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14 August 2024

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

To: President and Manager  
The Stock Exchange of Thailand

**The overall operating performance of the Group**

Unit: Million Baht

	Q2' 2024	Q2' 2023	Increase (decrease)	Variance (%)
Total revenues	2,567	2,783	(216)	(8%)
Net profit	105	204	(99)	(49%)

The Group had total revenues for the second quarter of 2024 of Baht 2,567 million, a decrease of Baht 216 million or 8% compared to the total revenues for the second quarter of 2023, which was Baht 2,783 million. This was mainly due to the decrease in revenue from the EMS business.

The Group had net profit for the second quarter of 2024 of Baht 105 million, a decrease of Baht 99 million or 49% compared to net profit for the second quarter of 2023, which was Baht 204 million. This was mainly due to a decline in gross profit from the EMS and Enterprise Solutions businesses.

**Analysis of revenues**

	Q2' 2024		Q2' 2023		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from main business</b>						
EMS business	840	33%	1,057	38%	(217)	(21%)
Enterprise solutions business	729	28%	700	25%	29	4%
Smart service business	915	36%	945	34%	(30)	(3%)
<b>Total revenues from main business</b>	<b>2,484</b>	<b>97%</b>	<b>2,702</b>	<b>97%</b>	<b>(218)</b>	<b>(8%)</b>
Other income	83	3%	81	3%	2	2%
<b>Total revenues</b>	<b>2,567</b>	<b>100%</b>	<b>2,783</b>	<b>100%</b>	<b>(216)</b>	<b>(8%)</b>

**EMS business**

The Company had revenue from EMS business for the second quarter of 2024 of Baht 840 million, a decrease of Baht 217 million or 21% compared to the same period of the previous year, which was Baht 1,057 million. This was primarily due to a decrease in purchase orders from one major customer for electronic circuit board manufacturing and assembly services.

### Enterprise solutions business

The Company had revenue from the Enterprise Solutions business for the second quarter of 2024 of Baht 729 million, an increase of Baht 29 million or 4% compared to the same period of the previous year, which was Baht 700 million. There was no significant change in revenue from the Enterprise Solutions business.

### Smart service business

The Company had revenue from the Smart Service business for the second quarter of 2024 of Baht 915 million, a decrease of Baht 30 million or 3% compared to the same period of the previous year, which was Baht 945 million. There was no significant change in revenue from the Smart Service business.

### Gross Profit and Gross Profit Margin

	Q2' 2024		Q2' 2023		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	119	14%	182	17%	(63)	(35%)
Enterprise solutions business	136	19%	188	27%	(52)	(28%)
Smart service business	252	28%	272	29%	(20)	(7%)
<b>Gross Profit</b>	<b>507</b>	<b>20%</b>	<b>642</b>	<b>24%</b>	<b>(135)</b>	<b>(21%)</b>

### EMS business

Gross profit for the second quarter of 2024 was Baht 119 million, a decrease of Baht 63 million or 35% compared to the same period of the previous year, which was Baht 182 million. This was consistent with the decrease in revenue from the EMS business. In addition, it was also due to an increase in the allowance for diminution in the value of inventories.

The gross profit margin for the year 2024 decreased from 17% to 14%. This was due to the rate of decline in sales being higher than the rate of decline in cost of sales, particularly in the electronic circuit board manufacturing and assembly services business. A portion of the cost of sales for this manufacturing business is fixed production costs and does not fluctuate with sales. In addition, it was also due to an increase in the allowance for diminution in the value of inventories.

### Enterprise solutions business

Gross profit for the second quarter of 2024 was Baht 136 million, a decrease of Baht 52 million or 28% compared to the same period of the previous year, which was Baht 188 million. This was due to the lower gross profit of project work in 2024 compared to the gross profit of project work in 2023. In addition, it was also due to the adjustment of project cost estimates to reflect current conditions.

The gross profit margin for the second quarter of 2024 decreased from 27% to 19%. This was due to the lower gross profit margin of project work in 2024 compared to the gross profit margin of project work in 2023. In addition, it was also due to the adjustment of project cost estimates to reflect current conditions.

### Smart service business

Gross profit for the second quarter of 2024 was Baht 252 million, a decrease of Baht 20 million or 7% compared to the same period of the previous year, which was Baht 272 million. This was consistent with the decline in revenue from the Smart Services business. Additionally, the decrease was due to an increase in depreciation expense for TAOBIN vending machines. This was because some TOABIN vending machines were currently undergoing upgrades and functional enhancements, resulting in them being out of service and unable to generate revenue. However, depreciation expense for top-up machines decreased due to an increase in the number of top-up machines that had been fully depreciated but were still in use.

The gross profit margin for the second quarter of 2024 decreased from 29% to 28%, which was not a significant change.

### Expenses

	Q2' 2024	Q2' 2023	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Selling expenses	35	57	(22)	(39%)
Administrative expenses	294	292	2	1%
Finance cost	51	44	7	16%
Income tax expenses	47	51	(4)	(8%)

#### Selling expenses

Selling expenses for the second quarter of 2024 were Baht 35 million, a decrease of Baht 22 million or 39% compared to the same period of the previous year, which was Baht 57 million. This decrease was attributed to a reduction in advertising and promotional expenses for TAOBIN vending machines business and a decrease in commission expenses for the EMS business.

#### Administrative expenses

Administrative expenses for the second quarter of 2024 were Baht 294 million, an increase of Baht 2 million or 1% compared to the same period of the previous year, which was Baht 292 million. There was no significant change in administrative expenses.

#### Finance cost

Finance costs for the second quarter of 2024 were Baht 51 million, an increase of Baht 7 million or 16% compared to the same period of the previous year, which was Baht 44 million. This increase was due to higher interest expenses on long-term loans.

#### Income tax expense

Income tax expense for the second quarter of 2024 was Baht 47 million, a decrease of Baht 4 million or 8% compared to the same period of the previous year, which was Baht 51 million. This was consistent with the decline in profits.

## Financial position

### Assets

Unit: Million Baht

	30 June 2024	31 December 2023	Increase (decrease)	% Variance
Current assets	5,815	5,475	340	6%
Non-current assets	5,646	5,647	(1)	(0%)
<b>Total assets</b>	<b>11,461</b>	<b>11,122</b>	<b>339</b>	<b>3%</b>

Total assets as of 30 June 2024 were Baht 11,461 million, an increase of Baht 339 million or 3% compared to the total assets as of 31 December 2023, which were Baht 11,122 million. There was no significant change in total assets.

### The quality of assets

#### Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	30 June 2024	31 December 2023
Trade account receivables - unrelated parties	1,364	845
Less: Allowance for expected credit losses	(89)	(95)
Trade account receivables - net	1,275	750

As of 30 June 2024 and 31 December 2023, the Group recorded an allowance for expected credit losses amounting to Baht 89 million and Baht 95 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 2024	31 December 2023
Inventories	2,353	2,366
Reduce cost to net realisable value	(580)	(534)
Inventories - net	1,773	1,832

As of 30 June 2024 and 31 December 2023, the Group had the reduction of cost to net realisable value amounting to Baht 580 million and Baht 534 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

	<b>30 June 2024</b>	<b>31 December 2023</b>	<b>Increase (decrease)</b>	<b>% Variance</b>
Current liabilities	6,767	6,279	488	8%
Non-current liabilities	1,384	1,561	(177)	(11%)
<b>Total liabilities</b>	<b>8,151</b>	<b>7,840</b>	<b>311</b>	<b>4%</b>
<b>Total shareholders' equity</b>	<b>3,310</b>	<b>3,282</b>	<b>28</b>	<b>1%</b>

### **Liabilities**

Total liabilities as of 30 June 2024 were Baht 8,151 million, an increase of Baht 311 million or 4% compared to the total liabilities as of 31 December 2023, which were Baht 7,840 million. There was no significant change in total liabilities.

### **Shareholders' equity**

Shareholders' equity as of 30 June 2024 was Baht 3,310 million, an increase of Baht 28 million or 1% compared to the shareholders' equity as of 31 December 2023, which was Baht 3,282 million. There was no significant change in shareholders' equity.

### **The appropriate of capital structure**

The debt-to-equity ratio as of 30 June 2024 was 2.46: 1, decreased when compared with the debt-to-equity ratio as of 31 December 2023, which was 2.39: 1. This increase was driven by a larger increase in total liabilities compared to the increase in shareholders' equity.

### **Liquidity**

#### **Cash flows**

Unit: Million Baht

	<b>Q2' 2024</b>	<b>Q2' 2023</b>
Cash flows from (used in) operating activities	392	692
Cash flows from (used in) investing activities	(216)	(721)
Cash flows from (used in) financing activities	(186)	296

Cash flows from operating activities for the second quarter of 2024 amounted to Baht 392 million, a decrease of Baht 300 million compared to the same period of the previous year, which amounted to Baht 692 million. This decrease was due to a decline in operating profit.

Cash flows used in investing activities for the second quarter of 2024 amounted to Baht 216 million, a decrease of Baht 505 million compared to the same period of the previous year, which amounted to Baht 721 million. This decrease was due to lower cash outflows for purchasing TOABIN vending machines and constructing factory buildings. However, in 2023, there were cash inflows from the sale of automatic beverage vending machines to an unrelated company.

Cash flows used in financing activities for the second quarter of 2024 were Baht 186 million, primarily consisting of cash flows used in repaying long-term loans and dividend payments to shareholders. In contrast, cash flows from financing activities for the second quarter of 2023 were Baht 296 million, mainly due to cash flows from long-term loans.

**Liquidity ratio**

The current ratio as of 30 June 2024 was 0.86: 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