

August 10, 2021

Subject: Management's Discussion and Analysis of Operating Results for Q2-2021

To: The President of the Stock Exchange of Thailand

### Summary of Operations Q2–2021

	Balance by Quarter			Change			
	Q2–21	Q1–21	Q2–20	Q2–21 VS Q1–21		Q2–21 VS Q2–20	
	(Million Baht: MB)			(MB)	%	(MB)	%
Total revenue	2,081.2	1,824.2	1,187.6	257.0	14.1	893.6	75.2
Total operating expenses	1,901.2	1,664.5	1,112.0	236.7	14.2	789.2	71.0
Profit for the period	136.9	121.3	50.4	15.6	12.9	86.5	171.6

Thai Economy in Q2–2021 was visibly affected by the third round of the COVID-19 epidemic. As the result, Private investment has declined dramatically while the Tourism sector has not yet recovered. The overall economic support comes from the government spending. Both fixed expenses and capital expenditures are at a high level. The government's capital expenditure expanded mainly in line with the disbursement of transport agencies.

However, the overall performance of the company in Q2–2021 showed that the total revenue increased from Q1–2021, representing an increase of 257.0 MB or 14.1% and significantly increased compare to Q2–2020, representing an increase of 893.6 MB or 75.2%. This is because the Company had operated and delivered several large projects which most of them were from the previous quarter and were ongoing. Nevertheless, during the Q2–2020, it was the first period that was affected by government measures to control the epidemic situation of COVID–19. Consequently, the customers change the method of work, resulting in delays in delivery or inspection of equipment or operations. As the result, the revenue of Q2–2020 was lower.

In terms of total operating expenses in Q2–2021 increased in line with the increased in revenue at a similar rate comparing to Q2–2021 and Q2–2020. This is because the gross profit of the project in Q2–2021 was lower than Q1–2021 and Q2–2020. However, the revenue in Q2–2021 is very high when compared to other quarters which it can be cover all SG&A expenses. In addition, the allowance for expected credit losses (allowance for doubtful accounts) was recorded in Q2–2020. As the result, the total operating expenses in Q2–2021 increased at a rate similar to the increased in total revenue.

In terms of the profit of Q2–2021 change in line with the change in revenue, when compare to Q1–2021 and Q2–2020. Compare to the profit of Q2–2021 and Q1–2021, it found that the increased rate in profit of 12.9% and the increased rate in revenue of 14.1% due to the increased rate in cost of sales and services of Q2–2021 from the highly competitive situation and the actual cost incurred was higher than the estimate. And Compare to the profit of Q2–2021 and Q2–2020, it found that the rate of change was significantly increased. Those have the increased rate

in profit is equal to 171.6% and the increased rate in revenue is equal to 75.2% due to the very high revenue in Q2–2021. Thus, it can be covered some of the selling and administrative expenses that were the fixed cost. In addition, the allowance for expected credit losses (allowance for doubtful accounts) was recorded in Q2–2020, as the result, the profit of Q2–2020 was lower than usual.

#### Operating Results and Capabilities to Make Profit

Performance from revenues, costs and expenses which has significant impact in Q2-2021 can be shown in the following table:

	Balance by Quarter			Change			
	Q2–21	Q1–21	Q2–20	Q2–21 VS Q1–21		Q2–21 VS Q2–20	
	(MB)			(MB)	%	(MB)	%
Revenue from sales and service	2,017.5	1,788.5	1,137.4	229.0	12.8	880.1	77.4
Other Revenue	29.4	8.9	19.7	20.5	230.3	9.7	49.2
Cost of sales and service	1,729.9	1,499.5	909.4	230.4	15.4	820.5	90.2
Selling and distribution expenses	69.0	73.7	56.9	(4.7)	(6.4)	12.1	21.3
Administrative expenses	81.4	79.5	125.6	1.9	2.4	(44.2)	(35.2)

#### Revenues and Costs of Sales and Services

The results of operations of the Company in Q2–2020 show that revenues from sales and services increased from Q1–2021 and Q2–2020. This is because most of the revenue in Q2–2021 that came from ongoing projects from the previous quarter has been completed and their work can be delivered such as the New Parliament Project in Information and Communication Technology, the Trading and Installation Project for the centralized management infrastructure of information and communication technology of the Provincial Electricity Authority and the Purchasing and Installation Project of Cloud system to support the service of the central government cloud of CAT Telecom Public Company. In addition, the important new projects in 2021, such as the Project of information and communication technology Installation of the New Parliament with assembly building Phase2 and the Trading Project of internal communication network (LAN) equipment and video conference equipment of the Social Security Office. Furthermore, revenues from sales and services of Q2–2021 increased significantly to 880.1 MB, or representing an increase of 77.4% compared to Q2–2020. This is because many projects in Q2–2020 have been affected by government measures to control the epidemic situation of COVID–19, causing many customers to change the method of work. As a result, the operation and delivery of the Company's projects were delayed more than usual.

In Q2–2021, the change in cost of sales and services was in line with the changes in revenue. However, the increased rate of cost will be higher than the increased rate of revenue when comparing between Q1–2021 and Q2–2020 due to relatively high competition, economic recession and the epidemic situation of COVID–19. In addition,

some operated projects have higher actual costs than the estimates; as the result, the cost of sales and services in Q2–2021 increased.

#### Other Revenue

Other Revenue in Q2–2021 increased from Q1–2021 and Q2–2020. This is because in Q2–2021, the Company has revenue from sales promotion from suppliers, thus, the other revenues in Q2–2021 were higher than Q1–2021 and Q2–2020.

#### Selling and Distribution Expenses

Selling and Distribution Expenses in Q2–2021 increased in line with the increased in revenue, including commission and employee expenses, etc.

#### Administrative expenses

Administrative expenses of Q2–2021 decreased from Q2–2020. This is because in Q2–2020, the allowance for expected credit losses (allowance for doubtful accounts) for long-accrued receivables was recorded in accordance with Thai Financial Reporting Standard No. 9 Financial Instruments, approximately 45.6 million baht.

#### Financial Analysis of the company

As of June 30, 2021, the Company has financial position that changed from its financial status as of December 31, 2020. The changes are described as follows:

Assets Items that has significant changes	Balance by Quarter		Change	
	Q2–21	Q4–20	Q2–21 VS Q4–20	
	(MB)		(MB)	%
Cash and cash equivalent	166.2	204.5	(38.3)	(18.7)
Trade and other receivables	3,729.8	2,633.9	1,095.9	41.6
Contract assets	741.3	1,303.9	(562.6)	(43.1)
Inventories	1,170.3	1,575.9	(405.6)	(25.7)
Other current assets	186.3	130.5	55.8	42.7
Equipment for lease	233.0	88.7	144.3	162.7
Other non-current assets	63.3	77.9	(14.6)	(18.7)
Total Assets	6,713.1	6,429.2	283.9	4.4

#### Assets

As of June 30, 2021, the Company's total assets increased by 283.9 MB, representing an increase of 4.4% from 31 December 2020. The increase in total Assets is from the following major changes:

Cash and cash equivalent decreased by 38.3 MB, representing a decrease of 18.7% the main reason is that in the first six months of 2021, there have been investments in many large-scale projects which were currently in operation. As a result, cash and cash equivalents decreased.

Trade and other receivables increased by 1,095.9 MB, representing an increase of 41.6% due to the end of the Q2–2021, the many large-scale projects have been delivered but the collection period is longer due to the severe COVID–19 epidemic; thus, more staffs have to work from home. This affects the customer's disbursement process, especially government agencies and state enterprises that have a longer duration. As the result, Trade and other receivables increased.

Contract assets decreased by 562.6 MB, representing a decrease of 43.1%. This is because the projects that recognize revenue based on completion of work carried over from 2020 have already delivered in Q2–2021. As a result, the contract assets decreased but the trade and other receivables increased.

Inventories decreased by 405.6 MB, representing a decrease of 25.7%. This is because during Q2–2021, many large-scale projects have been delivered with a project value greater than the additional investment in the project therefore the inventories decreased. In this regard, the large-scale projects that are in the process, such as the Project of information and communication technology Installation of the New Parliament with assembly building Phase2, the D–ticket Project of State Railway of Thailand and the Construction project to improve the electricity distribution system to be underground cable at the Thai–Myanmar border checkpoint of the Provincial Electricity Authority, etc.

Other current assets increased by 55.8 MB or representing an increase of 42.7% mainly due to an increase in maintenance costs for prepaid projects of the Q2–2021

Equipment for lease increased by 144.3 MB, representing an increase of 162.7% because during in Q2–2021, the Company has a project for equipment for lease, so it has to invest in equipment for lease which is in the process of installing equipment. As the result, the equipment for lease increased.

Other non-current assets decreased by 14.6 MB, representing a decrease of 18.7% mainly due to contract period reduction of project maintenance costs, which are prepaid and covered by a warranty period of more than 1 year.

Liabilities Items that has significant changes	Balance by Quarter		Change	
	Q2–21	Q4–20	Q2–21 VS Q4–20	
	(MB)		(MB)	%
Short-term loan from financial institutions	744.6	250.0	494.6	197.8
Trade and other payables	979.6	1,341.0	(361.4)	(27.0)
Unbilled payables	1,152.0	830.4	321.6	38.7
Current portion of liabilities under financial arrangement agreements	93.4	143.2	(49.8)	(34.8)
Income tax payable	16.5	37.5	(21.0)	(56.0)
Other current liabilities	117.2	133.7	(16.5)	(12.3)
Liabilities under financial arrangement agreements - net of current portion	115.8	171.9	(56.1)	(32.6)

Liabilities Items that has significant changes	Balance by Quarter		Change	
	Q2-21	Q4-20	Q2-21 VS Q4-20	
	(MB)		(MB)	%
Total liabilities	3,787.5	3,504.0	283.5	8.1

#### Liabilities

As of June 30, 2021, the Company's total liabilities decreased by 283.5 MB or 8.1% from December 31, 2020, the reasons for major changes are as follows:

Short-term loan from financial institutions increased by 420.0 MB, representing an increase of 74.6%, due to during in the first six months of 2021, the investments were made in many large-scale projects which were currently in operation. In addition, many projects are still in the process of payment from receivables which has been delayed due to the impact of the epidemic. Therefore, additional sources of financing from financial institutions are needed to operate the projects.

Trade and other payables decreased by 361.4 MB, representing a decrease of 27.0% due to Q2-2021, the company paid for goods and services according to the credit term, therefore, the trade accounts payable decreased while the short-term loans from financial institutions increased.

Unbilled payables increased by 321.6 MB, representing an increase of 38.7%, increasing in line with project deliveries at the end of Q2-2021.

Liabilities under financial arrangement agreements (Both Current portion and Net of current portion) decreased by 105.9 MB because during in the first six months of 2021, the Company has settled the liabilities under the financial management agreement according to the repayment period.

Income tax payable decreased by 21.0 MB, representing a decrease of 56.0% due to during in Q2-2021, the tax payment of the year 2020 has been paid, thus, the income tax payable decreased.

Other current liabilities decreased by 16.5 MB, representing a decrease of 12.3%, mainly due to the decrease of withholding taxes in December 2020 and it has already delivered in January 2021.

#### Shareholders' Equity

As of June 30, 2021, the Company had total equity equals to 2,925.6 MB slightly increase by 0.4 MB from as at December 31, 2020, which equals to 2,925.2 MB, such an increase came from the profit from operations for the first six months of 2021 which decreases the annual dividend payment in Q2-2021.

Sincerely yours,

(Ms. Sarin Chandranipapongse)

Company Secretary

Authorized signature on behalf of the Company