



AIT (VP-SEC) 003E/2023

16 February 2023

Subject: Management's Discussion and Analysis of Operating Results for the year 2022 and Q4-2022

To: The President of the Stock Exchange of Thailand

Summary of operations and the factors that make a significant change

Summary of Operations for the Year 2022

Operation Overview	Annual Balance		Change	
	2022	2021	2022 VS 2021	
	Million baht (MB)		(MB)	%
Total Revenue	6,726.6	7,034.7	(308.1)	(4.4)
Total Operating Expenses	6,042.3	6,352.9	(310.6)	(4.9)
Profit	541.6	527.1	14.5	2.8

In the first half year of 2022, the epidemic situation of the Coronavirus Disease 2019 (COVID-19) remained stable from the end of 2021 that there were still had government control measures. However, the epidemic of COVID-19 began to subside in the second half of 2022. People can be more agile in their daily lives. In Addition, the opening of the country to foreign tourists along with the relaxation of COVID-19 disease control measures. In the past 2-3 years, the COVID-19 epidemic situation has been considered a major factor causing the global economic slowdown and affecting the society as a whole. It also caused a global semiconductor shortage crisis, which is another factor that causes the company's revenue in 2022 to postpone the delivery of some projects according to the delivered equipment. The main factor for the decrease in revenue in 2022 is that the company does not have any large-scale or high-value projects like those in 2020 and 2021. However, when the situation of the COVID-19 epidemic began to improve, the project operation in 2022 became more convenient and could accelerate operations. As a result, the company's revenue slightly lower than those in 2021, only decreased by 4.4%. Most of the company's revenue recognized in 2022 such as the Project of information and communication technology Installation of the New Parliament Phase 2, the Project of the development of train tracking system and cargo management of the State Railway of Thailand, the GDCC Service Expansion (VM) Trading Project of National Telecommunications PCL., the Project of trading equipment and communication network of the system Software- Define Network and DNS server for Internet/Intranet Zone of Government Saving Bank, and the Project of the development central digital platform to connect social security services to the insured specifically of the Social Security Office, etc. Furthermore, the Company has several equipment rental projects that have won bids during in the year 2022, resulting in higher rental income from equipment for lease. In addition, the Company had a profit from the sale of investment in Genesis Data Center Co., Ltd. for 108.6 million baht in the financial statements in which equity method is applied.

The total operating expenses in 2022 decreased from 2021 at a higher rate than the decreased rate in revenue. Mostly because the projects' gross margin in 2022 is slightly higher than in 2021. In addition, in 2022, the situation of the COVID-19 epidemic began to improve, especially in the end 2022, resulting in more employees are working at the office. In addition, sales staff made more appointments to meet customers and began to organize more on-site training, resulting in an increase in operating expenses in many items. As a result, selling and administrative expenses increased. Furthermore, the Company recorded the impairment loss on financial assets for the year 2022, which increased from the year 2021 for 82.0 million baht or 557.8%

Normally, the changes in net profit in line with the changes in revenue. However, profit for 2022 increased by 2.8%, while total revenue decreased by 4.4% due to the company's gain from sales of investment in 2022. Including, the rental income from equipment for lease has also increased significantly.

Operation Overview	Annual Balance		Change	
	2022	2021	2022 VS 2021	
	(MB)		(MB)	%
Rental income from equipment for lease	259.4	179.4	80.0	44.6
Gain from sales of investment	108.6	-	108.6	100.0
Other Income	65.3	89.4	(24.1)	(27.0)
Cost of equipment for lease	132.7	95.3	37.4	39.2
Impairment loss on financial assets	96.7	14.7	82.0	557.8

From the above table, it found that rental income from equipment for lease in 2022 increased by 44.6% from 2021 because the Company received new equipment rental projects during the year.

In 2022, the Company had gain from sales of investment by 108.6 MB. because in January 2022, the Company sold all investments in Genesis Data Center Co., Ltd.

Other incomes decreased by 27.0%. This is because in 2022, the Company has received promotional money to meet the target of purchases from major suppliers, which decreased from the year 2021 in line with the decrease in purchase amount.

Cost of equipment for lease increased by 39.4%. due to depreciation and maintenance costs of equipment for lease, which increased at a rate less than the increase in revenue. This is because there is a renewal of equipment for lease contracts that have expired and changes in the equipment life estimates in order to make those suitable for actual usage conditions

Impairment loss on financial assets increased by 557.8%. This is because in 2022, additional the allowance for expected credit losses from receivables was recorded in order to more accurately reflect the value of financial assets.

Summary of Operation for Q4-2022

Topic	Outstanding by Quarter			Change			
	Q4 – 22	Q3 – 22	Q4 – 21	Q4 – 22 VS Q3 – 22		Q4 – 22 VS Q4 – 21	
	(MB)			(MB)	%	(MB)	%
Total Revenue	1,729.1	1,886.5	1,620.3	(157.4)	(8.3)	108.8	6.7
Total Operating Expenses	1,571.8	1,713.7	1,430.2	(141.9)	(8.3)	141.6	9.9
Profit	111.1	142.7	151.7	(31.6)	(22.1)	(40.6)	(26.8)

Overview of the Q4–2022, total revenue and total operating expenses decreased from the Q3–2022 at a very similar rate of 8.3%, which decreased in line with the decrease in revenue. This is because the large project has been delivered and the revenue has been recognized in Q3–2022. While the revenue of the Q4–2022 increased from Q4–2021 because the number of projects delivered in Q4–2022 more than those delivered in Q4–2021. Major the large projects delivered in Q4 2022, such as the Project of the development of train tracking system and cargo management of the State Railway of Thailand, the Project of computer equipment trading of SVOA PCL., the Construction contract for the information center building of the Department of Lands, the GDCC Service Expansion (VM) Trading Project of National Telecommunications PCL., and the Project of the development central digital platform to connect social security services to the insured specifically of the Social Security Office, etc.

The total operating expenses of Q4–2022 change in line with the increase in revenue when compare to Q3–2022 and Q4–2021. However, looking at the details of expenses, it found that the cost of sales and services in Q4–2022, there was a decrease rate in those lower than the decrease rate in revenue compared to Q3–2022. This is because gross profit margin of delivered projects in Q4–2022 is lower than those in Q3–2022. In addition, when compare to Q4–2022 and Q3–2022, there are Impairment loss on financial assets decreased but the Fair value loss on FVTPL equity instrument increased. While the cost of sales and services in Q4–2022, there was an increase rate in those lower than the increase rate in revenue compared to Q4–2021 due to the higher gross margin of projects delivered in Q4–2022. When compare to Q4–2022 and Q4–2021, there are Impairment loss on financial assets increased but the Fair value loss on FVTPL equity instrument decreased. There is not much difference in selling and administrative expenses for each quarter as compared.

The Profit in Q4–2022 showed a decreasing change in line with the decrease in revenue compare to Q3–2022, with the decreased rate in total revenue by 8.3% while the profit decreased by 22.1%. This is because the Company had a higher income tax expense in Q4–2022 than in Q3–2022. When compare Q4–2022 to Q4–2021, it found that there is a change in the opposite direction. The increased rate in total revenue by 6.7% while the profit decreased by 26.8% mainly due to higher impairment losses on financial assets and higher income tax expenses in Q4–2022.

Operating Results and Capabilities to Make Profit

Performance from revenues, costs and expenses which has significant impact in Q4–2022 can be shown in the following table:

Topic	Outstanding by Quarter			Change			
	Q4 – 22	Q3 – 22	Q4 – 22	Q4 – 22 VS Q3 – 22		Q4 – 22 VS Q4 – 21	
	(MB)			(MB)	%	(MB)	%
Revenue from Sales and Services	1,640.7	1,794.8	1,417.3	(154.1)	(8.6)	223.4	15.8
Rental income from equipment for lease	79.9	69.7	60.2	10.2	14.6	19.7	32.7
Cost of Sale and Service	1,323.0	1,436.4	1,149.7	(113.4)	(7.9)	173.3	15.1
Impairment loss on financial assets	32.6	68.4	25.9	(35.8)	(52.3)	6.7	25.9
Fair value loss on FVTPL equity instrument	36.6	14.0	69.0	22.6	161.4	(32.4)	(47.0)
Income tax expenses	46.8	29.7	35.0	17.1	57.6	11.8	33.7

Revenue from Sales and Services

Revenue from sales and services in Q4–2022 slightly decreased from Q3–2022 because most of projects are due for delivery in Q3–2022. Whereas the revenue from sales and services in Q4–2022 increased by 15.8% with higher than the increased rate in cost when compare to Q4–2021. This is because the projects delivered in Q4–2022 have a higher gross margin than other quarters.

Rental income from equipment for lease

Rental income from equipment for lease in Q4–2022 increased from Q3–2022 and Q4–2021. This is because in Q4–2022, there was revenue from new equipment for lease projects gradually delivered in 2022.

Cost of Sale and Service

Cost of Sale and Service in Q4–2022 slightly decreased from Q3–2022 mainly due to decreasing in line with the decrease in revenue. Whereas the cost of sale and service in Q4–2022 increased by 15.1% with lower than the increased rate in revenue when compare to Q4–2021. This is because the projects delivered in Q4–2022 have a higher gross margin.

Impairment loss on financial assets

Impairment loss on financial assets in Q4–2022 had recorded a decrease of 52.3% from Q3–2022. This is because in Q3–2022, the major liabilities has already assessed the impairment and recorded the transaction. As a result, the impairment loss on financial assets recorded in Q4–2022 decreased. When compare Q4–2022 to Q4–2021, it found that the impairment loss on financial assets increased by 25.9% because in the year 2021, the impairment loss on financial assets has not yet reached the criteria that must be recorded.

Fair value loss on FVTPL equity instrument

Fair value loss on FVTPL equity instrument in Q4–2022 had recorded an increase of 161.4% from Q3–2022. This is because in Q4–2022, the fair value of the investment in Campana Group Pte. Ltd. was assessed and it was found that additional losses should be recorded in order fully reserve the loss of the investment. When compare Q4–2022 to Q4–2021, it found that there was a provision for loss based on the value obtained from the fair value measurement using the discounted cash flow model that adjusted in the year 2021.

Income tax expenses

Income tax expenses in Q4–2022 increased from Q3–2022 and Q4–2021. This is because in Q4–2022, some deferred tax assets were adjusted that may not be taxable in the future. As a result, the income tax expenses in Q4–2022 are higher than other quarters.

Financial Analysis of the company

As of December 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 which has significant changes	Outstanding by Quarter		Change	
	Q4 – 22	Q4 – 21	Q4 – 22 VS Q4 – 21	
	(MB)		(MB)	%
Cash and cash equivalents	1,486.6	378.5	1,108.1	292.8
Other current financial assets	-	720.0	(720.0)	(100.0)
Contract assets	1,130.7	913.5	217.2	23.8
Other current assets	203.1	168.6	34.5	20.5
Assets held for sale	-	37.8	(37.8)	(100.0)
Other non-current financial assets	3.0	82.2	(79.2)	(96.4)
Equipment for Lease	358.5	197.5	161.0	81.5
Deferred tax assets	138.0	103.3	34.7	33.6
Other non-current assets	93.7	64.6	29.1	45.0
Total Assets	6,341.2	5,752.1	589.1	10.2

Assets

As of December 31, 2022, the Company's total assets decreased by 589.1 MB, representing an increase of 10.2% from 31 December 2021. The decrease in total Assets is from the following major changes:

Cash and cash equivalents increased by 1,108.1 MB, representing an increase of 292.8% mainly due to receiving money from the exercise of the Warrants AIT-W2 into ordinary shares in the amount of 599.0 MB in September 2022 and receiving money from short-term deposit withdrawals.

Other current financial assets decreased by 720.0 MB, representing a decrease of 100.0% because during the year 2022, the investments in fixed income funds were withdrawn to special savings instead due to higher returns and safer.

Contract assets increased by 217.2 MB, representing an increase of 23.8% because at the end of the year 2022, the revenue was recognized base on the completion of project, which has been operated according to progress but has not yet reached the invoicing threshold.

Other current assets sale increased by 34.5 MB, representing an increase of 20.5% mainly due to the expenses for maintenance and product warranty of prepaid projects that the company pays for maintenance projects.

Assets held for sale decreased by 37.8 MB, representing a decrease of 100.0% because in the end of the year 2021, the Company was in process of selling all investments in Genesis Data Center Co., Ltd. therefore has presented such investments under the heading "Assets held for sale". In early 2022, the sale of such investment was completed. As a result, there is no balance in the year 2022.

Other non-current financial assets decreased by 79.2 MB, representing a decrease of 96.4% due to the fair value loss on FVTPL equity instrument of Campana Group Pte. Ltd. in 2023

Equipment for Lease increased by 161.0 MB, representing an increase of 81.5% because during the year 2023, the Company invested in the equipment for lease project, which has mostly completed the equipment installation. As a result, the equipment for lease increased that those minus the accumulated depreciation of the equipment for lease.

Deferred tax assets increased by 34.7 MB, representing an increase of 33.6% mainly due to the recording of deferred tax assets from allowance for expected credit losses of accounts receivable and the fair value adjustment through profit or loss of financial assets during the year 2022.

Other non-current assets increased by 29.1 MB, representing an increase of 45.0% mainly due to the expenses for maintenance and product warranty of prepaid projects that the company pays for maintenance projects which covers the warranty period of more than 1 year.

Liabilities Items which has significant changes	Outstanding by Quarter		Change	
	Q4 – 22	Q4 – 21	Q4 – 22 VS Q4 – 21	
	(MB)		(MB)	%
Trade and other payables	921.0	790.8	130.2	16.5
Income tax payable	53.3	29.3	24.0	81.9
Contract liabilities	272.9	405.9	(133.0)	(32.8)
Other current liabilities	66.7	133.3	(66.6)	(50.0)
Total Liabilities	2,603.5	2,690.9	(87.4)	(3.2)

Liabilities

As of December 31, 2022, the Company's total liabilities increased by 87.4 MB or 3.2% from December 31, 2021, the reasons for major changes are as follows:

Trade and other payables increased by 130.2 MB, representing an increase of 16.5% because in the end of the year 2022, the Company has invested in various new projects that are in process of project implementation. In addition, the payables in the part of unbilled costs have issued invoices for collection because the payment of goods and services is not yet due according to the credit terms. As a result, the trade payables increased.

Income tax payable increased by 24.0 MB, representing an increase of 81.9% because The Company's collection from trade accounts receivable during 2022 is less than during 2021, resulting in the withholding tax of the year 2022 that is credited to the tax at the end of the accounting period less than those of the year 2021 as well. As a result, the income tax payable in 2022 significantly increased.

Contract liabilities decreased by 133.0 MB, representing a decrease of 32.8% because during the year 2022, it has gradually delivered projects that have received advance payments from customers. In addition, the Company has not received many projects at the end of 2022, resulting in a decrease in advance received from customers. As a result, the contract liabilities decreased.

Other current liabilities decreased by 66.6 MB, representing a decrease of 50.0%. Mainly because at the end of the year 2021, the project was delivered with quite high tax invoices and invoices according to the high revenue in 2021, therefore there was a relatively high sales tax and pending sales tax as well. In addition, the Company received an advance deposit from the sale of investment in Genesis Data Center Co., Ltd. The sale of such investment was completed in January 2022. Therefore, the other current liabilities in 2022 are lower than those in 2021.

Shareholders' Equity

As of December 31, 2022, the Company's shareholder equity increased by 676.5 MB or 22.1% from December 31, 2021, the reasons for major changes are as follows:

Equities Items which has significant changes	Outstanding by Quarter		Change	
	Q4 – 22	Q4 – 21	Q4 – 22 VS Q4 – 21	
	(MB)		(MB)	%
Issued and fully paid-up	1,333.1	1,031.6	299.5	29.0
Share premium	603.0	303.4	299.6	98.7
Appropriated-statutory reserve	150.0	128.8	21.2	16.5
Retained earnings – Unappropriated	1,651.1	1,594.9	56.2	3.5
Total shareholders' equity	3,737.7	3,061.2	676.5	22.1

Issued and fully paid-up increased by 299.5 MB, representing an increase of 29.0% because in the end of Q3-2022, the Company received the money from the exercise of the Warrants AIT-W2 in the amount of 299,520,866



shares at a price of 2 baht per share with a par value of 1 baht per share. As a result, the share premium increased by 299.6 MB, representing an increase of 98.7%. The Company has already registered the capital increase with the Department of Business Development, Ministry of Commerce on October 6, 2022

Appropriated-statutory reserve increased by 21.2 MB, representing an increase of 16.5% due to the statutory reserve of 5% of net profit for the year with in case the company declares dividend payment.

Retained earnings – Unappropriated increased by 56.2 MB, representing an increase of 3.5% due to the operation profit of the year 2022, which minus by the annual dividend payment of the year 2021 and interim dividend payment in Q3-2022 and allocation for legal reserve.

Sincerely yours,

(Ms. Sarin Chandranipapongse)

Company Secretary