

## Overview

### World Economic Outlook in 2022

The Office of the National Economic and Social Development Council reported that the Thai economy in 2022 would likely recover steadily from a low base expansion in 2021, driven by the growth of domestic demands. Therefore, although facing the epidemic of the Omicron species, it was likely to have a limited impact on the public health system in the first quarter of 2022. As a result, the government could ease the measures to control the outbreak accordingly. In addition, the economy would receive significant support from the recovery of the service sector, especially the tourism sector, due to the easing of measures to accept foreign tourists and the continuous expansion of product exports in line with the economic and world trade volume.

Meanwhile, the epidemic of the Omicron has rapidly spread and become a global dominant strain since late 2021. As a result, the number of infections rose to record highs in several countries during January and February 2022, including the United States, France, the United Kingdom, South Korea, and Japan. However, it did not cause severe symptoms, reflected by the low average of severe illness and death rates. Besides, it included progress in the vaccines' distribution and the adaptation of people and businesses in dealing with the outbreak. As a result, various countries did not implement the same rigorous outbreak control measures as the previous wave of epidemics. Therefore, each country's economic activities were expected to continue during the rest of the year.

### Major Events in 2021

#### ■ Quarter 1

In the first quarter of 2021, the Company continued to expand its channels by focusing on the excellent location and reasonable rental fees to support the growing demand of customers to cover all areas in the primary and secondary districts. In terms of product management, the Company still had sales growth in all categories, such as products related to Work from Home, Learn from Home, and Cryptocurrency, significantly increasing the demand for the product. Therefore, the Company accelerated the procurement of products and managed the inventories to meet the increasing sales and branch expansion, including preparing to bring new products to add to the portfolio to meet the needs of consumers. The overall view of Apple brand products, laptop products, DIY products, and smartphone products, the Company still viewed that it could grow continuously. Even during the COVID-19 epidemic situation, it was still a target for the Company to increase sales. In terms of franchises and online markets, the Company still had plans to expand the franchise business and more online market penetration.

#### ■ Quarter 2

In the second quarter of 2021, product sales grew in all segments, especially in the iPhone, iPad, Smartphone section, resulting in the accessories section also selling well. As a result, the Company continued to focus on the strategy of selling accessories and the main product. However, the Company tried to maintain continuous sales growth compared to the previous year, Q2/2020, with the Lockdown period. As a result, there was a temporary closure of shops selling goods, service centers, and the group's services in some department stores, shopping centers, and community malls. Although last year sales declined due to the closure of branches following the government measures, sales increased back in the month of opening because IT products were essential in daily life.

Sales from online channels were still the Company's focus and grew according to the e-Commerce market. In the strategy, the Company focused on product selection and organized activities together with Market Place, whether it was new products or promotions according to events. Besides, in the part of the Company website [www.bnn.in.th](http://www.bnn.in.th), it improved efficiency and had more customers all the time. As a result, customers remembered and came back to buy products continuously at the branch. Therefore,

it could be seen that the Company developed a system to connect the retail and online sectors via Omni Channel, according to the Company's policy planning well.

- **Quarter 3**

At the beginning of the third quarter, the COVID-19 epidemic situation 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, such as closing time for convenience stores, department stores opening only supermarkets, restaurants, pharmacies, banks, and COVID-19 vaccination services as well as asking for cooperation with Work From Home 100%.

The Company saw the importance of adapting to the situation after announcement of the closure of the department store. Therefore, we temporarily expanded our branches in Pop Up Store and Stand Alone with 54 units, focusing on opening stores in provinces where the storefronts were closed in order to cover the area and maintaining as many sales as possible, which received a good response. Furthermore, after the announcement of the cancellation of the lockdown, we also viewed an opportunity for temporary branches with good profit potential. Thus, the above-mentioned branches were reshaped to be permanent Stand Alone stores, totaling 17 branches.

In terms of stock management, the Company foresaw the shortage of products during the COVID crisis. Then, we adjusted the order to meet the demand. As a result, although more orders were added, we maintained good stock management, resulting in fewer obsolete products.

The increase in the number of branches this year and the lockdown measures in 29 provinces were therefore considered to affect the Company's sales less than last year, during the same period when the lockdown measures had more areas and branches closed. The Company could manage favorably in the situation of COVID-19 after having experienced the store's closing many times. There was an opening of Pop Up Store, organizing Booth, opening Stand Alone, and expanding more businesses.

- **Quarter 4**

In the fourth quarter of 2021, an overview of the Company's branch expansion and strategy during the COVID-19 epidemic situation and Omni Channel sales, the Company distributed branches to cover all forms and areas, including Stand Alone, franchise, including effective storefront management strategies, corresponding to sales through online channels. Additionally, cooperation with various trading partners to help promote sales, such as credit approval for in-store purchases and various credit card promotions, resulted in the Company's continued and consistent growth in sales.

In terms of product management, the Company planned and arranged various matters very well. There were improvements in the warehouse and freight forwarding to support sales growth and continuous expansion of branches, including the shortage of goods from production and transportation. There was an efficient allocation, distribution, and stock-up of products. It could be seen from sales growth and sales management during reserving and new product launches.

In terms of product category, the Company continued to grow in sales in all segments, especially in the iPhone that sold well in current and previous models, including increased sales of iPad and other smartphone brands. As a result, the accessories section also sold well. The Company focused on the strategy to sell accessories and the main product or SIM activation, which would help result in the Company's better profits.

The Company also focused on expanding in other distribution channels, such as providing hire-purchase loans for IT products and being a wholesale distributor of mobile and IOT products to business partners. In 2022, the Company expected the various

channels mentioned above would increase sales. Besides, the Company still looked for suitable investments in other businesses to expand more distribution channels.

### Summary of Operating Results in 2021

The Company's operating results in 2021 of total revenue were 51,251.1 MB or an increase of 36.8% of 2020. Profit attributable to the parent company was 2,630.4 MB or a rise of 76.5% compared to the previous year. The Company's continued growth reflected adaptation to various situations, whether the branch expansion, opening new distribution channels, and expanding the business in different related formats as well as store management and product selection. As a result, the Company had confidence in its continued and stable growth.

### Performance Overview 2021

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

- Total Revenue equal to 51,251.1 MB., increased by 36.8%
- Gross Profit equal to 6,845.9 MB., increased by 45.3%
- Profit owners of the parent equal to 2,630.4 MB., increased by 76.5%

### Statement of Comprehensive Income (Consolidated)

	2021		2020		Compare
	MB.	%	MB.	%	YoY%
Revenue from sales and services	51,126.4	99.8%	37,306.1	99.6%	37.0%
Cost of sales and services	44,280.5	86.4%	32,595.9	87.0%	35.8%
<b>Gross profit</b>	<b>6,845.9</b>	<b>13.4%</b>	<b>4,710.2</b>	<b>12.6%</b>	<b>45.3%</b>
Other income	28.2	0.1%	46.8	0.1%	(39.7%)
Share of the profit of investments in joint	96.5	0.2%	101.0	0.3%	(4.5%)
<b>Total revenue</b>	<b>51,251.1</b>	<b>100.0%</b>	<b>37,453.9</b>	<b>100.0%</b>	<b>36.8%</b>
Selling expenses	2,913.5	5.7%	2,347.6	6.3%	24.1%
Administrative expenses	847.9	1.7%	638.5	1.7%	32.8%
Loss (Gain) from exchange - Net	(21.9)	0.0%	(4.3)	0.0%	409.3%
<b>Profit before finance costs and income tax expenses</b>	<b>3,231.1</b>	<b>6.3%</b>	<b>1,876.2</b>	<b>5.0%</b>	<b>72.2%</b>
Finance costs	47.9	0.1%	53.1	0.1%	(9.8%)
<b>Profit before income tax</b>	<b>3,183.2</b>	<b>6.2%</b>	<b>1,823.1</b>	<b>4.9%</b>	<b>74.6%</b>
Income tax expense	554.7	1.1%	328.2	0.9%	69.0%
<b>Net profit</b>	<b>2,628.5</b>	<b>5.1%</b>	<b>1,494.9</b>	<b>4.0%</b>	<b>75.8%</b>
<b>Profit owners of the parent</b>	<b>2,630.4</b>	<b>5.1%</b>	<b>1,490.7</b>	<b>4.0%</b>	<b>76.5%</b>

### Revenue from sales and services

At the end of 2021, there were a total of 1,000 branches under the management of the Company's Group, which divided into BaNANA 372 branches, Studio7 114 branches, KingKong Phone 83 branches, True shop by COM7 125 branches, Franchise 128 branches, BKK 37 branches, iCare 30 branches, and others 111 branches. There was an increase of 89 branches from last year (2020: 911 branches). The Company has divided the distribution channel into 2 types as follows.

### Revenue structure categorized by business group

Business Group	2021		2020		Compare
	MB.	%	MB.	%	YoY%
Retail Business	47,078	92%	34,877	93%	35%
Other distribution channels	4,048	8%	2,429	7%	67%
<b>Sales and Services Revenue</b>	<b>51,126</b>	<b>100%</b>	<b>37,306</b>	<b>100%</b>	<b>37%</b>

#### 1. Retail Business

Overview from branch expansion and the Company strategy during the COVID-19 outbreak and Omni Channel sales, the Company distributed branches to cover all forms and areas, whether it was stand-alone, franchise stores, and strategies with effective storefront management. It was in line with sales through online channels, including collaborating with various trading partners to help promote sales, such as credit approval for in-store purchases and various credit card promotions. As a result, the Company had continued and consistent growth in sales.

In terms of product management, the Company improved management in transportation and warehousing by adjusting the allocation, distribution, and stocking up products. Although there was continuous growth from sales and branch expansion and the shortage of goods from production and transportation, the Company planned and handled things well. It could be seen from the sales growth and efficient sales management during reserving and launching of new products.

In terms of products, there was a growth in sales in all groups, especially the iPhone, which was the best seller in both the current and previous models, the increase in sales of products, both iPad and other smartphone brands. As a result, the accessories section was also selling well. The Company continued to focus on the strategy to sell accessories and the main product or SIM activation, which would help result in better profits for the Company.

#### 2. Other distribution channels

The Company focused on expanding in other distribution channels, such as providing hire-purchase loans for IT products and being a wholesale distributor of mobile and IOT products to business partners. In 2022, the Company expected the various channels mentioned above would increase sales. Besides, the Company still looked for suitable investments in other businesses to expand more distribution channels.

### Gross profit

Gross profit for 2021 was 6,845.9 MB, increasing from 2020 by 2,135.7 MB or 45.3%. The gross profit margin for 2021 was 13.4% compared to 2020 was 12.6%. The increase was due to arranging promotion during the lockdown period. At present, the Company has planned and adjusted the policy until it can maintain normal gross profit. In addition, the products are prepared with a strategy to adapt according to different situations.

### Selling and Administrative expenses

Selling expenses for 2021 were 2,913.5 MB, increasing from 2020 by 565.9 MB or 24.1%. It grew in line with higher sales. However, the proportion compared to total revenue decreased by 5.7% compared to 2020 at 6.3%. It was due to the Company's ability to maintain sales growth with efficiency compared to controlling expenses of the existing stores and in-branch expansion.

Administrative expenses for 2021 were 847.9 MB, increasing from 2020 by 209.4 MB or 32.8%. Due to this year, the Company restructured to accommodate the upcoming tasks such as inventory management and logistics management in online businesses, sales of goods in the form of B2B, hire purchase business, and personnel development. In addition, there was the development of various systems to support the Company's plans for continuous growth.

### Finance Costs

Financial costs for 2021 were 47.9 MB, a decrease of 5.2 MB or 9.8% from 2020 due to the Company's cash management and lower interest rates.

### Net Profit (owners of the parent)

Net profit for 2021 was 2,630.4 MB, or 5.1% of the total revenue, an increase from 2020 by 1,139.7 MB, or 76.5% from all of the above mentioned.

### Statement of financial position (Consolidated)

	2021		2020	
	MB.	%	MB.	%
Cash and cash equivalents	1,656.9	10.4%	872.2	9.5%
Financial asset measured at fair value (profit or loss)	193.7	1.2%	249.2	2.7%
Trade and other receivables	2,707.3	17.0%	864.3	9.4%
Trade receivables under financial contracts	462.5	2.9%	37.6	0.4%
Inventories	6,207.9	38.9%	3,664.4	39.8%
Other current assets	657.9	4.1%	173.0	1.9%
<b>Total current assets</b>	<b>11,886.2</b>	<b>74.4%</b>	<b>5,860.7</b>	<b>63.7%</b>
Trade and other receivables	237.2	1.5%	-	-
Trade receivables under financial contracts	97.4	0.6%	48.1	0.5%
Investments and Financial Assets	773.7	4.8%	675.0	7.3%
Property, plant and equipment	614.9	3.9%	505.7	5.5%
right-of-use assets	1,186.4	7.4%	1,265.2	13.7%
Other non-current assets	1,170.0	7.3%	852.0	9.3%
<b>Total non-current assets</b>	<b>4,079.6</b>	<b>25.6%</b>	<b>3,346.0</b>	<b>36.3%</b>
<b>Total assets</b>	<b>15,965.8</b>	<b>100.0%</b>	<b>9,206.7</b>	<b>100.0%</b>
Short-term loans from financial institutions	3,801.0	23.8%	1,282.5	13.9%
Trade and other payables	5,105.8	32.0%	2,464.4	26.8%
Lease Liability	524.6	3.3%	498.1	5.4%
Other current liabilities	319.6	2.0%	184.9	2.0%
<b>Total current liabilities</b>	<b>9,751.0</b>	<b>61.1%</b>	<b>4,429.9</b>	<b>48.1%</b>
<b>Total non-current liabilities</b>	<b>914.0</b>	<b>5.7%</b>	<b>906.0</b>	<b>9.9%</b>
<b>Total liabilities</b>	<b>10,665.0</b>	<b>66.8%</b>	<b>5,335.9</b>	<b>58.0%</b>
<b>Total shareholders' equity</b>	<b>5,300.8</b>	<b>33.2%</b>	<b>3,870.8</b>	<b>42.0%</b>
<b>Total liabilities and equity</b>	<b>15,965.8</b>	<b>100.0%</b>	<b>9,206.7</b>	<b>100.0%</b>

### Total Assets

As of December 31, 2021, the Company had total assets of 15,965.8 MB, an increase of 6,759.1 MB or 73.4% compared to the end of 2020. It was mainly due to the rise in inventories.

Other essential aspects were as follows:

#### Cash and Cash Equivalents

As of December 31, 2021, the Company had cash & cash equivalents of 1,656.9 MB, an increase of 784.7 MB or 90.0% compared to the end of 2020. It was in line with the Company's appropriate cash allocation and supported the Company's growing business.

#### Inventories

As of December 31, 2021, the Company had inventories of 6,207.9 MB, an increase of 2,543.5 MB or 69.4% compared to the end of 2020 due to the Company supplied goods sufficient for sales and expansion of more branches.

#### Trade and Other Receivables

As of December 31, 2021, the Company had trade and other receivables of 2,707.3 MB, or 213.2% compared to the end of 2020. It was due to the Company expanding its business in credits with the partners and earning more sales promotion fees.

### Total Liabilities

As of December 31, 2021, the Company had total liabilities of 10,665.0 MB, an increase of 5,329.1 MB or 99.9% compared to the end of 2020. It was mainly due to short-term loans and trade payables. Other essential aspects were as follows:

#### Short-Term Loans from Financial Institutions

As of December 31, 2021, the Company had short-term loans from financial institutions of 3,801.0 MB, an increase of 2,518.5 MB or 196.4% compared to the end of 2020. It was due to the purchase of goods to be sufficient for operations.

#### Trade and Other Payables

As of December 31, 2021, the Company had trade and other payables of 5,105.8 MB, an increase of 2,641.4 MB or 107.2% compared to the end of 2020. It was due to the purchase of goods to be sufficient for operations.

### Liquidity Ratio

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

Liquidity Ratio	Unit	2021	2020
Day Sales Outstanding (DSO)	DAY	13	9
Days Sales of Inventory (DSI)	DAY	41	48
Days Payable Outstanding (DPO)	DAY	31	33
Cash Cycle	DAY	22	24

*DSO* : In 2021, the Company's average debt collection period was increased from new business.

*DSI* : In 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 2021, the Company's average repayment period was reduced due to the increase in sales. The credit term with partners remained the same.

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