

Overview

▪ Retail Business

In Q2/2021, the product sales grew in all segments, especially in the iPhone, iPad, and smartphones. As a result, the accessories section has been selling well as well. The Company continues to focus on the strategy to sell accessories along with the main product. However, the Company has tried to maintain sales growth continuously. Comparing to the previous year, Q2/2020 had a lockdown, with the temporary closure of shops and service centers of the Group that operating in some department stores, shopping centers, and community malls. Although sales declined last year due to the closure of branches under government measures, sales increased after reopening. Due to IT products are essential in daily life.

▪ Other Distribution Channels

Sales from online channels are still the Company's priority and growing in line with the e-commerce market. In the strategy, the Company focuses on product selection and organizing activities with the marketplace, whether new products or promotions according to events. As for Website www.bnn.in.th, the Company has improved the efficiency and still has more customers all the time. As a result, customers remember and come back to buy products continuously at the branch. Therefore, it can be seen that the Company has developed a system to connect the retail and online sectors through the omni channel as the Company has planned the policy well.

▪ Affordability Program

- **UFund & UNiDAYS** (*U.Store by COM7*): The Company recognizes the importance of education so that learning goes hand in hand with equipment to enhance teaching efficiency through two essential projects.

1) UFund is a project for all students' access to technology to enhance learning, creative work, and continuing learning inside and outside the classroom. Students can easily afford Apple products with installments. No need to use a credit card.

2) UNiDAYS is a project for all students to get the right to purchase Apple products at educational prices.

- True Loan (True Money): The Company, under the name of BaNANA, BKK, Kingkong Phone, in collaboration with Ascend Nano Co., Ltd., has launched a unique project, "Ready-to-use credit line" for those who do not have a credit card. You can pay for products through the True Money Wallet app.

Major events in the second quarter of 2021

Due to the uncertain economic situation from the impact of COVID-19, the Company's management has focused on adjusting business operations to maintain and sustain revenue growth from its business units while finding ways to reduce costs and increase operational efficiency to maintain cash flow and profitability.

In addition, the Company still has plans to expand its distribution channels continuously. Also, it continues to look for opportunities in terms of adding other sales channels. For example, expand the opening of Pop-Up Stores in all provinces affected by store closures, open stand-alone stores, and develop websites to increase online sales, sell products as Click & Collect and Drive-Thru. Besides, do other plans to spread the risks in business.

The Situation of COVID-19 Outbreak

The Thai economy in the second quarter expanded at a low level from the impact of Covid-19, the 3rd wave. The Kasikorn Research Center estimates the growth of the Thai economy in 2021 at 1.8%. It is going to monitor the epidemic situation for further assessment of the impact on the Thai economy. Therefore, the overall economic recovery of Thailand depends on controlling the epidemic situation, vaccination rates, including the effectiveness of vaccines, while government measures to stimulate and heal the economy will support and help the household and business sectors (Source: Kasikorn Research Center).

In the Q3/2021, on August 1, 2021, the meeting of the CCSA had the resolution to adjust the control area to the maximum and to be strict (Dark red area) from 13 provinces, increased to 29 provinces. In addition, maintain lockdown measures and a curfew from 21.00-04.00 for another 14 days, effective from August 3, 2021, after the original measurements were due on August 2, 2021. The assessment is going to be reviewed on August 18, 2021. If the situation does not improve, it will be extended until August 31, 2021.

Major Risk Factors

Bank of Thailand wrote a particular article entitled “The Effects of Supply Disruptions and Adaptation” as follows: The spread of COVID-19 in 2020, in addition to the impact on public health and the economy around the world, also accelerates structural changes in many dimensions, including social, cultural, and economic, changing consumer behavior. For example, many people have to refrain from traveling and switch to working from home instead. In addition, online has become the primary channel that connects everything, resulting in the demand for electronic products have increased accordingly. Furthermore, the trend of the Green economy that emphasizes social equality and reducing environmental destruction has replaced the consumerism trend, as well as the severity of the impact of COVID-19 varies from country to country causing economic recovery to not be in the same direction. These factors affect the global production supply chain and pose a risk to the recovery potential of Thai production and exports.

The main reason and current situation, the semiconductor shortage, are beginning to show signs of a crisis. For the first time during the trade tensions between China and the United States, resulting electronics manufacturers in China stocked up on chips, coupled with the subsequent outbreak of COVID-19, increasing demand for electronic products. As a result, manufacturers (Foundries) have switched to producing chips and reduced the production of chips used in products with reduced demand, such as automobiles. However, the economy in the developed countries has been recovered faster than expected, causing sales of cars to grow back better than previously assessed. The existing shortage problem has therefore intensified. While adding the production capacity is not available quickly, the primary producers owning the technology have factories located in countries facing the epidemic. Currently, the situation tends to be more severe, as reflected in the lead time of production, which must be ordered up to 18 weeks in advance (Source: Bank of Thailand).

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Performance Overview Q2/2021

The operating results of COM7 Public Company Limited (**the Company**) and its subsidiaries, according to the consolidated financial statement of Q2/2021 compared to the same period of the year 2020, details are as follows:

- Total Revenue equal to 11,562.4 MB., increased by 48.7 %
- Gross Profit equal to 1,549.7 MB., increased by 63.9 %
- Profit owners of the parent equal to 587.0 MB., increased by 113.9 %

Statement of Comprehensive Income (Consolidated)

	Q2/2021		Q2/2021		YoY
	MB.	%	MB.	%	YoY%
Revenue from sales and services	11,535.3	99.8%	7,744.8	99.6%	48.9%
Cost of sales and services	9,985.6	86.4%	6,799.1	87.4%	46.9%
Gross profit	1,549.7	13.4%	945.7	12.2%	63.9%
Other income	4.0	0.0%	22.1	0.3%	(82.0%)
Share of the profit of investments in joint ventures	23.1	0.2%	6.8	0.1%	237.7%
Total revenue	11,562.4	100.0%	7,773.7	100.0%	48.7%
Selling expenses	710.4	6.1%	488.1	6.3%	45.5%
Administrative expenses	165.1	1.4%	135.0	1.7%	22.2%
Loss (Gain) from exchange - Net	0.3	0.0%	(1.3)	0.0%	(118.8%)
Profit before finance costs and income	701.0	6.1%	352.8	4.6%	98.7%
Finance costs	12.1	0.1%	13.4	0.2%	(9.7%)
Profit before income tax	688.9	6.0%	339.4	4.4%	103.0%
Income tax expenses	103.5	0.9%	67.4	0.9%	53.6%
Net profit	585.4	5.1%	272.0	3.5%	115.2%
Profit owners of the parent	587.0	5.1%	274.5	3.5%	113.9%

Revenue from sales and services

At the end of Q2/2021, there were a total of 936 branches under the management of the Company's Group, which divided into Banana 328 branches, Studio7 108 branches, KingKong Phone 92 branches, True Shop by COM7 122 branches, Franchise 106 branches, BKK 48 branches, iCare 29 branches, and others 103 branches. There was an increase of 157 units from the last year (as of the end of Q2/2020: 779 branches). The Company has divided the distribution channel into two types as follows:

Revenue structure categorized by business group

Business Group	Q2/2021		Q2/2020		YoY
	MB.	%	MB.	%	YoY%
Retail Business (B2C)	10,654	92.4%	6,721	86.8%	58.5%
Other distribution channels	881	7.6%	1,024	13.2%	(14.0%)
Sales and Services Revenue	11,535	100.0%	7,745	100.0%	48.9%

1. Retail Business (B2C)

From last year to the present, although there is an outbreak of COVID-19, the Company has continued to maintain steady sales growth. The sales had declined in the previous year due to the closure of stores under government measures. However, it increased back after reopening. Due to IT products are essential in daily life. In terms of sales, it is the same store growth (SSSG) and the opening of new stores. The Company still has to adjust to support the lockdown by setting up stand-alone at gas stations or in various places of the affected provinces to help simplify access according to the adjustment of customer groups and government policies in the current situation. Nevertheless, it appeared that it had received good feedback because it is easy to buy, and customers still have confidence in purchasing products at the store.

In terms of products, there is a growth in sales in all groups, especially in the iPhone, which is the best seller in both the current and previous models, including the iPad, as well as the increase in sales of other smartphone brands. As a result, the accessories section is selling well as well. As a result, the Company continues to focus on selling accessories and the main product.

2. Other distribution channels

Slightly decrease from online because the last year is beginner lockdown from Covid-19. However Online are still the Company's priority and growing in line with the e-commerce market. In strategy, the Company focuses on product selection and organizes activities in conjunction with the marketplace, whether the new product or promotion according to the event. For the Company website www.bnn.in.th, the efficiency has been improved and always has more customers. As a result, customers remember and buy products at the branch as well. It can be seen that the Company has developed the system to connect retail and online under the omni channel format that the Company has well planned.

Gross Profit

Gross profit for Q2/2021 was 1,549.7 MB, increasing from the same quarter of 2020 by 604.0 MB or 63.9%. The gross profit margin for Q2/2021 was 13.4% compared to the same quarter of 2020 was 12.2%. The increase was due to a proportion of the total sales of Notebook last year according to work from home policy, including iPad, and accelerate the release of products during the lockdown situation. However, the proportion is currently close to normal. And the products are prepared with the strategy for adjusting according to different conditions.

Selling and Administrative Expenses

Selling expenses in Q2/2021 were 665.9 MB, increasing from the same quarter of 2020 by 222.3 MB or 45.5%. It grew in line with higher sales. However, the proportion compared to total revenue fell to 6.1% compared to in the same quarter of 2020 at 6.3%. Due to the Company controlled expenses and adjusted work procedures to be more efficient.

Administrative expenses for Q2/2021 were 165.1 MB, increasing from the same quarter of 2020 by 30.0 MB or 22.2%. Due to in Q2 of the last year, with the lockdown situation, there was a reduction in related expenses.

Finance Costs

Financial costs for Q2/2021 were 12.1 MB, a decrease of 1.3 MB from the same quarter of 2020 or 9.7%. It was due to the Company's cash management and negotiations for lower borrowing interest.

Net Profit (owners of the parent)

Equity profit of the parent company for Q2/2021 was 587.0 MB or 5.1% to total revenue, increasing from the same quarter of 2020 by 312.5 MB or 113.9%.

Statement of Financial Position (Consolidated)

	Q2/2021		2020	
	MB.	%	MB.	%
Cash and cash equivalents	1,028.6	9.4%	872.1	9.5%
Financial asset measured at fair value (profit or loss)	690.0	6.3%	249.2	2.7%
Trade and other receivables	1,224.2	11.1%	864.3	9.4%
Inventories	3,983.2	36.4%	3,664.4	39.8%
Other current assets	318.7	2.9%	210.6	2.3%
Other current assets	7,244.7	66.1%	5,860.7	63.7%
Investments in a joint venture	718.1	6.6%	675.0	7.3%
Land, buildings, and equipment	541.7	4.9%	505.7	5.5%
right-of-use assets	1,155.2	10.5%	1,265.2	13.7%
Other non-current assets	1,297.5	11.9%	900.1	9.8%
Total non-current assets	3,712.5	33.9%	3,346.0	36.3%
Total assets	10,957.2	100.0%	9,206.7	100.0%
Short-term loans from financial institutions	2,229.5	20.3%	1,282.5	13.9%
Trade and other payables	3,307.0	30.2%	2,464.3	26.8%
Lease Liability	494.3	4.5%	498.1	5.4%
Other current liabilities	259.4	2.4%	184.9	2.0%
Total current liabilities	6,290.2	57.4%	4,429.9	48.1%
Total non-current liabilities	837.4	7.6%	906.0	9.8%
Total liabilities	7,127.6	65.0%	5,335.9	58.0%
Total shareholders' equity	3,829.6	35.0%	3,870.8	42.0%
Total liabilities and equity	10,957.2	100.0%	9,206.7	100.0%

Total Asset

As of June 30, 2021, the Company had total assets of 10,957.2 MB, an increase of 1,750.5 MB or 19.0% compared to the end of 2020. It was mainly due to the rise in inventories. Other essential aspects are as follows:

Cash and Cash Equivalents

As of June 30, 2021, the Company had cash & cash equivalents of 1,028.6 MB, a increase of 156.5 MB or 17.9% compared to the end of 2020. It was according to the Company allocation cash to suit the use of turnover of each period.

Inventories

As of June 30, 2021, the Company had inventories of 3,983.2 MB, an increase of 318.8 MB or 8.7% compared to the end of 2020 due to the Company supplied of goods to be suitable for sales and expansion of more branches.

Total liabilities

As of June 30, 2021, the Company had total liabilities of 7,127.6 MB, an increase of 1,791.7 MB or 33.6% compared to the end of 2020. It was mainly due to short-term loans and trade payables. The details are as follow:

Short-Term Loans from Financial Institutions

As of June 30, 2021, the Company had short-term loans from financial institutions of 2,229.5 MB, an increase of 947.0 MB or 73.8% compared to the end of the year 2020. It was due to the purchase of goods sufficient for trade.

Trade and Other Payables

As of June 30, 2021, the Company had trade and other payables of 3,307.0 MB, an increase of 842.7 MB or 34.2% compared to the end of 2020. It was due to the purchase of goods sufficient for trade.

Liquidity Ratio

The Company's liquidity mainly came from the ability to turnover inventories, accounts receivable billing, and repayment to the trade payables. For Q2/2021 and 2020, details were as follows:

Liquidity Ratio	Unit	Q2/2021	2020
Day Sales Outstanding (DSO)	DAY	8	9
Days Sales of Inventory (DSI)	DAY	34	48
Days Payable Outstanding (DPO)	DAY	26	33
Cash Cycle	DAY	16	24

DSO: In Q2/2021, the Company had a reduced average collection period due to sales that increased over the average in 2020.

DSI: In Q2/2021, the Company had a declining period of sales of products. As a result of customer demand for products, they could sell products faster.

DPO: In Q2/2021, the Company had a reduced average repayment period from Sales However the credit term with suppliers remains the same.

Conclusion

The Company's operating results in Q2/2021 of total revenue was 11,562.4 MB or an increase of 48.7% of Q2/2020. Profit attributable to the parent company was 587.0 MB or an increase of 113.9% in Q2/2020. It was the continuous growth of the Company by adjusting to fit various situations, whether the branch expansion, opening new distribution channels, and expanding the business in different related formats as well as store management product selection. As a result, the Company has confidence in its continued and stable growth.

Contact Com7 Investor Relations

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