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16 May 2023

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

	<b>Q1' 2023</b>	<b>Q1' 2022</b>	<b>Increase (decrease)</b>	<b>Variance (%)</b>
Total revenues	2,613	2,713	440	20%
Net profit	225	236	(11)	(5%)

The Group had total revenues for the first quarter of 2023 of Baht 2,613 million, an increase of Baht 440 million or a 20% increase compared to the total revenues for the first quarter of 2022, which was Baht 2,713 million. This was mainly due to the increase of revenue from EMS business and Smart service business.

The Group had net profit for the first quarter of 2023 of Baht 225 million, a decrease of Baht 11 million or a 5% decrease compared to the net profit for the first quarter of 2022, which was Baht 237 million. This was mainly due to the increase of gross profit, selling expenses, administrative expenses, financial expenses and income tax expenses.

### **Analysis of revenues**

	<b>Q1' 2023</b>		<b>Q1' 2022</b>		<b>Increase (decrease)</b>	
	<b>Million Baht</b>	<b>%</b>	<b>Million Baht</b>	<b>%</b>	<b>Million Baht</b>	<b>%</b>
<b>Revenues from main business</b>						
EMS business	1,180	45%	908	42%	272	30%
Enterprise solutions business	382	15%	450	21%	(68)	(15%)
Smart service business	945	36%	709	32%	236	33%
<b>Total revenues from main business</b>	<b>2,507</b>	<b>96%</b>	<b>2,067</b>	<b>95%</b>	<b>440</b>	<b>21%</b>
Other income	106	4%	106	5%	-	-
<b>Total revenues</b>	<b>2,613</b>	<b>100%</b>	<b>2,173</b>	<b>100%</b>	<b>440</b>	<b>20%</b>

### **EMS business**

The Company had revenue from EMS business for the first quarter of 2023 of Baht 1,180 million, an increase of Baht 272 million or a 30% increase compared to the same period of the previous year which amounted to Baht 908 million. This was due to an increase in orders from one of the major customers of electronic circuit board manufacturing and assembly work.

### Enterprise solutions business

The Company had revenue from enterprise solutions business for the first quarter of 2023 of Baht 382 million, a decrease of Baht 68 million or a 15% decrease compared to the same period of the previous year which amounted to Baht 450 million. This was due to the decrease of government and state enterprise projects, which are setting up Smart Metro Grid System and sale and installation of digital trunked radio system. Both projects are in the final phase of the project.

### Smart service business

The Company had revenue from smart service business for the first quarter of 2023 of Baht 945 million, an increase of Baht 236 million or a 33% increase compared to the same period of the previous year which amounted to Baht 709 million. This was mainly due to an increase in revenue from TAOBIN vending machine business.

### Gross Profit and Gross Profit Margin

	Q1' 2023		Q1' 2022		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	230	19%	202	22%	28	14%
Enterprise solutions business	78	20%	106	24%	(28)	(26%)
Smart service business	273	29%	195	28%	78	4%
<b>Gross Profit</b>	<b>581</b>	<b>23%</b>	<b>503</b>	<b>24%</b>	<b>78</b>	<b>16%</b>

### EMS business

Gross profit for the first quarter of 2023 amounted to Baht 230 million, an increase of Baht 28 million or a 14% increase from the same period of the previous year, which had a gross profit of Baht 202 million. This was in line with the increase in revenue of EMS business.

Gross profit margin for the first quarter of 2023 decreased from 22% to 19% due to an increase in cost reduction to net realizable value of inventories. In addition, during the third quarter of 2022, the Company changed the criteria for allocation of factory expenses into production costs in order to make production cost calculations more appropriate, resulting in decreased production costs, increased gross profits, and increased administrative expenses.

### Enterprise solutions business

Gross profit for the first quarter of 2023 amounted to Baht 78 million, a decrease of Baht 28 million or a 26% decrease from the same period of the previous year, which had a gross profit of Baht 106 million. This was in line with the decrease in revenue of enterprise solutions business.

The gross profit margin the first quarter of 2023 decreased from 24% to 20% because the gross profit margin of project works realized in the first quarter of 2023 had a lower gross margin than project works realized in the first quarter of 2022.

### Smart service business

Gross profit for the first quarter of 2023 amounted to Baht 273 million, an increase of Baht 78 million or a 40% increase from the same period of the previous year, which had a gross profit of Baht 195 million. This was in line with the increase in revenue of smart service business.

The gross profit margin for the first quarter of 2023 was 29%, which had no significant change compared to the same period of the previous year, which was 28%.

### Expenses

	Q1' 2023	Q1' 2022	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Selling expenses	41	26	15	58%
Administrative expenses	269	237	32	14%
Finance cost	38	21	17	81%
Income tax expenses	60	34	26	76%

#### Selling expenses

Selling expenses for the first quarter of 2023 amounted to Baht 41 million, an increase of Baht 15 million or a 58% increase from the same period of the previous year, which amounted to Baht 26 million. This was due to an increase in commission fees for manufacturing and assembling electronic circuit boards of a large customer and sales promotion expense of TAOBIN vending machine business.

#### Administrative expenses

Administrative expenses for the first quarter of 2023 amounted to Baht 269 million, an increase of Baht 32 million or a 14% increase from the same period of the previous year, which amounted to Baht 237 million. This was due to a change in the criteria for allocating factory expenses to production costs during the third quarter of 2022 in order to make the calculation of production costs more appropriate, resulting in a decrease in production costs, while administrative expenses increased. This was also due to an increase in professional fees for the registration of patents and/or petty patents for "TAOBIN vending machine" designs in various countries.

#### Finance cost

Finance costs for the first quarter of 2023 amounted to Baht 38 million, an increase of Baht 17 million or an 81% increase from the same period of the previous year, which amounted to Baht 21 million. This was due to an increase in long-term borrowings and an increase in interest rates.

#### Income tax expenses

Income tax expenses for the first quarter of 2023 amounted to Baht 60 million, an increase of Baht 26 million or a 76% increase from the same period of the previous year, which amounted to Baht 34 million. This was mainly due to the decrease in temporary differences of deferred income tax.

## Financial position

### Assets

Unit: Million Baht

	31 March 2023	31 December 2022	Increase (decrease)	% Variance
Current assets	6,858	6,759	99	1%
Non-current assets	4,985	4,627	358	8%
<b>Total assets</b>	<b>11,843</b>	<b>11,386</b>	<b>457</b>	<b>4%</b>

Total assets as at 31 March 2023 amounted to Baht 11,843 million, an increase of Baht 457 million or a 4% increase compared to the total assets as at 31 December 2022, which amounted to Baht 11,386 million. This was mainly due to the increase in the number of TAOBIN vending machines and the cost of construction of new factory buildings.

### The quality of assets

#### Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	31 March 2023	31 December 2022
Trade account receivables - unrelated parties	1,842	2,067
Less: Allowance for expected credit losses	(89)	(94)
Trade account receivables - net	1,753	1,973

As at 31 March 2023 and 31 December 2022, the Group recorded an allowance for expected credit losses amounting to Baht 89 million and Baht 94 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 the simplified approach to consider impairment of trade receivables.

### Inventories

Unit: Million Baht

	Consolidated financial statements	
	31 March 2023	31 December 2022
Inventories	2,759	2,583
Reduce cost to net realisable value	(506)	(489)
Inventories - net	2,253	2,093

As at 31 March 2023 and 31 December 2022, the Group had the reduction of cost to net realisable value amounting to Baht 506 million and Baht 489 million, respectively. The Group estimates net realisable value of inventories taking into the account 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 believed that the reduce cost to net realisable value is adequate in the current circumstances.

### Source of fund

Unit: Million Baht

	31 March 2023	31 December 2022	Increase (decrease)	% Variance
Current liabilities	7,292	7,394	(102)	1%
Non-current liabilities	1,039	733	306	42%
<b>Total liabilities</b>	<b>8,331</b>	<b>8,127</b>	<b>204</b>	<b>3%</b>
<b>Total shareholders' equity</b>	<b>3,512</b>	<b>3,259</b>	<b>254</b>	<b>8%</b>

### Liabilities

Total liabilities as at 31 March 2023 amounted to Baht 8,331 million, an increase of Baht 204 million or a 3% increase compared to the total liabilities as at 31 December 2022, which amounted to Baht 8,127 million. This was mainly due to an increase in long-term loans from banks for the acquisition of TAOBIN vending machines and the construction of new factory buildings.

### Shareholders' equity

Shareholders' equity as at 31 March 2023 amounted to Baht 3,513 million, an increase of Baht 254 million or an 8% increase compared to the shareholders' equity as at 31 December 2022, which amounted to Baht 3,259 million. This was due to an increase in net profit and the reduction from dividend payment to non-controlling shareholders of the subsidiary.

### The appropriate of capital structure

Debt to equity ratio as at 31 March 2023 was 2.37: 1, decreased when compared with the debt to equity ratio as at 31 December 2022, which was 2.49: 1. This was due to an increase in shareholders' equity rather than an increase in liabilities.

### Liquidity

#### Cash flows

Unit: Million Baht

	Q1' 2023	Q1' 2022
Cash flows from (used in) operating activities	418	184
Cash flows from (used in) investing activities	(303)	4
Cash flows from (used in) financing activities	233	77

Cash flows from operating activities for the first quarter of 2023 amounted to Baht 418 million, an increase of Baht 234 million compared to the same period of the previous year, which amounted to Baht 184 million. This was due to the increased operating profit.

Cash flows used in investing activities for the first quarter of 2023 amounted to Baht 303 million, mainly for the purchase of TAOBIN vending machines and the construction of new factory buildings.

Cash flows used in financing activities for the first quarter of 2023 amounted to Baht 233 million, mainly from long-term loans. The cash flows used in financing activities for the first quarter of 2022 amounted to Baht 282 million, mainly from short-term loans.

**Liquidity ratio**

Current ratio as at 31 March 2022 was 0.94:1 which was closed to the current ratio as at 31 December 2022, which was 0.91:1.

Please be informed accordingly.

Yours sincerely,

(Mr. Arin Jamnaree)

Financial Controller