

## Siam Global House Public Company Limited

## Management Discussion and Analysis

## Operating results as of 30 June 2024

As of 30 June 2024, the Company had 87 operating stores which increased from the same period of 2023 by 8 stores. The Company's performance in the second quarter year 2024, compared to the same period of the last year showed a net profit (separate financial statements) of Baht 700.59 million, demonstrating an increase of Baht 19.33 million or 2.84%. Including a share of the profit of the joint venture and investment in the subsidiary, the Company had a net profit of consolidated financial statements of Baht 764.14 million showing an increase of Baht 59.08 million or 8.38%.

The operating results in the six-month period ended 30 June 2024. The Company had a net profit of consolidated financial statements of Baht 1,487.73 million, which was a decrease of Baht 103.58 million or 6.51% compared to the same period of 2023. It was due to the increased operating expense from the expansion of 8 new stores, even though the proportion of total revenue and gross profit in the six-month period has increased. The summary of operation results and management discussion and analysis is as follows:

Unit: million Baht

| Consolidated financial statements   | The Second Quarter |                 | % of Net Sales |               | Six-month period ended 30 June |                  | % of Net Sales |               |
|---|--------------------|-----------------|----------------|---------------|--------------------------------|------------------|----------------|---------------|
|   | 2024               | 2023            | 2024           | 2023          | 2024                           | 2023             | 2024           | 2023          |
| Net sales   | 8,715.43           | 8,503.26        | 100.00         | 100.00        | 17,482.87                      | 17,436.68        | 100.00         | 100.00        |
| Other income  | 206.41             | 179.98          | 2.37           | 2.12          | 419.08                         | 350.43           | 2.40           | 2.01          |
| <b>Total revenues</b>   | <b>8,921.84</b>    | <b>8,683.24</b> | <b>102.37</b>  | <b>102.12</b> | <b>17,901.95</b>               | <b>17,787.10</b> | <b>102.40</b>  | <b>102.01</b> |
| Cost of sales   | 6,395.25           | 6,344.49        | 73.38          | 74.61         | 12,972.81                      | 13,040.11        | 74.20          | 74.79         |
| <b>Gross profit</b>   | <b>2,320.18</b>    | <b>2,158.77</b> | <b>26.62</b>   | <b>25.39</b>  | <b>4,510.06</b>                | <b>4,396.56</b>  | <b>25.80</b>   | <b>25.21</b>  |
| Distribution costs & Administrative expenses (exclude Depreciation, Unrealized gain(loss) on exchange rate, and Unrealized gain(loss) from current investments) | 1,250.76           | 1,120.04        | 14.35          | 13.17         | 2,389.83                       | 2,111.98         | 13.67          | 12.11         |
| Depreciation  | 323.23             | 302.63          | 3.71           | 3.56          | 648.44                         | 590.21           | 3.71           | 3.38          |
| Unrealized gain (loss) on exchange rate   | 6.23               | (0.14)          | 0.07           | 0.00          | 5.01                           | 0.23             | 0.03           | 0.00          |
| Net profit before share of profit of joint venture  | 703.05             | 683.68          | 8.07           | 8.04          | 1,375.98                       | 1,534.51         | 7.87           | 8.80          |

| Consolidated financial statements | The Second Quarter |               | % of Net Sales |             | Six-month period ended on 30 June |                 | %of Net Sales |             |
|-----------------------------------|--------------------|---------------|----------------|-------------|-----------------------------------|-----------------|---------------|-------------|
|                                   | 2024               | 2023          | 2024           | 2023        | 2024                              | 2023            | 2024          | 2023        |
| Share of profit of joint venture  | 61.09              | 21.38         | 0.70           | 0.25        | 111.75                            | 56.80           | 0.64          | 0.33        |
| <b>Net Profit</b>                 | <b>764.14</b>      | <b>705.06</b> | <b>8.77</b>    | <b>8.29</b> | <b>1,487.73</b>                   | <b>1,591.31</b> | <b>8.51</b>   | <b>9.13</b> |
| EBITDA                            | 1,330.16           | 1,240.34      | 15.26          | 14.59       | 2,645.26                          | 2,687.94        | 15.13         | 15.41       |

### Profit & Loss Analysis

The Company's net profit in the second quarter of 2024 was Baht 764.14 million, showing an increase of Baht 59.08 million or 8.38% compared to the same period of 2023. Compared with sales, this accounts for 8.77% of sales. For the performance in the six-month period that ended 30 June 2024, it was Baht 1,487.73 million, which is a decrease of Baht 103.58 million or 6.51% compared to the same period of 2023. And when compared with sales, the amount was 8.51%. The main reasons are as follows:

- 1) Total revenues for the second quarter of 2024 were baht 8,715.43 million increased from the same period of 2023 by Baht 212.18 million or 2.50% and for the six-month period ended 30 June 2024 was Baht 17,482.86 million, which was an increase of Baht 46.19 million or 0.26% from the same period of 2023. It was mainly driven by an increase in sales from the same stores and 8 new stores.
- 2) Other revenues for the second quarter of 2024 were Baht 206.41 million, an increase of Baht 26.43 million or 14.68% from the same period of 2023, and for the six-month period ended 30 June 2024 was Baht 419.08 million which was an increase of Baht 68.65 million or 19.59% from the same period of 2023, due to an increase in revenue from the warehouse management and sales promotion income from suppliers.
- 3) Gross profit for the second quarter of 2024 was Baht 2,320.18 million which increased from the same period of 2023 by Baht 161.41 million or 7.48% and represented 26.62% of sales revenues. The proportion increased by 1.23% compared to the same period of 2023 and the six-month period ended 30 June 2024 was a Baht 4,510.06 million increase from the same period of 2023 by Baht 113.49 million or 2.58%, representing 25.80% of sale revenues. The proportion increased by 0.59% compared with the same period of 2023, as a result of increasing prices of steel products and stimulating the sales of House Brand products.
- 4) Distribution costs & Administrative expenses (excluding depreciation, unrealized gain (loss) on exchange rate, and unrealized gain (loss) on current investment) for the second quarter of 2024 was Baht 1,250.76 million which increased by Baht 130.71 million or 11.67% from the same period of 2023. These expenses represented 14.35% of the sales revenues and for the six-month period ended 30 June 2024 was Baht 2,389.83 million which was an increase of Baht 277.84 million or 13.16% from the same period of 2023, representing 13.67% of the sales revenues that was mainly driven by the increase in salary expenses of 8 new stores.
- 5) Finance Cost for the second quarter of 2024 was Baht 70.45 million, which was an increase of Baht 4.96 million or 7.57% compared to the same period of 2023, and for the six-month period ended 30 June 2024, it was Baht

156.48 million, increased by Baht 27.21 million or 21.05% from the same period of 2023 due to the increase in the interest rate on loans by financial institutions according to the changing financial market situation.

- 6) Income tax expenses for the second quarter of 2024 was Baht 178.72 million which was an increase of Baht 11.57 million or 6.92% compared to the same period of 2023, and for the six-month period ended 30 June 2024, it was Baht 357.61 million, decreased by Baht 18.88 million or 5.01% from the same period of 2023. This was due to the earnings before tax in the six-month period decreased.
- 7) EBITDA for the second quarter of 2024 was Baht 1,330.16 million which increased from the same period of 2023 by Baht 89.82 million or 7.24%, and for the six-month period ended 30 June 2024, it was Baht 2,645.26 million which decreased from the same period of 2023 by Baht 41.68 million or 1.55%.

### Financial Positions Analysis

As of 30 June 2024, the total assets of the Company were Baht 39,553.13 million. The assets comprised cash and cash equivalents accounting for Baht 1,099.24 million, trade and other accounts receivables accounting for Baht 776.90 million, merchandise accounting for Baht 13,997.70 million, investment in joint venture accounting for Baht 2,083.56 million, property plant and equipment accounting for Baht 18,989.15 million and right-of-use in assets accounting for Baht 1,196.46 million.

Total assets increased by Baht 495.24 million or 1.27% from 31 December 2023, mainly from the increase in investment in debt securities of Baht 100.01 million or 45.45%, investment in the joint venture of Baht 116.15 million or 5.90%, property, plant and equipment of Baht 185.45 million or 0.99%, and deferred tax assets of Baht 193.33 million or 96.74%.

Total liabilities were Baht 15,323.80 million which decreased by Baht 186.88 million or 1.20% from 31 December 2023. The main liabilities are short-term loans from financial institutions of Baht 8,582.27 million, trade and other accounts payables of Baht 2,721.99 million, long-term loans of Baht 2,114.46 million, and Finance lease liabilities of Baht 1,176.93 million. Total shareholders' equity was Baht 24,229.33 million, representing an increase of Baht 682.12 million or 2.90% from 31 December 2023.

### Cash Flows Analysis

About the operating results for the six-month period of 2024, the Company had net cash flows from operating activities of Baht 2,004.15 million, which was a decrease of Baht 2,856.12 million from 31 December 2023. Net cash flows in investing activities were Baht 720.28 million mostly from the purchase of the property plant and equipment of Baht 782.97 million and investment in debt securities of Baht 100.00 million. Net cash flows from financing activities of Baht 1,253.28 million were mostly used for the repayment of loans to the financial institutions, which were for the long-term loans of Baht 1,156.02 million and dividends of Baht 872.50 million, resulting in cash and cash equivalents on 30 June 2024 to equal Baht 1,099.24 million.

### Key Financial Ratios

| Financial Ratios     | 30 June 2024 | 31 December 2023 |
|----------------------|--------------|------------------|
| Current Ratio        | 1.23         | 1.22             |
| Debt to Equity Ratio | 0.63         | 0.66             |

The current Ratio for the second quarter of year 2024 was equal to 1.23 times, which is close to the ratio at the end of 2023 and the Debt to Equity Ratio for the second quarter of 2024 was 0.63 times, decreased from the year ended 2023, as the Company has made the repayment of long-term loans from the financial institutions.

Please be informed accordingly.

Sincerely yours,

Mr. Witoon Suriyawanakul  
Chief Executive Officer