

Ref: AC.011/2025

15 May 2025

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

	Q1' 2025	Q1' 2024	Increase (decrease)	Variance (%)
Total revenues	2,292	2,098	194	9%
Net profit	61	84	(23)	(27%)

The Group reported total revenues of Baht 2,292 million for the first quarter of 2025, an increase of Baht 194 million, or 9%, compared to the total revenues of Baht 2,098 million for the first quarter of 2024. This was due to the increase in revenue from Enterprise Solutions, EMS, and Smart Service businesses.

The Group reported a net profit of Baht 61 million for the first quarter of 2025, a decrease of Baht 23 million, or 27%, compared to the net profit of Baht 84 million for the first quarter of 2024. This was mainly due to the increase in administrative expenses.

### **Analysis of revenues**

	Q1' 2025		Q1' 2024		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from the main business</b>						
EMS business	674	29%	612	29%	62	10%
Enterprise Solutions business	524	23%	476	23%	48	10%
Smart Service business	1,028	45%	939	45%	89	9%
<b>Total revenues from the main business</b>	<b>2,226</b>	<b>97%</b>	<b>2,027</b>	<b>97%</b>	<b>199</b>	<b>10%</b>
Other income	66	3%	71	3%	(5)	(7%)
<b>Total revenues</b>	<b>2,292</b>	<b>100%</b>	<b>2,098</b>	<b>100%</b>	<b>194</b>	<b>9%</b>

### **EMS business**

The EMS business generated revenue of Baht 674 million in the first quarter of 2025, representing an increase of Baht 62 million or 10% compared to the same period last year, which recorded revenue of Baht 612 million. The growth was primarily driven by higher-order volumes from both existing and new customers in the contract manufacturing and electronic circuit assembly segments.

### Enterprise Solutions business

The Enterprise Solutions business generated revenue of Baht 524 million in the first quarter of 2025, representing an increase of Baht 48 million, or 10%, compared to the same period last year, which recorded revenue of Baht 476 million. The traffic system upgrade project for Genius Traffic System Co., Ltd., a subsidiary of the Company, primarily drove this growth. However, the recognition of the Company's revenue from project work in the first quarter of 2025 was lower than that of the same period in 2024.

### Smart Service business

The Smart Service business generated revenue of Baht 1,028 million in the first quarter of 2025, representing an increase of Baht 89 million or 9% compared to the same period last year, which recorded revenue of Baht 939 million. The growth was primarily driven by an increase in interest income from loans.

### Gross Profit and Gross Profit Margin

	Q1' 2025		Q1' 2024		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	65	10%	55	9%	10	18%
Enterprise solutions business	151	29%	162	34%	(11)	(7%)
Smart service business	319	31%	265	28%	54	20%
<b>Gross Profit</b>	<b>535</b>	<b>24%</b>	<b>482</b>	<b>24%</b>	<b>53</b>	<b>11%</b>

### EMS business

The gross profit for the first quarter of 2025 was Baht 65 million, an increase of Baht 10 million or 18%, compared to the same period last year, which was 55 million Baht. The gross profit margin also rose from 9% to 10%, but this change is not considered significant when compared to the gross profit margin in the same period of the previous year.

### Enterprise Solutions business

The gross profit for the first quarter of 2025 was Baht 151 million, representing a decline of Baht 11 million or 7% compared to the same period last year, which reported a gross profit of Baht 162 million. The gross profit margin for the first quarter of 2025 decreased from 34% to 29%. This decline was primarily due to a lower gross profit margin on recognized project revenues in the first quarter of 2025 compared to the first quarter of 2024, as well as the recording of additional delayed penalty charges related to the procurement and repair of helicopter system components and accessories under the IBF project.

### Smart Service business

The gross profit for the first quarter of 2025 was Baht 319 million, representing an increase of Baht 54 million, or 20%, compared to the same period last year when the gross profit was Baht 265 million. The gross profit margin for the first quarter of 2025 also increased from 28% to 31%, primarily due to an increase in interest income from loans.

## Expenses

	Q1' 2025	Q1' 2024	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Selling expenses	35	24	11	46%
Administrative expenses	332	303	29	10%
Finance costs	50	51	(1)	(2%)
Income tax expenses	54	37	17	46%

### **Selling expenses**

Selling expenses for the first quarter of 2025 totaled Baht 35 million, representing a Baht 11 million increase or 46%, compared to the same period last year, which was Baht 24 million. The increase is primarily due to higher costs related to sample products and commission expenses.

### **Administrative expenses**

Administrative expenses for the first quarter of 2025 totaled Baht 332 million Baht, representing a Baht 29 million increase, or 10%, compared to the same period last year, which was Baht 303 million. The increase primarily resulted from higher personnel costs, expenses related to tax penalties on imports, and consulting fees for project-related activities.

### **Finance costs**

Finance costs for the first quarter of 2025 totaled Baht 50 million, representing a decrease of 1 million Baht, or 2%, compared to the same period last year, which was Baht 51 million. This change is not considered significant.

### **Income tax expenses**

Income tax expenses for the first quarter of 2025 totaled Baht 54 million, an increase of Baht 17 million or 46% compared to the same period last year, which was Baht 37 million. This increase aligns with the higher profit before tax.

## Financial position

### Assets

Unit: Million Baht

	31 March 2025	31 December 2024	Increase (decrease)	% Variance
Current assets	6,603	6,364	239	4%
Non-current assets	5,802	5,773	29	1%
<b>Total assets</b>	<b>12,405</b>	<b>12,137</b>	<b>268</b>	<b>2%</b>

As of March 31, 2025, the total assets amounted to Baht 12,405 million, representing an increase of Baht 268 million, or 2%, compared to December 31, 2024, which was Baht 12,137 million. This growth was primarily driven by an increase in loans receivable in the Smart Services business and higher inventory levels in the EMS and Enterprise Solutions businesses.

## The quality of assets

### Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	31 March 2025	31 December 2024
Trade account receivables - unrelated parties	981	940
Less: Allowance for expected credit losses	(98)	(102)
Trade account receivables - net	883	838

As of March 31, 2025, and December 31, 2024, the Group recorded allowances for expected credit losses amounting to Baht 98 million and Baht 102 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 a simplified approach to considering the impairment of trade receivables.

### Inventories

Unit: Million Baht

	Consolidated financial statements	
	31 March 2025	31 December 2024
Inventories	2,830	2,484
Reduce cost to net realisable value	(575)	(562)
Inventories - net	2,255	1,922

As of March 31, 2025, and December 31, 2024, the Group had the reduction of cost to net realisable value amounting to Baht 575 million and Baht 562 million, respectively. The Group estimates the net realisable value of inventories, considering fluctuations in price or cost directly related to events occurring after the end of the period, movements of inventories, and the prevailing economic condition. Management believed that the reduced cost to net realisable value is adequate in the current circumstances.

### Source of fund

Unit: Million Baht

	31 March 2025	31 December 2024	Increase (decrease)	% Variance
Current liabilities	8,089	7,814	275	4%
Non-current liabilities	977	1,117	(140)	(13%)
<b>Total liabilities</b>	<b>9,066</b>	<b>8,931</b>	<b>135</b>	<b>2%</b>
<b>Total shareholders' equity</b>	<b>3,339</b>	<b>3,206</b>	<b>133</b>	<b>4%</b>

### Liabilities

As of March 31, 2025, the total liabilities amounted to Baht 9,066 million, representing an increase of Baht 135 million, or 2%, compared to December 31, 2024, which was Baht 8,931 million. This increase was primarily due to a rise in short-term loans from banks, which were used as working capital. However, long-term loans from banks decreased due to repayments made according to the scheduled repayment plans.

**Shareholders' equity**

As of March 31, 2025, shareholders' equity was Baht 3,339 million, representing an increase of Baht 133 million, or 4%, compared to Baht 3,206 million as of December 31, 2024. The net profit for the first quarter of 2025 mainly drives this growth.

**The appropriate capital structure**

The debt-to-equity ratio as of March 31, 2025, was 2.72:1, representing a slight decrease compared to 2.79:1 as of December 31, 2024. This change is not considered significant.

**Liquidity**

**Cash flows**

Unit: Million Baht

	Q1' 2025	Q1' 2024
Cash flows from (used in) operating activities	(33)	211
Cash flows from (used in) investing activities	(57)	(134)
Cash flows from (used in) financing activities	71	110

Cash flows used in operating activities for the first quarter of 2025 totaled Baht 33 million, an increase of Baht 244 million compared to the same period last year, which generated Baht 211 million from operating activities. This was primarily due to the rise in working capital.

Cash flows used in investing activities for the first quarter of 2025 totaled Baht 57 million, a decrease of Baht 77 million from the same period last year, which was Baht 134 million. The reduction was primarily due to the decline in capital expenditure for asset acquisition.

Cash flows from financing activities for the first quarter of 2025 amounted to Baht 71 million, a decrease of Baht 39 million from Baht 110 million in the same period last year. This decrease was due to the disbursement of long-term loans from banks in the first quarter of 2024.

**Liquidity ratio**

The current ratio as of March 31, 2025, was 0.82:1, which was close to the ratio as of December 31, 2024, at 0.81:1.

Please be informed accordingly.

Yours sincerely,

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