

Ref. Simat 08-23

May 15th, 2023

Subject: Management Discussion and Analysis on operating result for the first quarter of year 2023

To: Managing Director of Stock Exchange of Thailand

Simat Technologies Public Company Limited would like to report the variance in operating result for the first quarter ended 31 March 2023 as follows:

Operating Performance

unit : million Baht

Income statement	2023Q1		2022Q1		Increase (Decrease)	
	In amount	In Portion	In amount	In Portion	In amount	In Portion
Revenue from sales and services	244	100%	246	100%	(2)	0%
Cost of sales and services	(176)	(72%)	(153)	(62%)	23	10%
Gross Profit	68	28%	93	38%	(25)	(10%)
Other income	2	1%	2	1%	0	0%
Selling and administrative expenses	(56)	(23%)	(52)	(21%)	4	2%
Profit before financial cost and income tax	14	6%	43	17%	(29)	(12%)
Financial cost	(2)	(1%)	(5)	(2%)	(3)	(1%)
Share of profit from associate	(1)	(0%)	0	0%	1	0%
Profit before income tax	11	5%	38	15%	(27)	(11%)
Income tax	(2)	(1%)	(6)	(2%)	(4)	(2%)
Net profit for the year	9	4%	32	13%	(23)	(9%)
Other comprehensive income (loss)	0	0%	0	0%	0	0%
Portion of non-controlling interest	0	0%	(9)	(4%)	(9)	(4%)
Portion of equity holder of the company	8	3%	23	9%	(15)	(6%)

The consolidated net profit (Loss) (portion of the parent company) for the first quarter of year 2023 and 2022 were Baht 8 million and Baht 23 million respectively. The operating profit of year 2023Q1 decreased from the same period of the prior year about Baht 15 million due to Baht 23 million increase in cost of sales and services, Baht 4 million increase in selling and administrative expenses.

unit : million Baht

Revenue / Cost structure by business	IT Business	Label product	Silkscreen printing	Silkscreen printing	Broadband internet	Others	Total	
2023Q1	1	60	65	68	13	37	244	
	Sales	0%	25%	27%	28%	5%	100%	
	Cost	1	36	47	45	13	34	176
2022Q1	1	69	84	68	13	11	246	
	Sales	0%	28%	34%	28%	5%	100%	
	Cost	1	40	51	41	12	8	153
Increase (Decrease)	0	(9)	(19)	0	0	26	(2)	
	Sales	0%	(13%)	(23%)	0%	0%	236%	(0%)
	Cost	0	(4)	(4)	4	1	26	23

■ **Revenue from Sales and Services**

Revenue from Sale and Services in year 2023Q1 changed from same period of prior year due to

1. The revenue from label product and silkscreen printing business have been affected by the factory has been relocated, and recession economy in Europe and United States made the customers in electric manufacturing industry who export to Europe and United States decreased their orders.

2. Other business in year 2023Q1 increased from 2022Q1 due to the company's trading project and subsidiary's revenue recognition after delivery to the customers.

■ **Cost of sales and service**

Cost of sales and service was change from same period of the prior year due to

1. Label product and silkscreen printing business had lower sales, but the cost of sales did not decrease with the same proportion.

2. Cost of Government project increase approximately Baht 5 million from same period of prior year while the revenue did not change.

3. Other business increased in sales but cost of sales increased by a greater proportion.

Financial Position

unit : million Baht

Consolidated balance sheet	31 March 2023	31 December 2022	31 March 2022	31 December 2021
Current assets	623	664	818	760
Non-current assets	1,128	1,020	969	1,001
Total assets	1,751	1,684	1,787	1,761
Current liabilities	271	237	420	426
Non-current liabilities	270	193	182	182
Liabilities	541	430	602	608
Shareholders' equity	1,210	1,254	1,185	1,153
Total liabilities and shareholders	1,751	1,684	1,787	1,761

Financial ratios

	2023Q1	2022Q1
1. Return on Assets (ROA) for 3 months	0.50%	1.81%
2. Current Ratio	2.29 times	1.95 times
3. Debt to Equity Ratio (DE Ratio)	0.45 time	0.51 time

- **Return on Assets (ROA)**

In the first quarter year 2023, the company could make profit of 0.50% on the average total assets.

- **Current Ratio**

At the end of the first quarter in year 2023, the company had ability to pay short-term obligations within one year for 2.29 times.

- **Debt to Equity Ratio (DE Ratio)**

At the end of the first quarter in year 2023, the company used debt to finance its assets at 0.45 time relative to the value of shareholders' equity.

Cash Flow

unit : million Baht

Cash flow	Activities			Increase (decrease)
	Operating	Investing	Financing	
2023Q1	(64)	(151)	86	(129)
2022Q1	(14)	4	(16)	(26)

Cash flow of the company and its subsidiaries for the first quarter in year 2023 has net decrease of Baht 129 million.

Net cash flow from operations for the first quarter in year 2023 was net cash outflow of Baht 64 million from spending for service in government project which the contractual billing was not due yet.

Net cash flow from investments for the first quarter in year 2023 was net cash outflow of Baht 151 million due to the company bought 3% of HST shares back at Baht 52.5 million, and the subsidiary bought machines and equipment about Baht 100 million.

Net cash flow from financing for the first quarter in year 2023 was net cash inflow of Baht 86 million due to long term loan from financial institution for buying machines and equipment.

Best regards,

(Mr. Boonlerd lewporchai)

CEO