

The Situation of COVID-19 Outbreak

At the beginning of the third quarter, the situation of the COVID-19 outbreak became more severe and spread widely. As a result, it led to the implementation of lockdown measures in the dark red area, including 29 provinces, along with enforcing intensive measures only in Bangkok and its vicinities, such as closing time for convenience stores, department store section open only supermarkets, restaurants, pharmacies, banks, and vaccination services, as well as asking for 100% Work from Home.

The Company saw the importance of adapting to the situation. Therefore, after the announcement of the closure of the department store, we had temporarily expanded our branches in the form of Pop Up Store and Stand Alone with 54 units, focusing on opening stores in provinces where the storefronts were closed to cover the area and tried to maintain as many sales as possible which received excellent feedback. After announcing the cancellation of the lockdown, we also saw an opportunity for temporary branches with good profit potential. Therefore, the branches as mentioned above were remodeled to be permanent stand-alone stores with 17 units.

In terms of stock management, the Company has foreseen the shortage of products during the COVID crisis. Therefore, we have adjusted the order to meet the demand. As a result, although more orders are added, we still maintain efficient stock management, resulting in fewer obsolete products.

The increase in the number of branches this year and the lockdown measures in 29 provinces are considered to affect the Company's sales less than last year during the same period. While last year, more areas and branches were closed during the lockdown measures than this year. Therefore, the Company could still maintain sales and revenue. Total revenue rose 12.1%, while the parent company's profit increased 53.2%. The Company has managed the situation well in the case of COVID-19 after having experienced the store's closing many times by opening Pop Up Store, Booth organizing, Stand Alone, and expanding various businesses.

Major Events in the Third Quarter of 2021

- Adept Company Limited, a subsidiary company (formerly Banana Group Co., Ltd.), currently operates as a distributor of Realme brand products. In September 2021, the Company has started selling wholesale IOT products of Realme, and the fourth quarter will begin to sell more by selling wholesale products in the category of smartphones.
- Increasing sales channels in Big C superstore, in the beginning, smartphone products have been sold. In the fourth quarter, IOT products then will be sold alongside mobile phones in 45 branches.
- The growth in other distribution channels came from increased online sales and development in the CHAT & SHOP distribution channel. As a result, the Company is currently expanding its online warehouse to support the increase in sales in the future along with the continuous development of the E-Commerce system.
- In terms of credit, U-Fund and True Loan still have good prospects. There are a more customer base and low bad debt. This quarter, U-Fund has also expanded its customer base from U-Store to Studio7 and plans to expand to BaNANA in the fourth quarter.
- The Company has opened some Pop Up Store branches, the temporary branches in various areas outside the department store, which received an outstanding response. After easing the measures, the Company will adjust some branches selling well to become permanent branches.



POP UP, Stand Alone, and Booth during the Announcement of Temporary Store Closure



POP UP, Stand Alone, and Booth during the Announcement of Temporary Store Closure

Performance Overview Q3/2021

The operating results of COM7 Public Company Limited (**the Company**) and its subsidiaries, according to the consolidated financial statement of Q3/2021 compared to the same period of the year 2020, details are as follows:

- Total Revenue equal to 10,098.5 MB., increased by 12.1%
- Gross Profit equal to 1,506.0 MB., increased by 32.0%
- Profit owners of the parent equal to 570.5 MB., increased by 53.2%

Statement of Comprehensive Income (Consolidated)

	Q3/2021		Q3/2020		YoY
	MB.	%	MB.	%	YoY%
Revenue from sales and services	10,069.3	99.7%	8,974.0	99.6%	12.2%
Cost of sales and services	8,563.3	84.8%	7,832.8	86.9%	9.3%
Gross profit	1,506.0	14.9%	1,141.2	12.7%	32.0%
Other income	6.5	0.1%	9.9	0.1%	(34.3%)
Share of the profit of investments in joint ventures	22.7	0.2%	24.6	0.3%	(7.7%)
Total revenue	10,098.5	100.0	9,008.5	100.0	12.1%
Selling expenses	666.9	6.6%	570.1	6.3%	17.0%
Administrative expenses	185.0	1.8%	144.6	1.6%	27.9%
Loss (Gain) from exchange - Net	(10.3)	(0.1%)	0.7	0.0%	(1,571.4%)
Profit before finance costs and income tax expenses	693.6	6.9%	460.3	5.1%	50.7%
Finance costs	13.7	0.1%	12.1	0.1%	13.2%
Profit before income tax	679.9	6.8%	448.2	5.0%	51.7%
Income tax expenses	107.1	1.1%	78.6	0.9%	36.3%
Net profit	572.8	5.7%	369.6	4.1%	55.0%
Profit owners of the parent	570.5	5.6%	372.3	4.1%	53.2%

Revenue from sales and services

At the end of Q3/2021, there were a total of 958 branches under the management of the Company's Group, which divided into BaNANA 353 branches, Studio7 109 branches, KingKong Phone 85 branches, True Shop by COM7 123 branches, Franchise 109 branches, BKK 43 branches, iCare 30 branches, and others 106 branches. There was an increase of 147 units from the last year (as of the end of Q3/2020: 811 branches). The Company has divided the distribution channel into two types as follows:

Revenue structure categorized by business group

Business Group	Q3/2021		Q3/2020		YoY
	MB.	%	MB.	%	YoY%
Retail Business (B2C)	8,911.4	88.5%	8,357.3	93.1%	6.6%
Other distribution channels	1,157.9	11.5%	616.7	6.9%	87.8%
Sales and Services Revenue	10,069.3	100.0%	8,974.0	100%	12.2%

1. Retail Business (B2C)

From last year to the present, although there has been an outbreak of Covid-19, the Company continues to maintain steady sales growth. In Q3/2021, the Company was affected by the closure of branches according to government measures. However, the Company has opened POP UP branches, which are temporary in various areas outside the department store, which has received excellent feedback. After the end of the government measures, the Company will adjust some branches as the permanent shops. In Q4/2021, the Company also expects to receive good feedback from new products available at the end of the year and will focus on finding space in various stores to make it more convenient for customers. It can be seen that IT products have become part of everyday life.

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

2. Other distribution channels

This quarter, the increase came from online sales and the Chat & Shop segment during the lockdown situation.

Gross Profit

Gross profit for Q3/2021 was 1,506.0 MB, increasing from the same quarter of 2020 by 364.8 MB or 32.0%. The gross profit margin for Q3/2021 was 14.9% compared to the same quarter of 2020 was 12.7%. The increase was due to the last year there was an accelerated release of goods after easing of lockdown. Currently, the Company has planned and formulated a policy until it can maintain gross profit regularly and prepare products with changing strategies according to different situations.

Selling and Administrative Expenses

Selling expenses in Q3/2021 were 666.9 MB, increasing from the same quarter of 2020 by 96.8 MB or 17.0%. It grew in line with higher sales. However, the proportion to total revenue increased slightly to 6.6% compared to 6.3% in the same quarter of 2020.

Administrative expenses for Q3/2021 were 185.0 MB, increasing from the same quarter of 2020 by 40.4 MB or 27.9%. Due to this year, the Company has restructured to accommodate the upcoming tasks, whether inventory management, logistics management in online businesses, growing hire purchase business, and personnel development, including various systems that will support the Company's plans.

Finance Costs

Financial costs for Q3/2021 were 13.7 MB, an increase of 1.6 MB from the same quarter of 2020 or 13.2%. It was due to the Company's expansion of branches and product management to meet the growing sales.

Net Profit (owners of the parent)

Equity profit of the parent company for Q3/2021 was 570.5 MB or 5.6% to total revenue, increasing from the same quarter of 2020 by 198.2 MB or 53.2%.

Statement of Financial Position (Consolidated)

	Q3/2021		2020	
	MB.	%	MB.	%
<i>Cash and cash equivalents</i>	1,325.3	11.2%	872.2	9.5%
<i>Financial asset measured at fair value (profit or loss)</i>	363.3	3.0%	249.2	2.7%
<i>Trade and other receivables</i>	1,538.4	13.0%	864.3	9.4%
<i>Inventories</i>	4,463.7	37.6%	3,664.4	39.8%
<i>Other current assets</i>	434.6	3.7%	210.6	2.3%
Total other current assets	8,125.3	68.5%	5,860.7	63.7%
<i>Investments in a joint venture</i>	744.0	6.3%	675.0	7.3%
<i>Land, buildings, and equipment</i>	583.0	4.9%	505.7	5.5%
<i>right-of-use assets</i>	1,024.2	8.6%	1,265.2	13.7%
<i>Other non-current assets</i>	1,389.4	11.7%	900.1	9.8%
Total non-current assets	3,740.6	31.5%	3,346.0	36.3%
Total assets	11,865.9	100.0%	9,206.7	100.0%
<i>Short-term loans from financial institutions</i>	3,335.7	28.1%	1,282.5	13.9%
<i>Trade and other payables</i>	2,788.3	23.5%	2,464.4	26.8%
<i>Lease Liability</i>	448.1	3.8%	498.1	5.4%
<i>Other current liabilities</i>	102.5	0.9%	184.9	2.0%
Total current liabilities	6,674.6	56.3%	4,429.9	48.1%
Total non-current liabilities	785.7	6.6%	906.0	9.9%
Total liabilities	7,460.3	62.9%	5,335.9	58.0%
Total shareholders' equity	4,405.6	37.1%	3,870.8	42.0%
Total liabilities and equity	11,865.9	100.0%	9,206.7	100.0%

Total Asset

As of September 30, 2021, the Company had total assets of 11,865.9 MB, an increase of 2,659.2 MB or 28.9% 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 September 30, 2021, the Company had cash & cash equivalents of 1,325.3 MB, an increase of 453.1 MB or 51.9% compared to the end of 2020. It was according to the Company's cash allocation to suit and support its growing business.

Inventories

As of September 30, 2021, the Company had inventories of 4,463.7 MB, an increase of 799.3 MB or 21.8% compared to the end of 2020 due to the Company managing the number of products to be sufficient for sales and increasing branch expansion.

Liquidity Ratio

The Company's liquidity mainly came from the ability to turnover inventories, accounts receivable billing, and repayment to the trade payables. For Q3/2021 and 2020, details were as follows:

Liquidity Ratio	Unit	Q3/2021	2020
Day Sales Outstanding (DSO)	DAY	10	9
Days Sales of Inventory (DSI)	DAY	38	48
Days Payable Outstanding (DPO)	DAY	25	33
Cash Cycle	DAY	23	24

DSO: In Q3/2021, the Company's average collection period is similar to the previous one.

DSI: In Q3/2021, the Company's average selling time decreased due to the customer's demand for the product, which made selling faster.

DPO: In Q3/2021, the Company's average repayment period was reduced due to the increase in sales. However, the credit term with partners remained the same.

Conclusion

The Company's operating results in Q3/2021 of total revenue was 10,098.5 MB or an increase of 12.1% of Q3/2020. Profit attributable to the parent company was 570.5 MB or a rise of 53.2% in Q3/2020. 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 and selection. As a result, the Company has confidence in its continued and stable growth.

Total liabilities

As of September 30, 2021, the Company had total liabilities of 7,460.3 MB, an increase of 2,124.4 MB or 39.8% compared to the end of 2020. It was mainly due to short-term loans and trade payables. Other essential aspects are as follows:

Short-Term Loans from Financial Institutions

As of September 30, 2021, the Company had short-term loans from financial institutions of 3,335.7 MB, an increase of 2,053.2 MB or 160.1% 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 September 30, 2021, the Company had trade and other payables of 2,788.3 MB, an increase of 323.9 MB or 13.1% compared to the end of 2020. It was due to the purchase of goods sufficient for trade.

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