

(Translation)

LTO-2022-0228

10 November 2022

Subject: Submission of the Management Discussion and Analysis based on the Interim Financial Statements for the Three-Month period ended 30 September 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. 5/2022 on 10 November 2022. The Meeting approved the interim financial statements for the three-month and nine-month period ended 30 September 2022, which were reviewed by the Company’s auditor.

We would like to submit the Management Discussion and Analysis based on the financial statements for the third quarter period ended 30 September 2022.

Please be informed accordingly.

Sincerely yours,



(Mr. Chanachai kulnoppaleark)

Chief Financial Officer

Executive Summary

The 3rd quarter of 2022 operating results of the company recognized sales and services revenue and also net profit less than the same period of the prior year caused from the changing details conditions of some new main projects, which reflected the consideration on signing new main contracts for such projects were delayed.

Considering the performance in 3rd quarter of 2022, the Company reported its total revenue at 393.45 million THB categorized into sales and services revenue at 393.18 million THB and other revenues at 0.27 million THB compared to total revenue of 480.17 million THB in the same period of 2021. The main factor of the decrease in sales and services revenue in this quarter was the delay in the signing new contracts of some new main projects which were affected by the factors mentioned above. Its cost of sales and expenses were at 351.23 million THB or 89.27% of total revenue in Q3/2022 and at 393.88 million THB or 82.03% of total revenue in Q3/2021. In term of net profit, it was equivalent to 33.67 million THB or 8.56% of total revenue in Q3/2022 when compared with the same period of last year was equivalent to 69.01 million THB or 14.37% of total revenue, showing a decrease by 35.34 million THB, accounted for 51.22%.

With reference to the issuance of warrants to purchase ordinary shares of ICN to the existing shareholders of the Company ("ICN-W1"), the warrant holders have exercised their rights for the 1st round on March 31, 2022 and the 2nd on September 30, 2022 that it turns out that there are 57,080,013 units of remaining warrants left. The remaining warrant holders will be able to exercise their rights the 3rd round on March 31, 2023. The company will proceed these as working capital for business operations.

1. Business Performance Analysis

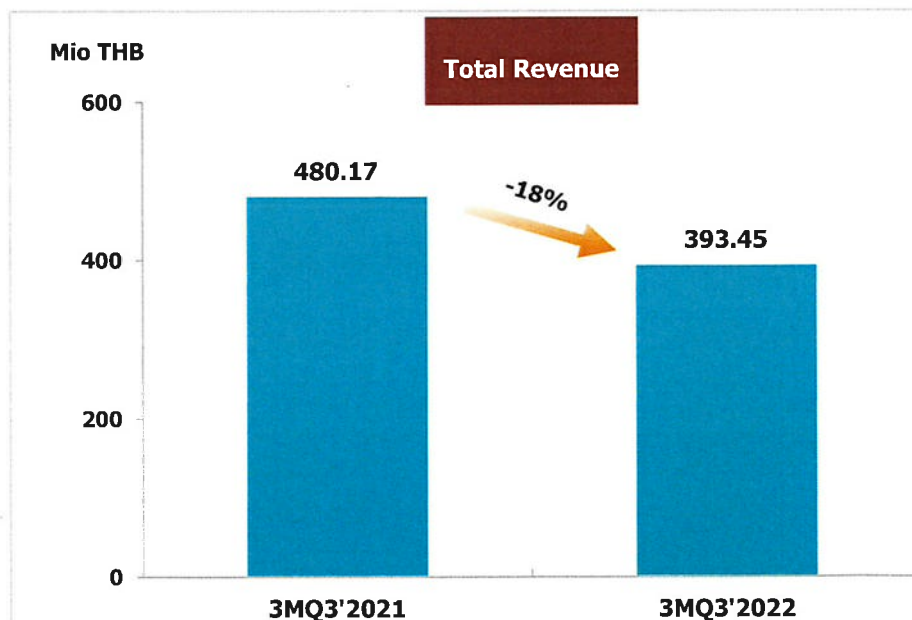
1.1 Revenue

For the 3rd quarter of 2021 and of 2022 the Company reported its total revenue of 480.17 million THB and 393.45 million THB respectively with the decrease by 18.06% compared to the same period of last year caused from the delay on signing new contracts of some new main projects which were affected by the factors mentioned above. Major revenues were recognized from the projects; for instance, Project of providing system and equipment for 5G Smart city in the EEC areas, Maintenance service of Equipment and Optical Fiber Cable from National Broadcasting and Telecommunication Commission in the border village of Zone C+ or “MA USO project” and Expansion project of Network Monitoring Tool and Microwave project and Expansion project of DWDM Backbone Network Route Bangkok-Southern Region, and turnkey project of providing system, equipment and installation for 1,300 kilometers Optical fiber cable, etc.

Type	Consolidated		Consolidated	
	Jul - Sep 2021		Jul - Sep 2022	
	MB	%	MB	%
1. Sales and Services Revenue	479.25	99.81	393.18	99.93
2. Other Revenue*	0.92	0.19	0.27	0.07
Total	480.17	100.00	393.45	100.00

Remarks *Other Revenue comprises of interest income, etc.

Total revenue can be categorized into sales and services revenue and other revenue, whereby in the 3rd quarter of 2021 and 2022, sales and services revenue were accounted for 99.81% and 99.93% of total revenue and other revenue was equivalent to 0.19% and 0.07% respectively.

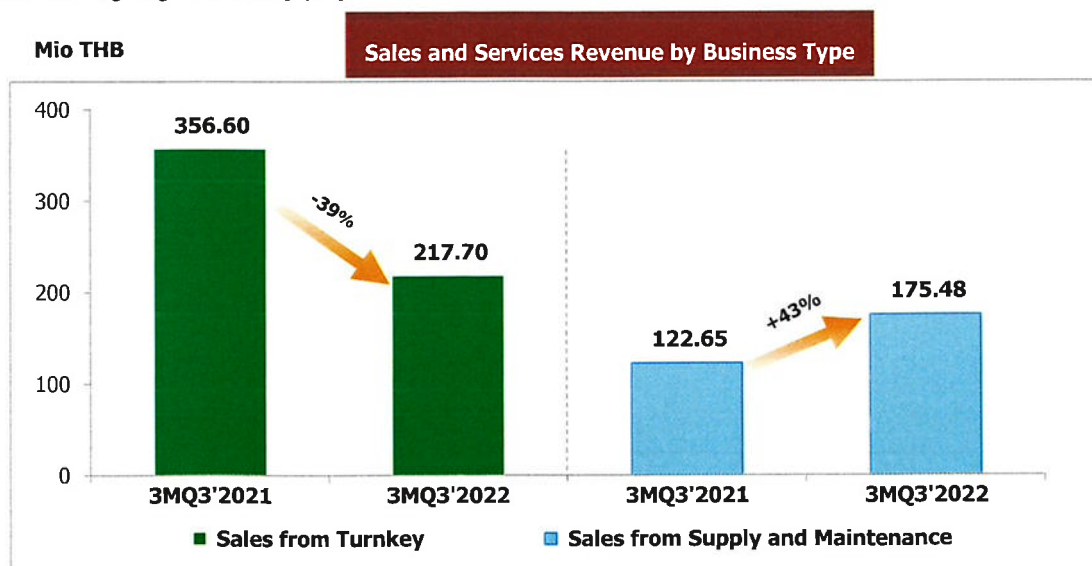


Sales Revenue

Sales revenue in the 3rd quarter of 2022 consisted of turnkey business including telecommunication system and construction, supply and maintenance.

Type	Consolidated		Consolidated	
	Jul - Sep 2021		Jul - Sep 2022	
	MB	%	MB	%
Sales and Services Revenue				
Sales Revenue from Turnkey Business	356.60	74.41	217.70	55.37
- Sales Revenue from Telecommunication System	356.60	74.41	217.70	55.37
Sales Revenue from Supply and Maintenance	122.65	25.59	175.48	44.63
- Sales Revenue from Supply of Telecommunication System	3.23	0.67	3.17	0.81
- Sales Revenue from Maintenance of Telecommunication System	119.42	24.92	172.31	43.82
Total Sales Revenue	479.25	100.00	393.18	100.00

During the 3rd quarter of 2022, sales revenue from Turnkey business and supply and maintenance were reported at 217.70 million THB and 175.48 million THB or proportionately at 55.37% and 44.63% of total sales and services revenue respectively. Sales revenue from turnkey business showed a decrease by 38.95% caused from the delay in the signing new contracts of some new main projects which were affected by the factors mentioned above. In term of revenue from supply and maintenance, it showed an increase by 43.08% because the project bases for maintenance have been expanded in comparison to the same period of previous year and the ongoing of Turnkey projects are turned to Maintenance services.



Other Revenue

In the 3rd quarter of 2021 and 2022, the Company reported its other revenue at 0.93 million THB and 0.27 million THB respectively, equivalent to 0.19% and 0.07% of total revenue and the major item was interest income.

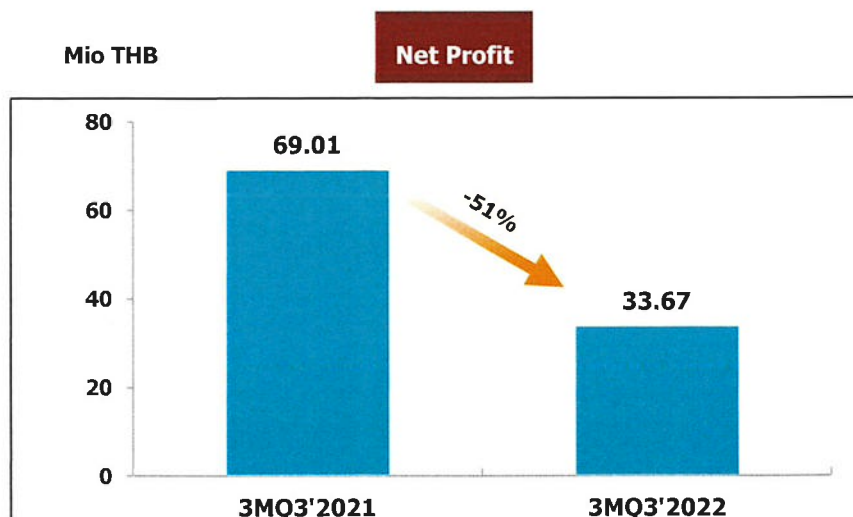
1.2 Cost of Sales and Expenses

Major costs of the Company composed of cost of sales, selling expenses, administrative expenses and interest expense. In the 3rd quarter of 2021 and 2022, the Company showed its cost of sales and expenses at 393.88 million THB and 351.23 million THB with the proportion of 82.03% and 89.27% of total revenue respectively.

Cost of Sales and Expenses	Consolidated		Consolidated	
	Jul - Sep 2021		Jul - Sep 2022	
	MB	%	MB	%
Cost of Sales	371.07	77.28	329.85	83.84
Selling Expenses	9.04	1.88	8.09	2.06
Administrative Expenses	13.51	2.82	13.03	3.31
Finance Cost	0.26	0.05	0.26	0.06
Total Cost of Sales and Expenses	393.88	82.03	351.23	89.27
Total Revenue	480.17	100.00	393.45	100.00

1.3 Net Profit

As a result of overall business performance, the Company reported its net profit for the 3rd quarter of 2021 and 2022 at 69.01 million THB and 33.67 million THB respectively, accounted for 14.37% and 8.56% of total revenue.



2 Financial Status

2.1 Assets

At the end of 2021 and of Q3/2022, the Company reported their total assets of 1,041.90 million THB and 1,355.57 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 Q3/2022 proportionately at 24.71%, 16.25% and 45.13% of total assets. Total current assets are accounted for 74.29% for the year end 2021 and 79.97% for Q3/2022 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 832.05 million THB equivalent to 61.38% of total assets at the end of Q3/2022. The increasing of asset mostly from big-sized ongoing projects. Due to the ongoing outbreak of the Coronavirus Disease 2019 or COVID-19, the project operations have been deferred leading to the contract amendment process by the customers. However, our customers are government sector and state-enterprise 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 516.21 million THB at the end of Q3/2022 and the major items are trade and other current payables and long-term loans from financial institutions with the proportion in Q3/2022 of 49.73% and 66.91% 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	As at 31 Dec 2021		As at 30 Sep 2022	
	MB	%	MB	%
Trade Payables	72.86	77.84	249.86	95.08
Other Current Payables	1.65	1.76	1.46	0.56
Trade Payables - Retention	2.07	2.21	1.06	0.40
Accrued Expenses	17.02	18.19	10.42	3.96
Total Trade and Other Payables	93.60	100.00	262.80	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 Q3/2022 at 63.19% and 72.29% of total liabilities respectively.

Shareholders' Equity

The shareholders' equity was in the amount of 672.69 million THB at the year end of 2021 and amount of 839.36 million THB at the end of Q3/2022 which has increased from exercising the warrant (ICN-W1) in the amount of 167.92 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 235.87 million THB after deducting dividend payment amounting to 89.98 million THB.

Funding Structure

D/E ratio of the Company was at 0.57 and 0.63 at the end of 2021 and of Q3/2022 respectively.