

Ref. Simat 12-23

November 14<sup>th</sup>, 2023

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

Operating Results for 3 Months Period

unit : million Baht

Income statement	2023Q3		2022Q3		Increase (Decrease)	
					In amount	In Portion
Revenue from sales and services	206	100%	232	100%	(26)	(11%)
Cost of sales and services	(146)	(71%)	(153)	(66%)	(7)	5%
<b>Gross Profit</b>	<b>59</b>	<b>29%</b>	<b>80</b>	<b>34%</b>	<b>(21)</b>	<b>(6%)</b>
Other income	1	0%	1	0%	0	0%
Selling and administrative expenses	(41)	(20%)	(49)	(21%)	(8)	(1%)
Loss on impairment of assets	(20)	(10%)	0	0%	20	10%
<b>Profit (Loss) before financial cost and income tax</b>	<b>0</b>	<b>0%</b>	<b>32</b>	<b>14%</b>	<b>(32)</b>	<b>(14%)</b>
Financial cost	(6)	(3%)	(5)	(2%)	1	1%
Share of profit from associate	0	0%	0	0%	0	0%
<b>Profit (Loss) before income tax</b>	<b>(6)</b>	<b>(3%)</b>	<b>28</b>	<b>12%</b>	<b>(34)</b>	<b>(15%)</b>
Income tax	(1)	(0%)	(4)	(2%)	(3)	(1%)
<b>Net profit (Loss) for the year</b>	<b>(8)</b>	<b>(4%)</b>	<b>23</b>	<b>10%</b>	<b>(31)</b>	<b>(14%)</b>
Other comprehensive income (loss)	0	0%	0	0%	0	0%
Portion of non-controlling interest	0	0%	6	3%	(6)	(3%)
<b>Portion of equity holder of the company</b>	<b>(8)</b>	<b>(4%)</b>	<b>17</b>	<b>7%</b>	<b>(25)</b>	<b>(11%)</b>

The consolidated net profit (loss) (portion of the parent company) for the three-month period in the third quarter of year 2023 had loss Baht 8 million compare with year 2022 which had profit Baht 17 million due to Baht 26 million decreased in revenue from sales and services and Baht 20 million increased in Loss on impairment of assets.

unit : million Baht

Revenue / Cost structure by business	IT Business	Label product	Silkscreen printing	Government Project	Broadband internet	Renewable energy	Others	Total
<b>2023Q3</b>	0	58	42	68	14	12	12	206
Sales	0%	28%	20%	33%	7%	6%	6%	100%
Cost	0	41	29	44	14	7	11	146
<b>2022Q3</b>	1	69	75	68	13	0	6	232
Sales	0%	30%	32%	29%	6%	0%	3%	100%
Cost	1	50	41	42	13	0	6	153
<b>Increase (Decrease)</b>	(1)	(11)	(33)	0	1	12	6	(26)
Sales	(100%)	(16%)	(44%)	0%	8%	100%	100%	(11%)
Cost	(1)	(9)	(12)	2	1	7	5	(7)

#### Operating Results for 9 Months Period

unit : million Baht

Income statement	2023Q3		2022Q3		Increase (Decrease)	
					In amount	In Portion
Revenue from sales and services	650	100%	701	100%	(51)	(7%)
Cost of sales and services	(473)	(73%)	(458)	(65%)	15	7%
<b>Gross Profit</b>	<b>177</b>	<b>27%</b>	<b>243</b>	<b>35%</b>	<b>(66)</b>	<b>(7%)</b>
Other income	6	1%	5	1%	1	0%
Selling and administrative expenses	(163)	(25%)	(148)	(21%)	15	4%
Loss on impairment of assets	(22)	(11%)	0	0%	22	11%
<b>Profit (Loss) before financial cost and income tax</b>	<b>(2)</b>	<b>(0%)</b>	<b>100</b>	<b>14%</b>	<b>(102)</b>	<b>(15%)</b>
Financial cost	(13)	(2%)	(13)	(2%)	0	0%
Share of profit from associate	(1)	(0%)	0	0%	(1)	(0%)
<b>Profit (Loss) before income tax</b>	<b>(16)</b>	<b>(2%)</b>	<b>87</b>	<b>12%</b>	<b>(103)</b>	<b>(15%)</b>
Income tax	(1)	(0%)	(14)	(2%)	(13)	(2%)
<b>Net profit (Loss) for the year</b>	<b>(17)</b>	<b>(3%)</b>	<b>73</b>	<b>10%</b>	<b>(90)</b>	<b>(13%)</b>
Other comprehensive income (loss)	0	0%	0	0%	0	0%
Portion of non-controlling interest	(4)	(1%)	19	3%	(23)	(3%)
Portion of equity holder of the company	(13)	(2%)	54	8%	(67)	(10%)

The consolidated net profit (loss) (portion of the parent company) for the nine-month period in the third quarter of year 2023 had loss Baht 13 million compare with year 2022 which had profit Baht 54 million due to Baht 51 million decreased in revenue from sales and services, Baht 15 million increased in cost of sales and services, Baht 15 million increased in selling and administrative expenses and Baht 22 million increased in Loss on impairment of assets.

unit : million Baht

Revenue / Cost structure by business	IT Business	Label product	Silkscreen printing	Government Project	Broadband internet	Renewable energy	Others	Total	
<b>2023Q3</b>		2	177	148	203	42	25	53	650
	Sales	1%	27%	23%	31%	6%	4%	8%	100%
	Cost	3	118	108	132	43	19	50	473
<b>2022Q3</b>		4	189	258	203	38	0	9	701
	Sales	1%	27%	37%	29%	5%	0%	1%	100%
	Cost	3	121	164	125	37	0	8	458
<b>Increase (Decrease)</b>		(2)	(12)	(110)	0	4	25	44	(51)
	Sales	(50%)	(6%)	(43%)	0%	11%	100%	489%	(7%)
	Cost	0	(3)	(56)	7	6	19	42	15

- **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

- **Renewable energy**

In year 2023 the group has revenue from Sales, install and maintain engineering systems and electrical equipment, renewable energy.

- **Other business**

Other business in year 2023Q3 increased due to the company's trading project, as well as revenue recognition after delivery to the customers of subsidiaries.

- **Selling and administrative expenses**

Selling and administrative expenses in year 2023Q3 increased from tax expense of last year Baht 3 million, impairment of associate company account receivable Baht 12 million and written off deferred tax asset Baht 7 million.

- **Loss on impairment of assets**

Loss on impairment of assets in year 2023Q3 increased from impairment of broadband internet business asset Baht 20 million.

### Financial Position

unit : million Baht

Consolidated balance sheet	30 September 2023		31 December 2022		Increase (Decrease)	
Current assets	599	33%	645	38%	(46)	(5%)
Non-current assets	1,207	67%	1,038	62%	169	5%
<b>Total assets</b>	<b>1,806</b>	<b>100%</b>	<b>1,683</b>	<b>100%</b>	<b>123</b>	<b>0%</b>
Current liabilities	272	15%	327	19%	(55)	(4%)
Non-current liabilities	350	19%	103	6%	247	13%
Liabilities	622	34%	430	26%	192	9%
Shareholders' equity	1,184	66%	1,253	74%	(69)	(9%)
<b>Total liabilities and shareholders</b>	<b>1,806</b>	<b>100%</b>	<b>1,683</b>	<b>100%</b>	<b>123</b>	<b>0%</b>

### Financial ratios

Item	2023Q3	2022Q3
1. Return on Assets (ROA) for 3 months	(0.45%)	1.28%
2. Current Ratio	2.20 times	1.76 times
3. Debt to Equity Ratio (DE Ratio)	0.53 times	0.53 times

- **Return on Assets (ROA)**

For 3 months in the third quarter of the year 2023, the company had loss of 0.45% on the average total assets.

- **Current Ratio**

At the end of the third quarter in year 2023, the company had ability to pay short-term obligations within one year for 2.20 times.

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

At the end of the third 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	
2023Q3	(48)	(342)	285	(105)
2022Q3	(22)	(52)	13	(61)

Cash flow of the company and its subsidiaries for the third quarter in year 2023 has net decrease of Baht 105 million from end of year 2022.

Net cash flow from operations for the third quarter in year 2023 was net cash outflow of Baht 48 million from spending for service in government project which unpaid from the government.

Net cash flow from investments for the third quarter in year 2023 was net cash outflow of Baht 342 million due to the company bought 3% of HST shares back at Baht 52.5 million, and the subsidiaries bought equipment, building and assets for renewable energy business about Baht 275 million.

Net cash flow from financing for the third quarter in year 2023 was net cash inflow of Baht 285 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 equipment, building and assets for renewable energy business of subsidiaries.

Best regards,

(Mr. Boonlerd lewpornchai)

CEO