend payment during the year 2022.

As of 31 March 2023, the debt to equity ratio was 1.75:1, decreased by 0.04 times compared to that of 1.71:1 in 2022. The main reason is due to the decrease in operating results with retained earnings.

Liquidity

Cash flow

The Q1/2023, the company and its subsidiaries have cash flow received from operating activities Baht 667.3 million, cash flow used in investing activities Baht 150.6 million and cash flow used in financing activities Baht 225.0 million, cash and cash equivalent items as of the ended 31 March 2023 is Baht 1,647.3 million, decreased from the Q1/2022 by Baht 214.1 million as summarized;

1. Net cash received from operating activities is Baht 667.3 million, increased by Baht 77.8 million, because of decreased of profit from operation before change in operating assets and liabilities by Baht 595.1 million, decreased operating assets Baht 1,027.8 million, decreased operating liabilities Baht 353.9 million and increased of cash paid for income tax 1.4 million baht.
2. Net cash used in investing activities is Baht 150.6 million, decreased by Baht 23.4 million, due to the decreasing investment of the investment project.
3. Net cash used in financing activities is Baht 225.0 million, increased by Baht 189.1 million, because of decreased of loans from financial institutions by Baht 173.1 million, decreased of cash paid for lease liabilities by Baht 1.0 million and increased of cash paid for interest expenses of loans by Baht 17.0 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr. Wanthana Jaroennawarat)

Director