



22 February 2019

Re: Report on the operating results for the year ended December 31st, 2018 and changes in the operating result of more than 20% from the same period of the previous year

To: President of the Stock Exchange of Thailand

Overview

The operating results of COM7 Public Company Limited (Company) and its subsidiaries, according to consolidated financial statement of FY2018 compared with operating results for the FY2017, are as follows;

- Revenue from sales and services in FY2018 equaled to 27,913.0 MB., increased by 23.9%
- Gross profit in FY2018 equaled to 3,626.3 MB., increased by 20.0%
- Profit owners of the parent equaled to 891.1 MB., increased by 46.4%

Statement of Comprehensive Income (Consolidated)

	2018		2017		YoY%
	MB.	%	MB.	%	
Revenue from sales and services	27,913.0	100.0%	22,531.2	100.0%	23.9%
Cost of sales and services	24,286.6	87.0%	19,508.1	86.6%	24.5%
Gross profit	3,626.4	13.0%	3,023.1	13.4%	20.0%
Net gain from exchange rate	7.7	0.0%	7.2	0.0%	6.9%
Other income	50.2	0.2%	31.1	0.2%	61.4%
Share of profit of a joint venture	11.4	0.0%	14.8	0.0%	(23.0%)
Total revenue	27,982.3	100.2%	22,584.3	100.2%	23.9%
Selling and Administrative expenses	2,551.5	9.1%	2,273.9	10.1%	12.1%
EBIT	1,144.2	4.1%	802.3	3.5%	42.6%
Finance costs	45.9	0.2%	44.0	0.2%	4.1%
EBT	1,098.3	3.9%	758.3	3.3%	44.8%
Income tax expense	205.2	0.7%	149.6	0.7%	37.2%



NPAT	893.1	3.2%	608.7	2.6%	46.7%
Profit owners of the parent	891.1	3.2%	608.8	2.6%	46.4%

Revenue from sales and services

At the end of 2018, there was a total of 640 branches under the management of the Company's Group divided into Banana 206 branches, Studio7 100 branches, KingKong phone 98 branches, True shop by COM7 91 branches, Franchise 46 branches, BKK 37 branches, iCare 27 branches, and others 35 branches. There was an increase of 206 branches from last year (2017: 434 branches). The company has divided the channel of distribution into two types as follows.

Revenue structure categorized by business group

Business group	2018		2017		YoY%
	MB.	%	MB.	%	
Retail	26,232.5	94%	21,433.9	97%	22.4%
Others	1,680.5	6%	1,097.3	3%	53.2%
Sales and Services Revenue	27,913.0	100%	22,531.2	100%	23.9%

Sales and services revenue of 2018 was equal to 27,913.0 million baht, an increase of 5,381.8 million baht or equivalent to 23.9% from the following groups of customers.

1. Retail (B2C) is selling goods to retail customers by the main distribution channels are as follows.

Banana is a branding for all types and brands of IT products whether Notebook or Desktop computer, mobile phones, IOT products, and other accessories through focused on customers' life style. For



example, the trend of health care and doing exercise are popular. The Company therefore has increased the technology products related to this part such as the connected scales application or wearable technology such Apple watch Garmin. In case of games, trend of e-sport is booming causes people turn to buy more Notebook computer as well as results in the increase of sales per unit due to the device needs quite high spec. Even the current dust problems, the Company has distributed the air purifier to serve the needs of customers concerning a dust situation PM 2.5 including Banana Outlet where sells cheap and good products. It is seen that Banana has always developed to suit for its customers.

Banana has continuously expanded its branches in the past year whether the shopping mall or Hyper market and for the brands under Banana also continue to generate sales.

Studio7 is the store selling all of Apple products including other accessories. The sales have been growing well in the past year. There is good feedback of new products of Ipad and Apple watch including Iphone which there are current more various models such as IphoneXs, IphoneXs Max, IphoneXR as well as the previous version such IphoneX, Iphone8, Iphone8plus, Iphone7, Iphone6. The Company therefore still has a good sales of Iphone.

Banana Shopping (Franchise) is to entitle to administrate the business to those who interested of investment through operating same as the Banana shop and focus on marketing throughout the country. There is providing of best seller products and educating to sellers both IT and Smartphone as well as allow customer to order online. In the year 2019, the Company targets to expand business and sales from distribution channels are still growing same as other channels.

BKK and Brand shop is the smartphone shop and accessories and there are 17 branches of OPPO, Samsung 12 branches, Vivo 3 branches, and Huawei 1 branch. Sales is growing as well as other channels.



KingKong phone is a brand of smartphone shop the company acquired since December 2018. The kind of the shop is in the form of a small, close to the pathway and open at the hyper market which can be displayed allowing customers to see easily. It is expected by the competitiveness and variety of products of COM7 shall make the King Kong shop growing more from the previous

Online and others, company sales is increasing as the company takes advantage of having a storefront throughout the country to receive products including sales through both the company website and other famous online websites. In terms of sales with SIM card, there is still an increasing amount of activation in all sales channels both of education at university and Big C super center.

2. Other Channels consists of 2 main channels; B2B and Service (iCare and True shop by COM7)

B2B Customer

2018, Novas Integration, a subsidiary of the Company has increased sales by selling various project to the group of company customers which is in accordance with the company's policy to expand in corporate customers.

Service

It's consist of true shop by COM7 91 branches and iCare 27 branches, in 2018, can do more in terms of sale and service. This is based on the number of users of the product and being known by more customers.

Cost of sales and services



Cost of sales and services of FY2018 equaled to 24,286.6 MB., increased from FY2017 in the amount of 4,778.5 MB., or 24.5%, which was proportioned to the growth in sales.

Gross profit

Gross profit of FY2018 equaled to 3,626.4 MB., increased from FY2017 in the amount of 603.3 MB., or 20.0%, which was proportioned to the growth in sales. Gross profit 2018 is 13.0% decrease from last year because the company adjust product mix. Example the company manage ending balance stock of iPhone with appropriate.

Selling and Administrative expenses

Selling and Administrative expenses of FY2018 equaled to 2,551.5 MB. Increased from FY2017 in the amount of 277.6 MB., or 12.2%, which was proportioned to the growth in sales.

Finance costs

Finance costs of FY2018 equaled to 45.9 MB., increased from FY2017 in the amount of THB 1.9 MB or 4.3%

Net Profit (owners of the parent)

Net profit of FY2018 equaled to 891.1 MB. or 3.2% to the total revenue, compared with FY2017 at 282.3 MB. or 46.4 %to the total revenue due to the reasons listed above.



Statement of financial position (Consolidated)

	2018		2017	
	MB.	%	MB.	%
Cash and cash equivalents	1,059.0	14.0%	697.4	9.7%
Account receivable	928.6	12.1%	693.1	9.7%
Inventories	3,844.4	50.7%	4,089.7	57.0%
Other-current assets	75.0	1.0%	166.0	2.3%
Total current assets	5,907.0	77.8%	5,646.2	78.7%
Total non-current assets	1,621.6	22.2%	1,531.3	21.3%
Total Assets	7,588.6	100.0%	7,177.5	100.0%
short term loan from financial institutions	1,674.8	22.1%	1,439.8	20.1%
Trade and other payables	2,905.7	38.3%	3,067.6	42.7%
Other-current liabilities	128.2	1.6%	319.6	4.5%
Total current liabilities	4,708.7	62.0%	4,827.0	67.3%
Total non-current liabilities	103.4	1.4%	52.5	0.7%
Total liabilities	4,812.1	63.4%	4,879.5	68.0%
Total equity	2,776.5	36.6%	2,298.0	32.0%
Total liabilities and equity	7,588.6	100.0%	7,177.5	100.0%

Total Asset

As of December 31, 2018, the company has 7,588.6 MB., increased 410.7 MB. or 5.7% from the same period of last year.



Cash and cash equivalents

As of December 31, 2018, the company has 1,059.0 MB., increased 361.5 MB. or 51.8% from the end of last year, due to we keep maintain the appropriate level of cash balance.

Inventories, net

As of December 31, 2018, the company has 3,844.4 MB., decreased 245.3 MB. or 6.0% from the end of last year. The company can maintain the level of inventory to be appropriate to sale according to the plan.

Total liabilities

As of December 31, 2018, the company has 4,182.1 MB., decreased 67.4 MB. or 1.4% from the end of last year, The key factor are as follows.

Short-term loans from financial institutions

As of December 31, 2018, the company has 1,674.8 MB., increased 235.0 MB. or 16.3% from the end of last year, to use for working capital.

Trade and other payables

As of December 31, 2018, the company has 2,905.7 MB., decreased 161.9 MB. or 5.3% from the end of last year, according to inventory balance.

Liquidity Ratio

The liquidity of the company comprised of the trade receivable turnover, inventory turnover and trade payable turnover. The results for FY2018 and FY2017 are shown as follow;



Liquidity Ratio	Unit	2018	2017
Day Sales Outstanding (DSO)	Days	11	10
Days Sales of Inventory (DSI)	Days	60	59
Days Payable Outstanding (DPO)	Days	45	45
Cash Cycle	Days	26	24

DSO: FY2018, is slightly increased from last year .

DSI : FY2018, is slightly increased from the last year.

DPO : FY2018, is equaled same the last year.

Overview

Income and profit of the parent company in 2018 increased from the previous year by 23.9% and 46.4% respectively which is considered a continuous increase. The company is still planning to expand its business both in B2C and B2B. In 2018, the company has expanded its branches in many brands including add various distribution channels to serve both new and existing customers. In addition, the product has been adjusted to be more diverse, but still have to manage the product closely and product selection to match the customer group, including various promotions according to customers in the B2B, which currently has a growing customer base and is expected to continue growing. Therefore the target in 2019, the company shall continue to grow continuously and steadily

Please be informed accordingly

Sincerely yours,

(Wassana Pongsangluk)

Chief Financial Officer