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15 August 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

	Q2' 2025	Q2' 2024	Increase (decrease)	Variance (%)
Total revenues	2,715	2,567	148	6%
Net profit	122	105	17	16%

The Group reported total revenues of Baht 2,715 million for the second quarter of 2025, an increase of Baht 148 million, or 6%, compared to the total revenues of Baht 2,567 million for the second quarter of 2024. This growth was primarily driven by higher revenue from the Enterprise Solutions business and the Smart Services business.

The Group reported a net profit of Baht 122 million for the second quarter of 2025, an increase of Baht 17 million, or 16%, compared to the net profit of Baht 105 million for the second quarter of 2024. This was mainly due to the increase in gross profit.

Analysis of revenues

	Q2' 2025		Q2' 2024		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from main business						
EMS business	552	20%	840	33%	(288)	(34%)
Enterprise solutions business	1,080	40%	729	28%	351	48%
Smart service business	1,023	38%	935	36%	88	9%
Total revenues from main business	2,655	98%	2,504	98%	151	6%
Other income	60	2%	63	2%	(3)	(4%)
Total revenues	2,715	100%	2,567	100%	148	6%

EMS business

The Company recorded revenue from the EMS business of Baht 552 million for the second quarter of 2025, representing a decrease of Baht 288 million or 34% compared to Baht 840 million in the same period of the previous year. The decline was primarily due to reduced orders from a major customer in the electronic manufacturing and assembly services segment.

Enterprise solutions business

The Company recorded revenue of Baht 1,080 million from its Enterprise Solutions business for the second quarter of 2025, an increase of Baht 351 million or 48% compared to Baht 729 million in the same period of the previous year. This growth was mainly driven by the recognition of revenue from various projects, including the upgrade of CCTV network systems in the five southern border provinces, the installation of Access Switch equipment, the installation of IP Core Network equipment, the development of a radio communication system for communication centers and police stations nationwide, and the procurement of spare parts and IBF system equipment for helicopters, among others.

Smart service business

The Company generated revenue of Baht 1,023 million from its Smart Services business for the second quarter of 2025, representing an increase of Baht 88 million or 9% compared to Baht 935 million in the same period of the previous year. The increase was primarily attributable to higher interest income from loans.

Gross Profit and Gross Profit Margin

	Q2' 2025		Q2' 2024		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	84	15%	119	14%	(35)	(29%)
Enterprise solutions business	196	18%	136	19%	60	44%
Smart service business	332	32%	272	29%	60	22%
Gross Profit	612	23%	527	21%	85	16%

EMS business

Gross profit for the second quarter of 2025 was Baht 84 million, representing a decrease of Baht 35 million or 29% from Baht 119 million in the same period of the previous year, in line with the decline in revenue from the EMS business. Nevertheless, the Company maintained its gross profit margin at a level comparable to that of the same period last year, in the range of 14–15%.

Enterprise solutions business

Gross profit for the second quarter of 2025 was Baht 196 million, representing an increase of Baht 60 million or 44% from Baht 136 million in the same period of the previous year, in line with the increase in revenue from the Enterprise Solutions business. The Company was able to maintain its gross profit margin at a level comparable to that of the same period last year, in the range of 18–19%.

Smart service business

Gross profit for the second quarter of 2025 was Baht 332 million, representing an increase of Baht 60 million or 22% from Baht 272 million in the same period of the previous year, in line with the increase in revenue from the Smart Services business.

The gross profit margin for the second quarter of 2025 rose from 29% to 32%, driven by higher interest income from loans and lower depreciation expenses for top-up machines.

Expenses

	Q2' 2025	Q2' 2024	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Selling expenses	30	24	(5)	(14%)
Administrative expenses	351	293	58	20%
Finance costs	50	52	(2)	(4%)
Income tax expenses	54	47	7	15%

Selling expenses

Selling expenses for the second quarter of 2025 totaled Baht 30 million, representing a decrease of Baht 5 million or 14% compared to Baht 35 million in the same period of the previous year, primarily due to lower promotional expenses in the Smart Services business.

Administrative expenses

Administrative expenses for the second quarter of 2025 amounted to Baht 351 million, representing an increase of Baht 58 million or 20% compared to Baht 293 million in the same period of the previous year. The increase was mainly due to higher allowance for doubtful accounts on loan receivables and the reclassification of certain underutilized production costs as administrative expenses.

Finance costs

Finance costs for the second quarter of 2025 totaled Baht 50 million, representing a decrease of Baht 2 million or 4% compared to Baht 52 million in the same period of the previous year, with no material changes observed.

Income tax expenses

Income tax expenses for the second quarter of 2025 amounted to Baht 54 million, representing an increase of Baht 7 million or 15% compared to Baht 47 million in the same period of the previous year, in line with the increase in profit before tax.

Financial position

Assets

Unit: Million Baht

	30 June 2025	31 December 2024	Increase (decrease)	% Variance
Current assets	6,563	6,364	199	3%
Non-current assets	5,959	5,773	186	3%
Total assets	12,522	12,137	385	3%

Total assets as of June 30, 2025, amounted to Baht 12,522 million, an increase of Baht 385 million or 3% compared to total assets of Baht 12,137 million as of December 31, 2024. The increase was primarily due to higher loan receivables in the Smart Services business and unbilled revenue in the Enterprise Solutions business.

The quality of assets

Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	30 June 2025	31 December 2024
Trade account receivables - unrelated parties	933	940
Less: Allowance for expected credit losses	(94)	(102)
Trade account receivables - net	839	838

As of June 30, 2025, and December 31, 2024, the Group recorded allowances for expected credit losses amounting to Baht 94 million and Baht 102 million, respectively. The Group recognises 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	
	30 June 2025	31 December 2024
Inventories	2,548	2,484
Reduce cost to net realisable value	(599)	(562)
Inventories - net	1,949	1,922

As of June 30, 2025, and December 31, 2024, the Group had a reduction in cost to net realisable value amounting to Baht 599 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 conditions. Management believed that the reduced cost to net realisable value is adequate in the current circumstances.

Source of fund

Unit: Million Baht

	30 June 2025	31 December 2024	Increase (decrease)	% Variance
Current liabilities	8,095	7,814	281	4%
Non-current liabilities	900	1,117	(217)	(19%)
Total liabilities	8,995	8,931	64	1%
Total shareholders' equity	3,527	3,206	321	10%

Liabilities

Total liabilities as of June 30, 2025, amounted to Baht 8,995 million, an increase of Baht 64 million or 1% compared to total liabilities of Baht 8,931 million as of December 31, 2024. The increase was mainly due to higher short-term loans from banks to support working capital requirements. However, long-term loans from banks decreased because of scheduled repayments.

Shareholders' equity

Shareholders' equity as of June 30, 2025, amounted to Baht 3,527 million, an increase of Baht 321 million or 10% compared to Baht 3,206 million as of December 31, 2024. The increase was attributable to the net profit for the six-month period ended June 30, 2025.

The appropriate capital structure

The debt-to-equity ratio as of June 30, 2025, was 2.55:1, decreasing from 2.79:1 as of December 31, 2024, primarily due to the increase in shareholders' equity resulting from higher net profit.

Liquidity

Cash flows

Unit: Million Baht

	Q2' 2025	Q2' 2024
Cash flows from (used in) operating activities	(63)	392
Cash flows from (used in) investing activities	(140)	(215)
Cash flows from (used in) financing activities	467	(186)

Cash flows used in operating activities for the second quarter of 2025 were Baht 63 million, representing an increase of Baht 455 million compared to cash flows from operating activities of Baht 392 million in the same period of the previous year. This change was primarily due to an increase in working capital requirements.

Cash flows used in investing activities for the second quarter of 2025 were Baht 140 million, a decrease of Baht 75 million compared to Baht 215 million in the same period of the previous year, primarily due to lower capital expenditures for asset acquisitions.

Cash flows from financing activities for the second quarter of 2025 were Baht 467 million, representing an increase of Baht 653 million compared to cash flows used in financing activities of Baht 186 million in the same period of the previous year. The increase was mainly attributable to higher short-term loans to fund the Company's working capital and long-term borrowings to support the lending business of a subsidiary.

Liquidity ratio

The current ratio as of June 30, 2025, was 0.81:1, unchanged from the current ratio as of December 31, 2024.

Please be informed accordingly.

Yours sincerely,

(Mr. Arin Jamnaree)
VP of Accounting