
nForce Secure Public Company Limited**Management Discussion and Analysis****For the three-month period ended and six-month Period ended 30 June 2023**
.....**Business overview**

nForce Secure Public Company Limited (the Company) is a distributor of cyber products and solutions as well as network management products and solutions. Wherein the revenue for the six-month period ended 30 June 2023 consisted of (1) revenue from sales of all products related to information technology systems, accounting for 96.73%; (2) revenue from services, it is the revenue generated from providing information technology services related to due to the products that the Company being a full-service distributor, accounting for 2.61% (3) other revenue, accounting for 0.67%, respectively.

Performance summary for the three-month period ended 30 June 2023

For the three-month period ended 30 June 2023, the Company had total revenue of Baht 263.51 million, an increase of Baht 53.85 million compared to the same period of the previous year or an increase of 25.69% with a total comprehensive income of Baht 23.72 million, increased by Baht 9.75 million from same period of the previous year or an increase of 69.77%

Performance summary for the six-month period ended 30 June 2023

For the six-month period ended 30 June 2023, the Company had total revenue of Baht 515.79 million, an increase of Baht 130.70 million compared to the same period of the previous year or an increase of 33.94% with a total comprehensive income of Baht 50.93 million, increased by Baht 33.54 million from same period of the previous year or an increase of 192.89%

Items	For the three-month period ended 30 June					
	2021		2022		2023	
	Million Baht	Percent (%)	Million Baht	Percent (%)	Million Baht	Percent (%)
Revenue						
Revenue from sales	199.67	97.40	204.34	97.47	255.71	97.04
Revenue from services	5.32	2.60	4.67	2.23	5.50	2.09
Other income	0.01	-	0.64	0.30	2.31	0.88
Total revenue	205.00	100.00	209.65	100.00	263.52	100.00
Expenses						
Cost of sales and services	(162.35)	(79.2)	(171.59)	(81.84)	(210.21)	(79.77)
Selling expenses	(8.80)	(4.29)	(9.02)	(4.3)	(11.52)	(4.37)
Administrative expenses	(12.76)	(6.22)	(11.03)	(5.26)	(12.82)	(4.86)
Gain (Loss) on exchange rate, net	(1.15)	(0.56)	(0.84)	(0.4)	(2.47)	(0.94)
Fair value gain (loss) on derivatives	1.15	0.56	1.84	0.88	3.27	1.24
Net impairment losses on financial assets	-	-	(1.06)	(0.5)	0.11	0.04
Share of loss from joint ventures	(0.37)	(0.18)	(0.21)	(0.1)	(0.37)	(0.14)
Total expenses	(184.28)	(89.89)	(191.91)	(91.54)	(234.01)	88.80
Profit before finance costs and income tax expenses	20.72	10.11	17.74	8.46	29.51	11.20
Financial Cost	(0.52)	(0.12)	(0.24)	(0.11)	(0.19)	(0.07)
Profit before income tax	20.2	9.85	17.5	8.35	29.32	11.13
Income tax expenses	(1.68)	(0.82)	(3.53)	(1.68)	(5.59)	(2.12)
Profit for the year	18.52	9.03	13.97	6.67	23.73	9.01

Items	For the six-month period ended 30 June					
	2021		2022		2023	
	Million Baht	Percent (%)	Million Baht	Percent (%)	Million Baht	Percent (%)
Revenue						
Revenue from sales	478.61	98.17	372.93	96.84	498.9	96.73
Revenue from services	8.55	1.75	10.47	2.72	13.44	2.61
Other income	0.35	0.08	1.69	0.44	3.44	0.67
Total revenue	487.52	100.00	385.09	100.00	515.78	100.00
Expenses						
Cost of sales and services	(386.71)	(79.32)	(320.74)	(83.29)	(404.75)	(78.47)
Selling expenses	(19.12)	(3.92)	(19.18)	(4.98)	(23.03)	(4.47)
Administrative expenses	(22.88)	(4.69)	(22.86)	(5.93)	(24.41)	(4.73)
Gain (Loss) on exchange rate, net	(3.31)	(0.68)	0.22	0.06	(1.27)	(0.25)
Fair value gain (loss) on derivatives	1.62	0.33	2.14	0.55	2.92	0.57
Net impairment losses on financial assets	-	-	(1.81)	(0.47)	0.14	0.03
Share of loss from joint ventures	(0.37)	(0.08)	(0.71)	(0.18)	(1.60)	(0.31)
Total expenses	(430.77)	(88.36)	(362.94)	(94.25)	(452.00)	(87.63)
Profit before finance costs and income tax expenses	56.76	11.64	22.15	5.75	63.78	12.37
Financial Cost	(1.11)	(0.23)	(0.38)	(0.10)	(0.39)	(0.08)
Profit before income tax	55.65	11.41	21.77	5.65	63.39	12.29
Income tax expenses	(9.35)	(1.92)	(4.38)	(1.14)	(12.45)	(2.41)
Profit for the year	46.30	9.50	17.39	4.51	50.94	9.88

Revenue, cost, and gross profit

Sales revenues when considering the sources of products classified by type can be divided into 5 groups as follows:

1. Revenues from sales of network security system solutions, comprising of comprehensive Cybersecurity products and solutions to prevent cyber threats, including hacking attacks and malware attacks, for example, Firewall and proxy servers.

2. Revenues from sales of endpoint security systems, comprising of endpoint protection hardware and software, for example, antivirus software and anti-malware software.
3. Revenues from sales of network performance & monitoring systems, comprising of hardware and software that contribute to efficiency and effectiveness of computer networks and equipment in order to enhance organization management, including programs that monitor systems and notify system administrators of the issues in the systems so the administrators can plan ahead as a precaution against system failure or disruption.
4. Revenues from sales of the unified consent management and the centralized management, platform supporting the Personal Data Protection Act and protecting the infraction of personal data with the aim of preventing the breach of anyone's privacy including data collection and use without notice and prior consent from the data owner, as well as being a centralized management platform that can be managed flexibly, effective, stability and easy to use.
5. Revenues from sales of other products, comprising of management products, data management systems and user identification products.

Unit: Million Baht	For the three-month period ended 30 June					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
1. Network security	158.23	79.25	162.56	79.55	213.37	83.44
2. Endpoint security	20.09	10.06	28.32	13.86	24.25	9.48
3. Network performance & monitoring	21.18	10.60	10.93	5.35	3.97	1.55
4. PDPA	-	-	1.85	0.91	-	-
5. others	0.17	0.09	0.68	0.33	14.11	5.52
Revenue from sales	199.67	100.00	204.34	100.00	255.71	100.00

Unit: Million Baht	For the six-month period ended 30 June					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
1. Network security	379.95	79.39	291.60	78.19	413.72	82.93
2. Endpoint security	57.49	12.01	53.66	14.39	52.54	10.53
3. Network performance & monitoring	39.25	8.20	24.44	6.55	11.24	2.25
4. PDPA	-	-	1.85	0.50	-	-
5. others	1.92	0.40	1.38	0.37	21.40	4.29
Revenue from sales	478.61	100.00	372.93	100.00	498.90	100.00

For the three-month Period Ended 30 June 2023, the Company's revenue from sales amounted to Baht 255.71 million, increased by Baht 51.37 million or 25.14% from the same period of the previous year. The main source of income is revenue from the sale of network security products, which has increase by Baht 50.81 million, representing 31.26% and revenue from the sale of other increased by Baht 13.43 million, representing 1,967.84%; compared to the same period of previous year, while revenue from sale of network performance and monitoring products decreased by Baht 6.95 million and Baht 4.07 million or 14.36% and 100.00%, respectively compared to the same period of previous year.

In addition, if considering the sources of revenue from sales classified by type of users (End user), can be divided into 5 groups of users as follows:

1. Banking, Financial services and Insurance (BFSI) in the banking, securities, and insurance industries
2. Industry group (Enterprise), which is in the manufacturing industry
3. Government & State enterprise
4. Telecom & Internet service provider (ISP) in the information and communication technology industry
5. Others, which are in the private sector business that focuses on providing services such as movie theaters, hotels, hospitals, schools, nursing homes, and trading, etc.

The Company will sell products to system integrator contractors (SI) to assemble a technology solution offered directly to the end user.

Unit: Million Baht	For the three-month period ended 30 June					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
1. Banking, financial services and insurance (BFSI)	47.82	23.95	38.38	18.78	58.85	23.02
2. Industry (Enterprise)	31.49	15.77	71.05	34.77	124.81	48.81
3. Government and State Enterprises (Government)	90.25	45.20	36.04	17.64	26.06	10.19
4. Telecommunication (Telecom & ISP)	5.11	2.56	12.73	6.23	21.91	8.57
5. Others (Others)	25.01	12.52	46.14	22.58	24.07	9.41
Revenue from sales	199.67	100.00	204.34	100.00	255.71	100.00

Unit: Million Baht	For the six-month period ended 30 June					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
1. Banking, financial services and insurance (BFSI)	109.23	22.82	92.69	24.85	103.41	20.73
2. Industry (Enterprise)	122.19	25.53	111.02	29.77	179.96	36.07
3. Government and State Enterprises (Government)	143.78	30.04	76.53	20.52	104.30	20.91
4. Telecommunication (Telecom & ISP)	29.29	6.12	25.06	6.73	61.27	12.28
5. Others (Others)	74.12	15.49	67.63	18.13	49.95	10.01
Revenue from sales	478.61	100.00	372.93	100.00	498.90	100.00

The main end user group is the Industry group, followed by the Banking, financial service and insurance group. During the three-month period Ended 30 June 2023, the Company's revenue from sale through those two groups totaled 71.83%

Revenue from sales for the three-month period Ended 30 June 2023 was a Baht 255.71 million, increased by Baht 51.37 million from the same period of previous year, or 25.14%, mainly due to the increasing demand from users, including semiconductor shortage which began to unravel since late 2022, vendors are able to deliver more products to the Company. As a result, total revenue increased.

Revenue from services

Unit: Million Baht	For the three-month period ended 30 June					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
1. System maintenance service	3.89	73.12	2.50	53.48	2.79	50.81
2. Installation service	1.27	23.87	2.15	46.04	2.52	45.88
3. Training service	0.16	3.01	0.02	0.48	0.18	3.31
Revenue from services	5.32	100.00	4.67	100.00	5.50	100.00

Unit: Million Baht	For the six-month period ended 30 June					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
1. System maintenance service	6.12	71.58	5.75	54.95	7.00	52.09
2. Installation service	1.71	20.00	4.48	42.73	5.85	43.50
3. Training service	0.72	8.42	0.24	2.32	0.59	4.41
Revenue from services	8.55	100.00	10.47	100.00	13.44	100.00

Service revenue is divided into 3 main categories: Maintenance Service, Installation Service, and Training Service

For the three-month period Ended 30 June 2023, the Company's revenue from services amounted to Baht 5.50 million, increased of Baht 0.82 million or 17.53% compared to the same period of previous year in line with revenue from sales.

In addition, if considering the sources of revenue from sales and services, which are divided into 3 types as follows:

1. Revenue from software sales in the first year
2. Revenues from maintenance service agreement (MA) which were recurring income
3. Revenues from sales of other products and services

Unit: Million Baht	For the three-month period ended 30 June					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
1. Revenue from sales of software	98.81	48.20	97.23	46.52	126.93	48.60
2. Maintenance agreement: MA	59.12	28.84	76.78	36.73	92.49	35.41
3. Revenue from others	47.06	22.96	35.00	16.75	41.78	16.00
Total revenue from sales and services	204.99	100.00	209.01	100.00	261.20	100.00

Unit: Million Baht	For the six-month period ended 30 June					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
1. Revenue from sales of software	225.36	46.26	145.72	38.00	241.51	47.14
2. Maintenance agreement: MA	151.25	31.05	171.14	44.64	182.48	35.62
3. Revenue from others	110.56	22.69	66.54	17.36	88.35	17.24
Total revenue from sales and services	487.17	100.00	383.40	100.00	512.34	100.00

Other revenue

Other revenue consists of interest income, rental income, profit from disposal of assets, and operating expenses from activities etc. For the three-month period ended 30 June 2023, had other income of Baht 2.31 million or 0.88% of total revenue increased Baht 1.67 million mainly due to the income from hardware rental and interest income.

Cost of sales and services, and gross profit

Unit: Million Baht	For the three-month period ended 30 June					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Revenue from sales and	204.99	100.00	209.01	100.00	261.20	100.00
Cost of sales and services	(162.35)	(79.20)	(171.59)	(82.10)	(210.21)	(80.48)
Gross profit	42.64	20.80	37.42	17.90	50.99	19.52

Unit: Million Baht	For the six-month period ended 30 June					
	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Revenue from sales and	487.17	100.00	383.40	100.00	512.34	100.00
Cost of sales and services	(386.71)	(79.38)	(320.74)	(83.66)	(404.75)	(79.00)
Gross profit	100.46	20.62	62.66	16.34	107.59	21.00

For the three-month Period Ended 30 June 2023, the Company's gross profit margin was 19.52%, an increase compared to the previous year mainly due to adjustment of the strategy to expand the market into products with profit potential for the Company. This includes an improvement in semiconductor shortage situation. This results in a shorter period of receiving goods from vendors compared to the delivery period during the crisis, it contributes to reducing the impact of the fluctuations risk in product costs due to fluctuations in exchange rates.

Selling expenses

Selling expenses	For the three-month period ended 30 June					
	2021		2022		2023	
	Million Baht	Percent (%)	Million Baht	Percent (%)	Million Baht	Percent (%)
Employee expense	5.91	67.16	5.94	65.85	7.32	63.54
Advertising and promotional costs	0.30	3.41	0.35	3.88	0.74	6.42
Commission	1.93	21.93	1.82	20.18	2.35	20.40
Other selling expenses	0.66	7.50	0.91	10.09	1.11	9.64
Total	8.80	100.00	9.02	100.00	11.52	100.00

Selling expenses	For the six-month period ended 30 June					
	2021		2022		2023	
	Million Baht	Percent (%)	Million Baht	Percent (%)	Million Baht	Percent (%)
Employee expense	12.14	63.49	12.44	64.86	14.48	62.87
Advertising and promotional costs	0.67	3.50	1.06	5.53	1.46	6.34
Commission	4.65	24.32	2.77	14.44	4.68	20.32
Other selling expenses	1.66	8.69	2.91	15.17	2.41	10.47
Total	19.12	100.00	19.18	100.00	23.03	100.00

For the three-month period ended 30 June 2023, the Company had selling expenses in the amount of Baht 11.51 million, or 4.37% of total revenue; whereas selling expenses for the three-month period ended 30 June 2022 increased compared to the same period of previous year in the amount of Baht 2.50 million or 27.75%. mainly due to increased commission in line with the increase in sales in the period and increased in employee expenses.

Administrative expenses

Administrative expenses	For the three-month period ended 30 June					
	2021		2022		2023	
	Million Baht	Percent (%)	Million Baht	Percent (%)	Million Baht	Percent (%)
Employee expense	5.60	43.89	6.20	56.21	6.30	49.14
Professional fee	4.54	35.58	1.71	15.50	1.58	12.32
Depreciation and amortization	1.44	11.85	1.91	17.32	2.53	19.73
Employee's benefit expense	0.69	5.41	0.50	4.53	0.30	2.34
Administrative expenses	0.49	3.84	0.71	6.44	2.11	16.46
Total	12.76	100.00	11.03	100.00	12.82	100.00

Administrative expenses	For the six-month period ended 30 June					
	2021		2022		2023	
	Million Baht	Percent (%)	Million Baht	Percent (%)	Million Baht	Percent (%)
Employee expense	11.14	48.69	13.39	58.57	13.06	53.50
Professional fee	5.67	24.78	3.37	14.74	2.80	11.47
Depreciation and amortization	2.97	12.98	3.41	14.92	5.05	20.69
Employee's benefit expense	1.23	5.38	1.09	4.77	0.63	2.58
Administrative expenses	1.87	8.17	1.60	7.00	2.87	11.76
Total	22.88	100.00	22.86	100.00	24.41	100.00

The main administrative expenses are employee expenses and depreciation and amortization. For the three-month Period Ended 30 June 2023, the Company had administrative expenses in the amount of Baht 12.82 million, slightly increased compared to the same period of the previous year Baht 1.79 million or 16.25%. This was mainly due to increased depreciation and license renewal of demo during period.

Net profit and net profit margin

For the three-month period ended 30 June 2023, the Company had a net profit of Baht 23.72 million, increasing from the same period of previous year by the amount of Baht 9.75 million or 69.77%. Net profit margin for the three-month period ended 30 June 2023 was 9.00%, increased compared to the same period of previous year due to increased gross profit margin.

Statement of financial position

Total assets overview

As at 30 June 2023 and 31 December 2022, the Company had total assets of Baht 795.78 million and Baht 811.87 million, respectively. The details of each item can be described as follows:

Current assets

As at 30 June 2023 and 31 December 2022, the Company had current assets of Baht 700.09 million and Baht 706.47 million, representing 87.98 percent and 87.02 percent of total assets in each year, respectively. The main current assets were cash and cash equivalents, account receivables and other receivables, inventories, and receivables under lease agreements due within one year - net, each of which can be described as follows:

Cash and cash equivalents

As at 30 June 2023 and 31 December 2022, the Company had cash and cash equivalents amounting to Baht 428.04 million and Baht 398.24 million, respectively. Cash and cash equivalents increased mainly due to operating results and repayment from trade account receivables and other receivables.

Account receivables and other receivables

Items	As at 31 December				As at 30 June	
	2021		2022		2023	
	Million Baht	Percent (%)	Million Baht	Percent (%)	Million Baht	Percent (%)
Account Receivable	170.14	97.37	236.52	95.03	161.02	91.62
Accounts receivable - related party	2.51	1.44	8.97	3.60	7.53	4.28
Accrued income	2.68	1.53	1.94	0.78	3.58	2.04
<u>Less</u> Loss allowance	(2.40)	(1.37)	(2.70)	(1.08)	(1.48)	(0.84)
Total accounts receivables - net	172.93	98.97	244.73	98.32	170.65	97.10
Prepaid expenses	1.61	0.92	3.98	1.60	4.81	2.74
Employee account receivable	0.20	0.11	0.17	0.07	0.25	0.14
Accrued interest - related party	-	-	0.02	0.01	0.03	0.02
Accrued interest - unrelated party	-	-	-	-	-	-
Total other receivables	1.81	1.03	4.17	1.68	5.09	2.90
Total account and other receivables - net	174.74	100.00	248.90	100.00	175.74	100.00

As at 30 June 2023 and 31 December 2022, the Company had account and other receivables amounting to Baht 175.74 million and Baht 248.91 million, or accounted for 22.08% and 30.66% of total assets, respectively. As at 30 June 2023, the Company's account receivables and other receivables decreased in the amount of Baht 73.17 million, mainly due to receipt of payment from account receivable during the period.

The Company has accounts receivable classified by overdue period, counting from the date the payment is due as follows;

Items	For the three-month period ended 30 June					
	2021		2022		2023	
	Million Baht	Percent (%)	Million Baht	Percent (%)	Million Baht	Percent (%)
Not yet due	15.95	9.10	21.98	8.88	117.86	68.47
Less than 3 months overdue	157.85	90.03	224.47	90.72	53.28	30.95
Overdue more than 3 months but not over 6 months	0.54	0.30	-	-	-	-
Overdue 6 months but not over 12 months	-	-	-	-	-	-
Over 12 months overdue	0.99	0.56	0.99	0.40	0.99	0.58
Total account receivables	175.33	100.00	247.43	100.00	172.13	100

Allowance for expected credit losses / doubtful accounts	(2.40)	(1.37)	(2.70)	(1.09)	(1.48)	0.86
Total account receivables - net	172.93	98.63	244.73	98.91	170.65	99.14

Current portion of lease receivables, net

As at 30 June 2023, the Company has receivables from current portion of lease receivables amounting to Baht 10.09 million, which are receivables arising from leasing of hardware equipment and software to unrelated parties; classified as a financial lease.

Inventory

As at 30 June 2023 and 31 December 2022, the Company had net inventories of Baht 38.93 million and Baht 13.88 million, respectively. Most inventories included the ordered devices, equipment, and computer software, pending delivery as per customers' purchase orders for which the Company has no policy of storing inventory for sale. As at 30 June 2023, the Company's inventories increased compared to 31 December 2022, due to the delivery of products from vendors near the end of period and the Company has not yet delivered the products to the customers.

Non-current assets

As at 30 June 2023 and 31 December 2022, the Company had non-current assets of Baht 95.70 million and Baht 105.40 million, accounting for 12.03% and 12.98% of total assets, respectively. The majority of non-current assets are restricted deposits, property, plant and equipment, and right-of-use assets, details as follow:

Property, plant and equipment

The Company's property, plant and equipment which comprise the main items such as computers and equipment, and leasehold improvements, as at 30 June 2023 and 31 December 2022, amounted to Baht 17.76 million and Baht 20.73 million, respectively, decreased of Baht 2.97 million or 14.33% compared to as at 31 December 2022 from depreciation during period.

Right-of-use assets

The Company recorded the office rental fee as a right-to-use asset according to the Thai Financial Reporting Standards No. 16 (TFRS16). The Company's right-of-use assets as at 30 June 2023 and 31 December 2022, amounted to Baht 18.75 million and Baht 21.35 million, respectively, decreased of Baht 2.60 million or 12.18% compared to as at 31 December 2022, mainly due to amortization during period.

Liability overview

Liability structure

As at 30 June 2023 and 31 December 2022, the Company had total liabilities of Baht 163.46 million and Baht 199.83 million, respectively. Total liabilities as at 30 June 2023 decreased from as at 31 December 2022 amounting to Baht 36.37 million or 18.20%. The details of each item can be described as follows.

Current Liability

As at 30 June 2023 and 31 December 2022, the Company has current liabilities of Baht 130.92 million and Baht 165.77 million, accounting for 80.09% and 82.95% of total liabilities, respectively. The main items are trade and other payables and deferred revenue.

Trade and other payable

Most of the trade payable are the owners of the products, the developers of hardware and software systems that the Company purchases to sell to the customers. As at 30 June 2023, the Company has trade and other payables amounting to Baht 104.44 million, decrease from as at 31 December 2022 Baht 30.12 million or 22.38% due to the increased payment of most trade payables during the period due to the Company's good liquidity.

Deferred revenue - current

Deferred revenue from customers mostly came from customers who purchased equipment maintenance services, for which the Company received money from such customers before the actual service. as at 30 June 2023, the Company had an increase in current deferred revenue of Baht 1.49 million. The number of customers purchasing equipment maintenance services continues to increase in line with the Company's constant acquisition of service competency and expertise each year.

Non-current liability

As at 30 June 2023 and 31 December 2022, the Company has non-current liabilities of Baht 32.54 million and Baht 34.06 million, respectively. The main non-current liabilities are deferred revenue, liabilities under finance lease agreements and employee benefit obligations.

Lease liabilities

As at 30 June 2023 and 31 December 2022, the Company has financial lease liabilities of Baht 19.87 million and Baht 22.44 million, respectively, has recorded office rental items as financial lease liabilities in accordance with the

Notification of Financial Reporting Standard No. 16 (TFRS16). During the period, lease liabilities decreased from amortization.

Overview of Shareholders' Equity

As at 30 June 2023 and 31 December 2022, the Company had shareholders' equity of Baht 632.32 million and Baht 612.04 million, respectively. The Company's shareholders' equity as at 30 June 2023 increased by Baht 20.28 million from the Company's performance amounting to Baht 50.93 million. However, during the period, the Company paid dividends Baht 30.82 million.

Analysis of key financial ratios

Items	As at/ For the year ended 31 December	As at/ For the six-month ended 30 June	
	2022	2022	2023
Liquidity ratio (times)	4.26	5.48	5.35
Quick ratio (times)	3.88	4.54	4.55
D/E ratio (times)	0.33	0.27	0.26
Cash cycle			
Average collection period (days)	86.31	57.42	81.54
Average sale period (days)	11.95	23.28	11.57
Average payment period (days)	54.81	45.90	25.68
Cash cycle (days)	43.44	34.80	67.43

Liquidity Ratio, quick Ratio and D/E Ratio

As at 30 June 2023, the liquidity and quick ratio were 5.35 times and 4.55 times, respectively, slightly increasing from as at 31 December 2022 because the Company's operating profit has provided the Company with good liquidity, while its D/E Ratio was 0.26 times, a slightly decrease compared to 31 December 2022 due to increased trade payables.

Cash cycle

As at 30 June 2023, the Company's cash cycle was at 67.43 days, increased from the same period of previous year by the amount of 32.63 days, mainly due to 1) the average debt collection period decreased 24.12 days due to the credit term to customers 2) The average selling period has decreased 11.71 days because the Company is able to sell and ship most product in period due to customer demand for products 3) the average repayment period has decreased by 20.22 days because the Company having good liquidity from the Company's operating results in 2022, the Company therefore repays debts to the product owners (Vendor) faster.