

Executive Summary



2023 Financial Summary

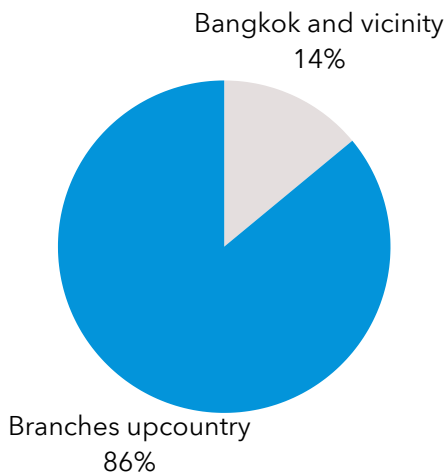
Financial performance of Advice IT Infinite Public Company Limited and its subsidiaries, as per the consolidated financial statements for 2023, compared to 2022, is as follows:

Total Revenue	amounted to	THB	13,524.76	million	decreased by	6.05%
Gross Profit	amounted to	THB	1,181.34	million	decreased by	3.89%
Net Profit	amounted to	THB	170.25	million	decreased by	17.22%

1. Statement of comprehensive income (consolidated), ended 31 December 2023

Statement of Comprehensive Income (Consolidated) (Unit : Million Baht)	2022		2023		Increase (Decrease)	%YoY
	Amount	%	Amount	%		
Revenue from sales and services	14,388.23	99.95%	13,518.71	99.96%	(869.53)	(6.04%)
Cost of sales and services	13,159.06	91.41%	12,337.37	91.22%	(821.69)	(6.24%)
Gross Profit	1,229.18	8.54%	1,181.34	8.73%	(47.84)	(3.89%)
Other income	6.80	0.05%	6.06	0.04%	(0.75)	(10.99%)
Total revenues	14,395.04	100.00%	13,524.76	100.00%	(870.27)	(6.05%)
Distribution costs	608.15	4.22%	589.08	4.36%	(19.07)	(3.14%)
Administrative expenses	355.98	2.47%	359.98	2.66%	4.00	1.12%
Profit from operating activities	271.85	1.89%	238.33	1.76%	(33.52)	(12.33%)
Finance income	5.90	0.04%	3.64	0.03%	(2.26)	(38.34%)
Finance cost	23.03	0.16%	26.01	0.19%	2.99	12.97%
Profit before income tax expenses	254.72	1.77%	215.95	1.60%	(38.77)	(15.22%)
Income tax expense	49.05	0.34%	45.71	0.34%	(3.34)	(6.81%)
Profit for the year	205.67	1.43%	170.25	1.26%	(35.42)	(17.22%)
Other comprehensive income for the year, net of tax	(1.12)	(0.01%)	12.76	0.09%	13.88	(1,234.86%)
Total comprehensive income for the year	204.55	1.42%	183.00	1.35%	(21.54)	(10.53%)

Revenue from sales and services



At the end of 2023, the Company has a total of 113 branches, consisting of 16 branches in Bangkok and vicinity, and 97 branches upcountry. The Company's distribution channels can be divided into three types, as follows:

Revenue structure categorized by business groups (Unit : Million Baht)	2022		2023		Increase (Decrease)	%YoY
	Amount	%	Amount	%		
Retail Business	9,116.15	63.36%	8,729.34	64.57%	(386.81)	(4.24%)
Wholesale Business	5,180.68	36.01%	4,696.34	34.74%	(484.34)	(9.35%)
Service	91.41	0.64%	93.02	0.69%	1.62	1.77%
Revenue from Sales and Services	14,388.23	100.00%	13,518.71	100.00%	(869.53)	(6.04%)

Income Statement Analysis

Revenue

In 2023, revenue from sales and services amounted to THB 13,518.71 million, decreased by THB 869.53 million YoY (-6.04%). The Company is considered performing better than market as its revenue declined by 6.04%, while the global IT market declined by 14%, as reported by Gartner re: worldwide PC shipments in 2023. The decrease in sale revenue was mainly contributed by (1) decrease in Branch sales (excluded Commart sales) by THB 704.60 million (-13.39%), (2) decrease in Dealer sales by THB 389.32 million (-11.36%), and (3) decrease in Franchise sales by THB 95.02 million (-5.42). Despite the plan to introduce additional Apple's products and smartphones in 2023 to uplift Advice brand, the Company's sales decreased as a result of the decline in retail and wholesale sales.



Nevertheless, some channels had an increase in sale revenue which include (1) Commercial sales, which increased by THB 136.09 million (+23.25%), (2) Commart sales which increased by THB 164.86 million (+62.13%), (3) Online sales which increased by THB 16.83 million (+0.56%) and (4) other sales and services revenue, which increased by THB 1.63 million (+1.78%).

In 2023, customers' purchasing power began to slow down and significantly declined during the first two quarters of the year, which caused IT device sales to decline significantly. The main cause for the decline is the surge in IT devices demand during the COVID-19. Consumers had purchased a large number of IT products such as laptops, tablets, and mobile phones to support remote working and learning during the pandemic. Without reasons to upgrades, consumers continue the usage of their existing devices which impact the overall IT market, especially IT devices such as PC and accessories which have specific life cycle. Moreover, after the COVID-19 pandemic, consumer lifestyle has returned to normal, combined with IT market saturation, the efficiency of current CPU architectures, and the lack of applications that require higher performance of new PC. All of which led to the slowdown in growth of the IT and innovative product market in 2023. Nevertheless, the revenue in the third quarter of 2023 remained close to that of the previous year. While, for the fourth quarter of 2023, sale revenue began to show a slight increase compared to the same period of previous year

Moreover, external factors, including economic recession, inflation rates, increasing household debt, and rising interest rates led to a higher cost of living, which increased prices for IT products, posing pressure for consumers to reduce their budget on luxury goods thus delaying the purchase of IT products.

The significant decrease in sale revenue was mainly attributed to Branch sales, which decreased by THB 704.60 million. This decline is a consequence of the decrease in purchasing power of customers since the end of the previous year which affected the entire IT industry including the Company. Nevertheless, the Company has continued to undertake branch expansion and branch renovation to attract customers. For branch expansion, the Company focused on opening new branches in large shopping malls and major cities. While for branch renovation, the Company renovated its branches to be more modernized and increase their sizes with an aim to create a community space for customers that can be served as reception space and working space under the zone named "Work from Here". The Company also offered various credit card promotions and various forms of sales promotions through television, radio and other media.

Dealer and Franchise

Dealer sales decreased by THB 389.32 million, and Franchise sales decreased by THB 95.02 million. The causes for the decrease are similar to the decrease in branch sales as previously discussed, which affected the entire IT industry.

Commercial

Commercial sales increased by THB 136.09 million. The increase is attributed to the improving pandemic situation. As the COVID-19 situation improved, employees of public and private sectors are returning to the workplace which led to an increase in IT equipment demand. Additionally, the Company has proactively expanded its corporate customers by establishing a dedicated sales team. Main products offered to commercial customers are laptop and network equipment. The Company also planned to push hardware and software products to commercial customers with an aim to fully respond to all corporate customers' needs in IT products.

Online

Online sales increased by THB 16.83 million. The reason for the increase in online sales is due to the implementation of various operational improvement to enhance efficiency of online channel. The Company also improved its website by increasing visually appealing to attract sale orders, offering discounts in online channel, and providing free shipping for minimum sale orders etc. The Company also focuses on product selection to better meet customer needs, engages in marketing activities with various marketplace platforms, extends payment channels, implements a delivery tracking system, introduces branded exclusive products in specific channels, and improves IT product advising services.

In terms of product categories, various categories had its sales increased YoY including (1) Mobile Products, increased by THB 494.44 million (+212.79%), (2) Printing & Imaging Products, increased by THB 110.08 million (+8.10%), (3) Desktop, AIO and Service Products, increased by THB 75.07 million (+5.69%), (4) Mobile Accessories Products, increased by THB 59.08 million (+138.70%), (5) Accessories and Other Products, increased by THB 13.89 million (+1.42%), (6) CCTV & Network Products, increased by THB 10.19 million (+4.26%), and (7) Home Appliances Products, increased by THB 9.85 million (+11.94%) Mobile and Mobile Accessories Products has the highest growth as a result of an increase in Apple products to reinforce brand positioning and the Company's sale strategy that bundles sales of both products.

Nevertheless, several categories had its sales decrease YoY including (1) DIY Products, decreased by THB 1,021.35 million (-18.74%), (2) Notebook Products, decreased by THB 577.96 million (-14.44%), (3) Ticket Premium Advice Products, decreased by THB 31.61 million (-89.07%), (4) Network Products, decreased by THB 17.79 million (-3.28%). The continued decrease in sales of these primary products was due to the surge in demand for IT products to support remote working and learning during COVID-19 in prior years. As the COVID-19 situation improved this year, the study and work conditions are beginning to return to normal.

Cost of sales and services

In 2023, cost of sales and services amounted to THB 12,337.37 million, decreased by THB 821.69 million YoY (-6.24%), in line with the decrease in revenue from sales and services.

Gross Profit

In 2023, gross profit amounted to THB 1,181.34 million, decreased by THB 47.84 million YoY (-3.89%). Gross profit margin was 8.73% as a result of the decrease in DIY and Notebook sales.



Selling and administration expenses

In 2023, selling and administration expenses amounted to THB 949.06 million, decreased by THB 15.07 million YoY (-1.56%). The decrease was primarily due to a decrease in marketing expenses of THB 68.21 million because there was no special events as in 9M2022 which include “The Match Bangkok Century Cup 2022” sponsorship and “The Way of Gaming” marketing campaign, which involved using vehicles to raise Advice brand awareness in various provinces across Thailand. Apart from marketing expenses, employee expenses also decreased by THB 19.24 million, caused by the company's decision to reduce accrued bonus this year, compared to 1-month bonus in 2022. Furthermore, the Company's commission expenses decreased, in line with the decrease in sales revenue and gross profit.

Nevertheless, certain expenses increased in 2023 which include: (1) an increase in Bank fees of THB 50.63 million due to an increase in credit cards transactions as customers change their behavior to use credit card to pay for products as there were various promotions on credit card. Bank fees also rose during Commart sales (2) an increase in e-Marketplace fees due to sales promotion with e-Marketplace platform and the increase in marketplace commission fees, (3) an increase in transportation expenses of THB 1.05 million due to soaring fuel prices which led to an increase in logistic cost per contracts. (4) an increase in rental and service fees of THB 16.77 million, from the opening of 6 new branches during the year, (5) an increase in utility expenses of THB 5.60 million, from SMS to notify customers regarding scammers, increasing PEA's Ft surcharge, and increasing electricity usage as the Company's employees has returned to office.

Financial costs

In 2023, financial costs amounted to THB 26.01 million, increased by THB 2.99 million YoY (+12.97%) as the Company used more promissory notes to improve its liquidity and ensure sufficiency of working capital. Additionally, interest rates were increased in line with Bank of Thailand announcement.

Net Profit

In 2023, the Company's net profit amounted to THB 170.25 million, decreased by THB 35.42 million YoY (-17.22%) as attributed by the decrease in sales across various products, particularly the DIY and Notebook products which led to a decrease in gross profit by THB 47.84 million YoY (-3.89%). Despite the Company's effort to reduce costs and expenses, an increase in financial costs of THB 2.99 million (+12.97%) from increasing interest rate, still hurt the Company's net profit.



2. Statement of Financial Position

Statement of Financial Position (Consolidated) (Unit : Million Baht)	December 31, 2022		December 31, 2023		Increase (Decrease)	%YoY
	Amount	%	Amount	%		
Cash and cash equivalents	122.52	4.74%	99.84	3.78%	(22.68)	(18.51%)
Trade and other receivables	284.01	10.98%	273.09	10.33%	(10.92)	(3.85%)
Short-term loans to related parties	50.00	1.93%	0.00	0.00%	(50.00)	(100.00%)
Inventories	1,232.68	47.66%	1,366.64	51.70%	133.96	10.87%
Total current assets	1,689.21	65.31%	1,739.57	65.81%	50.36	2.98%
Restricted bank deposits	151.90	5.87%	178.90	6.77%	27.00	17.77%
Investment property	36.56	1.41%	24.87	0.94%	(11.69)	(31.98%)
Property, plant and equipment	454.47	17.57%	453.93	17.17%	(0.54)	(0.12%)
Right-of-use assets	169.74	6.56%	155.92	5.90%	(13.82)	(8.14%)
Intangible assets	6.93	0.27%	5.96	0.23%	(0.97)	(14.03%)
Deferred tax assets	35.99	1.39%	36.80	1.39%	0.80	2.23%
Deposits for rental and service usage	40.70	1.57%	46.13	1.75%	5.43	13.35%
Other non-current assets	0.75	0.03%	1.27	0.05%	0.52	69.55%
Total non-current assets	897.04	34.69%	903.78	34.19%	6.74	0.75%
Total assets	2,586.25	100.00%	2,643.35	100.00%	57.10	2.21%
Overdraft and short-term borrowings from financial institutions	321.94	12.45%	344.24	13.02%	22.30	6.93%
Trade and other payables	1,630.47	63.04%	1,704.40	64.48%	73.93	4.53%
Current portion of long-term borrowings	18.20	0.70%	15.41	0.58%	(2.78)	(15.29%)
Current portion of lease liabilities	69.56	2.69%	72.10	2.73%	2.54	3.66%
Income tax payable	12.29	0.48%	10.55	0.40%	(1.73)	(14.11%)
Short-term provisions	9.36	0.36%	10.15	0.38%	0.79	8.44%
Total current liabilities	2,061.82	79.72%	2,156.86	81.60%	95.04	4.61%
Long-term borrowings from financial institution	30.15	1.17%	14.74	0.56%	(15.41)	(51.12%)
Lease liabilities	102.88	3.98%	82.91	3.14%	(19.98)	(19.42%)
Non-current provision for employee benefit	70.88	2.74%	68.19	2.58%	(2.69)	(3.79%)
Long-term provisions	9.75	0.38%	9.87	0.37%	0.13	1.33%
Total non-current liabilities	213.65	8.26%	175.71	6.65%	(37.95)	(17.76%)
Total liabilities	2,275.47	87.98%	2,332.56	88.25%	57.09	2.51%
Total shareholders' equity	310.78	12.02%	310.78	11.76%	0.00	(0.00%)
Total liabilities and shareholders' equity	2,586.25	100.00%	2,643.35	100.00%	57.10	2.21%

Financial Position Analysis as of 31 December 2023

Assets

As of 31 December 2023, the Company's total assets amounted to THB 2,643.35 million, increased by THB 57.10 million from the end of 2022 (+2.21%), which can be divided into an increase in current assets of THB 50.36 million (+2.98%) and an increase in non-current assets of THB 6.74 million (+0.75%), respectively.

An increase in current assets of THB 50.36 million was mainly due to an increase in inventory by THB 133.96 million (+10.87%) because the Company has plan to expand its main products to include more smartphones and its accessories. The Company, therefore, bought more inventory to support sale orders in the next year.

Current assets that were decreased included: (1) Short-term loans to related parties, decreased by THB 50.00 million (-100.00%) as the Company received full payment of loan from Advice Holding Group Company Limited and no further transaction occurred. (2) Cash and cash equivalents also decreased by THB 22.68 million (-18.51%) from the decrease in operating profit, and cash used in investing and financing activities. (3) Trade and other receivable, decreased by THB 10.92 million (-3.85%), which mainly caused by the decrease in other receivables of THB 26.24 million (-11.94%) as incentive receivable from suppliers decreased by THB 25.59 million (-13.48%) from the payment by suppliers, Revenue department receivable decreased by THB 3.25 million (-31.77%) due to the decrease in purchase of goods in the fourth quarter of 2023 compared to that of 2022 resulting in the decrease in claimable input VAT, and interest receivable decreased by THB 0.30 million (-100.00%) in line with decrease in short-term loan to related parties. Other receivables that were increased included withholding tax receivables by THB 1.58 million (+100.00%) since the Company tax credit (paid in advance under PND.51 in August 2023) was sufficiently covered tax liability as of December 2023. While trade receivable increased by THB 15.17 million (+21.24%) in line with the increase in commercial sales which the Company grants credit term to.

An increase in non-current assets of THB 6.74 million was mainly caused by (1) An increase in restricted cash deposits with financial institutions of THB 27.00 million (+17.77%) as during the period the Company revoked restricted cash of THB 18.00 million from one bank and pledged cash deposits of THB 45.00 million as collateral with another bank (2) An increase in rental deposits of THB 5.43 million (+13.35%) as the Company placed cash deposit for the upcoming branches, namely Central World branch during the second quarter of 2023 and Pattani and Narathiwat branches during the fourth quarter of 2023. (3) An increase in deferred tax assets of THB 0.80 million (+2.23%), from the increase in employee benefit obligations as per actuary estimates. and (4) Other non-current assets increased by THB 0.52 million (+69.55%).

Non-current assets that were decreased included: (1) a decrease in Right-of-use assets of THB 13.82 million (-8.14%) from the depreciation of rental properties and leased vehicles, and (2) a decrease in investment property of THB 11.69 million (-31.98%) from the reclassification of building leased to A-Serv Service Company Limited, to property plant and equipment, as at the end of period, total leasable areas was reduced based on actual usage at that time. (3) Property, plant and equipment and other intangible assets decreased by THB 1.51 million (-0.33%), reflecting additional investment during the year of THB 36.20 million, depreciation and amortization of THB 46.20 million, reclassification from right-of-use assets of THB 0.96 million, reclassification from investment property of THB 10.67 million, and disposal of assets of THB 3.14 million.

Liabilities

As of 31 December 2023, the Company's total liabilities amounted to THB 2,332.56 million, increased by THB 57.09 million (+2.51%) from the end of 2022, which can be divided into an increase in current liabilities of THB 95.04 million (+4.61%) and a decrease in non-current liabilities of THB 37.95 million (-17.76%).

An increase in current liabilities of THB 95.04 million was mainly attributed to an increase in trade and other payables of THB 73.93 million (+4.53%), which was mainly due to an increase in trade payables of THB 101.45 million (+6.71%) as suppliers extend the Company's credit term from 45 days to 60 days, this is correlated with an increase in inventory from the purchase of goods for resale in the following year. Other payables decreased by THB 27.52 million (-23.41%) mainly from a decrease in accrued expenses of THB 18.04 million (-30.69%) because bonuses which was accrued in 2022 has been paid-up in 2023, a decrease in withholding tax payables of THB 3.72 million which were accrued in 2022 and paid in 2023, and a decrease in advance payments for inventories of THB 5.66 million as the ordered items were already delivered in 2023. Overdraft and short-term loan from financial institutions increased by THB 22.30 million (+6.93%) due to the Company utilizing overdraft facilities and promissory notes to settle trade payables for purchasing goods. Unearned revenue increased by THB 10.78 million (+52.16%) as the Company received advance payment from suppliers for marketing development funds. Current portion of lease liabilities increased by THB 2.54 million (+3.66%) from the increase in liabilities under the lease agreements of the newly opened branches in the year 2023, offset with the payment of building rental and vehicle leases. Short-term provisions increased by THB 0.79 million (+8.44%).

Current liabilities that were decreased included (1) a decrease in Corporate income tax payable by THB 1.73 million (-14.11%) from the accrual of income tax for 2023 of THB 10.55 million, offset with the payment of 2022 income tax of THB 12.29 million, and (2) a decrease in current portion of long-term loans from financial institutions of THB 2.78 million (-15.29%).

A decrease in non-current liabilities of THB 37.95 million was mainly due to a decrease in lease liabilities of THB 19.98 million (-19.42%) from the payment of building rental and vehicle leases per contract term, a decrease in long-term loans from financial institutions of THB 15.41 million (-51.12%) from the repayment per loan schedule. Employee benefit obligations decreased by THB 2.69 million (-3.79%) according to actuary estimates.

Shareholders' equity

As of 31 December 2023, the Company's shareholders' equity amounted to THB 310.78 million. The Company's shareholders' equity composed of paid-up capital of THB 225.00 million, legal reserve of THB 22.50 million, unappropriated retained earnings of THB 75.21 million, and deficit on business combination under common control of THB 11.93 million. The Company's shareholders' equity remained unchanged from the end of previous year.



3. Key financial ratios

	Unit	December 31, 2022	December 31, 2023
Days sales outstanding	days	2	2
Days of inventory outstanding	days	34	39
Days payable outstandings	days	44	47
Cash conversion cycle	days	(8)	(6)

Advice