

Siam Global House Public Company Limited
Management Discussion and Analysis
Operating results as of 30 September 2024

As of 30 September 2024, the Company had 87 operating stores, increasing by 6 stores from the same period of 2023. The Company's performance for the third quarter of 2024, compared to the same period of the previous year, showed a net profit of Baht 288.79 million (separate financial statements), decreasing by Baht 190.89 million or 39.79%. By including the share of profits from investments in its joint venture and subsidiary, the Company's net profit according to the consolidated financial statements was Baht 360.79 million, representing a decrease of Baht 166.51 million or 31.58% compared to the same period of the previous year.

Regarding the operating results for the nine months ended 30 September 2024, the Company reported a net profit according to the consolidated financial statements of Baht 1,848.52 million, which decrease of Baht 270.09 million or 12.75% compared to the same period of the previous year. Due to the consumers are still concerned about delayed economic recovery and higher living costs, resulting in lower sales. Also, it is affected by the world's geopolitical conflicts. Overall, the operating results and management discussion and analysis for the third quarter of 2024 and the nine-month period ended 30 September 2024 are described as follows:

Unit: million Baht

Consolidated financial statements	The Third Quarter		% of Net Sales		Nine-month period ended 30 September		% of Net Sales	
	2024	2023	2024	2023	2024	2023	2024	2023
Net sales	7,181.76	7,340.46	100.00	100.00	24,664.63	24,777.14	100.00	100.00
Other income	137.77	173.01	1.92	2.36	556.85	523.44	2.26	2.11
Total revenues	7,319.53	7,513.47	101.92	102.36	25,221.48	25,300.58	102.26	102.11
Cost of sales	5,323.27	5,442.55	74.12	74.14	18,296.08	18,482.66	74.18	74.60
Gross profit	1,858.49	1,897.91	25.88	25.86	6,368.55	6,294.48	25.82	25.40
Distribution costs & Administrative expenses (excluding Depreciation, Unrealized gain (loss) on exchange rate, and Unrealized gain (loss) on debenture investment)	1,174.92	1,083.44	16.36	14.76	3,566.37	3,201.18	14.46	12.92
Depreciation	341.32	313.73	4.75	4.27	989.76	903.94	4.01	3.65
Unrealized gain (loss) on exchange rate	(8.93)	0.28	(0.12)	0.00	4.65	(1.68)	0.02	(0.01)
Net profit before including share of profit from investment in joint venture	282.0	483.78	3.93	6.59	1,657.98	2,018.29	6.72	8.15
Share of profit from investment in joint venture	78.79	43.51	1.10	0.59	190.54	100.32	0.77	0.40
Net Profit	360.79	527.30	5.02	7.18	1,848.52	2,118.61	7.49	8.55
EBITDA	909.30	1,030.61	12.66	14.04	3,544.35	3,714.10	14.37	14.99

Profit & Loss Analysis

The Company's net profit for the third quarter of 2024 was Baht 360.79 million, decreasing by Baht 166.51 million or 31.58%, compared to the same period of the previous year, and representing 5.02% of total sales. For the nine months ended 30 September 2024, net profit was Baht 1,848.52 million, a decrease of Baht 270.09 million or 12.75%, compared to the same period of previous year and representing 7.49% of total sales. The key reasons are as follows:

- 1) Sale revenues for the third quarter of 2024 were Baht 7,181.76 million, which was a decrease of Baht 158.70 million or 2.16% compared to the same period of the previous year. For the nine months ended 30 September 2024, sales revenues totaled Baht 24,664.63 million, decreasing by Baht 112.51 million or 0.45%, compared to same period of the previous year. This was mainly driven by a decrease in same-store sales due to the economic slowdown, despite the company opening an additional 6 new branches since 30 September 2023.
- 2) Other income for the third quarter of 2024 was Baht 137.77 million, a decrease of Baht 35.24 million or 20.37% compared to the same period of the previous year, and for the nine-month period ended 30 September 2024 was Baht 556.85 million, increasing by Baht 33.41 million or 6.38% compared to the same period of the previous year, as a result of increased service revenues and promotional revenues in the first and the second quarters.
- 3) Gross profit for the third quarter of 2024 was Baht 1,858.49 million, decreasing by Baht 39.42 million or 2.08%, compared to the same period of the previous year, and representing 25.88% of sales revenues. For the nine-month period ended 30 September 2024, gross profit was Baht 6,368.55 million, increasing by Baht 74.07 million or 1.18%, compared to the same period of the previous year, and representing 25.82% of sales revenues. As a result of adjustment of the proportion of House Brand products and a rise in price adjustments for steel products according to the global market prices, the gross profit margin increased.
- 4) Distribution costs and administrative expenses (excluding depreciation, unrealized loss on exchange rate, and unrealized gain (loss) on debenture investment) for the third quarter of 2024 was Baht 1,174.92 million, an increase of Baht 91.49 million or 8.44%, compared to the same period of the previous year, representing 16.36% of total sales. For the nine-month period ended 30 September 2024, distribution costs and administrative expenses accounted for Baht 3,566.37 million, showing an increase of Baht 365.19 million or 11.41%, compared to the same period of the previous year, and representing 14.46% of total sales. This was mainly due to a growth in expenses for the salary group of employees at the newly opened 6 branches, expenses for warehouse management and expenses for the preparation of opening new branches in the fourth quarter of 2024.
- 5) Finance Costs for the third quarter of 2024 amounted to Baht 82.54 million, increasing by Baht 11.29 million or 15.85% compared to the same period of the previous year, and the figure for the nine months ended 30 September 2024 reached Baht 239.02 million, increasing by Baht 38.50 million or 19.20% compared to the same period of the previous year due to an increase in loan interest rates by financial institutions.
- 6) Income tax expenses for the third quarter of 2024 was Baht 70.59 million, a decrease of Baht 46.58 million or 39.75% compared to the same period of the previous year. For the nine months ended 30 September 2024, the expenses amounted to Baht 428.21 million, decreasing by Baht 65.46 million or 13.26% from the same period of 2023, due to a decline in profit before tax.
- 7) EBITDA for the third quarter of 2024 was Baht 909.30 million, decreasing by Baht 121.31 million or 11.77% compared to the same period of the previous year. For the nine months ended 30 September 2024, it was Baht 3,544.35 million which decreased by Baht 169.75 million or 4.57% compared to the same period of the previous year.

Financial Positions Analysis

As of 30 September 2024, the Company's total assets were valued at Baht 38,774.17 million. Key assets comprise cash and cash equivalents of Baht 981.08 million; accounts and other receivables of Baht 625.03 million; inventories of Baht 13,462.69 million; investments in debt securities of Baht 370.05 million; investment in joint venture of Baht 2,074.21 million; land, property, and equipment of Baht 19,589.77 million; and right-of-use assets of Baht 1,114.72 million.

The total assets decreased by Baht 283.72 million or 0.73% from December 31, 2023, due to a reduction in inventory by Baht 575.68 million or 4.10%, and trade and other receivables by Baht 756.88 million or 17.42%.

The total liabilities amounted to Baht 14,391.20 million, decreasing by Baht 1,119.48 million or 7.22% from December 31, 2023. The main liabilities included short-term loans from financial institutions of Baht 8,466.35 million; accounts and other payables of Baht 2,601.74 million; long-term loans of Baht 1,737.22 million; and lease liabilities of Baht 1,077.69 million. Also, shareholders' equity reached Baht 24,382.97 million, up by Baht 835.76 million or 3.55% from December 31, 2023.

Cash Flows Analysis

For the nine-month operating period in 2024, the Company had net cash flows from operating activities of Baht 2,882.10 million. The net cash flows used in investing activities were Baht 1,088.75 million, mainly for purchasing land, property, and equipment with 1,177.44 million baht and investments in debt securities with Baht 100.00 million. Lastly, the net cash flows used in financing activities were 1,843.92 million baht, mainly for the repayment of long-term loans from financial institutions with Baht 1,533.26 million and for dividend payments with Baht 872.50 million. As a result, cash and cash equivalents as of September 30, 2024, were Baht 981.08 million.

Key Financial Ratios

Financial Ratios	30 September 2024	31 December 2023
Current Ratio	1.25	1.22
Debt to Equity Ratio	0.59	0.66

For the third quarter of 2024, the Company had a current ratio of 1.25 times, increasing from the end of 2023, and a debt to equity ratio of 0.59 times, decreasing from the end of 2023, as the Company has repaid long-term loans from financial institutions.

Please be informed accordingly.

Sincerely yours,

Mr. Witoon Suriyawanakul
Chief Executive Officer