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15 November 2024

Subject: Management discussion and analysis of financial position and operating results

To: President and Manager  
The Stock Exchange of Thailand

**Overall operating performance of the Group**

Unit: Million Baht

	Q3' 2024	Q3' 2023	Increase (decrease)	Variance (%)
Total revenues	2,323	2,452	(129)	(5%)
Net profit	16	122	(106)	(87%)

The Group's total revenues for the third quarter of 2024 were Baht 2,323 million, a decrease of Baht 129 million or a 5% decrease compared to the total revenues for the third quarter of 2023, which were Baht 2,452 million. This decline is mainly attributable to decreased revenue from the enterprise solutions business and foreign exchange gains in other income.

The Group's net profit for the third quarter of 2024 was Baht 16 million, a decrease of Baht 106 million or an 87% decrease compared to the net profit for the third quarter of 2023, which was Baht 122 million. This is primarily due to decreased gross profit from enterprise solutions and smart service businesses and increased administrative expenses.

**Analysis of revenues**

	Q3' 2024		Q3' 2023		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from main business</b>						
EMS business	733	32%	713	29%	20	3%
Enterprise solutions business	586	25%	685	28%	(99)	(14%)
Smart service business	935	40%	965	39%	(30)	(3%)
<b>Total revenues from main business</b>	<b>2,254</b>	<b>97%</b>	<b>2,363</b>	<b>96%</b>	<b>(109)</b>	<b>(5%)</b>
Other income	69	3%	899	4%	(20)	(22%)
<b>Total revenues</b>	<b>2,323</b>	<b>100%</b>	<b>2,452</b>	<b>100%</b>	<b>(129)</b>	<b>(5%)</b>

**EMS business**

The Company's revenue from the EMS business was Baht 733 million for the third quarter of 2024, an increase of Baht 20 million or a 3% increase compared to the same period of the previous year, which amounted to Baht 713 million. There were no significant changes in revenue.

### Enterprise solutions business

The Company had revenue from enterprise solutions business for the third quarter of 2024 of Baht 586 million, a decrease of Baht 99 million or a 14% decrease compared to the same period of the previous year, which amounted to Baht 685 million. This decrease is attributed to the completion and successful delivery of several projects, including the installation of the Smart Metro Grid system, the sale and installation of IP Core Router and DWDM equipment, and the implementation of the Digital Trunked Radio system. Additionally, new projects initiated during the year are primarily in the early execution stages, and some will only recognize revenue upon successful delivery. These include selling and installing IP Core Network equipment (expansion), improvements to the CCTV network system in five southern border provinces, aircraft sales, and the sale of rescue and fire-fighting vehicles.

### Smart service business

The Company's revenue from smart service business was Baht 935 million for the third quarter of 2024, a decrease of Baht 30 million or a 3% decrease compared to the same period of the previous year, which amounted to Baht 965 million. This was mainly due to a decrease in revenue from the TAOBIN vending machine business.

### Gross Profit and Gross Profit Margin

	Q3' 2024		Q3' 2023		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	111	15%	117	16%	(6)	(5%)
Enterprise solutions business	142	24%	154	22%	(12)	(8%)
Smart service business	263	28%	274	28%	(11)	(4%)
<b>Gross Profit</b>	<b>516</b>	<b>23%</b>	<b>545</b>	<b>23%</b>	<b>(29)</b>	<b>(5%)</b>

### EMS business

Gross profit for the third quarter of 2024 amounted to Baht 111 million, a decrease of Baht 6 million or a 5% decrease from the same period of the previous year, which had a gross profit of Baht 117 million. There was no significant change compared to the gross profit for the same period of the previous year.

The gross profit margin for the third quarter of 2024 decreased from 16% to 15%, but there was no significant change compared to the same period of the previous year.

### Enterprise solutions business

Gross profit for the third quarter of 2024 amounted to Baht 142 million, a decrease of Baht 12 million or an 8% decrease from the same period of the previous year, which had a gross profit of Baht 154 million. This was in line with the decrease in revenue of the enterprise solutions business.

The gross profit margin for the third quarter of 2024 increased from 22% to 24%. This is because the projects that recognized revenue in the third quarter of 2023 had a lower gross profit margin than those in the third quarter of 2024.

**Smart service business**

Gross profit for the third quarter of 2024 amounted to Baht 263 million, a decrease of Baht 11 million or a 4% decrease from the same period of the previous year, which had a gross profit of Baht 274 million. This was in line with the decline in revenue of the smart service business.

The gross profit margin for the third quarter of 2024 was 28%, which was unchanged from the same period of the previous year.

**Expenses**

	Q3' 2024	Q3' 2023	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Selling expenses	36	42	(6)	(14%)
Administrative expenses	390	314	76	24%
Finance cost	54	52	2	4%
Income tax expenses	27	49	(22)	(45%)

**Selling expenses**

Selling expenses for the third quarter of 2024 amounted to Baht 36 million, a decrease of Baht 6 million or a 14% decrease from the same period of the previous year, which amounted to Baht 42 million. This decline was due to reduced promotional expenses for the TAOBIN vending machine business.

**Administrative expenses**

Administrative expenses for the third quarter of 2024 amounted to Baht 390 million, an increase of Baht 76 million or a 24% increase from the same period of the previous year, which amounted to Baht 314 million. This was due to the allowance for expected credit losses on receivables from the Smart Metro Grid project and unrealized foreign exchange losses from forward foreign currency contracts used for hedging against exchange rate risks.

**Finance cost**

Finance costs for the third quarter of 2024 amounted to Baht 54 million, an increase of Baht 2 million or a 4% increase from the same period of the previous year, which amounted to Baht 52 million. There were no significant changes compared to the same period of the previous year.

**Income tax expenses**

Income tax expenses for the third quarter of 2024 amounted to Baht 27 million, a decrease of Baht 22 million or a 45% increase from the same period of the previous year, which amounted to Baht 49 million. It was in line with the decreased profit.

## Financial position

### Assets

Unit: Million Baht

	30 September 2024	31 December 2023	Increase (decrease)	% Variance
Current assets	6,091	5,475	616	11%
Non-current assets	5,830	5,647	183	3%
<b>Total assets</b>	<b>11,921</b>	<b>11,122</b>	<b>799</b>	<b>7%</b>

Total assets as of 30 September 2024 amounted to Baht 11,921 million, an increase of Baht 799 million or an 7% increase compared to the total assets as of 31 December 2023, which amounted to Baht 11,122 million. This increase was attributed to the increase in loan receivables from the smart service business and the increase in unbilled receivables and advance payments for goods in the enterprise solutions business.

### The quality of assets

#### Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	30 September 2024	31 December 2023
Trade account receivables	1,198	957
Less: Allowance for expected credit losses	(161)	(137)
Trade account receivables - net	1,037	820

As of 30 September 2024 and 31 December 2023, the Group recorded an allowance for expected credit losses amounting to Baht 161 million and Baht 137 million, respectively. The Group recognizes an allowance for expected credit losses on its trade receivables, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider the impairment of trade receivables.

### Inventories

Unit: Million Baht

	Consolidated financial statements	
	30 September 2024	31 December 2023
Inventories	2,439	2,366
Reduce cost to net realisable value	(555)	(534)
Inventories - net	1,884	1,832

As of 30 September 2024, and 31 December 2023, the Group had the reduction of cost to net realizable value amounting to Baht 555 million and Baht 534 million, respectively. The Group estimates the net realizable value of inventories, considering fluctuations of price or cost directly related to events occurring after the end of the period, movements of inventories, and the prevailing economic condition. Management believes the reduced cost to net realizable value is adequate in the current circumstances.

### **Source of fund**

Unit: Million Baht

	<b>30 September 2024</b>	<b>31 December 2023</b>	<b>Increase (decrease)</b>	<b>% Variance</b>
Current liabilities	7,477	6,280	1,197	19%
Non-current liabilities	1,283	1,561	(278)	(18%)
<b>Total liabilities</b>	<b>8,760</b>	<b>7,841</b>	<b>919</b>	<b>12%</b>
<b>Total shareholders' equity</b>	<b>3,161</b>	<b>3,281</b>	<b>(120)</b>	<b>(4%)</b>

### **Liabilities**

As of 30 September 2024, total liabilities amounted to Baht 8,760 million, an increase of Baht 919 million or a 12% increase compared to the total liabilities as of 31 December 2023, which amounted to Baht 7,841 million. This increase was primarily due to the rise in trade payables, other payables, advances received from customers, and short-term loans from banks. However, long-term loans from banks and financial liabilities under sale and leaseback agreements have decreased due to scheduled loan repayments.

### **Shareholders' equity**

Shareholders' equity as of 30 September 2024 amounted to Baht 3,161 million, a decrease of Baht 120 million or a 4% decrease compared to the shareholders' equity as of 31 December 2023, which amounted to Baht 3,281 million. This was due to the rise in net profit of Baht 382 million and a decrease due to dividend payments to shareholders amounting to Baht 505 million.

### **The appropriate capital structure**

The debt-to-equity ratio as of 30 September 2024 was 2.77: 1, higher than the ratio as of 31 December 2023, which was 2.39: 1. This increase was due to the increase in liabilities, particularly short-term loans from banks.

### **Liquidity**

#### **Cash flows**

Unit: Million Baht

	<b>Q3' 2024</b>	<b>Q3' 2023</b>
Cash flows from (used in) operating activities	421	1,106
Cash flows from (used in) investing activities	(397)	(965)
Cash flows from (used in) financing activities	27	(186)

Cash flows from operating activities for the third quarter of 2024 amounted to Baht 421 million, a decrease of Baht 685 million compared to the same period of the previous year, which amounted to Baht 1,106 million. This was due to the decline in operating profit and increased working capital.

Cash flows used in investing activities for the third quarter of 2024 amounted to Baht 397 million, a decrease of Baht 568 million compared to the same period of the previous year, which amounted to Baht 965 million. This was due to decreased cash for purchasing TAOBIN vending machines and constructing factory buildings. However, in 2023, cash was received from the sale of automatic canned beverage vending machines to an unrelated company.

Cash flows from financing activities for the third quarter of 2024 were positive, amounting to Baht 27 million, due to decreased dividends paid to shareholders.

**Liquidity ratio**

The current ratio as of 30 September 2024 was 0.81:1, which was close to the current ratio as of 31 December 2023, which was 0.87:1.

Please be informed accordingly.

Yours sincerely,

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VP. of Finance and Accounting