
(Translation)

LTO-2023-0155

10 August 2023

Subject: Submission of the Management Discussion and Analysis based on
the Interim Financial Statements for the Three-Month period ended 30 June 2023

Attention: The President of the Stock Exchange of Thailand

Information and communication Networks Public Company limited (“Company”) held the Board of Directors’ Meeting No. 3/2023 on 10 August 2023. The Meeting approved the interim financial statements for the three-month and six-month period ended 30 June 2023, 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 three-month 2023 period ended 30 June 2023.

Please be informed accordingly.

Sincerely yours,



(Mr. Chanachai kulnoppaleark)

Chief Financial Officer

Executive Summary

The 2nd quarter of 2023 operating results of the company recognized sales and services revenue more than the same period of the prior year and also net profit presented a few difference caused from the company could recognize a part of sales and services revenue from the high value projects of 2023 such as the Contract of Procurement project to upgrade and expand for Online Charging System (OCS)/Charging Function (CHF) Equipment with the total value of 152.81 million THB, and the Contract of Expansion Project for DWDM Network Capacity Expansion from Central Area to Submarine Station (CLS2) with the total value of 166.25 million THB Baht with National Telecommunication Public Company Limited and the contract for Rental of sustainable digital community ecosystem development project activity 1 provide a public internet service center (Digital Community Centers) Group 2 : Equipment rental and personnel recruitment for 454 digital community centers with Office of the National Digital Economy and Society Commission (ONDE) with the total value of 1,341.50 million THB, etc.

Considering the performance in 2nd quarter of 2023, the Company reported its total revenue at 411.55 million THB categorized into sales and services revenue at 411.07 million THB and other revenues at 0.48 million THB compared to total revenue of 340.11 million THB in the same period of 2022, showing an increase by 71.44 million THB, accounted for 21.00 %. The increase in sales and services revenue in this quarter were affected by the company could get major high value contracts mentioned above. Its cost of sales and expenses were at 367.02 million THB or 89.18% of total revenue in Q2/2023 and at 289.96 million THB or 85.26% of total revenue in Q2/2022. In term of net profit, it was equivalent to 34.99 million THB or 8.50 % of total revenue in Q2/2023 when compared with the same period of last year was equivalent to 39.71 million THB showing a decrease by 4.72 million THB, accounted for 11.89%.

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, the 2nd on September 30, 2022 and the 3rd on March 31, 2023 that It turns out that there are 44,948,257 units of remaining warrants left. The remaining warrant holders will be able to exercise their rights the final round on November 30, 2023. The company will proceed these as working capital for business operations.

1. Business Performance Analysis

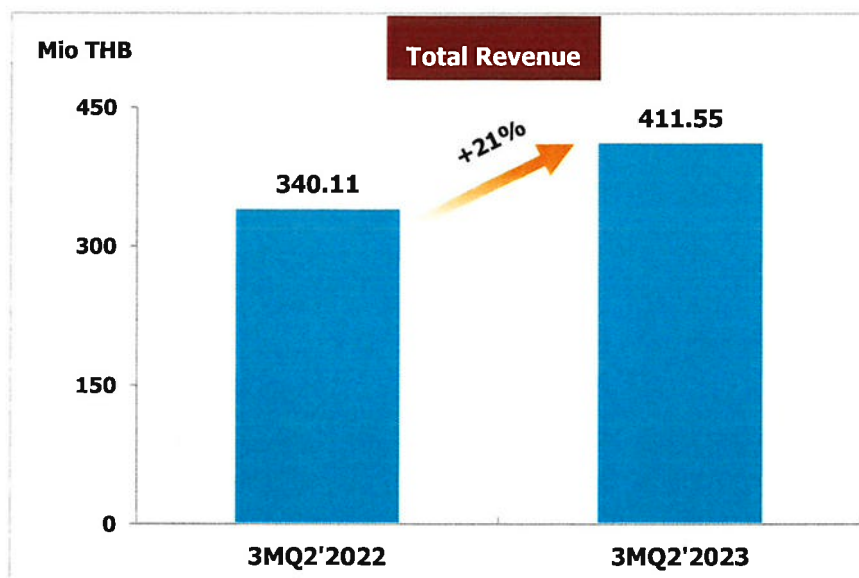
1.1 Revenue

For the second quarter of 2022 and of 2023 the Company reported its total revenue of 340.11 million THB and 411.55 million THB, respectively with the increase by 21.00% compared to the same period of last year. Major revenues were recognized from the projects; for instance, Expansion Project for DWDM Network Capacity Expansion from Central Area to Submarine Station (CLS2) Project or “DWDM project” Procurement project to upgrade and expand for Online Charging System (OCS)/Charging Function (CHF) Project or “OCS project” the contract for Rental of sustainable digital community ecosystem development project activity 1 provide a public internet service center (Digital Community Centers) Group 2 : Equipment rental and personnel recruitment for 454 digital community centers, etc.

Revenue	Consolidated		Consolidated	
	Apr. - Jun. 2022		Apr. - Jun. 2023	
	MB	%	MB	%
1. Sales and services Revenue	339.97	99.96	411.07	99.88
2. Other Revenue*	0.14	0.04	0.48	0.12
Total	340.11	100.00	411.55	100.00

Remarks *Other Revenue comprises of interest income, etc.

Total revenue was categorized into sales and services revenue and other revenue, whereby the second quarter of 2022 and 2023, sales and services revenue was accounted for 99.96% and 99.88% of total revenue and other revenue was equivalent to 0.04% and 0.12% respectively.

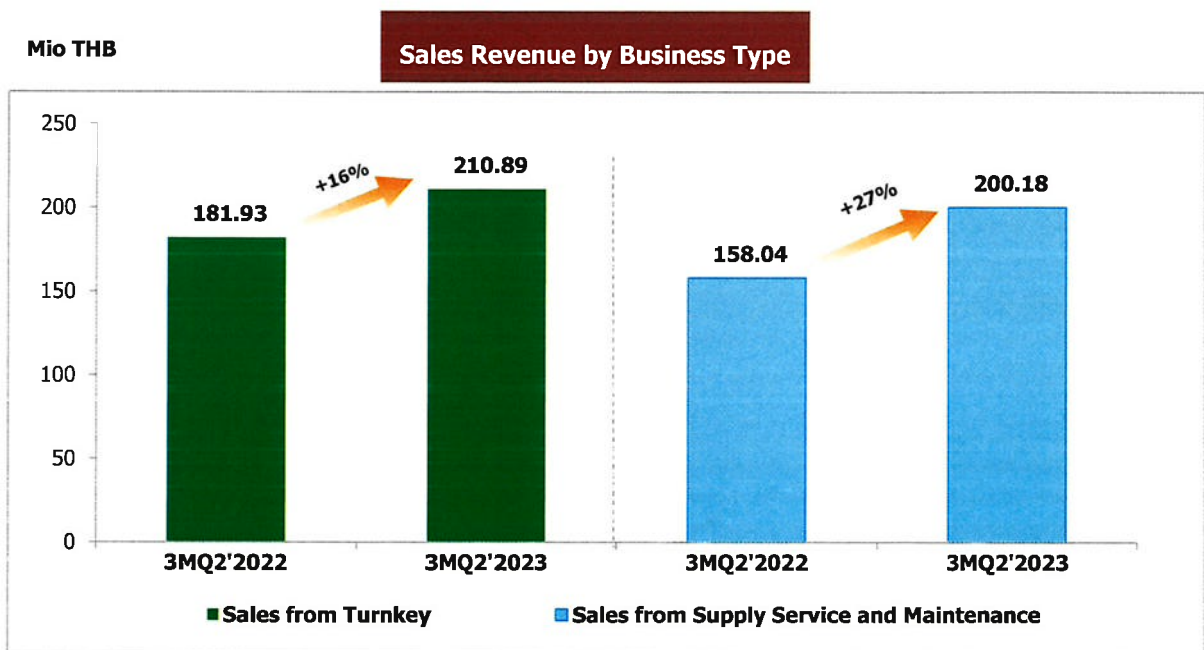


Sales Revenue

Sales revenue in the second quarter of 2023 consisted of turnkey business including telecommunication system, supply service and maintenance.

Types of Revenue	Consolidated		Consolidated	
	Apr. - Jun. 2022		Apr. - Jun. 2023	
	MB	%	MB	%
Sales and services Revenue				
Revenue from Turnkey Business	181.93	53.51	210.89	51.30
- Sales Revenue from Telecommunication System	181.93	53.51	210.89	51.30
Revenue from Supply Service and Maintenance	158.04	46.49	200.18	48.70
- Sales Revenue from Supply of Telecommunication System	1.43	0.42	0.21	0.05
- Sales Revenue from Service and Maintenance of Telecommunication System	156.61	46.07	199.97	48.65
Total Sales Revenue	339.97	100.00	411.07	100.00

In the second quarter of 2023, sales revenue from turnkey business and supply, service and maintenance were reported at 210.89 million THB and 200.18 million THB or proportionately at 51.30% and 48.70% of total sales revenue respectively. Sales revenue from turnkey business showed an increase by 15.92% the company could recognize a part of sales and services revenue from the high value projects such as Project to upgrade and expand for Online Charging System (OCS)/Charging Function, Expansion Project for DWDM Network Capacity Expansion from Central Area to Submarine Station (CLS2) and service provider to develop Core Banking, etc. In term of revenue from supply service and maintenance, it showed an increase by 26.66% because caused from partially recognized revenue of Backlog of the signed high value projects in 1st quarter of 2023



Other Revenue

In the second quarter of 2022 and 2023, the Company reported its other revenue at 0.14 million THB and 0.48 million THB respectively, equivalent to 0.04% and 0.12% of total revenue and the major item was interest income, etc.

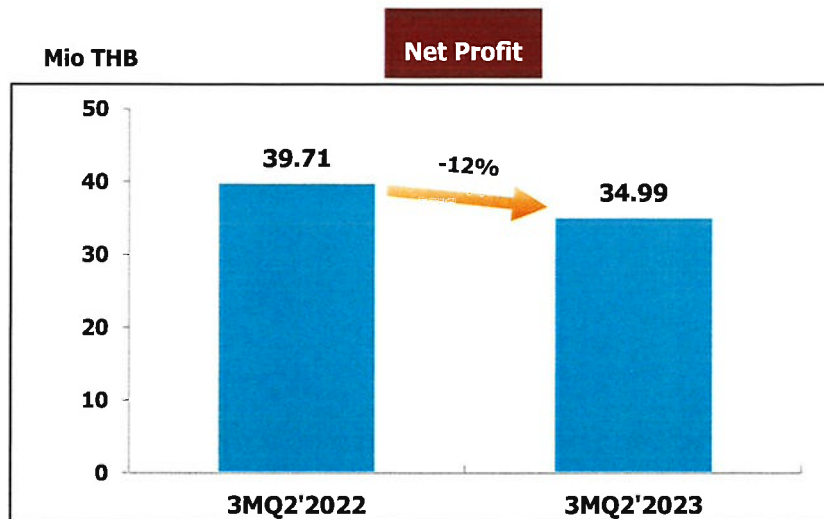
1.2 Cost of Sales and Expenses

Major costs of the Company composed of cost of sales, selling expense, administrative expense and interest expense. In the second quarter of 2022 and 2023, the Company showed its cost of sales and expense at 290.19 million THB and 367.28 million THB respectively, proportionately at 85.32% and 89.24% of total revenue.

Cost of sales and Expenses	Consolidated		Consolidated	
	Apr. - Jun. 2022		Apr. - Jun. 2023	
	MB	%	MB	%
Cost of Sales	266.87	78.47	345.25	83.89
Selling Expense	8.38	2.46	7.68	1.87
Administrative Expense	14.70	4.32	14.09	3.42
Finance Cost	0.24	0.07	0.26	0.06
Total Cost of sales and Expenses	290.19	85.32	367.28	89.24
Total Revenue	340.11	100.00	411.55	100.00

1.3 Net Profit

As a result of overall business performance, the Company reported its net profit for the second quarter of 2022 and 2023 at 39.71 million THB and 34.99 million THB respectively, accounted for 11.68% and 8.50% of total revenue.



2 Financial Status

2.1 Assets

At the end of 2022 and of Q2/2023, the Company reported their total assets of 1,363.67 million THB and 2,597.19 million THB respectively. The major asset items are cash and cash equivalents, trade and other current receivables, contract assets and assets for leased at the end of 2022, proportionately at 9.32%, 44.17%, 30.29% and 0.00% of total assets respectively and at the end of Q2/2023 proportionately at 2.67%, 39.10%, 20.17% and 26.25% of total assets. Total current assets are accounted for 88.05% for the year end 2022 and 67.46% for Q2/2023 to total assets.

With reference to the major asset items, a significant portion remained at trade and other current receivables, contract assets and assets for leased, which reached at 1,015.41 million THB equivalent to 74.46% of total assets at the end of 2022 and reached at 2,221.09 million THB equivalent to 85.52% of total assets at the end of Q2/2023. It derived mostly from the major projects of 2023. 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 540.30 million THB at the end of 2022 and 1,757.03 million THB at the end of Q2/2023 and the major items are short-term loans, trade and other current payables, contract liabilities and loans from financial institutions with the proportion in 2022 and in Q2/2023 of 69.53% and 90.95% 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 2022		As at 30 Jun 2023	
	MB	%	MB	%
Trade payables	206.98	92.45	884.90	98.14
Other current payables	1.10	0.49	1.71	0.19
Trade payables - retention	1.15	0.51	0.40	0.04
Accrued expenses	14.67	6.55	14.67	1.63
Total	223.90	100.00	901.68	100.00

The major trade and other current payables, mostly were trade payables for equipment, service and sub-contractor costs in projects with the proportion in 2022 and in Q2/2023 of 92.45% and 98.14% respectively.

Most of the liabilities were current liabilities with its proportion as at 2022 and at Q2/2023 at 75.73% and 88.66% of total liabilities respectively.

Shareholders' Equity

The shareholders' equity was in the amount of 823.37 million THB at the year end of 2022 and amount of 840.16 million THB at the end of Q2/2023 which has increased from exercising the warrant (ICN-W1) in the amount of 12.13 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 223.29 million THB.

Funding Structure

D/E ratio of the Company was at 0.68 and 2.15 at the end of 2022 and of Q2/2023 respectively. And the Q2/2023 D/E ratio without contract liabilities amounting to 406.30 million THB of the Company was at 1.65.