

## D.T.C. Enterprise Public Company Limited and Its Subsidiaries Management Discussion and Analysis Operating Results for 2023

### Overview of the Operating Results of 2023

As at 31 December 2023, D.T.C. Enterprise Public Company Limited and its subsidiaries (“DTC Group”) had a total revenue of THB 729.46 million, an increase of THB 87.87 million or 13.70%; the total cost of sales and services of THB 347.34 million, an increase of THB 28.75 million or 9.02%; the gross profit of THB 362.08 million, an increase of THB 44.73 million or 14.09%; the selling and administrative expenses of THB 249.45 million, an increase of THB 0.26 million or 0.10% and the net profit of THB 99.62 million, an increase of THB 47.64 million or 91.65%, compared with the operating results of 2022 as follows.

(Unit : THB Million)

Consolidated Financial Statements	2023	2022	Difference	%
Revenues from sales and services	709.42	635.94	73.48	11.55
Other revenue	20.04	5.65	14.39	254.69
<b>Total revenues</b>	<b>729.46</b>	<b>641.59</b>	<b>87.87</b>	<b>13.70</b>
Cost of sales and services	347.34	318.59	28.75	9.02
<b>Gross profit</b>	<b>362.08</b>	<b>317.35</b>	<b>44.73</b>	<b>14.09</b>
Selling and administrative expenses	249.45	249.19	0.26	0.10
<b>Net profit for the year</b>	<b>99.62</b>	<b>51.98</b>	<b>47.64</b>	<b>91.65</b>

DTC Group had a total revenue of THB 729.46 million and THB 641.59 million, in 2023 and 2022, respectively, an increase of THB 87.87 million or 13.70%. The highest increase is the revenue from the software development project for the public sector to meet organizational needs and increase operating efficiency.

In addition, the products for rental service, GPS tracking system and MDVR products, were well-received because DTC Group has continued to launch new products and upgrade functions to meet the changing needs. Furthermore, after the country’s economy recovery following the COVID-19 pandemic crisis, DTC Group’s key customers, the transportation and logistics sector, have resumed its normal business operations.

DTC Group's revenue structure, categorized by the revenue type, for the year ended 31 December 2023 and 31 December 2022, can be summarized as follows.

(Unit : THB Million)

Revenue Type	2023		2022		Difference	%
	Amount	%	Amount	%		
Revenue from services	678.96	93.08	594.94	92.73	84.02	14.12
Revenue from sales	30.46	4.18	41.00	6.39	(10.54)	(25.71)
<b>Total revenue from sales and services</b>	<b>709.42</b>	<b>97.25</b>	<b>635.94</b>	<b>99.12</b>	<b>73.48</b>	<b>11.55</b>

The revenue from services forms a major portion of DTC Group's revenue. DTC Group had a revenue from services of THB 678.96 million and THB 594.94 million in 2023 and 2022, respectively, an increase of THB 84.02 million or 14.12%, representing 93.08% and 92.73% of the total revenues, respectively. The revenue from services is summarized in the table above.

#### Revenue by Types of Services

(Unit : THB Million)

Revenue from services	2023		2022		Difference	%
	Amount	%	Amount	%		
Revenue from GPS tracking system	398.22	58.65	388.40	65.28	9.82	2.53
Revenue from device rental service	149.17	21.97	139.22	23.40	9.95	7.15
Revenue from other services <sup>1</sup>	131.57	19.38	67.32	11.32	64.25	95.44
<b>Total revenues from services</b>	<b>678.96</b>	<b>100.00</b>	<b>594.94</b>	<b>100.00</b>	<b>84.02</b>	<b>14.12</b>

Remark: The revenue from other services<sup>1</sup> are revenue from projects of the public and private sectors, revenue from maintenance service.

DTC Group's revenue from services is mainly from the revenue from GPS tracking system. DTC Group had a revenue from GPS tracking system of THB 398.22 million and THB 388.40 million in 2023 and 2022, an increase of THB 9.82 million or 2.53%, representing 58.65% and 65.28% of the revenue from service, respectively, due to the increase of 31,417 vehicles nationwide, installed with GPS system connected to the Department of Land Transport, according to the Statistic Report "GPS across Thailand Project" of the Department of Land Transport. (Please refer to the information in page 6.)

The revenue from device rental service is the second-top earner. DTC Group had a revenue from device rental of THB 149.17 million and THB 139.22 million in 2023 and 2022, an increase of THB 9.95 million or 7.15%, representing 21.97% and 23.40% of the total revenue from services. The increase is due to constantly changing customers' needs and DTC Group are able to provide after-sales services throughout the service terms. Therefore, customers use more rental service.

The revenue from other services is the third earner in 2023. DTC Group's revenue from other services increased impressively, that is, THB 131.57 million and THB 67.32 million, in 2023 and 2022, an increase of THB 64.25 million or 95.44%, representing 19.38% and 11.32% of the total revenue from services, respectively. The increase is mainly due to the software development project for the public sector to increase organizational operating efficiency, other projects, including hardware and specific software applications, to meet customers' various needs, e.g. high technology solution development, integrating hardware, software, and Artificial Intelligence, e.g. solutions for the business, industrial, agricultural, government sectors.

### Revenue from Sales by Products

(Unit : THB Million)

Types of Products	2023		2022		Difference	%
	Amount	%	Amount	%		
Revenue from sales of devices	17.82	58.50	33.88	82.63	(16.06)	(47.40)
Revenue from projects and IoT Solution	11.73	38.51	4.91	11.98	6.82	138.90
Revenue from software systems	-	-	0.13	0.32	(0.13)	(100.00)
Revenue from other sales	0.91	2.99	2.08	5.07	(1.17)	(56.25)
<b>Total revenues from sales</b>	<b>30.46</b>	<b>100.00</b>	<b>41.00</b>	<b>100.00</b>	<b>(10.54)</b>	<b>(25.71)</b>

DTC Group had a revenue from sales of THB 30.46 million and THB 41.00 million in 2023 and 2022, a decrease of THB (10.54) million or (25.71)%, representing 4.18% and 6.39% of the total revenue, respectively. The decrease is due to the increase of the customers' need for the device rental service, particularly, MDVR products, because DTC Group provides after-sales services throughout the service terms.

### Cost of Sales of Products and Services

DTC Group had a cost of sales of products and services of THB 347.34 million and THB 318.59 million in 2023 and 2022, respectively, an increase of THB 28.75 million or 9.02%, in line with its revenue. The increase of the cost of service was due to the software development project for the public sector to increase organizational operating efficiency, other projects, including hardware and specific software applications, to meet customers' various needs, e.g. high technology solution development, integrating hardware, software, and Artificial Intelligence, e.g. solutions for the business, industrial, agricultural, government sectors.

### Gross Profit

DTC Group had a gross profit of THB 362.08 million and THB 317.35 million in 2023 and 2022, representing 51.04% and 49.90%, respectively, an increase of THB 44.73 million or 14.09%, mainly due to the increase of the revenue from software development to increase operating efficiency. The increase was attributable to the fact that the software system, being the main cost, has been continuously developed and as a result the cost was efficiently managed and the gross profit increased.

## **Selling and Administrative Expenses**

DTC Group had selling and administrative expenses of THB 249.45 million and THB 249.19 million in 2023 and 2022, respectively, a decrease of THB 0.26 million or 0.10%, attributable to the following reasons.

DTC Group had the selling expense of THB 49.40 million and THB 46.71 million, in 2023 and 2022, respectively, an increase of THB 2.69 million or 5.76%, mainly due to an increase of employee related expenses, e.g. increase of commission following the increase of revenue and advertising and promotion expenses to increase its customer base and expand new businesses.

DTC Group had the administrative expense of THB 200.05 million and THB 202.48 million in 2023 and 2022, respectively, a decrease of THB (2.43) million or (1.20)%, mainly due to the appointment of a new audit firm and an internal audit firm and an decrease of the profession service and advisor fee in 2023 as opposed to the profession service and advisor fee in preparation for the Initial Public Offering in 2022.

## **Net Profit**

DTC Group's net profit for the year increased by THB 47.64 million or 91.65%, compared with 2022, mainly due to the increase of revenue from the project in the public sector where the cost was efficiently managed; the increase of interest income from investment in mutual funds and debentures, fixed deposits with financial institutions; the efficient management of the operating expenses.

## **Analysis of DTC Group's Financial Positions**

As at 31 December 2023, DTC Group had a total assets of THB 1,745.75 million, an increase of THB 77.94 million or 4.67%, compared with as at 31 December 2022, mainly due to an increase of the accounts receivable and other current receivable. DTC Group delivered projects to customers, mainly in the third quarter of 2023, but had not received payments.

As at 31 December 2023, DTC Group had total liabilities of THB 263.40 million, a decrease of THB (18.17) million or (6.45)%, compared with 31 December 2022, mainly due to a decrease of trade accounts payable and other current payable, and liabilities arising from contracts because DTC Group made repayments of debts when due in full.

As at 31 December 2023, DTC Group had a shareholder's equity of THB 1,482.35 million, an increase of THB 96.11 million or 6.93%, mainly due to the following reasons.

An increase of THB 99.62 million of the total comprehensive income for 2023.

A decrease of THB (26.77) million due to dividend payment, approved by the 2023 Annual General Meeting of Shareholders, on 21 April 2023. The dividend was paid from the 2023 operating results, at the rate of 25 existing shares to one dividend share, totaling 48.20 million shares at the value of THB 0.50 per share. The Company paid the dividend in the form of ordinary shares, at the value of THB (24.06) million, and in the form of cash, in an amount of THB (2.71) million.

An increase of THB 24.06 million following the approval for the increase of registered capital to accommodate the payment of dividend shares. The Company had filed the registered and paid-up capital increase on 9 May 2023.

A decrease of THB (0.80) million, due to dividend payments to its subsidiaries to the non-controlling interests.

### Key Financial Ratios – Consolidated Financial Statement

Financial Ratios	Unit	2023	2022	2021
<u>Liquidity ratios</u>				
liquidity ratio	times	7.92	7.46	2.61
Quick liquidity ratio	times	7.23	6.70	1.98
Accounts receivable turnover	times	6.09	6.87	5.00
Average collection period	days	60	53	73
<u>Profitability Ratios</u>				
Gross profit margin	%	51.04	49.90	49.13
Net profit margin	%	13.66	8.10	13.06
<u>Financial Policy Ratios</u>				
Debt service coverage ratio	times	20.68	14.63	18.38
Debt to equity ratio	times	0.18	0.20	0.53
<u>Earnings per share</u>				
Basic earnings per share	THB/shares	0.08	0.06	0.14

### Changes in Key Accounting Policies

In 2023, DTC Group changed its accounting policy in presenting inventory costs from the first-in first-out method to the weighted average cost method. The change of the presentation of inventory costs was approved by Executive Committee's Meeting No. 1/2023, on 22 February 2023, for the accounting period of 1 January 2023 to 31 December 2023.

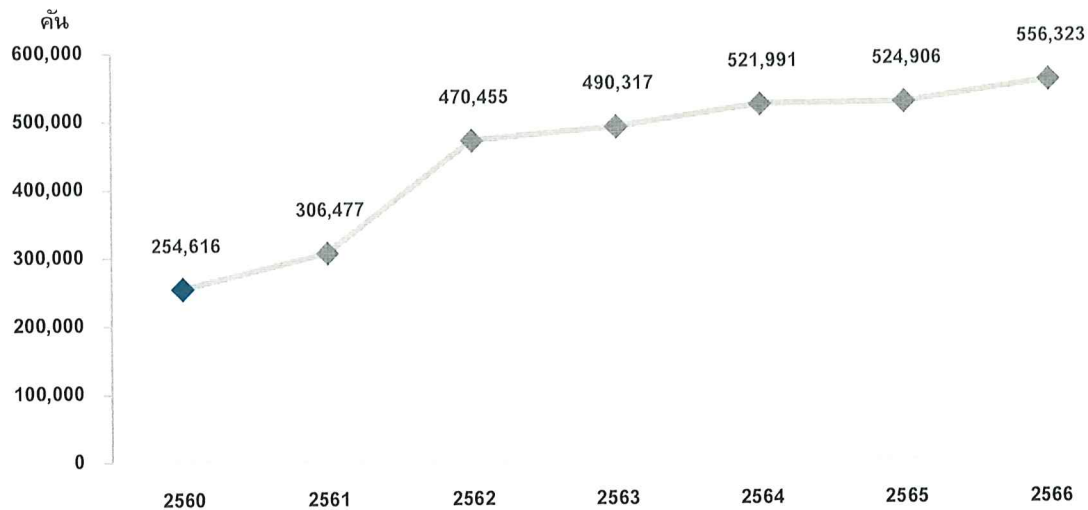
After due consideration of the impacts of the change of the accounting policy on inventories, the Management was of the view that the change did not materially affect DTC Group's financial statements in the period of its first introduction.

## Analysis of the Company compared with Competitors

The GPS installation business can be categorized into two main groups as follows:

### 1. Mandatory GPS Business

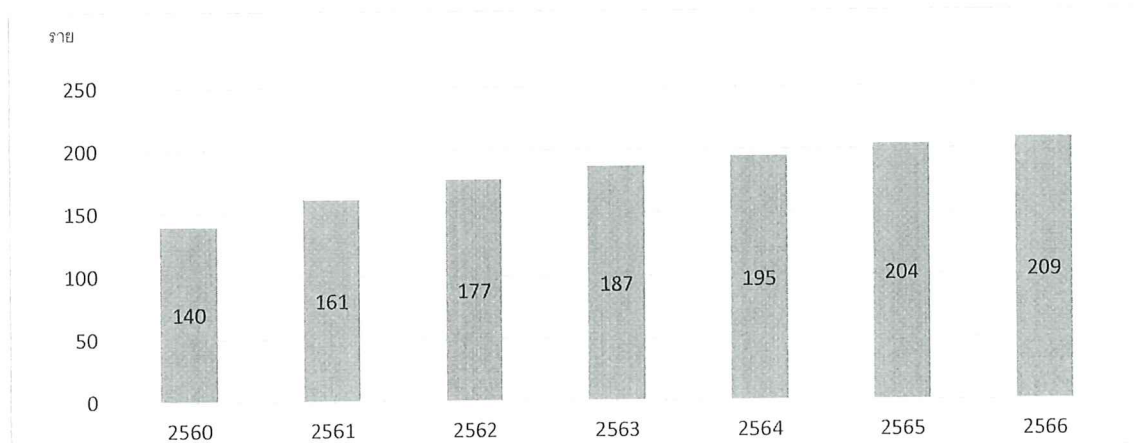
#### Number of Vehicles Installed with GPS Tracking Devices Connected to System of Department of Land Transport 2017 - 2023



Source: Department of Land Transport, Statistic Report “GPS across Thailand Project” December 2023

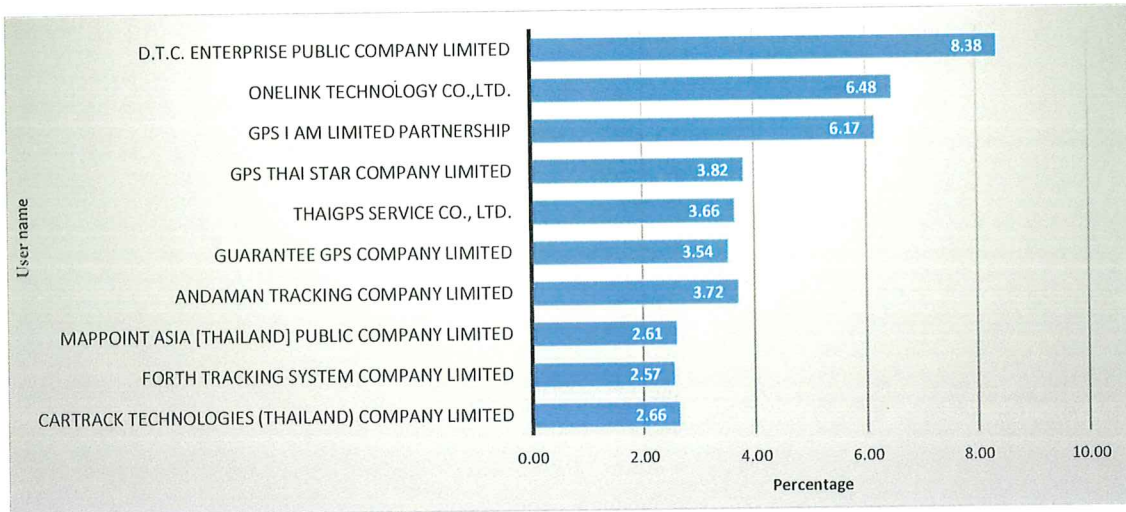
Following the economic growth and the transportation business in the country in the past seven years, the number of providers of GPS tracking system considerably increased from 140 providers in 2017 to 209 providers in 2023. Consequently, the competition becomes fiercer, in term of pricing and quality.

#### Number of Providers of GPS Tracking System in 2017-2023



Source: Department of Land Transport, Statistic Report “GPS across Thailand Project” December 2023

### Top-Ten Providers of GPS Tracking System as at December 2023



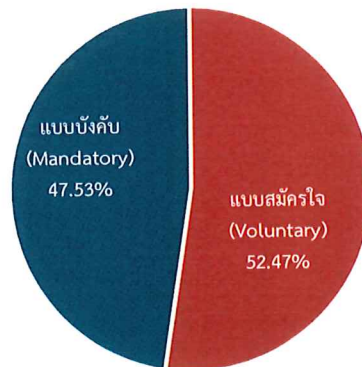
Source: Department of Land Transport, Statistic Report “GPS across Thailand Project” December 2023

DTC Group has the highest market share in providing the GPS tracking system to vehicles connected to the system of the Department of Land Transport since 2017. In 2023, DTC Group installed the GPS tracking system in 46,620 vehicles, representing 8.38% of GPS vehicles connected to the system of the Department of Land Transport, out of 209 providers of GPS tracking system.

#### 2. Voluntary GPS Business

In addition to the GPS Across Thailand Project of the Department of Land Transport that drove the mandatory GPS business to a leap growth, the expansion of the transportation business, the behavior change, the increase of customer needs for apply technology in organization management, as well as the use of transportation management software in logistics management to effectively manage costs and enhance competitiveness.

### GPS Vehicles Installed by DTC Group as at December 2023



Source: D.T.C. Enterprise Public Company Limited

As at December 2023, DTC Group installed the GPS tracking system in 98,088 vehicles: 51,468 vehicles were voluntary, representing or 52.47%, and 46,620 vehicles were mandatory, representing 47.53%, of the total vehicles, installed the GPS tracking system by DTC Group.

Please be informed accordingly.

Sincerely yours

A handwritten signature in blue ink, appearing to be "Ms. Jiraporn Lailuk".

(Ms. Jiraporn Lailuk)  
Deputy Chief Executive Officer and  
Chief Financial Officer