



### Part 3

## Financial Status and the Company's Performance

### 13. Important Financial Highlights

Financial statement summary	Consolidated financial statements			Separate financial statements		
Statement of Comprehensive Income	2018	2019	2020	2018	2019	2020
Sales and Services income	18,445.36	17,868.70	18,777.38	18,445.36	17,868.70	18,777.38
Total revenues	18,535.17	17,971.82	18,928.38	18,544.19	17,979.88	18,935.94
Gross profit	2,684.50	2,957.96	3,040.08	2,684.50	2,958.98	3,042.20
Profit before finance costs and income tax	865.96	1,155.67	1,149.06	820.77	1,103.14	1,111.46
Net profit for the year	438.75	725.51	726.68	402.80	683.02	681.75
<b>Statement of Financial Position</b>						
Total assets	16,674.63	18,151.71	20,765.17	17,204.47	18,666.96	21,623.44
Total liabilities	11,882.27	11,691.34	13,675.41	11,849.67	11,686.65	14,058.68
Total equity	4,792.37	6,460.37	7,089.76	5,354.81	6,980.31	7,564.77
<b>Financial ratio</b>						
Gross profit margin (%)	14.55	16.55	16.19	14.55	16.56	16.20
Net profit margin (%)	2.37	4.04	3.84	2.17	3.80	3.60
Return on equity (%)	9.19	12.89	10.73	7.52	11.07	9.37
Return on assets (%)	2.64	4.17	3.73	2.34	3.81	3.38
Debt to equity ratio (times)	2.48	1.81	1.93	2.21	1.67	1.86
<b>Performance per share (Baht)</b>						
Net profit for the year	0.31	0.46	0.34	0.29	0.43	0.31
Book value per share	3.42	4.08	3.27	3.82	4.40	3.49
<b>Number of ordinary shares (million shares)</b>	<b>1,400.00</b>	<b>1,584.96</b>	<b>2,165.52</b>	<b>1,400.00</b>	<b>1,584.96</b>	<b>2,165.52</b>

## 14. Management Discussion and Analysis

### 14.1. Overview of operations

In 2020, the economic outlook of Thailand and worldwide which were disrupted by the pandemic of Coronavirus 2019 (Covid-19) was evidently affected in the business of export, production, and traveling. Although the government tried to issue measures for increasing the economic activities, the overall economic situation has not seemed to adjust in the expected ways.

Even though the Group was tremendously affected by the temporary closing of several branches, this situation was improved by the competency and unity between the management team and all corporate employees. Therefore, the result of the business operation of the Group in 2020 ended up with a positive trend. The total revenue of this year is equal to baht 18,928.38 million and net profit indicated at baht 726.68 million which these increased from the last year, amounting to 5.3% and 0.2% respectively. Furthermore, the Group pays attention to the sustainable development and improvement of working efficiency in several ways to generate revenue maximization.

In 2020, the Group has in service 12 large stores i.e. Ubon Ratchathani, Nakhon Ratchasima, Rangsit, Khon Kaen, Udon Thani, Rama 2, Bang Bua Thong, Chiang Mai, Bang Na, Phetsakem, Surin and Maptaphut, and 11 Dohome To Go outlets – Makro Jaransanitwong, Makro Sathon, Big C Bang Phli, Tesco Lotus Korat, Pantip Plaza Ngamwongwan, Tesco Lotus Bang Na, Cosmo Walk, Chatchawan Market, Thaisomboon Market, Ruaysap Market, and Thairungthip Market. In 2020, the Group decided to open 2 new large stores which are Surin and Maptaphut in order to access customers in those provinces and nearby areas. Moreover, the expansion of 6 Dohome To Go, namely Tesco Lotus Bang Na, Cosmo Walk, Chatchawan Market, Thaisomboon Market, Ruaysap Market, and Thairungthip Market are also given priority in our strategies because the Group prefers to increase customer bases in the community areas and meet all requirements of customers for improving convenience and can be easily accessible.

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 16.0 percent in 2019 to 16.5 percent of the income from the sale of goods and services in 2020. 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.

On the other hand, the COVID-19 pandemic beginning from the early of 2020 has affected the Group business results for the year ended 31 December 2020 as follows:

From 22 March 2020, 8 large stores and 6 Small branches Dohome ToGo had to temporarily close down according to the Emergency Decree on Public Administration in Emergency Situations to curtail the spread of COVID-19 and the announcement of each provinces where the stores are located. As a results, the Group's retail business could not operate normally. However, the e-commerce channel and direct purchase via phone with the selling team and sale representative team could still operate normally. Later on, as the situation of COVID-19 pandemic had been improving constantly and the government loosened the control

measures, the stores has resumed their normal business operations; four large stores i.e. Rama 2, Phetkasem, Nakhon Ratchasima and Udon Thani has resumed their business since 3 May 2020, and all other stores, both large stores and Small branches Dohome ToGo has resumed their business since 17 May 2020 with strict preventive public health measures being imposed in order to serve the customers' demand for purchase.

Subsequently in the middle of December 2020, a new wave of COVID-19 outbreak seriously occurred resulting in the government order to close down retail stores located in Samut Sakhon and Rayong provinces i.e. Rama 2 and Phetsakem stores which were temporality closed down from 19 December 2020 to 1 February 2021 according to the announcements of Samut Sakhon Province, and Maptaphut store which was temporarily closed down from 28 December 2020 to 27 January 2021 according to the announcement of Rayong Province.

To sum up the Company's overall business results of the year 2020 amidst the COVID-19 pandemic, though being affected by the government order to temporarily close down some stores for certain periods, the Group was able to adjust its distribution strategy and human resources management, open new stores to increase sales volume and expand customer groups, and develop an e-commerce channel. It could be said that the Group's efforts were positively welcomed and successful. Furthermore, the Group will continue to increase the capacity of existing distribution channels, develop personnel and improve services in order to propel the business efficiently and sustainable under fast-changing environments with a focus on the highest benefits and satisfaction of customers, employees and business partners.

#### **14.2. Overview of business results and financial status**

The majority of the Group's incomes are from the sale of goods and services. For the years ended 31 December 2018, 2019 and 2020, the income from the sale of goods and services were at 18,445.36 million baht, 17,868.70 million baht and 18,777.38 million baht respectively. The income in 2020 increased by 5.1% from the previous year due largely to the growing income of original stores, the increase in income from stores that opened in 2019 and fully operated in 2020 i.e. Phetkasem store and 5 Small branches Dohome ToGo stores, as well as the incomes from newly-opened stores in 2020 i.e. Surin and Maptaphut stores and 6 Dohome ToGo stores.

The Group's gross profits for the year ended 31 December 2018, 2019 and 2020 were 2,684.50 million baht, 2,957.96 million baht and 3,040.08 million baht respectively, which are equivalent to the gross profit margins of 14.6%, 16.6% and 16.2% respectively. In 2019, the increase in gross profit margin is mainly resulted from the increase in the sales of house brand products which have a higher gross profit margin than non-house brand products, the increase in a gross profit margin for various product groups, 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. The reasons for the decreased gross profit margin in 2020 are that in 2019 there was the reversing entries of allowance for obsolete and slow-moving inventory

at the amount of 73.29 million baht which is a one-time transaction; and the temporary close-down of some retail stores according to the government order to control the COVID-19 pandemic resulting in a decrease in the income of retail distribution channel and hence the gross profit margin during the temporary close-down. However, because of the higher sales volume of house brand products, together with the more efficient cost management, the increase in gross profit margin of various product groups and the higher income from the management of the Distribution Center, the Group's cost of goods is lower and the gross profit margin is higher.

For the years ended 31 December 2018, 2019 and 2020, the Group had the net profits amounting to 438.75 million baht, 725.51 million baht, and 726.68 million baht respectively, which are equivalent to the net profit margins of 2.4%, 4.0%, and 3.8% respectively.

The Group's consolidated assets as at 31 December 2018, 2019, and 2020 valued at 16,674.63 million baht, 18,151.71 million baht and 20,765.17 million baht respectively. Consolidated asset values increase mainly due to the construction of Surin and Maptaphut stores that opened in the middle of 2020, the construction of Laem Chabang store due to open in January 2021, Including the increase in inventory in order to support the increased sales volume and the opening of Surin, Maptaphut and Laem Chabang stores, and the increase in the record of right-to-use asset according to the Thai Financial Reporting Standards 16 (TFRS16). Consolidated liabilities as at 31 December 2018, 2019, and 2020 were 11,882.27 million baht, 11,691.34 million baht, and 13,675.41 million baht respectively. The increase in consolidated liabilities was caused mainly by loans from financial institution according to a demand for working capital and fund for business expansion, an increase in the number of trade account payables and other account payables, an increase in long-term loans for branch expansion, and an increase in the record of lease liability according to the TFRS16. The Group's shareholders' equity as at 31 December 2018, and 2019 and 2020 were 4,792.37 million baht, 6,460.37 million baht and 7,089.76 million baht respectively. Such increase was mainly a result from the stock dividend payout and higher retained earnings. and the initial public offering in 2019.

### **14.3. Discussion and Analysis of Business Results**

#### **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 the income from service are goods delivery fees as a 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 2018, 2019 and 2020, the Group's total income were 18,535.17 million baht, 17,971.82 million baht, and 18,924.82 million baht respectively, decreasing by 563.35 million baht or 3.0% in 2019, and increasing by 953.00 million baht or 5.3% in 2020.

Table of the Group's Revenue Structure

Revenue Structure	For the Years Ended 31 December					
	2018		2019		2020	
	Million THB	Percentage	Million THB	Percentage	Million THB	Percentage
Income from sale of goods and services	18,445.36	99.5	17,868.70	99.4	18,777.38	99.2
Other income	89.81	0.5	103.12	0.6	147.44	0.8
<b>Total Income</b>	<b>18,535.17</b>	<b>100.0</b>	<b>17,971.82</b>	<b>100.0</b>	<b>18,924.82</b>	<b>100.0</b>

Notes: (1) Percentage of the total income

(1) Income from the sale of goods and services

For the year ended 31 December 2018, 2019 and 2020, the Group's income from the sale of goods and services were 18,445.36 million baht, 17,868.70 million baht, and 18,777.38 million baht respectively. The income in 2020 increased by 5.1% from the previous year mainly as a result from the growing income from original stores, an increase in the incomes from stores that opened in 2019 and fully operated in 2020 i.e. Phetkasem store and 5 Small branches Dohome ToGo stores, as well as the incomes from newly-opened stores in 2020 i.e. Surin and Maptaphut stores and 6 Small branches Dohome ToGo stores.

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		
	2018	2019	2020
	Percentage <sup>(1)</sup>	Percentage <sup>(1)</sup>	Percentage <sup>(1)</sup>
Non-house brand products	85.6	84.0	83.5
House brand products	14.4	16.0	16.5
<b>Total income from the sale of goods and services</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Notes: (1) Percentage of 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. However, the Group aims at increasing the proportion of house brand products, which have a higher gross profit margin, to 20.0% of the income from the sale of goods and services by the year 2020. The proportion of house brand products has increased continuously. For the year ended 31 December 2020, the proportion of the income from house brand products increased from 16.0% to 16.5% as a result from (1) the Group's policy to increase the proportion of house brand products, and (2) product selection that meets the customer's demand.

## (2) Other income

For the years ended 31 December 2018, 2019 and 2020, the Group's other income were 89.81 million baht, 103.12 million baht, and 147.44 million baht respectively, equivalent to 0.5%, 0.6% and 0.8% of the total income respectively.

Comparing the year ended 31 December 2018 with the year ended 31 December 2019, the Group's other income were at 89.81 million baht and 103.12 million baht respectively, increasing by 13.31 million baht or 14.8%, mainly as a result of the increased subsidies from product manufacturers and/or dealers from (1) subsidies for special promotions, (2) subsidies for marketing activities of Phetsakem 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.

Comparing the year ended 31 December 2019 with the year ended 31 December 2020, the Group's other income were at 103.12 million and 147.44 million baht respectively, increasing by 44.32 million baht or 43.0% mainly as a result of the increased subsidies from product manufacturers and/or dealers from (1) subsidies for special promotions, (2) subsidies for marketing activities of Surin store which just opened in Q2 2020, (3) income from insurance indemnity payment for the floods at Ubon Ratchathani in 2019, and (4) the higher profit from exchange rates thanks to more efficient risk management.

### 14.3.2. Gross Profits and Gross Profit Margins

Comparing the year ended 31 December 2018 with the year ended 31 December 2019, the Group's gross profit were at 2,684.50 million baht and 2,957.96 million baht respectively, increasing by 273.46 million baht or 10.2%, equivalent to the gross profit margins of 14.6% and 16.6% respectively. Main reasons for the increased average gross profit margin are an increase in the sales volume of house brand products which have a higher gross profit margin than non-house brand products, an increase in the gross profit margin of various product groups, 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.

Comparing the year ended 31 December 2019 with the year ended 31 December 2020, the Group's gross were at 2,957.96 million baht and 3,040.08 million baht respectively, increasing by 82.12 million baht or 2.8%, equivalent to the gross profit margins of 16.6% and 16.2% respectively. Main reasons for the decline in average gross profit margin are that in 2019 there was the reversing entries of allowance for obsolete and slow-moving inventory at the amount of 73.29 million baht which is a one-time transaction; and the temporary close-down of some retail stores according to the government order to control the COVID-19 pandemic resulting in a decrease in the income of retail distribution channel and hence the gross profit margin during the temporary close-down. However, because of the higher sales volume of house brand

products, together with the more efficient cost management, the increase in gross profit margin of various product groups and the higher income from the management of the Distribution Center, the Group's cost of goods is lower and the gross profit margin is higher.

### 14.3.3. Selling, General & Administrative Expenses

The selling, general & administrative expenses comprise expenses relating to sales employees, administrative employees, depreciation and amortization, delivery costs, and marketing costs. For the years ended 31 December 2018, 2019 and 2020, the Group's selling, general & administrative expenses were at 1,907.00 million baht, 1,879.09 million baht, and 2,037.80 million baht respectively, decreasing by 27.91 million baht or 1.5% in 2019 and increasing by 158.71 million bath or 8.5% in 2020.

Table of Structure of Selling, General & Administrative Expenses

Structure of Selling, General & Administrative Expenses (SG&A)	For the Years Ended 31 December					
	2018		2019		2020	
	MTHB	Percent <sup>(2)</sup>	MTHB	Percent <sup>(2)</sup>	MTHB	Percent <sup>(2)</sup>
Selling expenses	644.37	33.8	653.08	34.6	696.44	34.2
Administrative expenses	223.12	11.7	241.32	13.3	326.92	16.0
Depreciation and amortization	363.77	19.1	369.11	19.5	440.34	21.6
Delivery costs	157.73	8.3	147.45	7.8	171.78	8.4
Marketing costs	150.08	7.9	93.25	4.9	102.33	5.0
Others <sup>(1)</sup>	367.95	19.3	374.88	19.8	299.99	14.7
<b>Total SG&amp;A</b>	<b>1,907.00</b>	<b>100</b>	<b>1,879.09</b>	<b>100</b>	<b>2,037.80</b>	<b>100</b>

Notes: (1) For examples, an 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, rental fees for property, plant and equipment, and depreciation on the right-to-use asset.

(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 2018, 2019 and 2020 were 867.49 million baht, 894.40 million baht, and 1,023.36 million baht respectively, increasing by increasing by 26.91 million baht or 3.1% in 2019 and increasing by 128.96 million baht or 14.4% in 2020, mainly due to an increase in the number of employees for opening new large stores and Small branches Dohome ToGo stores.
- Increased depreciation and amortization expenses were resulted mainly from an increase in the depreciation from the operation of newly-opened stores and the implementation of newly-enforced accounting policy on lease agreements (TFRS16).
- Higher delivery cost is consistent with the higher income from the direct purchase channel via phone with a selling team and a sale representative team due to the COVID-19 incident.



- Marketing costs for the years ended 31 December 2018, 2019 and 2020 were 150.08 million baht, 93.25 million baht, and 102.33 million baht respectively, decreasing by 56.83 million baht or 37.9% in 2019 and increasing by 9.08 million baht or 9.7% in 2020. Most of the marketing costs comprises (1) public relations media costs and (2) promotion expenses according to the marketing budget.
- Other expenses for the years ended 31 December 2018, 2019 and 2020 were 367.95 million baht, 374.88 million baht, and 299.99 million baht respectively, increasing by 6.93 million baht or 1.9% in 2019 and decreasing by 74.89 million baht or 20.0% in 2020. The decline in other expenses is largely due to more efficient accounts receivable management and receivable collection resulting in a decreased allowance for doubtful accounts, and a decline in the land and build tax according to the government's aid measures.

#### 14.3.4. Other Expenses

For the years ended 31 December 2018, 2019 and 2020, the Group had other expenses of 1.35 million baht, 26.32 million baht and 0.66 million baht respectively, increasing by 24.97 million baht or 1,854.1% in 2019 and decreasing by 25.66 million baht or 97.5% in 2020. Such decrease is a result of better planning and risk management for foreign exchange rates.

#### 14.3.5. Financial Cost

For the years ended 31 December 2018, 2019 and 2020, the Group's financial costs were at 320.20 million baht, 298.04 million baht, and 245.13 million baht respectively, decreasing by 22.16 million baht or 6.9% in 2019 and decreasing by 52.90 million baht or 17.8% in 2020. Such numbers were in line with lower market interest rates and the Group's more efficient financial management.

#### 14.3.6. Income Tax

For the years ended 31 December 2018, 2019 and 2020, the Group's income taxes were at 107.01 million baht, 132.12 million baht, and 177.25 million baht respectively, increasing by 25.11 million baht or 23.5% in 2019 and increasing by 45.12 million baht or 34.2% in 2020. This was in line with the changes in the Group's earnings before taxes.

#### 14.3.7. Net Profit and Net Profit Margins

For the years ended 31 December 2018, 2019 and 2020, the Group's net profits were at 438.75 million baht, 725.51 million baht, and 726.68 million baht respectively, increasing by 286.76 million baht or 65.4% in 2018 and increasing 1.17 million baht or 0.2% in 2020.

### 14.4. Discussion and Analysis of Financial Status

#### 14.4.1. Total Assets

As at 31 December 2018, 2019 and 2020, the Group had the total assets amounting to 16,674.63 million baht, 18,151.71 million baht, and 20,765 million baht respectively, increasing by 1,477.08 million

baht or 8.9% in 2019 and increasing by 2,613.46 million baht or 14.4% in 2020. Details of major changes in total assets are as follows:

- 1) The net trade accounts receivables and other accounts receivables as at 31 December 2018, 2019 and 2020 were 838.87 million baht, 859.90 million baht, and 996.45 million baht respectively; increasing by 21.03 million baht or 2.5% in 2019 due mainly to an increase in prepaid expenses; and increasing by 136.55 million baht or 15.9% in 2020 due mainly to the increased trade accounts receivables which is in line with the higher income from the sale of goods.
- 2) The net inventories as at 31 December 2018, 2019 and 2020 were 6,260.20 million baht, 7,048.16 million baht and 8,559.71 million baht respectively; 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 increasing by 1,511.56 million baht or 21.4% in 2020 mainly due to an increase in the inventory to support a higher sales volume and the opening of large stores in Q3 2020, i.e. Surin and Maptaphut stores, including Leam Chabang store to be opened in January 2021.
- 3) The net property, plant and equipment as at 31 December 2018, 2019 and 2020 were at 8,865.71 million baht, 9,619.30 million baht, and 10,381.62 million baht respectively; increasing by 753.60 million baht or 8.5% in 2019 mainly due to the net outcome of (1) an increase from the construction of Phetkasem store, (2) property purchase to support future branch expansion, and (3) a decrease in book value – net from the depreciation of plant and equipment; and increasing by 762.32 million baht or 7.9% in 2020 mainly due to the net outcome of (1) an increase from the construction of Surin and Maptaphut stores and works during the construction of Laem Chabang store, and (2) a decrease in book value – net from the depreciation of plant and equipment.
- 4) Right-to-use asset as at 31 December 2020 equals to 491.01 million baht, increasing by 491.01 million baht or 100% in 2020 as a result of the introduction of the TRFS16 accounting policy.

#### 14.4.2. Liabilities

As at 31 December 2018, 2019 and 2020, the Group had the total liabilities of 11,882.27 million baht, 11,691.34 million baht and 13,675.41 million baht respectively; decreasing by 190.92 million baht or 1.6% in 2019, and increasing by 1,984.07 million baht or 17.0% in 2020. Details of major changes in the total liabilities are as follows:

- 1) Bank overdrafts and short-term loans from financial institutions as at 31 December 2018, 2019 and 2020 were 6,577.03 million baht, 5,731.71 million baht, and 6,852.31 million baht respectively; decreasing by 845.32 million baht or 12.9% in 2019, and increasing by 1,120.60 million baht or 19.6% in 2020. The overdrafts and short-term loans from financial institutions were used as working capital.
- 2) Trade accounts payables and other accounts payables as at 31 December 2018, 2019 and 2020 were 2,128.13 million baht, 2,488.18 million baht and 2,845.06 million baht respectively; increasing by 360.05 million baht or 16.9% in 2019 and increasing by 356.88 million baht or 14.3% in 2020. The Group's average repayment periods were 48.7 days, 48.7 days and 54.0 days respectively.

- 3) Long-term loans from financial institution as at 31 December 2018, 2019 and 2020 were 3,048.22 million baht, 3,339.14 million baht and 3,539.37 million baht respectively; increasing by 290.01 million baht or 9.5% in 2019 due largely to (1) the 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; and increasing by 200.23 million baht or 6.0% in 2020 due largely to (1) loans for branch expansion i.e. Surin, Maptaphut and Leam Chabang stores and (2) a repayment of long-term loans of financial institutions under the repayment conditions specified in loan agreements.
- 4) Lease liabilities as at 31 December 2018, 2019 and 2020 were 53.24 million baht, 40.57 million baht and 261.32 million baht respectively; decreasing by 12.67 million baht or 23.8% in 2019 due mainly from lease payments; and increasing by 220.75 million baht or 54.51% due mainly to the introduction of the TFRS16 accounting policy.

#### 14.4.3. Shareholders' Equity

As at 31 December 2018, 2019 and 2020, the Group's shareholders' equity were 4,792.37 million baht, 6,460.37 million baht and 7,089.76 million baht respectively; increasing by 1,668.00 million baht or 34.8% in 2019 and increasing by 629.39 million baht or 9.7% in 2020 as a result of the Group's business performance.

In 2019, the Board of Directors' 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 465.16 million newly-issued shares at a par value of 1 baht, which were sold to subscribers at 7.80 baht each.

In 2020, the Board of Directors' Meeting no.1/2563 on 20 February 2020 approved a dividend payout for the business results of the year 2019 in the forms of cash dividend at 0.0185 baht per share and stock dividend at a rate of 6 existing shares to 1 stock dividend valued at 309.36 million baht, or equivalent to the dividend payout of 343.74 million baht in total from the accumulated profits.

#### 14.5. Discussion and Analysis of Liquidity and Sources of Fund

##### Cash Flow

Table of Sources and Uses of Cash Flow by Categories

Sources and Uses of Cash Flow	For the Years Ended 31 December		
	2018	2019	2020
	Million Baht	Million Baht	Million Baht
Net cash flow from (used in) operating activities	852.35	588.26	(59.08)
Net cash flow from (used in) investing activities	(1,245.59)	(944.04)	(1,284.77)
Net cash flow from (used in) financing activities	470.12	392.70	1,239.41
Net increase in cash	76.88	36.92	(104.44)

(1) Cash flow from operating activities

For the years ended 31 December 2018, 2019 and 2020, the Group had net cash flow used in operating activities amounting to 852.35 million baht, 588.26 million baht and (59.08) million baht respectively.

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 accounts payables and other accounts payables of 289.84 million baht.

For the year ended 31 December 2020, the Group's net cash flow used in operating activities of (59.08) million baht was resulted mainly from the net change in working capital from (1) an increase in trade accounts receivables of 180.35 million baht, (2) an increase in inventories of 1,528.31 million baht and (3) an increase in trade accounts payables and other accounts payables of 374.70 million baht.

(2) Cash flow from investing activities

For the years ended 31 December 2018, 2019 and 2020, the Group had net cash flow used in investing activities amounting to (1,245.59) million baht, (944.04) million baht and (1,284.77) million baht respectively.

For the year ended 31 December 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.

For the year ended 31 December 2020, the Group's net cash flow used in investing activities of 1,284.77 million baht was mainly from the payment for investment in right-to-use assets for future construction of new stores and the payment of construction costs of Surin and Maptaphut stores, including Lam Chabang store which is now under construction.

(3) Cash flow from financing activities

For the years ended 31 December 2018, 2019 and 2020, the Group had net cash flow from financing activities amounting to 470.12 million baht, 392.70 million baht and 1,239.41 million baht respectively.

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-termed loans from financial institution at the amount of 290.91 million baht, and (4) a repayment of short-term loans from financial institutions at the amount of 845.32 million baht.

For the year ended 31 December 2020, the Group's net cash flow from financing activities of 1,239.41 million baht was mainly from (1) short-term loans from financial institutions at the amount of 1,120.60 million baht, (2) the dividend payout and (3) money received from long-term loans from financial institutions at the amount of 200.23 million baht.

#### **14.6. Major Factors and Influences that May Have an Impact on 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 4 large stores in 2021 and additional Small branches Dohome ToGo stores 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 is still modest. In addition, such growth is depended on several major factors, including but not limited to the economic fluctuations and an 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 the 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 proportion of house brand product sales from 14.4% in 2018 to 16.50% of the income from sale of goods and services in 2019 in accordance with its business strategies. The Group aims at increasing the proportion of house-brand products to 20.0% of the income from the sale of goods and services by the year 2022.

The increase in the proportion of income from the sale of house brand products is one of factors contributing to its better business performance since the house brand products have 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 forecasted.