

Ref: AC.008/2024

28 February 2024

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

	2023	2022	Increase (decrease)	Variance (%)
Total revenues	9,820	9,754	66	1%
Net profit	573	775	(202)	(26%)

The Group had total revenues for 2023 of Baht 9,820 million, an increase of Baht 66 million or a 1% increase compared to the total revenues for 2022, which was Baht 9,754 million. This was due to the increase in revenue from the Enterprise Solutions and Smart Service businesses and the decrease in revenue from the EMS business.

The Group had net profit for 2023 of Baht 573 million, a decrease of Baht 202 million or a 26% decrease compared to the net profit for 2022, which was Baht 775 million. This was caused by an increase in selling expenses, administrative expenses, and financial expenses.

**Analysis of revenues**

	2023		2022		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from main business</b>						
EMS business	3,504	36%	4,154	43%	(650)	(16%)
Enterprise solutions business	2,209	22%	1,860	19%	349	19%
Smart service business	3,778	39%	3,417	35%	361	11%
<b>Total revenues from main business</b>	<b>9,491</b>	<b>97%</b>	<b>9,431</b>	<b>97%</b>	<b>61</b>	<b>1%</b>
Other income	329	3%	323	3%	6	2%
<b>Total revenues</b>	<b>9,820</b>	<b>100%</b>	<b>9,754</b>	<b>100%</b>	<b>66</b>	<b>1%</b>

**EMS business**

The Company had revenue from EMS business for 2023 of Baht 3,504 million, a decrease of Baht 650 million or a 16% decrease compared to the same period of the previous year which amounted to Baht 4,154 million. This was caused by a decrease in orders from a major customer of the electronic circuit board manufacturing segment and orders from customers of the electronic components distribution segment.

### Enterprise solutions business

The Company had revenue from enterprise solutions business for 2023 of Baht 2,209 million, an increase of Baht 349 million or a 19% increase compared to the same period of the previous year which amounted to Baht 1,860 million. The majority of income increased from income from sales and installation projects of IP Core Router and DWDM and sales of TAOBIN vending machines to 2 overseas associate companies.

### Smart service business

The Company had revenue from smart service business for 2023 of Baht 3,778 million, an increase of Baht 361 million or an 11% increase compared to the same period of the previous year which amounted to Baht 3,417 million. This was mainly due to an increase in revenue from TAOBIN vending machine business.

### Gross Profit and Gross Profit Margin

	2023		2022		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	511	15%	802	19%	(291)	(36%)
Enterprise solutions business	698	32%	537	29%	161	30%
Smart service business	1,046	28%	951	28%	95	10%
<b>Total Gross Profit</b>	<b>2,255</b>	<b>24%</b>	<b>2,290</b>	<b>24%</b>	<b>(35)</b>	<b>(2%)</b>

### EMS business

Gross profit for 2023 amounted to Baht 511 million, a decrease of Baht 291 million or a 36% decrease from the same period of the previous year, which had a gross profit of Baht 802 million. This was in line with the decrease in revenue from the EMS business. In addition, it was also caused by the increase in the allowance for diminution in the value of inventories.

The gross profit margin for 2023 decreased from 19% to 15%. This was due to lower sales of electronic circuit board manufacturing while some production expenses remained constant. Therefore, production costs and sales costs increased. This resulted in a decrease in gross profit and gross profit margin. In addition, it was also caused by an increase in allowance for diminution in the value of inventories.

### Enterprise solutions business

Gross profit for 2023 amounted to Baht 698 million, an increase of Baht 161 million or a 30% increase from the same period of the previous year, which had a gross profit of Baht 537 million. This was in line with the increase in revenue from the Enterprise Solutions business.

The gross profit margin for 2023 increased from 29% to 32% because the gross profit margin of project works in 2023 had a higher gross margin than project works in 2022.

### Smart service business

Gross profit for 2023 amounted to Baht 1,046 million, an increase of Baht 95 million or a 10% increase from the same period of the previous year, which had a gross profit of Baht 951 million. This was in line with the increase in revenue from TAOBIN vending machine business. In addition, the depreciation of top-up machines decreased because the number of top-up machines that had been fully depreciated but were still in use increased. However, the depreciation of TAOBIN vending machines increased as the number of machines increased.

The gross profit margin for 2023 was 28%, which had not changed when compared to the previous year's gross profit margin. This was due to the reasons described in the previous paragraph.

### Expenses

	2023	2022	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Selling expenses	182	148	34	23%
Administrative expenses	1,225	1,123	102	9%
Finance expenses	197	102	95	93%
Income tax expenses	170	231	(61)	(26%)

#### Selling expenses

Selling expenses for 2023 amounted to Baht 182 million, an increase of Baht 34 million or a 23% increase from the same period of the previous year, which amounted to Baht 148 million. This was due to an increase in advertising and promotional expenses of TAOBIN vending machine business.

#### Administrative expenses

Administrative expenses for 2023 amounted to Baht 1,225 million, an increase of Baht 102 million or a 9% increase from the same period of the previous year, which amounted to Baht 1,123 million. This was due to an increase in various expenses such as employee expenses, professional fees, computer system maintenance expenses, depreciation of factory buildings and expenses for traveling abroad, etc. However, in 2023 there was no share-based payment expenses.

#### Finance expenses

Finance expenses for 2023 amounted to Baht 197 million, an increase of Baht 95 million or a 93% increase from the same period of the previous year, which amounted to Baht 102 million. This was due to an increase in long-term loans and interest rates.

#### Income tax expenses

Income tax expenses for 2023 amounted to Baht 170 million, a decrease of Baht 61 million or a 26% decrease from the same period of the previous year, which amounted to Baht 231 million. It was in line with the decreased profit.

## Financial position

### Assets

Unit: Million Baht

	31 December 2023	31 December 2022	Increase (decrease)	% Variance
Current assets	5,480	6,734	(1,254)	(19%)
Non-current assets	5,642	4,652	990	21%
<b>Total assets</b>	<b>11,122</b>	<b>11,386</b>	<b>(264)</b>	<b>(2%)</b>

Total assets as at 31 December 2023 amounted to Baht 11,122 million, a decrease of Baht 264 million or a 2% decrease compared to the total assets as at 31 December 2022, which amounted to Baht 11,386 million.

Current assets decreased due to debt repayment from project receivables at the end of the year and a decrease in inventories, which corresponded to a decrease in orders from a major customer for contract manufacturing of electronic circuit boards.

Non-current assets increased due to an increase in the number of TAOBIN vending machines and the cost of construction of a new factory building.

### The quality of assets

#### Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	31 December 2023	31 December 2022
Trade account receivables - unrelated parties	845	2,067
Less: Allowance for expected credit losses	(95)	(94)
Trade account receivables - net	750	1,973

As at 31 December 2023 and 31 December 2022, the Group recorded an allowance for expected credit losses amounting to Baht 95 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 December 2023	31 December 2022
Inventories	2,366	2,583
Reduce cost to net realisable value	(534)	(489)
Inventories - net	1,832	2,093

As at 31 December 2023 and 31 December 2022, the Group had the reduction of cost to net realisable value amounting to Baht 534 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 believed that the reduce cost to net realisable value is adequate in the current circumstances.

### **Source of fund**

Unit: Million Baht

	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>Increase (decrease)</b>	<b>% Variance</b>
Current liabilities	6,279	7,394	(1,115)	(15%)
Non-current liabilities	1,561	733	828	113%
<b>Total liabilities</b>	<b>7,840</b>	<b>8,127</b>	<b>(287)</b>	<b>(4%)</b>
<b>Total shareholders' equity</b>	<b>3,282</b>	<b>3,259</b>	<b>23</b>	<b>1%</b>

### **Liabilities**

Total liabilities as at 31 December 2023 amounted to Baht 7,840 million, a decrease of Baht 287 million or a 4% decrease compared to the total liabilities as at 31 December 2022, which amounted to Baht 8,127 million.

Current liabilities decreased due to the repayment of short-term project loans collected at the end of the year and a decrease in trade payables, which corresponded with a decrease of inventories of the electronic circuit board manufacturing segment.

Non-current liabilities increased due to an increase in long-term bank loans for financial restructuring, the acquisition of TAOBIN vending machines and the construction of a new factory building.

### **Shareholders' equity**

Shareholders' equity as at 31 December 2023 amounted to Baht 3,282 million, an increase of Baht 23 million or a 1% increase compared to the shareholders' equity as at 31 December 2022, which amounted to Baht 3,259 million. It increased due to net profit and decreased due to dividend payments to the Company's shareholders and non-controlling shareholders of subsidiaries.

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

Debt to equity ratio as at 31 December 2023 was 2.39 : 1, decreased when compared with the debt to equity ratio as at 31 December 2022, which was 2.49 : 1. This was a result of a decrease in debt rather than an increase in shareholders' equity.

## Liquidity

### Cash flows

Unit: Million Baht

	<b>2023</b>	<b>2022</b>
Cash flows from (used in) operating activities	1,953	894
Cash flows from (used in) investing activities	(1,230)	(1,723)
Cash flows from (used in) financing activities	(648)	769

Cash flows from operating activities for 2023 amounted to Baht 1,953 million, an increase of Baht 1,059 million compared to the same period of the previous year, which amounted to Baht 894 million. This was due to an decrease in working capital.

Cash flows used in investing activities for 2023 amounted to Baht 1,230 million, a decrease of Baht 493 million compared to the same period of the previous year, which amounted to Baht 1,723 million. This was due to an decrease in the acquisition of TAOBIN vending machines as well as a decrease in construction costs for new factory building as most of the construction were completed in 2023.

Cash flows used in financing activities for 2023 amounted to Baht 648 million, mainly from repayment of short-term and long-term borrowings, long-term borrowings, and payment of dividend to the Company's shareholders and non-controlling shareholders of subsidiaries. Cash flow from financing activities for 2022 amounted to Baht 769 million, mainly from short-term and long-term borrowings, liabilities under sales and rental agreements of TAOBIN vending machines, and additional capital from non-controlling shareholders of subsidiaries.

### Liquidity ratio

Current ratio as at 31 December 2023 was 0.87:1, which was not significantly different when compared to the current ratio as at 31 December 2022, which was 0.91:1.

Please be informed accordingly.

Yours sincerely,

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VP of Finance and Accounting