

Part 3

Financial Status and the Company's Performance

13. Important Financial Highlights

The Summary Consolidated Financial statement and Financial ratios

Financial statement summary	Consolidated financial statements			Separate financial statements		
	2017	2018	2019	2017	2018	2019
Statement of Comprehensive Income						
Sales and Services income	18,575.54	18,445.36	17,868.70	18,575.54	18,445.36	17,868.70
Total revenues	18,664.21	18,535.17	17,971.82	18,666.87	18,544.19	17,979.88
Gross profit	3,016.75	2,684.50	2,957.96	3,016.75	2,684.50	2,958.98
Profit before finance costs and income tax	1,473.89	865.96	1,155.67	1,435.02	820.77	1,103.14
Net profit for the year	931.38	438.75	725.51	907.68	402.8	683.02
Statement of Financial Position						
Total assets	16,566.67	16,674.63	18,151.71	17,161.83	17,204.47	18,666.96
Total liabilities	11,805.74	11,882.27	11,691.34	11,802.52	11,849.67	11,686.65
Total equity	4,760.92	4,792.37	6,460.37	5,359.31	5,354.81	6,980.31
Financial ratio						
Gross profit margin (%)	16.24	14.55	16.55	16.24	14.55	16.56
Net profit margin (%)	4.99	2.37	4.04	4.86	2.17	3.8
Return on equity (%)	21.72	9.19	12.89	19.78	7.52	11.07
Return on assets (%)	5.79	2.64	4.17	5.54	2.34	3.81
Debt to equity ratio (times)	2.48	2.48	1.81	2.2	2.21	1.67
Performance per share (Baht)						
Net profit for the year	0.9	0.31	0.46	0.9	0.29	0.43
Book value per share	4.73	3.42	4.08	5.32	3.82	4.4
Number of ordinary shares (million shares)	1,006.58	1,400.00	1,584.96	1,006.58	1,400.00	1,584.96

14. Management Analysis and Discussion

14.1 Overview of operations

In the year 2019, the Group has a total of 15 stores in service, comprising 10 large stores – Ubon Ratchathani, Nakhon Ratchasima, Rangsit, Khon Kaen, Udon Thani, Rama 2, Bang Bua Thong, Chiang Mai, Bang Na and Phetsakem, and 5 Dohome ToGo outlets – Makro Jaransanitwong, Makro Sathon, Big C Bang Phli, Tesco Lotus Korat, and Pantip Plaza Ngamwongwan. The Phetsakem store was opened in November 2019 in order to serve customers residing and doing businesses in the south of Bangkok and nearby provinces; while 5 Dohome ToGo outlets were opened all over to expand a customer base to urban people in Bangkok and potential large provinces, focusing on residential areas with high population density. Dohome ToGo outlets were opened in the second half of 2019 under the strategy to develop distribution channels to cover more customers.

The Group sells both non-house brand products and its own house brand products. Income from the sales of goods and services in relation to house brand products has grown steadily from 14.4 percent in 2018 to 16.0 percent of the income from the sale of goods and services in 2019. By the year 2022, the Group aims at increasing the proportion of house-brand products to 20.0% of the income from the sale of goods and services.

14.2 Overview of business performance and financial status

Most of the Group's incomes are from the sale of goods and services. For the years ended 31 December 2017, 2018 and 2019, the income from the sale of goods and services were at 18,664.21 million baht, 18,535.17 million baht and 17,971.82 million baht respectively. The income in 2019 decreased by 3.0% from the previous year due largely to the decrease in the income of existing stores caused by domestic economy, competition in the industry, and the devastating floods in Ubon Ratchathani in September 2019 that led to a decrease in the sales of Ubon Ratchathani store. On the contrary, the incomes of some stores were increasing, particularly Bang Na store that fully opened in 2019 and the newly opened Phetkasem in 2019.

The Group's gross profits for the year ended 31 December 2017, 2018 and 2019 were 3,016.75 million baht, 2,684.50 million baht and 2,957.96 million baht respectively, which were equivalent to the gross profit margins of 16.2%, 14.6% and 16.6% respectively. In 2018, the gross profit decreased due to short-term price reduction and an increase of expenses relating to the Distribution Center which opened in the Q2 2018. Nonetheless, the gross profit increased due mainly to the increase in the sales of house brand products which have higher gross profit margin than non-house brand products, and the increase in gross profit margin for various product groups including the higher sales of repair and decoration products, and the reversing entries of allowance for obsolete and slow moving inventory in Q1 2019 of 73.29 million baht as a result of obsolete and slow moving inventory reserve adjustment. Within the reserve, the Group has made the classification of product groups more elaborated in order to be more in line with product lifespan, deterioration and obsolescence, as well as for more efficient product management.

For the years ended 31 December 2017, 2018 and 2019, the Group had the net profits amounting to 931.38 million baht, 438.75 million baht, and 725.51 million baht respectively, which were equivalent to the net profit margins of 5.0%, 2.4%, and 4.0% respectively. A decline in the 2018 net profit margin was caused by the decreased gross profit margin and the increasing ratio of selling, general & administrative expenses to the income from sale of goods and services so as to support business expansion and prepare for a stock exchange listing. In 2019, the net profit margin rose from the increased gross profit margin, resulting mainly from the increase in the sales of house brand products which have higher gross profit margin than non-house brand products, and the increase in gross profit margin for various product groups, including the higher sales of repair and decoration products, and the reversing entries of allowance for obsolete and slow moving inventory in Q1 2019 of 73.29 million baht (the value of the reversing entries of allowance for obsolete and slow moving inventory after tax was 58.63 million baht or equivalent to 8.1% of the net profit), being offset with the increased ratio of selling, general & administrative expenses to the income from sale of goods and services.

The Group's consolidated assets as at 31 December 2017, 2018, and 2019 valued at 16,566.67 million baht, 16,674.63 million baht and 18,151.71 million baht respectively. The Group's consolidated asset values increased mainly due to (1) the construction of the Distribution Center, at Bang Na store which opened in early 2018 and at Phetkasem store which opened in late 2019, and (2) land purchases for future branch expansion. The Group's consolidated liabilities as at 31 December 2017, 2018, and 2019 were 11,805.74 million baht, 11,882.27 million baht and 11,691.34 million baht respectively. The change in consolidated liabilities was caused mainly by the change in the number of account payables and other payables, and loans from financial institution according to a demand for working capital and fund for the Group's business expansion. The Group's shareholders' equity as at 31 December 2017, and 2018 and 2019 were 4,760.92 million baht, 4,792.37 million baht and 6,460.37 million baht respectively. Such increase was a result from higher retained earnings and the initial public offering in 2019.

With respect to branch expansion in 2019, the Company opened one large store i.e. Phetkasem store - the first branch using the Automated Storage and Retrieval System (ASRS) which help the Company achieves more efficient inventory management, and another 5 Dohome ToGo outlets i.e. Makro Jaransanitwong, Makro Sathon, Big C Bang Phli, Tesco Lotus Korat, and Pantip Plaza Ngamwongwan. Totally, the Group now have 10 large stores and 5 Dohome ToGo outlets in service.

14.3 Analysis and Discussion of Business Performance

14.3.1 Income

The Group operates a retail, wholesale and service business of construction materials and home decoration items, as well as providing relevant services under the tradename "Dohome". The Group's income composes of (1) income from the sale of goods and services, in which most of income from service are goods delivery fee as part of sale promotion, and (2) other income such as subsidies from product owners, and rental and service fees.

For the years ended 31 December 2017, 2018 and 2019, the Group's total income were 18,664.21 million baht, 18,535.17 million baht and 17,971.82 million baht respectively, decreasing 129.04 million baht or 0.7% in 2018, and 563.35 million baht or 3.0% in 2019.

Table of the Group's Revenue Structure

Revenue Structure	For the Year Ended 31 December					
	2017		2018		2019	
	Million THB	Percentage	Million THB	Percentage	Million THB	Percentage
Income from sale of goods and services	18,575.54	99.5	18,445.36	99.5	17,868.70	99.4
Other income	88.66	0.5	89.81	0.5	103.12	0.6
Total Income	18,664.21	100.0	18,535.17	100.0	17,971.82	100.0

Notes: (1) Percentage of total income

(1) Income from the sale of goods and services

For the year ended 31 December 2017, 2018 and 2019, the Group's income from the sale of goods and services were 18,575.54 million baht, 18,445.36 million baht and 17,868.70 million baht, which are equivalent to 99.5%, 99.5% and 99.4% of the total income; decreasing by 130.18 million baht or 0.7% in 2018, and by 576.66 million baht or 3.1% in 2019. Such decreases were caused by the country's economic contraction, particularly in provincial areas, the floods in the Northeastern area in September 2019, and more fierce competition in the industry. However, the incomes of some branches are on the rise, especially Bang Na store which fully opened in 2019 and Phetsakem store which opened in 2019. Based on product categories, the construction materials group declined by 10.5%; while the repair materials and decoration groups rose by 2.8% and 5.7% respectively, resulting in the ratio of the income from sale of construction materials to the income from the sale of goods and products decreased to 44.4%, compared to 48.1% in the same period of the previous year.

The income from the sale of goods and services can be classified by product categories into 2 groups : (1) non-house brand products and (2) house brand products.

Table of the Revenue Structure from the Sale of Goods and Services by Product Categories

Revenue Structure from the Sale of Goods and Services	For the Years Ended 31 December		
	2017	2018	2019
	Percentage ⁽¹⁾	Percentage ⁽¹⁾	Percentage ⁽¹⁾
Non-house brand products	85.7	85.6	84.0
House brand products	14.3	14.4	16.0
Total income from the sale of goods and services	100.0	100.0	100.0

Notes: (1) Percentage to the Total income from the sale of goods and services

Most of the Group's income from the sale of products and services are from the sale of non-house brand products. For the year ended 31 December 2019, the proportion of income from the sale of non-house

brand products decreased from 85.6% to 84.0%; while the income from the sale of house brand products increased from 14.4% to 16.0% as a result of (1) the Group's policy to increase the proportion of house brand products, and (2) product selection based on customers' demand. By the year 2022, the Group aims at increasing the proportion of house-brand products to 20.0% of the income from the sale of goods and services.

(2) Other income

For the years ended 31 December 2017, 2018 and 2019, the Group's other income were 88.66 million baht, 89.81 million baht and 103.12 million baht respectively, equivalent to 0.5%, 0.5% and 0.6% of the total income respectively.

Comparing the Group's other income of 88.66 million baht for the year ended 31 December 2017 with that of 89.81 million baht for the year ended 31 December 2018, the other income increased by 1.15 million baht or 1.3%, mainly as a result of increased subsidies of product manufacturers and/or dealers from (1) subsidies for special promotions, and (2) subsidies for marketing activities of Bang Na store which opened in Q2 2018.

Comparing the Group's other income of 89.81 million baht for the year ended 31 December 2018 with that of 103.12 million baht for the year ended 31 December 2019, the other income increased by 13.31 million baht or 14.8%, mainly as a result of increased subsidies of product manufacturers and/or dealers from (1) subsidies for special promotions, (2) subsidies for marketing activities of Phetkasem store which opened in Q4 2019, (3) income from insurance indemnity payment for sagging building floor of Rama 2 store in 2017, and (4) subsidies for the floods given by business partners.

14.3.2 Gross Profits and Gross Profit Margins

The Group's gross profit margins can be grouped by product categories as follows:

Table of Gross Profit Margins by Product Categories

Gross Profit Margin	For the Years Ended 31 December		
	2017	2018	2019
	Percentage ⁽¹⁾	Percentage ⁽¹⁾	Percentage ⁽¹⁾
Non-house brand products	13.7	12.2	13.7
House brand products	31.5	28.7	31.8
Gross Profit Margin	16.2	14.6	16.6

Notes: (1) Percentate for gross profit margin

Comparing the year ended 31 December 2017 with the year ended 31 December 2018, the Group's gross profit were at 3,016.75 million baht and 2,684.50 million baht respectively, decreasing by 332.25 million baht or 11.0%, while the gross profit margins were at 16.2% and 14.6% respectively. Main reasons for the decreased average gross profit margin are:

- The gross profit margin of house brand products decreased from 31.5% to 28.7% due largely to short-term price reduction to increase the Group's competitiveness amidst the economic and competition conditions.
- The gross profit margin of non-house brand products decreased from 13.7% to 12.2% due largely to short-term price reduction to increase the Group's competitiveness amidst the economic and competition conditions, and the decline in gross profit margin of construction materials group, particularly steel. However, the gross profit margin of steel products in the future may change according to the steel industry situation. During 2016 - 2018, the Group's gross product margins for steel and rebar were at approximately 10.0 – 15.0%. The income from steel products accounted for approximate 20.0 - 30.0% of the income from sale of goods and services.
- An increase in expenses relating to operations of Distribution Center, mostly personnel costs and depreciation of the Distribution Center.

Comparing the year ended 31 December 2018 with the year ended 31 December 2019, the Group's gross profit were 2,684.50 million baht and 2,957.96 million baht respectively; increasing by 273.46 million baht or 10.2%; while the gross profit margins were at 14.6% and 16.6% respectively. Main reasons for the rise in gross profit margins were:

- The ratio of the income from the sale of house brand products to the total income from sale of products and services increased from 14.4% to 16.0% as a result of the Group's policy.
- The gross profit margins of house brand products and non-house brand products increased from 28.7% to 31.8% and from 12.2% to 13.7% respectively. The reasons included the higher sales of repair materials and decoration items, the reversing entries of allowance for obsolete and slow moving inventory of 73.29 million baht as a result of obsolete and slow moving inventory reserve adjustment in which the Group has made the classification of product groups more elaborated in order to be more in line with product lifespan, deterioration and obsolescence, as well as more efficient management of the cost of sales, and the higher revenues of Distribution Center than its costs leading to lower cost of goods sold.

14.3.3 Selling, General & Administrative Expenses

Most of the selling, general & administrative expenses are expenses relating to sales employees, administrative employees, depreciation and amortization, delivery costs, and marketing costs. For the years ended 31 December 2017, 2018 and 2019 the Group's selling, general & administrative expenses were 1,614.30 million baht, 1,907.00 million baht and 1,879.09 million baht respectively, increasing by 292.70 million baht or 18.1% in 2018, and decreasing by 27.91 million baht or 1.5% in 2019.

Table of Structure of Selling, General & Administrative Expenses

Structure of Selling, General & Administrative Expenses (SG&A)	For the Years Ended 31 December					
	2017		2018		2019	
	MTHB	Percent ⁽²⁾	MTHB	Percent ⁽²⁾	MTHB	Percent ⁽¹⁾
Selling expenses	622.69	38.6	644.37	33.8	653.08	34.6
Administrative expenses	144.38	8.9	223.12	11.7	241.32	13.3
Depreciation and amortization	333.08	20.6	363.77	19.1	369.11	19.5
Delivery costs	161.98	10	157.73	8.3	147.45	7.8
Marketing costs	83.48	5.2	150.08	7.9	93.25	4.9
Others ⁽¹⁾	268.70	16.6	367.95	19.3	374.88	19.8
Total SG&A	1,614.30	100	1,907.00	100	1,879.09	100

Notes: (1) Such as allowance for doubtful accounts, utilities costs, consumables costs, repairs and maintenance, bank and insurance fees, specific business tax, overhead expenses, consultant and system development fees, and rental fees for property, plant and equipment

(2) Percentage of the total selling, general & administrative expenses

Significant selling, general & administrative expenses are as follows:

- The selling and administrative expenses for the years ended 31 December 2017, 2018 and 2019 were 767.07 million baht, 867.49 million baht and 894.40 million baht respectively, increasing by 100.42 million baht or 13.1% in 2018, and increasing by 26.91 million baht or 3.1% in 2019, mainly due to (1) an increasing in the number of new employees for new stores, and (2) a rise in annual executives and employees' remunerations according to the Group's policy.
- Increased depreciation and amortization expenses were resulted mainly from the increase in depreciation of newly open stores and the depreciation of more transport vehicles for delivery service.
- Delivery costs decreased as the Group used its own vehicles more for delivery services, making delivery costs paid to third party transporters decreased.
- Marketing costs for the years ended 31 December 2017, 2018 and 2019 were 83.48 million baht, 150.08 million baht and 93.25 million baht respectively, increasing by 66.60 million baht or 79.8% in 2018, and decreasing by 56.83 million baht or 37.9% in 2019. Most of the marketing costs included (1) public relations media costs and (2) promotion expenses according to the marketing budget. The reason for the increased marketing costs in 2018 was that the Group wanted to increase sales volume amidst declining household purchasing power in provinces. However, in 2019 the Group adjusted its marketing plan to be more efficient, resulting in lower marketing costs.
- Other expenses for the years ended 31 December 2017, 2018 and 2019 were 268.70 million baht, 367.95 million baht and 374.88 million baht respectively, increasing by 99.25 million baht or 36.9% in 2018, and increasing by 6.93 million baht or 1.9% in 2019. The increase in other expenses in 2018 was caused mainly by the increased allowance for doubtful accounts from the adjustment of estimating allowance for doubtful accounts in order to reflect account receivable aging more accurately, an

increase in consultant and system development fees from the employment of consultants and Cloud Server rental to support the improvement of SAP HANA system. While a slight increase in 2019 was a result from a consultancy fee which was a temporary expense for preparing to be listed on the stock market, and a purchase of computer software for office work.

14.3.4 Other Expenses

Other expenses were resulted mostly from a decline in net loss on exchange rate since the Group ordered more products from overseas. However, the Group has a policy to use financial tools in order to prevent the risk of exchange rate fluctuations, such as FX forward contracts and FX options, making the Group had partially realized foreign exchange loss.

14.3.5 Financial Cost

For the years ended 31 December 2017, 2018 and 2019, the Group's financial costs were 316.88 million baht, 320.20 million baht and 298.04 million baht respectively, increasing by 3.32 million baht or 1.0% in 2018, and decreasing by 22.16 million baht or 6.9% in 2019. Such numbers were in line with lower overdrawn amounts and short-term loans from financial institutions and lower interest rates. In addition, in 2019 the financial cost of some loans was recorded as the cost of fixed assets during the construction of Bang Na store and Distribution Center.

14.3.6 Income Tax

For the years ended 31 December 2017, 2018 and 2019, the Group's income tax expenses were 225.63 million baht, 107.01 million baht and 132.12 million baht respectively, decreasing by 118.62 million baht or 52.6% in 2018, and increasing by 25.11 million baht or 23.5% in 2019. This was in conformity with the change in the Group's earnings before tax. Also, in 2019 the Group was able to use expenses relating directly to the initial public offering as tax deductible expenses.

14.3.7 Net Profit and Net Profit Margin

For the years ended 31 December 2017, 2018 and 2019, the Group's net profits were 931.38 million baht, 438.75 million baht and 725.51 million baht respectively, decreasing by 492.63 million baht or 52.9% in 2018, and increasing 286.76 million baht or 65.4% in 2019.

Comparing the year ended 31 December 2017 with the year ended 31 December 2018, the Group's net profit were 931.38 million baht and 438.75 million baht respectively, decreasing by 492.63 million baht or 52.9%; while the net profit margins were at 5.0% and 2.4% respectively. This was a result of (1) a decline in gross profit margin, and (2) an increase in the ratio of selling, general & administrative expenses to the income from sale of goods and services from 8.7% to 10.3%.

Comparing the year ended 31 December 2018 with the year ended 31 December 2019, the Group's net profit were 438.75 million baht and 725.51 million baht respectively, increasing 286.76 million baht or 65.4%; while the net profit margins were at 2.4% and 4.0% respectively. This was a result of (1) the increase in gross profit margin due largely to the increase of house brand product sales according to the Group's strategies, (2)

the higher sales of repair and decorative products, (3) the reversing entries of allowance for obsolete and slow moving inventory of 73.29 million baht (the reversing entries of allowance for obsolete and slow moving inventory after tax was 58.63 million baht or 8.1% of the net profit), and (4) more efficient cost of sales management.

14.4 Analysis and Discussion of Financial Status

14.4.1 Total Assets

As at 31 December 2017, 2018 and 2019, the Group had the total assets amounting to 16,566.67 million baht, 16,674.63 million baht and 18,151.71 million baht respectively, increasing by 107.96 million baht or 0.7% in 2018, and by 1,477.08 million baht or 8.9% in 2019. Details of major changes in total assets are as follows:

- 1) The net trade account receivables and other receivables as at 31 December 2017, 2018 and 2019 were 1,043.00 million baht, 838.87 million baht and 859.90 million baht respectively; decreasing by 204.13 million baht or 19.6% in 2018 due mainly to a decline in account receivables and note receivables; while increasing by 21.03 million baht or 2.4% in 2019 due mainly to an increase in prepaid expenses.
- 2) The net inventories as at 31 December 2017, 2018 and 2019 were 6,712.71 million baht, 6,260.20 million baht and 7,048.16 million baht respectively; decreasing by 452.51 million baht or 6.7% in 2018 due mostly to higher in the Group's goods purchasing and goods management and the opening of Distribution Center; and increasing by 787.96 million baht or 12.6% in 2019 as a result of an increase in stocks to support the opening of a large store in Q4 2019 i.e. Phetkasem store and the expansion of both large stores and Dohome ToGo outlets in the future.
- 3) The net property, plant and equipment as at 31 December 2017, 2018 and 2019 were 8,286.57 million baht, 8,865.71 million baht and 9,619.30 million baht respectively; increasing by 579.13 million baht or 7.0% in 2018 due mostly to (1) the opening of the Distribution Center and Bang Na store, (2) property purchase to support future branch expansion, and (3) a decrease in book value – net from depreciation of plant and equipment. and increasing in 2019 were 753.60 million baht or 8.5% due to the net result of (1) the increase from construction of Petchkasem branch (2) property purchase to support future branch expansion, and (3) a decrease in book value - net from depreciation of plant and equipment.

14.4.2 Liabilities

As at 31 December 2017, 2018 and 2019, the Group had total liabilities of 11,805.74 million baht, 11,882.27 million baht and 11,691.34 million baht respectively; increasing by 76.53 million baht or 0.6% in 2018; while decreasing by 190.92 million baht or 1.6% in 2019. Details of major changes in total liabilities are as follows:

- 1) Bank overdrafts and short-term loans from financial institutions as at 31 December 2017, 2018 and 2019 were 6,402.81 million baht, 6,577.03 million baht and 5,731.71 million baht respectively; increasing by 174.22 million baht or 2.7% in 2018; while decreasing by 845.32 million baht or 12.9% in 2019. The overdrafts and short-term loans from financial institutions were used as working capital. And the drastic decline in 2019 was from (1) change of payment terms from short-term to long-term, and (2) repayment with funds raised from the initial public offering.
- 2) Trade account payables and other payables as at 31 December 2017, 2018 and 2019 were 2,819.04 million baht, 2,128.13 million baht and 2,488.18 million baht respectively; decreasing by 690.93 million baht or 24.5% in 2018; while increasing by 360.05 million baht or 16.9% in 2019. The Group's average repayment periods were 49.2 days, 48.7 days and 48.7 days respectively.
- 3) Long-term loans from financial institution as at 31 December 2017, 2018 and 2019 were 2,351.76 million baht, 3,048.22 million baht and 3,339.14 million baht respectively, increasing by 696.46 million baht or 29.6% in 2018 due largely to (1) a draw from long-term loans of financial institutions to fund the construction of Distribution Center and Bang Na store and to adjust the proportion of short-term loans to long-term loans to be more appropriate and (2) a repayment of long-term loans of financial institutions under the repayment conditions specified in loan agreements; and increasing by 290.92 million baht or 9.5% in 2019 due mainly to (1) change of payment terms from short-term to long-term and (2) a repayment of long-term loans of financial institutions under the repayment conditions specified in loan agreements.

14.4.3 Shareholders' Equity

As at 31 December 2017, 2018 and 2019, the Group's shareholders' equity were 4,760.92 million baht, 4,792.37 million baht and 6,460.37 million baht respectively; increasing by 31.45 million baht or 0.7% in 2018; and by 1,668.00 million baht or 34.8% in 2019 as a result of the Group's business performance and the initial public offering in 2019.

On 25 December 2017, the Company increased a share capital with 4,000,000 issued and paid-up shares of 100 baht each in order to pay the Tangmitrphracha family for the purchase of the whole DHG shares under the Group's restructuring plan in order to prepare for the Company's initial public offering (IPO) and list the Company's shares on the stock exchange; as a result the Group had paid-up shares of 1,400,00 million baht as at 31 December 2017.

Such restructuring was deemed as a business combination under common control; therefore, the Company prepared consolidated financial statements for the year ended 31 December 2017 and recorded the following items in the shareholder's equity portion of the balance sheet : (1) share premiums of 654.66 million baht from the record of issued and paid-up share value at a fair price of received net asset, and (2) discount of 598.39 million baht from the business combination under common control which showed the difference between the paid return and the book value of received net asset.

In 2019, the Board of Director's meeting no. 3/2562 on 24 June 2019 approved the interim dividend of 1.79 baht per share, or equivalent to a total of 2,506.00 million baht, paid out of the Company's accumulated profits.

And on 6 August 2019, the Company made its initial public offering (IPO) of shares 456.16 million, newly-issued shares at a par value of 1 baht, which were sold to subscribers at 7.80 baht each.

14.5 Analysis and Discussion of Liquidity and Sources of Fund

14.5.1 Cash Flow

Table of Sources and Uses of Cash Flow by Category

Sources and Uses of Cash Flow	For the Years Ended 31 December		
	2017	2018	2019
	Million Baht	Million Baht	Million Baht
Net cash flow from (used in) operating activities	1,989.88	852.35	588.26
Net cash flow from (used in) investing activities	(1,191.65)	(1,245.59)	(944.04)
Net cash flow from (used in) financing activities	(770.58)	470.12	392.70
Net increase in cash	27.64	76.88	36.92

(1) Cash flow from operating activities

For the years ended 31 December 2017, 2018 and 2019, the Group had net cash flow used in operating activities amounting to 1,989.88 million baht, 854.88 million baht and 588.26 million baht respectively.

For the year ended 31 December 2017, the Group's net cash flow from operating activities of 1,989.88 million baht was mainly from the earning before income tax of 1,157.01 million baht and the net change in working capital resulted from (1) a decrease in trade account receivables and other receivables of 169.20 million baht and (2) an increase in trade account payables and other payables of 553.79 million baht.

For the year ended 31 December 2018, the Group's net cash flow from operating activities of 854.88 million baht was mainly from the net change in working capital from (1) a decrease in inventories of 424.70 million baht and (2) an increase in trade account receivables and other receivable of 131.33 million baht, and (3) a decrease in trade account payables of 542.37 million baht.

For the year ended 31 December 2019, the Group's net cash flow from operating activities of 588.26 million baht was resulted mainly from the net change in working capital from (1) a decrease in inventories of 704.03 million baht and (2) an increase in trade account payables and other payables of 289.84 million baht.

(2) Cash flow from investing activities

For the years ended 31 December 2017, 2018 and 2019, the Group had net cash flow used in investing activities amounting to 1,191.65 million baht, 1,248.12 million baht and 944.04 million baht respectively.

For the year ended 31 December 2017, the Group's net cash flow used in investing activities of 1,191.65 million baht was mainly from (1) the purchase of land for Phetsaksem store and the construction of Bang Na store and Distribution Center, and (2) an increase in fixed deposits pledged as collateral.

For the year ended 31 December 2018, the Group's net cash flow used in investing activities of 1,248.12 million baht was mainly from the payment for land to be used as future stores and the payment of construction costs of Distribution Center and Bang Na store.

For the year ended 31 November 2019, the Group's net cash flow used in investing activities of 944.04 million baht was mainly from the payment for land to be used as future stores and the payment for construction costs of Phetkasem store.

(3) Cash flow from financing activities

For the years ended 31 December 2017, 2018 and 2019, the Group had net cash flow from (used in) financing activities amounting to (770.58) million baht, 470.12 million baht and 392.70 million baht respectively.

For the year ended 31 December 2017, the Group's net cash flow used in financing activities of 770.58 million baht was mainly from the net result of (1) a repayment of short-term loans from financial institutions at the amount of 675.03 million baht, (2) a repayment of long-term loans from related businesses at the amount of 604.90 million baht, (3) a draw from long-term loans from financial institution at the amount of 774.41 million baht to fund the construction of Distribution Center and Bang Na store, and (4) a repayment of long-term loans from financial institutions at the amount of 524.70 million baht according to repayment terms.

For the year ended 31 December 2018, the Group's net cash flow from financing activities of 470.12 million baht was mainly from the net result of (1) a draw from short-term loans from financial institutions at the amount of 189.28 million baht, (2) a draw from long-term loans from financial institutions at the amount of 1,204.59 million baht to fund the construction of Distribution Center and Bang Na store and to adjust the proportion of short-term loans to long-term loans to be more appropriate, (3) a repayment of long-term loans from financial institutions at the amount of 508.12 million baht according to repayment terms, and (4) interim dividend payout of 403.00 million baht.

For the year ended 31 December 2019, the Group's net cash flow from financing activities of 392.70 million baht was mainly from (1) money received from the initial public offering, (2) dividend payout, (3) money received from long-term loans from financial institution at the amount of 290.91 million baht, and (4) a repayment of short-term loans from financial institutions of 845.32 million baht.

14.6 Major Factors and Influences that May Have an Impact Future Business Operations and Financial Status

14.6.1 Impact of Investment in Constructions and New Store Rollout

The Group has a plan to open 3 more large stores in 2020 and others Dohome ToGo outlets according to its strategy to develop the distribution channels in order to expand its customer base nationwide.

The new store rollout will make the Group realize an increasing selling, general & administrative expenses in the beginning stage, mostly from the employment of store employees which is a fixed cost, while the growth of income from sale of goods and services of the new stores will be still modest. In addition, such growth is depended on several major factors, including but not limited to the economic fluctuations and intense competition in retail and wholesale business of construction materials and decoration items. This may result in lower financial ratios in the beginning years, such as the net profit margin, return on assets and return on equity.

However, the Group expects to gain benefits from branch expansion in the long term; for examples, the growth of income and performance, a bargaining power with vendors when placing order in larger amount which will increase profitability, brand recognition and a bigger market share. The Group expects that these benefits could offset a short-term impact on its financial ratios.

14.6.2 Impact of the Ability to Increase the Proportion of House Brand Product Sales

In the past three years, the Group had a steadily increasing the proportion of house brand product sales from 14.3% in 2017 to 16.0% of the income from sale of goods and services in 2019 in accordance with the Group's business strategies. By the year 2022, the Group aims at increasing the proportion of house-brand products to 20.0% of the income from the sale of goods and services.

The increase in the proportion of income from the sale of house brand products is one of factors contributing to better business performance since house brand products has a higher profit margin than non-house brand products due to a lower cost of sales and marketing. The affected financial ratios include gross profit margin, net profit margin, return on assets and return on equity. However, in case that the Group could not increase the proportion of house brand product sales as planned, its business performance may not be as expected.