

Performance Overview Q3/2022

The operating results of COM7 Public Company Limited (**the Company**) and its subsidiaries, according to the consolidated financial statement of Q3/2022 compared to the same period of the year 2021, details were as follows:

- Total Revenue equal to 15,054.4 MB., increased by 49.1%
- Gross Profit equal to 2,075.5 MB., increased by 37.8%
- Profit owners of the parent equal to 724.7 MB., increased by 27.0%

Statement of Comprehensive Income (Consolidated)

	Q3/2022		Q3/2021		YoY
	MB.	%	MB.	%	YoY%
Revenue from sales and services	14,888.4	98.9%	10,069.3	99.7%	47.9%
Cost of sales and services	12,812.9	85.1%	8,563.3	84.8%	49.6%
Gross profit	2,075.5	13.8%	1,506.0	14.9%	37.8%
Other income	162.9	1.1%	6.5	0.1%	2,406.2%
Share of profit of an associate	3.1	0.0%	22.7	0.2%	(86.3%)
Total revenues	15,054.4	100.0%	10,098.5	100.0%	49.1%
Selling expenses	944.1	6.2%	666.9	6.6%	41.6%
Administrative expenses	345.0	2.3%	185.0	1.8%	86.5%
Gain from exchange - Net	(3.9)	0.0%	(10.3)	(0.1%)	(62.1%)
Profit before finance costs and income tax expense	956.3	6.4%	693.6	6.9%	37.9%
Finance costs	25.0	0.2%	13.7	0.1%	82.5%
Profit before income tax expense	931.3	6.2%	679.9	6.8%	37.0%
Income tax expenses	198.5	1.3%	107.2	1.1%	85.2%
Profit for the period	732.8	4.9%	572.7	5.7%	28.0%
Profit owners of the parent	724.7	4.8%	570.5	5.6%	27.0%

As of the end of Q3/2022, under the management of the Group, there were a total of 1,113 branches, comprising BaNANA, Studio7, KingKong Phone, iCare, BKK, E-quip, Bb, B-Play, Franchise, True Shop by Com7, and Brand shop. It has been expanded from Q2/2022 to a total of 23 branches (as of the end of Q2/2022: 1,090 branches), details as follows:

Revenue structure categorized by business group

Business Group	Q3/2022		Q3/2021		YoY
	MB.	%	MB.	%	YoY%
Retail business	13,054.7	87.7%	8,911.4	88.5%	46.5%
Other distribution channels	1,833.7	12.3%	1,157.9	11.5%	58.4%
Revenue from sales and services	14,888.4	100.0%	10,069.3	100.0%	47.9%

Revenue from sales and services totaled 14,888.4 million baht, an increase of 4,819.1 million baht (+47.9%), consisting of:

- Revenue from retail business** amounted to 13,054.7 million baht, an increase of 4,143.3 baht (+46.5%) compared to the same period last year. The increase was partly due to Thailand becoming Tier-1 of iPhone sales since mid-September or the 3rd quarter of this year. Originally, it would start selling in October or the 4th quarter of the year. As a result, the Company distributed iPhones faster. In addition, the overall revenue growth of the same store (Same Store Sales Growth) of the Company increased from the previous year due to the low-income base during the same period last year from the impact of temporary branch closures due to government lockdown measures. Moreover, the recovery of economic activities from the COVID-19 epidemic situation began to return to normal. Therefore, it could return to open branches to provide full service in all units, as well as be able to expand more new branches in line with growing consumer demand. All the above factors significantly increased the volume of products sold, such as iPhone, Smartphone, Mac, and Apple Watch.
- Revenue from other distribution channels** amounted to 1,833.7 million baht, an increase of 675.8 million baht (+58.4%) compared to the same period last year. It was mainly from expanding e-commerce and online markets, including launching an e-commerce platform, Studio7Thailand, to connect online business to offline. In addition, it was the use of sales strengths to help enhance online sales to be more effective, including combining the retail and online segments in the form of Omni Channel to reach the target customers and respond to the changing behavior of consumers in the digital age.

Gross profit amounted to 2,075.5 million baht, an increase of 569.5 million baht (+37.8%) following an increase in sales and service revenue growth. Its gross margin to total revenues was 13.8%, close to the historical average for the past. However, considering the gross profit margin to total revenues compared to the same period of the previous year, which was 14.9%, it decreased. It was due to the COVID-19 epidemic last year, including the problem of shortage of products. As a result, the gross profit margin to total revenue was higher than usual. The gross profit margin to total revenue in this quarter was likely to return to normal and in a ratio that could maintain in the future.

Other income amounted to 162.9 million baht, an increase of 156.4 million baht (+2,406.2%). In addition, in this quarter, there was a special gain from the fair value measurement of SABUY-W2 warrants of 145.6 million baht.

Share of profit of an associate amounted to 3.1 million baht, a decrease of 19.6 million baht (-86.3%) due to the decline in Next Capital Public Company Limited's performance compared to the same period of the previous year.

Selling and administrative expenses totaled 1,289.1 million baht, an increase of 437.2 million baht or (+51.3%) consisting of:

- **Selling expenses** amounted to 944.1 million baht, an increase of 277.2 million baht (+41.6%). Due to the same period last year, branches were temporarily closed due to government lockdown measures. Therefore, the Company was exempt from renting the branch space, including receiving support for employee benefits and salary expenses to mitigate the impact of the COVID-19 epidemic. As a result, during the same period of the previous year, rent and salary expenses were lower than usual. However, if compared to the last quarter, it was considered that there was a regular expense. In addition, there were also higher credit card commission and installment fees in line with higher sales and service revenue during the launch of the iPhone 14.
- **Administrative expenses** amounted to 345.0 million baht, an increase of 160.0 million baht (+86.5%) due to extraordinary costs incurred from recording the impairment of assets of the BKK brand of 93.2 million baht. The Company had a strategy to use a new brand instead, therefore, canceling the use of that brand. In addition, there was a provision of sequestrated cash of Phutthatham Insurance Public Company Limited in the amount of 54.0 million baht. It was a transaction that the Company had already recognized before investing in such business and requested a refund. Therefore, it could be seen that regular administrative expenses increased from the same period last year by 12.8 million baht. Considering administrative expenses that did not include such costs, it was found that the ratio of administrative expenses to total revenue was 1.3%, which was usual for the business.

Profit before finance costs and income tax expense amounted to 956.3 million baht, an increase of 262.7 million baht (+37.9%), or 6.4% of total revenue, which was close to the same period last year. Although the Company had extra expenses from the administration, other incomes from special items increased similarly. It allowed the Company to maintain a proportion of profit before finance costs and income tax expenses to total revenue.

Finance costs amounted to 25.0 million baht, an increase of 11.3 million baht (+82.5%) compared to the same period last year. It was from short-term borrowings from the bank to order iPhone 14 during the launch enough to meet the market demand.

Profit owners of the parent amounted to 724.7 million baht, an increase of 154.2 million baht (+27.0%) compared to the same period last year, or 4.8% of total revenue. It was mainly from all of the mentioned above.

Statement of Financial Position (Consolidated)

	Q3/2022		2021	
	MB.	%	MB.	%
<i>Cash and cash equivalents</i>	1,233.6	6.3%	1,656.9	10.4%
<i>Financial asset at fair value</i>	119.9	0.6%	193.7	1.2%
<i>Trade and other receivables, net</i>	3,211.2	16.4%	2,707.3	17.0%
<i>Current portion of finance lease receivables, net</i>	552.9	2.8%	462.5	2.9%
<i>Short-term loans to related parties</i>	6.3	0.0%	306.3	1.9%
<i>Inventories, net</i>	8,234.4	42.0%	6,207.9	38.9%
<i>Other current assets</i>	386.9	2.0%	351.6	2.2%
Total current assets	13,745.2	70.1%	11,886.2	74.5%
<i>Trade and other receivables, net</i>	148.7	0.8%	237.2	1.5%
<i>Finance lease receivables, net</i>	86.4	0.4%	97.4	0.6%
<i>Investment in associates</i>	1,497.1	7.6%	773.7	4.8%
<i>Financial asset at fair value</i>	812.3	4.2%	180.0	1.1%
<i>Land, buildings and equipment, net</i>	786.4	4.0%	614.9	3.9%
<i>Goodwill</i>	382.8	2.0%	123.7	0.8%
<i>Right-of-use assets, net</i>	909.7	4.6%	1,186.3	7.4%
<i>Other non-current assets</i>	1,234.9	6.3%	866.3	5.4%
Total non-current assets	5,858.3	29.9%	4,079.5	25.5%
Total assets	19,603.5	100.0%	15,965.7	100.0%
<i>Bank overdrafts and short-term loans from financial institutions</i>	7,260.6	37.0%	3,801.0	23.8%
<i>Trade and other payables</i>	4,093.2	20.9%	5,105.8	32.0%
<i>Current portion of lease liabilities</i>	428.9	2.2%	524.6	3.3%
<i>Other current liabilities</i>	661.8	3.4%	319.6	2.0%
Total current liabilities	12,444.5	63.5%	9,751.0	61.1%
Total non-current liabilities	737.9	3.7%	914.0	5.7%
Total liabilities	13,182.4	67.2%	10,665.0	66.8%
Total equity	6,421.1	32.8%	5,300.7	33.2%
Total liabilities and equity	19,603.5	100.0%	15,965.7	100.0%

Total assets as of September 30, 2022, totaled 19,603.5 million baht, an increase of 3,637.8 million baht (+22.8%) compared to the end of 2021. It was mainly due to the following reasons:

- **Cash and cash equivalents** amounted to 1,233.6 million baht, which decreased by 423.3 million baht (-25.5%). It was mainly from product reserves and used in operating activities.
- **Trade and other receivables, net** amounted to 3,359.9 million baht, an increase of 415.4 million baht (+14.1%). It was mainly from receivables from hire purchase loans.
- **Inventories, net** amounted to 8,234.4 million baht, an increase of 2,026.5 million baht (+32.6%). It was mainly from the reserve of products for sale to meet consumer demand.
- **Investment in associates** amounted to 1,497.1 million baht. It was mainly from investments in Next Capital Public Company Limited and Doctor Pharma Health Technology Company Limited.
- **Financial asset at fair value** amounted to 812.3 million baht, an increase of 632.3 million baht (+351.3%) from investments in Next Capital Public Company Limited and the warrants of SABUY Technology Public Company Limited.
- **Land, buildings and equipment, net** amounted to 786.4 million baht, an increase of 171.5 million baht (+27.9%) from the construction of new branches.

- **Goodwill** amounted to 382.8 million baht, an increase of 259.1 million baht (+209.5%) from the acquisition of Phutthatham Insurance Public Company Limited.

Total liabilities as of September 30, 2022, amounted to 13,182.4 million baht, an increase of 2,517.4 million baht (+23.6%) compared to the end of 2021. It was mainly due to the following reasons:

- **Bank overdrafts and short-term loans from financial institutions** amounted to 7,260.6 million baht, an increase of 3,459.6 million baht (+91.0%). It was mainly from borrowing more to reserve products and build new branches to support the growth of sales and service revenue.
- **Trade and other payables** amounted to 4,093.2 million baht, a decrease of 1,012.6 million baht (-19.8%). It was mainly from the payment of trade accounts payable.

Total equity as of September 30, 2022, amounted to 6,421.1 million baht, an increase of 1,120.4 million baht (+21.1%). It was increased from net profit for the three months and the sale of Double Seven Company Limited shares, a subsidiary, to SABUY Technology Public Company Limited, accounting for 40% of the registered capital.

Liquidity Ratio

The Company's liquidity mainly came from the ability to turnover inventories, accounts receivable billing, and repayment to the trade payables. For Q3/2022 and 2021, details were as follows:

Liquidity Ratio	Unit	Q3/2022	2021
Day Sales Outstanding (DSO)	DAY	20	13
Days Sales of Inventory (DSI)	DAY	52	41
Days Payable Outstanding (DPO)	DAY	33	31
Cash Cycle	DAY	39	23

The Company had a cash cycle of 39 days. Due to in the third quarter, the Company had to reserve products for distribution to meet the increasing consumer demand during the last quarter of the year, which was the high season of the business. As a result, the day sales of inventory were increased to 52 days. The day sales of inventory and the cash cycle would be reduced to normal in the upcoming sales season at the end of this year.

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