



SUPREME 2024/001

Dated 15 May 2024

Re: Management's Discussion and Analysis for three-month period ended March 31, 2024
 To: The President
 The Stock Exchange of Thailand

Supreme Distribution Public Company Limited ("the Company") wishes to clarify the Company's operating result for the three-month period ended March 31, 2024, as follows:

Overview of the Company's Performance in Q1-2024

Key Items in Income Statement	Q1-2024	Q4-2023	Q1-2023	Q1-24 vs Q4-23 Inc (Dec)		Q1-24 vs Q1-23 Inc (Dec)	
	MB	MB	MB	MB	%	MB	%
Revenue from sales and services	128.27	252.44	560.95	(124.17)	-49.19	(432.68)	-77.13
Cost of sales and services	86.85	193.55	438.44	(106.70)	-55.13	(351.59)	-80.19
Gross profit	41.42	58.89	122.51	(17.47)	-29.66	(81.09)	-66.19
<i>Gross profit margin (%)</i>	<i>32.29</i>	<i>23.33</i>	<i>21.84</i>				
Total income	138.93	262.85	566.00	(123.92)	-47.15	(427.07)	-75.45
Total expenses	113.05	219.90	466.83	(106.85)	-48.59	(353.78)	-75.78
Profit for the period	20.49	33.91	79.12	(13.42)	-39.57	(58.63)	-74.10
<i>Net profit margin (%)</i>	<i>14.75</i>	<i>12.90</i>	<i>13.98</i>				

The overview of operations in the first quarter of 2024 was decelerated. The majority of projects delivered by the company in this period are small-scale projects or purchase orders, which were caused by the delayed budget approval from the government sector.

1) Income

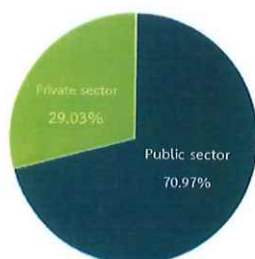
Revenue from the sales of goods and services increased by Baht 124.17 million from Q4-2023 and decreased by Baht 432.68 million compared to Q1-2023. This reduction was influenced by the varying features of projects delivered in each period. During the first quarter of 2024, most deliveries were small-scale projects, involving the sales and installation of equipment with software for government agencies and educational institutions. In contrast, projects carried out during the fourth quarter of 2023 and the first quarter of 2023 were large-scale public sector projects, covering the distribution of goods across various regions nationwide.

Additionally, the decrease was from the completion of maintenance and repair contract with a state-owned enterprise in 2023.

However, the company has other income for the current quarter, totaling Baht 10.66 million. This represents an increase from Q4-2023 and Q1-2023 of Baht 0.25 million and Baht 5.60 million, respectively. These additional revenues were generated from the return and sales of equipment used for lease upon contract completion during the period.

As of March 31, 2024, the company's remaining sales and service contracts backlog amounted to Baht 366.24 million. The company estimated that the deliveries of goods and services, along with revenue recognition, within 2024 will amount to Baht 117.76 million, with the remaining portion recognized gradually from 2025 to 2028.

Revenue Breakdown by Customer Group and Service Recipient



The company had revenue from public sector and state enterprises totaling Baht 91.03 million, or 70.97% (Q1-2023: 12.38%), and revenue from the private sector and individuals totaling Baht 37.24 million, or 29.03% (Q1-2023: 87.62%).

The proportion of revenue from the public sector increased from the prior period, aligned to the company's aim to 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 decreased by Baht 106.70 million, or 55.13%, which is in line with the fluctuation of revenues. On the other hand, the company's efficient cost management led to an increase in the gross profit margin for Q1-2024, compared to the previous period. The current gross profit margin reported at 32.29%, representing an increase of 8.96% from Q4-2023 and an increase of 10.45% from Q1-2023.

3) Net Profit

For the current period, the company had a net profit of Baht 20.49 million, representing a decrease of Baht 13.42 million from Q4-2023 and a decrease of Baht 58.63 million from Q1-2023. These changes mainly impacted from the reduction in the revenues. Meanwhile, apart from the increase in other income, the company has also improved its ability to control operational expenses in the current quarter. This has led to reduced selling and administrative expenses compared to Q1-2023.

Hence, the company had a net profit margin of 14.75% for Q1-2024, an increase of 1.85% from Q4-2023 and an increase of 0.77% from Q1-2023. The basic earnings per share was Baht 0.04.

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

Key Items in Statement of Financial Position	31 March 2024		31 December 2023		Inc (Dec)	
	MB	%	MB	%	MB	%
Trade and other current receivables	102.47	14.26	199.79	29.83	(97.32)	-48.71
Contract assets	28.04	3.90	14.63	2.18	13.41	91.66
Lease receivables ⁽¹⁾	33.90	4.72	46.69	6.97	(12.79)	-27.39
Inventories	5.15	0.72	11.39	1.70	(6.24)	-54.79
Contract cost assets ⁽¹⁾	14.49	2.02	10.82	1.61	3.67	33.92
Other current assets	11.13	1.55	3.69	0.55	7.44	201.63
Equipment	242.23	33.70	97.80	14.60	144.43	147.67
Other assets	281.31	22.97	284.95	25.99	(3.64)	-1.27
Total assets	718.72	100.00	669.76	100.00	48.96	7.31
Trade and other current payables	282.64	80.13	217.99	74.85	64.65	29.66
Other current liabilities	0.55	0.16	4.16	1.43	(3.61)	-86.68
Other liabilities	69.54	19.71	69.08	23.72	0.46	0.67
Total liabilities	352.73	100.00	291.23	100.00	61.50	21.12
Total equity	365.99	100.00	378.53	100.00	(12.54)	-3.32

(1) Comprehensive of current and non-current portions

Analysis of the Company's Financial Position as of March 31, 2024

1) Assets

The Company's total assets decreased from the year 2023 by Baht 48.96 million, or 7.31%, which comprise the major changes in asset as follows:

Trade and Other Current Receivables decreased by Baht 97.32 million, aligning with the decline in revenue and the collection of sales proceeds from projects at the end of 2023. Notably, this includes the DLTV Classroom Replacement Equipment Distribution Project for Small Schools in the fiscal year 2023, as well as ink cartridges.

Contract assets increased by Baht 13.41 million due to outstanding revenue under maintenance and repair contract for computer systems with software and storage equipment, as specified in the notification letter for maintenance and repair services provided by the government agency.



Lease Receivables decreased by Baht 12.79 million or 27.39%, due to lease payments received during the period. Additionally, all new lease contracts that took effect were classified as operating leases, resulting in a decrease in the outstanding finance lease receivable balance compared to the previous year.

Inventories decreased by Baht 6.24 million from the year 2023. The reduction was primarily due to more effective inventory management, together with the short duration of projects delivered during the current period.

Contract cost assets increased by Baht 3.67 million due to the company delivering additional printers to sell ink cartridges for another project. Additionally, the company has been appointed as a distributor for this project for a period of 5 years.

Other current assets increased by Baht 7.44 million from the return of lease equipment at the end of finance lease contracts, as well as the Value Added Tax credit which can be utilized in the following month.

Equipment The company's outstanding balance of equipment increased significantly by Baht 144.43 million. This was because the company entered into several new computer equipment rental agreements during the period. The main increase came from assets for lease, which were computer PC, Notebook, and portable computers (Tablets), with compatible accessories.

2) Liabilities

The company's total liabilities increased by Baht 61.51 million, or 21.12%. Most of this increase is attributed to changes in trade and other current payables. The outstanding balance at the end of Q1-2024 of this account increased by Baht 64.65 million from the purchases of equipment for rental that have not yet due.

3) Shareholders' Equity

The company's shareholder equity decreased from December 31, 2023, due to the interim dividend payment made in January 2024, amounting to Baht 33.04 million. Simultaneously, the company's accumulated profit increased by Baht 20.49 million from the current quarter operation. As a result, the shareholder's equity decreased by a total of Baht 12.54 million, equivalent to 3.32%.



The trend in business operations for the year 2024

The company anticipates that government procurement processes and budget utilization for the year 2024 will accelerate during the latter part of the budget year, specifically from the end of the second quarter to the third quarter. Simultaneously, it is a regular period for approving the budget for the fiscal year 2025 in the public sector. Despite fluctuations in revenue on a quarterly basis, the overall annual outlook remains relatively stable.

Executive summary explaining the change of more than 20% in the company's operating results for the three-month period ended March 31, 2024

Revenue and cost of operations

Revenue from sales and services decreased by 432.68 million baht or 77.13% compared to Q1-2023. This reduction was due to delayed budget approvals from the government sector, resulting in smaller projects or purchase orders from the public sector. In contrast, Q1-2023 primarily consisted of larger projects related to computer equipment and software sales under the sustainable digital community ecosystem development project, with the total value of Baht 500 million. Additionally, the decrease in revenue was influenced by the completion of maintenance and repair contracts with a state-owned enterprise in 2023.

Gross profit and gross margin

The company's gross profit decreased in line with the fluctuations in revenue. The total gross margin reported at Baht 41.42 million, or a decrease of 66.19% compared to Q1-2023. However, when considering the gross profit margin, Q1-2024 showed higher growth than the same period in the previous year. The current profit margin ratio stands at 32.29%, representing a 10.45% increase from Q1-2023. This improvement is attributed to efficient cost management.



Summary of operating results in Q1-2024

In summary, the net profit for Q1-2024 decreased to Baht 20.49 million from Baht 58.63 million in Q1-2023, reflecting a 74.10% decline. These results align with the revenue changes during the period.

Yours Respectfully,

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(Mr. Panuwat Khantamoleekul)
Chief Executive Officer

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(Mr. Panupong Khantamoleekul)
Deputy Chief Executive Officer

Supreme Distribution Public Company Limited