

Executive Summary



2022 Financial Summary

Financial performance of Advice IT Infinite Public Company Limited and its subsidiaries, as per the consolidated financial statements for 2022, compared to 2021, is as follows:

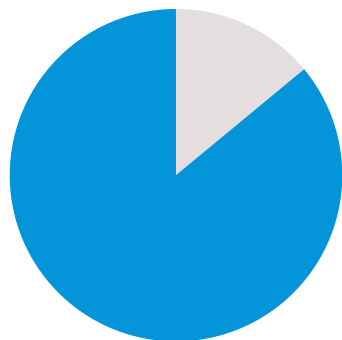
Total Revenue	amounted to	THB	14,395.04	million	increased by	0.59%
Gross Profit	amounted to	THB	1,229.18	million	decreased by	11.64%
Net Profit	amounted to	THB	205.67	million	decreased by	52.19%

1. Statement of Comprehensive Income (Consolidated) for the Ended December 31, 2022, Compared to 2021

Statement of Comprehensive Income (Consolidated) (Unit : Million Baht)	2021		2022		Increase (Decrease)	%YoY
	Amount	%	Amount	%		
Sales and services	14,305.82	99.97%	14,388.23	99.95%	82.41	0.58%
Cost of sales and services	12,914.68	90.25%	13,159.06	91.41%	244.37	1.89%
Gross Profit	1,391.14	9.72%	1,229.18	8.54%	(161.97)	(11.64%)
Other income	4.38	0.03%	6.80	0.05%	2.43	55.42%
Total revenues	14,310.20	100.00%	14,395.04	100.00%	84.83	0.59%
Distribution costs	515.65	3.60%	608.15	4.22%	92.50	17.94%
Administrative expenses	345.73	2.42%	355.98	2.47%	10.26	2.97%
Profit from operating activities	534.14	3.73%	271.85	1.89%	(262.30)	(49.11%)
Finance income	21.72	0.15%	5.90	0.04%	(15.82)	(72.84%)
Finance cost	17.31	0.12%	23.03	0.16%	5.72	33.02%
Profit before income tax expenses	538.56	3.76%	254.72	1.77%	(283.84)	(52.70%)
Tax expense	108.37	0.76%	49.05	0.34%	(59.32)	(54.74%)
Profit for the year	430.19	3.01%	205.67	1.43%	(224.52)	(52.19%)
Other comprehensive income for the year, net of tax	0.59	0.00%	1.12	0.01%	0.54	90.88%
Total comprehensive income for the year	429.60	3.00%	204.55	1.42%	(225.05)	(52.39%)

Revenue from sales and services

Bangkok and vicinity
14%



Branches upcountry
86%

At the end of 2022, the Company has a total of 112 branches, consisting of 16 branches in Bangkok and vicinity, and 96 branches upcountry. Sale revenue by distribution channels are as follows:

Revenue structure categorized by business groups (Unit : Million Baht)	2021		2022		Increase (Decrease)	%YoY
	Amount	%	Amount	%		
Retail Business	8,551.85	59.78%	9,115.54	63.35%	563.70	6.59%
Wholesale Business	5,645.28	39.46%	5,164.55	35.89%	(480.73)	(8.52%)
Service	108.70	0.76%	108.14	0.75%	(0.56)	(0.51%)
Revenue from Sales and Services	14,305.82	100.00%	14,388.23	100.00%	82.41	0.58%

Income Statement Analysis

Revenue

In 2022, revenue from sales and services amounted to THB 14,388.23 million, increased by THB 82.41 million (+0.58%). The Company's primary products were Notebook, which the Company had expanded its product portfolio to include high-end Notebook to acquire more customers with high purchasing power, DIY, Accessories, Smartphones, and Television. Notably, in 2022, the Company planned to sell a wide range of Apple products to reinforce its brand positioning and establish a stronger presence in the high-end market segment.



The increase in sales revenue was contributed by (1) increase in Branch sales by THB 38.56 million, (2) increase in Online sales by THB 412.52 million, (3) increase in Commercial sales by THB 114.06 million, (4) decrease in Dealer sales by THB 329.64 million, (5) decrease in Franchise sales by THB 153.09 million, and (6) increase in other revenue by 2.43 million. In the first quarter of 2022, sales revenue increased by THB 757.80 million. This surge was primarily driven by Branch and Online sales, a result of the government's "Shop Dee Mee Kuen" policy which incentivized consumers to purchase products or services from value-added tax registered businesses. In the second quarter of 2022, sales revenue increased by THB 373.76 million. In the third and fourth quarter of 2022, sales revenue decreased by THB 441.47 million and THB 607.69 million respectively. The decrease in sales revenue during the third and fourth quarters of 2022 was attributed to a decrease in demand for IT products, particularly computers and computer peripherals. This decrease was primarily a result of declined consumer demand due to the government's relaxation of COVID-19 control measures. Businesses and educational bodies were able to resume regular operations, leading to a return to work and conventional teaching methods on physical sites. Moreover, external factors, including increased inflation rates, increased interest rates, and political uncertainties, further impacted consumer purchasing power. This, in turn, contributed to a decline in demand for IT products compared to the first and second quarters of 2022.

In 2022, the Company's Branch sales increased by THB 38.56 million. The increase was primarily attributed to (1) The frequency of Commart events in 2022 which were organized three times, compared to two times in 2021. (2) Branch expansion and renovation, which in 2022 the Company had opened 10 new branches located in shopping malls within key provinces. The Company has also undertaken the initiative to modernize and expand existing branches. The expanded space was designated as a community space named "Work from Here" zone, which served as a reception area and workspace for customers, which can also be used as a space for hosting of various activities that allowed the Company to progressively engage with customers. Recently, the Company opened a new branch, located in the heart of Khon Kaen city center, featuring the "Work from Here" zone. (3) Organizing of on-site marketing activities such as "Road Shows" which involved using modified vehicles to promote products under the "Advice" brand in key regions. The activities aimed to boost brand awareness among customers in upcountry provinces. Additionally, the Company conducted sales-promotion activities in collaboration with credit card providers and various marketing campaigns through television, radio, and other media channels.

Online

Online sales increased by THB 412.52 million. During the year, the Company revamped its operation, which increased operating efficiency, to accommodate the increase in online sales orders. The Company's website was renovated to be more visually appealing. Discounts and free shipping were provided exclusively for the eligible purchase on the Company's website. As for marketplace platform channel development, the Company engaged in collaborative marketing activities with various marketplace platforms, created branded exclusive products for specific channels, provided additional payment methods, provided order and shipment tracking system, and offered advice on IT products.

Commercial

Commercial sales increased by THB 114.06 million. The increase was primarily due to the Company's heightened focus on Commercial customers. The Company established a Commercial Sales Team to specifically manage commercial customers. The key products offered to these customers included Notebook and Network products. The Company planned to expand its key products for commercial customers, including Hardware, Cloud Computing, and Data Center products, with an aim to fully cover all Commercial customers' needs.

In terms of product categories, almost all categories had their sales increased, including (1) Computer Desktop & AIO & Services products, increased by THB 87.18 million (+7.16%), (2) Network products, increased by THB 19.78 million (+3.79%), (3) CCTV products, increased by THB 30.79 million (+14.76%), (4) Home Appliances products, increased by THB 4.35 million (+5.57%), (5) Accessories and others products, increased by THB 11.33 million (+1.17%), (6) Printing & Image products, increased by THB 6.02 million (+0.45%), and (7) Notebook products, increased by THB 17.38 million (+0.43%). An increase in sales of these products also benefited sales of accessories due to the Company's bundle sale strategy.

Nevertheless, several product categories had their sales decrease including (1) DIY products, decreased by THB 98.98 million (-1.78%), (2) Mobile products, decreased by THB 24.33 million (-12.98%), (3) Mobile Accessories products, decreased by THB 4.47 million (-14.67%). The decrease was primarily due to the surge in demand for IT products to support remote working and learning during COVID-19 in the prior years. As the COVID-19 situation improved in 2022, the study and work condition are beginning to return to normal, the demand for these products decreased.

In terms of channels, all channels had their sales increase except Dealer and Franchise sales. Due to high demand for IT products in 2021, the Company sold a substantial amount of products through Dealer and Franchise channels to ensure Dealers and Franchises had adequate inventories. However, in 2022, the demand for IT products began returning to normalcy. Concurrently, the Company shifted its focus from Dealers and Franchises to IT solution integrators, which further decreased sales of the former.

Cost of sales and services

In 2022, cost of sales and services amounted to THB 13,159.06 million, increased by THB 244.37 million (+1.89%), in line with the increase in revenue. Notably, in 2022, the Company incurred loss from write-down of inventories to net realizable value amounting to THB 17.99 million, resulting from decrease in selling price of various products, particularly VGA products. The VGA price decrease was greatly influenced by the decline in Bitcoin price. In 2021, VGA products were in extremely high demand, further exacerbated by delayed imports, resulting in shortage and skyrocketing price in response to market dynamics. However, in 2022, the shortage of VGA products returned to normal which led to dumping of VGA at significantly lower price, resulting in the Company recognized loss from the write-down of inventories to net realizable value.



Gross Profit

In 2022, gross profit amounted to THB 1,229.18 million, decreased by THB 161.97 million (-11.64%). The decrease was a result of the adjustment in selling prices of IT products, which were returned to normal. Meanwhile, the cost of sales and services increased as the Company recognized loss from write-down of inventories to net realizable value, which further hurt the Company's gross profit.

Selling and administration expenses

In 2022, selling and administrative expenses amounted to THB 964.13 million, increased by THB 102.76 million (+11.93%). Significant increasing items included (1) Marketing expenses, increased by THB 82.02 million, resulted from "The Match Bangkok Century Cup 2022" sponsorship and "The Way of Gaming" retail branches marketing campaign, (2) Freight expenses, increased by THB 0.59 million due to soaring fuel prices which led to an increase in logistic cost per contracts, (3) Rental and service fees, increased by THB 3.60 million, the increase was attributed to the fact that in 2021 the Company had received rental and service fee relief due to the impact of the COVID-19, subsequently, in 2022, as the COVID-19 situation improved, rental and service fees were readjusted to normal rate, coupled with an increase in the number of branches, contributing to the overall increase in rental and service fees. (4) Bank fees, increased by THB 15.80 million, in alignment with the increase in Branch and Online sales volumes. (5) Depreciation and Amortization, increased by THB 18.33 million, the increase was attributed to the acquisition of head office building and warehouse from Advice Holding Group Company Limited, following the business combination under common control. Additionally, the Company expanded the number of branches, which led to an increase in furniture and office equipment. Furthermore, the Company revised the estimated useful lives of building improvement and electrical system for leased building. The estimates were previously set based on the Revenue Code. These estimates were then revised to align with the lease contract duration, resulting in a shortened estimated useful lives. (6) Repair and maintenance expenses, increased by THB 11.10 million from renovation of existing branches. (7) Other expenses included supplies expense, warranty expense which increased in alignment with the increase in sales volumes, land, building and signboard tax which increased as land and building tax reduction decree ended in the prior year.

Meanwhile, employee expenses significantly decreased by THB 48.89 million, caused by the Company's decision to reduce the accrued bonus to 1-month compared to 3-month in the prior year. Moreover, as the COVID-19 pandemic easing, the Company no longer incurred expenses for COVID-19 test kits which the Company supplied its employees as a benefit. Additionally, commission expenses decreased in alignment with the decrease in sales and gross profit.

Financial costs

In 2022, financial costs amounted to THB 23.03 million, increased by THB 5.72 million (+33.02%). The increase was attributed to the increase in promissory notes which the Company issued to increase its liquidity, resulting in increased financial costs.

Net Profit

In 2022, net profit amounted to THB 205.67 million, decreased by THB 224.52 million (-52.19%) due to decrease in gross profit as the selling prices of various IT products were declined. This was coupled with the increased cost of sales and services attributed to loss from the write-down of inventories to net realizable value. Additionally, marketing expenses were incurred from "The Match Bangkok Century Cup 2022" sponsorship.



2. Statement of Financial Position

Statement of Financial Position (Consolidated) (Unit : Million Baht)	December 31, 2021		December 31, 2022		Increase (Decrease)	%YoY
	Amount	%	Amount	%		
Cash and cash equivalents	129.97	5.09%	122.52	4.74%	(7.45)	(5.73%)
Trade and other receivables	228.93	8.96%	284.01	10.99%	55.07	24.06%
Short-term loans to related parties	63.94	2.50%	50.00	1.93%	(13.94)	(21.80%)
Inventories	1,250.36	48.96%	1,232.68	47.68%	(17.69)	(1.41%)
Total current assets	1,673.21	65.51%	1,689.21	65.34%	16.00	0.96%
Restricted bank deposits	166.80	6.53%	151.90	5.88%	(14.90)	(8.93%)
Property, plant and equipment	470.69	18.43%	454.47	17.58%	(16.22)	(3.44%)
Investment property	-	0.00%	36.56	1.41%	36.56	100.00%
Right-of-use assets	167.43	6.56%	169.74	6.56%	2.31	1.38%
Intangible assets	7.74	0.30%	6.93	0.27%	(0.81)	(10.47%)
Deferred tax assets	37.55	1.47%	35.99	1.39%	(1.56)	(4.15%)
Deposits for rental and service usage	29.70	1.16%	40.70	1.57%	11.00	37.04%
Other non-current assets	0.88	0.03%	0.75	0.03%	(0.13)	(14.77%)
Total non-current assets	880.78	34.49%	897.04	34.69%	16.26	1.85%
Total assets	2,553.99	100.00%	2,586.25	100.00%	32.26	1.26%
Overdraft and short-term borrowings from financial institutions	-	0.00%	321.94	12.45%	321.94	100.00%
Trade and other payables	1,832.80	71.76%	1,630.47	63.07%	(202.32)	(11.04%)
Current portion of long-term borrowings	18.20	0.71%	18.20	0.70%	0.00	0.03%
Current portion of lease liabilities	60.80	2.38%	69.56	2.69%	8.76	14.42%
Income tax payable	78.14	3.06%	12.29	0.48%	(65.85)	(84.27%)
Short-term provisions	12.72	0.50%	9.36	0.36%	(3.36)	(26.42%)
Total current liabilities	2,002.65	78.41%	2,061.82	79.72%	59.16	2.95%
Long-term borrowings from financial institution	48.35	1.89%	30.15	1.17%	(18.20)	(37.64%)
Lease liabilities	115.59	4.53%	102.88	3.98%	(12.71)	(11.00%)
Non-current provision for employee benefit	61.06	2.39%	70.88	2.74%	9.82	16.08%
Long-term provisions	8.11	0.32%	9.75	0.38%	1.63	20.14%
Total non-current liabilities	233.11	9.13%	213.65	8.26%	(19.45)	(8.35%)
Total liabilities	2,235.76	87.54%	2,275.47	87.98%	39.71	1.78%
Total shareholders' equity	318.23	12.46%	310.78	12.02%	(7.45)	(2.34%)
Total liabilities and shareholders' equity	2,553.99	100.00%	2,586.25	100.00%	32.26	1.26%

Financial Position Analysis as of 31 December 2022

Assets

As of 31 December 2022, total assets amounted to THB 2,586.25 million, increased by THB 32.26 million (+1.26%), divided into an increase in current assets by THB 16.00 million (+0.96%), and an increase in non-current assets by THB 16.26 million (+1.85%).

Current assets increased by THB 16.00 million. The increase in current assets was primarily driven by an increase in trade and other receivables of THB 55.07 million (+24.06%). Key components of trade and other receivables that significantly changed in 2022 included (1) incentive receivables, increased by THB 104.39 million (+122.17%) from volume rebate incentive from suppliers as the Company's purchase reach predetermined volumes. Moreover, the Company also received price protections incentive from suppliers as selling prices of Notebooks declined, and (2) prepaid expenses, decreased by THB 39.47 million (-90.12%), reflecting the recognition of advance payment for "The Match Bangkok Century Cup 2022" sponsorship as an expense.

Meanwhile, significantly decreased current assets included (1) inventories, decreased by THB 17.69 million (-1.41%) resulted from inventories and liquidity management, and in alignment with a decrease in trade payables, (2) loans to related parties decreased by THB 13.94 million (-21.80%) as Advice Holding Group Company Limited repaid a portion of loan to the Company, (3) cash and cash equivalents, decreased by THB 7.45 million (-5.73%) in alignment with the payment of goods and services and other expenses.

Non-current assets increased by THB 16.26 million. The increase was primarily driven by (1) investment properties, increased by THB 36.56 million mainly from the land and building that the company acquired, constructed and leased to A-Serve Company Limited to be used as a service facility, (2) right-of-use assets, increased by THB 2.31 million mainly from branch expansion and an increase in the number of vehicles, which the Company use in business operation, and (3) other non-current assets, increased by THB 10.87 million, primarily from deposit for 10 newly opened branches.

While significantly decreased non-current assets included (1) restricted deposits with financial institutions, decreased by THB 14.90 million mainly from reduction in cash collateral as per agreement with Bank of Ayudhya. (2) Property, plant and equipment, decreased by THB 16.22 million, as the Company transferred construction in progress to investment properties, (3) intangible assets decreased by THB 0.81 million from the write-off of computer software, (4) deferred tax assets, decreased by THB 1.56 million, as affected by employee benefits and unearned incentives.

Liabilities

As of 31 December 2022, total liabilities amounted to THB 2,275.47 million, increased by THB 39.71 million (+1.78%), resulted from an increase in current liabilities by THB 59.16 million (+2.95%) and decreased in non-current liabilities by THB 19.45 million (-8.35%).

Current liabilities increased by THB 59.16 million. The increase was resulted from (1) bank overdrafts and short-term loans from financial institutions, increased by THB 321.94 million (+100.00%) as the Company increased borrowing to repay trade payables and to increase liquidity, and (2) current portion of lease liabilities, increased by THB 8.76 million (+14.40%), primarily from an increase in the number of rental buildings as a part of branch expansion plan and the purchasing of new vehicles.

Meanwhile, significantly decreased current liabilities included (1) trade and other payables, decreased by THB 202.32 million (-11.04%), mainly from the decrease in trade payables by THB 131.98 million (-8.02%) caused by the repayment of trade payables using fund from the newly issued promissory notes, the decrease in accrued expenses by THB 53.86 million (-47.70%) caused by the Company's decision to reduce the accrued bonus to 1-month compared to 3-month in the prior year in alignment with the decrease in gross profit, and the decrease in unearned incentives by THB 37.62 million (-64.54%) as the Company organized marketing activities as per agreed with supplier that previously provided advanced financial support. (2) accrued corporate income tax decreased by THB 65.85 million (-84.28%) as the Company settled the 2021 corporate income tax in May 2022.

Non-current liabilities decreased by THB 19.45 million. The decrease was resulted from (1) lease liabilities, decreased by THB 12.71 million (-11.00%) due to the revision of estimates in alignment with contract duration, (2) long-term loans from financial institutions, decreased by THB 18.20 million (-37.64%) due to the repayment of loan as per loan repayment schedules.

Meanwhile, increased non-current liabilities included (1) employee benefit obligations, increased by THB 9.82 million (+16.09%) as per estimates by actuarial, and (2) provision for decommissioning liabilities, increased by THB 1.63 million (+20.14%).

Shareholders' equity

As of 31 December 2022, shareholders' equity amounted to THB 310.78 million, decreased by THB 7.45 million (-2.34%) because of (1) increase in paid-up capital of THB 75.00 million (+50.00%), (2) decrease in unappropriated retained earnings of THB 89.95 million (-54.47%) due to dividend payment, and (3) increase in legal reserved retained earnings by THB 7.50 million (+50.00%).



3. Key financial ratios

	Unit	December 31, 2021	December 31, 2022
Days sales outstanding	days	1.52	1.83
Days of inventory outstanding	days	28.90	34.44
Days payable outstandings	days	39.41	43.80
Cash conversion cycle	days	(8.99)	(7.53)

Advice