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16 August 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

	Q2' 2023	Q2' 2022	Increase (decrease)	Variance (%)
Total revenues	2,783	2,250	533	24%
Net profit	203	147	56	38%

The Group had total revenues for the second quarter of 2023 of Baht 2,783 million, an increase of Baht 533 million or a 24% increase compared to the total revenues for the second quarter of 2022, which was Baht 2,250 million. This was mainly due to the increase in revenue from the enterprise solutions business.

The Group had net profit for the second quarter of 2023 of Baht 203 million, an increase of Baht 56 million or a 38% increase compared to the net profit for the second quarter of 2022, which was Baht 147 million. This was mainly due to the increase in gross profit from the enterprise solutions business.

**Analysis of revenues**

	Q2' 2023		Q2' 2022		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from main business</b>						
EMS business	1,057	38%	914	41%	143	16%
Enterprise solutions business	700	25%	392	17%	308	79%
Smart service business	945	34%	866	39%	79	9%
<b>Total revenues from main business</b>	<b>2,702</b>	<b>97%</b>	<b>2,172</b>	<b>97%</b>	<b>530</b>	<b>24%</b>
Other income	81	3%	78	3%	3	4%
<b>Total revenues</b>	<b>2,783</b>	<b>100%</b>	<b>2,250</b>	<b>100%</b>	<b>533</b>	<b>24%</b>

**EMS business**

The Company had revenue from EMS business for the second quarter of 2023 of Baht 1,057 million, an increase of Baht 143 million or a 16% increase compared to the same period of the previous year which amounted to Baht 914 million. This was due to the 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 second quarter of 2023 of Baht 700 million, an increase of Baht 308 million or a 79% increase compared to the same period of the previous year which amounted to Baht 392 million. This was mainly due to the increase in project revenue, which were sale and installation of IP Core Router and DWDM devices and rental of electronic monitoring devices, etc.

### Smart service business

The Company had revenue from smart service business for the second quarter of 2023 of Baht 945 million, an increase of Baht 79 million or a 9% increase compared to the same period of the previous year which amounted to Baht 866 million. This was mainly due to the increase in revenue from TAOBIN vending machine business.

### Gross Profit and Gross Profit Margin

	Q2' 2023		Q2' 2022		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	182	17%	170	19%	12	7%
Enterprise solutions business	188	27%	116	30%	72	62%
Smart service business	272	29%	248	29%	24	10%
<b>Gross Profit</b>	<b>642</b>	<b>24%</b>	<b>534</b>	<b>25%</b>	<b>108</b>	<b>20%</b>

### EMS business

Gross profit for the second quarter of 2023 amounted to Baht 182 million, an increase of Baht 12 million or a 7% increase from the same period of the previous year, which had a gross profit of Baht 170 million. This was in line with the increase in revenue of EMS business.

The gross profit margin for the second quarter of 2023 decreased from 19% to 17%. This was due to the decrease in the gross profit margin of one of the major customers of electronic circuit board manufacturing and assembly work.

### Enterprise solutions business

Gross profit for the second quarter of 2023 amounted to Baht 188 million, an increase of Baht 72 million or a 62% increase from the same period of the previous year, which had a gross profit of Baht 116 million. This was in line with the increase in revenue of the enterprise solutions business.

The gross profit margin the second quarter of 2023 decreased from 30% to 27% due to the adjustment of project cost estimates in line with the current situation of the project, which were setting up Smart Metro Grid system and sale and installation of digital trunked radio system, therefore lowering the average gross profit margin.

### Smart service business

Gross profit for the second quarter of 2023 amounted to Baht 272 million, an increase of Baht 24 million or a 10% increase from the same period of the previous year, which had a gross profit of Baht 248 million. This was in line with the increase in revenue from TAOBIN vending machine business.

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

### Expenses and expenses to revenues from main business

	Q2' 2023	Q2' 2022	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Selling expenses	57	21	36	171%
Administrative expenses	292	294	(2)	(1%)
Finance cost	44	23	21	91%
Income tax expenses	51	61	(10)	(16%)

#### Selling expenses

Selling expenses for the second quarter of 2023 amounted to Baht 57 million, an increase of Baht 36 million or a 171% increase from the same period of the previous year, which amounted to Baht 21 million. This was due to the increase in commission expenses, warranty expenses, and promotion expenses.

#### Administrative expenses

Administrative expenses for the second quarter of 2023 amounted to Baht 292 million, a decrease of Baht 2 million or a 1% decrease from the same period of the previous year, which amounted to Baht 294 million. This was due to the Company changed the criteria for allocation of factory expenses into production costs in the third quarter of 2022 to make production cost calculations more appropriate. As a result, production costs decreased while administrative expenses increased. It was also caused by the increase in travelling expenses, research and development expenses and professional fees. However, in the second quarter of 2022, there was a share-based payment expense of Baht 44 million, which was not a recurring expense.

#### Finance cost

Finance costs for the second quarter of 2023 amounted to Baht 44 million, an increase of Baht 21 million or a 91% increase from the same period of the previous year, which amounted to Baht 23 million. This was due to the increase in short-term borrowings, long-term borrowings, and interest rates.

#### Income tax expenses

Income tax expenses for the second quarter of 2023 amounted to Baht 51 million, a decrease of Baht 10 million or a 16% decrease when compared to the same period of the previous year, which amounted to Baht 61 million. This was due to the increase in temporary differences of deferred income tax.

## Financial position

### Assets

Unit: Million Baht

	30 June 2023	31 December 2022	Increase (decrease)	% Variance
Current assets	6,797	6,759	38	1%
Non-current assets	5,368	4,627	741	16%
<b>Total assets</b>	<b>12,165</b>	<b>11,386</b>	<b>779</b>	<b>7%</b>

Total assets as at 30 June 2023 amounted to Baht 12,165 million, an increase of Baht 779 million or a 7% 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 construction costs of new factory buildings.

### The quality of assets

#### Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	30 June 2023	31 December 2022
Trade account receivables - unrelated parties	2,105	2,067
Less: Allowance for expected credit losses	(92)	(94)
Trade account receivables - net	2,013	1,973

As at 30 June 2023 and 31 December 2022, the Group recorded an allowance for expected credit losses amounting to Baht 92 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	
	30 June 2023	31 December 2022
Inventories	2,656	2,583
Reduce cost to net realisable value	(531)	(490)
Inventories - net	2,125	2,093

As at 30 June 2023 and 31 December 2022, the Group had the reduction of cost to net realisable value amounting to Baht 531 million and Baht 490 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 believes that the reduce cost to net realisable value is adequate in the current circumstances.

### Source of fund

Unit: Million Baht

	30 June 2023	31 December 2022	Increase (decrease)	% Variance
Current liabilities	7,683	7,394	289	4%
Non-current liabilities	1,111	733	378	52%
<b>Total liabilities</b>	<b>8,794</b>	<b>8,127</b>	<b>667</b>	<b>8%</b>
<b>Total shareholders' equity</b>	<b>3,371</b>	<b>3,259</b>	<b>112</b>	<b>3%</b>

### Liabilities

Total liabilities as at 30 June 2023 amounted to Baht 8,794 million, an increase of Baht 667 million or a 8% increase compared to the total liabilities as at 31 December 2022, which amounted to Baht 8,127 million. This was mainly due to the increase in short-term borrowings for working capital and the increase in long-term borrowings from banks for the acquisition of TAOBIN vending machines and the construction of new factory buildings.

### Shareholders' equity

Shareholders' equity as at 30 June 2023 amounted to Baht 3,371 million, an increase of Baht 112 million or a 3% increase compared to the shareholders' equity as at 31 December 2022, which amounted to Baht 3,259 million. The increase was due to the net profit and the decrease was due to the dividend payment to the Company's shareholders and non-controlling shareholders of the subsidiaries.

### The appropriate of capital structure

Debt to equity ratio as at 30 June 2023 was 2.61 : 1, decreased when compared with the debt to equity ratio as at 31 December 2022, which was 2.49 : 1. This was due to the increase in liabilities rather than the increase in shareholders' equity.

### Liquidity

### Cash flows

Unit: Million Baht

	Q2' 2023	Q2' 2022
Cash flows from (used in) operating activities	692	141
Cash flows from (used in) investing activities	(721)	(427)
Cash flows from (used in) financing activities	296	240

Cash flows from operating activities for the second quarter of 2023 amounted to Baht 692 million, an increase of Baht 551 million compared to the same period of the previous year, which amounted to Baht 141 million. This was due to the increased operating profit.

Cash flows used in investing activities for the second quarter of 2023 amounted to Baht 721 million, an increase of Baht 294 million compared to the same period of the previous year, which amounted to Baht 427 million. This was mainly due to the purchase of TAOBIN vending machines and the construction of new factory buildings.

Cash flows used in financing activities for the second quarter of 2023 amounted to Baht 296 million, an increase of Baht 56 million compared to the same period of the previous year, which amounted to Baht 240 million. This was mainly due to the increase in long-term borrowings from banks while short-term borrowings from banks decreased.

**Liquidity ratio**

Current ratio as at 30 June 2023 was 0.88:1 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