

No. ACC/HO 006/24

Topic: Management Discussion and Analysis ending 31 March 2024

To: President

The Stock Exchange of Thailand

The Thai economy continued to experience a slowdown in the first quarter of 2024 due to several pressures, these included: sluggish global demand which led to a contraction in the industrial and export sectors; high interest rates combined with elevated levels of household debt; and delays in the disbursement of the 2024 government budget that has further hampered the full rollout of proposed stimulus measures. Despite these challenges, private consumption remained resilient, driven by robust growth in the tourism sector, which emerged as the main driver of economic growth in the first quarter. In addition, the government also introduced the Easy E-Receipt 2024 program in January and February, offering tax deductions of up to 50,000 baht on purchases of goods and services. This program contributed to a surge in spending during the period and helped to boost early-year sales growth.

To drive customer demand for products and services, the Company has consistently implemented sales promotion activities both across the stores and online. However, due to concerns about weakening consumer purchasing power, the decision was made to cancel the annual HomePro Expo event, which is typically held in the first quarter. This resulted in a slight decline in rental income. Nevertheless, the Company remains committed to maintaining market competitiveness by holding the HomePro Super Expo event at the stores instead during April, as well as offering ongoing sales promotions throughout the year. These efforts directly align with the Company's broader strategic goals, which consist of driving same-store sales growth along with total revenue, improving gross profit margin, expanding the proportion of Private Brand products within the sales mix, ensuring efficient inventory management, and fostering a sustainable business. As a result, in the first quarter, the Company's total revenue increased by 2.94% and net profit was up 6.31% compared to the same period last year.

In terms of store expansion, there were no new store openings during the first quarter of 2024. As of the end of the quarter, the Company's store network comprised 89 HomePro stores, 5 HomePro S stores, 27 Mega Home stores, and 7 HomePro stores in Malaysia.

The financial results of the Company and its subsidiaries for the first quarter of 2024 ended 31st March 2024, which have been reviewed by an auditor, are as follows:

Table 1: Financial Summary for the three-month period of the year 2024 and 2023

	Unit: Million Baht					
	Q1'2024	%	Q1'2023	%	Increase (Decrease)	% Change
Revenue from contracts with customers	17,663.83	100.00%	17,223.47	100.00%	440.36	2.56%
Rental income	450.83	2.55%	476.99	2.77%	-26.16	-5.48%
Other income	672.91	3.81%	551.41	3.20%	121.50	22.03%
Total revenues	18,787.58	106.36%	18,251.87	105.97%	535.71	2.94%
Cost of sales and service	13,028.51	73.76%	12,731.01	73.92%	297.50	2.34%
Gross profit	4,635.33	26.24%	4,492.46	26.08%	142.87	3.18%
Cost of rental	196.36	1.11%	193.26	1.12%	3.10	1.60%
Selling and administrative expenses	3,273.32	18.53%	3,192.39	18.54%	80.94	2.54%
Profit before finance cost and income tax expenses	2,289.39	12.96%	2,135.22	12.40%	154.17	7.22%
Share of profit/loss from investment in associates	0.05	0.00%	-0.68	0.00%	0.73	-106.90%
Finance Income	7.96	0.05%	2.61	0.02%	5.35	204.71%
Finance cost	157.85	0.89%	133.40	0.77%	24.46	18.33%
Profit before income tax expenses	2,139.55	12.11%	2,003.76	11.63%	135.79	6.78%
Income tax expenses	426.71	2.42%	392.64	2.28%	34.07	8.68%
Profit for the period	1,712.84	9.70%	1,611.12	9.35%	101.72	6.31%

The Company's net profit for the first quarter of 2024 was Baht 1,712.84 million, representing an increase of Baht 101.72 million or up 6.31% as compared to the previous year. The main reasons include:

1. Total revenues were Baht 18,787.58 million, an increase of Baht 535.71 million or up 2.94%, comprising of the following:

- 1.1. Revenue from contracts with customers which comprised of product sales revenue and service income of Home Service was Baht 17,663.83 million, representing an increase of Baht 440.36 million or up 2.56% year-over-year. The growth was primarily driven by higher revenue recognition of both HomePro and Mega Home business. This increase was further bolstered by the implementation of the government's economic stimulus package, Easy E-Receipt, which ran from January 1st to February 15th, 2024. Additionally, the Company enhanced sales growth during the first quarter through a variety of promotional activities across stores and online channels.
 - 1.2. Rental and service income amounted to Baht 450.83 million, a decrease of Baht 26.16 million or down 5.48% compared to the previous year. This decrease was due to the cancellation of HomePro Expo, which was typically held at Impact Muang Thong Thani in March. Instead, the Company held HomePro Super Expo in April through both physical stores and online channels.
 - 1.3. Other income was Baht 672.91 million, an increase of Baht 121.50 million or up 22.03% compared to the same period of the previous year, as a result of expanded more promotional activities with vendors, implemented both in stores and through online channels.
2. Gross profit from product sales and service income of Home Service was Baht 4,635.33 million, an increase of Baht 142.87 million or up 3.18% as compared with the prior year. The percentage of gross profit increased from 26.08% to 26.24%, which was attributed to the better of product mix toward high-margin products, efficient cost control, and discounts given by vendors across both HomePro and Mega Home business.
3. Cost of rental and related services was Baht 196.36 million, an increase of Baht 3.10 million or up 1.60%, due to higher utilities cost associated with the expansion of leasable space from the new HomePro stores since 2023.
4. Selling and administrative expenses (SG&A) amounted to Baht 3,273.32 million, an increase of Baht 80.94 million or up 2.54% year-over-year. The SG&A as a percentage of sales remained relatively stable at 18.53% compared with 18.54% last year. The increase in SG&A in absolute amount was attributable to depreciation expense, marketing and promotional expense, as well as credit card processing fees. On the other hand, utilities expense and pre-operating expense declined.
5. Finance income was Baht 7.96 million, an increase of Baht 5.35 million or up 204.71%, due to higher interest income.
6. Finance cost was Baht 157.85 million, an increase of Baht 24.46 million or up 18.33% due to higher interest rate for refinancing of new debentures issued since the third and the fourth quarter of 2023, compared to

the previous year. In addition, the Company has made additional long-term lease agreements for new stores, which resulted in higher interest expenses in regard to TFRS16 standards.

7. Income tax expenses were Baht 426.71 million, an increase of Baht 34.07 million or up 8.68% when compared with the prior year. This was due to higher earnings before tax.

Please be informed accordingly.

Sincerely yours,

(Ms.Wanee Juntamongkol)

Executive Vice President – Accounting and Finance