

Business Overview

In the first quarter of 2024, domestic demand began to recover from the tax deduction campaign, the "Shop Dee Mee Kuen" (Easy E-Receipt) project, and the launch of new products stimulating demand for products, especially the smartphone group and the continuous expansion of new branches. In addition, the business structure of Double Seven Co., Ltd. has changed to become a supplier and distributor of mobile products and related equipment in True by COM7 stores, from being just a branch management representative. As a result, COM7 had a total revenue of 19,279.4 million baht, an increase of 2,015.8 million baht (+11.7%), with a gross profit of 2,450.9 million baht, an increase of 75.1 million baht (+3.2%), representing a gross profit margin of 12.7%, which was lower than the same period last year at 13.7% from promotions to stimulate product sales.

As for selling and administrative expenses, it was 1,498.1 million baht, an increase of 213.7 million baht (+16.6%) following the expansion of new branches. As a result, the profit owners of the parent were 821.8 million baht, a decrease of 51.9 million baht (-5.9%) compared to the same period last year. Meanwhile, the profit owners of the parent to total revenue were 4.4%, which decreased from 5.2% compared to the same period last year due to the gross profit to total revenue decreased to 12.7% from 13.7%, and the share of profit from investments in associated decreased by 35.3 million baht (-77.6%) compared to the same period of the previous year. However, if you consider comparing with the 4th quarter of 2023, only the profit owners of the parent found that it increased by 153.8 million baht (+23.0%) due to a higher gross profit to total revenue ratio and had similar selling and administrative expenses.

Revenue from sales and services was equivalent to 19,235.6 million baht, an increase of 1,981.4 million baht (+11.5%) compared to the same period last year from the primary factors including:

- Revenue from sales of Smartphone product lines has grown for both Apple and Android. In the first quarter of 2024, many brands, such as Samsung, Oppo, Vivo, Xiaomi, Huawei, and Honor launched new Android smartphone models, which received good responses from consumers, especially the Galaxy S24 Series model. In addition, the government's tax support schemes (Shop Dee Mee Kuen Project: Easy E-Receipt) helped drive COM7 to increase sales revenue compared to the same period last year.
- Revenue from sales and services of the same store (Same Store Sales Growth) had a higher proportion equal to 4% (excluding branches closed for renovation and branches with less than a full quarter of sales days included in the calculation), along with the expansion of new branches, an increase of 70 branches compared to the same period last year (Q1 2023: 1,284 branches).
- Double Seven Co., Ltd. has the right to supply and distribute mobile products and related equipment through TRUE Shop retail channels brand as "True by COM7" within Big C, Lotus, Robinson, and local department stores, totaling 124 branches. It has resulted in increased revenue from product sales. Previously, only the revenue from the store's management share was recognized.

Gross profit was 2,450.9 million baht, an increase of 75.1 million baht (+3.2%) compared to the same period last year. The gross profit margin was 12.7%, decreased from the previous year at 13.7%, but improved from the 4th quarter of 2023 at 11.6%. However, gross margins started to show signs of improvement, especially with the increase in the proportion of products with high gross margins, especially Android smartphone products. However, there needed to be ongoing promotions to stimulate sales of iPad products, which did not launch any new products last year. However, it was expected that the launch of new products in 2024 would help to maintain gross profit margins in 2024, similar to the previous year.

Other income was 43.8 million baht, an increase of 34.4 million baht (+366.0%) compared to the same period last year. It was mainly from bad debt recovery and income from the sale of debtor portfolios from the bad debt group (NPL: Non-Performing Loan) at present and the portion that had been written off in the past.

Selling and Administrative expenses totaled 1,498.1 million baht, an increase of 213.7 million baht (+16.6%), and the ratio of selling and administrative expenses to total revenue was 7.8%, increasing from 7.4% compared to the same period last year. It consisted of:

- Selling expenses were 1,212.4 million baht, an increase of 162.7 million baht (+15.5 %). The ratio of selling expenses to total revenue was 6.3%, increasing from 6.0% compared to the same period last year. It was mainly due to the expansion of new branches. As a result, expenses such as rent, utility bills, salary and expenses related to employees, and depreciation would increase.
- Administrative expenses were equal to 285.7 million baht, an increase of 51.0 million baht (+21.7%). The ratio of administrative expenses to total revenue was 1.5%, similar to last year's amount of 1.4% compared to the same period last year.

Profit from impairment of financial assets was 38.6 million baht, mainly due to the trend of the proportion of bad debts (NPL: Non-Performing Loan) continuing to decrease after adjusting the lending criteria to acquire better-quality debtors, including setting appropriate debt reserves in line with the number of bad debts (NPL: Non-Performing Loan) that occurred.

Finance costs were 70.6 million baht, an increase of 31.3 million baht (+79.6%) compared to last year. The main important factors included: 1) Higher interest rates on loans following the increase in the policy interest rate. 2) Short-term loans for use as working capital for purchasing goods. For the above reasons, COM7 realized the importance of this and implemented a policy to increase efficiency in managing inventories. The goal was to reduce the days sales of inventory to control financial costs appropriately.

Share of profit from investments in associates equaled 10.2 million baht, a decrease of 35.3 million baht (-77.6%) compared to the same period last year from the operating results of associated companies was crucial.

Profit owners of the parent was 821.8 million baht, a decrease of 51.9 million baht (-5.9%) compared to the same period last year.

Statement of Comprehensive Income (Consolidated) Q1/2024

| List (Unit: Million Baht) | Q1/2024 | | Q1/2023 | | YoY | |
|---|-----------------|---------------|-----------------|---------------|----------------|---------------|
| | Amount | % | Amount | % | Amount | % |
| Revenue from sales and services | 19,235.6 | 99.8% | 17,254.2 | 99.9% | 1,981.4 | 11.5% |
| Cost of sales and services | 16,784.7 | 87.1% | 14,878.4 | 86.2% | 1,906.3 | 12.8% |
| Gross profit | 2,450.9 | 12.7% | 2,375.8 | 13.7% | 75.1 | 3.2% |
| Other income | 43.8 | 0.2% | 9.4 | 0.1% | 34.4 | 366.0% |
| Total revenues | 19,279.4 | 100.0% | 17,263.6 | 100.0% | 2,015.8 | 11.7% |
| Selling expenses | 1,212.4 | 6.3% | 1,049.7 | 6.0% | 162.7 | 15.5% |
| Administrative expenses | 285.7 | 1.5% | 234.7 | 1.4% | 51.0 | 21.7% |
| Loss (Profit) from impairment of financial assets | (38.6) | (0.2%) | 27.6 | 0.2% | (66.2) | (239.9%) |
| Other losses | 8.3 | 0.0% | 6.4 | 0.0% | 1.9 | 29.7% |
| Profit before finance costs, share of profit or loss from an associate, and income tax | 1,026.9 | 5.3% | 1,066.8 | 6.2% | (39.9) | (3.7%) |
| Finance costs | 70.6 | 0.3% | 39.3 | 0.2% | 31.3 | 79.6% |
| Profit before share of profit or loss from an associate, and income tax | 956.3 | 5.0% | 1,027.5 | 6.0% | (71.2) | (6.9%) |
| Share of profit from investments in associates | 10.2 | 0.1% | 45.5 | 0.3% | (35.3) | (77.6%) |
| Profit before income tax | 966.5 | 5.1% | 1,073.0 | 6.3% | (106.5) | (9.9%) |
| Income tax | 135.8 | 0.7% | 184.4 | 1.1% | (48.6) | (26.4%) |
| Profit for the period | 830.7 | 4.4% | 888.6 | 5.2% | (57.9) | (6.5%) |
| Profit owners of the parent | 821.8 | 4.4% | 873.7 | 5.2% | (51.9) | (5.9%) |

Revenue structure categorized by business groups

| List (Unit: Million Baht) | Q1/2024 | | Q1/2023 | | YoY | |
|--|-----------------|---------------|-----------------|---------------|----------------|--------------|
| | Amount | % | Amount | % | Amount | % |
| Retail Business | 18,810.6 | 97.8% | 16,801.6 | 97.4% | 2,009.0 | 12.0% |
| Other | 425.0 | 2.2% | 452.6 | 2.6% | (27.6) | (6.1%) |
| Revenue from sales and services | 19,235.6 | 100.0% | 17,254.2 | 100.0% | 1,981.4 | 11.5% |

Statement of Financial Position

The Consolidated Statement of Financial Position as of 31 March 2024 compared to the One as of 31 December 2023

| List (Unit: Million Baht) | Financial Information | | Increase (Decrease) | |
|--|-----------------------|-----------------|---------------------|----------------|
| | Q1/2024 | Y2023 | Amount | % |
| Cash and cash equivalents | 1,560.9 | 1,729.2 | (168.3) | (9.7%) |
| Short-term investments in debt instruments | 10.0 | 24.9 | (14.9) | (59.8%) |
| Trade and other current receivables | 3,713.0 | 3,471.5 | 241.5 | 7.0% |
| Current portion of finance lease receivables | 415.7 | 427.9 | (12.2) | (2.9%) |
| Financial assets measured at fair value | 215.6 | 475.0 | (259.4) | (54.6%) |
| Short-term loans to related parties | 441.3 | 106.3 | 335.0 | 315.1% |
| Inventories | 9,056.1 | 9,922.0 | (865.9) | (8.7%) |
| Other current assets | 223.0 | 285.8 | (62.8) | (22.0%) |
| Total current assets | 15,635.6 | 16,442.6 | (807.0) | (4.9%) |
| Restricted deposits with financial institutions | 80.4 | 50.4 | 30.0 | 59.5% |
| Finance lease receivables | 138.2 | 120.4 | 17.8 | 14.8% |
| Financial assets measured at fair value | 237.3 | 636.9 | (399.6) | (62.7%) |
| Long-term investments in debt instruments | 94.4 | 79.5 | 14.9 | 18.7% |
| Investments in associates | 1,674.2 | 1,664.5 | 9.7 | 0.6% |
| Property, plant and equipment | 1,447.4 | 1,392.4 | 55.0 | 4.0% |
| Right-of-use assets | 1,089.8 | 1,015.6 | 74.2 | 7.3% |
| Intangible assets | 277.1 | 278.9 | (1.8) | (0.6%) |
| Goodwill | 309.0 | 309.0 | 0.0 | 0.0% |
| Deferred tax assets | 150.2 | 232.2 | (82.0) | (35.3%) |
| Other non-current assets | 769.6 | 753.8 | 15.8 | 2.1% |
| Total non-current assets | 6,267.6 | 6,533.6 | (266.0) | (4.1%) |
| Total assets | 21,903.2 | 22,976.2 | (1,073.0) | (4.7%) |
| Bank overdrafts and short-term loans from financial institutions | 6,542.3 | 8,436.9 | (1,894.6) | (22.5%) |
| Trade and other current payables | 5,231.6 | 4,916.5 | 315.1 | 6.4% |
| Current portion of lease liabilities | 562.7 | 542.9 | 19.8 | 3.6% |
| Current corporate income tax payable | 123.4 | 116.5 | 6.9 | 5.9% |
| Other current liabilities | 49.6 | 63.1 | (13.5) | (21.4%) |
| Total current liabilities | 12,509.6 | 14,075.9 | (1,566.3) | (11.1%) |
| Total non-current liabilities | 772.3 | 712.7 | 59.6 | 8.4% |
| Total Liabilities | 13,281.9 | 14,788.6 | (1,506.7) | (10.2%) |
| Total Equity | 8,621.3 | 8,187.6 | 433.7 | 5.3% |
| Total Liabilities and Equity | 21,903.2 | 22,976.2 | (1,073.0) | (4.7%) |

Total Assets were 21,903.2 million baht, a decrease of 1,073.0 (-4.7%) compared to the end of last year. It was mainly due to decreased inventories and COM7's more efficient inventory management, both by reducing time and increasing ordering frequency, including organizing activities to promote sales of products that had a more extended holding period than the company policy. As observed, the days sales of inventory has decreased from 53 days in the previous year to 51 days in the current year.

Total Liabilities equaled 13,281.9 million baht, a decrease of 1,506.7 million baht (-10.2%) compared to the end of last year. This decline is primarily attributed to the repayment of bank overdrafts and short-term loans from financial institutions.

Total Equity was 8,621.3 million baht, an increase of 433.7 million baht (+5.3%) compared to the end of last year from profit for the period.

Liquidity Ratio

COM7's liquidity mainly came from the ability to turnover inventories, accounts receivable billing, and repayment to the trade payables.

| Liquidity Ratio | Q1/2024 | Q1/2023 | Y2023 |
|--------------------------|-------------|-------------|-------------|
| Day Sales Outstanding | 17.0 | 20.0 | 18.0 |
| Days Sales of Inventory | 51.0 | 50.0 | 53.0 |
| Days Payable Outstanding | 28.0 | 27.0 | 28.0 |
| Cash Cycle | 40.0 | 43.0 | 43.0 |

Contact investor relations COM7

ir@comseven.com or call +66 2017 7777 press 8