

(Translation)

LTO-2022-0089

11 May 2022

Subject: Submission of the Management Discussion and Analysis based on Based on the Interim Financial Statements for the Three-Month Period Ended 31 March 2022

Attention: The President of the Stock Exchange of Thailand

Information and communication Networks Public Company limited (" Company") held the Board of Directors' Meeting No. 2/2022 on 11 May 2022. The Meeting approved the interim financial statements for the three-month periods ended 31 March 2022, which were reviewed by the Company's auditor.

We would like to submit the Management Discussion and Analysis based on the interim financial statements for the three-month ended 31 March 2022.

Please be informed accordingly.

Sincerely yours,



(Ms. Patnarin Maliwal)

Chief Financial Officer

Executive Summary

In the 1st quarter of 2022, the outbreak of Corona Virus- 19 or COVID- 19 has remained until date; moreover, the Russia- Ukraine crisis has caused negative economic impacts worldwide as well as in Thailand resulting in economic downturn. However, the Company has been monitoring the situation and adopted any plausible approaches to handle these situations e.g., foreign exchange risk mitigation measures, etc.

Considering the performance in the first quarter of 2022 , the Company reported its total revenue at 285.53 million THB categorized into sale revenue at 285.45 million THB and other revenues at 0.08 million THB compared to total revenue of 582.98 million THB in the same period of 2021. Its cost of sales and expenses were at 264.18 million THB or 92.52% of total revenue in Q1/2022 and at 532.51 million THB or 91.34% of total revenue in Q1/2021. In term of net profit, it was equivalent to 16.79 million THB or 5.88 % of total revenue in Q1/2022 showing a decrease by 23.53 million THB, accounted for 58.36% when compared with the same period of last year equivalent to 40.32 million THB or 6.92% of total revenue in comparison to the previous year. It mainly derived from the delay in procurement/contracting process from Q4/2021 and being deferred until the 1st quarter of 2022. Nevertheless, the delayed projects shall be proceeded and finalized in the procurement and contracting process within 2022 which shall be related to health technology and infrastructure project enabling better living standards such as Smart City Project.

With reference to the issuance of ICN warrant under the name "ICN-W1" being offered to the existing shareholders, the warrant holders were entitled to exercise their rights for the 1st round on 31 Mar. 2022. It showed that there were 122,474,411 units being exercised as per the aforementioned date with the value of 122,474,411 THB, which shall be utilized as working capital in the next stage and the outstanding warrant holders are 102,525,315 units.

1. Business Performance Analysis

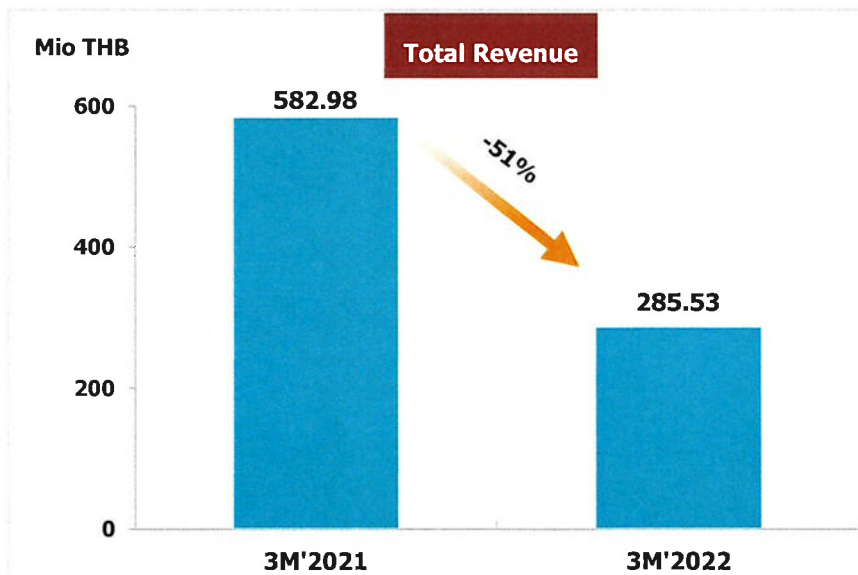
1.1 Revenue

For the first three months of 2021 and of 2022 the Company reported its total revenue of 582.98 million THB and 285.53 million THB respectively with the decrease by 51.02% compared to the same period of last year. Major revenues were recognized from the projects; for instance, Policy Contract Function (PCF) / Policy and Charging Rules Function (PCRF) Project or “PCF/PCRF project” Maintenance service of Equipment and Fiber Optic Cable from National Broadcasting and Telecommunication Commission in the border village of Zone C+ for the area of North 1, North 2 and Northeast. or “MA USO project” and ICT and Health Tech Project or “ICT & Health Project”, etc.

Type	Consolidated		Consolidated	
	Jan. - Mar. 2021		Jan. - Mar. 2022	
	MB	%	MB	%
1. Sales Revenue	582.84	99.98	285.45	99.97
2. Other Revenue*	0.14	0.02	0.08	0.03
Total	582.98	100.00	285.53	100.00

Remarks *Other Revenue comprises of interest income, etc.

Total revenue can be categorized into sales revenue and other revenue, whereby the first three months of 2021 and 2022, sales revenue was accounted for 99.98% and 99.97% of total revenue and other revenue was equivalent to 0.02% and 0.03% respectively.

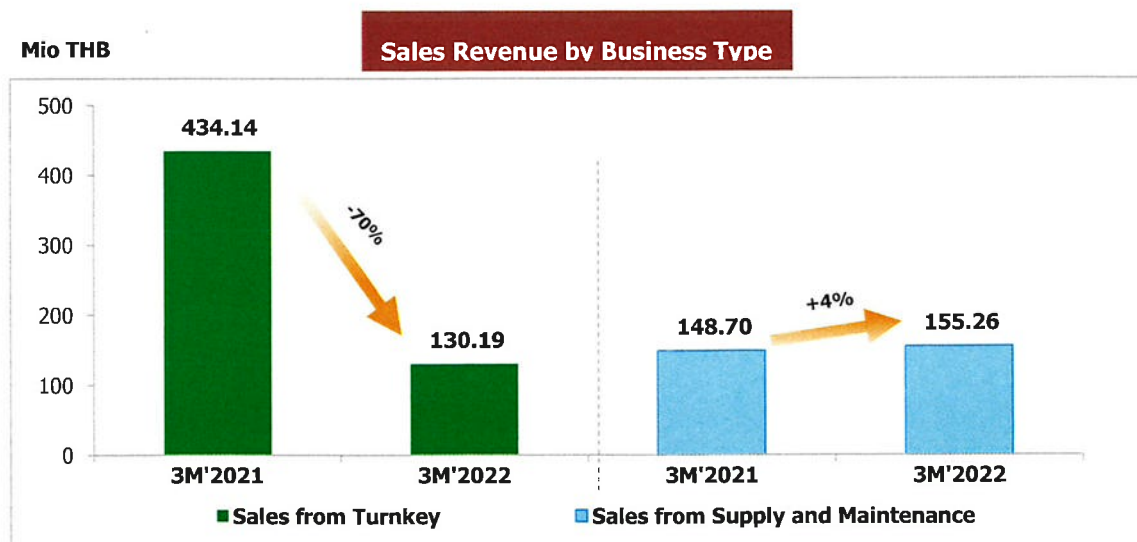


Sales Revenue

Sales revenue in the first three months of 2022 consisted of turnkey business including telecommunication system, supply and maintenance.

Type	Consolidated		Consolidated	
	Jan. - Mar. 2021		Jan. - Mar. 2022	
	MB	%	MB	%
Sales Revenue				
Sales Revenue from Turnkey Business	434.14	74.49	130.19	45.61
- Sales Revenue from Telecommunication System	434.14	74.49	130.19	45.61
Sales Revenue from Supply and Maintenance	148.70	25.51	155.26	54.39
- Sales Revenue from Supply of Telecommunication System	37.75	6.47	0.00	0.00
- Sales Revenue from Maintenance of Telecommunication System	110.95	19.04	155.26	54.39
Total Sales Revenue	582.84	100.00	285.45	100.00

In the first three months of 2022, sales revenue from turnkey business and supply and maintenance were reported at 130.19 million THB and 155.26 million THB or proportionately at 45.61% and 54.39% of total sales revenue respectively. Sales revenue from turnkey business showed a significant decrease by 70.01% because certain major projects have been deferred and some projects are under process of which their revenues shall be recognized in the next periods. In term of revenue from supply and maintenance, it showed an increase by 4.41% because the project bases for maintenance have been expanded in comparison to the same period of previous year.



Other Revenue

In the first three months of 2021 and 2022, the Company reported its other revenue at 0.14 million THB and 0.08 million THB respectively, equivalent to 0.02% and 0.03% of total revenue and the major item was interest income, etc.

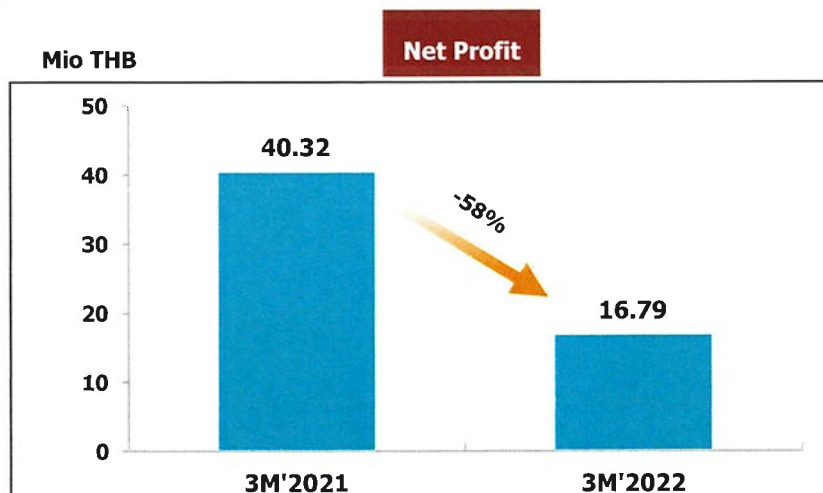
1.2 Cost of Sales and Expenses

Major costs of the Company composed of cost of sales, selling expense, administrative expense and interest expense. In the first three months of 2021 and 2022, the Company showed its cost of sales and expense at 532.51 million THB and 264.18 million THB respectively, proportionately at 91.34% and 92.52% of total revenue.

CoS and Expenses	Consolidated		Consolidated	
	Jan. - Mar. 2021		Jan. - Mar. 2022	
	MB	%	MB	%
Cost of Sales	508.35	87.20	241.48	84.57
Selling Expense	10.75	1.84	8.39	2.94
Administrative Expense	13.23	2.27	14.07	4.93
Finance Cost	0.18	0.03	0.24	0.08
Total CoS and Expenses	532.51	91.34	264.18	92.52
Total Revenue	582.98	100.00	285.53	100.00

1.3 Net Profit

As a result of overall business performance, the Company reported its net profit for the first three months of 2021 and 2022 at 40.32 million THB and 16.79 million THB respectively, accounted for 6.92% and 5.88% of total revenue.



2 Financial Status

2.1 Assets

At the end of 2021 and of Q1 2022, the Company reported their total assets of 1,041.90 million THB and 1,248.67 million THB respectively. The major asset items are cash and cash equivalents, trade and other current receivables, and contract assets (former name: unbilled receivables) at the end of 2021, proportionately at 12.11%, 21.12% and 41.88% of total assets respectively and in Q1/2022 proportionately at 23.44%, 17.54% and 40.81% of total assets. Total current assets are accounted for 74.29% for the year end 2021 and 78.36% for Q1 2022 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 and reached at 728.55 million THB equivalent to 58.35% of total assets at the end of Q1/2022. It derived mostly from big-sized projects, i. e. , USO Phase II, Filter project, etc. Due to COVID-19, the project operations have been deferred leading to the contract amendment process by the customers. However, the Company has been remaining in closed contact with our customers in order to accelerate the bill placement and collection. However, our customers are government sector and state-enterprised sector whereby the default rate is very limited.

2.2 Sources of Fund

Liabilities

The Company reported their total liabilities at 369.22 million THB at the end of 2021 and 436.68 million THB at the end of Q1 2022 and the major items are trade and other current payables and long-term loans from financial institutions with the proportion in Q1 2022 of 26.55% and 17.64% of total liabilities 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. 2021		At 31 Mar. 2022	
	MB	%	MB	%
Trade Payables	72.86	77.84	99.91	86.16
Other Current Payables	1.65	1.76	1.15	0.99
Trade Payables - Retention	2.07	2.21	1.09	0.94
Accrued Expenses	17.02	18.19	13.81	11.91
Total Trade and Other Payables	93.60	100.00	115.96	100.00

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 2021 and at Q1 2022 at 63.19% and 66.34% of total liabilities respectively.

Shareholders' Equity

The shareholders' equity was in the amount of 647.98 million THB at the year end of 2021 and amount of 786.94 million THB at the end of Q1 2022 which has increased from exercising the warrant (ICN-W1) in the amount of 122.47 million THB and 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 unappropriated retained earnings was 256.20 million THB.

Funding Structure

D/E ratio of the Company was at 0.57 and 0.55 at the end of 2021 and of Q1 2022 respectively.