



AIT (VP-SEC) 014E/2023

May 8, 2023

Subject: Management's Discussion and Analysis of Operating Results for Q1-2023

To: The President of the Stock Exchange of Thailand

**Summary of Operations Q1-2023**

Topic	Balance by Quarter			Change			
	Q1-23	Q4-22	Q1-22	Q1-23 VS Q4-22		Q1-23 VS Q1-22	
	(Million Baht: MB)			(MB)	%	(MB)	%
Total revenue	1,296.7	1,729.1	1,399.2	(432.4)	(25.0)	(102.5)	(7.3)
Total operating expenses	1,174.8	1,571.8	1,199.2	(397.0)	(25.3)	(24.4)	(2.0)
Profit for the period	96.8	111.1	166.2	(14.3)	(12.9)	(69.4)	(41.8)

Overall in the Q1–2023, the Company’s total revenue and total operating expenses slightly decreased from Q1–2022 and it is significant decrease compared to the Q4–2022, representing a decrease of 25.0%. This is because in the Q1–2023, the Company had revenue from projects with smaller project values than the previous quarter. This was partly due to the expansion of government investment expenditures regarding the distribution of transportation agencies. Many IT projects have been postponed until after the elections are completed and the new government will have clarity and continue the project. The large projects delivered in the Q1–2023 such as the Project of Government platform development to support compliance with the personal data protection law of the Office of the National Digital Economy and Society Commission, the Project of Geographic Information Acquisition and Development for Research and Policy Determination of the Social Security Office, the Project of Central digital platform development to connect social security services to specific insured persons of the Social Security Office, the Network and DC Firewall purchase contract for the project of Vayu-X for NTMX of Krungthai Computer Services Co., Ltd. and the project of train tracking system development and cargo management of the State Railway of Thailand, etc.

The total operating expenses in Q1–2023 decreased by 25.3%, which was a decrease in line with the decreased revenue compared to Q4–2022, in which those decreased by 25.0%. The rate is similar in both gross profit margin and operating expenses.

The Profit in Q1–2023 was in line with changes in revenue compared to Q1–2022 and Q4–2022. However, when comparing the change rate in profit and revenue of Q1–2023 and Q4–2022, it found that the decrease rate in profit decreased by 12.9%, which is less than the decrease in revenue, which was 25.0%. This is because in Q4–2022, the impairment loss on financial assets (receivables) was recorded and fair value loss on FVTPL equity instrument in Campana Group Pte. Ltd. In addition, some deferred tax assets were adjusted which those are expected to become untaxable in the future. Therefore, the profit margin of Q4–2022 is higher than Q1–2023.

When comparing the change rate in profit and revenue of Q1–2023 and Q1–2022, it found that the decrease rate in profit decreased by 41.8%, which is greater than the decrease in revenue, which equals to 7.3%. This is because in Q1–2022, there is the gain on sale of investment in Genesis Data Center Co., Ltd. for 108.6 million baht. Therefore, the profit margin of Q1–2022 is higher than those in Q1–2023.

#### Operating Results and Capabilities to Make Profit

Performance from revenues, costs and expenses which has significant impact on Q1–2023, can be shown in the following table:

	Balance by Quarter			Change			
	Q1-23	Q4-22	Q1-22	Q1-23 VS Q4-22		Q1-23 VS Q1-22	
	(MB)			(MB)	%	(MB)	%
Revenue from sales and service	1,190.0	1,640.7	1,216.8	(450.7)	(27.5)	(26.8)	(2.2)
Rental income from equipment for lease	80.6	79.9	54.5	0.7	0.9	26.1	47.9
Gain on sales of investment	-	-	108.6	-	-	(108.6)	(100.0)
Cost of sales and service	953.9	1,323.0	1,015.4	(369.1)	(27.9)	(61.5)	(6.1)
Administrative expenses	96.6	143.2	94.0	(46.6)	(32.5)	2.6	2.8
Income tax expenses	26.2	46.7	33.4	(20.5)	(43.9)	(7.2)	(21.6)

#### Revenue from sales and service

Revenue from sales and services in the Q1–2023 decreased from the Q4–2022 in the amount of 450.7 MB, or a decrease by 27.5%, due to the project work in progress, the project value is lower than the projects in during the year 2022. Therefore, the delivered projects in the Q1–2023 decreased significantly as well.

#### Rental income from equipment for lease

Rental income from equipment for lease in Q1–2023 increased from Q1-2022 in the amount of 26.1 MB, or an increase by 47.9% because there are many new equipment rental projects, most of them begin to be rented in the second half of 2022.

#### Gain on sales of investment

Gain on sales of investment in Q1–2023 decreased from Q1–2022. 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 Q1–2023 decreased from Q4–2022 in the amount of 269.1 MB, or a decrease by 27.9%, due to the decrease in line with the decreased revenue at a similar rate.

### Administrative expenses

Administrative expenses in Q1–2023 decreased from Q4–2022 in the amount of 46.6 MB, or a decrease by 32.5%. This is because in Q4–2022, the impairment loss on financial assets (receivables) was recorded and fair value loss on FVTPL equity instrument in Campana Group Pte. Ltd.

### Income tax expenses

Income tax expenses in Q1–2023 decreased from Q4–2022 in the amount of 20.5 MB, or a decrease by 43.9% due to a decrease in performance in the Q1–2023 compared to the Q4–2022. Moreover, In Q4–2022, some deferred tax assets were adjusted which those are expected to become untaxable in the future. Therefore, the profit margin of Q4–2022 is higher than other quarters.

### Financial Analysis of the company

As of March 31, 2023, the Company has financial position that changed from its financial status as of December 31, 2022. The changes are described as follows:

Assets Items that has significant changes	Balance by Quarter		Change	
	Q1-23	Q4-22	Q1-23 VS Q4-22	
	(MB)		(MB)	%
Cash and cash equivalent	1,590.7	1,486.6	104.1	7.0
Inventories	938.2	882.7	55.5	6.3
Other current assets	273.9	203.1	70.8	34.9
Property, plant and equipment	218.2	96.2	122.0	126.8
Total Assets	6,679.2	6,341.2	338.0	5.3

### Assets

As of March 31, 2023, the Company's total assets increased by 338.0 MB or 5.3% from 31 December 2022. The increase in total Assets is from the following major changes:

Cash and cash equivalent increased by 104.1 MB, representing an increase of 7.0% mainly because the Company received money from the conversion of AIT-W2 warrants to ordinary shares in the amount of 200.5 MB in March 2023 netted with investment in projects and expenses during in Q1–2023.

Inventories increased by 55.5 MB, representing an increase of 6.3% This is because during in Q1–2023, there were investments in projects that were just acquired and projects carried over from the previous year that were in the process of many projects. Examples of work-in-progress of major large-scale projects: the project of procurement and installation of computer network systems for information of Chulalongkorn Hospital, Thai Red Cross Society, the project of development of the system for ticket sales and reservation (D-Ticket) of the State Railway of Thailand, The Hybrid CSOC Project (provide computer equipment, personnel, improve processes, including Improving operational facilities to handle and prevent cyber threats) of Krungthai Computer Services Co., Ltd., the project of train tracking system

development and cargo management of the State Railway of Thailand, the Project of Geographic Information Acquisition and Development for Research and Policy Determination of the Social Security Office.

Other current assets increased by 70.8 MB, representing an increase of 34.9% mainly due to the cost of maintenance and product warranty for the prepaid of project that the Company paid for the maintenance project and the VAT (input tax) increase from the investment in the project.

Property, plant and equipment increased by 122.0 MB, representing an increase of 126.7% because in Q1-2023, the Company has purchased land worth 118.5 million baht to operate of the project of Economic Teak Plantation and Carbon Credit Trading.

Liabilities Items that has significant changes	Balance by Quarter		Change	
	Q1-23	Q4-22	Q1-23 VS Q4-22	
	(MB)		(MB)	%
Trade and other payables	1,153.4	921.0	232.4	25.2
Unbilled payables	662.3	837.3	(175.0)	(20.9)
Other current liabilities	50.2	66.7	(16.5)	(24.7)
Liabilities under financial arrangement agreements - net of current portion	96.1	124.6	(28.5)	(22.9)
Total liabilities	2,644.2	2,603.5	40.7	1.6

#### Liabilities

As of March 31, 2023, the Company's total liabilities decreased by 40.7 MB or 1.6% from December 31, 2022, the reasons for major changes are as follows:

Trade and other payables increased by 232.4 MB, representing an increase of 25.2% because during in Q1–2023, the Company has invested in various new projects which are in the process. In addition, creditors in the part of unbilled payables have issued invoices to collect money but the payment of goods and services has not yet due according to the credit terms received. As a result, the trade and other payables increased.

Unbilled payables decreased by 175.0 MB, representing a decrease of 20.9% because during in Q1–2023, unbilled payables of various projects that have been delivered are invoiced for payment. Therefore, it changed its status to trade payable and this causes the unbilled payables increased.

Other current liabilities decreased by 16.5 MB, representing a decrease of 24.7% mainly due to the decrease in withholding tax that occurred in December 2022 and those have already been remitted in January 2023.

Liabilities under financial arrangement agreements-net of current portion decreased by 28.5 MB, representing a decrease of 22.9% according to the repayment period of liabilities under finance lease agreements..



**Shareholders' Equity**

As of March 31, 2023, the Company had total equity increased by 297.3 MB, representing an increase of 8.0% as at December 31, 2022. The increase in total Assets is from the following major changes:

Shareholders' Equity Items that has significant changes	Balance by Quarter		Change	
	Q1-23	Q4-22	Q1-23 VS Q4-22	
	(MB)		(MB)	%
Share subscriptions received in advance from exercise of warrants	200.5	-	200.5	100.0
Retained earnings – Unappropriated	1,743.1	1,651.1	92.0	5.6
Total shareholders' equity	4,035.0	3,737.7	297.3	8.0

Share subscriptions received in advance from exercise of warrants increased by 200.5 MB, representing an increase of 100.0% because at the end of the Q1–2023, the Company received share capital from exercising 100,248,383 warrants at a price of 2 baht per share with a par value of 1 baht per share. The Company has already registered the capital increase with the Department of Business Development, Ministry of Commerce on April 5, 2023. Thus the share subscriptions received in advance has increased.

Unappropriated retained earnings increased by 92.0 MB, representing an increase of 5.6% because the operating profit for the Q1-2023 subtracted to the retained earnings appropriated as legal reserve.

Sincerely yours,

(Ms. Sarin Chandranipapongse)

Company Secretary

Authorized signature on behalf of the Company