



(Translation)

LTO-2024-0074

9 May 2024

Subject: Submission of the Management Discussion and Analysis based on the Interim Financial Statements for the Three-Month period ended 31 March 2024

Attention: The President of the Stock Exchange of Thailand

Information and communication Networks Public Company limited ( " Company" ) held the Board of Directors' Meeting No. 2/2024 on 9 May 2024. The Meeting approved the interim financial statements for the three-month period ended 31 March 2024, 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 2024 period ended 31 March 2024.

Please be informed accordingly.

Sincerely yours,

( Mr. Wirat Rungruangboriboon )

Chief Financial Officer

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**Executive Summary**

In the 1<sup>st</sup> quarter of 2024, the overall economic situation in Thailand remains stagnant. The fiscal budget approval in 2024 had been delayed. These cause a significant slowdown impact on government investment. However, the Company has been monitoring the situation and adopted any plausible approaches to handle these situations.

Considering the performance in the first quarter of 2024, the company continues to recognize income from projects that are currently in progress. The Company reported its total revenue at 260.14 million THB categorized into sale revenue at 259.95 million THB and other revenues at 0.19 million THB compared to total revenue of 417.01 million THB in the same period of 2023. Its cost of sales and expenses were at 232.51 million THB or 89.38% of total revenue in Q1/2024 and at 377.46 million THB or 90.52% of total revenue in Q1/2023. In term of net profit, it was equivalent to 21.55 million THB or 8.28 % of total revenue in Q1/2024 showing a decrease by 9.91 million THB, accounted for 31.50% when compared with the same period of last year equivalent to 31.46 million THB or 7.54% of total revenue in comparison to the previous year. In terms of new projects, it is under consideration by the customer.

**1. Business Performance Analysis**

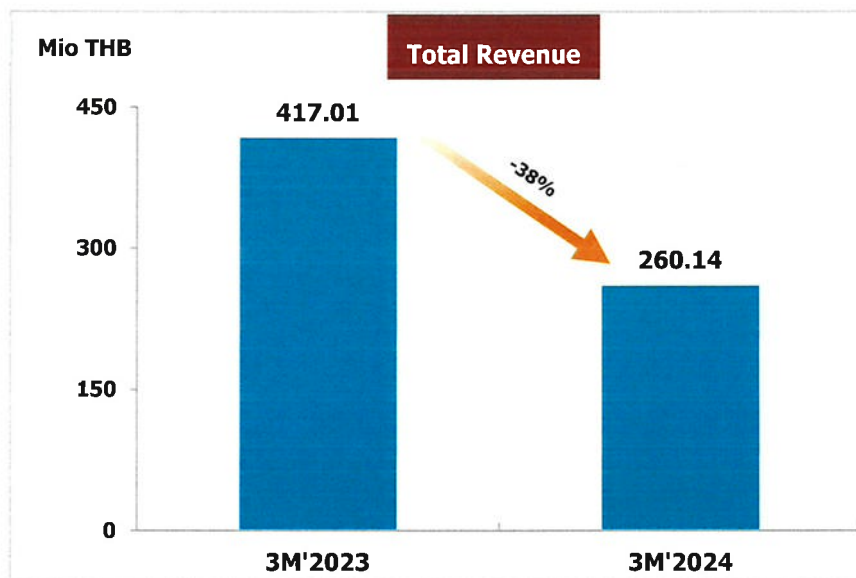
**1.1 Revenue**

For the first three months of 2023 and of 2024 the Company reported its total revenue of 417.01 million THB and 260.14 million THB respectively with the decrease by 37.62% compared to the same period of last year. Major revenues were recognized from the projects; for instance, 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), or High-Speed Internet Service Project in Remote Area (Zone C) etc.

Type	Consolidated		Consolidated	
	Jan. - Mar. 2023		Jan. - Mar. 2024	
	MB	%	MB	%
1. Sales Revenue	416.68	99.92	259.95	99.93
2. Other Revenue*	0.33	0.08	0.19	0.07
<b>Total</b>	<b>417.01</b>	<b>100.00</b>	<b>260.14</b>	<b>100.00</b>

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

Total revenue can be categorized into sales revenue and other revenue, whereby the first three months of 2023 and 2024, sales revenue was accounted for 99.92% and 99.93% of total revenue and other revenue was equivalent to 0.08% and 0.07% respectively.

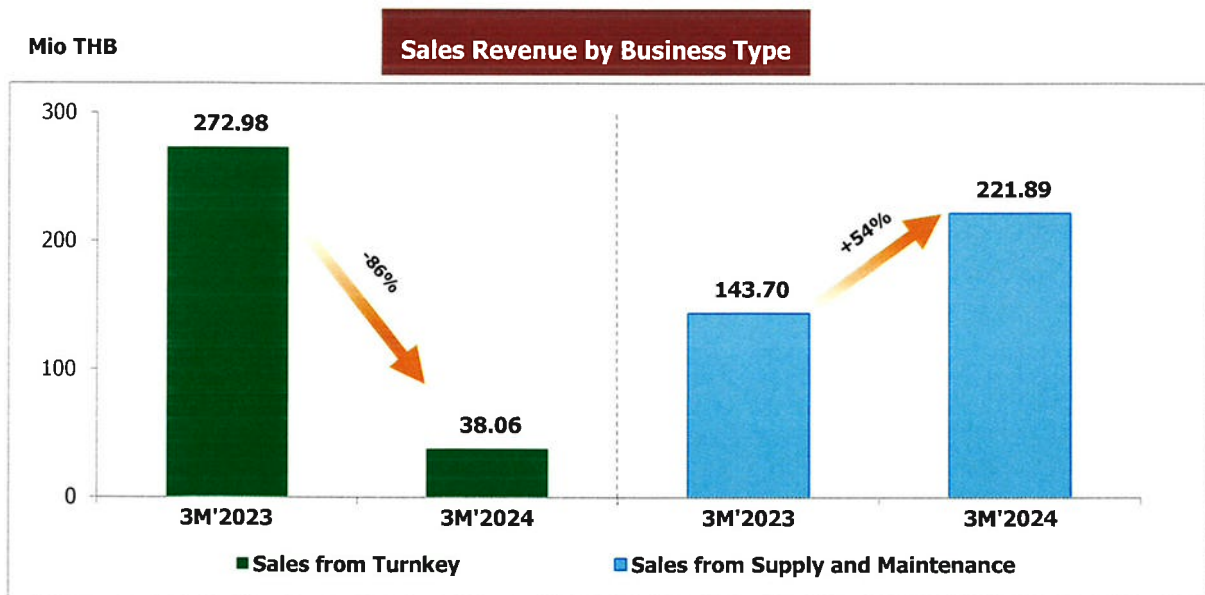


**Sales Revenue**

Sales revenue in the first three months of 2024 consisted of turnkey business including telecommunication system, supply and maintenance.

Type	Consolidated		Consolidated	
	Jan. - Mar. 2023		Jan. - Mar. 2024	
	MB	MB	MB	%
<b>Sales Revenue</b>				
<b>Sales Revenue from Turnkey Business</b>	<b>272.98</b>	<b>272.98</b>	<b>38.06</b>	<b>14.64</b>
- Sales Revenue from Telecommunication System	272.98	272.98	38.06	14.64
<b>Sales Revenue from Supply Service and Maintenance</b>	<b>143.70</b>	<b>143.70</b>	<b>221.89</b>	<b>85.36</b>
- Sales Revenue from Supply of Telecommunication System	0.03	0.03	16.09	6.19
- Sales Revenue from Service and Maintenance of Telecommunication System	143.67	143.67	205.80	79.17
<b>Total Sales Revenue</b>	<b>416.68</b>	<b>416.68</b>	<b>259.95</b>	<b>100.00</b>

In the first three months of 2024, sales revenue from turnkey business and supply and maintenance were reported at 38.06 million THB and 221.89 million THB or proportionately at 14.64% and 85.36% of total sales revenue respectively. Sales revenue from turnkey business showed decrease by 86.06% in comparison to the same period of previous year because certain major projects have been deferred. In term of revenue from supply and maintenance, it showed increase by 54.41% because the project bases for service have been expanded in comparison to the same period of previous year.



**Other Revenue**

In the first three months of 2023 and 2024, the Company reported its other revenue at 0.33 million THB and 0.19 million THB respectively, equivalent to 0.08% and 0.07% of total revenue and the major item was interest income, etc.

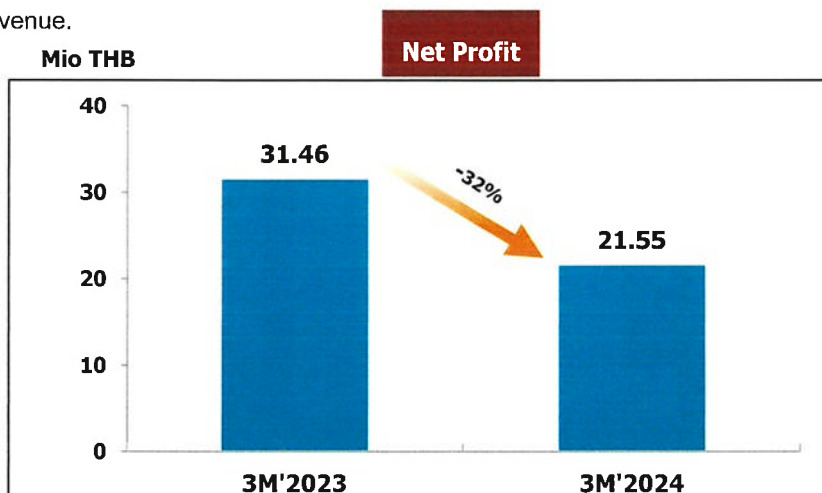
**1.2 Cost of Sales and Expenses**

Major costs of the Company composed of cost of sales, selling expense, administrative expense and interest expense. In the first three months of 2023 and 2024, the Company showed its cost of sales and expense at 377.46 million THB and 232.50 million THB respectively, proportionately at 90.52% and 89.37% of total revenue.

CoS and Expenses	Consolidated		Consolidated	
	Jan. - Mar. 2023		Jan. - Mar. 2024	
	MB	MB	MB	%
Cost of Sales	354.03	84.90	210.31	80.84
Selling Expense	9.07	2.18	7.23	2.78
Administrative Expense	14.11	3.38	14.50	5.57
Finance Cost	0.25	0.06	0.46	0.18
<b>Total CoS and Expenses</b>	<b>377.46</b>	<b>90.52</b>	<b>232.50</b>	<b>89.37</b>
<b>Total Revenue</b>	<b>417.01</b>	<b>100.00</b>	<b>260.14</b>	<b>100.00</b>

**1.3 Net Profit**

As a result of overall business performance, the Company reported its net profit for the first three months of 2023 and 2024 at 31.46 million THB and 21.55 million THB respectively, accounted for 7.54% and 8.28% of total revenue.



**2 Financial Status**

**2.1 Assets**

At the end of 2023 and of Q1/2024, the Company reported their total assets of 2,116.18 million THB and 1,948.81 million THB respectively. The major asset items are cash and cash equivalents, trade and other current receivables, and contract assets and assets for leased at the end of 2023, proportionately at 8.25%, 34.30%, 20.19% and 28.66% of total assets respectively and at the end of Q1/2024 proportionately at 5.54%, 36.65% and 19.10% and 29.21% of total assets. Total current assets are accounted for 64.02% for the year end 2023 and 64.41% for Q1/2024 to total assets.

With reference to the major asset items, a significant portion remained at trade and other current receivables and contract assets, which reached at 1,759.61 million THB equivalent to 83.15% of total assets at the end of 2023 and reached at 1,655.60 million THB equivalent to 84.95% of total assets at the end of Q1/2024. The decrease in the Company's main assets in the first quarter of 2024 came from the gradual revenue recognition following the handover of assets leases in related project, contract assets that can be billed gradually according to work periods, and receiving payments from trade receivables from various projects completed.

**2.2 Sources of Fund**

**Liabilities**

The Company reported their total liabilities at 1,220.09 million THB at the end of 2023 and 1,031.18 million THB at the end of Q1/2024 and the major items are short-term loans, trade and other current payables, contract liabilities and loans from financial institutions with the proportion in 2023 and in Q1/2024 of 74.66% and 76.69% 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 2023		As at 31 Mar 2024	
	MB	%	MB	%
Trade Payables	364.68	93.34	303.67	95.90
Other Current Payables	0.48	0.12	0.79	0.25
Trade Payables - Retention	0.36	0.10	0.38	0.12
Accrued Expenses	25.18	6.44	11.81	3.73
<b>Total Trade and Other Payables</b>	<b>390.70</b>	<b>100.00</b>	<b>316.65</b>	<b>100.00</b>

The major trade and other current payables were trade payables, mostly for equipment, service and sub-contractor costs in projects.

Most of the liabilities were current liabilities with its proportion as at 2023 and at Q1/2024 at 74.99% and 77.70% of total liabilities respectively.

#### **Shareholders' Equity**

The shareholders' equity was in the amount of 872.63 million THB at the year end of 2023 and amount of 893.95 million THB at the end of Q1/2024 which has increased from 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 258.04 million THB.

#### **Funding Structure**

D/E ratio of the Company was at 1.40 and 1.15 at the end of 2023 and of Q1/2024 respectively.