

-Translation-

8 August 2023

Subject : Management Discussion and Analysis for Q2/2023

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q2/2023, the company and its subsidiaries have the total revenue from sales in amount of Baht 3,492.1 million which is decreasing from the 2022 at equivalence of Baht 479.0 million, about 12%.

Analysis of profit (loss) of company and its subsidiaries

The Q2/2023, the company and its subsidiaries have profit for the period of Baht 74.3 million as compared to the 2022, the company and its subsidiaries have profit for the period of Baht 367.7 million, profit decreased Baht 293.4 million or 80% for the following main reasons;

1. The total sales has decreased of Baht 479.0 million, due to sales volume of MDF Board has decreased by 1%. While the average price of MDF Board and Particleboard have decreased by 14% and by 21% respectively.
2. Cost of sales of Baht 2,859.5 million, decreased of Baht 234.5 million due to average cost of sales per unit of MDF Board and Particleboard decreased by 7% and by 13% respectively due to increased production volume.

Financial status

Total assets

As of 30 June 2023, the total assets of the company and its subsidiaries were Baht 19,257.0 million, decreased by Baht 1,267.2 million compared to the total assets of Baht 20,524.2 million in 2022. The details of the significant increased or decreased were as follows:

1. Cash and cash equivalent items decreased by Baht 296.5 million.
2. Trade and other receivable decreased by Baht 485.8 million.
3. Revenue Department receivable increased by Baht 301.9 million.
4. Inventories decreased by Baht 418.5 million, due to the decreased of finished goods of Baht 252.7 million, raw materials of Baht 168.1 million, goods in transit of Baht 86.4 million, increased of work in process of Baht 77.9 million and supplies of Baht 10.7 million.
5. Maintenance supplies increased by Baht 104.5 million.

6. Property, Plant and equipment decreased by Baht 571.1 million.
7. Right-of-use assets increased by Baht 68.7 million.
8. Intangible assets increased by Baht 28.1 million.
9. Deferred tax assets increased by Baht 1.6 million.

Total Liabilities

As of 30 June 2023, the total liabilities of the company and its subsidiaries were Baht 12,138.2 million, decreased by Baht 788.6 million, compared to the total liabilities of Baht 12,926.8 million in 2022. The details of the significant increased or decreased were as follows:

1. Short-term loans from financial institutions increased by Baht 348.9 million.
2. Trade and other payable decreased by Baht 397.5 million.
3. Advances received from customers increased by Baht 347.1 million.
4. Income tax payables decreased by Baht 7.9 million.
5. Long-term loans from financial institutions decreased by Baht 1,151.2 million.
6. Lease liabilities increased by Baht 56.7 million.
7. Employee benefit obligations increased by Baht 21.4 million.
8. Deferred tax liabilities decreased by Baht 6.0 million.

Total shareholder's equity

As of 30 June 2023, the total shareholder's equity of the company and its subsidiaries were Baht 7,118.9 million, decreased by Baht 478.5 million, compared to the total shareholders' equity of Baht 7,597.3 million in 2022, due to operating results with net loss and dividend payment during the year 2022 and 2023.

As of 30 June 2023, the debt to equity ratio was 1.71:1, increased by 0.01 times compared to that of 1.70:1 in 2022. The main reason is due to the decrease retained earnings and repayment of the principal of long-term loans from financial institutions as scheduled.

Liquidity

Cash flow

For the six-month period ended 30 June 2023, the company and its subsidiaries have cash flow received from operating activities of Baht 724.0 million, cash flow used in investing activities of Baht 266.2 million and cash flow used in financing activities of Baht 834.7 million. There was net cash flow used in Baht 376.9 million. The cash flow used was Baht 170.3 million more than the same period in 2022 as summarized;

1. Net cash received from operating activities is Baht 724.0 million, decreased by Baht 14.1 million, because of decreased of profit from operation before change in operating assets and liabilities by Baht 852.8 million, decreased operating assets Baht 1,008.4 million, decreased operating liabilities Baht 167.3 million, increased of cash received from interest income Baht 1.7 million and increased of cash paid for income tax 4.1 million baht.
2. Net cash used in investing activities is Baht 266.2 million, decreased by Baht 177.2 million, due to the decreasing investment of the investment project.
3. Net cash used in financing activities is Baht 834.7 million, increased by Baht 333.3 million, because of decreased of short-term loans from financial institutions by Baht 269.3 million, decreased of long-term loans from financial institutions by Baht 367.3 million, decreased of cash paid for lease liabilities by Baht 0.8 million, increased of cash paid for interest expenses by Baht 44.6 million and decreased of dividend payment by Baht 347.1 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr. Wanthana Jaroennawarat)

Director