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8 November 2023

Subject : Management Discussion and Analysis for Q3/2023

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q3/2023, the company and its subsidiaries have the total revenue from sales in amount of Baht 3,003.4 million which is increasing from the 2022 at equivalence of Baht 182.7 million, about 6%.

Analysis of profit (loss) of company and its subsidiaries

The Q3/2023, the company and its subsidiaries have profit for the period of Baht 99.3 million as compared to the 2022, the company and its subsidiaries have profit for the period of Baht 208.3 million, profit decreased Baht 109.0 million or 52% for the following main reasons;

1. The total sales has increased of Baht 182.7 million, due to sales volume of MDF Board and Particleboard have increased by 18% and 107% respectively. While the average price of MDF Board and Particleboard have decreased by 15% and by 19% respectively.
2. Cost of sales of Baht 2,412.5 million, increased of Baht 209.4 million, due to increased sales volume.

Financial status

Total assets

As of 30 September 2023, the total assets of the company and its subsidiaries were Baht 19,652.2 million, decreased by Baht 279.7 million compared to the total assets of Baht 19,931.9 million in 2022. The details of the significant increased or decreased were as follows:

1. Cash and cash equivalent items increased by Baht 219.0 million.
2. Trade and other receivable increased by Baht 33.5 million.
3. Revenue Department receivable increased by Baht 33.1 million.
4. Inventories decreased by Baht 150.3 million, due to the decreased of finished goods of Baht 184.6 million, goods in transit of Baht 133.3 million, increased of work in process of Baht 67.2 million, raw materials of Baht 91.3 million and supplies of Baht 9.1 million.
5. Maintenance supplies increased by Baht 108.6 million.
6. Property, Plant and equipment decreased by Baht 603.7 million.

7. Right-of-use assets increased by Baht 77.6 million.
8. Intangible assets increased by Baht 16.8 million.
9. Deferred tax assets increased by Baht 1.3 million.

Total Liabilities

As of 30 September 2023, the total liabilities of the company and its subsidiaries were Baht 12,434.0 million, increased by Baht 128.3 million, compared to the total liabilities of Baht 12,305.7 million in 2022. The details of the significant increased or decreased were as follows:

1. Short-term loans from financial institutions increased by Baht 735.1 million.
2. Trade and other payable decreased by Baht 166.5 million.
3. Advances received from customers increased by Baht 448.8 million.
4. Income tax payables decreased by Baht 3.0 million.
5. Long-term loans from financial institutions decreased by Baht 948.0 million.
6. Lease liabilities increased by Baht 60.0 million.
7. Employee benefit obligations increased by Baht 21.7 million.
8. Deferred tax liabilities decreased by Baht 17.1 million.

Total shareholder's equity

As of 30 September 2023, the total shareholder's equity of the company and its subsidiaries were Baht 7,218.1 million, decreased by Baht 408.1 million, compared to the total shareholders' equity of Baht 7,626.2 million in 2022, due to operating results with net loss and dividend payment during the year 2022 and 2023.

As of 30 September 2023, the debt to equity ratio was 1.72:1, increased by 0.11 times compared to that of 1.61:1 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 nine-month period ended 30 September 2023, the company and its subsidiaries have cash flow received from operating activities of Baht 1,044.5 million, cash flow used in investing activities of Baht 370.2 million and cash flow used in financing activities of Baht 770.6 million. There was net cash flow used in Baht 96.3 million. The cash flow used was Baht 345.2 million less than the same period in 2022 as summarized;

1. Net cash received from operating activities is Baht 1,044.5 million, decreased by Baht 340.5 million, because of decreased of profit from operation before change in operating assets and liabilities by Baht 945.0 million, decreased operating assets Baht 441.5 million, increased operating liabilities Baht 150.1 million, increased of cash received from interest income Baht 2.2 million and decreased of cash paid for income tax Baht 11.3 million.
2. Net cash used in investing activities is Baht 370.2 million, decreased by Baht 287.5 million, due to the decreasing investment of the investment project.
3. Net cash used in financing activities is Baht 770.6 million, decreased by Baht 398.3 million, because of increased of short-term loans from financial institutions by Baht 116.9 million, decreased of long-term loans from financial institutions by Baht 164.1 million, increased of cash paid for lease liabilities by Baht 1.9 million, increased of cash paid for interest expenses by Baht 73.2 million and decreased of dividend payment by Baht 520.6 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr. Wanthana Jaroennawarat)

Director