

**D.T.C. Enterprise Public Company Limited and its Subsidiaries
Management Discussion, Analysis, and Operating Results
For the Third Quarter and Nine-Month Period,
ending 30 September 2024**

Overview of the Operating Results for the Third Quarter and Nine-Month Period of 2024

As at 30 September 2024, D.T.C. Enterprise Public Company Limited and its subsidiaries (“DTC Group”) had a total revenue of THB 550.83 million, a decrease of THB 7.80 million or 1.40%, a total cost of sales and services of THB 235.44 million, a decrease of THB 33.02 million or 12.30%, a gross profit of THB 294.28 million, an increase of THB 16.29 million or 5.86%, sales and administrative expenses of THB 211.00 million, an increase of THB 30.30 million or 16.77%, and a net profit of THB 85.80 million, an increase of THB 2.09 million or 2.50%, when compared to the operating results for the third quarter of 2023, as follows.

(Unit : THB Million)

Consolidated Financial Statements	Third Quarter		Difference	%
	2024	2023		
Revenue from sales and services	529.72	546.45	(16.73)	(3.06)
Other revenues	21.11	12.18	8.93	73.32
Total revenues	550.83	558.63	(7.80)	(1.40)
Cost of sales and services	235.44	268.46	(33.02)	(12.30)
Gross profit	294.28	277.99	16.29	5.86
Sales and administrative expenses	211.00	180.70	30.30	16.77
Net profit for the period	85.80	83.71	2.09	2.50

Analysis of Profit and Loss

DTC Group’s revenue was mainly from sales and services. In the third quarters of 2024 and 2023, the revenues from sales and services were THB 529.72 million and THB 546.45 million, respectively, a decrease of THB 16.73 million or 3.06%, or 96.16% and 97.82% of the total revenue, respectively. The decrease was mainly attributable to the fact that in the third quarter of 2023, DTC Group provided services in the development of a software for control and tracking shipments, with a relatively-high project value, when compared to the projects, for which the services have been provided this year.

DTC Group's sales revenue in the third quarters of 2024 and 2023 were THB 18.36 million and THB 24.11 million, respectively, a decrease of THB 5.75 million, or 23.85%. The main reason for this reduction was a decrease in sales revenue from government projects compared to the same period last year.

In addition, DTC Group recognized its revenue from a profit share of THB 0.60 million, from the project management under the Consortium Agreement in a project of the Bangkok Mass Transit Authority, consisting of the revenue from project of THB 3.55 million and the cost of project of THB 2.95 million.

Notwithstanding the foregoing, DTC Group's revenue from in the device rental service for GPS Tracking and Mobile DVR increased, following the launching of new products and upgrading functions to meet the changing needs of each business sector that have changed over time, as well as introducing of new technologies for further development.

Other Revenues

DTC Group's other revenues in the third quarters of 2024 and 2023 were THB 21.11 million and THB 12.18 million, respectively, an increase of THB 8.93 million, or 73.32%, was attributable to the fact that DTC Group earned interest income from its short-term and long-term investment with several domestic financial institutions since the fourth quarter of 2023.

Cost of Sales and Services

DTC Group's cost of sales and services in the third quarters of 2024 and 2023 were THB 235.44 million and THB 268.46 million, respectively, a decrease of THB 33.02 or 12.30%, due to the following.

The cost of sales of products in the third quarters of 2024 and 2023 was THB 13.72 million and THB 20.23 million, respectively, a decrease of THB 6.51 million or 32.18%. This was mainly due to a significant decline in sales revenue from government projects.

DTC Group's cost of services in the third quarters of 2024 and 2023 were THB 221.72 million and THB 248.23 million, respectively, a decrease of THB 26.51 million or 10.68%. The installation cost decreased by THB 7.34 million, mainly attributable to the fact that the number of projects decreased when compared to the same period last year. In addition, DTC Group launched 14 shops to provide services nationwide, and as a result, the costs of services were effectively managed.

Gross Profit

DTC Group's gross profit in the third quarters of 2024 and 2023 were THB 294.28 million and THB 277.99 million, or 55.55% and 50.87%, respectively, an increase of THB 16.29 million or 5.86% due to the fact that DTC Group's main cost was from the software system which has been continuously developed prompting effective cost management and improved gross profit.

Sales and Administrative Expenses

The sales and administrative expenses in the third quarters of 2024 and 2023 were THB 211.00 million and THB 180.70 million, respectively, an increase of THB 30.30 million or 16.77%, for the following reasons.

The sales expenses in the third quarters of 2024 and 2023 were THB 42.51 million and THB 35.45 million, respectively, an increase of THB 7.06 million or 19.92%, mainly due to an increase of sales commission in line with an increase of collection, when compared to the same quarter last year, and an increase of sales staff members to promote the sales volume to meet the target this year.

The administrative expenses in the third quarters of 2024 and 2023 were THB 168.49 million and THB 145.25 million, respectively, an increase of THB 23.24 million or 16.00%. The increase was mainly due to the fact that in 2024, DTC Group is focused on its business expansion and due to the current economic conditions, the employee-related expenses have increased. In addition, DTC Group's estimate for doubtful accounts increased in line with the increase of trade receivables from last year.

Net Profits

The net profits for the third quarters of 2024 and 2023 were THB 85.80 million and THB 83.71 million, respectively, an increase of THB 2.09 million or 2.50%. The increase of the net profits was mainly due to an increase of revenue from the device rental service for GPS Tracking and Mobile DVR an increase of interest income from investment in mutual funds, debentures, and fixed cash deposits with financial institutions, and an effective control of operating expenses.

Analysis of Financial Position

As at 30 September 2024, DTC Group had the total assets of THB 1,770.91 million, an increase of THB 25.61 million or 1.44%. This was mainly due to an increase of a loan to a related party, Winstar Equipment Co., Ltd., of approximately THB 38.77 million for the purpose of placing a security in the Consortium Agreement. The loan term is three years and the interest rate is 2.50% per annum. The principal will be repaid in one payment on 27 June 2027. The property, plant, and equipment increased by THB 13.23 million, following the opening of its new office in 2024 and purchase of additional office equipment and supplies.

As at 30 September 2024, DTC Group recorded the total liabilities of THB 262.94 million, a decrease of THB 0.54 million or 0.75%, compared to that of 31 December 2023. The increase was mainly due to a decrease of trade payables, following debt repayment in full by DTC Group.

As at 30 September 2024, DTC Group's shareholder's equity was THB 1,508.06 million, an increase of THB 25.71 million or 1.73%, due to the following reasons.

- an increase of THB 85.80 million from profit for the nine-month period of 2024.

- a decrease of THB 92.11 million from the dividend payment approval on 22 April 2024 at the 2023 Annual General Meeting of Shareholders. The dividend payment was made from the 2023 operating results at the rate of 20 existing shares to one stock dividend, totaling 62.66 million stock dividends at the par value of THB 0.50 per share. DTC Group distributed stock dividends as ordinary shares of THB 31.33 million and made dividend payment of THB 57.30 million in cash, with the withholding tax of THB 3.48 million.
- an increase of THB 31.33 million from the approval for an increase of registered capital with a view to accommodating the distribution of stock dividends. DTC Group registered its capital increase, which was paid up, on 20 May 2024.
- an increase of THB 0.69 million from re-measurement of defined employee benefits.

Analysis of Financial Ratios

Key Financial Ratios

Financial Ratios		For the third quarters	
		2024	2023
<u>Liquidity Ratio</u>			
Current ratio	Times	7.58	8.29
Account receivable turnover ratio	Times	5.85	7.10
Average collection period	Days	62	51
Inventory turnover ratio	Times	4.63	3.50
Average inventory period	Days	147	126
Account payable turnover ratio	Times	4.63	3.50
Average payment period	Days	79	104
<u>Profitability Ratio</u>			
Gross profit margin	%	55.55	50.87
Net profit margin	%	15.58	14.98
Return on Equity (ROE)	%	5.77	8.20
<u>Efficiency Ratio</u>			
Return on Assets (ROA)	%	4.91	6.56
<u>Financial Policy Ratio</u>			
Debt to equity ratio (D/E)	Times	0.18	0.20
<u>Earnings per share</u>			
Basic earnings per share	THB/share	0.07	0.07

DTC Group's gross profit margin increased from 50.87% to 55.55%, primarily due to an increase of the device rental services, of which its popularity has increased in 2024, and the cost of services is relatively lower than the cost of sales.

DTC Group's return on equity decreased from 8.20% to 5.77%, due to the capital increase and the annual dividend payments in 2023 and 2024. Additionally, the company's profitability has improved, and assets have increased at a higher proportion compared to the previous year, resulting in a decrease of the return on assets from 6.56% to 4.91%.

DTC Group's average collection period increased by 11 days, when compared to the same period last year of 62 days. The allowance for doubtful account ratio to account receivables increased from 50.30% in the third quarter of 2023 to 55.38% in the third quarter of 2024, due to the postponement for payment of service of the project works, mainly from the Repair and Maintenance of 486 BLK Project between the Bangkok Mass Transit Authority and the Consortium under the Consortium Agreement, whereby the Bangkok Mass Transit Authority had made the first payment to Winstar Equipment Co., Ltd. As of 11 November 2024, DTC Group's has not yet received payment from Winstar Equipment Co., Ltd.

DTC Group's inventory consists of raw materials, semi-finished goods, and finished goods. The average inventory period increased from 126 days in the third quarter of 2023 to 147 days in the third quarter of 2024, mainly due to a decrease in the cost of sales. The average account payable period decreased from 104 days in the third quarter of 2023 to 79 days in the third quarter of 2024, following debt repayment in full by DTC Group.

DTC Group's asset turnover ratio to debt turnover ratio was 7.58 times as at the end of the third quarter of 2024, when compared to 7.92 times as at the end of 2023, mainly due to a loan to related parties for placing security in the Consortium Agreement.

Please be informed accordingly.

Sincerely yours,



(Ms. Jiraporn Lailuk)

Deputy Chief Executive Officer and Executive Vice President/
Chief Financial Officer