

Ref. Simat 10-23

August 15th, 2023

Subject: Management Discussion and Analysis on operating result for the second 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 second quarter ended June 30, 2023 as follows:

Operating Results for 3 Months Period

unit : million Baht

Income statement	2023Q2		2022Q2		Increase (Decrease)	
					In amount	In Portion
Revenue from sales and services	201	100%	223	100%	(22)	(10%)
Cost of sales and services	(150)	(75%)	(150)	(67%)	0	7%
Gross Profit	51	25%	73	33%	(22)	(7%)
Other income	3	1%	2	1%	1	1%
Selling and administrative expenses	(69)	(34%)	(50)	(22%)	19	12%
Profit (Loss) before financial cost and income tax	(15)	(7%)	25	11%	(40)	(19%)
Financial cost	(5)	(2%)	(4)	(2%)	1	1%
Share of profit from associate	0	0%	0	0%	0	0%
Profit (Loss) before income tax	(21)	(10%)	21	9%	(42)	(20%)
Income tax	3	1%	(3)	(1%)	(6)	(3%)
Net profit (Loss) for the year	(18)	(9%)	18	8%	(36)	(17%)
Other comprehensive income (loss)	0	0%	0	0%	0	0%
Portion of non-controlling interest	(5)	(2%)	4	2%	(9)	(4%)
Portion of equity holder of the company	(13)	(6%)	14	6%	(27)	(13%)

The consolidated net profit (loss) (portion of the parent company) for the three-month period in the second quarter of year 2023 had loss Baht 13 million compare with year 2022 which had profit Baht 14 million due to Baht 22 million decreased in revenue from sales and services and Baht 19 million increased in selling and administrative expenses.

unit : million Baht

Revenue / Cost structure by business	IT Business	Label product	Silkscreen printing	Government Project	Broadband internet	Others	Total
2023Q2	1	58	41	68	15	18	201
Sales	1%	29%	20%	34%	7%	9%	100%
Cost	2	39	34	43	14	18	150
2022Q2	1	57	84	68	12	1	223
Sales	0%	26%	38%	31%	5%	0%	100%
Cost	1	38	56	42	12	1	150
Increase (Decrease)	0	1	(43)	0	3	17	(22)
Sales	0%	2%	(51%)	0%	25%	1700%	(10%)
Cost	1	1	(22)	1	2	17	0

Operating Results for 6 Months Period

unit : million Baht

Income statement	2023Q2		2022Q2		Increase (Decrease)	
	In amount	In Portion	In amount	In Portion	In amount	In Portion
Revenue from sales and services	444	100%	468	100%	(24)	0%
Cost of sales and services	(326)	(73%)	(306)	(65%)	21	8%
Gross Profit	118	27%	163	35%	(45)	(8%)
Other income	4	1%	4	1%	0	0%
Selling and administrative expenses	(124)	(28%)	(99)	(21%)	25	7%
Profit (Loss) before financial cost and income tax	(2)	(0%)	68	15%	(70)	(15%)
Financial cost	(7)	(2%)	(9)	(2%)	(2)	(0%)
Share of profit from associate	(1)	(0%)	0	0%	(1)	(0%)
Profit (Loss) before income tax	(9)	(2%)	59	13%	(68)	(15%)
Income tax	0	0%	(9)	(2%)	(9)	(2%)
Net profit (Loss) for the year	(9)	(2%)	50	11%	(59)	(13%)
Other comprehensive income (loss)	0	0%	0	0%	0	0%
Portion of non-controlling interest	(4)	(1%)	13	3%	(17)	(4%)
Portion of equity holder of the company	(5)	(1%)	36	8%	(41)	(9%)

The consolidated net profit (loss) (portion of the parent company) for the six-month period in the second quarter of year 2023 had loss Baht 5 million compare with year 2022 which had profit Baht 36 million due to Baht 24 million decreased in revenue from sales and services, Baht 21 million increased in cost of sales and services and Baht 25 million increased in selling and administrative expenses.

unit : million Baht

Revenue / Cost structure by business	IT Business	Label product	Silkscreen printing	Government Project	Broadband internet	Others	Total
2023Q2	2	119	106	135	28	54	444
Sales	1%	27%	24%	30%	6%	12%	100%
Cost	3	78	79	88	28	50	326
2022Q2	2	121	182	136	26	1	468
Sales	0%	26%	39%	29%	6%	0%	100%
Cost	2	72	123	83	25	1	306
Increase (Decrease)	0	(2)	(76)	(1)	2	53	(24)
Sales	0%	(2%)	(42%)	(1%)	8%	5300%	(5%)
Cost	1	6	(44)	5	3	49	20

- **Silkscreen printing**

The revenue from silkscreen printing business decreased due to global economic recession made the orders of customers in electric manufacturing industry decreased. Wages was fixed pay, rental fee and electricity charges increased from plant relocation made the cost of sales and service not decrease.

Silkscreen printing business' customers are quite limited in electrical appliances and electronics manufacturing industries. Even though the company has tried to increase its market share among existing customers, it had not been able to do much due to the decline in demand for global electrical appliances

- **Others**

Other business in year 2023Q2 increased due to the company's trading project, as well as revenue recognition after delivery to the customers and electricity sales of subsidiaries.

- **Selling and administrative expenses**

Selling and administrative expenses in year 2023Q2 increased from tax expense of last year Baht 6 million, impairment of associate company account receivable and deferred tax asset Baht 14 million.

Financial Position

unit : million Baht

Consolidated balance sheet	30 June 2023	31 December 2022	30 June 2022	31 December 2021
Current assets	617	646	849	760
Non-current assets	1,212	1,038	945	1,001
Total assets	1,829	1,684	1,794	1,761
Current liabilities	325	327	453	426
Non-current liabilities	312	104	133	182
Liabilities	637	431	586	608
Shareholders' equity	1,192	1,253	1,208	1,153
Total liabilities and shareholders	1,829	1,684	1,794	1,761

Financial ratios

Item	2023Q2	2022Q2
1. Return on Assets (ROA) for 3 months	(1.01%)	0.99%
2. Current Ratio	1.90 times	1.87 times
3. Debt to Equity Ratio (DE Ratio)	0.53 times	0.49 times

- Return on Assets (ROA)

For 3 months in the second quarter of the year 2023, the company had loss of 1.01% on the average total assets.

- Current Ratio

At the end of the second quarter in year 2023, the company had ability to pay short-term obligations within one year for 1.90 times.

- Debt to Equity Ratio (DE Ratio)

At the end of the second quarter in year 2023, the company used debt to finance its assets at 0.53 times relative to the value of shareholders' equity.

Cash Flow

unit : million Baht

Cash flow	Activities			Increase (decrease)
	Operating	Investing	Financing	
2023Q2	(133)	(216)	181	(168)
2022Q2	(9)	(10)	(23)	(42)

Cash flow of the company and its subsidiaries for the second quarter in year 2023 has net decrease of Baht 168 million from end of year 2022.

Net cash flow from operations for the second quarter in year 2023 was net cash outflow of Baht 133 million from spending for service in government project which unpaid from the government.

Net cash flow from investments for the second quarter in year 2023 was net cash outflow of Baht 216 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 178 million.

Net cash flow from financing for the second quarter in year 2023 was net cash inflow of Baht 181 million due to Overdraft and short-term loan from financial institution for working capital of the Company and long-term loan from financial institution for buying machines and equipment of subsidiary.

Best regards,

(Mr. Boonlerd lewporchai)

CEO