



AIT (VP-SEC) 025E/2023

August 10, 2023

Subject: Management's Discussion and Analysis of Operating Results for Q2-2023

To: The President of the Stock Exchange of Thailand

Summary of Operations Q2-2023

Topic	Balance by Quarter			Change			
	Q2-23	Q1-23	Q2-22	Q2-23 VS Q1-23		Q2-23 VS Q2-22	
	(Million Baht: MB)			(MB)	%	(MB)	%
Total revenue	1,703.0	1,296.7	1,711.8	406.3	31.3	(8.8)	(0.5)
Total operating expenses	1,554.5	1,174.8	1,557.6	379.7	32.3	(3.1)	(0.2)
Profit for the period	123.0	96.8	121.6	26.2	27.1	1.4	1.2

Overall in the Q2–2023, the Thai economy slightly improved from the previous quarter due to the increase of number of Thai and foreign tourists. As a result, the service sector and private consumption have expanded. Private investment has improved while Public expenditure shrink from regular government expenditure and investment in state enterprises compared to the same period of last year. The reasons are not only regular expenditures according to disbursements that have been accelerated in the previous period, but also the high-base effect of disbursement of the central budget to combat COVID- 19 last year. Moreover, the central government's capital expenditure following disbursements by transportation and irrigation agencies that had already been accelerated. State-owned enterprises' capital expenditure contracted in line with disbursements in energy and transportation investment projects. However, large-scale IT projects by government agencies have to wait for political clarity during the formation of the government.

Overview of the Company's operations in the Q2-2023, the total revenue was similar to that of Q2-2022, but increased from the Q1-2023 in the amount of 406.3 million baht representing 31.3% because the overall size of the projects delivered in the Q2-2023 are greater than those in Q1-2023.

Total operating expenses in Q2-2023 have changed in the same direction and at a similar rate with the increase and decrease in revenue when compared to Q1-2023 and Q2-2022. However, the increase rate in total operating expenses in Q2-2023 was slightly higher than the change in total revenue because projects delivered in the 2Q-2023 has a lower gross margin than projects delivered in Q1-2023 due to higher competition.

Profit for the period of Q2-2023 increased from Q1- 2023 in the amount of 26.2 million baht representing 27.1%, while the total revenue increase was 31.3 due to the decrease on gross profit margin in Q2-2023.

Operating Results and Capabilities to Make Profit

Performance from revenues, costs and expenses which has significant impact on Q2–2023, can be shown in the following table:

	Balance by Quarter			Change			
	Q2-23	Q1-23	Q2-22	Q2-23 VS Q1-23		Q2-23 VS Q2-22	
	(MB)			(MB)	%	(MB)	%
Revenue from sales and service	1,611.2	1,190.0	1,641.0	421.2	35.4	(29.8)	(1.8)
Rental income from equipment for lease	80.9	80.6	55.2	0.3	0.4	25.7	46.6
Cost of sales and service	1,348.2	953.9	1,366.0	394.3	41.3	(17.8)	(1.3)
Cost of equipment for lease	44.2	42.6	31.3	1.6	3.8	12.9	41.2
Administrative expenses	81.3	81.7	64.4	(0.4)	(0.5)	16.9	26.2
Income tax expenses	80.8	96.6	95.9	(15.8)	(16.4)	(15.1)	(15.7)

Revenue from sales and service

Most of revenue from sales and services of the company comes from government agencies and state enterprises. The revenue in Q2-2023 was similar to Q2-2022, but increased from Q1-2023 because the overall delivered project value in Q2-2023 was higher. The major projects delivered in Q2-2023 are as follows:

Geographic Information Supply and Development Project for Research and Policy Determination of the Social Security Office, Government platform development project to support compliance with the personal data protection law of the Office of the National Digital Economy and Society Commission computer equipment sales project Peripherals and software of SVOA Public Company Limited, CAT-IIG Nonthaburi sales project of the National Telecommunications Company, Project to improve the network system to support the large data transmission of the Expressway Authority of Thailand, etc.

In Q2-2023, there was an increase in cost of sales and services by 41.3%, which was higher than the change in revenue compared to the Q1-2023, which equaled to 35.4% due to many delivered projects during Q2-2023 are the projects with relatively lower gross margins than those delivered projects in Q1-2023.

Rental income from equipment for lease

Rental income from equipment for lease in Q2-2023 increased from Q2-2022 in the amount of 25.7 million baht or an increase of 46.6% because there were new equipment rental projects coming in towards the end of the year 2022

The cost of equipment for lease in Q2 2023 increased at a similar rate to the change in revenue compared to Q2-2022. The increase rate in cost of equipment for lease and revenue was different. This is because the new project of equipment for lease has a different gross margin from the existing leasing project, and the maintenance cost of the equipment for lease in each quarter is different for each period.

Cost of sales and service

Selling and distribution expenses in Q2-2023 increased from Q2-2022 in the amount of 16.9 million baht, or an increase of 26.2%, mainly because in 2023, some employees from the Service department, previously represented in the cost of sales and services, have been separated to take care of the Presale, which works together with the sales department. As a result, the cost of personnel in sales and distribution increased.

Administrative expenses

Administrative expenses in Q2-2023 decreased from Q1-2023 in the amount of 15.8 million baht, or a decrease of 16.4%, because in Q1-2023, there was a 2022 annual director's remuneration and employee training fees which higher than in Q2-2023. In addition, administrative expenses in Q2-2023 decreased from Q2-2022 in the amount of 15.1 million baht or a decrease of 15.7% because in Q2-2022, the loss from fair value adjustment of investment in Campana Group Pte. Ltd. approximately 20.0 million baht was recorded.

Financial Analysis of the company

As of June 30, 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	
	Q2-23	Q4-22	Q2-23 VS Q4-22	
	(MB)		(MB)	%
Cash and cash equivalent	1,069.8	1,486.6	(416.8)	(28.0)
Trade and other receivables	2,302.7	1,890.7	412.0	21.8
Other current assets	285.1	203.1	82.0	40.4
Property, plant and equipment	217.3	96.2	121.1	125.9
Total Assets	6,444.3	6,341.2	103.1	1.6

Assets

As of June 30, 2023, the Company's total assets increased by 103.1 MB or 1.6% from 31 December 2022. The increase in total Assets is from the following major changes:

Cash and cash equivalents decreased by 416.8 million baht or a decrease of 28.0%, mainly due to the investment in project of Carbon Credit trading and Economic Teak Plantation. The payment of maintenance in advance in accordance with maintenance contract. However, the Company has not yet received money from large debtors at the end of Q2-2023 because the invoice has just been issued.

Other current assets increased by 82.0 million baht or 40.4%, mainly due to the prepaid maintenance costs for maintenance projects and an increase in unpaid VAT during Q2-2023

Property, plant and equipment increased by 121.1 million baht, or an increase of 125.9%, mainly due to the fact that during the Q1-2023, the Company purchased land in an amount of 118.5 million baht for the project of Carbon Credit trading and Economic Teak Plantation.

Liabilities Items that has significant changes	Balance by Quarter		Change	
	Q2-23	Q4-22	Q2-23 VS Q4-22	
	(MB)		(MB)	%
Trade and other payables	1,091.4	921.0	170.4	18.5
Unbilled payables	681.1	837.3	(156.2)	(18.7)
Current portion of liabilities under financial arrangement agreements	72.1	93.8	(21.7)	(23.1)
Income tax payable	12.1	53.3	(41.2)	(77.3)
Other current liabilities	93.8	66.7	27.1	40.6
Liabilities under financial arrangement agreements - net of current portion	76.4	124.6	(48.2)	(38.7)
Total liabilities	2,529.6	2,603.5	(73.9)	(2.8)

Liabilities

As of June 30, 2023, the Company's total liabilities decreased by 73.9 MB or 2.8% from December 31, 2022, the reasons for major changes are as follows:

Trade and other payables increased by 170.4 million baht, or an increase of 18.5%, because in Q2-2023, the Company received invoices from suppliers of unpaid costs that were not yet due for payment of goods and services according to credit term received. As a result, the trade payables increased.

Unbilled payables decreased by 156.2 million baht or decreased by 18.7% because during Q2-2023, the supplier of unbilled payables issued an invoice for collection. As a result, the lower unbilled payable occurred when compared to the Q2-2022

Current portion of liabilities under financial arrangement agreements, both the portion due within one year and the portion net of the portion due within one year, decreased in total by 69.9 million baht because during the six-month period of 2023, the Company had paid the liabilities in accordance with the financial lease according to the installment due.

Income tax payable decreased by 41.2 million baht or decreased by 77.3% because during Q2-2023, the income tax payable of 2022 was paid.

Other current liabilities increased by 27.1 million baht or 40.6%, mainly due to the increase in VAT, both sales tax and sales tax pending in June 2023.



Shareholders' Equity

As of June 30, 2023, the Company had total equity increased by 177.0 MB, representing an increase of 4.7% 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	
	Q2-23	Q4-22	Q2-23 VS Q4-22	
	(MB)		(MB)	%
Issued and fully paid-up	1,431.4	1,331.1	100.3	7.5
Share Premium	703.2	603.0	100.2	16.6
Unappropriated Retained earnings	1,622.8	1,651.1	(28.3)	(1.7)
Total shareholders' equity	3,914.7	3,737.7	177.0	4.7

The issued and fully paid-up capital increased by 100.3 million baht or 7.5% and the share premium increased by 100.2 million baht or 16.6% because at the end of the Q1-2023, the Company received share subscription from the exercise of warrants in the amount of 100,248,383 shares at a price of 2 baht per share with a par value of 1 baht per share and the company has already registered the capital increase with the Department of Business Development, Ministry of Commerce on April 5, 2023. As a result, the capital issued and the share premium increased.

Unappropriated retained earnings decreased by 28.3 million baht or 1.7% due to the dividend payment for the year 2022 and the transfer of retained earnings appropriated to legal reserve deduction with operating profit for the first six-month period of 2023.

Sincerely yours,

(Ms. Sarin Chandranipapongse)

Company Secretary

Authorized signature on behalf of the Company