

## 2021: Management Discussion and Analysis

### Operation Overview

In 2021, the Company and subsidiaries reported total revenue of Baht 394 million, a decrease of Baht 243 million or 38.1% compared with 2020. Considering operating loss of 2021, the Company reported Baht 124 million, increased by Baht 9 million or 8.1% compared with 2020.

In accordance with operating loss, net loss of 2021 was Baht 332 million, a decrease by Baht 11 million from the previous year, mainly resulted from decreasing in selling and administration expenses and other expenses compared with 2020.

### Results of Operation of the Company and Subsidiaries

#### Sales and service income including gross profit

(Unit: Million Baht)

	Digital Network		Digital Content		Total	
	2021	2020	2021	2020	2021	2020
Sales and service income	265	439	129	198	394	637
Cost of sales and services	(283)	(429)	(118)	(156)	(401)	(585)
Gross profit	(18)	10	11	42	(7)	52
Other income					24	22
Selling and Administrative expenses and other expenses					(142)	(189)
Finance income					-	1
Finance cost					(196)	(173)
Reversal of impairment loss on financial assets					(15)	63
Corporate income tax					(20)	(130)
Non-controlling interests of the subsidiaries					24	11
Net loss					(332)	(343)

#### Digital Network

Revenue of Digital Network Business, including selling and service income, was Baht 265 million, decreased by Baht 174 million or 39.6% compared with 2020. This was mainly decreased from installment of network communication equipment. Gross profit was Baht (18) million, a decrease of Baht 28 million.

#### Digital Content

Revenue of Digital Content Business was Baht 129 million, a decrease of Baht 69 million or 34.8% compared with 2020. Gross profit was Baht 11 million, a decrease of Baht 31 million or 73.8%. This was mainly from a decrease in revenue of mobile content, and decrease in revenue of football broadcasting.

### **Other Income**

Other income was Baht 24 million, representing 5.8% of total revenue in 2021, an increase of Baht 2 million or 9.2% compared with the previous year. This was mainly increased from gain of exchange rate of Baht 11 million but other income decreased by Baht 9 million.

### **Selling and Administration Expenses including Other Expenses**

Selling and administration expenses including other expenses were Baht 142 million, a decrease of Baht 47 million or 25.0% compared with 2020. Regarding to restructuring organization in 2021, the Company manage to reduce employee expense by Baht 32 million. Comparing to 2020, depreciation of 2021 also decreased by Baht 31 million. The certain equipment was fully depreciated. As a result, selling and administration expenses and other expenses decreased from the previous year.

### **Finance Cost**

Finance cost was Baht 196 million, an increase from 2020 of Baht 23 million. The increase of finance cost resulted from the convertible debenture expense of Baht 54 million while interest expense decreased from bank loan repayment of Baht 31 million during the year of 2021.

### **Income Tax**

Income tax expenses were totally Baht 21 million, a decrease from 2020 of Baht 109 million. It was due to income tax expenses from write-off deferred tax assets in 2020 of Baht 113 million.

## **Financial Position**

### **Assets**

As of December 31, 2021, total assets were Baht 4,552 million, an increase of Baht 160 million or 3.6% compared with the end of 2020. Total current assets were Baht 1,328 million and total non-current assets were Baht 3,224 million, representing of 29.2% and 70.8% of total assets respectively.

### **Trade Receivables**

As of December 31, 2021, trade receivables-net were Baht 274 million, a significant decrease of Baht 228 million or 45.4% compared with the end of 2020. This was primarily due to collection of trade accounts receivable.

### **Inventories**

As of December 31, 2021, net inventories were Baht 243 million, significantly increased by Baht 141 million or 138.7% compared with the end of 2020. This was mainly contributed by the increase in goods in transit of Digital Trunked Radio System project (DTRS).

### **Other Current Assets**

As of December 31, 2021, other current assets were Baht 524 million, an increase of Baht 136 million or 35.0% compared with the end of 2020. The outstanding balances were mainly advance for purchase of equipment for new projects.

### **Non-Current Assets**

As of December 31, 2021, non-current assets were Baht 3,224 million, representing 70.8% of total assets. Comparing December 31, 2020, non-current asset at the end of 2021 decreased by Baht 53 million or 1.6%. The decrease was mainly contributed by a decrease in intangible assets and a decrease in deferred tax assets.

## Liquidity

As of December 31, 2021, cash and cash equivalents were Baht 171 million, an increase of Baht 48 million or 38.5% compared with the end of 2020. Sources and uses of fund are as follows:

- Net cash flows use in operating activities of Baht 396 million was mainly attributed to purchase of inventories, goods deposits, advance for purchase of inventories, and cash paid for interest expenses.
- Net cash flows use in investing activities of Baht 68 million was mainly attributed to cash paid for acquisition of equipment in Digital Trunked Radio System project (DTRS).
- Net cash flows from financing activities of Baht 512 million was mainly attributed to receiving cash from the convertible debenture.

Compared with 2020, the Company's liquidity ratio decreased from 0.56 times to 0.42 times and quick ratio decreased from 0.36 times to 0.17 times and cash turnover decreased from 0.15 times to (0.15) times.

## Sources of Funds

As of December 31, 2021, total shareholders' equity was Baht 836 million, an increase of Baht 341 million or 68.8% compared with the end of 2020 from conversion of the convertible debenture during the year of 2021 of Baht 670 million and net comprehensive loss in this year of Baht 329 million.

Total liabilities as of December 31, 2021 were Baht 3,716 million, decreased by Baht 181 million or 4.6% compared with the end of 2020. Total liabilities consist of current liabilities of Baht 3,130 million, and non-current liabilities of Baht 586 million, representing 68.8% and 12.9% of total assets respectively. The key components are as follows:

- Bank overdrafts, loans from financial institutions and lease liabilities were totally Baht 2,899 million, representing 78.0% of total liabilities or 63.7% of total assets, a decrease of Baht 80 million or 2.7% compared with the end of 2020.
- Long-term loans from related company were Baht 322 million, representing 8.7% of total liabilities or 7.1% of total assets.
- Trade payables and other payables were Baht 444 million, representing 12.0% of total liabilities or 9.8% of total assets, decreased by Baht 89 million or 16.7% compared with the end of 2020.
- Short-term loans were Baht 23 million, representing 0.3% of total liabilities or 0.3% of total assets, decreased by Baht 9 million or 42.6% compared with the end of 2020.

Regarding above liabilities and shareholders' equity, the Company's debt to equity ratio decreased from 7.87 times to 4.44 times in 2021.