

D.T.C. Enterprise Public Company Limited and its subsidiaries Management Discussion and Analysis 2022 Operating Results

Overview of 2022 Operating Results

As at 31 December 2022, the total revenue of D.T.C. Enterprise Public Company Limited and its subsidiaries (“**DTC Group**”) was THB 641.59 million, an increase of THB 50.06 million or 8.46%; the total cost of sales and services was THB 318.59 million, an increase of THB 20.78 million or 6.98%; the gross profit was THB 317.35 million, an increase of THB 29.69 million or 10.32%; the selling and administrative expenses were THB 249.18 million, an increase of THB 58.57 million or 30.73%; and the net profit was THB 51.98 million, a decrease of THB 25.26 million or 32.70%, as compared to the 2021 operating results as follows:

(Unit : THB million)

Consolidated Financial Statements	2022	2021	Difference	%
Revenues from sales and services	635.94	585.47	50.47	8.62
Other revenue	5.65	6.06	(0.41)	(6.77)
Total revenues	641.59	591.53	50.06	8.46
Cost of sales and services	318.59	297.81	20.78	6.98
Gross profit	317.35	287.66	29.69	10.32
Selling and administrative expenses	249.18	190.61	58.57	30.73
Net profit for the year	51.98	77.24	(25.26)	(32.70)

DTC Group’s total revenue was THB 641.59 million and THB 591.53 million in 2022 and 2021, respectively, an increase of THB 50.06 million or 8.46%. The revenue from GPS tracking services is the main revenue. The key factor that contributes to the revenue increase is the country’s economic recovery following the improvement of the COVID-19 pandemic. DTC Group’s major customers are in the transportation sector, import and export sector, and tourism sector resume their business operations.

DTC Group's revenue structure by revenue type for the year ended 31 December 2022 and 31 December 2021 can be summarized as follows:

(Unit : THB million)

Revenues	2022		2021		Difference	%
	Amount	%	Amount	%		
Revenue from services	594.94	92.73	538.58	91.05	56.36	10.46
Revenue from sales	41.00	6.39	46.89	7.93	(5.89)	(12.56)
Total revenue from sales and services	635.94	99.12	585.47	98.98	50.47	8.62

The revenue from services forms a major portion of DTC Group's revenue. In 2022 and 2021, the revenue from services were THB 594.94 million and THB 538.58 million, an increase of THB 56.36 million or 10.46%, representing 92.73% and 91.05% of the total revenue, respectively. The revenue from services can be summarized as follows:

Revenue by Types of Services

(Unit : THB million)

Revenue from services	2022		2021		Difference	%
	Amount	%	Amount	%		
Revenue from GPS tracking	388.40	65.28	379.32	70.43	9.08	2.39
Revenue from device rental service	139.22	23.40	109.58	20.35	29.64	27.05
Revenue from other services ¹	67.32	11.32	49.68	9.22	17.64	35.51
Total revenue from services	594.94	100.00	538.58	100.00	56.36	10.46

Note: Revenue from other services are, for example, revenue from projects, revenue from device maintenance and transfer service, etc.

The revenue from GPS tracking service is the top revenue. In 2022 and 2021, the revenue from GPS tracking service was THB 388.40 million and THB 379.32 THB, an increase of THB 9.08 million or 2.39%, representing 65.28% and 70.43% of the total revenue from services.

The revenue from device rental service is the second-top earner. In 2022 and 2021, the revenue from device rental service was THB 139.22 million and THB 109.58 million, an increase of THB 29.64 million or 27.05%, representing 23.40% and 20.35% of the revenue from service, respectively.

Revenue by Products Sales

(Unit : THB million)

Revenue from sales	2022		2021		Difference	%
	Amount	%	Amount	%		
Revenue from sales of devices	33.88	82.63	35.15	74.96	(1.27)	(3.61)
Revenue from project and IoT Solution	4.91	11.98	7.04	15.01	(2.13)	(30.26)
Revenue from software systems	0.13	0.32	1.54	3.29	(1.41)	(91.56)
Revenue from other sales	2.08	5.07	3.16	6.74	(1.08)	(34.18)
Total revenue from sales	41.00	100.00	46.89	100.00	(5.89)	(12.56)

In 2022 and 2021, the revenue from sales was THB 41.00 million and THB 46.89 million, a decrease of THB 5.89 million or 12.56%, representing 6.39% and 7.93% of the total revenue, respectively, mainly due to the shift of customer demand from buying devices to renting devices.

Cost of Sales of Products and Services

In 2022 and 2021, the cost of sales of products and services was THB 318.59 million and THB 297.81 million, respectively. DTC Group's total cost increased by THB 20.78 million or 6.98%. The increase is in the same direction as the increase of revenue. The cost of services increased in line with the increasing number of the GPS tracking devices and the increasing customers that resumed their business operations following the improvement of the COVID-19 pandemic situation in 2022. Nevertheless, the cost of selling decreased in line with the revenue from sales due to the shift of customer demand from buying to renting.

Gross Profit

In 2022 and 2021, the gross profit was THB 317.35 million and THB 287.66 million, or 49.90% and 49.13%, respectively. The gross profit increased by THB 29.69 million or 10.32%, mainly due to DTC Group's ability to manage costs effectively.

Selling and Administrative Expenses

In 2022 and 2021, the selling and administrative expenses were THB 249.18 million and THB 190.61 million, respectively, an increase of THB 58.57 million or 30.73% due to the following reasons.

In 2022 and 2021, the selling expense was THB 46.70 million and THB 37.12 million, respectively, an increase of THB 9.58 million or 25.81%, mainly due to an increase of

employee-related expenses, e.g. increase of commission following increase of sales and advertising and promotion expenses, etc.

In 2022 and 2021, the administrative expenses were THB 202.48 million and THB 153.50 million, respectively, an increase of THB 48.98 million or 31.91%. The employee-related expense increased by THB 27.43 million. Furthermore, during the year, DTC Group had an additional expense of THB 6.20 million for professional service and advisor fee in preparation for the Initial Public Offering and the listing fee of the Stock Exchange.

Net Profit

The net profit for the year decreased by THB 25.26 million or 32.70%, compared to that of 2021, due to a material increase of the selling and administrative expenses. The increase was resulted from the DTC Group’s preparation for listing on the Stock Exchange, public relations expense, and personnel expense to accommodate DTC Group’s expansion.

DTC Group’s Financial Position

As at 31 December 2022, the total assets is THB 1,667.81 million, an increase of THB 867.10 million, or 108.29%, compared to that of 2021, mainly due to an increase of cash and cash equivalents.

The total liabilities were THB 281.57 million, an increase of THB 3.66 million, or 1.32%, compared to that of 2021, mainly due to an increase of trade account payables and other payables.

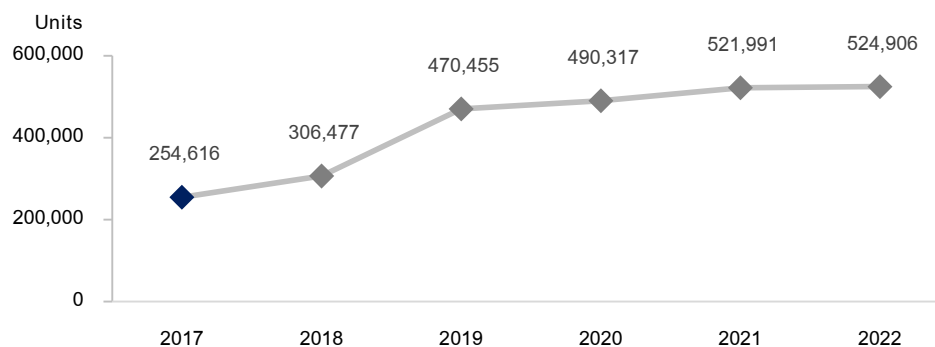
The total shareholders’ equity of THB 1,386.24 million, an increase of THB 863.44 million, or 165.16%, mainly due to an increase of premium on paid-up capital.

Analysis of the Company compared with Competitors

The GPS installation business can be categorized into two main groups as follows:

1. Mandatory GPS Business

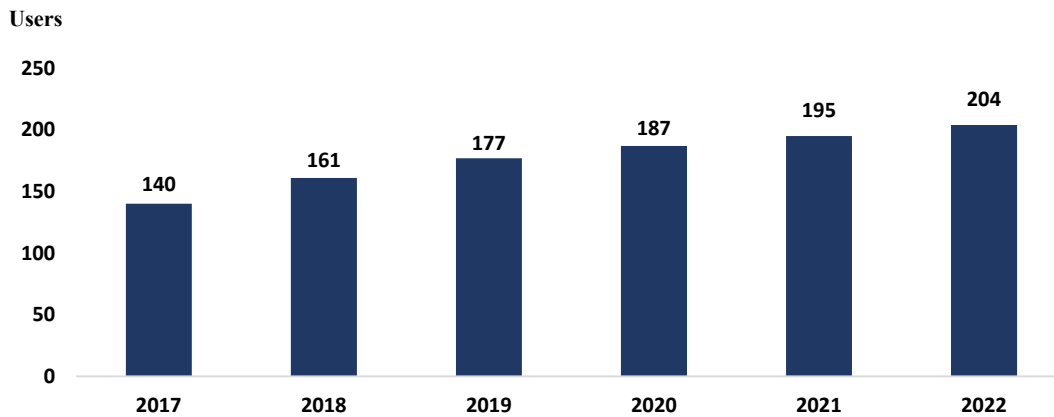
Number of Vehicles Installed with GPS Tracking Devices Connected to System of Department of Land Transport in 2017 - 2022



Source: Department of Land Transport, Statistic Report “GPS across Thailand Project” December 2022

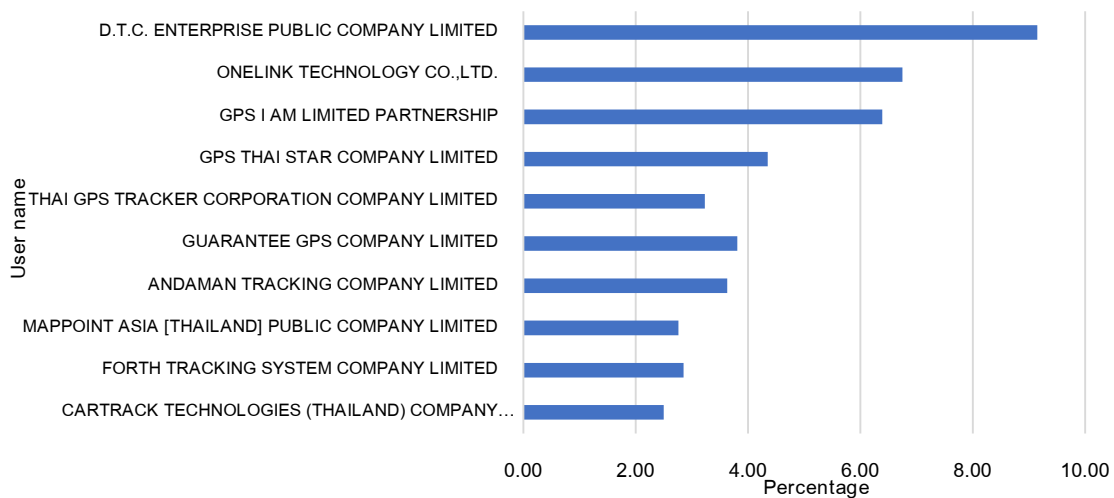
The mandatory GPS business has witnessed a leaping growth in the past five years following the country’s economic growth and expansion of transportation business, and the launch of the “GPS Across Thailand Project” of the Department of Land Transport (“DLT”) in 2016 which requires that all newly- registered public transportation vehicles and vans (excluding minibuses, fixed route buses, category 4 and fixed route buses, category 1, provincial) trailers and heavy trucks (10-wheelers up) must be installed with certified and standardized GPS and their data must be connected to the Transport Management Center of the Department of Land Transport by 2019. The number of GPS tracking vehicles connected with the Department of Land Transport increased from 254,616 vehicles in 2017 to 524,906 vehicles in 2022 or an increase of 270,290 vehicles.

Number of Providers of GPS Tracking System in 2017 - 2022



Source: Department of Land Transport, Statistic Report “GPS across Thailand Project” December 2022

Top - Ten Providers of GPS Tracking System as at December 2022



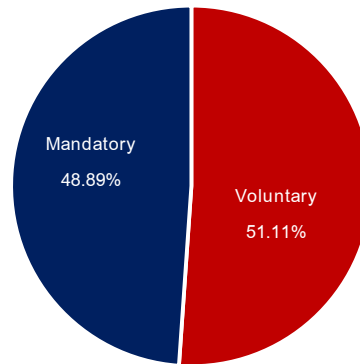
Source: Department of Land Transport, Statistic Report “GPS across Thailand Project” December 2022

DTC Group has the highest market share in providing the GPS tracking system to vehicles connected to the system of the Department of Land Transport since 2017. In 2022, DTC Group installed the GPS tracking system in 45,940 vehicles, representing 9.15% of GPS vehicles connected to the system of the Department of Land Transport, out of 204 providers of GPS tracking system.

2. Voluntary GPS Business

In addition to the GPS Across Thailand Project of the Department of Land Transport that drove the mandatory GPS business to a leap growth, the expansion of the transportation business, the behavior change, the application of technology in organization management, as well as the use of transportation management software in logistics management to effectively manage costs and enhance competitiveness.

GPS Vehicles Installed by DTC Group as at December 2022



Source: D.T.C. Enterprise Public Company Limited

As at December 2022, DTC Group installed GPS tracking system in 93,969 vehicles: 48,029 GPS vehicles were voluntary, representing 51.11%, and 45,940 GPS vehicles were mandatory, representing 48.89% of the total GPS vehicles installed by DTC Group.

Please be informed accordingly.

Sincerely yours



(Ms. Jiraporn Lailuk)
Deputy Chief Executive Officer
Chief Financial Office