

-TRANSLATION-

1 March 2021

Subject : Management Discussion and Analysis for 2020

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the 2020, the company and its subsidiaries have the total revenue from sales in amount of Baht 8,311.8 million which is decreasing from the 2019 at equivalence of Baht 1,128.5 million or 12%. These caused, revenue from sales of domestic and export decreased about 19% and 9% respectively.

Analysis of Loss of company and its subsidiaries

In 2020, the company and its subsidiaries have loss for the year of Baht 594.7 million as compared to the 2019, the company and its subsidiaries have loss for the year of Baht 1,238.5 million, decreased of Baht 643.8 million or 52% for the following main reasons;

1. The total sales has decreased of Baht 1,128.5 million, due to sales volume of MDF Board and Particleboard have decreased 3% and 15% respectively. The average price of Particleboard has decreased 7%.
2. Cost of sales of Baht 7,309.3 million, decreased of Baht 1,482.8 million, due to decreased sales volume and decreased average cost per unit of MDF Board and Particleboard.

Financial status

Total assets

As of 31 December 2020, the company and its subsidiaries have the total assets valued Baht 18,859.7 million, as compared to the 2019, Baht 17,066.0 million, increased Baht 1,793.7 million as below detailed;

1. Cash and cash equivalent increased Baht 725.1 million.
2. Trade and other receivable decreased Baht 78.6 million.
3. Revenue Department receivable increased Baht 13.6 million.
4. Inventories increased Baht 459.2 million, mainly caused by increased of finished goods Baht 436.2 million, work in process Baht 67.2 million, supplies Baht 21.8 million, goods in transit Baht 34.5 million and decreased of raw materials Baht 100.4 million.

5. Maintenance supplies increased Baht 17.6 million.
6. Property, Plant and equipment increased Baht 215.6 million.
7. Right-of-use assets increased Baht 440.8 million.
8. Intangible assets increased Baht 0.6 million.
9. Deferred tax assets increased Baht 3.9 million.

#### Total Liabilities

As of 31 December 2020, the company and its subsidiaries have the total liabilities valued Baht 12,584.0 million, compared to the 2019, Baht 10,823.8 million, increased Baht 1,760.2 million as below detailed;

1. Short-term loans from financial institutions increased Baht 494.5 million.
2. Trade and other payable decreased Baht 55.9 million.
3. Advances received from customers increased Baht 196.9 million.
4. Long-term loans from financial institutions increased Baht 665.0 million.
5. Lease liabilities increased Baht 448.1 million.
6. Employee benefit obligations increased Baht 6.4 million.
7. Deferred tax liabilities increased Baht 3.4 million.

#### Total shareholder's equity

As of 31 December 2020, the company and its subsidiaries have the total shareholder's equity valued Baht 6,275.7 million, as compared to the 2019, Baht 6,242.3 million, increased Baht 33.5 million, due to net loss from operating and increased of share capital of the company.

As of 31 December 2020, the company and its subsidiaries have debt to equity ratio is 2.01:1, compared to the 2019 is 1.73:1, increased by 0.28 times, due to increased of long-term loans from financial institutions, lease liabilities and decreased of shareholders' equity, due to loss from operating.

#### Liquidity

##### Cash flow

The period ended 31 December 2020, the company and its subsidiaries have cash flow received from operating activities Baht 434.9 million, cash flow used in investing activities Baht 1,190.4 million and cash flow received from financing activities Baht 1,480.5 million, cash and cash equivalent as of the ended 31 December 2020 is Baht 1,095.6 million, increased from the 2019 by Baht 725.1 million as summarized;

1. Net cash received from operating activities is Baht 434.9 million, decreased Baht 168.1 million, because of increased of profit from operation before change in operating assets and liabilities Baht 555.4 million, increased of operating assets Baht 1,003.2 million, increased of operating liabilities Baht 255.8 million, decreased of cash received from interest income Baht 2.5 million and decreased of cash paid for income tax Baht 26.4 million.
2. Net cash used in investing activities is Baht 1,190.4 million, decreased by Baht 481.0 million, due to the payment of investment projects decreased.
3. Net cash received from financing activities is Baht 1,480.5 million, increased by Baht 486.7 million, because of increased of short-term loans from financial institutions by Baht 848.2 million, decreased of long-term loans from financial institutions by Baht 1,075.5 million, increased of cash paid for lease liabilities by Baht 79.1 million, cash received from increase of share capital Baht 630.9 million, decreased of cash paid for interest expenses by Baht 5.6 million and decreased of dividend paid by Baht 156.7 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director