



20 February 2020

Re: Report on the operating results for the year ended December 31st, 2019 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 FY2019 compared with operating results for the FY2018, are as follows;

- Revenue from sales and services in FY2019 equaled to 33,362.5 MB., increased by 19.5%
- Gross profit in FY2019 equaled to 4,416.3 MB., increased by 21.8%
- Profit owners of the parent equaled to 1,215.8 MB., increased by 36.1%

Statement of Comprehensive Income (Consolidated)

	2019		2018		YoY%
	MB.	%	MB.	%	
Revenue from sales and services	33,362.5	100.0%	27,913.0	100.0%	19.5%
Cost of sales and services	28,946.2	86.8%	24,286.6	87.0%	19.2%
Gross profit	4,416.3	13.2%	3,626.4	13.0%	21.8%
Net gain from exchange rate	-	0.0%	7.7	0.0%	-109.1%
Other income	27.7	0.1%	50.2	0.2%	-44.8%
Share of profit of a joint venture	38.6	0.1%	11.4	0.0%	238.6%
Total revenue	33,428.8	100.2%	27,982.3	100.2%	19.5%
Selling and Administrative expenses	2,924.9	8.8%	2,551.5	9.1%	14.6%
Net (loss) from exchange rate	(0.7)	0.0%	-	0.0%	0.0%
EBIT	1,557.0	4.7%	1,144.2	4.1%	36.1%
Finance costs	52.5	0.2%	45.9	0.2%	14.4%
EBT	1,504.5	4.5%	1,098.3	3.9%	37.0%
Income tax expense	288.7	0.9%	205.2	0.7%	40.7%
NPAT	1,215.8	3.6%	893.1	3.2%	36.1%
Profit owners of the parent	1,215.8	3.6%	893.1	3.2%	36.1%

Revenue from sales and services

At the end of 2019, there was a total of 787 branches under the management of the Company's Group divided into Multibrand 409 branches, Studio7&Ustore 102 branches, True shop by COM7 122 branches, Banana shopping(Franchsies) 80 branches, iCare 26 branches, Gadget's store 11 branches and Brands'shop 37 branches. There was an increase of 147 branches from last year (2018: 640 branches). The company has divided the channel of distribution into two types as follows.

Revenue structure categorized by business group

Business group	2019		2018		compared
	MB.	%	MB.	%	YoY%
Retail (B2C)	31,712.8	95.1%	26,232.5	94.0%	20.9%
Others	1,649.6	4.9%	1,680.5	6.0%	1.8%
Sales and Services Revenue	33,362.5	100.0%	27,913.0	100.0%	19.5%

Sales and services revenue of 2019 was equal to 33,362.5 million baht, an increase of 5,449.5 million baht or equivalent to 19.5% from the following groups of customers.

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

Multi-brand : It's consist of **Banana, Banana mobile, Banana outlet, BKK, Kingkong phone** which are IT stores that offer all kinds of IT products and all brands from notebooks, desktop, mobile phones, IOT products, and peripheral devices to fit customers' lifestyle. In the fourth quarter of the year, the company remodeled some branches to be "new concept store" to be aligned with gadgets, IOT, and home appliances by re-decorating the front of the stores. In addition to increasing sales of these kinds of products, the remodel helps engaging traffics and enhancing the chance of customer's repurchase. Overall, Banana Group still has constantly growing sales.



Studio7 and Ustore are the stores that offer all kinds of Apple products including peripheral devices emphasis on customers' experience with the products. In the case of Ustore, the stores sell Apple products in the universities, in 2019 alone, the launch of iPhone 11 not only gains the high sales but also invigorates trendy demands for Apple products. It is also expected that the sales would still continuously increase in 2020. For strategy-wise, we still focus on iPhone 11 and its previous models together with iPad and Apple watches which boost the sales of the company for all these recent years.

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 the 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 from 46 to 80 branches. From the good performance, the new investor still apply to join business. In year 2020, The Company forecast the Banana shopping still be expand.

Brands'store is the smartphone shop and accessories which has store of OPPO, Samsung, Vivo, Huawei and Xiaomi.

Gadget store consist of **Bb beyond d-box, B-play, E-quip** which focuses on IOT, gadget product and various accessories that is new technology and intend. The concept store is modern so the company expect it can make satisfied for IT customer.

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 favorite market place. The strategy is collaborate with the online channel to increase sale on Omni channel as well as new warehouse to the costumers' experience for quick and convenience. In terms of sales with SIM card, there is still an increasing amount of activation in all sales channels.

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

B2B Customer : In 2020, the company is joint with Prime solution, a company that designs and implements information and communication technology infrastructure.

Service : It's consist of true shop by comseven 122 branches and iCare 26 branches, in 2019, increase service income. This is based on the number of users of the product and being known by more customers. True shop by comseven is still expend branches for service customer.

Cost of sales and services

Cost of sales and services of FY2019 equaled to 28,946.2 MB., increased from FY2018 in the amount of 4,659.6 MB., or 19.2%, which was proportioned to the growth in sales.

Gross profit

Gross profit of FY2019 equaled to 4,416.3 MB., increased from FY2018 in the amount of 789.9 MB., or 21.8%, which was proportioned to the growth in sales. Gross profit 2019 is 13.2% increase from last year because the policy that focus on accessories and IOT product.



Selling and Administrative expenses

Selling and Administrative expenses of FY2019 equaled to 2,924.9 MB., increased from FY2018 in the amount of 373.4 MB., or 14.6%, However % of sale is decrease. The company still focuses on cost control and continuously improve work with efficiency.

Finance costs

Finance costs of FY2019 equaled to 52.2 MB., increased from FY2018 in the amount of THB 6.6 MB or 14.4%

Net Profit (owners of the parent)

Net profit of FY2019 equaled to 1,215.8 MB. or 3.6% to the total revenue, compared with FY2018 at 322.9 MB. or 36.1 %to the total revenue due to the reasons listed above.

Statement of financial position (Consolidated)

	2019		2018	
	MB.	%	MB.	%
Cash and cash equivalents	1,304.0	14.2%	1,059.0	14.0%
Account receivable	925.8	10.1%	928.6	12.0%
Inventories	4,819.5	52.6%	3,844.4	51.0%
Other current assets	167.5	1.9%	75.0	1.0%
Total current assets	7,216.8	78.8%	5,907.0	78.0%
Other long-term investments	513.2	5.6%	352.10	5.0%
Buildings and equipment	532.0	5.8%	524.92	7.0%
Other non-current assets	897.7	9.8%	744.60	10.0%
Total non-current assets	1,942.9	21.2%	744.60	10.0%
Total Assets	9,159.7	100.0%	7,588.6	100.0%
short term loan from financial institutions	2,138.5	23.3%	1,674.8	22.1%
Trade and other payables	3,348.6	36.6%	2,905.7	38.3%
Other-current liabilities	142.1	1.6%	128.2	1.6%
Total current liabilities	5,629.2	61.5%	4,708.7	62.0%
Total non-current liabilities	154.3	1.7%	103.4	1.4%
Total liabilities	5,783.5	63.1%	4,812.1	63.4%
Total equity	3,376.2	36.9%	2,776.5	36.6%
Total liabilities and equity	9,159.7	100.0%	7,588.6	100.0%



Total Asset

As of December 31, 2019, the company has 9,159.6 MB., increased 1,571.0 MB. or 20.7% from the same period of last year.

Cash and cash equivalents

As of December 31, 2019, the company has 1,304.0 MB., increased 245.0 MB. or 23.1% from the end of last year, due to we keep maintain the appropriate level of cash balance.

Inventories, net

As of December 31, 2019, the company has 4,819.5 MB., increased 975.1 MB. or 25.4% from the end of last year. Increasing from new branches and product in Q4. However, Inventory turnover day is decreased from 60 to 55 days

Total liabilities

As of December 31, 2019, the company has 5,783.5 MB., increased 971.4 MB. or 20.2% from the end of last year, The key factor are as follows.

Short-term loans from financial institutions

As of December 31, 2019, the company has 2,138.5 MB., increased 463.7 MB. or 27.7% from the end of last year, to use for working capital.

Trade and other payables

As of December 31, 2019, the company has 3,348.6 MB., increased 442.9 MB. or 15.2% 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 FY2019 and FY2018 are shown as follow;

Liquidity Ratio	Unit	2019	2018
Day Sales Outstanding (DSO)	Days	10	11
Days Sales of Inventory (DSI)	Days	55	60
Days Payable Outstanding (DPO)	Days	40	45
Cash Cycle	Days	25	26

DSO : FY2019, is decrease from the last year.

DSI : FY2019, is decreased from the last year.

DPO : FY2019, is decrease from the last year.



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Overview

Income and profit of the parent company in 2019 increased from the previous year by 19.5% and 36.1% respectively which is considered a continuous increase. The company is still planning to expand its business. In B2C Chanel that focus on gadget and IOT products. The company selected of new store with appropriate location. Including the renovate store to enhance the brand image. While also controlling and selecting products that are suitable for the needs of customers. For corporate clients, the company has teamed up with strong partners to create business opportunities. In this regard, the company has developed internal work efficiency in order to support sustainable growth and adapt to all situations. Therefore the target in 2020, the company shall continue to grow continuously and steadily

Please be informed accordingly

Sincerely yours,

(Wassana Pongsangluk)

Chief Financial Officer