

(Translation)

LTO-2023-0029

22 February 2023

Subject: Submission of the Management Discussion and Analysis based on the Financial Statements for the year 2022 ended 31 December 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. 1/2023 on 22 February 2023. The Meeting approved the financial statements for the year 2022 ended 31 December 2022, 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 2022 ended 31 December 2022.

Please be informed accordingly.

Sincerely yours,



(Mr. Chanachai Kulnoppaleark)

Chief Financial Officer

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## Executive Summary

The 4<sup>th</sup> quarter of 2022 operating results of the company recognized sales and services revenue and also net profit more than the same period of the prior year caused from the sales and services revenue of the delayed projects later than the specified time in the prior quarters which were affected by the ongoing outbreak of the Coronavirus Disease 2019 or COVID-19 and the changing details conditions of some new main projects were recognized in the 4<sup>th</sup> quarter and including with the achieved managing sales and services revenue of the major projects such as “USO Phase II”, “5G Smart City in EEC Area”, “Digital Healthcare- Smart Hospital”, etc.

Considering the performance in 4<sup>th</sup> quarter of 2022, the Company reported its total revenue at 424.78 million THB categorized into sales and services revenue at 424.41 million THB and other revenues at 0.37 million THB compared to total revenue of 235.34 million THB in the same period of 2021. The increase in sales and services revenue in this quarter were affected by the factors mentioned above. Its cost of sales and expenses were at 371.19 million THB or 87.38% of total revenue in Q4/2022 and at 218.30 million THB or 92.76% of total revenue in Q4/2021. In term of net profit, it was equivalent to 42.81 million THB or 10.08% of total revenue in Q4/2022 when compared with the same period of last year was equivalent to 13.56 million THB, showing an increase by 29.25 million THB, accounted for 215.71%.

Considering the performance of 2022, the Company reported its total revenue at 1,443.86 million THB categorized into sales and services revenue at 1,443.01 million THB and other revenues at 0.85 million THB compared to total revenue of 1,764.23 million THB in 2021 reflected a decrease. Its cost of sales and expenses were at 1,276.79 million THB or 88.43% of total revenue in 2022 and at 1,565.51 million THB or 88.74% of total revenue in 2021. In term of net profit, it was equivalent to 132.99 million THB or 9.21% of total revenue in 2022 when compared with the last year was equivalent to 158.86 million THB, showing a decrease by 25.87 million THB, accounted for 16.28%.

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 1<sup>st</sup> round on March 31, 2022 and the 2<sup>nd</sup> 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 3<sup>rd</sup> round on March 31, 2023. The company will proceed these as working capital for business operations.

## 1. Business Performance Analysis

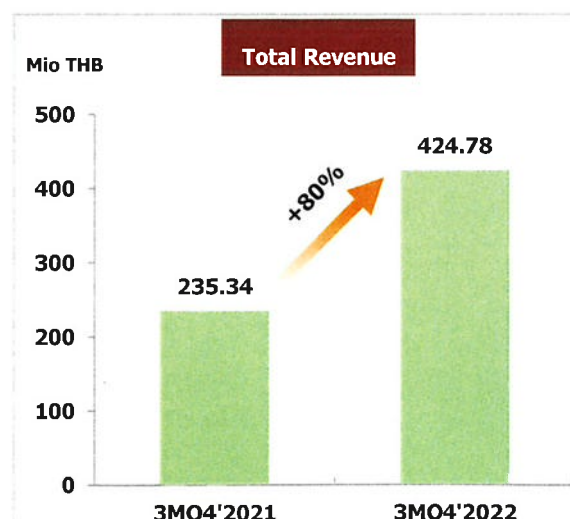
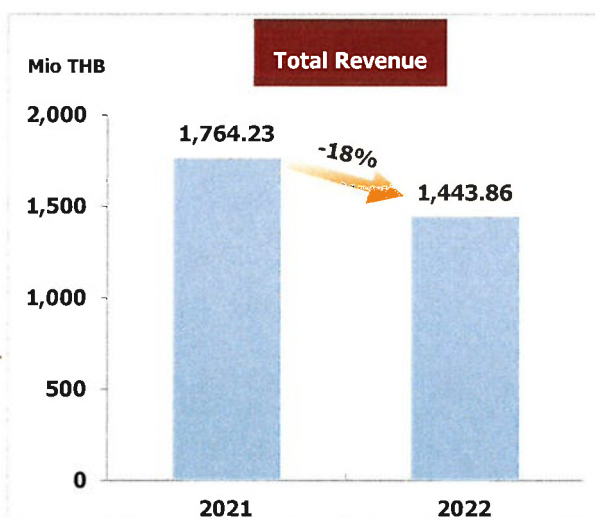
### 1.1 Revenue

For the year 2021 and of 2022 the Company reported its total revenue of 1,764.23 million THB and 1,443.86 million THB respectively with the decrease by 18.16% compared to the same period of last year. And for the 4<sup>th</sup> quarter of 2021 and of 2022 presented total revenue of 235.34 million THB and 424.78 million THB respectively with the increase by 80.49%. The 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 The 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, turnkey project of providing system, equipment and installation for 1,300 kilometers Optical fiber cable, and Policy Contract Function (PCF) / Policy and Charging Rules Function (PCRF) Project etc.

Type	Consolidated		Consolidated		Consolidated		Consolidate	
	2021		2022		Oct - Dec 2021		Oct – Dec 2022	
	MB	%	MB	%	MB	%	MB	%
1. Sales Revenue	1,762.11	99.88	1,443.01	99.94	234.39	99.60	424.41	99.91
2. Other Revenue*	2.12	0.12	0.85	0.06	0.95	0.40	0.37	0.09
<b>Total</b>	<b>1,764.23</b>	<b>100.00</b>	<b>1,443.86</b>	<b>100.00</b>	<b>235.34</b>	<b>100.00</b>	<b>424.78</b>	<b>100.00</b>

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

Total revenue can be categorized into sales revenue, whereby in 2021 and 2022, sales revenue was accounted for 99.88% and 99.94% of total revenue, whereby in the 4<sup>th</sup> quarter of 2021 and 2022, sales and services revenue were accounted for 99.60% and 99.91% respectively.

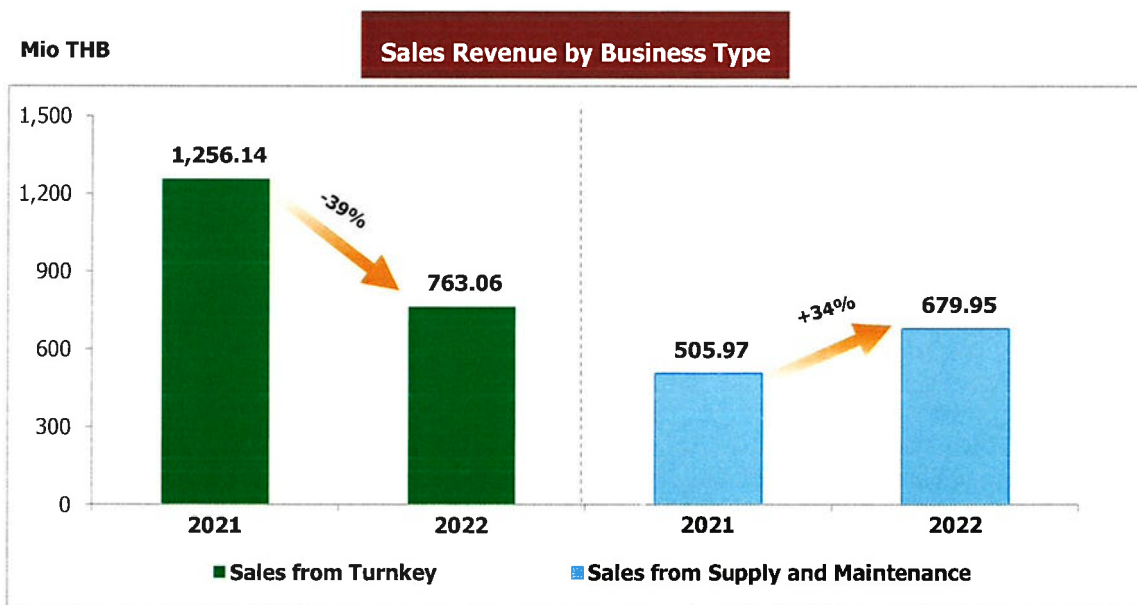


**Sales and Services Revenue**

Sales and Services revenue in 2021 and 2022 consisted of turnkey business including telecommunication system, supply and maintenance.

Type	Consolidated		Consolidated	
	2021		2022	
	MB	%	MB	%
<b>Sales Revenue</b>				
<b>Sales Revenue from Turnkey Business</b>	<b>1,256.14</b>	<b>71.29</b>	<b>763.06</b>	<b>52.88</b>
- Sales Revenue from Telecommunication System	1,256.14	71.29	763.06	52.88
<b>Sales Revenue from Supply and Maintenance</b>	<b>505.97</b>	<b>28.71</b>	<b>679.95</b>	<b>47.12</b>
- Sales Revenue from Supply of Telecommunication System	57.64	3.27	24.85	1.72
- Sales Revenue from Maintenance of Telecommunication System	448.33	25.44	655.10	45.40
<b>Total Sales Revenue</b>	<b>1,762.11</b>	<b>100.00</b>	<b>1,443.01</b>	<b>100.00</b>

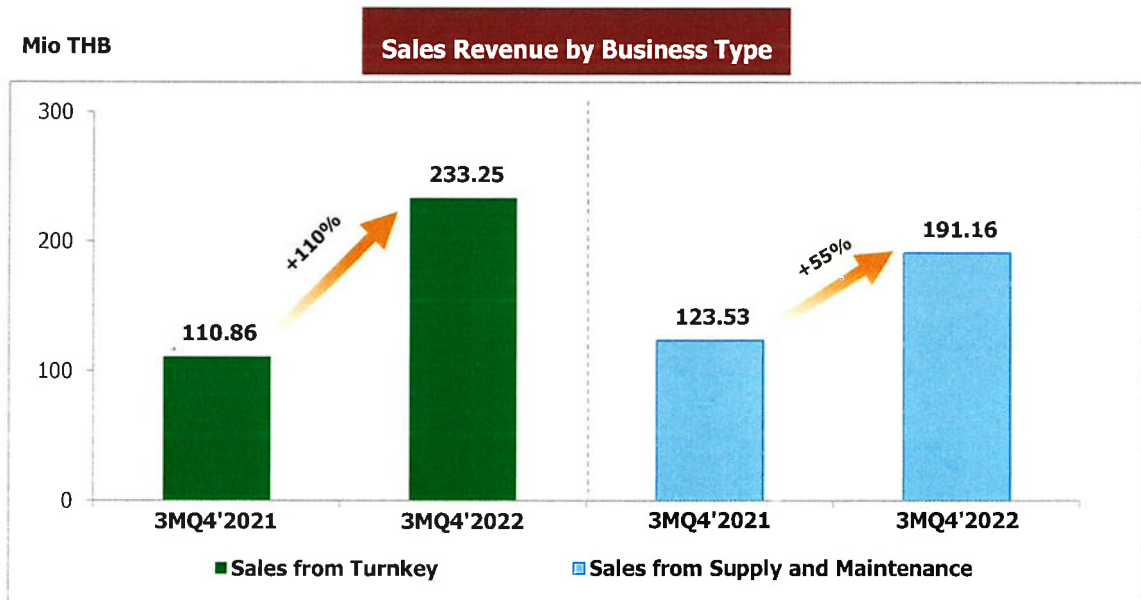
In 2022, sales revenue from turnkey business and supply and maintenance were reported at 763.06 million THB and 679.95 million THB or proportionately at 52.88% and 47.12% of total sales revenue respectively. Sales revenue from turnkey business showed a decrease by 39.25% when compared with 2021 which reflected the delayed consideration on signing new main contracts as mentioned above. In term of revenue from supply and maintenance, it showed an increase by 34.39% caused from the increasing of maintenance services and some major ongoing projects were turned to maintenance services.



And for sales and services revenue in the 4<sup>th</sup> quarter of 2021 and 2022 consisted of turnkey business including telecommunication system, supply and maintenance.

Type	Consolidated		Consolidated	
	Oct – Dec 2021		Oct – Dec 2022	
	MB	%	MB	%
Sales Revenue				
Sales Revenue from Turnkey Business	110.86	47.30	233.25	54.96
- Sales Revenue from Telecommunication System	110.86	47.30	233.25	54.96
Sales Revenue from Supply and Maintenance	123.53	52.70	191.16	45.04
- Sales Revenue from Supply of Telecommunication System	4.17	1.78	20.24	4.77
- Sales Revenue from Maintenance of Telecommunication System	119.36	50.92	170.92	40.27
<b>Total Sales Revenue</b>	<b>234.39</b>	<b>100.00</b>	<b>424.41</b>	<b>100.00</b>

In the 4<sup>th</sup> quarter of 2022, sales revenue from turnkey business and supply and maintenance were reported at 233.25 million THB and 191.16 million THB or proportionately at 54.96% and 45.04% of total sales revenue respectively. Sales revenue from turnkey business showed an increase by 110.40% caused from the achievement of sales plan. In term of revenue from supply and maintenance, it showed an increase by 54.74% due to the company could delivery all equipment as the target and could recognized the more maintenance revenue than the same period of last year.



**Other Revenue**

In 2021 and 2022, the Company reported its other revenue at 2.12 million THB and 0.85 million THB respectively, equivalent to 0.12% and 0.06% of total revenue and the major item was interest income, etc.

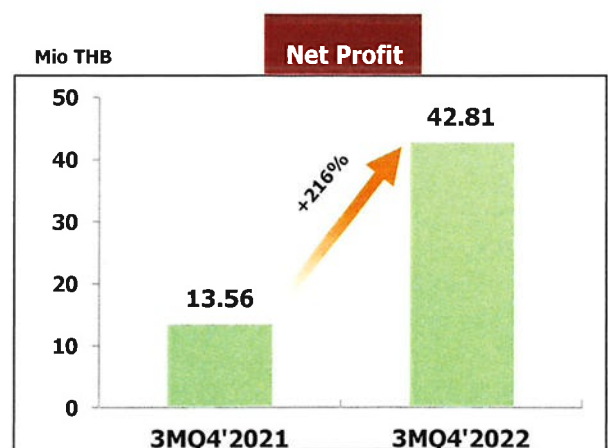
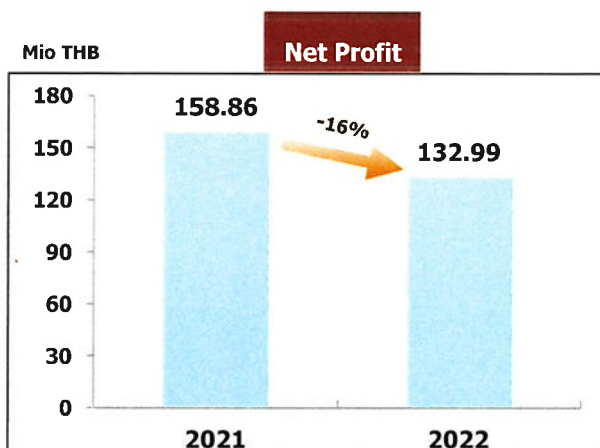
**1.2 Cost of Sales and Expenses**

Major costs of the Company composed of cost of sales, selling expense, administrative expense and interest expense. In 2021 and 2022, the Company showed its cost of sales and expense at 1,565.51 million THB and 1,276.79 million THB respectively, proportionately at 88.74% and 88.43% of total revenue.

CoS and Expenses	Consolidated		Consolidated		Consolidated		Consolidated	
	2021		2022		Oct – Dec 2021		Oct – Dec 2022	
	MB	%	MB	%	MB	%	MB	%
Cost of Sales	1,471.63	83.42	1,188.78	82.33	194.31	82.57	350.57	82.53
Selling Expense	39.05	2.21	32.13	2.23	9.35	3.97	7.27	1.71
Administrative Expense	53.92	3.06	54.90	3.80	14.41	6.12	13.10	3.08
Finance Cost	0.91	0.05	0.98	0.07	0.23	0.10	0.25	0.06
<b>Total CoS and Expenses</b>	<b>1,565.51</b>	<b>88.74</b>	<b>1,276.79</b>	<b>88.43</b>	<b>218.30</b>	<b>92.76</b>	<b>371.19</b>	<b>87.38</b>
<b>Total Revenue</b>	<b>1,764.23</b>	<b>100.00</b>	<b>1,443.86</b>	<b>100.00</b>	<b>235.34</b>	<b>100.00</b>	<b>424.78</b>	<b>100.00</b>

**1.3 Net Profit**

As a result of overall business performance, the Company reported its net profit for 2021 and 2022 at 158.86 million THB and 132.99 million THB respectively, accounted for 9.00% and 9.21% of total revenue. And for the 4<sup>th</sup> quarter of 2021 and 2022 its showed the net profit at 13.56 million THB and 42.81 million THB respectively which increased by 215.71%



## 2 Financial Status

### 2.1 Assets

At the end of 2021 and 2022, the Company reported their total assets of 1,041.90 million THB and 1,363.77 million THB respectively. The major asset items are cash and cash equivalents, trade and other current receivables, and contract assets at the end of 2021, proportionately at 12.11%, 21.12% and 41.88% of total assets respectively and at the end of 2022 proportionately at 9.32%, 44.17% and 30.29% of total assets. Total current assets are accounted for 74.29% for the year end 2021 and 88.05% for the year end 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 1,015.41 million THB equivalent to 74.46% of total assets at the end of 2022. It derived mostly from major ongoing projects. 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 540.30 million THB at the end of 2022 and the major items are trade and other current payables and long-term loans from financial institutions with the proportion in 2021 and 2022 of 49.73% and 56.21% 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 31 Dec 2022	
	MB	%	MB	%
Trade Payables	72.86	77.84	206.98	92.45
Other Current Payables	1.65	1.76	1.10	0.49
Trade Payables - Retention	2.07	2.21	1.15	0.51
Accrued Expenses	17.02	18.19	14.67	6.55
<b>Total Trade and Other Payables</b>	<b>93.60</b>	<b>100.00</b>	<b>223.90</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 2021 and at 2022 at 63.19% and 75.73% 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 823.37 million THB at the end of 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 33.75 million THB and the rest of unappropriated retained earnings was 217.96 million THB after deducting dividend payment amounting to 151.77 million THB.

#### **Funding Structure**

D/E ratio of the Company was at 0.57 and 0.68 at the end of 2021 and 2022 respectively.