

Management Discussion and Analysis (MD&A) for the Year 2023

Overview of the Company's Performance in 2023

Key Items in Statement of Comprehensive Income	2023	2022	Increase/ (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenue from sales and services	1,256.32	1,025.48	230.84	22.5
Cost of sales and services	965.50	805.77	159.73	19.8
Gross profit	290.82	219.71	71.11	32.4
Total income	1,276.41	1,037.50	238.91	23.0
Total expenses	1,078.55	912.11	166.44	18.2
Profit for the year	156.59	99.24	57.35	57.8

The overall operations of the company in 2023 grew from the previous year. Key items in the statement of comprehensive income, including operating income, total revenue, and profit for the year, all increased significantly from 2022. This was a result of the Project for the Sale of Computer Equipment and Peripherals to Government Agencies in the Education Sector, the Digital Community Center Project, and sales of other peripheral devices. It was also due to the maintenance and repair service agreements with a continuous service period exceeding the previous year. Coupling with the increased revenue and the company's ability to manage product costs, this resulted in a 32.4% increase in the gross profit and a 57.8% increase in net profit for the year 2023.

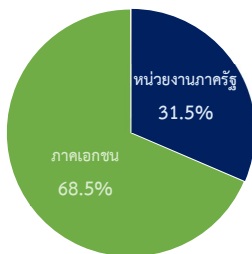
1) Revenue from Sales and Services

Business Unit	2023		2022		Increase/ (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and installation services	1,108.81	88.3	867.03	84.5	241.78	27.9
Maintenance and repair services	97.17	7.7	82.88	8.1	14.29	17.2
Leases	50.34	4.0	75.57	7.4	(25.23)	-33.4
Revenue from Sales and Services	1,256.32	100.0	1,025.48	100.0	230.84	22.5

Revenue from the sales of goods and services increased by 230.84 million Baht or 27.9% compared to 2022. The majority of this increase came from revenue in the product distribution and installation business, which rose by 241.78 million Baht. This was because the company had a Computer System and Equipment Distribution Project for Teaching and Learning in the fiscal year 2023, as well as the DLTV Classroom Replacement Equipment Distribution Project for Small Schools in fiscal year 2023 for Educational Service Area Offices nationwide and through distributors. Additionally, the company received orders for computer equipment with operating systems to support the Digital Community Center Project of the Ministry of Digital Economy and Society in the first quarter of 2023.

At the same time, the company had revenue from maintenance, repair services under service contracts with government agencies, which increased from 2022 as most of the current year service contracts covered a longer continuous period than the service period in the previous year. However, the company's rental income decreased by 25.23 million Baht due to the expiration of a computer rental contract with a state enterprise during 2023 without renewal of the rental contract. Whereas in 2022, the company had 2 new rental contracts which were classified as finance leases, with revenue recognized on the effective dates of those rental contracts.

Revenue Breakdown by Customer Group and Service Recipient



The company had revenue from government agencies and state enterprises totaling 395.13 million Baht, or 31.45% (2022: 218.70 million Baht or 21.33%), and revenue from the private sector totaling 860.71 million Baht, or 68.51% (2022: 805.76 million Baht or 78.57%). The remainder was revenue from the general public.

The company has a policy to increase the proportion of revenue from government agencies by actively participating in various project tenders directly with the government.

2) Cost of Sales and Services, and Gross Profit

The cost of sales and services increased by 159.73 million Baht, or 19.8%. Considering each business unit, costs increased and decreased in line with changes in revenue. For the sales and installation business, which is the business unit with the highest proportion of revenue, the increase in costs was lower than the increase in revenue. This is a result of effective cost management. As a result, the initial profit of this business, as well as the overall company's initial profit, increased by a total of 72.47 million Baht or 33.0% compared to the previous year.

3) Distribution Costs and Administrative Expenses

Expenses	2023	2022	Increase/ (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Employee benefit expenses	56.89	53.11	3.78	7.1
Depreciation and amortization	10.22	13.55	(3.33)	-24.6
Professional consulting and other services	16.08	19.64	(3.56)	-18.1
Advertising and sale promotional expenses	8.70	9.53	(0.83)	-8.7
Distribution cost and transportation services	7.54	3.19	4.35	136.4
Others	13.62	7.32	6.30	86.1
Total	113.05	106.34	6.71	6.3

Distribution costs and administrative expenses increased from 2022 by 6.71 million Baht, or 6.3%. This was due to an increase in outbound freight costs from the Computer System and Equipment Distribution Project for Teaching and Learning, and the DLTV Classroom Replacement Equipment Distribution Project for Small Schools in fiscal year 2023, where the company had to deliver products to schools in all Educational Service Areas nationwide. There were also costs from tablet rental projects where the company had to distribute devices to the lessee's branches across the country. Additionally, operating expenses such as service fees and other charges related to project management and issuing guarantee letters increased in line with higher project volumes and sales. Employee expenses, including salaries, provident fund contributions, and welfare benefits, also rose due to an increase in the number of employees and the annual compensation adjustment process.

However, expenses related to preparing for listing on the Stock Exchange of Thailand, including internal controls, financial reporting, and company operations, decreased by 4.49 million Baht in 2023 as the company was ready and was in the process of filing its listing application towards the end of the year.

Additionally, the company recognized income tax expenses of 39.81 million Baht in 2023, an increase of 14.84 million Baht or 59.4% from 2022.

4) Net Profit

The company had a net profit of 156.59 million Baht for 2023, an increase of 57.35 million Baht or 57.8% from 2022. This growth rate is considered very high and can be attributed to

- Revenue from operations increased from 2022 and the company was able to generate a higher gross profit of 71.11 million Baht, or 32.4% growth.
- Other income increased by 8.07 million Baht from 2022. The components of other income in 2023 included revenue from sales of leased assets at the end of contracts of 11.26 million Baht, interest income from finance leases and investments in debt securities totaling 6.65 million Baht, and others of 2.18 million Baht

With these factors, the company had a net profit margin of 12.3% for 2023, an increase of 2.7% from 2022. The basic earnings per share was 0.28 Baht, increasing from 0.20 Baht per share in 2022.

Overview of the Company's Financial Position as of December 31, 2023

Key Items in Statement of Financial Position	2023		2022		Increase/ (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Cash and cash equivalents	110.85	16.5	207.76	26.1	(96.91)	-46.6
Trade and other current receivables	199.79	29.8	92.25	11.6	107.54	116.6
Lease receivables	46.69	7.0	142.67	17.9	(95.98)	-67.3
Financial assets - debt security investments	83.40	12.5	206.98	26.0	(123.58)	-59.7
Inventories	11.39	1.7	38.01	4.8	(26.62)	-70.0
Equipment and right-of-use assets	142.76	21.3	58.00	7.3	84.76	146.1
Other assets	74.88	11.2	49.79	6.3	25.09	50.4
Total assets	669.76	100.0	795.46	100.0	(125.70)	-15.8
Trade and other current payables	217.99	74.9	117.34	62.3	100.65	85.8
Lease liabilities	28.50	9.8	35.75	19.0	(7.25)	-20.3
Income tax payables	15.50	5.3	13.99	7.4	1.51	10.8
Provisions for employee benefits	19.43	6.7	17.78	9.4	1.65	9.3
Other liabilities	9.81	3.3	3.35	1.9	6.46	192.8
Total liabilities	291.23	100.0	188.21	100.0	103.02	54.7
Total equity	378.53	100.0	607.25	100.0	(228.72)	-37.7

Analysis of the Company's Financial Position as of December 31, 2023

1) Assets

The Company's total assets decreased from 2022 by 125.70 million Baht, or 15.8%, which comprise the major changes in asset as follows:

Cash and cash equivalents

Bank deposits of the company decreased by 96.91 million Baht, mainly due to the interim dividend payments in 2023. The company paid dividends to shareholders twice, totaling 385.31 million Baht. The dividends are from the operating results for 2022 and the first quarter of 2023. However, the company also received cash and cash equivalents from operations during the year, mainly from proceeds from multiple equipment rental contracts, the equipment distribution projects for educational agencies, and the other peripheral equipment distribution projects in 2023.

Trade and Other Current Receivables

The outstanding balance of trade and other current receivables increased by 107.54 million Baht. This was because at the end of 2023, the company recognized revenue from the DLTV Classroom Replacement Equipment Distribution Project for Small Schools in the fiscal year 2023, which was delivered towards the end of the year with 82.10 million Baht awaiting payment. There was also revenue from sales of toner cartridges for a total of 51.69 million Baht.

Lease Receivables

The company's lease receivables decreased by 95.98 million Baht or 67.3%, due to lease payments received during the year. Additionally, all new lease contracts that took effect were classified as operating leases, resulting in a significant decrease in the outstanding finance lease receivable balance compared to the previous year.

Financial Assets - Debt Security Investments

Financial assets decreased by 123.58 million Baht due to the disposal of investments in Fixed Income Funds amounting to 104.40 million Baht and the redemption of 20.00 million Baht in corporate bonds that matured during the year. Currently, the company's financial assets in the form of investments in corporate bonds are also used as collateral for credit lines with financial institutions.

Inventories

The company's inventories, including goods in transit for installation, decreased by 26.62 million Baht from 2022. The main reason was more effective inventory management.

Equipment and Right-of-Use Assets

The company's outstanding balance of equipment and right-of-use assets increased significantly by 84.76 million Baht. This was because the company entered into several new computer equipment rental agreements during the year. The main increase came from assets for lease, which were desktop computers (All-in-One), portable computers (Tablets), and various accessories as specified in the rental agreements. The assets delivered to lessees for use had a total value of 103.31 million Baht. At the same time, the company also recorded 19.04 million Baht in depreciation of its fixed assets for the year.

Other Assets

Other assets, apart from significant items, increased by 25.09 million Baht. The majority of this increase was due to a 10.00 million Baht increase in contract assets, which was caused by an increase in deferred revenue under service and maintenance contracts with an educational institution. The remaining 10.82 million Baht increase was due to an increase in the cost of uncompleted contracts at the end of the year. This represents the incremental cost of contracts that have been delivered to customers, which will be recovered in the form of future sales as a project's dealership.

2) Liabilities

The company's total liabilities increased by 103.02 million Baht, or 54.7%, which was a result of changes as described below.

Trade and Other Current Payables

The outstanding balance of trade payables at the end of 2023 increased by 100.65 million Baht. This was due to unpaid purchases of equipment for rental contracts amounting to 52.25 million Baht, and DLTV Classroom Replacement Equipment Distribution Project for Small Schools in the fiscal year 2023 totaling 79.72 million Baht. Additionally, the company had an accrued provision of 8.59 million Baht for spare parts replacements under the computer system with software and storage devices maintenance and repair service for an educational institution.

3) Shareholders' Equity

The company's shareholder equity has decreased significantly from December 31, 2022, despite an increase in accumulated profit of 156.59 million Baht for the fiscal year 2023. This decrease in shareholder equity is attributable to the company's distribution of interim dividends, totaling 385.31 million Baht, which were paid out twice during the year. Consequently, shareholders' equity has decreased by a total of 228.72 million Baht, representing a percentage decrease of 37.7%.

Key Financial Ratios

Financial ratios	Unit	2023	2022
Liquidity Ratios			
Current Ratio	Time	1.67	4.09
Average Collection Period	Day	42.42	35.04
Average Inventory Collection Period	Day	9.34	19.80
Average Payment Period	Day	63.38	63.27
Cash Conversion Cycle	Day	(11.62)	(8.43)
Profitability Ratios			
Gross Profit Margin	%	23.15%	21.43%
Operating Profit Margin	%	17.01%	13.47%
Net Profit Margin	%	12.27%	9.57%
Return On Equity (ROE)	%	31.77%	14.00%
Return On Assets (ROA)	%	21.37%	10.63%
Equity Multiplier	Time	1.77	1.31
Leverage Ratios			
Debt to Equity Ratio	Time	0.77	0.31
Interest Coverage Ratio	Time	0.08	0.06