

No ITNSmai6905-01

11 May 2026

RE: Management Discussion and Analysis for the period of 3 months ended 31 March 2026

To: Director and Manager of the Stock Exchange of Thailand

International Network System Public Company Limited (the "Company") would like to submit a report on the Management's Discussion and Analysis for the period of 3 months ended on 31 March 2026 as follows:

**Summary of operating results for the period of 3 months ended on 31 March 2026**

Business type	Q1/2025		Q1/2026	
	Million Baht	%	Million Baht	%
Revenue from sales and services				
1. Revenue from selling equipment and installation services	90.57	74.62	163.76	85.02
2. Revenue from repair services and maintenance of equipment	28.65	23.61	26.17	13.59
3. Revenue from equipment rental	2.10	1.73	2.56	1.33
<b>Total revenue from sales and services</b>	<b>121.32</b>	<b>99.96</b>	<b>192.49</b>	<b>99.93</b>
Other revenue	0.05	0.04	0.13	0.07
<b>Total revenue</b>	<b>121.37</b>	<b>100.00</b>	<b>192.62</b>	<b>100.00</b>
Cost of sales and services	102.90	84.78	174.40	90.54
<b>Gross profit</b>	<b>18.42</b>	<b>15.18</b>	<b>18.09</b>	<b>9.39</b>
Cost of distribution	6.18	5.09	5.07	2.63
Administrative expenses	5.62	4.63	7.10	3.69
<b>Net profit (loss) before finance cost and corporate income tax</b>	<b>6.67</b>	<b>5.50</b>	<b>6.05</b>	<b>3.14</b>
Profit share in joint venture	0.45	0.37	0.50	0.26
Finance income	0.89	0.73	1.05	0.55
Finance cost	-	-	0.47	0.24
<b>Profit (loss) before corporate income tax</b>	<b>8.01</b>	<b>6.60</b>	<b>7.13</b>	<b>3.70</b>
Corporate income (expense) tax revenue	(1.49)	1.23	1.31	0.68
<b>Net profit (loss) for the period</b>	<b>6.52</b>	<b>5.37</b>	<b>5.82</b>	<b>3.02</b>

For the first quarter of 2026, the Company reported total revenue of Baht 192.62 million, representing an increase of Baht 71.25 million, or 58.70%, compared to the same period of the previous year (YoY). This growth was primarily driven by an increase in project deliveries, as well as the continued recognition of revenue from the Company's project backlog.

However, the Company's net profit amounted to Baht 5.82 million, representing a decrease of 10.74% compared to the same period of the previous year (YoY). The primary reason was the increase in cost of sales and services by Baht 71.50 million, or 69.48%, compared to the same period of the previous year (YoY). This increase was mainly attributable to the delivery of projects with lower profit margins than those in the corresponding period of the previous year, together with higher equipment costs and project-related operating expenses. In addition, administrative expenses increased in line with the Company's business expansion.

The fluctuation in profit margins across each quarter is consistent with the nature of the Company's project-based business, in which profitability may vary depending on the type, size, and terms of the projects recognized in each period. During this period, the Company delivered projects with profit margins lower than the average level, resulting in a decline in the overall profit margin.

Nevertheless, the Company remains confident that its effective cost and expense management strategies will support long-term profitability. The Company expects its operating results to recover and continue growing in the subsequent quarters, driven by the progressive recognition of revenue from its existing project backlog, as well as opportunities to secure additional new projects.

As of the end of the first quarter, the Company maintained an order backlog under execution and pending delivery to customers with an aggregate value of approximately Baht 358 million. This backlog is expected to be progressively recognized as revenue from 2026 through 2032, arising from both project contracts and system maintenance service agreements. Such backlog reflects the continuity and stability of the Company's future revenue stream, as well as customers' ongoing confidence in the Company's operational capabilities.

### **Total revenue**

Business type	Q1/2025		Q1/2026	
	Million Baht	%	Million Baht	%
Revenue from sales and services				
1. Revenue from selling equipment and installation services	90.57	74.62	163.76	85.02
2. Revenue from repair and maintenance services	28.65	23.61	26.17	13.59
3. Revenue from equipment rental	2.10	1.73	2.56	1.33
<b>Total revenue from sales and services</b>	<b>121.32</b>	<b>99.96</b>	<b>192.49</b>	<b>99.93</b>
Other revenue <sup>1</sup>	0.05	0.04	0.13	0.07
<b>Total revenue</b>	<b>121.37</b>	<b>100.00</b>	<b>192.62</b>	<b>100.00</b>

Note :

1. Other revenue consists of Cisco marketing support, profit from exchange rates and income from loan guarantee fee etc.

For the three-month period ended 31 March 2026, the Company's total revenue was Baht 192.62 million, with the majority derived from equipment sales and installation services, accounted for 85.02% of the total revenue; Revenue from post-sale maintenance services accounted for 13.59% of the total revenue; and the remaining revenue was revenue from equipment rental, accounted for 1.33% of the total revenue. However, when considering revenue from sales and services, it is found that the Company had customers in both the government and private sectors, as follows:

Revenue structure	Q1/2025		Q1/2026	
	Million Baht	%	Million Baht	%
Revenue from sales and services				
1. Revenue from government sector	38.26	31.54	165.49	85.97
2. Revenue from private sector	83.06	68.46	27.00	14.03
<b>Total revenue from sales and services</b>	<b>121.32</b>	<b>100.00</b>	<b>192.49</b>	<b>100.00</b>

As shown in the table above, during the first three months of 2026, the majority of the Company's revenue from sales and services was derived from government sector projects. This was primarily attributable

to additional contracts awarded by government agencies in the fourth quarter of 2025, which began to be progressively delivered and recognized as revenue in the current period. As a result, the Company's revenue structure reflected a higher proportion of income from the government sector compared to the same period of the previous year.

### **Revenue from sales and services**

#### **Revenue from selling equipment and installation services**

For the three-month period ended 31 March 2026, the Company's revenue from equipment sales and installation services was Baht 163.76 million, representing an increase of Baht 73.19 million or 80.81% compared to the same period in the previous year. This revenue was derived from both existing and new clients across the public and private sectors, reflecting the Company's ability to maintain its existing client base while expanding to new markets.

As of the end of Q1/2026, the Company had undelivered project work valued at approximately Baht 228.59 million, which is expected to be gradually recognized as revenue in subsequent periods.

#### **Revenue from repair and maintenance services**

For the three-month period ended 31 March 2026, the Company had revenue from repair and maintenance services of Baht 26.17 million, representing a slight decrease of Baht 2.48 million or 8.66% compared to the same period of the previous year.

At the end of Q1/2026, the Company had a contractual value of equipment repair and maintenance services for which the service period had not yet commenced, of approximately Baht 129.23 million. Revenue from these contracts will be recognized on a straight-line basis over the service period, from 2026 to 2032.

#### **Revenue from equipment rental**

For the three-month period ended 31 March 2026, the Company's revenue from equipment rental was Baht 2.56 million, which is an increase of Baht 0.46 million or 21.90% compared to the same period of the previous year.

At the end of Q1/2026, the Company had a contractual value of equipment rental, for which the rental period had not yet commenced, of approximately Baht 2.00 million. Revenue from these contracts will be recognized on a straight-line basis over the rental period, from 2026 to 2027.

### **Cost of sales and services and gross profit**

Cost of sales and services and gross profit	Q1/2025		Q1/2026	
	Million Baht	%	Million Baht	%
Revenue from sales and services	121.32	100.00	192.49	100.00
Cost of sales and services	102.90	84.82	174.40	90.60
<b>Gross profit</b>	<b>18.42</b>	<b>15.18</b>	<b>18.09</b>	<b>9.40</b>

For the three-month period ended 31 March 2026, the Company's cost of sales and services was Baht 174.40 million, accounting for 90.60% of total revenue from sales and services, which increased by Baht 71.50 million or 69.48% compared to the same period in the previous year. Such increase was in line with the growth in revenue from sales and services during the period.

The increase in the cost-to-revenue ratio was primarily attributable to the delivery of projects with profit margins lower than the Company's average. In addition, project-related costs, such as equipment expenses, installation costs, and project management expenses, increased in line with the higher volume of work. As a result, the Company's gross profit declined by approximately Baht 0.33 million, representing a decrease of 1.79%, while the gross profit margin decreased by 5.78% compared to the same period of the previous year.

Nevertheless, the Company considers that fluctuations in gross profit margin are consistent with the nature of projects undertaken in each period. The Company remains committed to efficient cost management, alongside the selective pursuit of projects with appropriate profit margins, in order to sustain long-term profitability.

### **Cost of distribution**

For the three-month period ended 31 March 2026, the Company had a cost of distribution of approximately Baht 5.07 million, accounting for approximately 2.63% of the total revenue. This reflects a decrease of Baht 1.11 million, or 17.96%, compared to the same period of the previous year. The decrease was primarily attributable to lower employee-related expenses, commission expenses, and promotional expenses.

### **Administrative expenses**

For the three-month period ended 31 March 2026, the Company had administrative expenses of Baht 7.10 million, which accounted for 3.69% of the total revenue, which increased by approximately Baht 1.48 million compared to the same period of the previous year. This was attributable to an increase in expenses associated with supporting the Company's business expansion.

### **Net profit**

For the three-month period ended 31 March 2026, the Company had a net profit of Baht 5.82 million, or a net profit margin of 3.02% of total revenue, which decreased by Baht 0.70 million, or 10.74%, compared to the same period of the previous year. Although revenue from sales and services continued to grow

The key factors affecting net profit in this period were changes in the revenue structure and the nature of the projects delivered. A higher proportion of lower-margin projects resulted in a decline in overall profitability compared to the same period of the previous year. The Company's business is project-based in nature, and therefore the level of profitability in each period may vary depending on the type, scale, and terms of the projects for which revenue is recognized during that period.

Nevertheless, the Company remains confident that its cost and expense management approach will support both revenue growth and sustainable long-term profitability. For the upcoming quarter, the Company

expects its operating performance to improve in line with the timing of project deliveries, particularly for projects with higher profit margins.

## Financial position analysis

### Total assets

Particular	Balance (Million Baht)		Increased (decreased) change	
	As of December 31, 2025	As of March 31, 2026	Amount (Million Baht)	%
Current assets	456.20	459.85	3.65	0.80
Non-current assets	245.22	261.61	16.39	6.68
<b>Total assets</b>	<b>701.42</b>	<b>721.46</b>	<b>20.04</b>	<b>2.86</b>

As of 31 March 2026, the Company had total assets of Baht 721.46 million, an increase from Baht 701.42 million at the end of 2025. The Company's significant assets were cash and cash equivalents, account receivables and other receivables, contract assets, inventories, prepaid expenses, bank deposits with collateral, Other non-current financial assets, Finance lease receivables, long-term loans, and Buildings and equipment, which represented 99.10% of the total assets. Details of the Company's significant assets during the past periods are as follows.

### Account receivables

Account receivables	As of December 31, 2025		As of March 31, 2026	
	Million Baht	%	Million Baht	%
Not-yet-due receivables	26.54	54.71	88.82	77.71
<b>Overdue</b>				
Less than 3 months	3.37	6.95	15.47	13.54
More than 3 - 6 months	18.60	38.34	-	-
More than 6 - 12 months	-	-	10.00	8.75
<b>Total account receivables</b>	<b>48.51</b>	<b>100.00</b>	<b>114.29</b>	<b>100.00</b>

As of 31 March 2026, the Company's total trade receivables amounted to Baht 114.29 million, representing an increase of Baht 65.78 million from the end of 2025. The increase in trade receivables was primarily attributable to a higher volume of project deliveries during the period, resulting in increased revenue recognition and the recording of trade receivables in accordance with contractual credit terms. The majority of these receivables remained within the normal credit period, with not-yet-due trade receivables amounting to Baht 88.82 million, accounting for 77.71% of total trade receivables. The average collection period was approximately 39 days, which is consistent with the Company's credit terms granted to customers, generally ranging from 30 to 90 days.

Trade receivables overdue by not more than three months accounted for 13.54% of total trade receivables. The delays in payment were mainly attributable to varying customer payment cycles, as well as differences in disbursement procedures. Receivables overdue for more than 6–12 months represented 8.75% of total trade receivables. For trade receivables aged over six months, part of the delay was due to customers experiencing postponements in delivering work to their end clients, resulting in requests for extended credit

periods. Nevertheless, the Company has assessed the repayment capacity of these customers and has received confirmation that the outstanding balances will be fully settled within 120 days from the original due date.

In addition, the Company had other current receivables totaling Baht 4.24 million, consisting of accrued interest income and other receivables.

### Inventories

As of 31 March 2026, the Company's inventories amounted to Baht 159.40 million, representing a decrease of Baht 69.81 million compared to the end of 2025. This decline was in line with the progress of project execution and the delivery of work to customers, which resulted in a reduction in inventory levels.

### Finance lease receivables

As of 31 March 2026, the Company's finance lease receivables amounted to Baht 153.33 million, representing an increase of Baht 22.50 million compared to the end of 2025. The increase was attributable to the expansion of the leasing business, with new projects delivered during the first quarter of 2026.

### Prepaid expenses

As of 31 March 2026, the Company had Baht 45.86 million in current prepaid expenses, which represented 6.36% of the total assets. The majority of these expenses were attributable to prepaid service costs, which involved repair and maintenance of equipment, insurance purchases to secure trade discounts, and warranty fees paid in advance under Service-Type Warranty contracts.

In addition, Non-current prepaid expenses amounted to Baht 37.73 million, representing 5.23% of the total assets. These prepaid expenses primarily resulted from service costs paid in advance for periods exceeding one year.

### Total liabilities

Particular	Balance (Million Baht)		Increased (decreased) change	
	As of December 31, 2025	As of March 31, 2026	Amount (Million Baht)	%
Current liabilities	220.10	228.77	8.67	3.94
Non-current liabilities	14.63	20.18	5.55	37.94
Total liabilities	234.73	248.95	14.22	6.06

As of 31 March 2026, the Company had total liabilities of Baht 248.95 million, an increase of Baht 14.22 million, representing an increase of 6.06% from the end of 2025, which was Baht 234.73 million. The Company's significant liabilities consisted of short-term loans from financial institutions, account payables and other payables, agreement liabilities, unpaid income tax, and provision of employee benefits, accounting for 98.49% of total liabilities. The details of the Company's significant liabilities are as follows.

### Short-term borrowings from financial institutions

As of 31 March 2026, the Company had short-term borrowings from financial institutions totaling Baht 113.97 million, representing an increase of Baht 93.97 million compared to the end of 2025. The Company obtained such borrowings to support project execution under its existing backlog, covering procurement of materials and equipment, installation expenses, and working capital during operations in order to ensure project delivery in accordance with the planned schedule.

The utilization of these borrowings reflects the Company's liquidity management strategy in alignment with the nature of its project-based business, where revenue recognition and cash collection periods may vary across projects. The Company continues to manage its debt obligations prudently and at an appropriate level to support business expansion without adversely affecting its long-term financial stability.

### Account payables and other payables

The Company had account payables and other payables which consisted of account payables, other payables, project cost payables, and other current payables, etc. At the end of Q1/2026, the Company had account payables and other payables of Baht 77.93 million, accounted for 31.31% of the total liabilities with below details.

Account payables and other payables	As of December 31, 2025		As of March 31, 2026	
	Million Baht	%	Million Baht	%
Account payables	133.80	91.76	66.91	85.87
Other payables	0.39	0.27	0.53	0.68
Project cost payables	4.62	3.17	4.17	5.35
Accrued expenses	4.70	3.22	5.05	6.48
Other current payables <sup>1</sup>	2.32	1.59	1.27	1.63
<b>Total account payables and other payables</b>	<b>145.83</b>	<b>100.00</b>	<b>77.93</b>	<b>100.00</b>

Note :

1. Other current payables consisted of the Revenue Department, accrued withholding tax, and undue output tax etc.

Account payables are debts arising from unpaid goods purchased by the Company for use in a project to sell equipment. At the end of Q1/2026, the Company's account payables and other payables decreased by Baht 67.90 million, compared to the end of 2025, or a decrease of 46.56% compared to the end of 2025, resulting from the continuous settlement of payments for goods and services to suppliers in accordance with agreed terms.

### Contract liabilities

As of 31 March 2026, the Company had current contract liabilities amounting to Baht 36.87 million, representing advance consideration received for performance obligations that had not yet been recognized as revenue and are expected to be fulfilled within one year. This accounted for 5.11% of total liabilities and represented a decrease of Baht 16.66 million compared to the end of 2025, primarily due to the delivery of goods and services to customers and the corresponding recognition of revenue. In addition, the Company had

non-current contract liabilities, representing contractual obligations due beyond one year, amounting to approximately Baht 10.19 million, accounting for 1.41% of total liabilities.

### **Shareholders' equity**

As of 31 March 2026, the Company's shareholders' equity amounted to Baht 472.51 million, representing 65.49% of the total liabilities and shareholders' equity.

on 27 April 2026, the Annual General Meeting of Shareholders approved the dividend payment for fiscal year 2025 at a rate of THB 0.167 per share (based on 209 million shares), totaling Baht 34.90 million. The shareholders entitled to receive such dividend are those whose names appeared in the shareholders' register as of 4 March 2026. The source of funds for the dividend payment will be derived from cash flow generated from business operations. The dividend is scheduled to be paid on 21 May 2026.

### **Liquidity and adequacy of funds**

#### **Cash flow analysis**

The Company was able to manage liquidity and working capital with cash flow received from business operations to be used in operating activities, debt settlement, and investment activities. The Company's cash flow statement for the three-month period ended 31 March 2026 can be summarized as follows:

#### **Cash flow from operating activities:**

In the first three months of 2026, the Company had net cash flow used in operating activities of Baht 89.18 million. The principal reason was a decrease in trade payables resulting from settlement payments made during the period.

#### **Cash flow from investing activities:**

In the first three months of 2026, the Company had net cash flow from investing activities of Baht 4.22 million. The major sources of cash flow consisted of repayments of loans to a joint venture, interest received, and a decrease in pledged bank deposits.

#### **Cash flow from financing activities:**

For the first three-month of 2026, the Company had net cash flow from financing activities of Baht 93.57 million. This was primarily attributable to proceeds from short-term borrowings from financial institutions totaling Baht 112.97 million, repayment of such borrowings amounting to Baht 19.00 million.

Summary of ending cash flow:

For the first three months of 2026, the Company's ending cash and cash equivalents amounted to Baht 67.85 million, representing an increase of Baht 8.61 million compared to the end of 2025. This reflects the Company's appropriate management of cash flows from operations.

The Company continues to manage its liquidity and operating cash flows efficiently, maintaining sufficient financial capacity to support ongoing operations and future project expansion.

It is informed for your kind acknowledgement.

Yours Truly

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-Signature-

(Miss Nattaya Nanthawanid)

Chief Financial and Human Resources Officer

International Network System Public Company Limited