

AIT (VP-SEC) 012E/2021

May 6, 2021

Subject: Management's Discussion and Analysis of Operating Results for Q1-2021

To: The President of the Stock Exchange of Thailand

### Summary of Operations Q1–2021

Topic	Balance by Quarter			Change			
	Q1–21	Q4–20	Q1–20	Q1–21 VS Q4–20		Q1–21 VS Q1–20	
	(Million Baht: MB)			(MB)	%	(MB)	%
Total revenue	1,824.2	2,070.7	1,231.6	(246.5)	(11.9)	592.6	48.1
Total operating expenses	1,664.5	1,899.4	1,148.8	(234.9)	(12.4)	515.8	44.9
Profit for the period	121.3	146.9	59.7	(25.6)	(14.4)	61.6	103.2

Overall of the Thai economy in the middle of the Q1–2021 gradually improved after the mild second round of COVID-19 epidemic subsided. In addition, there was an improvement in economic activity and continued support from government measures. Although, the government spending became contraction due to the high fiscal base effect in the same period last of year that have accelerated disbursement after the budget Act for the year 2020 was delayed, it remained at a high level.

In Q1–2021, the company's total revenue significantly increased form Q1–2020, representing an increase of 592.6 MB or 48.1%. This is because the most of the company's revenue came from ongoing projects of the previous quarter and some of the large project in 2021. In addition, the Company was less impacted by the COVID-19 situation in Q1–2021 than those in Q1–2020. Many customers in that period had postponed the delivery of equipment or the project therefore delaying the operation and delivery of the project. As a result, the revenue recognition in Q1–2020 has also decreased. However, the revenue in Q1–2021 slightly decreased from Q4–2020, representing a decrease of 246.5 MB or 11.9%. This is because in Q1–2021, the company has delivered many large projects according to the contract delivery deadline.

In terms of total operating expenses in Q1–2021 increased from Q1–2020 and decreased from Q4–2020 at a similar rate with an increase or decrease in revenue each quarter, mainly due to the change rate in the cost that increases and decreases at the same rate as the change in revenue.

In terms of the profit of the Company for Q1–2021 changed in line with the change in revenue, when compare to Q4–2020 and Q1–2020. Compare to the profit of Q1–2021 and Q1–2020, it found that the increased rate in revenue of 48.1% but the increased rate in profit of 103.2% because the total revenue in Q1–2021 is so high that it can cover the fixed expenses, thus the increased rate of profits higher than the increase rate of revenue. When compare to the profit of Q1–2021 and Q4–2020, it found that the decreased rate in revenue of 11.9% but the

decreased rate in profit of 14.4% due in Q1-2021, the Company had recorded the expected credit loss allowance from Q4-2020.

### Operating Results and Capabilities to Make Profit

Performance from revenues, costs and expenses which has significant impact in Q1-2021 can be shown in the following table:

Topic	Balance by Quarter			Change			
	Q1-21	Q4-20	Q1-20	Q1-21 VS Q4-20		Q1-21 VS Q1-20	
	(Million Baht: MB)			(MB)	%	(MB)	%
Revenue from sales and service	1,788.5	2,025.3	1,187.1	(236.8)	(11.7)	601.4	50.7
Cost of sales and service	1,499.5	1,686.8	998.7	(187.3)	(11.1)	500.8	50.1
Selling and distribution expenses	73.7	78.7	52.0	(5.0)	(6.4)	21.7	41.9
Administrative expenses	79.5	102.0	79.7	(22.5)	(22.1)	(0.2)	(0.2)
Finance income	0.1	25.8	0.1	(22.7)	(99.6)	-	-

#### Revenues and Costs of Sales and Services

The results of operations of the Company in Q1-2021, which has revenues from sales and services increased from Q1-2020. In Q1-2021, the Company's revenue came from the projects that continued to operate from the previous quarter, such as the trading and installation project for the centralized management infrastructure of information and communication technology of the Provincial Electricity Authority, the New Parliament Project in Information and Communication Technology and the D-ticket Project of State Railway of Thailand. Furthermore, the important new projects in 2021, such as the Storage Purchase Agreement Project for central cloud expansion of the Public sector and the Service Agreement Project for the maintenance of data communication network systems and equipment of the National Telecom Company Limited. Revenue from sales and service in Q1-2021 had decreased when compare to Q4-2020 due to the delivery of several large projects in Q4-2020 which was the deadline for the delivery of the contract.

#### Cost of sales and service

Cost of Sales and Services for Q1-2021 decreased in line with the decreased in revenue when compare to Q4-2020. And it also increased in line with the increased in revenue when compare to Q1-2020. Therefore, the rate of increase or decrease in cost of sales and services is similar to the rate of increase or decrease in revenue.

#### Selling and Distribution Expenses

Selling and Distribution expenses of Q1-2021 increased in line with the increased in revenue when compare to Q1-2020. And it also found that the increased rate in those was lower than the increase rate in revenue. This is because the revenue in Q1-2021 was so high that it could cover all the fixed expenses.



**Administrative expenses**

Administrative expenses of Q1–2021 decreased from Q4–2020 mainly due to the expected credit loss allowance in Q4–2020, that it was higher than those of Q1–2021

**Finance income**

Finance income of Q1–2021 decreased from Q4–2020 due to receive money from the interest payment from the late payment of a large receivable in Q4–2020.

**Financial Analysis of the company**

As of March 31, 2021, the Company has financial position that changed from its financial status as of December 31, 2020. The changes are described as follows:

Assets Items that has significant changes	Balance by Quarter		Change	
	Q1–21	Q4–20	Q1–21 VS Q4–20	
	(MB)		(MB)	%
Cash and cash equivalent	194.2	204.5	(10.3)	(5.0)
Trade and other receivables	2,542.0	2,633.9	(91.9)	(3.5)
Other current assets	203.7	130.6	73.1	56.0
Equipment for lease	78.5	88.7	(10.2)	(11.5)
Other non-current assets	67.8	77.9	(10.1)	(13.0)
Total Assets	6,365.6	6,429.2	(63.6)	(0.1)

**Assets**

As of March 31, 2021, the Company’s total assets decreased by 63.6 MB, representing a decrease of 0.1% from 31 December 2020. The increase in total Assets is from the following major changes:

Cash and cash equivalent decreased by 10.3 MB, representing a decrease of 5.0% the main reason is that in Q1–2021, the Company has paid short-term loans from financial institutions.

Trade and other receivables decreased by 91.9 MB, representing a decrease of 3.5% because in Q1–2021, the Company received payments from major trade accounts receivable.

Other current assets increased by 73.1 MB or representing an increase of 56.0% mainly due to an increase in several projects for 1 year prepaid maintenance costs in Q1–2021.

Equipment for lease decreased by 10.2 MB, representing a decrease of 11.5% due to the depreciation of rental equipment in Q1–2021.

Other non-current assets decreased by 10.1 MB, representing a decrease of 13.0%. Those were decreased by the prepaid maintenance costs which moved the category from a period of more than 1 year to a period of not more than 1 year.

Assets Items that has significant changes	Balance by Quarter		Change	
	Q1-21	Q4-20	Q1-21 VS Q4-20	
	(MB)		(MB)	(MB)
Short-term loan from finance institutions	144.6	250.0	(105.4)	(42.2)
Current portion of liabilities under financial arrangement agreements	120.7	143.2	(22.5)	(15.8)
Other current liabilities	104.5	133.7	(29.2)	(21.8)
Contract liabilities	324.6	351.1	(26.5)	(7.6)
Liabilities under financial arrangement agreements	151.5	171.9	(20.4)	(11.9)
Total liabilities	3,319.0	3,504.0	(185.0)	(5.3)

### Liabilities

As of March 31, 2021, the Company's total liabilities decreased by 185.0 MB or 5.3% from December 31, 2020, the reasons for major changes are as follows:

Short-term loan from finance institution decreased by 105.4 MB, representing a decrease of 42.2%, because during in Q1-2021, the Company paid short-term loans from finance institution; as a result of receiving money from trade accounts receivable.

Liabilities under financial arrangement agreements (Both the Current portion and the Net of current portion) decreased by 42.9 MB due in Q1-2021, the Company had paid liabilities under financial arrangement agreements.

Other current liabilities decreased by 29.2 MB, representing a decrease of 21.8%, mainly due to the decrease of sale tax and withholding taxes in December 2020 and it has already delivered in January 2021.

Contract liabilities decreased by 26.5 MB, representing a decrease of 7.6% because in Q1-2021, the project was gradually delivered which had received advance payments from customers. Therefore, the advances received from customers decreased.

### Shareholders' Equity

As of March 31, 2021, the Company had total equity equals to 3,046.6 MB, an increase by 121.4 MB from as at December 31, 2020, which equals to 2,925.2 MB, an increase of 4.2% by the increase came from the profit from operations in Q1-2021.

Sincerely yours,

(Ms. Sarin Chandranipapongse)

Company Secretary

Authorized signature on behalf of the Company