

### Performance Overview Q2/2023

The operating results of COM7 Public Company Limited (**the Company**) and its subsidiaries, according to the consolidated financial statement of Q2/2023 compared to the same period of the year 2022, details were as follows:

- Total Revenue equal to 16,042.9 MB., increased by 11.1%
- Gross Profit equal to 2,325.1 MB., increased by 22.1%
- Profit owners of the parent equal to 704.1 MB., increased by 13.6%

### Statement of Comprehensive Income (Consolidated)

List (Unit : Million Baht)	Q2/2023		Q2/2022		YoY	
	Amount	%	Amount	%	Amount	%
Revenue from sales and services	15,989.8	99.7%	14,420.2	99.9%	1,569.6	10.9%
Cost of sales and services	13,664.7	85.2%	12,516.5	86.7%	1,148.2	9.2%
<b>Gross profit</b>	<b>2,325.1</b>	<b>14.5%</b>	<b>1,903.7</b>	<b>13.2%</b>	<b>421.4</b>	<b>22.1%</b>
Other income	45.7	0.3%	21.0	0.1%	24.7	117.6%
Share of profit of an associate	7.4	0.0%	2.2	0.0%	5.2	236.4%
<b>Total revenue</b>	<b>16,042.9</b>	<b>100.0%</b>	<b>14,443.4</b>	<b>100.0%</b>	<b>1,599.5</b>	<b>11.1%</b>
Selling expenses	1,129.7	7.0%	917.6	6.4%	212.1	23.1%
Administrative expenses	248.6	1.5%	210.0	1.4%	38.6	18.4%
Loss from impairment of financial assets	44.0	0.3%	13.2	0.1%	30.8	233.3%
Other losses	31.2	0.2%	9.7	0.0%	21.5	221.6%
<b>Profit before finance costs and income tax</b>	<b>924.7</b>	<b>5.8%</b>	<b>776.4</b>	<b>5.4%</b>	<b>148.3</b>	<b>19.1%</b>
Finance costs	53.4	0.4%	24.1	0.2%	29.3	121.6%
<b>Profit before income tax</b>	<b>871.3</b>	<b>5.4%</b>	<b>752.3</b>	<b>5.2%</b>	<b>119.0</b>	<b>15.8%</b>
Income tax	148.9	0.9%	132.3	0.9%	16.6	12.5%
<b>Profit for the period</b>	<b>722.4</b>	<b>4.5%</b>	<b>620.0</b>	<b>4.3%</b>	<b>102.4</b>	<b>16.5%</b>
<b>Profit owners of the parent</b>	<b>704.1</b>	<b>4.4%</b>	<b>620.0</b>	<b>4.3%</b>	<b>84.1</b>	<b>13.6%</b>

**Branch Expansion in Q2/2023** : The Company had 1,287 branches, expanding 127 branches compared to the end of 2022 ( end of the year 2022 : 1,160 branches ) consisting of BaNANA, Bb, B-Play, BKK, BeBePhone, E-quip, Franchise, iCare, KingKong Phone, Studio7, True Shop by Com7, U-Store, Petpaw, and Brand shop.

**Revenue from sales and services** was 15,989.8 million baht, an increase of 1,569.6 million baht (+10.9%) compared to the same period last year according to the trend of the Thai economy that continued to expand due to the tourism sector with increasing numbers of both Thai and foreign tourists and private consumption that continued to recover. However, it was still negatively affected by core inflation that remained relatively high, including the trend of rising interest rates. Besides, there were significant events that affected the revenue from sales and services to grow lower than it should be, as follows:

1. The closure of 40 stores for renovation, most of which were large Studio7 stores and in prime locations, according to Apple worldwide policy to adjust the store format to support growth and prepare for the launch of new products by using an average of 60 days to close stores for improvement, and would gradually return to open as usual in all stores within the third quarter of 2023 to support revenue during the high season.
2. Two shopping centers were closed for renovation, the Mall Bangkokapi and the Mall Bangkokae. They scheduled to return to regular operation in late 2023.

These two reasons resulted in the Company's lack of income during the second quarter about 1,100 million baht (although some branches closed for renovation had opened a temporary shop instead but could still not compensate for all the lost income). Besides, there was an additional expense for renting a temporary shop from the original, about 6 million baht. While the shop was closed for all renovations, it still had to pay rent and employee wages, as before, in the amount of 60 million baht. This impact was considered a temporary event and would return to normal after all renovated stores gradually opened for business as planned by the end of the third quarter onwards.

Sales and service income growth came from Same Store Sales Growth. It also came from the continuous opening of new branches inside and outside department stores, including the development of online distribution channels to be the number 1 e-commerce platform for IT products in Thailand. In addition, focusing on sales and marketing strategies in high-margin accessories group products, especially House Brand products, was important. As for the product group that was the primary income, it continued to grow well, namely smartphones, tablets, and accessories. Except for the IT product, which accounted for 9.5% of revenue from sales and services, which decreased from the same period last year.

List (Unit : Million Baht)	Q2/2023		Q2/2022		YoY	
	Amount	%	Amount	%	Amount	%
Retail Business	15,571.4	97.4%	14,017.5	97.2%	1,553.9	11.1%
Other	418.4	2.6%	402.7	2.8%	15.7	3.9%
<b>Revenue from sales and services</b>	<b>15,989.8</b>	<b>100.0%</b>	<b>14,420.2</b>	<b>100.0%</b>	<b>1,569.6</b>	<b>10.9%</b>

**Revenue from the retail business** was 15,571.4 million baht, an increase of 1,553.9 million baht (+11.1%) increased from the same period last year from the Same Store Sales Growth of 10.0% (not take the 40 temporarily closed stores for renovation into the calculation.) In addition, the Company continued investing in expanding branches to cover all areas inside and outside the department store (Standalone) in potential locations according to the expansion of the urban community. It helped to support the demand for spending to meet the behavior of consumers who had adjusted to a new way of life and could reach the needs of consumers as much as possible to increase the new consumer base and increase distribution channels. Moreover, there

was revenue from sales of products in the Smartphone group that grew well from the launch of new products, including VIVO X90 Pro, HONOR Magic 5 Pro, and HUAWEI P60.

**Revenue from others** was 418.4 million baht, an increase of 15.7 million baht (+3.9%) mainly from managing True by Com7 stores and providing repair services for Apple products under the iCare name.

**Gross profit** was 2,325.1 million baht, an increase of 421.4 million baht (+22.1%). The ratio of gross profit to total revenue was 14.5%, an increase from the same period last year from the proportion of revenue from smartphone sales that grew well, especially Android Smartphone.

**Share of profit of an associate** amounted to 7.4 million baht, an increase of 5.2 million baht (+236.4%) due to the grow in the periodic performance of Next Capital Public Company Limited compared to the same period of the year 2022.

**Selling expenses** amounted to 1,129.7 million baht, an increase of 212.1 million baht (+23.1%) according to the increasing number of branches. The main costs were rental and staff expenses, including higher utilities due to the increased electricity cost per unit. However, it increased by 80 million baht compared to the previous quarter, representing a ratio of selling and administrative expenses to total revenue of 6.9%. It rose from the prior quarter of 6.0%. This was mainly due to the closure of 40 branches for renovation and higher credit card fees because the supplier changed from subsidizing such expenses to the Company to be a discount on product costs instead. Although the sales expenses increased, the Company also had a better gross profit.

**Administrative expenses** amounted to 248.6 million baht, an increase of 38.6 million baht (+18.4%) or 1.5% of total revenue, close to last year's period.

**Loss from impairment of financial assets** amounted to 44.0 million baht, an increase of 30.8 million baht (+233.3%). It was due to the higher provision for doubtful accounts of the Ufund business in line with the growth of hire purchase receivables that did not require a down payment during the third quarter of 2022, which was an experimental loan without a down payment. The Company found that doing this had high NPL debt. However, the Company saw more clarity in the lending criteria, therefore, changing the way for customers to have a down payment. From the fourth quarter of 2022 to the present, new receivables among customers who placed a down payment, NPL debt continued to decline, which returned to normal conditions.

**Other losses** amounted to 31.2 million baht, an increase of 21.5 million baht (+221.6%) from sales and fair value measurement of NCAP-W1 derivatives of Next Capital Co., Ltd.

**Profit before finance costs and income tax** amounted to 924.7 million baht, an increase of 148.3 million baht (+19.1%) or 5.8% of total revenue.

**Finance costs** were 53.4 million baht, an increase of 29.3 million baht (+121.6%), mainly due to short-term loans from financial institutions for inventory in line with business growth, including an increase in the average loan interest rate of the Company according to the interest rate increase of the Bank of Thailand.

**Profit owners of the parent** amounted to 704.1 million baht, an increase of 84.1 million baht (+13.6%) from all items mentioned above.

## Statement of Financial Position

The Consolidated Statement of Financial Position as of 30 June 2023 compared to the One as of 31 December 2022

List (Unit : Million Baht)	Financial Information		Increase (Decrease)	
	Q2/2023	2022	MB.	%
Cash and cash equivalents	844.8	1,335.3	(490.5)	(36.7%)
Short-term investments in debt instruments	25.0	15.0	10.0	66.7%
Trade and other receivables	4,441.7	3,715.6	726.1	19.5%
Current portion of finance lease receivables	369.2	492.4	(123.2)	(25.0%)
Financial assets measured at fair value	120.6	285.3	(164.7)	(57.7%)
Derivatives - Warrants	5.3	56.1	(50.8)	(90.6%)
Short-term loans to related parties	6.3	6.3	0.0	0.0%
Inventories	8,214.3	7,333.0	881.3	12.0%
Other current assets	187.8	123.0	64.8	52.7%
<b>Total current assets</b>	<b>14,215.0</b>	<b>13,362.0</b>	<b>853.0</b>	<b>6.4%</b>
Restricted deposits with financial institutions	68.9	30.4	38.5	126.6%
Trade and other receivables	0.0	31.7	(31.7)	(100.0%)
Finance lease receivables	201.0	129.0	72.0	55.8%
Investments in debt instruments	27.6	0.0	27.6	N/A
Financial assets measured at fair value	456.3	826.6	(370.3)	(44.8%)
Investments in associates	1,573.2	1,517.1	56.1	3.7%
Property and equipment	1,130.2	873.5	256.7	29.4%
Right-of-use assets	1,045.9	949.2	96.7	10.2%
Intangible assets	164.6	147.9	16.7	11.3%
Goodwill	382.7	382.8	(0.1)	(0.0%)
Deferred tax assets	203.7	274.9	(71.2)	(25.9%)
Other non-current assets	678.3	637.4	40.9	6.4%
<b>Total non-current assets</b>	<b>5,932.4</b>	<b>5,800.5</b>	<b>131.9</b>	<b>2.3%</b>
<b>Total assets</b>	<b>20,147.4</b>	<b>19,162.5</b>	<b>984.9</b>	<b>5.1%</b>
Bank overdrafts and short-term loans from financial institutions	7,702.3	5,203.9	2,498.4	48.0%
Trade and other payables	3,863.6	4,909.5	(1,045.9)	(21.3%)
Current portion of lease liabilities	500.5	472.7	27.8	5.9%
Current Income tax payable	174.1	566.0	(391.9)	(69.2%)
Other current liabilities	42.9	17.3	25.6	148.0%
<b>Total current liabilities</b>	<b>12,283.4</b>	<b>11,169.4</b>	<b>1,114.0</b>	<b>10.0%</b>
<b>Total non-current liabilities</b>	<b>820.8</b>	<b>741.2</b>	<b>79.6</b>	<b>10.7%</b>
<b>Total Liabilities</b>	<b>13,104.2</b>	<b>11,910.6</b>	<b>1,193.6</b>	<b>10.0%</b>
Equity	7,043.2	7,251.9	(208.7)	(2.9%)
<b>Total Equity</b>	<b>7,043.2</b>	<b>7,251.9</b>	<b>(208.7)</b>	<b>(2.9%)</b>
<b>Total Liabilities and Equity</b>	<b>20,147.4</b>	<b>19,162.5</b>	<b>984.9</b>	<b>5.1%</b>

### **Total assets**

As of June 30, 2023, the Company and its subsidiaries had total assets of 20,147.4 million baht, an increase from December 31, 2022, of 984.9 million baht (+5.1%). It was mainly from inventories and trade, and other receivables.

### **Total Liabilities**

As of June 30, 2023, the Company and its subsidiaries had total liabilities of 13,104.2 million baht, an increase from December 31, 2022, of 1,193.6 million baht (+10.0%). It was mainly from bank overdrafts and short-term loans from financial institutions.

### **Owner's equity**

As of June 30, 2023, the Company and its subsidiaries had total equity of 7,043.2 million baht, a decrease from December 31, 2022, of 208.7 million baht (-2.9%) from the dividend payment.

## **Liquidity Ratio**

The Company's liquidity mainly came from the ability to turnover inventories, accounts receivable billing, and repayment to the trade payables.

<b>Liquidity Ratio</b>	<b>Q2/2023</b>	<b>2022</b>
Day Sales Outstanding	23.0	20.0
Days Sales of Inventory	50.0	46.0
Days Payable Outstanding	28.0	34.0
<b>Cash Cycle</b>	<b>45.0</b>	<b>32.0</b>

The Company had a cash cycle of 45 days, an increase from the previous year, which mainly from an increase in the days sales of Inventory. This resulted from store renovations to prepare for the launch of new products. They are currently in the process of gradually reopening and anticipate being fully operational by the conclusion of the third quarter. In addition, the Company measures also have been taken to control the amount of inventory to have a reduced cash cycle by 2023 and better liquidity.

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