



บริษัท สยามโกลบอลเฮ้าส์ จำกัด (มหาชน)

SIAM GLOBAL HOUSE PUBLIC COMPANY LIMITED

Siam Global House Public Company Limited
Management Discussion and Analysis
Operating results as at 30 September 2023

As at 30 September 2023, the Company had 81 operating stores that increased from the same period of 2022 by 4 stores. The Company's performance for the third quarter 2023 compared with the same period of last year, the net profit (separate financial statements) is Baht 479.68 million that decreased by Baht 248.17 million or decreased by 34.09%. And include share of profit from investment in joint venture and subsidiary, resulting the Company has net profit of consolidated financial statements of Baht 527.30 million that decreased from the same period of 2022 by Baht 251.54 million or decreased by 32.30%.

The operating results for the nine-month period ended 30 September 2023, the Company had the net profit of consolidated financial statements of Baht 2,118.61 million that decreased by Baht 855.36 million or 28.76% compared with the same period of 2022. Due to the declining sales from a decrease of consumer purchasing power during economic slowdown. The summary of operating results and management discussion and analysis for the third quarter 2023 and nine-month period ended 30 September 2023, as follow:

Unit: million Baht

| Consolidated financial statements | The Third Quarter | | %of Net Sales | | Nine-month period ended 30 September | | %of Net Sales | |
|---|-------------------|----------|---------------|--------|--------------------------------------|-----------|---------------|--------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Net sales | 7,340.46 | 8,170.22 | 100.00 | 100.00 | 24,777.14 | 27,023.45 | 100.00 | 100.00 |
| Other income | 173.01 | 176.86 | 2.36 | 2.16 | 523.44 | 548.04 | 2.11 | 2.03 |
| Total revenues | 7,513.47 | 8,347.08 | 102.36 | 102.16 | 25,300.58 | 27,571.49 | 102.11 | 102.03 |
| Cost of sales | 5,442.55 | 6,065.99 | 74.14 | 74.25 | 18,482.66 | 19,964.51 | 74.60 | 73.88 |
| Gross profit | 1,897.91 | 2,104.23 | 25.86 | 25.75 | 6,294.48 | 7,058.94 | 25.40 | 26.12 |
| Distribution costs & Administrative expenses (exclude Depreciation, Unrealized gain(loss) on exchange rate, and Unrealized gain(loss) on debenture investment) | 1,084.87 | 1,003.33 | 14.78 | 12.28 | 3,196.86 | 2,939.01 | 12.90 | 10.88 |
| Depreciation | 313.73 | 316.31 | 4.27 | 3.87 | 903.94 | 940.38 | 3.65 | 3.48 |
| Unrealized gain(loss) on exchange rate | (1.11) | (6.62) | (0.02) | (0.08) | 2.57 | 9.06 | 0.01 | 0.03 |
| Net profit before share of profit from investment in joint venture | 483.78 | 736.00 | 6.59 | 9.01 | 2,018.29 | 2,883.11 | 8.15 | 10.67 |
| Share of profit from investment in joint venture | 43.51 | 42.84 | 0.59 | 0.52 | 100.32 | 90.86 | 0.40 | 0.34 |
| Net Profit | 527.30 | 778.84 | 7.18 | 9.53 | 2,118.61 | 2,973.96 | 8.55 | 11.01 |
| EBITDA | 1,030.46 | 1,327.44 | 14.04 | 16.25 | 3,714.10 | 4,750.41 | 14.99 | 17.58 |

Profit & Loss Analysis

The Company's net profit for the third quarter of 2023 was Baht 527.30 million that decreased by Baht 251.54 million or 32.30% compared with the same period of 2022, and equivalent to 7.18% of sales amount and for the nine-month period ended 30 September 2023 was Baht 2,118.61 million that decreased by Baht 855.36 million or 28.76% compared with the same period of 2022 and equivalent to 8.55% of sales amount. The main reasons are as follows:

- 1) Sale revenues for the third quarter of 2023 were baht 7,340.46 million that decreased from the same period of 2022 by Baht 829.76 million or 10.16% and for the nine-month period ended 30 September 2023 was Baht 24,777.14 million, a decrease of Baht 2,246.31 million or 8.31% from the same period of 2022. It was mainly driven by a decrease of same stores sales growth, although the company has expanded 4 new stores.
- 2) Other income for the third quarter of 2023 was Baht 173.01 million, a decrease of Baht 3.86 million or 2.18% from the same period of 2022, and for the nine-month period ended 30 September 2023 was Baht 523.44 million which decrease of Baht 24.60 million or 4.49% from the same period of 2022, resulting from the decrease of transportation revenue and service revenue.
- 3) Gross profit for the third quarter of 2023 was Baht 1,897.91 million that decrease from the same period of 2022 by Baht 206.32 million or 9.80% and representing 25.86% of sale revenues and for the nine-month period ended 30 September 2023 was Baht 6,294.48 million that decrease from the same period of 2022 by Baht 764.46 million or 10.83% and representing 25.40% of sale revenues. As a result of a decrease of sales revenue and price adjustments for steel products according to the global market prices.
- 4) Distribution costs & Administrative expenses (exclude depreciation, unrealized loss on exchange rate and unrealized gain (loss) on debenture investment) for the third quarter of 2023 was Baht 1,084.87 million which increase by Baht 81.54 million or 8.13% from the same period of 2022, these expenses represented 14.78% of the sales revenues and for the nine-month period ended 30 September 2023 was Baht 3,196.86 million which increase by Baht 257.84 million or 8.77% from the same period of 2022, these expenses represented 12.90% of the sales revenues. This was mainly due to the increase of salary expenses of 4 new stores, electricity and utility cost and sale promotion expense of 4 new stores.
- 5) Finance Costs for the third quarter of 2023 were Baht 71.25 million, an increase of Baht 24.52 million or 52.47% compared with the same period of 2022 and for the nine-month period ended 30 September 2023 were Baht 200.52 million, increased by Baht 62.11 million or 44.88% from the same period of 2022. Due to the increase of the adjustment to higher interest rate on loans by financial institutions.
- 6) Income tax expenses for the third quarter of 2023 was Baht 117.17 million which decrease of Baht 61.74 million or 34.51% compared with the same period of 2022 and for the nine-month period ended 30 September 2023 was Baht 493.67 million, decreased by Baht 213.00 million or 30.14% from the same period of 2022. This was due to the decreased earnings before tax.
- 7) EBITDA for the third quarter of 2023 was Baht 1,030.46 million which decrease from the same period of 2022 by Baht 296.98 million or 22.37% and for the nine-month period ended 30 September 2023 was Baht 3,714.10 million which decrease from the same period of 2022 by Baht 1,036.31 million or 21.82%.



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Financial Positions Analysis

As at 30 September 2023, total assets of the Company were Baht 37,786.57 million that almost comprise of cash and cash equivalents were Baht 818.05 million, trade and other accounts receivables were Baht 731.40 million, merchandises were Baht 13,321.47 million, investment in joint venture was Baht 1,963.34 million and property plant and equipment were Baht 19,022.89 million and right-of-use in assets were Baht 1,220.21 million.

Total assets decrease of Baht 1,361.64 million or 3.48% from 31 December 2022, mainly came from the decrease of merchandises of Baht 2,425.43 million or 15.40%, cash and cash equivalents were Baht 329.39 million or 28.71%.

Total liabilities were Baht 14,710.34 million which decrease by Baht 2,346.77 million or 13.76% from 31 December 2022. The main liabilities are short-term loans from financial institutions of Baht 6,804.53 million, trade and other accounts payables of Baht 2,846.60 million, long term loans of Baht 3,588.82 million, Finance lease liabilities of Baht 1,171.85 million. Total shareholders' equity was Baht 23,076.22 million, an increase of Baht 985.13 million or 4.46% from 31 December 2022.

Cash Flows Analysis

The operating results for the nine-month period of 2023, the Company had net cash flows from operating activities of baht 5,658.27 million, net cash flows investing activities of Baht 1,859.35 million that are mostly from the purchase of the property plant and equipment of Baht 1,766.00 million, investment in in debt securities of Baht 40.00 million and an increase in current investment – deposit at bank of Baht 94.28 million. Net cash flows from financing activities of Baht 4,148.08 million that were mostly used for the repayment of loan to the financial institutions by the short-term loans of Baht 2,670.91 million and long-term loans of Baht 1,043.38 million, dividends of Baht 1,222.67 million. As a result, cash and cash equivalents at 30 September 2023 equal to Baht 818.05 million.

Key Financial Ratios

| Financial Ratios | 30 September 2023 | 31 December 2022 |
|----------------------|-------------------|------------------|
| Current Ratio | 1.30 | 1.29 |
| Debt to Equity Ratio | 0.64 | 0.77 |

- Current Ratio for the third quarter of the year 2023 was equal to 1.30 times, which is close to the ratio at the end of 2022 following the inventory management policy.
- Debt to Equity Ratio for the third quarter of 2023 was 0.64 times, decreased from the year ended 2022 due to the Company has made the repayment of short-term loans and long-term loans from the financial institutions.

Please be informed accordingly.

Sincerely yours,

Mr. Witoon Suriyawanakul
Chief Executive Officer