

CMC 12/2021

 14th May 2021

 Subject: Announcement of the Operating Results for the 3-Month Period, Ended 31st March 2021

To: President of the Stock Exchange of Thailand

Following Comanche International Public Company Limited (the “Company” or “Comanche”)’s submission of the separate and consolidated financial statements of the Company and its subsidiaries for the 3-month period, ended 31st March 2021, which have been reviewed by the auditor, the Company would like to inform of the following changes in operating results exceeding 20 percent.

The summary of changes in operating results is shown in the following table

	Consolidated Financial Statements			
	Ended 31 st March		Increase (Decrease)	
	2021	2020		
	THB million	THB million	THB million	%
Revenue from sales and rendering services	27.95	41.23	(13.28)	(32.21)
Other income*	0.87	2.17	(1.30)	(59.84)
Total revenue	28.82	43.40	(14.57)	(33.59)
Cost of sales and rendering services	18.90	19.74	(0.84)	(4.23)
Gross profit (excluding other revenue)	9.04	21.49	(12.45)	(57.91)
Distribution costs	0.67	1.37	(0.70)	(50.71)
Administrative expenses	11.18	23.57	(12.39)	(52.54)
Profit (loss) from operations	(1.94)	(1.28)	(0.66)	51.74
Finance cost	0.10	0.06	0.04	58.37
Profit (loss) before income tax expense	(2.04)	(1.34)	(0.70)	52.05
Income tax expenses	(1.11)	0.92	(0.19)	21.28
Profit (loss) for the period	(3.15)	(2.26)	(0.89)	39.61
Profit (loss) for the period - attributable to owners of the parent	(5.38)	(3.38)	(2.00)	58.85
Items that will not be reclassified subsequently to profit or loss - Actuarial loss on remeasurements of employee benefit plans - net from income tax	(0.47)	-	(0.47)	(100.00)
Total comprehensive profit (loss) for the period	(3.63)	(2.26)	(1.37)	60.50
Total comprehensive profit (loss) for the period - attributable to owners of the parent	(5.66)	(3.38)	(2.28)	67.27

* Other income such as interest revenue and gain from foreign exchange

1. Revenue

1.1. Revenue from sales and rendering services

For the 3-month period of 2021 from 1st January to 31st March 2021, the Company and its subsidiaries (the “**Group of Companies**”) generated THB 27.95 million in revenue from sales and rendering services, a THB 13.28 million or -32.21 percent decrease as compared to the same period of the previous year which generated THB 41.23 million in such revenue, due to the following key reasons:

1.1.1. Comanche generated THB 10.16 million in revenue from sales and rendering services for the 3-month period of 2021, a THB 13.16 million or -56.45 percent decrease as compared to the same period of the previous year which generated THB 23.32 million in such revenue, resulting from an approximate THB 7.78 million decrease in revenue from software installation. However, the Company still has backlog of approximately THB 11.41 million, most of which do not have an uncertain installation schedule following the impact of the Novel Coronavirus 2019 (COVID-19) outbreak, which caused many hotels to postpone their launch.

1.1.2. Synature Technology Company Limited (“**Synature**”) generated THB 12.40 million in revenue from sales and rendering services for the 3-month period of 2021, a THB 1.40 million or 12.77 percent increase as compared to the same period of the previous year which generated THB 10.00 million in such revenue, resulting from major customers order both software and hardware, led to revenue from sales and rendering services for the 3-month period ended 2021 being higher than that of the same period of 2020.

1.1.3. Win Star Tech Company Limited (“**Win Star Tech**”) generated THB 0.35 million in revenue for the 3-month period of 2021, a THB 0.11 million or -24.70 percent decrease as compared to the same period of the previous year which generated THB 0.46 million in such revenue, resulting from Win Star Tech was not yet able to secure additional golf course clients in 2021 given the current economic slowdown and COVID-19 outbreak, causing such clients to show no immediate interest in software investment for the time being. In addition, main revenue of 2021 was mainly from sales of coupon used in golf courses and aftersales maintenance service fees.

1.1.4. AI Soft Company Limited (“**AI Soft**”) generated THB 5.05 million in revenue for the 3-month period of 2021, a THB 0.43 million or 9.32 percent increase as compared to the same period of the previous year which generated THB 4.62 million in such revenue, attributable to the sale of flight ticket reservation and car booking management system and development of software on a per-project basis which AI Soft was contracted by a large client in the 3-month period of 2021, resulting in the overall income of the 3-month period of 2021 was slightly higher than the same period of the previous year.

1.1.5. Roomz International Company Limited (“**Roomz**”) generated no revenue for the 3-month period of 2021, a THB 1.83 million or -100 percent decrease as compared to the same period of the previous year which generated THB 1.83 million in such revenue. Roomz had no revenue attributable to the provision of consultancy service concerning hotel revenue management for the 3-month period of 2021. This is because Roomz temporarily halting operations from the impact of COVID-19 until the situation improves, resulted in the higher recognized revenue in the 3-month period of 2020, when compared.

1.1.6. Comanche Gogoji Company Limited (“Gogojii”) had no income for the 3-month period of 2021 following the COVID-19 outbreak, which caused the postponement of the launch of Gogojii’s services until the situation has improved.

1.2. Other income

For the 3-month period of 2021, the Company and its subsidiaries had THB 0.87 million of other income, a THB 1.30 million or -59.84 percent decrease as compared to the same period of the previous year of THB 2.17 million, which due to the change in cash investment plans. At the beginning of 2020, the Company still invested in corporate bonds, government bonds, bills of exchange, and open-end funds, but after the COVID-19 impact, the Company turned to keeping cash in banks causing the interest rate to be lowered.

2. Cost of sales and rendering services and gross profit

For the 3-month period of 2021, the Company and its subsidiaries incurred THB 18.90 million in cost of sales and rendering services, a THB 0.84 or -4.23 percent decrease as compared to the same period of the previous year which incurred THB 19.74 million in such cost, due to the following key reasons:

2.1. Comanche incurred THB 6.63 million in cost of sales and rendering services for the 3-month period of 2021, a THB 2.42 million or -26.71 percent decrease as compared to the same period of the previous year which incurred THB 9.05 million. This resulted from a decrease in the salary of employees in cost-related departments following the launch of an early retirement program in April 2020, and there were some employees voluntarily participated in the program, resulting in a lower overall salary payment.

2.2. Synature incurred THB 6.63 million in cost of sales and rendering services for the 3-month period of 2021, a THB 1.28 million or 23.88 percent increase as compared to the same period of the previous year which incurred THB 5.35 million in such cost. This was a direct impact following the increase in hardware sales cost in the 3-month period of 2021.

2.3. Win Star Tech incurred THB 0.25 million in cost of sales and rendering services for the 3-month period of 2021, a THB 0.37 million or -59.32 percent increase as compared to the same period of the previous year which incurred THB 0.62 million in such cost, resulting from the decrease in the couple sales during the 3-month period in 2021.

2.4. AI Soft incurred THB 5.39 million in cost of sales and rendering services for the 3-month period of 2021, a THB 1.64 million or 43.56 percent increase as compared to the same period of the previous year which incurred THB 3.75 million in such cost. This resulted from the annual salary increase for employees in cost-related departments and the increase in fees in contracting outside parties to perform project-based task. In addition, in 1st quarter of 2021, there were projects which lapsed over years completing in this quarter, resulting in the reversal of work in process to be recognized as costs of each project. As a result, cost of sales and rendering services for the 3-month period of 2021 increased.

2.5. Roomz had no cost of sales and rendering services for the 3-month period of 2021, a THB 0.96 million or -100 percent decrease as compared to the same period of the previous year which incurred THB 0.96 million in such cost. This was because Roomz still operated in the same period of the previous year, but Roomz temporarily halted operations from the impact of COVID-19 until the situation improves. The cost of sales and rendering services mainly included salary of employees in cost-related departments and cost of rendering software services in operations.

2.6. Gogojii had no cost of sales and rendering services for the 3-month period of 2021 following the COVID-19 outbreak, which caused the postponement of the launch of Coman Travel's services until the situation has improved.

For the 3-month period of 2021, the Group of Companies generated THB 9.04 million in gross profit, a THB 12.45 million or -57.91 percent decrease as compared to the same period of the previous year which incurred THB 21.49 million in gross profit. This reflected gross profit margin of 32.36 percent, compared to the same period of the previous year's 52.12 percent. The decrease in gross profit was mainly due to the decrease in revenue of the Group of Companies was higher than the decrease in costs regarding the aforementioned operating result. Comanche's gross profit margin for the 3-month period of 2021 declined to 34.71 percent as compared to 61.21 percent of the same period of the previous year, and Synature's gross profit margin for the 3-month period of 2021 was 46.52 percent, a slight decrease from 51.32 percent of the same period of the previous year following a increase in hardware sales which hardware sales have less gross profit margin, causing a slight decrease in gross profit, and AI Soft's gross profit margin for the 3-month period of 2021 was -6.78 percent (gross loss), a decrease from 18.69 percent of the same period of the previous year following the increase in cost of contracting outside parties for project-based task and there were many projects that were still in the working process, thus translating into lower gross profit margin and unable to make the gross profit figures improved.

3. Distribution costs and administrative expenses

3.1. Distribution costs

For the 3-month period of 2021, the Company and its subsidiaries incurred THB 0.46 million in distribution costs, a THB 0.91 million or -66.14 percent decrease as compared to the same period of the previous year which incurred THB 1.37 million, reflecting the proportion of distribution cost to operating revenue of 1.66 percent, a slight decrease as compared to 3.32 percent for the same period of the previous year. The lower cost of distribution was due to the fact that there were no exhibition booth expenses due to the impact of COVID-19 and the commission fee decreased in line with sales during the 3-month period of 2021.

3.2. Administrative expenses

For the 3-month period of 2021, the Company and its subsidiaries incurred THB 11.40 million in administrative expenses, a THB 12.17 million or 52.44 percent increase as compared to the same period of the previous year which incurred THB 23.57 million in such expenses, reflecting the proportion of administrative expense to operating revenue of 40.78 percent for the 3-month period of 2021, an increase as compared to 57.17 percent for the same period of the previous year due to the following key reasons:

3.2.1. Comanche incurred THB 7.28 million in administrative expenses for the 3-month period of 2021, a THB 7.16 million or -49.60 percent decrease as compared to the same period of the previous year which incurred THB 14.44 million in such expenses. This was because, in April 2020, Comanche launched an early retirement program, and there were some employees voluntarily participated in the program, which the money paid to employees participating in this program was recorded as administrative expenses. In addition, Comanche had set aside additional doubtful accounts in accordance with Thai Financial Reporting Standard No. 9 for the first time in 2020, resulting in administrative expenses for the 3-month period of 2020 being higher than 2021.

3.2.2. Synature incurred THB 2.60 million in administrative expenses for the 3-month period of 2021, a THB 0.07 million or -2.64 percent decrease as compared to the same period of the previous year which incurred THB 2.67 million in such expenses, which such change had no significant impact to the statement of profit or loss.

3.2.3. Win Star Tech incurred THB 0.04 million in administrative expenses for the 3-month period of 2021, a THB 0.06 million or 298.39 percent increase as compared to the same period of the previous year which incurred THB -0.02 million in such expenses, which such change had no significant impact to the statement of profit or loss.

3.2.4. AI Soft incurred THB 1.39 million in administrative expenses for the 3-month period of 2021, a THB 0.03 million or -1.95 percent decrease as compared to the same period of the previous year which incurred THB 4.10 million in such expenses, which such change had no significant impact to the statement of profit or loss.

3.2.5. Roomz incurred THB 0.01 million in administrative expenses for the 3-month period of 2021, a THB 0.41 million or -98.20 percent decrease as compared to the same period of the previous year which incurred THB 0.42 million in such expenses. This was because, in the same period of the last year, Roomz was still in operation, but now Roomz temporarily suspended its operations until the COVID-19 situation improves. Roomz's administrative expenses primarily comprised of rental and management fees.

3.2.6. Gogojii incurred THB 0.08 million in administrative expenses for the 3-month period of 2021, a THB 4.55 million or -98.31 percent increase as compared to the same period of the previous year which incurred THB 4.63 million in such expenses. This was because, in the 3 months of 2020, Gogojii still had permanent working staff, most of which attribute to salary and employee welfare expense and compensation for employees regarding the labor law. Also, at the end of March 2020, the statutory compensation was paid to the employees due to the layoff of Gogojii's employees to handle the COVID-19 impact situation, in the same period of 2021, Gogojii had only a small amount of rent for registered address.

4. Net profit and net profit margin

For the 3-month period of 2021, the Company and its subsidiaries incurred net loss attributable to owners of the parent of THB 5.38 million, a THB 2.00 million or 58.85 percent increase in loss from the same period of the previous year which incurred net loss attributable to owners of the parent of THB 3.38 million, reflecting net loss margin attributable to owners of the parent of -19.24 percent, higher in net loss margin than the same period of the previous year which incurred net loss margin attributable to owners of the parent of -8.21 percent. This resulted from the impact of the Novel Coronavirus 2019 (COVID-19) outbreak which caused multiple hotels and restaurants to indefinitely postpone their launch. In addition, Gogojii which was scheduled for launch in early 2020 had to postpone until the situation has improved, and the Group of Companies had to set aside additional doubtful accounts in accordance with Thai Financial Reporting Standard No. 9, disabling the financial figures in the consolidated financial statements to turnaround to a profit.

5. Financial position

As of 31st March 2021, the Company and its subsidiaries' total assets amounted to THB 503.73 million, total liabilities amounted to THB 69.00 million, and shareholders' equity amounted to THB 434.73 million.

5.1. Assets

The Company and its subsidiaries' total assets as of 31st March 2021 amounted to THB 503.73 million, a THB 13.53 million or -2.62 percent decrease as compared to 31st December 2020 due to the following reasons:

5.1.1. Decreased from cash and cash equivalents of THB 10.74 million, mainly due to THB 3.44 million cash used in normal business operation, THB 5.39 million had been paid as dividend to non-controlling interest, THB 1.09 million had been invested in long-term debenture.

5.1.2. Decreased from trade and accounts receivables of THB 1.36 million, mainly from payment received from account receivables during the period, which was in line with the reduction in sales, impacting from COVID-19.

5.1.3. Decreased from inventories of THB 0.37 million, insignificant to the statement of financial position.

5.1.4. Increased from other current financial assets of THB 0.01 million, insignificant to the statement of financial position.

5.1.5. Increased from other current assets of THB 0.21 million, insignificant to the statement of financial position.

5.1.6. Increased from other non-current financial assets of THB 1.09 million from 1 investment in long-term debenture.

5.1.7. Decreased from equipment of THB 0.53 million, insignificant to the statement of financial position.

5.1.8. Increased from right of use assets of THB 0.27 million, insignificant to the statement of financial position.

5.1.9. Decreased from other intangible assets of THB 1.01 million, incurred from the amortization as usual.

5.1.10. Increased from deferred tax asset of THB 0.35 million, insignificant to the statement of financial position.

5.1.11. Decreased from other non-current asset of THB 0.90 million from the decreased in withholding taxes which was in line with the decline in sales.

5.2. Liabilities

The Company and its subsidiaries' total liabilities as of 31st March 2021 amounted to THB 69.00 million, a THB 4.51 million or -6.14 percent decrease as compared to 31st December 2020 due to the following reasons:

5.2.1. Decreased from trade and accounts payables of THB 6.11 million, mainly comprising:

5.2.1.1. Decrease in trade payables of THB 0.85 million, which was in line with the reduction in sales, impacting from COVID-19.

5.2.1.2. Decrease in client deposit of THB 1.29 million which was in line with the reduction in sales, impacting from COVID-19.

5.2.1.3. Decrease in accrued salary and bonus of THB 3.85, which main decreases were from Synature and AI Soft amounting, due to the accrued bonus had already been paid.

5.2.1.4. Increase in accrued expense of THB 3.47 million, decreased from accrued lawsuit penalty and accrued audit fee which already had been paid.

5.2.1.5. Decrease in unearned revenue of THB 3.51 million, mainly attributable to unearned revenue from annual maintenance service agreements.

5.2.1.6. Decrease in other payables - others of THB 0.16 million, insignificant to the statement of financial position.

5.2.2. Decreased from the portion of liability from lease agreement due in 1 year of THB 0.02 million and liability from lease agreement of THB 0.11 million, insignificant to the statement of financial position.

5.2.3. Increased from accrued income tax payable of THB 0.55 million, as the Company and its subsidiaries incurred income tax expense from profits which did not receive BOI benefits and were subject to tax for the 3-month period of 2021 of THB 0.55 million and had accrued income tax payable for the year 2020 of THB 2.27 million from profits which did not receive BOI benefits.

5.2.4. Increased from other current liabilities of THB 0.02 million, insignificant to the statement of financial position.

5.2.5. Increased from employee benefit liabilities of THB 1.16 million due to the remeasurements of provision of employee benefits in accordance with Actuarial Science principles which most increases were from the change of previous data used in the assumption amounting THB 0.57 million, but there was the record of current service cost and interests of current year THB 0.59 million.

5.3. Shareholders' equity

The Company and its subsidiaries' total shareholders' equity as of 31st March 2021 amounted to THB 434.73 million, comprising registered and paid-up capital of THB 67.00 million, share premium of THB 323.40 million,

retained earnings appropriated as legal reserve of THB 6.47 million, unappropriated retained earnings of THB 17.09 million, other components of shareholders' equity of THB 0.30 million, and non-controlling interest of THB 20.47 million. Shareholders' equity as of 31st March 2021 decreased by THB 9.02 million or -2.03 percent as compared to 31st December 2020 due to the following reasons:

5.3.1. Decreased from net loss attributable to owners of the parent for the 3-month period of 2021 of THB 5.66 million.

5.3.2. Decreased from non-controlling interest of THB 3.36 million, due to a THB 5.39 million decrease from dividend attributable to non-controlling interests. In addition, there was an increase from net profit attributable to non-controlling interest of THB 2.03 million.

Please be informed accordingly.

Yours sincerely,

Mr. Somboon Sukheviriya
Chief Executive Officer

Comanche International Public Company Limited