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15 November 2023

Subject: Management discussion and analysis of financial position and operating results

To: President and Manager  
The Stock Exchange of Thailand

### **Overall operating performance of the Group**

Unit: Million Baht

	<b>Q3' 2023</b>	<b>Q3' 2022</b>	<b>Increase (decrease)</b>	<b>Variance (%)</b>
Total revenues	2,452	2,760	(308)	(11%)
Net profit	122	235	(113)	(48%)

The Group had total revenues for the third quarter of 2023 of Baht 2,452 million, a decrease of Baht 308 million or an 11% decrease compared to the total revenues for the third quarter of 2022, which was Baht 2,760 million. This is mainly due to the decrease in revenue from EMS business.

The Group had net profit for the third quarter of 2023 of Baht 122 million, a decrease of Baht 113 million or a 48% decrease compared to the net profit for the third quarter of 2022, which was Baht 235 million. This is mainly due to the decrease in gross profit from EMS business.

### **Analysis of revenues**

	<b>Q3' 2023</b>		<b>Q3' 2022</b>		<b>Increase (decrease)</b>	
	<b>Million Baht</b>	<b>%</b>	<b>Million Baht</b>	<b>%</b>	<b>Million Baht</b>	<b>%</b>
<b>Revenues from main business</b>						
EMS business	713	29%	1,203	44%	(490)	(41%)
Enterprise solutions business	685	28%	540	19%	145	27%
Smart service business	965	39%	908	33%	57	6%
<b>Total revenues from main business</b>	<b>2,363</b>	<b>96%</b>	<b>2,651</b>	<b>96%</b>	<b>(288)</b>	<b>(11%)</b>
Other income	89	4%	109	4%	(20)	(18%)
<b>Total revenues</b>	<b>2,452</b>	<b>100%</b>	<b>2,760</b>	<b>100%</b>	<b>(308)</b>	<b>(11%)</b>

### **EMS business**

The Company had revenue from EMS business for the third quarter of 2023 of Baht 713 million, a decrease of Baht 490 million or a 41% decrease compared to the same period of the previous year which amounted to Baht 1,203 million. This is due to the decrease in orders from one of the major customers of electronic circuit board manufacturing and a decrease in revenue from the sale of electronic components.

### Enterprise solutions business

The Company had revenue from enterprise solutions business for the third quarter of 2023 of Baht 685 million, an increase of Baht 145 million or a 27% increase compared to the same period of the previous year which amounted to Baht 540 million. This is mainly due to revenue from the project regarding the sale and installation of IP Core Router and DWDM equipment.

### Smart service business

The Company had revenue from smart service business for the third quarter of 2023 of Baht 965 million, an increase of Baht 57 million or a 6% increase compared to the same period of the previous year which amounted to Baht 908 million. This is mainly due to an increase in revenue from TAOBIN vending machine business.

### Gross Profit and Gross Profit Margin

	Q3' 2023		Q3' 2022		Increase (decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
EMS business	117	16%	297	25%	(180)	(61%)
Enterprise solutions business	154	22%	160	30%	(6)	(4%)
Smart service business	274	28%	210	23%	64	30%
<b>Gross Profit</b>	<b>545</b>	<b>23%</b>	<b>667</b>	<b>25%</b>	<b>(122)</b>	<b>(18%)</b>

### EMS business

Gross profit for the third quarter of 2023 amounted to Baht 117 million, a decrease of Baht 180 million or a 61% decrease from the same period of the previous year, which had a gross profit of Baht 297 million. This is in line with the decrease in revenue of the EMS business together with the increase in the allowance for the reduction in the value of inventories.

The gross profit margin for the third quarter of 2023 decreased from 25% to 16%. This is due to sales of contract manufacturing of electronic circuit boards decreasing while some production expenses remained constant. Therefore, it causes production costs and costs of goods sold to increase and results in a decrease in gross profit and gross profit margin.

### Enterprise solutions business

Gross profit for the third quarter of 2023 amounted to Baht 154 million, a decrease of Baht 6 million or a 4% decrease from the same period of the previous year, which had a gross profit of Baht 160 million. There is no significant change when compared to the gross profit of the same period last year.

The gross profit margin for the third quarter of 2023 decreased from 30% to 22% because the gross profit margin of the projects incurred in the third quarter of 2023 has a lower gross profit margin than the projects incurred the third quarter of 2022.

### Smart service business

Gross profit for the third quarter of 2023 amounted to Baht 274 million, an increase of Baht 64 million or a 30% increase from the same period of the previous year, which had a gross profit of Baht 210 million. This is in line with the increase in revenue from TAOBIN vending machine business. It is also caused by a decrease in the depreciation of Boonterm top-up machines because the number of top-up machines that have been fully depreciated but are still in use has increased.

The gross profit margin for the third quarter of 2023 increased from 23% to 28% due to the reasons described in the previous paragraph.

### Expenses

	Q3' 2023	Q3' 2022	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Selling expenses	42	40	2	5%
Administrative expenses	314	326	(12)	(4%)
Finance cost	52	26	26	100%
Income tax expenses	49	74	(25)	(34%)

#### Selling expenses

Selling expenses for the third quarter of 2023 amounted to Baht 42 million, an increase of Baht 2 million or a 5% increase when compared to the same period of the previous year, which amounted to Baht 40 million. There is no significant change when compared to the same period of the previous year.

#### Administrative expenses

Administrative expenses for the third quarter of 2023 amounted to Baht 314 million, a decrease of Baht 12 million or a 4% decrease when compared to the same period of the previous year, which amounted to Baht 326 million. This is due to the reduction in doubtful debts of loan receivables and trade receivables of the smart service business.

#### Finance cost

Finance costs for the third quarter of 2023 amounted to Baht 52 million, an increase of Baht 26 million or a 100% increase when compared to the same period of the previous year, which amounted to Baht 26 million. This is due to an increase in short-term loans, long-term loans, and interest rates.

#### Income tax expenses

Income tax expenses for the third quarter of 2023 amounted to Baht 49 million, a decrease of Baht 25 million or a 34% decrease when compared to the same period of the previous year, which amounted to Baht 74 million. This is in line with the decreased profit.

## Financial position

### Assets

Unit: Million Baht

	30 September 2023	31 December 2022	Increase (decrease)	% Variance
Current assets	6,062	6,743	(672)	(10%)
Non-current assets	5,602	4,652	950	20%
<b>Total assets</b>	<b>11,664</b>	<b>11,386</b>	<b>278</b>	<b>2%</b>

Total assets as at 30 September 2023 amounted to Baht 11,664 million, an increase of Baht 278 million or a 2% increase compared to the total assets as at 31 December 2022, which amounted to Baht 11,386 million. This is mainly due to the increase in the number of TAOBIN vending machines and the construction costs of new factory buildings.

### The quality of assets

#### Trade account receivables

Unit: Million Baht

	Consolidated financial statements	
	30 September 2023	31 December 2022
Trade account receivables - unrelated parties	1,691	2,067
Less: Allowance for expected credit losses	(93)	(94)
Trade account receivables - net	1,598	1,973

As at 30 September 2023 and 31 December 2022, the Group recorded an allowance for expected credit losses amounting to Baht 93 million and Baht 94 million, respectively. The Group recognises an allowance for expected credit losses on its trade receivables, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.

#### Inventories

Unit: Million Baht

	Consolidated financial statements	
	30 September 2023	31 December 2022
Inventories	2,441	2,583
Reduce cost to net realisable value	(503)	(490)
Inventories - net	1,938	2,093

As at 30 September 2023 and 31 December 2022, the Group had the reduction of cost to net realisable value amounting to Baht 503 million and Baht 490 million, respectively. The Group estimates net realisable value of inventories taking into the account fluctuations of price or cost directly related to events occurring after the end of the period, movements of inventories and the prevailing economic condition. Management believes that the reduce cost to net realisable value is adequate in the current circumstances.

### Source of fund

Unit: Million Baht

	30 September 2023	31 December 2022	Increase (decrease)	% Variance
Current liabilities	7,215	7,394	(179)	(2%)
Non-current liabilities	1,233	733	500	68%
<b>Total liabilities</b>	<b>8,448</b>	<b>8,127</b>	<b>321</b>	<b>4%</b>
<b>Total shareholders' equity</b>	<b>3,216</b>	<b>3,259</b>	<b>(43)</b>	<b>(1%)</b>

### Liabilities

Total liabilities as at 30 September 2023 amounted to Baht 8,448 million, an increase of Baht 321 million or a 4% increase compared to the total liabilities as at 31 December 2022, which amounted to Baht 8,127 million. This is mainly due to an increase in long-term loans from banks for financial restructuring and the purchase of TAOBIN vending machines and the construction of new factory buildings.

### Shareholders' equity

Shareholders' equity as at 30 September 2023 amounted to Baht 3,216 million, a decrease of Baht 43 million or a 1% decrease compared to the shareholders' equity as at 31 December 2022, which amounted to Baht 3,259 million. The increase is due to the net profit and the decrease is due to the dividend payment to the Company's shareholders and non-controlling shareholders of the subsidiaries.

### The appropriate of capital structure

Debt to equity ratio as at 30 September 2023 was 2.63:1, increased when compared with the debt to equity ratio as at 31 December 2022, which was 2.49:1. This is a result of the increase in liabilities being greater than the increase in shareholders' equity.

### Liquidity

#### Cash flows

Unit: Million Baht

	Q3' 2023	Q3' 2022
Cash flows from (used in) operating activities	1,105	442
Cash flows from (used in) investing activities	(965)	(860)
Cash flows from (used in) financing activities	(185)	335

Cash flows from operating activities for the third quarter of 2023 amounted to Baht 1,105 million, an increase of Baht 663 million compared to the same period of the previous year, which amounted to Baht 442 million. This is due to the decrease in working capital.

Cash flows used in investing activities for the third quarter of 2023 amounted to Baht 965 million, an increase of Baht 105 million compared to the same period of the previous year, which amounted to Baht 860 million. This is mainly due to the purchase of TAOBIN vending machines and the construction of new factory buildings.

Cash flows used in financing activities for the third quarter of 2023 amounted to Baht 185 million. This is mainly due to repayment of short-term and long-term borrowings and the dividend payment to the Company's shareholders and non-controlling shareholders of the subsidiaries. The cash flows from financing activities for the third quarter of 2022 amounted to Baht 335 million. This is mainly due to short-term borrowings and capital increase from non-controlling shareholders of subsidiaries.

**Liquidity ratio**

Current ratio as at 30 September 2023 was 0.84:1, decreased when compared with the current ratio as at 31 December 2022, which was 0.91:1. This is a result of the decrease in current assets more than the decrease in current liabilities.

Please be informed accordingly.

Yours sincerely,

(Mr. Arin Jamnaree)  
Financial Controller