

No. INSET 114/2566

7 November 2023

 Subject Management Discussion and Analysis of the 3rd Quarter 2023 Operating Results

 Dear Governors and President
 Stock Exchange of Thailand

Infraset Public Company Limited (the “Company”) hereby submitted the Management Discussion and Analysis of the 3rd Quarter 2023 operating results, ending 30 September 2023. Details are as follows:

Operating Result Overview

For the three-month periods ended 30 September 2022 and 2023, the Company’s revenues were 403.38 million Baht and 294.92 million Baht, respectively. In Q3/2023, Company’s revenues consist of revenue from services of 288.49 million Baht and other income of 6.43 million Baht, representing 97.82% and 2.18% of total revenue, respectively. The revenue from services derive from 3 main business, which are Data Center & Information Technology Infrastructure Business, followed by, Telecommunications and Transportation Infrastructure Business, and Maintenance and Service Business, respectively. The revenue ‘s proportion of each type of business to total revenue from services accounted for 45.69%, 29.15% and 25.16%, respectively.

Operating Result Overview	Q3/23	Q2/23	Q3/22	Increase (Decrease)		Increase (Decrease)	
30 September	Million Baht			Q3/23 VS Q2/23		Q3/23 VS Q3/22	
Revenue from sales	-	395.12	-	(395.12)	-100.00%	-	-
Revenue from services	288.49	309.56	402.28	(21.07)	-6.81%	(113.79)	-28.29%
Other income	6.43	6.04	1.10	0.39	6.47%	5.33	485.10%
Total Revenues	294.92	710.71	403.38	(415.79)	-58.50%	(108.46)	-26.89%
Cost of sales	-	365.41	-	(365.41)	-100.00%	-	-
Cost of services	229.00	278.91	346.64	(49.91)	-17.89%	(117.64)	-33.94%
Distribution costs	2.30	1.53	1.08	0.77	50.17%	1.22	113.02%
Administrative expenses	14.45	11.84	12.35	2.61	22.08%	2.10	17.03%
Total Expenses	245.75	657.68	360.07	(411.93)	-62.63%	(114.32)	-31.75%
Profit from operating activities	49.17	53.03	43.31	(3.86)	-7.28%	5.86	13.53%
Finance costs	4.07	0.53	0.12	3.54	667.79%	3.95	3294.13%
Tax expenses	9.10	10.84	8.77	(1.74)	-16.02%	0.33	3.78%
Profit for the periods	36.00	41.66	34.42	(5.66)	-13.59%	1.58	4.58%

For the three-month periods ended 30 September 2022 and 2023, the Company's net profits were 34.42 million Baht and 36.00 million Baht, respectively. The corresponding net profit margins were 8.53% and 12.21% respectively. The Company's net profit increased from last year by 1.58 million Baht or 4.58%, while the Company's revenue decreased. The major reason was the reduction of project cost estimates to reflect actual costs for projects that were completed and delivered during the period. In Q3/2023, the Company reduced costs for 3 projects resulted the Company's gross profit margin at 20.62%, increased from last year which was 13.83%.

For the three-month period ended 30 September 2023, however, the Company had no revenue from sales. As a result, total revenue decreased from the Q2/2023 in the amount of 415.79 million Baht or 58.50%, while net profit for the Q3/2023 decreased from the Q2/2023 in the amount of 5.66 million Baht or 13.59%. This was due to the normal nature of the trading business, which is a low-risk business and therefore has a relatively low gross profit margin. This caused the rate of decline in net profit to be lower than the rate of decline in total revenue.

Revenue and Gross Profit from Services by Business

Data Center & Information Technology Infrastructure Business

For the three-month periods ended 30 September 2022 and 2023, the Company's revenues from Data Center & Information Technology Infrastructure Business were 198.16 million Baht and 131.82 million Baht, respectively. The corresponding gross profits were 30.85 million Baht and 15.22 million Baht respectively. The Company's revenue and profit from the business decreased from last year. This was mainly due to the overall project value delivered in the Q3/2022 was greater than those in the Q3/2023. The revenue recognition in this quarter mainly derived from projects, namely, the Counting and Testing the Quality of Duct project, the Facility (M&E) system with service installation for TELLUS2 project, etc.

Telecommunications and Transportation Infrastructure Business

For the three-month periods ended 30 September 2022 and 2023, the Company's revenues from Telecommunications and Transportation Infrastructure Business were 155.11 million Baht and 84.10 million Baht, respectively. The corresponding gross profits were 14.24 million Baht and 36.75 million Baht, respectively. The Company's revenue from the business decreased while gross profit from such business increased from the same period last year. This was mainly due to the increase of project cost estimates due to higher material cost and transportation cost in Q3/2022, which affected directly to the gross profit margin.

Maintenance and Service Business

For the three-month periods ended 30 September 2022 and 2023, the Company's revenues from Maintenance and Service Business were 49.01 million Baht and 72.58 million Baht, respectively. The corresponding gross profits were 20.41 million Baht and 18.76 million Baht, respectively. The Company's revenue from the business increased while gross profit from such business decreased. The revenue recognition in this quarter mainly derived from MA USO I and MA USO II projects, and the personnel provision for the sustainable digital community ecosystem development project activity 1.

Personnel Costs

For the three-month periods ended 30 September 2022 and 2023, the Company's personnel costs were 8.64 million Baht and 9.46 million Baht, respectively. The costs were comprised of the salaries, bonuses, related expenses of the employees, and incentives of Installation and Service Department. The costs increased because an increase in the number of employees of Installation and Service Department from 73 staff in Q3/2022 to 76 staff in Q3/2023.

Distribution Costs

For the three-month periods ended 30 September 2022 and 2023, the Company's distribution costs were 1.08 million Baht and 2.30 million Baht, respectively. The major expense that increased from last year were salary and compensation, and entertainment expenses. This was mainly due to an increase in the number of employees of Sales and Marketing Department from 6 staff in Q3/2022 to 8 staff in Q3/2023. .

Administrative Expenses

For the three-month periods ended 30 September 2022 and 2023, the Company's administrative expenses were 12.35 million Baht and 14.45 million Baht, respectively. The main expenses were the compensations for administrative employees such as salaries, bonuses, remuneration for the executive committee and other employees' benefits. Major expenses that increased from last year were write-off other current receivables; while the major expenses that decreased from last year were remuneration for the executive committee.

Finance Costs

For the three-month periods ended 30 September 2022 and 2023, the Company's finance costs were 0.12 million Baht and 4.07 million Baht, respectively. The major costs were interest expenses from loans from a financial institution. As of 30 September 2023, the Company had short-term loans from a financial institution amounted to 173.69 million Baht, and long-term loans from a financial institution amounted to 185.54 million Baht.

Please be informed accordingly.

Yours sincerely,

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(Mr. Sakbaworn Pukkanasut)
Managing Director