



Ref. CPW-22-007

(Translation)

10 August 2022

Subject Management's Discussion and Analysis

Operating results for the three-month period and six-month period ended June 30, 2022

To The President

The Stock Exchange of Thailand

The operating results of Copperwired Public Company Limited and its subsidiary ("the Company") according to the consolidated financial statements for the three-month and six-month period ended June 30, 2022 can be summarized below.

OPERATING RESULTS

	For the three-month period ended 30 June (Million Baht)		Increase (Decrease)	For the six-month period ended 30 June (Million Baht)		Increase (Decrease)
	2022	2021		2022	2021	
Total revenue	1,671.66	944.83	76.93%	3,466.65	1,983.37	74.79%
Costs of sales of goods and services	1,437.13	821.32	74.98%	2,995.57	1,710.70	75.11%
Selling Expenses	155.01	83.82	84.93%	310.63	169.86	82.87%
Administrative expenses	46.94	28.90	62.43%	89.53	58.36	53.41%
Profit from operating activities	32.58	10.79	201.97%	70.92	44.45	59.53%
Finance costs	14.22	2.36	503.48%	28.62	4.70	509.26%
Profit before income tax expense	18.36	8.43	117.75%	42.30	39.75	6.39%
Tax expense	5.16	1.48	247.04%	11.36	7.81	45.27%
Profit for the period	13.20	6.95	90.05%	30.94	31.94	(3.12%)

During the 2nd quarter of 2022, the Company's revenue was 1,671.66 million baht, which increased by 726.83 million baht or 76.93% from the same period of 2021, profit from operation activities was 32.58 million baht, which increased by 21.79 million baht or 201.97% from the same period of 2021, and net profit was 13.20 million baht, which increased by 6.25 million baht or 90.05% from the same period of 2021.

For the 6-month period ending 30 June 2022, the Company's revenue was 3,466.65 million baht, which increased by 1,483.28 million baht or 74.79% from the same period of 2021, profit from operation activities was 70.92 million baht, which increased by 26.47 million baht or 59.53% from the same period of 2021, and net profit was 30.94 million baht, which decreased by 3.12% from the same period of 2021. For the 6-month period ending 30 June 2022 expenses relating to the acquisition of business and assets of IBIZ Plus Network Co., Ltd. amounted to 23.96 million baht (2021: nil) consisting of interest expenses on long-term loan of 3.54 million baht, interest expense on business acquisition payable of 15.21 million baht, and amortization of intangible assets of 5.21 million baht.

Revenue

As of 30 June 2022, the Company had 106 stores (30 June 2021: 45 stores) as follows:

- 25 .life (Dotlife) stores
- 22 Apple Brand stores (15 iStudio by copperwired, 6 U-store by copperwired, 1 Ai_ store)
- 4 iServe service centers
- 27 AIS Brand stores
- 19 Samsung Brand stores
- 9 Xiaomi Brand stores

Breakdown of the Company's revenue is as follow:

Revenue	For the three-month ended 30 June				For the six-month ended 30 June			
	2022		2021		2022		2021	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Sales	1,623.84	97.14	931.03	98.54	3,385.15	97.65	1,950.36	98.33
Services	33.34	1.99	13.79	1.46	48.67	1.40	25.93	1.31
Total revenue from sales and services	1,657.18	99.13	944.82	100.00	3,433.82	99.05	1,976.29	99.64
Other income	14.48	0.87	0.01	0.00	32.83	0.95	7.08	0.36
Total revenue	1,671.66	100.00	944.83	100.00	3,466.65	100.00	1,983.37	100.00

Revenue from sales and services

Revenue from sales and services for the 2nd quarter of 2022 was 1,657.18 million baht, which increased by 712.36 million baht or 75.40% from the same period of previous year as a result of the increase in revenue from smartphone, computer, tablet, digital lifestyle products and the increase in revenue from wholesale and retail channels acquired from IBIZ Plus Network Co., Ltd.

Revenue from sales and services for the 6-month period ending 30 June 2022 was 3,433.82 million baht, which increased by 1,457.53 million baht or 73.75% from the same period of previous year as a result of the increase in revenue from smartphone, computer, tablet, digital lifestyle products, and services revenue from wholesale and retail channels acquired from IBIZ Plus Network Co., Ltd.

Other income

The increase in other income was mainly due to the revenue from marketing support received from Apple for new shop opening.

Gross profit

	For the three-month period ended 30 June (Million Baht)		Increase (Decrease)	For the six-month period ended 30 June (Million Baht)		Increase (Decrease)
	2022	2021		2022	2021	
revenue from sales and services	1,657.18	944.82	75.40%	3,433.82	1,976.29	73.75%
Costs of sales of goods and services	1,437.13	821.32	74.98%	2,995.57	1,710.70	75.11%
Gross profit	220.05	123.50	78.18%	438.25	265.59	65.01%
Gross profit margin	13.28%	13.07%	0.21%	12.76%	13.44%	(0.68%)

Gross profit for the 2nd quarter and the 1st six-month period of 2022 increased by 78.18% and 65.01%, respectively, from the same period last year as a result of the increase in revenue for sales and services.

Gross profit for the 2nd quarter of 2022 was 220.05 million baht, being 13.28% of revenue (2021: 123.50 million baht or 13.07% of revenue). The increase in gross profit ratio was mainly due to service income from AIS business unit relating to retail stores acquired from IBIZ Plus Network Co., Ltd.

Gross profit for the 6-month period ending 30 June 2022 was 438.25 million baht, being 12.76% of revenue (2021: 265.59 million baht or 13.44% of revenue). The 2022 gross profit margin decreased from 2021 as a result of the increase, in proportion to total revenue, of revenue from smartphone of which gross profit margin being lower than other products groups.

Expenses

Selling Expenses

Selling expenses for the 2nd quarter of 2022 and 2021 were million 155.01 baht and 83.82 million baht, respectively. The expenses increased to 9.27% of total revenue in 2022 from 8.87% in 2021. The increase in selling expenses were mainly due to the rental and staff expenses relating to retail stores acquired from IBIZ Plus Network Co., Ltd.

For the 6-month periods ending 30 June 2022 and 2021 selling expenses were 310.63 million baht and 169.86 million baht, respectively. The expenses increased to 8.96% of total revenue in 2022 from 8.56% in 2021. The increase in selling expenses were mainly due to the rental and staff expenses relating to retail stores acquired from IBIZ Plus Network Co., Ltd.

Administrative expenses

Administrative expenses for the 2nd quarter of 2022 and 2021 were 46.94 million baht and 28.90 million baht, representing 2.81% and 3.06% of total revenue, respectively.

For the 6-month periods ending 30 June 2022 and 2021 administrative expenses were 89.53 million baht and 58.36 million baht, representing 2.58% and 2.94% of total revenue, respectively.

The increase in administrative expenses were mainly due to the increase in staff expenses, and amortization of intangible assets incurred in relation to the acquisition of business and assets of IBIZ Plus Network Co., Ltd.

Profit from operating activities

Profit from operating activities for the 2nd quarter of 2022 increased to 21.79 million baht or 201.97% from the same period of 2021. Profit from operating activities for the 1st six-month periods of 2022 increased to 26.47 million baht or 59.53% from the same period of 2021.

Finance costs

Finance costs for the 2nd quarter of 2022 and 2021 were 14.22 million baht and 2.36 million baht, representing 0.85% and 0.25% of total revenue, respectively.

For the 6-month periods ending 30 June 2022 and 2021 finance costs were 28.62 million baht and 4.70 million baht, representing 0.83% and 0.24% of total revenue, respectively.

The increase was mainly due to the interest expenses on business acquisition payable and on long-term loan from financial institution. Interest expenses on business acquisition payable for the 2nd quarter of 2022 and the 6-month ending 30 June 2022 were 7.60 million baht and 15.21 million baht, respectively (nil for the same periods of 2021).

Net profit

Net profit for the 2nd quarter of 2022 was 13.20 million baht. The net profits increased by 6.95 million baht or 90.05% from 2021. Net profit margin increased from 0.74% in 2021 to 0.80% of revenue in 2022.

Net profit for the 6-month period ending 30 June 2022 was 30.94 million baht. The net profits decreased by 1 million baht or 3.12% from 2021. Net profit margin decreased from 1.61% in 2021 to 0.89% of revenue in 2022.

FINANCIAL POSITION

Assets

As of 30 June 2022, total assets were 2,024.47 million baht, decrease of 182.38 million baht compared to the end of 2021. The increase was mainly due to the decrease in cash and cash equivalents caused by payment of long-term loan from financial institution and dividend payment.

Liabilities

As of 30 June 2022, total liabilities were 1,308.01 million baht, a decrease of 165.32 million baht compared to the end of 2021. The decrease was mainly due to the decrease in trade account payable of 101.82 million baht and the payment of long-term loan from financial institution.

Shareholders' equity

As of 30 June 2022, shareholders' equity was 716.46 million baht, an decrease of 17.06 million baht from 2021. The decrease was due to dividend payment of 48 million baht offset with net profits for the six-month period of 2022.

Please be informed accordingly.

Yours sincerely,

(Ms. Rattanakorn Rojvatcharapibal)

Chief Financial Officer

Authorized to sign on behalf of the company