



(Translation)

LTO-2022-0029

23 February 2022

Subject: Submission of the Management Discussion and Analysis based on  
the Financial Statements for the year 2021 ended 31 December 2021

Attention: The President of the Stock Exchange of Thailand

Information and communication Networks Public Company limited (“Company”) held the Board of Directors’ Meeting No. 1/2022 on 23 February 2022. The Meeting approved the financial statements for the year 2021 ended 31 December 2021, which were audited by the Company’s auditor.

We would like to submit the Management Discussion and Analysis based on the financial statements for the year 2021 ended 31 December 2021.

Please be informed accordingly.

Sincerely yours,

(Ms. Patnarin Maliwal)

Chief Financial Officer

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## Executive Summary

The outbreak of the coronavirus pandemic or COVID-19 since 2020 has been causing a severe business interruption in various business sectors in Thailand. The new wave of outbreak in the first half year had also an impact towards telecommunication business; for instance, a slowdown in project performance and new biddings due to the government measures to ease the outbreak situation. Once the vaccine has been widely injected to the population, the government's easing of lockdown measures enabled our project team to travel to customer sites and to continue the project work as usual, as well as the acceleration of work and customer acceptance. In addition, some medium – and big sized projects have been delivered and at the final stage of the projects with cost efficient project management leading to higher gross margin than project plan and higher in comparison to our performance last year. With regard to the new bidding, it was also impacted by the widespread of COVID-19. However, it is foreseen that the bidding and contract award shall be developed in a positive direction in 2022 with the focus on digital healthcare and Smart City to be corresponding to changing lifestyle and the advancement in technology.

Considering the performance in the 4th quarter of 2021, the Company reported its total revenue at 235.34 million THB categorized into sale revenue at 234.39 million THB and other revenue at 0.95 million THB compared to total revenue of 466.92 million THB in the same period of 2020. Its cost of sales and expenses were at 218.31 million THB or 92.76% of total revenue in Q4/2021 and at 422.36 million THB or 90.46% of total revenue in Q4/2020. Lastly, net profit was equivalent to 13.56 million THB or 5.76 % of total revenue in Q4/2021 showing a decrease when compared with the same period of last year equivalent to 35.39 million THB or 7.58% of total revenue, reduced by 21.83 million THB, accounted for 61.68% in comparison to the previous year. The decrease mainly derived from the deferral of new contracts to be awarded by the customers. It is expected that such contracts shall be signed for further operation and revenue recognition in the year 2022.

**1. Business Performance Analysis**

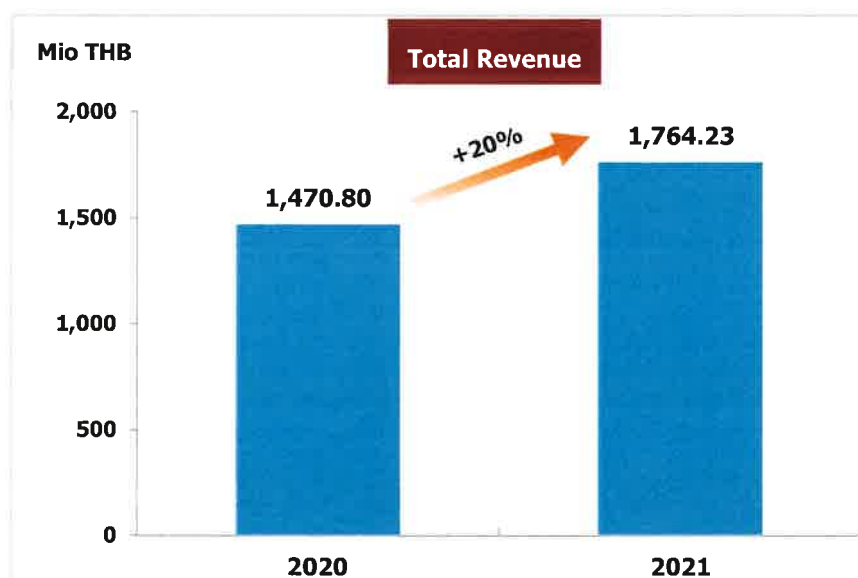
**1.1 Revenue**

For the year 2020 and of 2021 the Company reported its total revenue of 1,470.80 million THB and 1,764.23 million THB respectively with the increase by 19.95% compared to the same period of last year. Major revenues were recognized from the projects; for instance, Expansion of DWDM Link Capacity at Backhaul and Border or “DWDM project” Expansion and Enhancement of Backbone Network or “Backbone project”, Installation of 850 Frequency Band Filter Circuit according to the Notification of National Broadcasting and Telecommunications Commission regarding the 824- 839/ 869- 884 MHz Frequency Band for the Mobile Telecommunications Plan and the 885-895/930-940 MHz Frequency Band for the Mobile Telecommunications Plan or “Filter project” and Expansion Project for Backhaul Device between Central Station and Submarine Station for International Usage or “Backhaul Project” , etc.

Type	Consolidated		Consolidated	
	2020		2021	
	MB	%	MB	%
1. Sales Revenue	1,469.86	99.94	1,762.11	99.88
2. Other Revenue*	0.94	0.06	2.12	0.12
<b>Total</b>	<b>1,470.80</b>	<b>100.00</b>	<b>1,764.23</b>	<b>100.00</b>

Remarks \*Other Revenue comprises of interest income, etc.

Total revenue can be categorized into sales revenue and other revenue, whereby in 2020 and 2021, sales revenue was accounted for 99.94% and 99.88% of total revenue and other revenue was equivalent to 0.06 and 0.12% respectively.

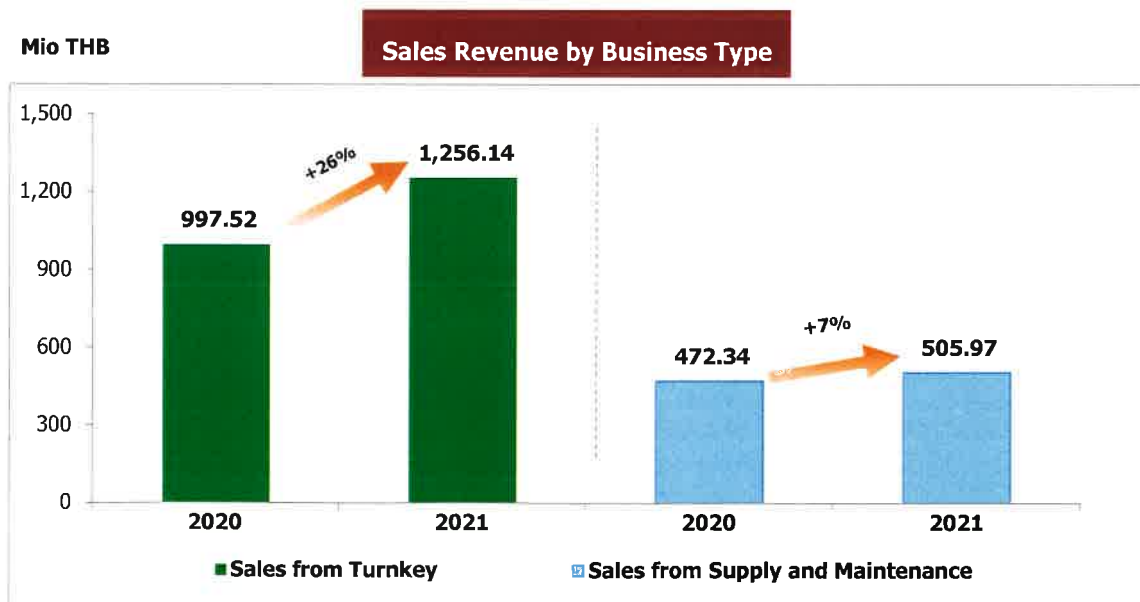


**Sales Revenue**

Sales revenue in 2021 consisted of turnkey business including telecommunication system, supply and maintenance.

Type	Consolidated		Consolidated	
	2020		2021	
	MB	%	MB	%
<b>Sales Revenue</b>				
<b>Sales Revenue from Turnkey Business</b>	<b>997.52</b>	<b>67.86</b>	<b>1,256.14</b>	<b>71.29</b>
- Sales Revenue from Telecommunication System	997.52	67.86	1,256.14	71.29
<b>Sales Revenue from Supply and Maintenance</b>	<b>472.34</b>	<b>32.14</b>	<b>505.97</b>	<b>28.71</b>
- Sales Revenue from Supply of Telecommunication System	180.68	12.29	57.64	3.27
- Sales Revenue from Maintenance of Telecommunication System	291.66	19.85	448.33	25.44
<b>Total Sales Revenue</b>	<b>1,469.86</b>	<b>100.00</b>	<b>1,762.11</b>	<b>100.00</b>

In 2021, sales revenue from turnkey business and supply and maintenance were reported at 1,256.14 million THB and 505.97 million THB or proportionately at 71.29% and 28.71% of total sales revenue respectively. Sales revenue from turnkey business showed an increase by 25.93% because revenue was recognized as per plan from major projects. In term of revenue from supply and maintenance, it showed an increase by 7.12% compared to the same period of last year.



**Other Revenue**

In 2020 and 2021, the Company reported its other revenue at 0.94 million THB and 2.12 million THB respectively, equivalent to 0.06% and 0.12% of total revenue and the major item was interest income, compensation payments for employers and workers insured under Article 33 of the Social Security Act, etc.

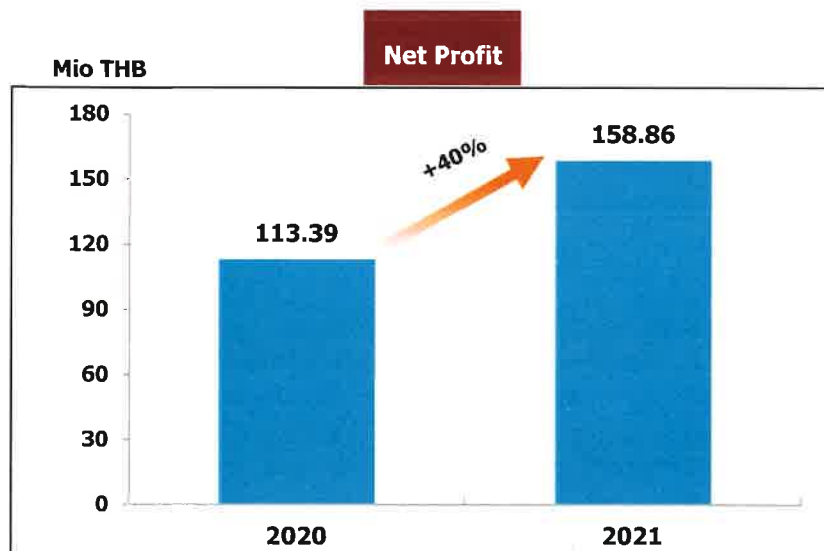
**1.2 Cost of Sales and Expenses**

Major costs of the Company composed of cost of sales, selling expense, administrative expense and interest expense. In 2020 and 2021, the Company showed its cost of sales and expense at 1,328.67 million THB and 1,565.51 million THB respectively, proportionately at 90.34% and 88.74% of total revenue.

CoS and Expenses	Consolidated		Consolidated	
	2020		2021	
	MB	%	MB	%
Cost of Sales	1,245.52	84.68	1,471.63	83.42
Selling Expense	37.26	2.54	39.05	2.21
Administrative Expense	45.76	3.11	53.92	3.06
Finance Cost	0.13	0.01	0.91	0.05
<b>Total CoS and Expenses</b>	<b>1,328.67</b>	<b>90.34</b>	<b>1,565.51</b>	<b>88.74</b>
<b>Total Revenue</b>	<b>1,470.80</b>	<b>100.00</b>	<b>1,764.23</b>	<b>100.00</b>

**1.3 Net Profit**

As a result of overall business performance, the Company reported its net profit for 2020 and 2021 at 113.39 million THB and 158.86 million THB respectively, accounted for 7.71% and 9.00% of total revenue.



## 2 Financial Status

### 2.1 Assets

At the end of 2020 and 2021, the Company reported their total assets of 1,472.47 million THB and 1,041.90 million THB respectively. The major asset items are cash and cash equivalents, trade and other current receivables, and contract assets (former term: “unbilled receivables”) at the end of 2020, proportionately at 20.55%, 14.16% and 38.89% of total assets respectively and in 2021 proportionately at 12.11%, 21.12% and 41.88% of total assets. Total current assets are accounted for 76.67% for the yearend 2020 and 74.29% for the yearend 2021 to total assets.

With reference to the major asset items, a significant portion remained at trade and other current receivables and contract assets, which reached at 656.35 million THB equivalent to 63.00% of total assets at the end of 2021. It derived mostly from big-sized projects, i. e., USO Phase II, etc. Due to COVID-19, the project operations have been deferred. However, the Company remain keeping in closed contact with our customers in order to accelerate the bill placement and collection.

Moreover, the Company adopt the 30-day credit term after invoice placement and this shall remain till date even during this epidemic situation. However, COVID-19 has delayed the operational practices and customer payment causing the deferral of project plan.

### 2.2 Sources of Fund

#### Liabilities

The Company reported their total liabilities at 875.96 million THB at the end of 2020 and 369.22 million at the end of 2021 and the major items are trade and other current payables and long-term loans from financial institutions with the proportion in 2021 of 25.35% and 24.38% respectively. These items are regarded as working capital for running the business. And trade and other current payables could be depicted as per the table below:

Trade and Other Current Payables	At 31 Dec. 2020		At 31 Dec. 2021	
	MB	%	MB	%
Trade Payables	409.19	94.00	72.86	77.84
Other Current Payables	1.56	0.36	1.65	1.76
Trade Payables - Retention	1.73	0.40	2.07	2.21
Accrued Expenses	22.83	5.24	17.02	18.19
<b>Total Trade and Other Payables</b>	<b>435.31</b>	<b>100.00</b>	<b>93.60</b>	<b>100.00</b>

The major trade and other current payables were trade payables, mostly for equipment, service and sub-contractor costs in projects.

Most of the liabilities were current liabilities with its proportion as at 2020 and at 2021 at 95.45% and 63.19% of total liabilities respectively.

### **Shareholders' Equity**

The shareholders' equity was in the amount of 573.70 million THB at the year end of 2020 and of 647.98 million THB at the year end of 2021 which has increased corresponding to the business result of which the legal reserve is accounted for at the total amount of 28.20 million THB and the rest of retained earnings was 239.72 million THB after deducting dividend payment amounting to 81.00 million THB.

### **Funding Structure**

D/E ratio of the Company was at 1.53, and 0.57 at the end of 2020 and of 2021 respectively.