



AIT (VP-SEC) 027E/2024

7 November 2024

Subject: Management’s Discussion and Analysis of Operating Results for Q3-2024

To: The President of the Stock Exchange of Thailand

**Summary of Operations Q3-2024**

	Balance by Quarter			Change			
	Q3-24	Q2-24	Q3-23	Q3-24 VS Q2-24		Q3-24 VS Q3-23	
	(Million Baht: MB)			(MB)	%	(MB)	%
Total revenue	1,926.4	1,866.9	1,704.9	59.5	3.2	221.5	13.0
Total operating expenses	1,738.9	1,698.2	1,551.9	40.7	2.4	187.0	12.0
Profit for the period	151.0	138.7	122.1	12.3	8.9	28.9	23.7

Overall, in the Q3–2024, the Company’s total revenue and total operating expenses slightly increased from Q2–2024 and significantly increased from Q3–2023. This is because the number of delivered projects in Q3–2024 has increased, especially those with delivery values of 10 million baht or higher. The large projects delivered in the Q3–2024 such as the Project to enhance efficiency and expand government platform services to support compliance with the Personal Data Protection Act of the Office of the Personal Data Protection Commission, the maintenance Project of information technology and communication of the Office of the Secretary of the House of Representatives, the telecommunication services via high-speed network (Broadband) Project in the area of the 80th Anniversary Chalemprakiat Government Complex of National Telecom Public Company Limited, the Upgrade Core MPLS Trading Project of National Telecom Public Company Limited and the Project to enhance the efficiency of proactive detection and prevention of cyber threats using traps and baits of the National Cyber Security Agency, etc.

Total operating expenses and profit in Q3–2024 have changed in line with the same direction, and the rate is also similar to the increase and decrease in revenue. When compared to the increase rate in the total operating expenses in Q3–2024, it found that those increased at a rate less than the increase rate in revenue. This is because, the gross profit margin of the delivered projects in Q3–2024 are higher than other quarters. In addition, the increased



revenue can cover more fixed expenses. As a result, the profit in Q3–2024 increased at a higher rate than the increase rate in revenue compared to profit in Q2–2024 and Q3–2023.

### Operating Results and Capabilities to Make Profit

Performance from revenues, costs and expenses which has significant impact on Q3–2024, can be shown in the following table:

	Balance by Quarter			Change			
	Q3-24	Q2-24	Q3-23	Q3-24 VS Q2-24		Q3-24 VS Q3-23	
	(MB)			(MB)	%	(MB)	%
Revenue from sales and service	1,846.1	1,769.3	1,598.5	76.8	4.3	247.6	15.5
Other income	9.7	21.3	25.5	(11.6)	(54.5)	(15.8)	(62.0)
Cost of sales and service	1,500.3	1,473.3	1,343.3	27.0	1.8	157.0	11.7
Cost of equipment for lease	43.0	35.3	35.3	7.7	21.8	7.7	21.8
Administrative expenses	98.5	99.9	82.9	(1.4)	(1.4)	15.6	18.8
Income tax expenses	43.0	36.4	31.4	6.6	18.1	11.6	36.9

#### Revenue from sales and service

The Company's revenue from sales and services is mainly customers from the public sector and state enterprise. The revenue in Q3–2024 increased from Q3–2023. This is because in Q3–2024, the number of delivered and revenue recognized projects is greater than those in Q3–2023.

#### Other income

Other income in Q3–2024 decreased from Q2–2024 and Q3–2023 due to the decrease in revenue from sale promotion in Q3–2024

#### Cost of sales and service

Cost of sales and service in Q3–2024 increased from Q2–2024 by 27.0 MB or representing an increase of 1.8% and increased from Q3–2023 by 157.0 MB or representing an increase of 11.7% that those increase in line with the increased revenue in Q3–2024. The increase rate in cost of sales and services was less than the increase rate in revenue because the projects recognized in Q3–2024 had higher gross profit margins.



**Cost of equipment for lease**

Cost of equipment for lease in Q3–2024 increased from Q2–2024 and Q3–2023. This is because in Q3–2024, there were new lease equipment contracts with higher costs, resulting in a decrease in gross profit margins.

**Administrative expenses**

Administrative expenses in Q3–2024 increased from Q3–2023 by 15.6 MB or representing an increase of 18.8%. This is because in Q3–2024, those expenses increased in line with increased revenue and also had increased employee expenses.

**Income tax expenses**

Income tax expenses in Q3–2024 increased from Q3–2023 by 11.6 MB or representing an increase of 36.9% due to the increase in revenue in Q3–2024, it can cover more fixed costs. In addition, the delivered projects in Q3–2024 have an increase in gross profit margins. As a result, the increase rate in income tax expenses was higher than the increase rate in revenue and the income tax expense for Q3–2024 was higher than Q3–2023.

**Financial Analysis of the Company**

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

Assets Items that have significant changes	Balance by Quarter		Change	
	Q3–24	Q4–23	Q3–24 VS Q4–23	
	(MB)		(MB)	%
Contract assets	1,509.6	905.4	604.2	66.7
Inventories	592.0	720.5	(128.5)	(17.8)
Other current assets	166.4	269.2	(102.8)	(38.2)
Equipment for lease	361.8	300.5	61.3	20.4
Total assets	6,886.5	6,581.5	305.0	4.6

**Assets**

As of September 30, 2024, the Company’s total assets increased by 305.0 MB or 4.6% from 31 December 2023. The decrease in total Assets is from the following major changes:

Contract assets increased by 604.2 MB, representing an increase of 66.7%. This is mainly due to the recognition of the projects that have been completed but have not yet been invoiced to customers in Q3–2024.



Inventories decreased by 128.5 MB, representing a decrease of 17.8% mainly due to the project delivery in Q3–2024, the remaining inventory from ongoing projects decreased.

Other current assets decreased by 102.8 MB, representing a decrease of 38.2% mainly due to a decrease in maintenance in prepaid projects recognized as expenses during the nine months of 2024 according to the maintenance period. In addition, some maintenance service orders have installment payment terms, resulting in a decrease in advance expenses.

Equipment for lease increased by 61.3 MB, representing an increase of 20.4% mainly due to investment in equipment for lease projects deduction with depreciation of equipment for lease in the nine months period of 2024.

Liabilities Items that have significant changes	Balance by Quarter		Change	
	Q3–24	Q4–23	Q3–24 VS Q4–23	
	(ล้านบาท)		(ล้านบาท)	%
Trade and other payables	1,192.8	982.9	209.9	21.4
Unbilled payables	790.2	713.5	76.7	10.7
Current portion of liabilities under financial arrangement agreements	43.2	54.4	(11.2)	(20.6)
Income tax payable	11.4	27.0	(15.6)	(57.8)
Provision for penalty on projects delay	113.6	88.7	24.9	28.1
Other current liabilities	101.2	116.8	(15.6)	(13.4)
Liabilities under financial arrangement agreement – net of current portion	29.7	70.2	(40.5)	(57.7)
<b>Total Liabilities</b>	<b>2,763.2</b>	<b>2,528.2</b>	<b>235.0</b>	<b>9.3</b>

#### Liabilities

As of September 30, 2024, the Company's total liabilities increased by 253.0 MB or 9.3% from December 31, 2023, the reasons for major changes are as follows:

Trade and other payables increased by 209.9 MB, representing a decrease of 21.4%. This is because in Q3–2024, the Company has invested significantly in projects which in line with increased revenue and has delivered



projects for which suppliers sent invoices, but payment was not due in accordance with credit terms, resulting in an increase in trade payables.

Unbilled payables increased by 76.7 MB, representing an increase of 10.7%. This is because in Q3–2024, the Company delivered quite several projects which in line with increased revenue without receiving invoices from suppliers, resulting in an increase in outstanding costs.

Liabilities under financial arrangement agreement, both the portion due within one year and the net of current portion decreased by 51.7 MB. This is because during the nine-month period of 2024, the Company has paid the debt under the financial arrangement agreement according to the installments due.

Income tax payable decreased by 15.6 MB, representing a decrease of 57.8%. This is because the Company paid the outstanding income tax for 2023 in Q2–2024 and paid the mid-year income tax for 2024 in Q3–2024

Provision for penalty on projects delay increased by 24.9 MB, representing an increase of 28.1%. This is because in Q3–2024, the company has projects that reserve additional a provision for penalty on projects delay from December 2023.

Other current liabilities decreased by 15.6 MB, representing a decrease of 13.4% mainly due to a decrease in withholding tax that occurred in December 2023 that those were remitted in January 2024 and a decrease in revenue payables from VAT remittance in September 2024 compared to December 2023.

Shareholders' equity Items that have significant changes	Balance by Quarter		Change	
	Q3–24	Q4–23	Q3–24 VS Q4–23	
	(ล้านบาท)		(ล้านบาท)	%
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	1,623.2	1,692.0	(68.8)	(4.1)
Total shareholders' equity	4,123.3	4,053.3	70.0	1.7



### Shareholders' Equity

As of September 30, 2024, the Company had total equity increased by 70.0 MB, representing an increase of 1.7% as of December 31, 2023. The increase in total Assets comes from the following major changes:

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 shares 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 Q3-2024.

Retained earnings – Unappropriated decreased by 68.8 MB, representing a decrease of 4.1% due to the payment of the dividend for 2023 in Q2-2024 and the payment of the interim dividend for 2024 in Q3-2024 deduction with the operating profit for the nine-months period of 2024

Sincerely yours,

(Ms. Sarin Chandranipapongse)

Company Secretary

Authorized signature on behalf of the Company