

14 May 2025

Subject: Management Discussion and Analysis - For the three-month period ended 31 March 2025

To: The President of Stock Exchange of Thailand

MFEC Public Company Limited (“the Company”) would like to notify the operating results that the Company reported net profit’s equity owner of the parent for the three-month period ended 31 March 2025 of Baht 60.3 million, net profit increase by Baht 12.8 million or 26.9% compared to the same period of last year which net profit were Baht 47.5 million, due reason to the following reasons:

Overall Operating results

Description	Quarter 1/2025		Quarter 1/2024		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Sales and Services	1,563.9	100.0%	1,780.6	100.0%	(216.7)	-12.2%
Cost of Sales and Services	(1,298.7)	-83.0%	(1,497.2)	-84.1%	198.5	-13.3%
Gross Profit, before Operating Expenses	265.2	17.0%	283.4	15.9%	(18.2)	-6.4%
Gain on disposal of investment in associate	3.3	0.2%	-	0.0%	3.3	100.0%
Profit (loss) on derivative at Fair value	(2.4)	-0.2%	14.7	0.8%	(17.1)	-116.3%
Other income	22.7	1.5%	10.0	0.6%	12.7	127.0%
Selling and administrative expenses	(198.9)	-12.7%	(236.3)	-13.3%	37.4	-15.8%
Operating Profit	89.9	5.7%	71.8	4.0%	18.1	25.2%
Share of profit (loss) from investment in joint venture and associates	(2.4)	-0.2%	(2.8)	-0.2%	0.4	-14.3%
Finance income	2.2	0.1%	2.4	0.1%	(0.2)	-8.3%
Finance cost	(4.6)	-0.3%	(8.1)	-0.5%	3.5	-43.2%
Profit before income tax	85.1	5.4%	63.3	3.6%	21.8	34.4%
Income tax	(24.4)	-1.6%	(13.4)	-0.8%	(11.0)	82.1%
Profit for the year	60.7	3.9%	49.9	2.8%	10.8	21.6%
Profit attributable to non-controlling interests of subsidiaries	(0.4)	0.0%	(2.4)	-0.1%	2.0	-83.3%
Net Profit for the year - equity holders of the Company	60.3	3.9%	47.5	2.7%	12.8	26.9%

Comprised of:						
Profit (loss) from other activities:						
Gain on disposal of investment in associate	3.3	0.2%	-	0.0%	3.3	100.0%
Profit (loss) on derivative at Fair value	(2.4)	-0.2%	14.7	0.8%	(17.1)	-116.3%
Share of profit (loss) from investment in joint venture and associates	(2.4)	-0.2%	(2.8)	-0.2%	0.4	-14.3%
Profit from normal operations	61.8	4.0%	35.6	2.0%	26.2	73.6%
Net Profit for the year - equity holders of the Company	60.3	3.9%	47.5	2.7%	12.8	26.9%

The company reported a profit increase from normal operations of Baht 26.2 million, representing a 73.6% growth, year-on-year. This was a key driver of the significant rise in net profit for the current period, primarily attributable to effective cost management. This improvement was achieved despite a 12% decline in total revenue compared to the same period of the previous year, which was mainly due to a shift in the cloud service delivery model resulting in lower revenue from this segment. Nevertheless, enhancements in gross profit margin from the cloud business, coupled with

continued cost efficiency, enabled the company to maintain gross profit margin amidst Thailand's sluggish economic recovery relative to regional peers.

At the end of first quarter of current year, the Group remains backlog project that allow recognition of revenue carrying until the end of projects of up to 6 years, with total backlog value of Baht 6,987 million. The Group carried high recurring income representing 60% of the total backlog value.

1. Revenue from sales and services decrease from the same period of last year by Baht 216.7 million or 12.2% due following to:

Revenue from Business segment	Q1-2025		Q1-2024		Increase (decrease)	
	Million Baht	% total revenue	Million Baht	% total revenue	Million Baht	% Change
System Integration services	341.2	87.4%	337.4	79.2%	(44.5)	(3.2)
System maintenance services	883.3		856.0			
IT Professional services	141.8		217.4			
Cloud solution service	178.4	11.4%	343.9	19.3%	(165.5)	(48.1)
Other business	19.2	1.2%	25.9	1.5%	(6.7)	(25.9)
Total sales and services	1,563.9	100.0%	1,780.6	100.0%	(216.7)	(12.2)

Revenue from core business segments decrease by Baht 44.5 million, or 3.2% year-on-year, primarily due to lower revenue from IT Professional Services (PS). In the previous year, the company recognized significant revenue from large-scale PS projects delivered in Q1/2024. Although PS revenue decreased during the current period, the company maintains a strong pipeline of multiple PS projects scheduled for delivery throughout the remainder of the year, which is expected to support revenue and profit recognition. The Group's revenue proportion from core business was 87% of total revenue from sales and services, as a result of the decline in cloud services revenue that will be further discussed in the following section.

Revenue from cloud services decreased by Baht 165.5 million, or 48% year-on-year, as several corporate customers began procuring cloud services directly from providers. In response, the Company introduced cloud services from China, offering lower operational costs through more competitive pricing. As from the second half of last year, several numbers of corporate customers have adopted cloud solution based on Chinese's cloud technology. As a result, despite the revenue contraction, the Company achieved a significant improvement in the gross profit margin raised from cloud segment.

2. Cost of sales and service decrease by Baht 198.5 million or 13.3% compared to the same period of last year.

Description	Q1-2025	Q1-2024	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Revenue from sales and services	1,563.9	1,780.6	(216.7)	(12.2)
Cost of sales and services	1,298.7	1,497.2	(198.5)	(13.3)
Gross Profit	265.2	283.4	(18.2)	(6.4)

Gross Profit (%)	17.0%	15.9%	+1.1%
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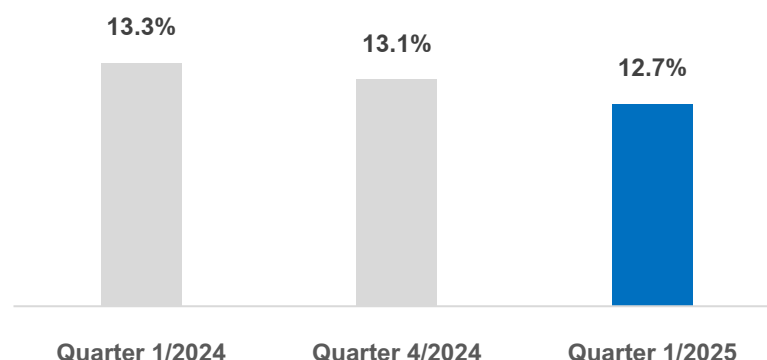
Cost of sales and services for current period was Baht 1,298.7 million. The Group reported an overall gross profit margin of 17.0%, a significant improvement compared to the same period of previous year. This was driven by higher gross margins in core business services, reflecting the company's effective cost management in project delivery. Although cloud service revenue decreased, the company benefited from improved gross margins in this segment by offering cloud projects utilizing Chinese technology to several corporate customers since the second half of 2024.

3. Selling and Administrative expenses decrease by Baht 37.4 million or 15.8% compared to the same period of last year.

Description	Q1-2025	Q1-2024	Increase (decrease)	
	Million Baht	Million Baht	Million Baht	%
Selling and distribution expenses	41.7	44.3	(2.6)	(5.9)
Administrative expenses	157.2	192.0	(34.8)	(18.1)
Total Selling and Administrative Expenses	198.9	236.3	(37.4)	(15.8)

Selling and Administrative expenses decreased by 15.8%, primarily due to the reallocation of personnel-related costs, which were recognized as Cost of services compared to the same period of the previous year. This reflects the Group's continued focus on efficient resource management. The ratio of SG&A expenses to total revenue has been on a consistent downward trajectory since 2023, standing at 12.7% for the current quarter. This represents an improvement compared to both the same period last year and the previous quarter, which recorded ratios of 13.3% and 13.1%, respectively. The improvement is largely attributed to effective personnel cost management.

Chart 1: SG&A expenses as % to Revenue



Financial positions of the Company:

Assets	31-Mar-2025	31-Dec-2024	Increase (decrease)	
Stated only for significant items	Million Baht	Million Baht	Million Baht	%
Assets				
Trade and other receivables	1,567.5	1,946.1	(378.6)	(19.5)
Investment in associate held for sales	-	37.6	(37.6)	(100.0)
Prepayment for cost of services (included non-current items)	2,190.8	2,250.5	(59.7)	(2.7)
Total Assets	6,678.9	6,940.6	(261.7)	(3.8)

Assets

As of 31 March 2025, the company had total assets of Baht 6,678.9 million, a decrease of Baht 261.7 million or 3.8% from the end of last year, can be summarized below.

- Trade and other receivables decreased by Baht 378.6 million due to receipt of payment from the invoiced value arising from large number of deliverables work at the nearly end of 2024.
- Investments in associate held for sale decreased by Baht 37.6 million due to the divestment of PromptNow, with the transaction completed in January 2025. The group recognized profit of Baht 3.3 million from this divestment transaction during the current quarter.
- Prepayment for cost of services decreased by Baht 59.7 million, from the gradual recognition of costs associated with maintenance service contracts during the current quarter.

Liabilities and shareholders' equity	31-Mar-2025	31-Dec-2024	Increase (decrease)	
Stated only for significant items	Million Baht	Million Baht	Million Baht	%
Liabilities				
Accrue expenses	120.4	279.6	(159.2)	(56.9)
Loan from financial institutions	36.1	296.3	(260.2)	(87.8)
Loans from related company	197.7	-	197.7	100.0
Deferred income	1,924.4	2,068.6	(144.2)	(7.0)
Total Liabilities	3,996.1	4,316.1	(320.0)	(7.4)

Shareholders' Equity				
Retained earnings – Unappropriated	1,197.1	1,136.8	60.3	5.3
Total Shareholders' Equity	2,682.9	2,624.5	58.4	2.2

Liabilities and Shareholders' Equity

As of 31 March 2025, the company had total liabilities of Baht 3,996.1 million, a decrease of Baht 320 million or 7.4% from the end of last year, can be summarized below.

- Accrued expenses decreased by Baht 159.2 million due to accrual payment during the current quarter, primarily from the regular performance bonus paid to the employees in January.
- Loans from financial institutions decreased by Baht 260.2 million as operating cash flows were utilized to repay borrowings, thereby reducing the group's interest-bearing debt during the current quarter.
- Loans from related company encompass loans from TIS, a major shareholder who provided total loan amount during the current period.
- Deferred income decrease is related to the prepayment cost of services. This reduction aligns with revenue and cost recognition practices for maintenance services (MA) carried out during the current quarter.

Shareholders' equity increased by Baht 58.4 million, or 2.2%, due to the following reasons:

- Unappropriated retained earnings increased by Baht 60.3 million, resulting from net profits attributable to shareholders of the company for the 1st quarter of the current year.

Please be informed in accordingly.

Your sincerely,

(Mr. Siriwat Vongjarukorn)

Chief Executive Officer