

AIT (VP-SEC) 017E/2024

8 August 2024

Subject: Management's Discussion and Analysis of Operating Results for Q2-2024

To: The President of the Stock Exchange of Thailand

Summary of Operations Q1-2024

| Topic | Balance by Quarter | | | Change | | | |
|--------------------------|--------------------|---------|---------|----------------|------|----------------|------|
| | Q2-24 | Q1-24 | Q2-23 | Q2-24 VS Q1-24 | | Q2-24 VS Q2-23 | |
| | (Million Baht: MB) | | | (MB) | % | (MB) | % |
| Total revenue | 1,866.9 | 1,684.4 | 1,703.0 | 182.5 | 10.8 | 163.9 | 9.6 |
| Total operating expenses | 1,698.2 | 1,522.1 | 1,554.5 | 176.1 | 11.6 | 143.7 | 9.2 |
| Profit for the period | 138.7 | 132.6 | 123.0 | 6.1 | 4.6 | 15.7 | 12.8 |

Overall in the Q2–2024, the Company's total revenue and total operating expenses increased from Q1–2024 and Q2–2023 with the increased rate of the total income and the total expenses being at a similar rate. However, the increased rate of the total expenses in Q2–2024 is higher than the increased rate of the total income compared to Q1–2024. This is because gross margin of the delivered projects in Q2-2024 decreased due to the competition in ICT industry. In addition, the budget for ICT projects from the government is quite limited. The large projects delivered in the Q2–2024 such as the Construction project to renovate a deteriorated power station Bang Samak Power Station in Chachoengsao Province of the Provincial Electricity Authority, the Construction project to improve the electricity distribution system to underground cables in Sisaket Province of the Provincial Electricity Authority, the High-speed network telecommunications service project (Broadband) in the area of the 80th Anniversary Chalermprakiat Government Complex of National Telecom Public Company Limited, the Equipment procurement project to increase efficiency in usability and management of internet network users and electronic mail intrusion prevention devices of the Social Security Office and the Maintenance project of the information and communication technology of the Office of the Secretary of the House of Representatives, etc.

In Q2-2023, the change rate in net profit compared to Q1-2024 was 4.6%. It was lower than the change rate in revenue which was 10.8%, due to the decrease in gross profit margin of delivered projects in Q2–2024. While in Q2-2024 the changes rate in net profit compared to Q2-2024 was 12.8%. It was higher than the change rate in revenue which was 9.6%. This is because the increase in revenue from higher value and larger number of projects in Q2–2024 can cover more fixed costs.

Operating Results and Capabilities to Make Profit

Performance from revenues, costs and expenses which has significant impact on Q2–2024, can be shown in the following table:

| Topic | Balance by Quarter | | | Change | | | |
|--------------------------------|--------------------|---------|---------|----------------|-------|----------------|------|
| | Q2-24 | Q1-24 | Q2-23 | Q2-24 VS Q1-24 | | Q2-24 VS Q2-23 | |
| | (MB) | | | (MB) | % | (MB) | % |
| Revenue from sales and service | 1,769.3 | 1,583.0 | 1,611.2 | 186.3 | 11.8 | 158.1 | 9.8 |
| Cost of sales and service | 1,473.3 | 1,301.2 | 1,348.2 | 172.1 | 13.2 | 125.1 | 9.3 |
| Administrative expenses | 99.9 | 105.4 | 80.8 | (5.5) | (5.2) | 19.1 | 23.6 |

Revenue from sales and service

Revenue from sales and services in the Q2–2024 increased from the Q1–2024 in the amount of 186.3 MB, or an increase by 11.8% and also increased from the Q2–2023 in the amount of 158.1 MB, or an increase by 9.8%. This is because the number of delivered project, especially projects with a value of 20 million baht or more in Q2–2024, was higher project than those in Q1–2024 and Q2–2023.

Cost of sales and service

Cost of sales and service in the Q2–2024 increased from the Q1–2024 in the amount of 172.1 MB, or an increase by 13.2% and also increased from the Q2–2023 in the amount of 125.1 MB, or an increase by 9.3%. The increase of cost of sales and service is in line with increased revenue in the Q2–2024. In addition, the cost of recognized projects in the Q2–2024 increased.

Administrative expenses

Administrative expenses in Q2–2024 increased from Q2–2023 in the amount of 19.1 MB, or an increase by 23.6% due to the increased employee costs and the losses from impairment of financial assets (receivables) in the Q2–2024

Financial Analysis of the Company

As of June 30, 2024, the Company has financial position that changed from its financial status as of December 31, 2023. The changes are described as follows:

| Assets Items that has significant changes | Balance by Quarter | | Change | |
|--|--------------------|---------|----------------|--------|
| | Q2–24 | Q4–23 | Q2–24 VS Q4–23 | |
| | (MB) | | (MB) | % |
| Cash and cash equivalents | 1,582.2 | 1,952.2 | (370.0) | (19.0) |
| Trade and other receivables | 2,067.4 | 1,960.3 | 107.1 | 5.5 |
| Contract assets | 1,379.7 | 905.4 | 474.3 | 52.4 |

| Assets Items that has significant changes | Balance by Quarter | | Change | |
|--|--------------------|---------|----------------|--------|
| | Q2-24 | Q4-23 | Q2-24 VS Q4-23 | |
| | (MB) | | (MB) | % |
| Inventories | 550.7 | 720.5 | (169.8) | (23.6) |
| Other current assets | 224.5 | 269.2 | (44.7) | (16.6) |
| Total assets | 6,576.9 | 6,581.5 | (4.6) | (0.1) |

Assets

As of June 30, 2024, the Company's total assets decreased by 4.6 MB or 0.1% from 31 December 2023. The decrease in total Assets is from the following major changes:

Cash and cash equivalents decreased by 370.0 MB, representing a decrease of 19.0% mainly due to payments to the trade payables and not yet received payment from the trade receivables. In addition, the use of cash flow from investment in the contract assets or the accrued revenue from recognized project according to proportion to completion of work but has not yet reached the criteria for issuing invoices to collect money from customers in the Q2-2024

Trade and other receivables increased by 107.1 MB, representing an increase of 5.5%. This is mainly because in Q2-2024, the Company has not received money from trade receivables due to delays in the delivery and the amendment of additional contracts before payment of the government sector.

Contract assets increased by 474.3 MB, representing an increase of 52.4%. This is mainly because the Company has projects that have been completed but have not yet been invoiced according to the contract. In addition, the retention receivables also increased from the Q4-2023.

Inventories decreased by 169.8 MB, representing a decrease of 23.6% mainly because the projects delivery in Q2-2024 reduced the number of ongoing projects.

Other current assets decreased by 44.7 MB, representing a decrease of 16.6% mainly due to a decreased in maintenance in prepaid projects recognized as expenses during the six months of 2024 according to the maintenance period.

| Liabilities Items that has significant changes | Balance by Quarter | | Change | |
|---|--------------------|-------|----------------|--------|
| | Q2-24 | Q4-23 | Q2-24 VS Q4-23 | |
| | (MB) | | (MB) | % |
| Trade and other payables | 886.3 | 982.9 | (96.6) | (9.8) |
| Unbilled payables | 761.2 | 713.5 | 47.7 | 6.7 |
| Contract liabilities | 291.3 | 325.5 | (34.2) | (10.5) |
| Other current liabilities | 61.1 | 116.8 | (55.7) | (47.7) |

| Liabilities Items that has significant changes | Balance by Quarter | | Change | |
|--|--------------------|---------|----------------|--------|
| | Q2-24 | Q4-23 | Q2-24 VS Q4-23 | |
| | (MB) | | (MB) | % |
| Liabilities under financial arrangement agreement – net of current portion | 32.4 | 70.2 | (37.8) | (53.9) |
| Total Liabilities | 2,374.2 | 2,528.2 | (154.0) | (6.1) |

Liabilities

As of June 30, 2024, the Company's total liabilities decreased by 154.0 MB or 6.1% from December 31, 2023, the reasons for major changes are as follows:

Trade and other payables decreased by 96.6 MB, representing a decrease of 9.8%. mainly due to payment of trade payables according to due credit terms.

Unbilled payables increased by 47.7 MB, representing an increase of 6.7%. This is because in June 2024, the Company delivered several large projects, resulting in increased project costs that had not yet been invoiced to suppliers.

Contract liabilities decreased by 34.2 MB, representing a decrease of 10.5%. This is because revenue from projects that received advance payments was recognized based on the completion of the work during in the six-months period of 2024.

Other current liabilities decreased by 55.7 MB, representing a decrease of 47.7% mainly due to a decrease in withholding tax that occurred in December 2023 that those was remitted in January 2024 and a decrease in revenue payables from VAT remittance in June 2024 compared to December 2023.

Liabilities under financial arrangement agreement –net of current portion decreased by 37.8 MB, representing a decrease of 53.9% according to the repayment due date of debt under the financial lease agreement.

Shareholders' Equity

As of June 30, 2024, the Company had total equity increased by 149.4 MB, representing an increase of 3.7% as of December 31, 2023. The increase in total Assets comes from the following major changes:

| Shareholders' equity Items that has significant changes | Balance by Quarter | | Change | |
|--|--------------------|---------|----------------|-----|
| | Q2-24 | Q4-23 | Q2-24 VS Q4-23 | |
| | (MB) | | (MB) | % |
| Share capital Registered | 1,536.4 | 1,464.7 | 71.7 | 4.9 |
| Share premium | 808.2 | 736.5 | 71.7 | 9.7 |
| Retained earnings – Unappropriated | 1,702.1 | 1,692.0 | 10.1 | 0.6 |
| Total shareholders' equity | 4,202.7 | 4,053.3 | 149.4 | 3.7 |



Share capital Registered increased by 71.7 MB, representing an increase of 4.9% and Share premium increased by 71.7 MB, representing an increase of 9.7% because the Company received share capital from exercising warrants in the amount of 2.7 million share in December 2023 and 69.0 million share in January 2024 at a price of 2 baht per share with a par value of 1 baht per share. As a result, the capital registered and share premium increased in Q2-2024.

Retained earnings – Unappropriated increased by 10.1 MB, representing an increase of 0.6% due to operating profit for the six-months period of 2024 deduction with the dividend payment for the year 2023 in Q2-2024.

Sincerely yours,

(Ms. Sarin Chandranipapongse)

Company Secretary

Authorized signature on behalf of the Company