



AIT (VP-SEC) 017E/2022

May 12, 2022

Subject: Management's Discussion and Analysis of Operating Results for Q1-2022

To: The President of the Stock Exchange of Thailand

Summary of Operations Q1-2022

Topic	Balance by Quarter			Change			
	Q1-22	Q4-21	Q1-21	Q1-22 VS Q4-21		Q1-22 VS Q1-21	
	(Million Baht: MB)			(MB)	%	(MB)	%
Total revenue	1,399.2	1,620.3	1,824.2	(221.1)	(13.6)	(425.0)	(23.3)
Total operating expenses	1,199.2	1,430.2	1,664.5	(231.0)	(16.2)	(465.3)	(28.0)
Profit for the period	166.2	151.7	121.3	14.5	9.6	44.9	37.0

Overall in the Q1-2022, the Thai economy improved compared to the end of 2021. Private consumption and investment tend to increase despite some of them slowdown from the outbreak of Omicron-type COVID-19. Public expenditures expanded comparing to the Q1-2021 due to capital expenditures. In terms of economic stability, headline inflation increased in line with increasing world crude oil prices and higher goods prices, particularly for food.

In Q1-2022, the Company's total revenue decreased from Q4-2021, representing a decrease of 221.1 MB or 13.6% and it also decreased from Q1-2021, representing a decrease of 425.0 MB or 23.3% mainly because during the Q1-2022, the delivered projects have a lower project value than the comparable quarters. However, the Company made a profit of 108.6 MB in Q1-2022 from the sale of its investment in Genesis Data Center Company Limited while no similar transaction occurred in Q4-2021 and Q1-2021.

In terms of total operating expenses in Q1-2022 decreased from Q4-2021 and Q1-2021 which decreased in line with the decreased in total revenue. In addition, the Company has a relatively high profit from the sale of its investment in Genesis Data Center Company Limited, causing the decreasing rate of revenue to be less than the decreasing rate in expenses. It also resulted in the profit for Q1-2022 to increase from Q4-2021 and Q1-2021 despite the decrease in total revenue.

Operating Results and Capabilities to Make Profit

Performance from revenues, costs and expenses which has significant impact on Q1-2022 can be shown in the following table:

	Balance by Quarter			Change			
	Q1-22	Q4-21	Q1-21	Q1-22 VS Q4-21		Q1-22 VS Q1-21	
	(MB)			(MB)	%	(MB)	%
Revenue from sales and service	1,216.8	1,542.7	1,788.5	(325.9)	(21.1)	(571.7)	(32.0)
Rental income from equipment for lease	54.5	60.2	26.8	(5.7)	(9.5)	27.7	103.4
Gain on sales of investment	108.6	-	-	108.6	100.0	108.6	100.0
Cost of sales and service	1,015.4	1,149.7	1,499.5	(134.3)	(11.7)	(484.1)	(32.3)
Cost of equipment for lease	24.5	31.2	11.9	(6.7)	(21.5)	12.6	105.9
Impairment loss on financial assets	-	25.9	0.7	(25.9)	(100.0)	(0.7)	(100.0)
Loss on fair value adjustments of financial instruments	-	69.0	-	(69.0)	(100.0)	-	-
Profit for the period	166.2	151.7	121.3	(14.5)	(9.6)	44.9	37.0

Revenues and Costs of Sales and Services

The results of operations of the Company in Q1-2022, which revenues came from sales and services decreased from Q4-2021 and Q1-2021. This is because the delivered projects in Q1-2022 have lower project value than Q4-2021 and Q1-2021, in fact, the large projects have already been delivered in 2021. Major projects delivered in this quarter such as the Project of information and communication technology Installation of the New Parliament Phase 2, the project of the cables underground to enhance the area for the Eastern Aviation City from the entrance of U-Tapao International Airport to the U-Tapao roundabout junction and also from Mahidoladulyadej Naval Dockyard Intersection to Chuk Samet Pier of the Naval Public Works Department, and the Project of trading network communication system equipment; Software-Defined Network and DNS server for Internet / Intranet zone of the Stock Exchange of Thailand, etc.

Rental income from equipment for lease

Rental income from equipment for lease in Q1-2022 increased from Q1-2021 because the Company obtained the large equipment for lease project in the second half of 2021.

Gain on sales of investment

Gain on sales of investment in Q1-2022 increased from Q4-2021 and Q1-2021. This is because in Q1-2022, the Company sold all investments in Genesis Data Center Company Limited with a profit from the sale of 108.6 MB.

Cost of sales and service

Cost of sales and service in Q1-2022 decreased from Q4-2021 and Q1-2021 mainly due to a decrease which is in line with the rate of decrease in sales such as the cost of sales and services in Q1- 2022 decreased by 32.3%, while the revenue from sales and services in Q4-2021 decreased by 32.0%, etc. However, when comparing the cost of sales and services of Q1-2022 with Q4-2021, it found that cost of sales and services in Q1-2022 decreased by



11.7%, while the revenue from sales and services in Q4-2021 decrease of 21.1%. This is because the delivered projects in Q1-2022 have a lower gross margin than those in Q4-2021.

Cost of equipment for lease

Cost of equipment for lease in Q1-2022 decreased from Q1-2021 due to the change in rental income, it can be seen that the cost of equipment for lease increased by 105.9%, which was close to the rate of increase in rental income which was 103.4%.

Others Expenses

Impairment loss on financial assets in Q1-2565 decreased from Q4-2021. This is because the loss from impairment of financial assets has already been recorded in Q4-2021, namely, the allowance for doubtful accounts for accounts receivable that are expected to be uncollectible or have a delay in receipt of payment.

Loss on fair value adjustments of financial instruments decreased from Q4-2021 because in Q4-2021, the Company had been fully recorded a loss by measuring a fair value that is lower than the book value.

Financial Analysis of the company

As of March 31, 2022, the Company has financial position that changed from its financial status as of December 31, 2021. The changes are described as follows:

Assets Items that has significant changes	Balance by Quarter		Change	
	Q1-22	Q4-21	Q1-22 VS Q4-21	
	(MB)		(MB)	%
Cash and cash equivalent	1,245.4	378.5	866.9	229.0
Other current financial assets – Unit trust	400.5	720.0	(319.5)	(44.4)
Trade and other receivables	1,576.0	2,070.8	(494.8)	(23.9)
Contract assets	1,034.0	913.5	120.5	13.2
Assets held for sale	-	37.8	(37.8)	(100.0)
Total Assets	5,896.2	5,752.1	144.1	2.5

Assets

As of March 31, 2022, the Company's total assets increased by 144.1 MB or 2.5% from 31 December 2021. The increase in total Assets is from the following major changes:

Cash and cash equivalent increased by 866.9 MB, representing an increase of 229.0% mainly because in Q1-2022, the Company receives money from the sale of investment unit trust in open-end mutual funds - debt instruments and receives payments from major receivables.

Other current financial assets – Unit trust decreased by 319.5 MB, representing a decrease of 44.4% because in Q1-2022, the Company had sold unit trust in open-end fixed income funds.

Trade and other receivables decreased by 494.8 MB, representing a decrease of 23.9% because in Q1-2022, the Company received payments from major receivables and also obtained lower revenue from delivered project.

Contract assets increased by 120.5 MB, representing an increase of 13.2% because in Q1-2022, the Company has implemented projects that have an increased success rate but not yet reached the threshold for invoicing.

Assets held for sale decreased by 37.8 MB, representing a decrease of 100.0% because at the end of 2021, the Company was in the process of selling all investments in Genesis Data Center Company Limited which has shown such investments under the heading "Assets held for sale" and the sale of such investment has been completed in Q1-2022. As a result, there is no balance in Q1-2022.

Liabilities Items that has significant changes	Balance by Quarter		Change	
	Q1-22	Q4-21	Q1-22 VS Q4-21	
	(MB)		(MB)	%
Income tax payable	44.0	29.3	14.7	50.2
Contract liabilities	361.2	405.9	(44.7)	(11.0)
Other current liabilities	47.1	133.3	(86.2)	(64.7)
Liabilities under financial arrangement agreements - net of current portion	168.2	118.0	50.2	42.5
Total liabilities	2,668.8	2,690.9	(22.1)	(0.8)

Liabilities

As of March 31, 2022, the Company's total liabilities decreased by 22.1 MB or 0.8% from December 31, 2021, the reasons for major changes are as follows:

Income tax payable increased by 14.7 MB, representing an increase of 50.2% because during in Q1-2022, the Company had a higher net profit performance. As a result, the Income tax payable increased.

Contract liabilities decreased by 44.7 MB, representing a decrease of 11.0% because during in Q1-2022, the Company has gradually delivered projects that had received advance payments from customers. As a result, the income received in advance from customers decreased.

Other current liabilities decreased by 86.2 MB, representing a decrease of 64.7% mainly due to the reduction of withholding tax incurred in December 2021, which had already been remitted in January 2022 and the reduction of the value-added tax that must be remitted (sales tax) in December 2021, which had already been remitted in January 2022 while the Company had a higher input tax than sales tax in March 2022.

Liabilities under financial arrangement agreements-net of current portion increased by 50.2 MB, representing an increase of 42.5% because during in Q1-2022, the Company entered into new additional the liabilities under financial arrangement agreements due to the good conditions from the seller with longer payments period.



Shareholders' Equity

As of March 31, 2022, the Company had total equity equals to 3,227.4 MB, an increase by 166.2 MB from as at December 31, 2021, which equals to 3,061.2 MB, an increase of 5.4% by the increase came from the profit from operations and gain on sales of investment in Genesis Data Center Company Limited in Q1- 2022.

Sincerely yours,

(Ms. Sarin Chandranipapongse)

Company Secretary

Authorized signature on behalf of the Company