

Subject: Management Discussion and Analysis for the Year 2023
 To: The President, the Stock Exchange of Thailand

We, SCI Electric Public Company Limited would like to report the result of the Company and subsidiaries (all together as “SCI Group”) for the year 2023 which has been reviewed from the external auditor and approved by the Board of Directors’ meeting No. 1/2024 held on 23rd February 2024. The details are as follows:

The operating result analysis

Unit: Million Baht

	For the year ended 31 December 2023			
	2023	2022	Increased (Decreased)	
			Amount	%
Total revenue	1,607.80	1,493.04	114.76	7.69
Net loss of Equity holders of the parent	(558.97)	(199.69)	(359.28)	(179.92)

Net Loss

For the year 2023, SCI Group had net loss of Baht 558.97 million, an increased in loss of Baht 359.28 million or 179.92% as compared to the net loss of Baht 199.69 million incurred in the same period last year. The main reasons are as follows:

Revenue

For the year 2023, SCI Group had total revenues of Baht 1,607.80 million, increased by Baht 114.76 million or 7.69% compared to that of Baht 1,493.04 million the same period last year with details as follows:

- The sales revenues were Baht 1,582.77 million, increased by Baht 142.08 million or 9.86%, compared to that of Baht 1,440.68 million in the same period last year. The sales increased from transmission tower business.
- Service revenues decreased Baht 25.42 million, decreased 100%, compared to the same period last year. Service revenues decreased as the substation EPC project in Thailand was completed in 2022 and there’s no new project in 2023. The high-voltage transmission tower and substation (500kV) project in Lao PDR still had no progress.

Cost and Expense

For the year 2023, SCI Group had total expenses of Baht 2,140.07 million, increased by Baht 467.32 million or 27.94% compared to that of Baht 1,672.75 million in the same period last year with details as follows:

- Cost of sales were Baht 1,562.81 million, increased by Baht 76.08 million or 5.12%, compared to that of Baht 1,466.10 million in the same period last year. Cost of sales increased as sales increased.
- Service cost decreased 28.98 million, decreased 100%, compared to the same period last year as the substation EPC project in Thailand was completed in 2022 and there’s no new project in 2023.

- The political unrest situation in Myanmar has been continuous to be significant more critical, which greatly affected business in Myanmar. As a result, there is increased uncertainty in resuming operations of the subsidiary in Myanmar. Therefore, the Group’s management arranged for an independent appraiser assess the value of the subsidiary’s assets. The expected recoverable value was significant decreased, then the subsidiary had to recognize losses from an impairment of assets of its subsidiary in Myanmar of Baht 432.33 million.

Statement of financial position

Unit: Million Baht

	31 December 2023	31 December 2022	Increased (Decreased)	
			Amount	Percentage
Total Assets	1,734.69	2,881.79	(1,147.10)	(39.81)
Total Liabilities	1,058.78	1,629.13	(570.34)	(35.01)
Total Shareholder’s Equity	675.90	1,252.66	(576.76)	(46.04)
D/E Ratio	1.57	1.30	0.27	20.45

Assets

As of 31 December 2023, SCI Group had total assets of Baht 1,734.69 million, decreased by Baht 1,147.10 million or 39.81% from as of 31 December 2022 of Baht 2,881.79 million with details as follows:

- Cash decreased from purchasing investment units, factory renovation and solar roof installation, and loan repayments;
- Account receivables and other current receivables and unbilled completed works decreased from recognized full allowance for expected credit losses for the service agreement of a foreign project and a major domestic trade debtor;
- Building and equipment decreased in value from recognize an impairment loss of fixed assets of Baht 341.47 million and an impairment loss of right-of-use assets of Baht 90.86 million, which was a result of the valuation of the subsidiary’s asset in Myanmar,
- Inventory increased from raw materials (e.g., steel, equipment) and work in progress.
- Digital assets increased from reversal of Bitcoin impairment allowance

Liabilities

As of 31 December 2023, SCI Group had total liabilities of Baht 1,058.78 million, decreased by Baht 570.34 million or 35.01% from as of December 31, 2022 of Baht 1,629.13 million with details as follows:

- Account payables decreased from deferred discounts from devaluation expected cash flow to be paid to trade payable of the foreign project;
- Contract liabilities increased from deferred income of high voltage transmission towers projects and switchboard projects.

D/E Ratio

As of 31 December 2023, SCI Group had D/E ratio of 1.57, increased from 1.30 as of 31 December 2022. This was primarily due to the decrease in shareholder’s equity in accordance with the operation results.

Kindly be informed accordingly.

Yours faithfully,
(Mr. Kriengkrai Pheanvitayaskul)
Chief Executive Officer