



(Translation)

LTO-2024-0139

8 August 2024

Subject: Submission of the Management Discussion and Analysis based on  
the Interim Financial Statements for the Three-Month period ended 30 June 2024

Attention: The President of the Stock Exchange of Thailand

Information and communication Networks Public Company limited ("Company") held the Board of Directors' Meeting No. 3/2024 on 8 August 2024. The Meeting approved the interim financial statements for the three-month period ended 30 June 2024, which were reviewed by the Company's auditor.

We would like to submit the Management Discussion and Analysis based on the financial statements for the three-month 2024 period ended 30 June 2024.

Please be informed accordingly.



Sincerely yours,

( Mr. Wirat Rungruangboriboon )

Chief Financial Officer

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## Executive Summary

In the 2<sup>nd</sup> quarter of 2024, the overall economic situation in Thailand remains stagnant. The fiscal budget approval in 2024 had been delayed. These cause a significant slowdown impact on government investment. However, the Company has been monitoring the situation and adopted any plausible approaches to handle these situations.

Considering the performance in the 2<sup>nd</sup> quarter of 2024, the company continues to recognize income from projects that are currently in progress. The Company reported its total revenue at 312.09 million THB categorized into sale revenue at 311.56 million THB and other revenues at 0.53 million THB compared to total revenue of 411.55 million THB in the same period of 2023. Its cost of sales and expenses were at 262.73 million THB or 84.18% of total revenue in Q2/2024 and at 367.28 million THB or 89.24% of total revenue in Q2/2023. In term of net profit, it was equivalent to 38.90 million THB or 12.47 % of total revenue in Q2/2024 showing an increase by 3.91 million THB, accounted for 11.17% when compared with the same period of last year equivalent to 34.99 million THB or 8.50% of total revenue in comparison to the previous year. It derived from a proper project cost controlling and reduction in selling and general administrative expenses. In term of new project, the Company has been following by closely with the customers.

## 1. Business Performance Analysis

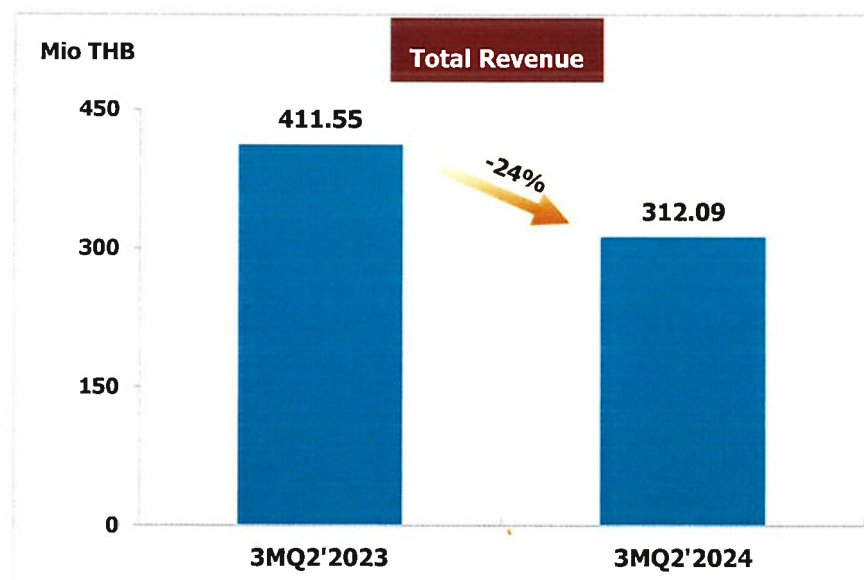
### 1.1 Revenue

For the second quarter of 2023 and of 2024 the Company reported its total revenue of 411.55 million THB and 312.09 million THB respectively with the decrease by 24.17% compared to the same period of last year. Major revenues were recognized from the projects; for instance, Trading fiber optic cables and warehouse equipment for inspection, repair and improvement of fiber optic cables Project, the contract for sustainable digital community ecosystem development project activity 1 by providing a public internet service center Group 2 : Equipment rental and provision of personnel for 454 digital community centers (Digital Community Centers) with Office of the National Digital Economy and Society Commission (ONDE), and High-Speed Internet Service Project in Remote Area (Zone C) etc.

| Revenue                       | Consolidated     |               | Consolidated     |               |
|-------------------------------|------------------|---------------|------------------|---------------|
|                               | Apr. - Jun. 2023 |               | Apr. - Jun. 2024 |               |
|                               | MB               | %             | MB               | %             |
| 1. Sales and services Revenue | 411.07           | 99.88         | 311.56           | 99.86         |
| 2. Other Revenue*             | 0.48             | 0.12          | 0.53             | 0.14          |
| <b>Total</b>                  | <b>411.55</b>    | <b>100.00</b> | <b>312.09</b>    | <b>100.00</b> |

Remarks \*Other Revenue comprises of interest income, etc.

Total revenue was categorized into sales and services revenue and other revenue, whereby the second quarter of 2023 and 2024, sales and services revenue was accounted for 99.88% and 99.86% of total revenue and other revenue was equivalent to 0.12% and 0.14% respectively.

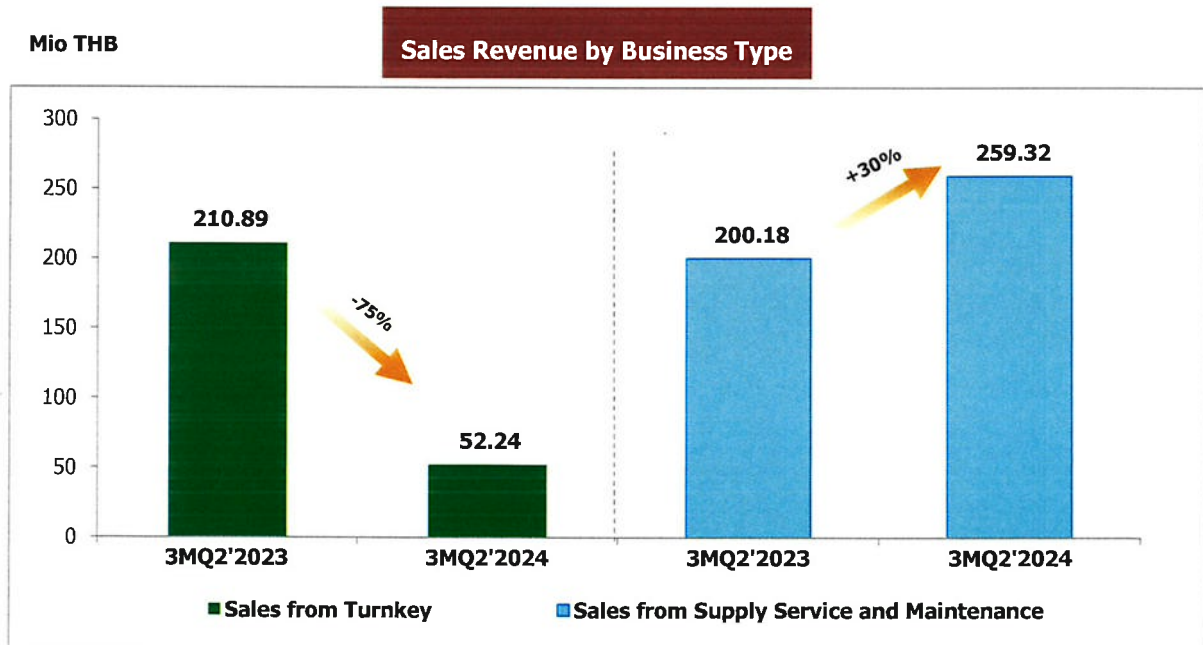


### Sales and service Revenue

Sales and service revenue in the second quarter of 2024 consisted of turnkey business including telecommunication system, supply service and maintenance.

| Types of Revenue   | Consolidated     |               | Consolidated     |               |
|--|------------------|---------------|------------------|---------------|
|  | Apr. - Jun. 2023 |               | Apr. - Jun. 2024 |               |
|  | MB               | %             | MB               | %             |
| <b>Sales and services Revenue</b>  |                  |               |                  |               |
| <b>Revenue from Turnkey Business</b>                                     | <b>210.89</b>    | <b>51.30</b>  | <b>52.24</b>     | <b>16.77</b>  |
| - Sales Revenue from Telecommunication System                            | 210.89           | 51.30         | 52.24            | 16.77         |
| <b>Revenue from Supply Service and Maintenance</b>                       | <b>200.18</b>    | <b>48.70</b>  | <b>259.32</b>    | <b>83.23</b>  |
| - Sales Revenue from Supply of Telecommunication System                  | 0.21             | 0.05          | 53.41            | 17.14         |
| - Sales Revenue from Service and Maintenance of Telecommunication System | 199.97           | 48.65         | 205.91           | 66.09         |
| <b>Total Sales Revenue</b>   | <b>411.07</b>    | <b>100.00</b> | <b>311.56</b>    | <b>100.00</b> |

In the second quarter of 2024, sales revenue from turnkey business and supply, service and maintenance were reported at 52.24 million THB and 259.32 million THB, or proportionately at 16.77% and 83.23% of total sales revenue, respectively. Revenue from the turnkey business decreased by 75.23% comparing to the same period of previous year due to the deferral of new bidding project as well as large projects with higher sales volume have been delivered in previous year in comparison to the current period. Revenue from the equipment sales, service and maintenance business increased by 29.54 percent due to the expansion of the service base, so more revenue was recognized.





### Other Revenue

In the second quarter of 2023 and 2024, the Company reported its other revenue at 0.48 million THB and 0.53 million THB respectively, equivalent to 0.12% and 0.14% of total revenue and the major item was interest income, etc.

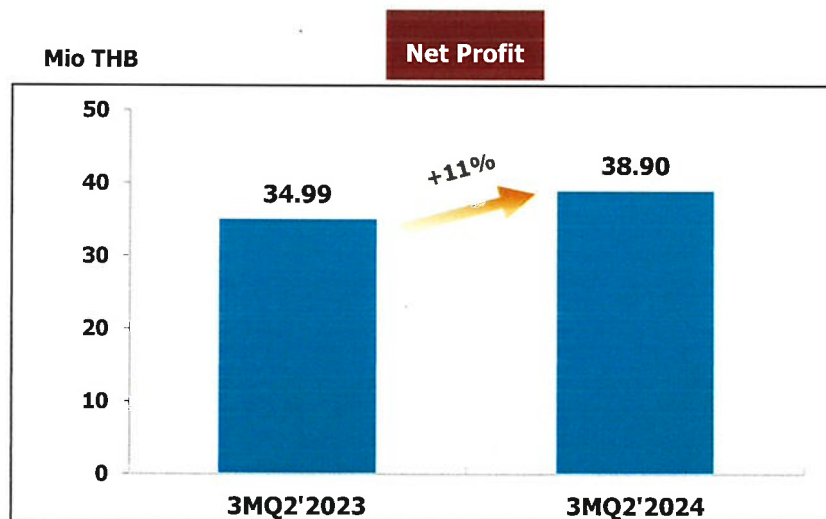
### 1.2 Cost of Sales and Expenses

Major costs of the Company composed of cost of sales, selling expense, administrative expense and interest expense. In the second quarter of 2023 and 2024, the Company showed its cost of sales and expense at 367.28 million THB and 262.73 million THB respectively, proportionately at 89.24% and 84.18% of total revenue.

| Cost of sales and Expenses              | Consolidated     |               | Consolidated     |               |
|---|------------------|---------------|------------------|---------------|
|   | Apr. - Jun. 2023 |               | Apr. - Jun. 2024 |               |
|   | MB               | %             | MB               | %             |
| Cost of Sales                           | 345.25           | 83.89         | 240.19           | 76.96         |
| Selling Expense                         | 7.68             | 1.87          | 7.13             | 2.28          |
| Administrative Expense                  | 14.09            | 3.42          | 15.23            | 4.88          |
| Finance Cost                            | 0.26             | 0.06          | 0.18             | 0.06          |
| <b>Total Cost of sales and Expenses</b> | <b>367.28</b>    | <b>89.24</b>  | <b>262.73</b>    | <b>84.18</b>  |
| <b>Total Revenue</b>                    | <b>411.55</b>    | <b>100.00</b> | <b>312.09</b>    | <b>100.00</b> |

### 1.3 Net Profit

As a result of overall business performance, the Company reported its net profit for the second quarter of 2023 and 2024 at 34.99 million THB and 38.90 million THB respectively, accounted for 8.50% and 12.47% of total revenue.



## 2 Financial Status

### 2.1 Assets

At the end of 2023 and of Q2/2024, the Company reported their total assets of 2,116.18 million THB and 1,976.14 million THB respectively. The major asset items are cash and cash equivalents, trade and other current receivables, and contract assets and assets for leased at the end of 2023, proportionately at 8.25%, 34.30%, 20.19% and 28.66% of total assets respectively and at the end of Q2/2024 proportionately at 9.34%, 30.77% and 20.34% and 26.93% of total assets. Total current assets are accounted for 64.02% for the year end 2023 and 64.52% for Q2/2024 to total assets.

With reference to the major asset items, a significant portion remained at trade and other current receivables and contract assets, which reached at 1,759.61 million THB equivalent to 83.15% of total assets at the end of 2023 and reached at 1,542.11 million THB equivalent to 78.04% of total assets at the end of Q2/2024. The decrease in the Company's main assets in the 2<sup>nd</sup> quarter of 2024 came from the gradual revenue recognition following the handover of assets leases in related project, contract assets that can be billed gradually according to work periods, and receiving payments from trade receivables from various projects completed.

### 2.2 Sources of Fund

#### Liabilities

The Company reported their total liabilities at 1,220.09 million THB at the end of 2023 and 1,073.38 million THB at the end of Q2/2024 and the major items are short-term loans, trade and other current payables, contract liabilities and loans from financial institutions with the proportion in 2023 and in Q2/2024 of 74.66% and 78.98% of total liabilities respectively. These items are regarded as working capital for running the business. And trade and other current payables could be depicted as per the table below:

| Trade and Other current payables | As at 31 Dec 2023 |               | As at 30 Jun 2024 |               |
|----------------------------------|-------------------|---------------|-------------------|---------------|
|                                  | MB                | %             | MB                | %             |
| Trade payables                   | 364.68            | 93.34         | 451.92            | 96.96         |
| Other current payables           | 0.48              | 0.12          | 1.33              | 0.29          |
| Trade payables - retention       | 0.36              | 0.10          | 0.53              | 0.11          |
| Accrued expenses                 | 25.18             | 6.44          | 12.32             | 2.64          |
| <b>Total</b>                     | <b>390.70</b>     | <b>100.00</b> | <b>466.10</b>     | <b>100.00</b> |

The major trade and other current 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 2023 and at Q2/2024 at 74.99% and 91.30% of total liabilities respectively.

#### **Shareholders' Equity**

The shareholders' equity was in the amount of 872.63 million THB at the year end of 2023 and amount of 878.66 million THB at the end of Q2/2024 which has increased from corresponding to the business result of which the legal reserve is accounted for at the total amount of 33.75 million THB and the rest of unappropriated retained earnings was 242.75 million THB.

#### **Funding Structure**

D/E ratio of the Company was at 1.40 and 1.22 at the end of 2023 and of Q2/2024 respectively.