



April 27<sup>th</sup>, 2021

No. ACC/HO 008/64

Topic: Management Discussion and Analysis for the Quarter of 1/2021

To: President  
The Stock Exchange of Thailand

During the first quarter of 2021 a new wave of Coronavirus (COVID-19) has occurred in Samut-Sakhon and Rayong provinces, and this has subsequently spread widely to many other provinces. Samut-Sakhon and Rayong have now been declared maximum control areas for COVID-19. However, the epidemic of the virus was controlled in time by The Thai government, which has implemented a number of preventive measures to combat the situation, such as closing certain areas with a high risk of COVID-19 transmission and limiting travel. Moreover, the government has introduced various stimulus measures and programs to boost spending, such as Co-Pay, the 'Let's Travel Together' program, 'Section 33 We Love Each Other' and the 'We Win' program. Even though these stimulus schemes have helped to offset the effects of weak consumer confidence to some degree, these efforts have not been sufficient to completely offset shrinking consumer purchasing power, particularly in tourist areas.

The Company has placed great importance on complying stringently and promptly with the orders from the Samut Sakhon and Rayong Provincial Governments. Consequently the Company temporarily closed 3 stores to control the spread of COVID-19 in the COVID-19 control areas: 1. HomePro Mahachai (from December 19th to February 1st, total of 44 days); 2. HomePro Rayong (from December 28th to January 27th, total of 30 days); 3. Mega Home Bangchang (from December 31st to January 27th, total of 27 days). However, this store closures have had only a marginal impact to overall sales of less than 1%. Sales for the online channel as well as some regions of HomePro and Mega Home have improved compared to 4th Quarter 2020, although sales in tourism dominated provinces are still significantly affected by the COVID-19 situation.

The Company has put measures in place to ensure that we continue to serve customers' needs, and these measures have been applied to all stores, not only those in the maximum control areas above. The company is serving customers through the HomePro and Home Service Applications, along with increasing

service channels to accommodate more diverse needs such as ‘Shop4U’ (a personal assistant service that enables customers to shop for products and services without having to visit physical stores) together with ‘Same Day Delivery’ or ‘Click and collect’. These omni-channel capabilities have helped to support consumers’ purchasing power which had started to pick up when the pandemic situation began to improve during February and March. As a result, same-store sales of the HomePro business Mega Home business have improved. In the first quarter, the Company and its subsidiaries earned income and net profit of 15,832.56 million baht and 1,362.47 million baht, which increased from the previous year by 3.30% and 7.58% respectively.

At the end of Q1 2021, there were 86 HomePro stores, 9 HomePro S stores, 14 MegaHome stores and 6 HomePro Malaysia stores.

The financial results of the company and its subsidiaries for the first quarter of year 2021, which have been reviewed by the auditor, are as follows:

Table 1: Financial summary for the three-month period of the year 2021 and 2020

Unit: Million Baht

	Q1'2021	% Of Revenue	Q1'2020	% Of Revenue	Increase (Decrease)	% Change
Revenue from contracts with customers	15,052.41	100.00%	14,545.59	100.00%	506.82	3.48%
Rental income	324.55	2.16%	382.00	2.63%	(57.45)	(15.04%)
Other income	455.61	3.03%	399.70	2.75%	55.90	13.99%
<b>Total revenues</b>	<b>15,832.56</b>	<b>105.18%</b>	<b>15,327.29</b>	<b>105.37%</b>	<b>505.27</b>	<b>3.30%</b>
Cost of sales and service	11,179.18	74.27%	10,806.38	74.29%	372.80	3.45%
<b>Gross profit</b>	<b>3,873.23</b>	<b>25.73%</b>	<b>3,739.21</b>	<b>25.71%</b>	<b>134.02</b>	<b>3.58%</b>
Cost of rental	162.68	1.08%	150.00	1.03%	12.68	8.45%
Selling and administrative expenses	2,693.23	17.89%	2,709.73	18.63%	(16.51)	(0.61%)
<b>Profit before finance cost and income tax expenses</b>	<b>1,797.48</b>	<b>11.94%</b>	<b>1,661.18</b>	<b>11.42%</b>	<b>136.30</b>	<b>8.20%</b>
Finance Income	2.83	0.02%	6.00	0.04%	(3.18)	(52.93%)
Finance cost	106.75	0.71%	115.06	0.79%	(8.31)	(7.22%)
Income tax expenses	331.08	2.20%	285.60	1.96%	45.49	15.93%
<b>Profit for the period</b>	<b>1,362.47</b>	<b>9.05%</b>	<b>1,266.52</b>	<b>8.71%</b>	<b>95.95</b>	<b>7.58%</b>

The company's net profit for the first quarter of year 2021 was Baht 1,362.47 million representing an increase of Baht 95.95 million or up by 7.58% over the same period last year. The main reasons include:

1. Total revenues were Baht 15,832.56 million, an increase of Baht 505.27 million or up by 3.30%, comprising of the following:
  - 1.1. Revenue from contracts with customers which comprised of product sales revenue and service income (Home Service) was Baht 15,052.41 million, representing an increase of Baht 506.82 million or up by 3.48%, in which part of the reason for the increase was due to the store closure in March 2020 during the first spread of COVID-19 meanwhile in 2021, the stores operate as normal. Sales in the stores were improved in many regions except in the provinces that relied on tourism, which were still affected. In addition, revenue from online channel grew strongly.
  - 1.2. Rental and service income amounted to Baht 324.55 million, a decrease of Baht 57.45 million or down by 15.04% as the Company has lowered or suspended the rent for tenants in HomePro and Market Village.
  - 1.3. Other income was Baht 455.61 million, an increase of Baht 55.90 million or up by 13.99% in relation to the higher-level of promotional activities with vendors.
2. Gross profit from product sales and service income (Home Service) was Baht 3,873.23 million, an increase of Baht 134.02 million or up by 3.58% as compared with the same period last year. The gross profit margin as a percentage of sales has marginally increased from 25.71% in the same period last year to 25.73%. This resulted from the change of product mix from the product that have higher margin.
3. Cost of rental and service was Baht 162.68 million, an increase of Baht 12.68 million or increase by 8.45% due to higher utility costs, maintenance cost, and outsourced labor cost of space rental business. As a result of full stores operating in the 1<sup>st</sup> quarter of 2021 when compared with the temporary close during end of March 2020
4. Selling and administrative expenses (SG&A) amounted to Baht 2,693.23 million, a decrease of Baht 16.51 million or down by 0.61% as compared with the same period last year. The SG&A as a percentage of sales was marginally reduced from 18.63% in the previous year to 17.89%. This resulted from the tighter cost control. The amount decreased were mainly by personnel expenses, utility expenses and depreciations.
5. Finance Income was Baht 2.83 million, net decrease of Baht 3.18 million or down by 52.93%, due to lower interest income.
6. Finance cost was Baht 106.75 million, net decrease of Baht 8.31 million or down by 7.22%, resulted from lower cost of debt from refinancing bond issued in 4<sup>th</sup> quarter of 2020 and 1<sup>st</sup> quarter of 2021.

7. Income tax expenses were Baht 331.08 million, an increase of Baht 45.49 million or up by 15.93% as compared to the previous year. This was due to the higher earnings before tax.

Please be informed accordingly.

Sincerely yours,

(Ms. Wannee Juntamongkol)  
Executive Vice President