

## 2022: Management Discussion and Analysis

### Operation Overview

In 2022, the Company and subsidiaries reported total revenue of Baht 643 million, an increase of Baht 225 million or 53.7% compared with 2021. Considering operating loss of 2022, the Company reported Baht 655 million, operating loss increased by Baht 531 million or 426.9% compared with 2021. In accordance with operating loss, net loss of 2022 was Baht 1,175 million, operating loss increased by Baht 843 million from the previous year, mainly resulted from impairment for loss, income tax expense and other expense.

### Results of Operation of the Company and Subsidiaries

#### Sales and service income including gross profit

(Unit: Million Baht)

	Digital Network		Digital Content		Total	
	2022	2021	2022	2021	2022	2021
Sales and service income	513	265	119	129	632	394
Cost of sales and services	(548)	(283)	(114)	(118)	(662)	(401)
Gross profit	(35)	(18)	5	11	(30)	(7)
Other income					11	24
Selling and distribution expenses					(10)	(34)
Administrative expenses					(96)	(107)
Impairment for loss and other expenses					(657)	(16)
Finance income					1	-
Finance cost					(184)	(196)
Income tax expenses					(300)	(20)
Non-controlling interests of the subsidiaries					90	24
Net loss					(1,175)	(332)

#### Digital Network

Revenue of Digital Network Business, including selling and service income, was Baht 513 million, increased by Baht 248 million or 93.6% compared with 2021. This was mainly increased from selling and installment of network communication equipment. Gross profit reported at loss was Baht 35 million, an increase of Baht 17 million.

#### Digital Content

Revenue of Digital Content Business was Baht 119 million, a decrease of Baht 10 million or 7.8% compared with 2021. Gross profit was Baht 5 million, a decrease of Baht 6 million or 54.5%. This was mainly from a decrease in revenue of mobile content.

#### Other Income

Other income was Baht 11 million, representing 1.7% of total revenue in 2022, a decrease of Baht 13 million or 54.2% compared with the previous year. This was mainly decreased from gain of exchange rate of Baht 7 million.

### **Selling and Administration Expenses including Other Expenses**

Selling and administration expenses including other expenses were Baht 636 million, an increase of Baht 494 million or 348.4% compared with 2021. This increase was mainly from impairment for loss and other expenses.

### **Finance Cost**

Finance cost was Baht 184 million, a decrease from 2021 of Baht 13 million. The decrease of finance cost resulted from the convertible debenture expense and interest expense decreased from bank loan repayment during the year of 2022.

### **Income Tax**

Income tax expenses were totally Baht 300 million, an increase from 2021 of Baht 279 million as a result from write-off deferred tax assets of Baht 298 million.

## **Financial Position**

### **Assets**

As of December 31, 2022, total assets were Baht 4,252 million, a decrease of Baht 300 million or 6.6% compared with the end of 2021. Total current assets were Baht 1,210 million and total non-current assets were Baht 3,041 million, representing of 28.5% and 71.5% of total assets respectively.

### **Trade Receivables**

As of December 31, 2022, trade receivables-net were Baht 86 million, a decrease of Baht 187 million or 68.4% compared with the end of 2021. This was primarily due to collection of trade accounts receivable during the year of 2021.

### **Inventories**

As of December 31, 2022, net inventories were Baht 221 million, decreased by Baht 22 million or 9.0% compared with the end of 2021. This was mainly contributed by the decrease in goods in transit of Digital Trunked Radio System project (DTRS).

### **Other Current Assets**

As of December 31, 2022, other current assets were Baht 689 million, an increase of Baht 165 million or 31.6% compared with the end of 2021. The outstanding balances were mainly advance for purchase of inventories.

### **Non-Current Assets**

As of December 31, 2022, non-current assets were Baht 3,041 million, representing 71.5% of total assets. Comparing December 31, 2021, decreased by Baht 183 million or 5.7%. The decrease was mainly contributed by a decrease in deferred tax assets, a decrease in right-of-use assets, and a decrease in goodwill.

## Liquidity

As of December 31, 2022, cash and cash equivalents were Baht 213 million, an increase of Baht 42 million or 24.5% compared with the end of 2021. Sources and uses of fund are as follows:

- Net cash flows from operating activities of Baht 137 million was mainly attributed to trade accounts payable and inventories of Digital Trunked Radio System project (DTRS).
- Net cash flows use in investing activities of Baht 362 million was mainly attributed to cash paid for acquisition of equipment in Digital Trunked Radio System project (DTRS).
- Net cash flows from financing activities of Baht 267 million was mainly attributed to receiving cash from the convertible debenture.

Compared with 2021, the Company's liquidity ratio decreased from 0.42 times to 0.32 times and quick ratio decreased from 0.17 times to 0.11 times and cash turnover increased from (0.11) times to 0.04 times.

## Sources of Funds

As of December 31, 2022, total shareholders' equity was Baht 59 million, a decrease of Baht 777 million or 92.9% compared with the end of 2021 from conversion of the convertible debenture during the year of 2022 of Baht 489 million and net comprehensive loss in this year of Baht 1,266 million.

Total liabilities as of December 31, 2022 were Baht 4,193 million, increased by Baht 477 million or 12.8% compared with the end of 2021. Total liabilities consist of current liabilities of Baht 3,742 million, and non-current liabilities of Baht 450 million, representing 88.0% and 10.6% of total assets respectively. The key components are as follows:

- Bank overdrafts, loans from financial institutions and lease liabilities were totally Baht 2,726 million, representing 65.0% of total liabilities or 64.1% of total assets, a decrease of Baht 173 million or 6.0% compared with the end of 2021.
- Long-term loans from related company were Baht 322 million, representing 7.7% of total liabilities or 7.6% of total assets.
- Trade payables and other payables were Baht 1,038 million, representing 24.8% of total liabilities or 24.4% of total assets, increased by Baht 594 million or 133.6% compared with the end of 2021.
- Short-term loans were Baht 13 million, representing 0.3% of total liabilities or 0.3% of total assets.