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(Translation)

LTO-2021-0036

24 February 2021

Subject: Submission of the Management Discussion and Analysis based on  
the Financial Statements for the Year 2020 ended 31 December 2020

Attention: The President of the Stock Exchange of Thailand

Information and Communication Networks Public Company Limited (“Company”) held the Board of Directors’ Meeting No. 1/2021 on 24 February 2021. The Meeting approved the financial statements for the year 2020 ended 31 December 2020, which were audited by the Company’s auditor.

We would like to submit the Management Discussion and Analysis based on the financial statements for the year 2020 ended 31 December 2020.

Please be informed accordingly.

Sincerely yours,



(Ms. Patnarin Maliwal)  
Chief Financial Officer

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## Executive Summary

Due to the outbreak of the coronavirus pandemic or COVID-19 during the first round at the beginning of 2020 as well as another severe spread around the 4<sup>th</sup> quarter of 2020 in Thailand, it has been causing a severe business interruption in various business sectors both in Thailand and international level. The Companies had also been affected from this pandemic, for instance, inaccessibility of project sites as per COVID-19 measures to minimize the number of persons to enter their premises. However, the Companies has re-visited and adjusted the project plans as well as arranged further source of fund to support the liquidity of the Companies for a smooth operation in accordance to the new circumstance. This led to the delay in project progress from plan. As of now, the Companies have been allowed to travel to customer sites and to continue the project work as usual with considerate level of health and hygienic concern. In the year 2020 various medium – and big sized projects have been awarded e.g. Filter project, IP Access, maintenance for fiber optic cables, supply of security system for Cloud and supply of ICT and Health Tech system to support and reinforce COVID-19 treatment for Ramathibodi hospital, Siriraj hospital, Rajavithi hospital and Chulalongkorn hospital, etc. This led to a promising business outcome in the year 2020. The Companies reported its total sales of 1,470.80 million THB with the backlog of 1,673 million THB, net profit of 113.39 million THB and net profit attributable to equity holders of the Company of 111.65 million THB. Moreover, during the yearend 2020, a DWDM expansion for Backhaul and Border project is under contract preparation with the customer and it shall secure the new order at the very beginning of the year 2021.

With effective date from 1 December 2020, Mr. Pornchai Krivichian has been appointed as Chief Executive Officer and Mr. Monchai Maneepairoj remains at the position of Chairman of Executive Committee and shall reinforce the business strength with the focus on telecommunication business, information technology development and digital technology for solid business growth.

Considering the performance in the 4<sup>th</sup> quarter of 2020, the Company reported its total revenue at 466.92 million THB categorized into sale revenue at 466.71 million THB and other revenue at 0.21 million THB compared to total revenue of 470.03 million THB in the same period of 2019. Its cost of sales and expenses were at 422.36 Million THB or 90.46% of total revenue in Q4/2020 and at 420.16 million THB or 89.39% of total revenue in Q4/2019. Lastly, net profit was equivalent to 35.34 million THB or 7.57 % of total revenue in Q4/2020 showing growth when compared to the same period of last year equivalent to 39.10 million THB or 8.32% of total revenue. The overall performance in Q4/2020 has a slight decline in overall compared to the same period last year.

## 1. Business Performance Analysis

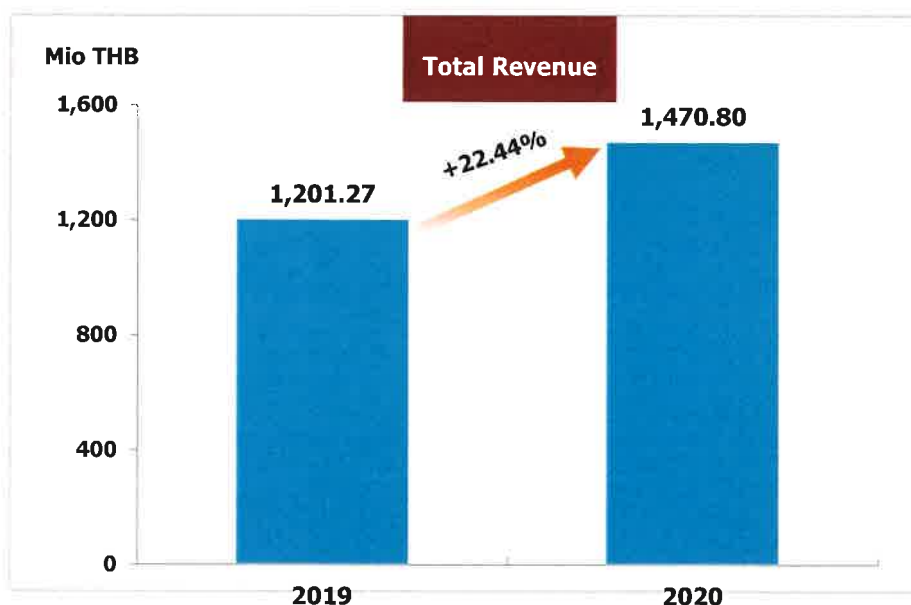
### 1.1 Revenue

For the year 2019 and of 2020 the Company reported its total revenue of 1,201.27 million THB and 1,470.80 million THB respectively with the increase by 22.44% compared to the same period of last year. Major revenue was recognized from the projects, for instance, High-Speed Internet Service Project in Remote Area (Zone C), Digital Radio Communication Systems and Supply and Installation of Fiber Figure-8 Corrugated Steel Type Armour G.652D 24 Cores and Modification and Expansion for BBIP Regional Network in Lower Northern and Lower North-Eastern Regions and Installation of 850 Frequency Band Filter Circuit according to the Notification of National Broadcasting and Telecommunications Commission regarding the 824 - 839 / 869 - 884 MHz Frequency Band for the Mobile Telecommunications Plan and the 885-895/930-940 MHz Frequency Band for the Mobile Telecommunications Plan, and Supply of Security System for Government Cloud Computing, etc.

Type	Consolidated		Consolidated	
	2019		2020	
	MB	%	MB	%
1. Sales Revenue	1,198.72	99.79	1,469.86	99.94
2. Other Revenue*	2.55	0.21	0.94	0.06
<b>Total</b>	<b>1,201.27</b>	<b>100.00</b>	<b>1,470.80</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 in 2019 and 2020, sales revenue was accounted for 99.79% and 99.94% of total revenue and other revenue was equivalent to 0.21% and 0.06% respectively.

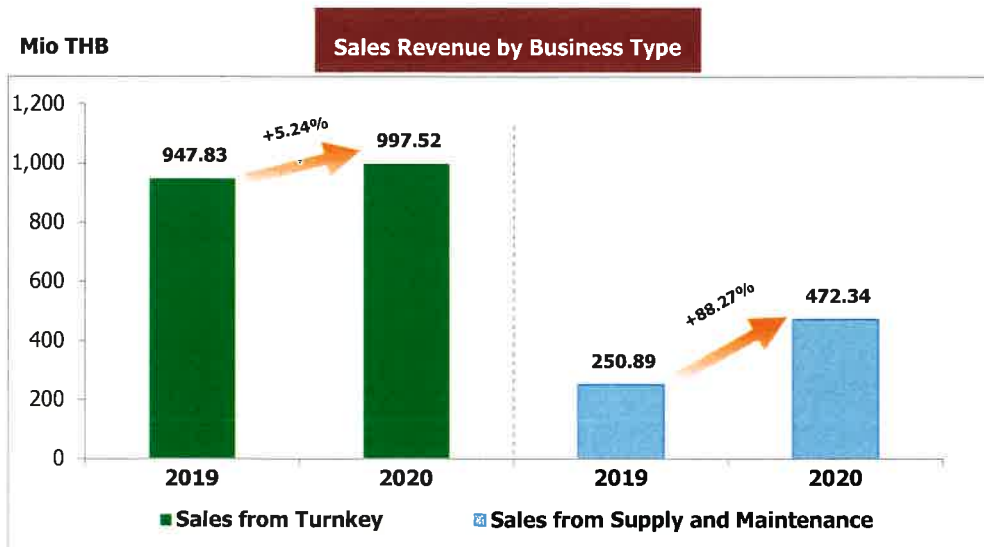


### Sales Revenue

Sales revenue in 2020 consisted of turnkey business including telecommunication system, supply and maintenance.

Type	Consolidated		Consolidated	
	2019		2020	
	MB	%	MB	%
<b>Sales Revenue</b>				
<b>Sales Revenue from Turnkey Business</b>	<b>947.83</b>	<b>79.07</b>	<b>997.52</b>	<b>67.86</b>
- Sales Revenue from Telecommunication System	932.58	77.80	997.52	67.86
- Sales Revenue from Construction and Electrical System	15.25	1.27	-	-
<b>Sales Revenue from Supply and Maintenance</b>	<b>250.89</b>	<b>20.93</b>	<b>472.34</b>	<b>32.14</b>
- Sales Revenue from Supply of Telecommunication System	115.78	9.66	180.68	12.29
- Sales Revenue from Maintenance of Telecommunication System	135.11	11.27	291.66	19.85
<b>Total Sales Revenue</b>	<b>1,198.72</b>	<b>100.00</b>	<b>1,469.86</b>	<b>100.00</b>

In 2020, sales revenue from turnkey business and supply and maintenance were reported at 997.52 million THB and 472.34 million THB or proportionately at 67.86% and 32.14% of total sales revenue respectively. Sales revenue from turnkey business showed an increase by 5.24% compared to the same period of last year. In term of revenue from supply and maintenance, it showed an increase by 88.27% because of the new maintenance contracts awarded, the commencement of maintenance portion out of turnkey projects and the revenue recognition of supply for cloud computing order.



### Other Revenue

In 2019 and 2020, the Company reported its other revenue at 2.55 million THB and 0.94 million THB respectively, equivalent to 0.21% and 0.06% of total revenue and the major item was interest income.

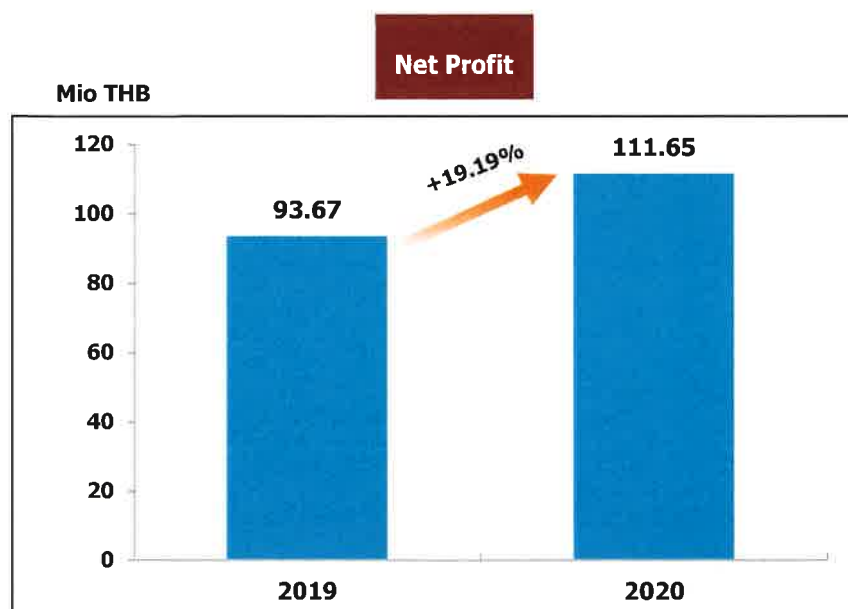
### 1.2 Cost of Sales and Expenses

Major costs of the Company composed of cost of sales, selling expense, administrative expense and interest expense. In 2019 and 2020, the Company showed its cost of sales and expense at 1,082.89 million THB and 1,328.67 million THB respectively, proportionately at 90.15% and 90.34% of total revenue.

CoS and Expenses	Consolidated		Consolidated	
	2019		2020	
	MB	%	MB	%
Cost of Sales	1,008.53	83.96	1,245.52	84.68
Selling Expense	32.57	2.71	37.26	2.54
Administrative Expense	41.79	3.48	45.76	3.11
Finance Cost	-	-	0.13	0.01
<b>Total CoS and Expenses</b>	<b>1,082.89</b>	<b>90.15</b>	<b>1,328.67</b>	<b>90.34</b>
<b>Total Revenue</b>	<b>1,201.27</b>	<b>100.00</b>	<b>1,470.80</b>	<b>100.00</b>

### 1.3 Net Profit

As a result of overall business performance, the Company reported its net profit for 2019 and 2020 at 93.67 million THB and 111.65 million THB based on the equity holder of the Company respectively, accounted for 7.80% and 7.59% of total revenue.



## 2 Financial Status

### 2.1 Assets

At the end of 2019 and 2020, the Company reported its total assets of 1,207.12 million THB and 1,472.47 million THB respectively. The major asset items are cash and cash equivalents, account receivables, unbilled receivables and inventories at the end of 2019 proportionately at 23.59 %, 21.40%, 27.02% and 13.30% of total assets respectively and at the yearend 2020 proportionately at 20.55%, 14.16%, 38.89% and 10.10% of total assets. Total current assets were accounted for 88.38% for the yearend 2019 and 87.01% for the yearend 2020 to total assets.

With reference to the major asset items, a significant portion remained at the unbilled receivables, which has been outstandingly increased during the past periods and reached 572.67 million THB equivalent to 38.89% of total assets at the end of 2020. It derived mostly from big-sized projects, for instance, High-Speed Internet Service Project in Remote Area (Zone C) Project, Installation of 850 Frequency Band Filter Circuit according to the Notification of National Broadcasting and Telecommunications Commission, etc. These has to be corresponding to the billing conditions of the project and shall be changed to trade account receivables once the invoicing to customers can be made.

Since 2 January 2019, ICN has acquired the common shares of Expert Engineering and Communication Co., Ltd. by holding 51% of its total shares leading to the preparation of consolidated financial statements from this period onwards.

### 2.2 Sources of Fund

#### Liabilities

The Company reported its total liabilities at 634.00 million THB at the end of 2019 and 875.96 million THB at the end of 2020 and the major items are short-term loans from financial institutions, trade and other payables and advance receipts from customers which are regarded as working capital for running the business. And trade and other payables could be depicted as per the table below:

Trade and Other Payables	At 31 Dec. 2019		At 31 Dec. 2020	
	MB	%	MB	%
Trade Payables	383.80	95.80	409.19	94.00
Other Payables	0.48	0.12	1.56	0.36
Trade Payables - Retention	1.81	0.45	1.73	0.40
Accrued Expenses	14.53	3.63	22.83	5.24
<b>Total Trade and Other Payables</b>	<b>400.62</b>	<b>100.00</b>	<b>435.31</b>	<b>100.00</b>

The major trade and other 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 2019 and at 2020 at 98.39% and 97.45% of total liabilities respectively.

#### **Shareholders' Equity**

The shareholders' equity was in the amount of 552.04 million THB at the year end of 2019 and of 573.70 million THB at the year end of 2020 which has increased corresponding to the business result of which the legal reserve is accounted for at the total amount of 20.50 million THB and the rest of retained earnings was 173.13 million THB after deducting dividend payment amounting to 90.00 million THB.

#### **Funding Structure**

D/E ratio of the Company was at 1.15, and 1.53 at the end of 2019 and of 2020 respectively.