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SET_DV8-2023007

February 23rd, 2023

To: The President
The Stock Exchange of Thailand

Subject: Management Discussion and Analysis for the year ended December 31, 2022

DV8 Public Company Limited ("the Company") has submitted the financial statements of the Company and its subsidiaries for the year ended December 31, 2022, which have been audited by the certified public accountant. The Company would like to clarify the operations of the Company and its subsidiaries compared to the same period of 2021 as follows:

Revenues

In 2022, the Company and its subsidiaries (the Company) has operational income and other income totaled Baht 265.06 million. Increase from Baht 204.42 million Baht of the previous year. The amount was Baht 60.63 million or an increase of 29.66%, which composed of followings:

- **Revenue from Advertising Media**, the Company had advertising media revenue of Baht 113.94 million in 2022, increased from Baht 101.99 million. An increase of Baht 11.95 million or 11.72% due to the Company sold more advertising media at point-of-sale than the previous year that was still affected by the COVID-19 pandemic.
- **Revenue from Sales**, the Company's sales in 2022 amounted to Baht 103.18 million, increase from Baht 79.66 million last year. An increase of Baht 23.52 million or 29.53% was due to the increase in revenue from the sale of LED display monitors to the Office of the Permanent Secretary of the Ministry of Interior under Public Awareness Project with Smart Signage.
- **Revenue from Construction Works**, in 2020, the Company signed a joint venture agreement with Delighting International Co., Ltd. and used the name DCORP-DLI Joint Venture for electronic tender according to the announcement of the Office of the Permanent Secretary of the Ministry of Interior. When the joint venture won the bidding, the plan and procedures for the construction of digital signage under the project for 76 provinces were submitted to the Parcel Inspection Committee. Upon approval, the joint venture entered into a sign construction contract in 2020 and started construction in 2021, which the



Company had construction revenue of Baht 14.61 million. In 2022, the Company had revenue of Baht 42.90 million. The increase of Baht 28.29 million or 193.74% due to the increase in proportion of work completion over the previous year.

- **Gain from Sale of Investment in Associated Companies** amounted to Baht 2.76 million since in 2022, the Company sold its investment in Revolution of Digital Employee Experience Co. Ltd., which operates application services business for corporate management.
- **Other income** in 2022 was Baht 2.28 million, decreased Baht 5.89 million or 72.11% from Baht 8.17 million last year. The other income from normal operations mainly consists of interest income from fixed deposits with financial institutions. In 2022, the gain from asset disposals and other income decreased.

Cost

In 2022, the Company had a total cost of Baht 215.48 million. An increase of Baht 44.46 million or 25.99% from Baht 171.03 million last year, of which total cost in 2022 consisted of Advertising Cost Baht 90.21 million, Cost of Sales Baht 93.48. million and the Construction Cost Baht 31.79 million of which according to proportion of work completion as already mentioned above.

Expenditure

- **Administrative expenses** Baht 34.01 million, decreased of Baht 9.87 million or 22.49% from Baht 43.87 million last year. This was mainly due to the Company has a new organizational restructure resulting in lower employee-related expenses.
- **Executive remuneration** Baht 20.19 million, decreased of Baht 6.96 million or 25.65% from Baht 27.15 million last year. In 2022, there was new organizational structure to support the Company's operational plans, thus reducing the expenses on the part of the management.
- **Financial costs** Baht 1.09 million, decreased of Baht 0.94 million or 46.19% from Baht 2.03 million last year, due to the recognition of finance costs according to the contract period
- **Share of Loss in Associated companies** Baht 0.28 million. In 2022, the Company sold its investment in Revolution of Digital Employee Experience Co., Ltd., thereby decreasing its share of losses in associated companies.



Results

The Company had a net loss of Baht 13.37 million. The net loss included profit from non-controlling interests of Baht 0.94 million. The net loss attributable to the parent company Baht 14.31 million. Loss decreased from the previous year by Baht 33.07 million or 69.79% due to the performance of the Company as mentioned above.

Financial Position

Assets

The Company has total assets in 2022 amounted to Baht 517.79 million, a decrease of Baht 18.75 million or 3.49% from Baht 536.54 million last year. The Company's assets at the end of 2022 comprise current assets of 78.80% and non-current assets of 21.20%. Details of major assets can be summarized as follows:

- **Trade account receivables and Other current receivables** amounted to Baht 94.78 million. A decrease of Baht 33.01 million or 25.83% from the previous year, which amounted to Baht 127.79 million. Trade accounts receivables are mainly incurred from advertising media revenue while for other receivables for operations mainly consisted of VAT pending refund, accrued income and prepaid expenses
- **Assets arising from Contracts incurred in 2022** amounted to Baht 86.87 million. This is due to the construction works of Public Awareness Project with Smart Signage, which have not yet charged back to the Office of the Permanent Secretary of the Ministry of Interior. There was an increase of Baht 49.23 million or 130.79% increase from last year, which amounted to Baht 37.64 million, due to an increase in the proportion of work completion.
- **Inventories in 2022** consisted of products made from Hinoki wood Baht 0.22 million. But in 2021, undelivered LED display monitor components were included, then the total inventories of last year amounted to Baht 17.91 million. As a result, inventories in 2022 decreased by Baht 17.69 million or 98.79% from last year, due to the Company having already delivered LED display monitors to the Office of the Permanent Secretary of the Ministry of Interior.
- **Other current financial assets** amounted to Baht 100.00 million. A decrease of Baht 60.00 million or 37.50% from last year, which amounted to Baht 160.00 million, due to the Company managed fixed deposits to be used as working capital.
- **Investment in associated companies**, in 2021, the Company had invested Baht 4.02 million in Revolution of Digital Employee Experience Co., Ltd. to provide services related to enterprise management applications, which the Company has already sold its investment in 2022.



- **Leasehold Improvement, Furnishings and Equipment** Baht 25.28 million, an increase of Baht 18.40 million or 37.42% from last year. Since the Company increased point of sales in more department stores to sell advertising medias, therefore, it is necessary to install more equipment to broadcast.
- **Lease assets** at the end of 2022 amounted to Baht 2.61 million. Decrease of Baht 19.12 million from last year. This was an asset arising from the consideration of leases in accordance with Financial Reporting Standard No.16, which has been in practice since 2022.
- **Other non-current assets** amounted to Baht 14.56 million. An increase of Baht 3.40 million or 30.45% from last year, which amounted to Baht 11.16 million. mainly due to the increase of withholding tax.

Total Liabilities

The Company had total liabilities in 2022 of Baht 74.00 million. A decrease of Baht 5.37 million or 6.77% from Baht 79.37 million last year. The Company's liabilities at the end of 2022 consisted of current liabilities of 91.52% and non-current liabilities of 8.48%. Details of liabilities can be summarized as follows:

- **Trade creditors and other current creditors** amounted to Baht 50.55 million. An increase of Baht 21.86 million, or 76.21% from Baht 28.69 million last year. The majority of trade creditors are due to the business of advertising media, and other revolving creditors consist of accrued expenses, unpaid sales tax, other creditors, and advance income.
- **Liabilities arising from contracts** amounted to Baht 13.09 million. A decrease of Baht 12.68 million or 49.20% from Baht 25.77 million last year, due to the gradual elimination of advance payments from the Office of the Permanent Secretary of the Ministry of Interior when the work was delivered for Public Awareness Project with Smart Signage.
- **Lease liabilities** amounted to Baht 0.05 million. A decrease of Baht 18.77 million or 99.76% from Baht 18.82 million last year. Such liabilities arise as a result of the consideration of leases in accordance with Financial Reporting Standard No.16, which has been in practice since 2020, and in 2022 has considered a reduction in the duration of leases.



Liquidity

Cash flow

The Company had cash and cash equivalents as of December 31, 2022 amounting to Baht 121.30 million. An increase from the end of 2021 was Baht 54.31 million Details of the source and use of cash are as follows:

- **Net cash derived from operating activities** was Baht 4.03 million. This is mainly due to an increase in assets arising from contracts, trade creditors and other current creditors, and a decrease in trade receivables and other current receivables.
- **Net cash derived from investment activities** was Baht 52.58 million. This is mainly due to a decrease in other current financial assets.
- **Net cash used from financing activities** was Baht (2.3) million. This is mainly due to cash payments on financial leases.

Liquidity Ratio

The Company's liquidity ratio in 2021-2022 was 7.46 times and 6.02 times, respectively. The Company has decreased current assets in respect of inventories, accounts receivable and other current receivables, and increased current liabilities in respect of trade creditors and other current creditors. If there are external factors, the Company cannot be carried out as normally as in the past. Nevertheless, the Company still has liquidity in its operations as the Company has sufficient current assets to repay its current debts at the liquidity rate as initially mentioned.

Please be informed accordingly.



Yours Sincerely,

(Mr. Nathaphol Kasamvilas)

Chief Executive Officer