

AIT (VP-SEC) 035E/2023

November 7, 2023

Subject: Management's Discussion and Analysis of Operating Results for Q3-2023

To: The President of the Stock Exchange of Thailand

### Summary of Operations Q3-2023

	Balance by Quarter			Change			
	Q3-23	Q2-23	Q3-22	Q3-23 VS Q2-23		Q3-23 VS Q3-22	
	(Million Baht: MB)			(MB)	%	(MB)	%
Total revenue	1,704.9	1,703.0	1,886.5	1.9	0.1	(181.6)	(9.6)
Total operating expenses	1,551.9	1,554.5	1,713.7	(2.6)	(0.2)	(161.8)	(9.4)
Profit for the period	122.1	123.0	142.7	(0.9)	(0.7)	(20.6)	(14.4)

In Q3–2023, the Thai economy expanded from the previous quarter according to private consumption and the improvement of the service sector according to the number of Thai and foreign tourists. However, Public expenditure shrinks from both regular expenditure according to central budget disbursements and capital expenditures according to disbursements of transportation agencies that have already expedited disbursements. Investment expenditures of state enterprises continued to shrink in alignment with disbursements in transportation projects. Moreover, large IT projects of government agencies may have to wait for the annual budget for 2024, which expect to be approved by the council in April 2024.

Overview of the Company's operations in the Q3-2023, the total revenue was similar to those in Q2-2023, but decreased from the Q3-2022 in the amount of 181.6 million baht representing 9.6% because the overall size of the projects delivered in the Q3-2022 are greater than those in Q3-2023

Total operating expenses in Q3-2023 have changed in the same direction and at a similar rate with the increase and decrease in revenue when compared to Q3-2022.

Profit for the period of Q3-2023 decreased from Q3-2022 in the amount of 20.6 million baht representing 14.4%, while the total revenue decreasing rate was 9.6. This is because in Q3-2023, the Company had a significantly lower gross profit margin than Q3-2022, net of reserves recorded in Q3-2022. The Company recorded an allowance for expected credit losses from long outstanding receivables and losses from fair value adjustments of investments in Campana Group Pte. Ltd.

### Operating Results and Capabilities to Make Profit

Performance from revenues, costs and expenses which has significant impact on Q3–2023, can be shown in the following table:

	Balance by Quarter			Change			
	Q3-23	Q2-23	Q3-22	Q3-23 VS Q2-23		Q3-23 VS Q3-22	
	(Million Baht: MB)			(MB)	%	(MB)	%
Revenue from sales and service	1,598.5	1,611.2	1,794.8	(12.7)	(0.8)	(196.3)	(10.9)
Rental income from equipment for lease	80.9	80.9	69.7	-	-	11.2	16.1
Selling and Distribution expenses	90.4	81.3	72.7	9.1	11.2	17.7	24.3
Administrative expenses	82.9	80.8	165.2	2.1	2.6	(82.3)	(49.8)

#### 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 Q3-2023 was similar to Q2-2023, but decreased from Q3-2022 because the overall delivered project value in Q2-2023 was higher. The major projects delivered in Q3-2023 are as follows: Computer procurement project to replace and support additional information systems of the Social Security Office, Maintenance project for information and communications technology work for the construction project of the new parliament building and accompanying buildings of the Secretariat of the House of Representatives, Computer network system trading project for information use of the Thai Red Cross Society, Centralized cloud data leak prevention project of National Telecommunications Public Company Limited, Construction project to renovate a deteriorated power station Bang Samak Power Station in Chachoengsao Province, etc.

#### Rental income from equipment for lease

Rental income from equipment for lease in Q3-2023 increased from Q3-2022 in the amount of 11.2 million baht or an increase of 16.1% because there were new equipment rental projects coming in Q4-2022

#### Selling and Distribution expenses

Selling and distribution expenses in Q3-2023 increased from Q3-2022 in the amount of 17.7 million baht, or an increase of 24.3%, 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 Q3-2023 decreased from Q3-2022 in the amount of 82.3 million baht, or a decrease of 49.8%. This is because in Q3-2022, there was recorded an allowance for expected credit losses from long outstanding receivables in the amount of 64.1 million baht and losses from fair value adjustments of investments in Campana Group Pte. Ltd. in the amount of 34.0 million baht while in Q3-2023, there was recorded an allowance for expected credit losses from long outstanding receivables in the amount of 1.3 million baht and no need to record in losses from fair value adjustments of investments

## Financial Analysis of the Company

As of September 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	
	Q3-23	Q4-22	Q3-23 VS Q4-22	
	(MB)		(MB)	%
Cash and cash equivalent	1,157.3	1,486.6	(329.3)	(22.2)
Trade and other receivables	2,475.4	1,890.7	584.7	30.9
Contract assets	980.8	1,130.7	(149.9)	(13.3)
Other current assets	252.7	203.1	49.6	24.4
Property, plant and equipment	219.1	96.2	122.9	127.8
Equipment for lease	308.7	358.5	(49.8)	(13.9)
Biological assets	9.9	0.0	9.9	100.0
Other non-current assets	73.0	93.7	(20.7)	(22.1)
<b>Total Assets</b>	<b>6,486.9</b>	<b>6,341.2</b>	<b>145.7</b>	<b>2.3</b>

### Assets

As of September 30, 2023, the Company's total assets increased by 145.7 MB or 2.3% from 31 December 2022. The increase in total assets comes from the following major changes:

Cash and cash equivalents decreased by 329.3 million baht or a decrease of 22.2%, mainly due to the investment in project of Carbon Credit trading and Economic Teak Plantation and not receiving money from a large receivable who is in the process of paying.

Trade and other receivables increased by 584.7 million baht or an increase of 30.9%. This is because in Q3-2023, the Company has delivered the completed project and has just issued an invoice that is not yet due. In addition, another portion of the receivables is in the process of paying. As a result, the trade and other receivables increased.

Contract assets decreased by 149.9 million baht or a decrease of 13.3%. This is because in the end of Q3-2023, the Company issues invoices for work completed based on its success. Therefore, the contract assets decreased but it caused the trade receivables to increase.

Other current assets increased by 49.6 million baht or an increase of 24.4%, mainly due to the prepaid maintenance costs for maintenance projects during in Q3-2023

Property, plant and equipment increased by 122.9 million baht, or an increase of 127.8%, mainly because 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.

Equipment for lease decreased by 49.8 million baht or a decrease of 13.9%, mainly due to the depreciation of equipment for rental in the 9-month period of 2023.

Biological assets increased by 9.9 million baht or an increase of 100.0%, due to the investment in project of Carbon Credit trading and Economic Teak Plantation.

Other non-current assets decreased by 20.7 million baht or a decrease of 22.1%, due to the receiving a refund of the performance guarantee and the reduction of the prepaid maintenance cost according to the reduced advance payment period.

Liabilities Items that has significant changes	Balance by Quarter		Change	
	Q3-23	Q4-22	Q3-23 VS Q4-22	
	(MB)		(MB)	%
Trade and other payables	1,096.2	921.0	175.2	19.0
Unbilled payables	726.9	837.3	(110.4)	(13.2)
Current portion of liabilities under financial arrangement agreements	66.1	93.8	(27.7)	(29.5)
Income tax payable	5.3	53.3	(48.0)	(90.1)
Other current financial liabilities	-	11.7	(11.7)	(100.0)
Other current liabilities	112.6	66.7	45.9	68.8
Liabilities under financial arrangement agreements - net of current portion	72.9	124.6	(51.7)	(41.5)
<b>Total liabilities</b>	<b>2,598.2</b>	<b>2,603.5</b>	<b>(5.3)</b>	<b>(0.2)</b>

#### Liabilities

As of September 30, 2023, the Company's total liabilities decreased by 5.3 MB or 0.2% from December 31, 2022, the reasons for major changes are as follows:

Trade and other payables increased by 175.2 million baht, or an increase of 19.0%, because in Q3-2023, 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 110.4 million baht or decreased by 13.2% because in Q3-2023, the supplier of unbilled payables issued an invoice for collection. As a result, the lower unbilled payable occurred when compared to the Q4-2022 but it caused trade payables to increase instead.

Both of the current portion and net of current portion of liabilities under financial arrangement agreements decreased by a total of 79.4 million baht. This is because during in the 9-month period of 2023, the Company has paid payments according to the financial lease contract that is due.

Income tax payable decreased by 48.0 million baht or decreased by 90.1%. This is because the Company has paid the income tax payable of 2022 during Q2-2023 and the income tax payable in the middle of 2023 during Q3-2023.

Other current financial liabilities decreased by 11.7 million baht or decreased by 100.0%. This is because in the end Q3-2023, the Company made a profit from entering into foreign currency forward contracts (US Dollar) which has been shown as other current financial assets in the financial statements for the Q3-2023. The reason is that the value of Thai Baht has weakened causing the exchange rate at the end of the period was higher than the exchange rate that the Company had entered into a forward contract to buy and sell foreign currency. Meanwhile, at the end of Q4-2022, the Company had a loss from entering into foreign currency forward contracts which has been presented as other current financial liabilities.

Other current liabilities increased by 45.9 million baht or 68.8%, mainly due to the increase in VAT, both sales tax and sales tax pending in September 2023.

#### Shareholders' Equity

As of September 30, 2023, the Company had total equity increased by 151.0 MB, representing an increase of 4.0% as of December 31, 2022. The increase in total Assets comes from the following major changes:

Shareholders' Equity Items that has significant changes	Balance by Quarter		Change	
	Q3-23	Q4-22	Q3-23 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
Share subscription received in advance form exercise warrants	66.6	-	66.6	100.0
Unappropriated Retained earnings	1,530.2	1,651.1	(120.9)	(7.3)
Total shareholders' equity	3,888.7	3,737.7	151.0	4.0

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. As the result, the issued and share premium increased.

Share subscription received in advance from exercise warrants increased by 66.6 million baht or 100.0%. This is because in Q3-2023, the Company received advance payment from the exercise of warrants in the amount of 33,299,068 shares 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 October 4, 2023.



Unappropriated retained earnings decreased by 120.9 million baht or 7.3% due to the dividend payment for the year 2022, the interim dividend payment for the year 2023 and the transfer of retained earnings appropriated to legal reserve deduction with operating profit for the 9-month period of 2023.

Sincerely yours,

(Ms. Sarin Chandranipapongse)

Company Secretary

Authorized signature on behalf of the Company