

## Management Discussion and Analysis

Big Camera Corporation Public Company Limited (“the Company”), is principally engaged in the distribution of cameras, mobile phones, photography and mobile phone related products, together with the related services such as the provision of photographic processing and photographic equipment repair services. Now, BIG Camera has more than 180 branches nationwide which operate under the name “BIG Camera”, “BIG Mobile by BIG Camera”, “Wonder Photo Shop”, and “AIS Shop by Partner”. BIG Camera has a subsidiary named Image Solution Plus Co., Ltd., mainly do the printing business. In 2018, BIG Camera has established a subsidiary for investment both inshore and offshore, named BIG Camera Holding Co., Ltd. BIG Camera Holding joined with a Vietnamese partner established a Limited Liability Company in Vietnam, named BIG DigiWorld Company Limited under the purpose to be a retailer of Camera equipment in Ho Chi Minh City in October 2018. From the various circumstances that occurred during the year 2019 affecting the broader economy, of course, The Company’s core business, which can be classified as luxury products, will be directly affected. The management has planned to accommodate various situations with caution because foresaw that the situation is likely to have an ongoing effect. During the year 2019, the Company made an effort to assess the long-term

profitability of each part of the Company to find ways to increase the profitability of the segment that has good potential as a result, during the year the company decision was made to cease operations in branches and inefficient sectors by closing 24 photography equipment stores and 43 mobile phone stores. Including joint ventures with Vietnamese investors who are inconsistent with the strategic planning of the joint venture and believe that in order to reduce the losses that may occur from these segments in the long term.

During the year 2020 from Thailand and around the world affected by the coronavirus outbreak Which the company itself was directly affected during the first outbreak in Thailand between March and May 2020, almost all BIG Camera, Wonder Photo Shop were unable to operate by the order of the government agency. Including the impact on the economy, this caused the overall performance of the company to drop significantly and negative in some quarters this continued into a new wave of outbreaks during December 2020 has given rise to a promising domestic shopping environment both from various economic stimulus measures from the government sector another disruption has occurred due to fears of the novel coronavirus outbreak more intense than in the first period.

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Consolidated Company Performance	2019	2020	Change +/-
Sale	4,216.89	2,391.91	↓ (43%)
Service Income	105.10	64.80	↓ (38%)
Total Income	4,560.11	2,535.65	↓ (44%)
Gross Profit	1,186.85	610.06	↓ (49%)
EBIT	261.06	27.35	↓ (90%)
Net Income	207.76	12.35	↓ (94%)
Gross Profit Margin (%)	26%	24%	
Net Profit Margin	5%	0.5%	

(Unit: Million Baht)

## Sale

The company operates a retail business so main income of the Company is revenue from sales of photographic equipment and relevant accessories. BIG Camera is a distributor of top brands such as Canon, Fuji, Sony, Olympus, Leica, Gopro etc. It can be considered that photographic equipment is the main group that generates income for the Company accounted for 89% of total revenue through more than 160 branches in a shopping center and from sales through online distribution channels, both from the Company's website as well as sales through Shopee, Lazada that has grown in popularity greatly. In 2020, the company had total sales revenue of 2,392 million baht, a 43% decrease from the previous year due to the direct impact of the coronavirus outbreak as a result, it was unable to operate for almost 2 months during the first epidemic. In addition, this impact on the overall economy of the economy has greatly reduced the purchasing power and the shopping environment in the country. However, during such an impact, the company has opened a distribution online channel, including adding a service to deliver experts to serve customers at home to increase the convenience of customers. Including the preparation of products in the group related to the sale of products through online channels to meet the needs of the seller groups through the media in order to be able to maintain a customer base.

## Service Income

Revenue from Services are considered as add-ons to the Company's core business, comprising of develop and printing photo service, photographic equipment repair service, Photo Book service and extended warranty service, which available in all branches. The Company had service income of 65 million baht, a 38% decrease from the previous year, which was a decrease in all revenue groups as well as sales revenue.



(Unit: Million Baht)

Consolidated Company Performance	2018	2019	2020
Sale	5,328.49	4,216.89	2,391.91
Service Income	107.88	105.10	64.80
Other Income	349.64	238.12	78.94
<b>Total Income</b>	<b>5,786.01</b>	<b>4,560.11</b>	<b>2,535.65</b>
Cost of sales	4,139.43	3,330.49	1,890.68
Cost of services	35.83	42.77	34.91
Selling expenses	691.95	677.20	393.91
Administrative expenses	230.37	248.59	188.80
<b>Total Expenses</b>	<b>5,097.58</b>	<b>4,299.05</b>	<b>2,508.30</b>
Profit before financial cost and income tax expenses	688.43	261.06	27.35
Share of loss from investment in joint venture	1.81	0.69	-
Financial Cost	5.47	3.17	14.47
Income tax expenses	131.72	49.44	0.53
<b>Profit for the year</b>	<b>549.43</b>	<b>207.76</b>	<b>12.35</b>
Other comprehensive income			
Exchange differences on translation of financial statements in foreign country	(0.35)	0.35	-
Actuarial loss, not to be reclassified to profit or loss in subsequent period	-	-	(1.18)
<b>Total comprehensive income for the year</b>	<b>549.08</b>	<b>208.11</b>	<b>11.17</b>

## Other Revenues

Other revenue consists of interest received from bank deposit, revenue from expired cash voucher, and extra support from brand suppliers in order to increase sales and marketing activities. Other revenue in 2020 Amounted to 79 million baht, a decrease of 67 percent from the previous year which is the result of the company received fewer sales subsidies from photographic equipment manufacturers. This is due to the reduction of the order quantity in order to maintain the inventory at the appropriate level. Some of the income supporting marketing activities is determined from the purchase of products, thus reducing the income in this section. Including the income from some promotional subsidies that vary directly according to the income from the sale of products and some part is revenue from marketing activities, which during the year 2020 impact of the novel coronavirus outbreak most of the marketing activities had to be canceled.

## Cost of Goods Sold

Cost of Goods Sold is the cost of instant products, reserve expense for out of date products offset with extra support that have been compensated directly

purchased from brand supplier in Thailand including the sale promotion support. Cost of Goods Sold in 2020 indicated 1,891 million Baht decreased from the previous year by 43%, in line with the reduction in sales revenue.

## Cost of Services

Cost of Services consists of supply, depreciation for machines and equipment used in photo printing, and cost of repair service. Total of Cost of Services during 2020 are 35 million Baht decreased 18% from the previous year, one due to a decrease in service revenue, but since most service costs were depreciation on tools and equipment, the rate of decline in service costs was less than the decline in revenue from service.

## Gross Profit margin

Overall Gross Profit Margin in 2020 decreased from 2019, partly from the result of various promotional programs together with product manufacturers and network service providers on an ongoing basis to maintain consumer purchase rates. This is partly due to the fact that most service costs are fixed expenses, which are not proportionate to the reduction in revenue in this segment.

(Unit: Percentage)

Gross Profit Margin	2018	2019	2020
Gross profit margin from sales	22.32	21.02	20.96
Gross profit margin from services	66.79	59.31	46.13
Total gross profit margin	27.84	26.03	24.06

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## Selling and Administrative Expenses (SG&A)

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Selling Expenses consists of the rental fee and communal area fee in the department store, advertising expenses, sales commission and incentive, sales promotion expenses for the marketing activities such as expenses from CSR activities. Selling Expenses is directly vary with the sales revenue. During 2020, selling expenses presented 394 million Baht, or 16% of total revenue almost equal to the last year although increasing of rental fee and selling expenses decreased by 42%, partly due to a 43% decrease in sales revenue, partly due to the attempt to negotiate with the shopping center to request a reduction in rental rates to suit various situations that occur during the year. Including efforts to reduce some of the unnecessary marketing expenses.

Administrative expenses comprised of staff expenses and general operating expenses. In 2020, totaling 189 million baht, a decrease of 24% from the previous year due to efforts to reduce and cut down and plan the spending within the organization to maximize efficiency during the COVID-19 epidemic crisis including the cooperation of all parts of the organization by employees, executives and directors of the company announced the intention to not receive any special money apart from the regular salary.

## Share of loss from investment in Joint Venture

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This is the loss which shared from the joint investment in camera retail business in Vietnam. The first shop is opened in Ho Chi Minh City under the name of “BIG Camera by Digiworld Hanoi” on October 27, 2018. This is due to the decision to terminate the joint venture as a result of inconsistent management strategies. As a result, during the year, the company recognized the loss

share of only 7 hundred thousand baht by selling back the investment to Vietnamese venture capital firms using the book value of the joint venture company as of June 30, 2019 as the basis for set the trading price, so that in 2020 there will be no expenses in this section.

## Financial Cost

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Financial cost concerned the loan cost from financial institution such as interest expenses from short-term and long-term loan. For the year 2020, there is a total financial cost of 14 million baht, which is the financial cost associated with borrowing from a real financial institution of only 1 million baht, for 13 million baht is due to the introduction of the financial reporting standard No. 16 on the lease agreement use during the year. As a result, the company has to recognize the estimated rental expenses. According to the contract period, the lease of the area in the shopping center for the location of the branch is a liability of 1,012 million baht during the period of implementation which part of it will be calculated as the financial cost as specified in the financial reporting standard. That is why the financial costs in 2020 are much higher than in 2019.

## Income Tax Expenses

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Income tax consists of corporate income tax and temporary difference in accounting income tax.

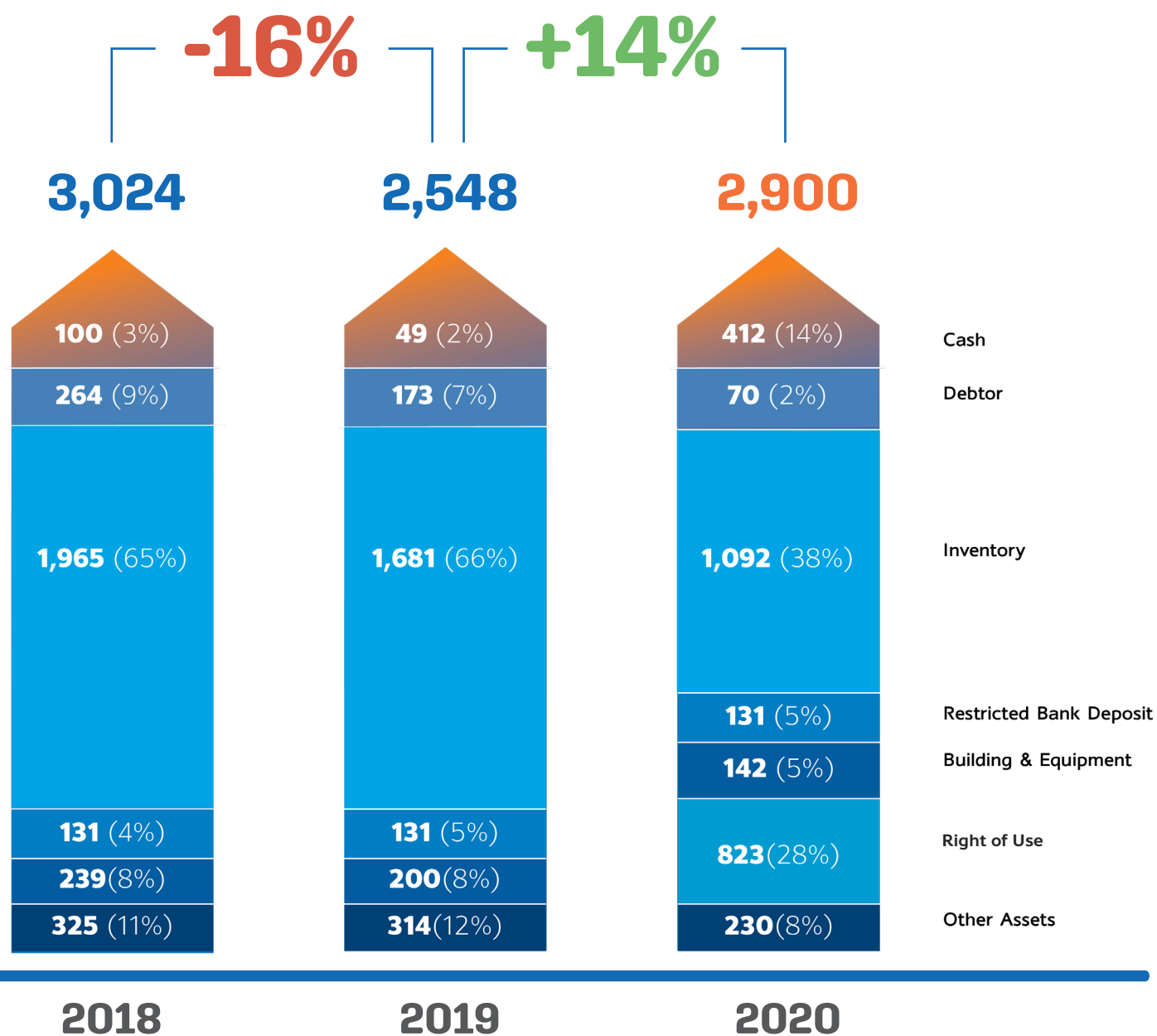
## Net Profit

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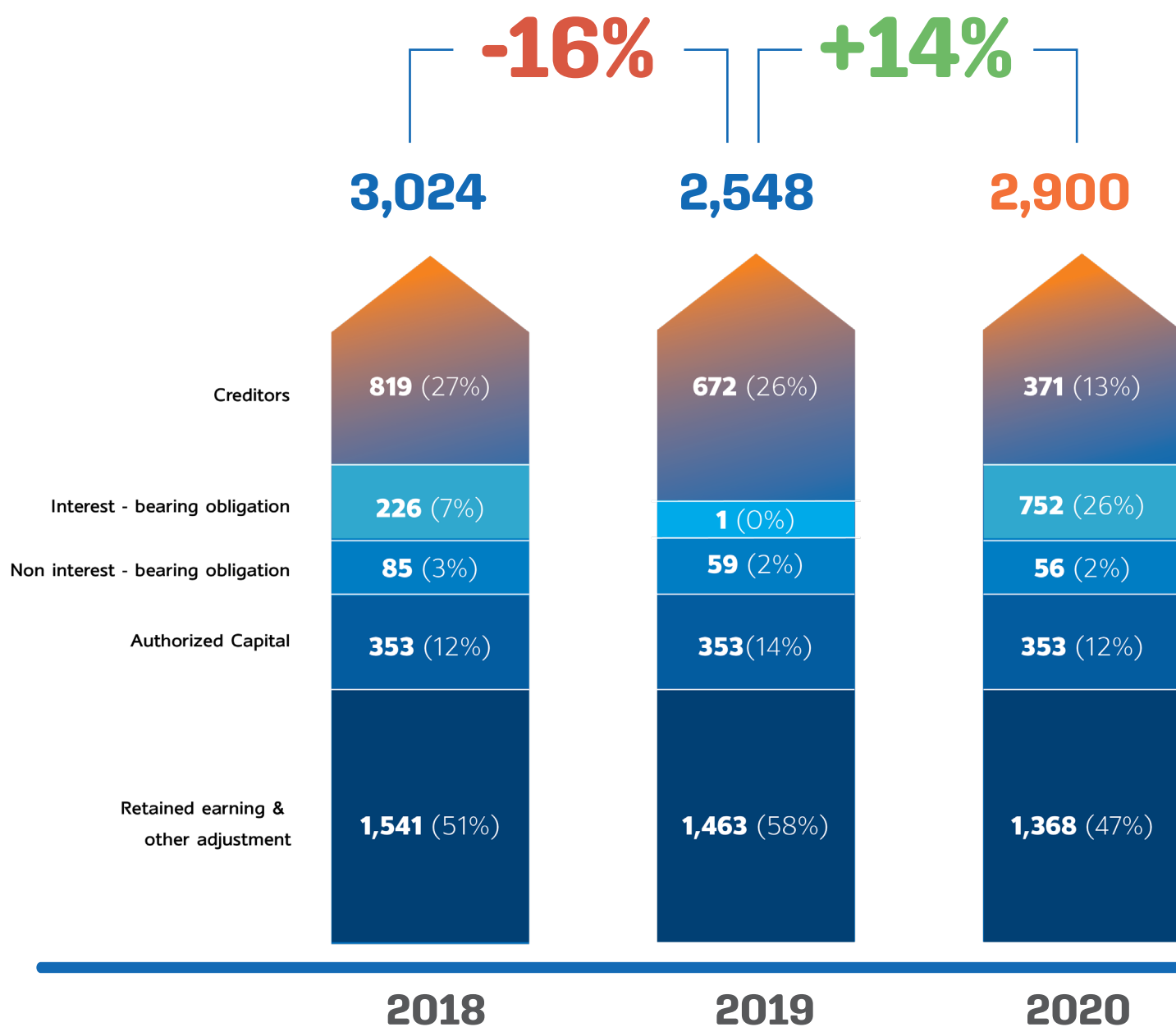
Net profit in 2020 amounted to 12 million baht, a 94% drop from 2019, a direct impact of the COVID-19 epidemic. Which resulted in a 44% drop in overall income.



# Assets



# Liabilities & Shareholders' Equity



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## Asset

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The total assets of the Company during 2018 to 2020 indicated 3,024 million Baht 2,548 million Baht and 2,900 million Baht, respectively. From the Company's retail business with more than 180 stores nationwide, resulting in 38% of total assets goods intended to serve the diverse needs of consumers, with total assets decreased by 16 percent in 2019 as an effort to manage inventories in a more reasonable amount than before, which dropped 284 million and in 2020, total assets increased by 14%, with current assets decreased by 17% due to the appropriate level of product management during 2020, but due to the adoption of the Financial Reporting Standards No. 16 regarding the use of lease agreements, the company has to recognize the right to use assets according to the rental rate paid under the lease of space from the shopping center to set up a branch for assets amounting to Baht 1,098 million in early 2020, thus increasing the overall picture of the assets.

- **Cash and cash equivalents**, outstanding balance of 412 million baht increased from the year 2019 due to product management at the appropriate level and sufficient for sales. During the year, the number of inventories was reduced by 589 million baht, including improving methods for collecting various accrued income more efficient.

- **Account receivables** and other account receivables, comprised of receivables from the owners of Electronic Data Capture, EDC, 19%, other 74% is accrued revenue from extra support from brand suppliers, and 9% is prepaid expenses and other receivables. The outstanding balance as of 31 December 2020 was 70 million Baht, decreased 103 million baht from previous year. The lower part is the sales promotion income received from the trade partners due to the Company's have less income in this section. In addition, during the year there was a better tracking of the payment of accrued income.

- **Inventories** considered the main asset of the Company. On December 31, 2020, the Company has inventories

totaling 1,092 million baht or 38% of total assets. This is in line with the nature of the retail business that has to be ordered to support every sale, Branches, on average, in a particular store the company's product will have a total value of about 5 million baht, which depends on the size of the store and the location. In addition, the products that are sold in each store may be of different types according to the needs of different customers in different regions and regions. Overall, inventories decreased 35% from the previous year, or amounting to 589 million baht, as a result of better management of the inventory volume than the previous year. However, most of the products that the company imports for sale are purchased from leading manufacturers or distributors in the country who have been properly authorized to sell. In addition, there is a quality guarantee from the manufacturer and dealer, which makes the company's products gain the credibility of consumers as well.

- **Deposits with Guarantee** is fixed deposits with financial institutions in order to guarantee credit facilities used in business and issuing Bank Guarantee. As of 31 December 2020, indicated 131 Million Baht was same as last year.

- **Buildings and Equipment** comprised of the building used as a shelter for sale staffs from various branches who should attend training course at the headquarters throughout the year, including office fixtures and vehicle computers and office equipment, which have net book value as of 31 December 2020 equal to 142 million baht decreased from the previous year by 58 million baht according to depreciation.

- **Use rights assets**, this is due to the implementation of the Financial Reporting Standard No. 16 during the year 2020, as of January 1, 2020, the rental fee is calculated over the term of the area lease to be used as the head office and branch location as a right of use assets of 1,098 million baht and lease liabilities of 1,012 million baht, the right-of-use assets will be gradually adjusted to depreciation from the right to use as of 31 December 2020 with the remaining amount of 823 million baht.



● **Other Assets** comprised of deferred tax assets Insurance in connection with rental of branch establishments.

## Liabilities

As of 31 December 2020, the Company and its subsidiary have total liabilities 1,179 million baht, an increase from the previous year by 447 million baht as a result of the implementation of the financial reporting standard No. 16, therefore, contract liabilities were recognized as lease liabilities of the company with the remaining amount as of 31 December 2020, 752 Million baht

Account payable and other account payable 85% of such are accounts payable from purchasing for sale, which have average repayment period in around 60-180 days, while the rest are accrued expenses, including rental fees, service fees, utility fees. The decreased compare to the last year due to the decreased of purchased volume during the last quarter of 2020.

Interest bearing liabilities comprised of short-term loan from financial institution for working capital and financial leases. In 2020, the company has the higher loan usage compare to the last year and the ending balance as at 31 December 2020 of this short-term loan is 752 million Baht.

Non-interest bearing liabilities comprised of accrued corporate income tax, accrued VAT and employee benefits liabilities.

## Shareholder's Equity

As of 31 December 2020, Shareholders' equity of the Company and its subsidiary indicated 1,721 million Baht, decrease of 95 million baht, or 5 percent from the last year, was the result of dividend payments for the year 2019 during the year 2020 of 106 million baht, while the comprehensive income for 2020 was only 11 million baht.

## Cash Flow

(Unit: Million Baht)

Cash Flow	2019	2020
Cash flows from operating activities	510.66	722.69
Cash flows used in investing activities	(55.65)	(18.51)
Cash flows used in financing activities	(506.29)	(341.08)
<b>Net decrease in cash and cash equivalents</b>	<b>(51.28)</b>	<b>363.10</b>

**Cash and cash equivalents** in 2020 amount of 723 million baht, an increase of 42% from the previous year due to a reduction in purchase volume to maintain the inventory level better than the previous year as well as better efforts to collect outstanding debts.

**Cash Flow from operating activities** indicated 19 million baht in 2020, a 67% decrease from the previous year due to the slowdown During the economic disruption of the COVID-19 epidemic during the year.

**Cash Flow from financing activities** in the amount of 341-million-baht, part of which is the dividend payment to the shareholders according to the resolution of the 2020 Annual General Meeting of Shareholders and part of the details of the payment Results from the implementation of the Financial Reporting Standard No. 16.

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## Financial Ratio

		2018	2019	2020
Gross profit margin	%	27.84	26.03	24.06
Net income margin	%	9.50	4.56	0.49
Earnings per share	Baht	0.16	0.06	0.004
Debt to Equity	Time	0.60	0.40	0.68
Book value per share (BVPS)	Baht	0.54	0.51	0.49

**Gross Profit Margin** of 2020 has decreased from 2019 partly due to resulting from promotion with manufacturer and network operators in order to maintain customer purchase rate.

**Net Profit Margin** in 2020 has decreased from 2019 indicated 4 basis point, due to the decreasing of gross profit margin. Moreover, the decrease in sales revenue has a direct effect on the net profit of the company.

**Debt to Equity Ratio** in the past year, the Company has maintained a policy to use its internal capital as the main source of expenditures in order to reduce borrowing rates as well as to reduce interest rates which excludes lease liabilities that have been adopted by the Financial Reporting Standard No. 16 most of the Company's debt. It is a debt with no interest burden which are trade payables and accrued expenses reserve employee benefits.