



(Translation)

LTO-2024-0028

21 February 2024

Subject: Submission of the Management Discussion and Analysis based on  
the Financial Statements for the year 2023 ended 31 December 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. 1/2024 on 21 February 2024. The Meeting approved the financial statements for the year 2023 ended 31 December 2023, which were audited by the Company’s auditor.

We would like to submit the Management Discussion and Analysis based on the financial statements for the year 2023 ended 31 December 2023.

Please be informed accordingly.

Sincerely yours,

(Mr. Wirat Rungruangboriboon)

Chief Financial Officer

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**Executive Summary**

The Company performance in 4th quarter of 2023 showed its total revenue at 312.20 million THB categorized into sales and services revenue at 311.52 million THB and other revenues at 0.68 million THB compared to total revenue of 424.78 million THB in the same period of 2022. The decrease in sales and services revenue in this quarter were affected by in the deferral process approving new projects. Its cost of sales and expenses were at 282.96 million THB or 90.63% of total revenue in Q4/2023 and at 371.19 million THB or 87.38% of total revenue in Q4/2022. In term of net profit, it was equivalent to 22.77 million THB or 7.29% of total revenue in Q4/2023 compared with the same period of last year, which was equivalent to 42.81 million THB showing a decrease by 20.04 million THB, accounted for 46.81%.

Overall, there are main contracts awarded to the company in 2023 as follows the contract with Export-Import Bank of Thailand for engaging a service provider to develop Core Banking with the total project value of 447.33 million THB for which the Company acts as a Lead Firm with the work proportion at 55.71% of total project in the amount of 249.21 million THB, the contract with National Telecom Public Company Limited for Procurement of 4G/5G Mobile Network Equipment on the 700 MHz Band with the total project value of 681.80 million THB with the work proportion at 40% of total project equivalent to 272.72 million THB, and the contract for sustainable digital community ecosystem development project activity 1 by providing a public internet service center Group 2 : Equipment rental and provision of personnel for 454 digital community centers (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 of the year 2023, the Company reported its total revenue at 1,860.20 million THB comprising of sales and services revenue at 1,858.45 million THB and other revenues at 1.76 million THB reflecting an increase compared to total revenue of 1,443.86 million THB in 2022. Its cost of sales and expenses were at 1,639.56 million THB or 88.14% of total revenue in 2023 and at 1,276.79 million THB or 88.43% of total revenue in 2022. In term of net profit, it was equivalent to 174.83 million THB or 9.40% of total revenue in 2022 when compared with the last year at 132.99 million THB, showing an increase by 41.84 million THB, accounted for 31.46%.

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 1<sup>st</sup> round on March 31, 2022, the 2<sup>nd</sup> on September 30, 2022, the 3<sup>rd</sup> on March 31, 2023 and the final round was completed on November 30, 2023. The company received money from the exercise of warrants totaling of 111.05 million THB, resulting in the total paid-up capital of the company at 336.05 million THB. The money shall be used as working capital to support business operations.

**1. Business Performance Analysis**

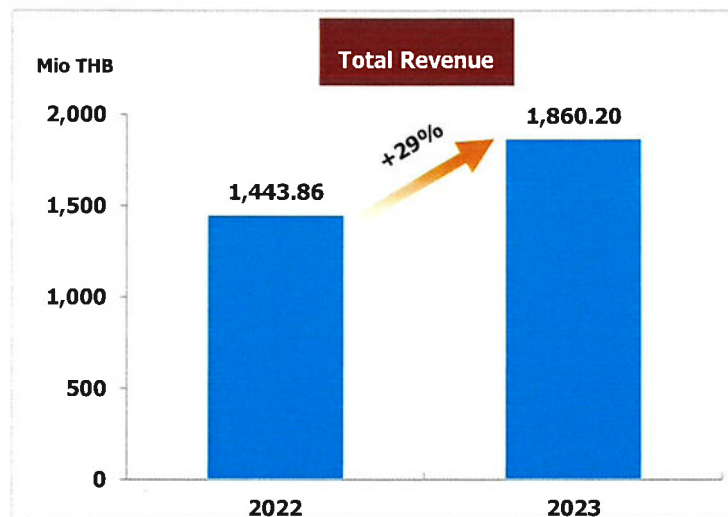
**1.1 Revenue**

For the year 2022 and of 2023 the Company reported its total revenue of 1,443.86 million THB and 1,860.20 million THB respectively with the decrease by 28.83% compared to the same period of last year. The major revenues were recognized from the projects; for instance, Procurement project of 4G/5G Mobile Network Equipment on the 700 MHz Band or “5G project”, the contract for engaging a service provider to develop Core Banking (Deposit Loan and API), the contract for sustainable digital community ecosystem development project activity 1 by providing a public internet service center Group 2 (Digital Community Centers), the contract for Maintenance service of Equipment and Optical Fiber Cable from The National Broadcasting and Telecommunication Commission in the border village of Zone C+ or “MA USO project” Equipment rental and personnel recruitment for 454 digital community centers and Expansion Project for DWDM Network Capacity Expansion from Central Area to Submarine Station (CLS2), etc.

Type	Consolidated		Consolidated	
	2022		2023	
	MB	MB	MB	%
1. Sales Revenue	1,443.01	99.94	1,858.45	99.91
2. Other Revenue*	0.85	0.06	1.75	0.09
<b>Total</b>	<b>1,443.86</b>	<b>100.00</b>	<b>1,860.20</b>	<b>100.00</b>

Remarks \*Other Revenue comprises of interest income, etc.

Total revenue can be categorized into sales revenue, whereby in 2022 and 2023, sales revenue was accounted for 99.94% and 99.91% of total revenue, respectively.

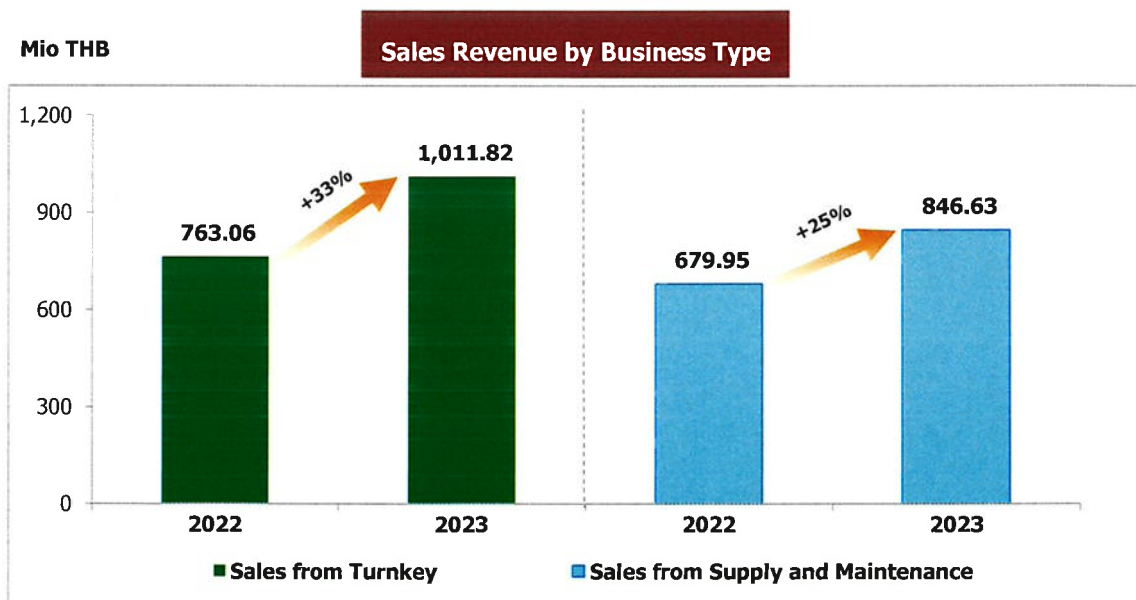


**Sales and Services Revenue**

Sales and Services revenue in 2022 and 2023 consisted of turnkey business including telecommunication system, supply and maintenance.

Type	Consolidated		Consolidated	
	2022		2023	
	MB	%	MB	%
<b>Sales Revenue</b>				
<b>Sales Revenue from Turnkey Business</b>	<b>763.06</b>	<b>52.88</b>	<b>1,011.82</b>	<b>54.44</b>
- Sales Revenue from Telecommunication System	763.06	52.88	1,011.82	54.44
<b>Sales Revenue from Supply Service and Maintenance</b>	<b>679.95</b>	<b>47.12</b>	<b>846.63</b>	<b>45.56</b>
- Sales Revenue from Supply of Telecommunication System	24.85	1.72	58.35	3.14
- Sales Revenue from Service and Maintenance of Telecommunication System	655.10	45.40	788.28	42.42
<b>Total Sales Revenue</b>	<b>1,443.01</b>	<b>100.00</b>	<b>1,858.45</b>	<b>100.00</b>

In 2023, sales revenue from turnkey business and supply, Service and maintenance were reported at 1,011.82 million THB and 846.63 million THB or proportionately at 54.44% and 45.56% of total sales revenue respectively. Sales revenue from turnkey business showed an increase by 32.60% because revenue was recognized as per plan from major projects. In term of revenue from supply and maintenance, it showed an increase by 24.51% caused from partially recognized service revenue of the contract for sustainable digital community ecosystem development project activity 1 by providing a public internet service center Group 2 (Digital Community Centers)



**Other Revenue**

In 2022 and 2023, the Company reported its other revenue at 0.85 million THB and 1.75 million THB respectively, equivalent to 0.06% and 0.09% of total revenue and the major item was interest income, etc.

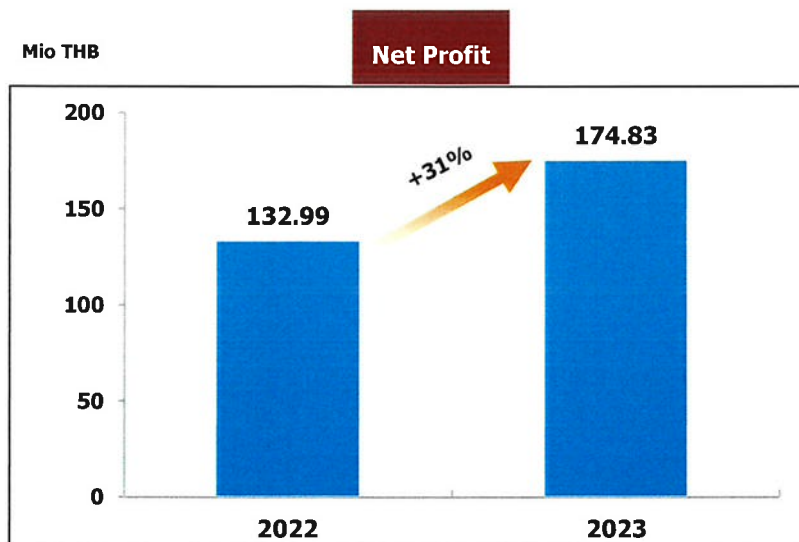
**1.2 Cost of Sales and Expenses**

Major costs of the Company composed of cost of sales, selling expense, administrative expense and interest expense. In 2022 and 2023, the Company showed its cost of sales and expense at 1,276.79 million THB and 1,639.56 million THB respectively, proportionately at 88.43% and 88.14% of total revenue.

CoS and Expenses	Consolidated		Consolidated	
	2022		2023	
	MB	%	MB	%
Cost of Sales	1,188.78	82.33	1,542.46	82.92
Selling Expense	32.13	2.23	35.86	1.93
Administrative Expense	54.90	3.80	60.12	3.23
Finance Cost	0.98	0.07	1.12	0.06
<b>Total CoS and Expenses</b>	<b>1,276.79</b>	<b>88.43</b>	<b>1,639.56</b>	<b>88.14</b>
<b>Total Revenue</b>	<b>1,443.86</b>	<b>100.00</b>	<b>1,860.20</b>	<b>100.00</b>

**1.3 Net Profit**

As a result of overall business performance, the Company reported its net profit for 2022 and 2023 at 132.99 million THB and 174.83 million THB respectively, accounted for 9.21% and 9.40% of total revenue.



## 2 Financial Status

### 2.1 Assets

At the end of 2022 and of 2023, the Company reported their total assets of 1,363.67 million THB and 2,116.18 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 2023 proportionately at 8.25%, 34.30%, 20.19% and 28.66% of total assets. Total current assets are accounted for 88.05% for the year end 2022 and 64.02% for 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 1,759.61 million THB equivalent to 83.15% of total assets at the end of 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. The increase in assets for leases are from Digital Community Centers Project that adopts a rental business model. This is considered a new approach for the company.

### 2.2 Sources of Fund

#### Liabilities

The Company reported their total liabilities at 540.30 million THB at the end of 2022 and 1,220.09 million THB at the end of 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 2023 of 69.53% and 73.66% 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 31 Dec 2023	
	MB	%	MB	%
Trade payables	206.98	92.45	364.68	93.34
Other current payables	1.10	0.49	0.48	0.12
Trade payables – retention	1.15	0.51	0.36	0.10
Accrued expenses	14.67	6.55	25.18	6.44
<b>Total</b>	<b>223.90</b>	<b>100.00</b>	<b>390.70</b>	<b>100.00</b>

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 2023 of 92.45% and 93.34% respectively.

Most of the liabilities were current liabilities with its proportion as at 2022 and at 2023 at 75.73% and 74.99% of total liabilities respectively.

### **Shareholders' Equity**

The shareholders' equity was in the amount of 799.70 million THB at the year end of 2022 and amount of 872.63 million THB at the end of 2023 which has increased from exercising the warrant (ICN-W1) in the amount of 54.18 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 236.72 million THB.

### **Funding Structure**

D/E ratio of the Company was at 0.68 and 1.40 at the end of 2022 and of 2023 respectively. And the 2023 D/E ratio without contract liabilities amounting to 355.85 million THB of the Company was at 0.99.