

No. INSET 067/2566

9 May 2023

Subject Management Discussion and Analysis of the 1st Quarter 2023 Operating ResultsDear Governors and President
Stock Exchange of Thailand

Infraset Public Company Limited (the "Company") hereby submitted the Management Discussion and Analysis of the 1st Quarter 2023 operating results, ending 31 March 2023. Details are as follows:

Operating Result Overview

For the three-month periods ended 31 March 2022 and 2023, the Company's revenues were 252.33 million Baht and 452.80 million Baht, respectively. In Q1/2023, Company's revenues consist of revenue from sales of 67.57 million Baht, revenue from services of 379.64 million Baht and other income of 5.59 million Baht, representing 14.92%, 83.85% and 1.23% of total revenue, respectively. The revenue from services derive from 3 main business, which are Data Center & Information Technology Infrastructure Business, followed by, Maintenance and Service Business, and Telecommunications and Transportation Infrastructure Business, respectively. The revenue 's proportion of each type of business to total revenue from services accounted for 71.92%, 14.37% and 13.71%, respectively.

Operating Result Overview	2023	2022	Increase (Decrease)	
31 March	(MB)	(MB)	(MB)	%
Revenue from sales	67.57	-	67.57	100%
Revenue from services	379.64	251.67	127.97	50.85%
Other income	5.59	0.66	4.93	746.97%
Total Revenues	452.80	252.33	200.47	79.45%
Cost of sales	66.15	-	66.15	100%
Cost of services	337.67	207.21	130.46	62.96%
Distribution costs	2.41	1.59	0.82	51.57%
Administrative expenses	15.41	13.77	1.64	11.91%
Total Expenses	421.64	222.57	199.07	89.44%
Profit from operating activities	31.16	29.76	1.40	4.70%
Finance costs	0.11	0.16	(0.05)	-31.25%
Tax expenses	6.74	5.91	0.83	14.04%
Profit for the periods	24.31	23.69	0.62	2.62%

For the three-month periods ended 31 March 2022 and 2023, the Company's net profits were 23.69 million Baht and 24.31 million Baht respectively. The corresponding net profit margins were 9.39% and 5.37% respectively. The Company's net profit increased from last year by 0.62 million Baht or 2.61%; while the Company's net profit margins decreased. The major reasons were as follows.

1. An increase in revenue from sales, which is a new business that start recognizing revenue in 2023, namely Trading Telecom & Hardware IT Equipment Business related to telecommunication equipment such as Access Point (AP), Optical Network Unit (ONU), etc. The gross profit margin of this business is typically lower than the gross profit margin of project work.
2. In Q1/2023, cost of services increased in higher proportion to the increase in revenue from services. As a result, the gross profit margin of revenue from services was 11.06%, a decrease from the same period last year, which was 17.67%. This resulted from the revenue recognition in this quarter deriving from the large and highly competitive projects, which gross profit margin was relatively low. The Company recognized revenue from the aforementioned projects, representing 51.25% of revenue from services.

Revenue and Gross Profit from Services by Business

Data Center & Information Technology Infrastructure Business

For the three-month periods ended 31 March 2022 and 2023, the Company's revenues from Data Center & Information Technology Infrastructure Business were 168.52 million Baht and 273.03 million Baht, respectively. The corresponding gross profits were 32.29 million Baht and 25.54 million Baht respectively. The Company's revenues from the business increased from last year, while gross profit from such business decreased. This was mainly due to the revenue recognition of large projects with highly competitive resulting in a relatively low gross profit margin, such as Project for Rental of sustainable digital community ecosystem development project activity 1, Facility (M&E) system with service installation for TELLUS2 project, and Construction and System Installation of Computer Center (Data Center)- Chulabhorn Royal Academy Project etc.

Telecommunications and Transportation Infrastructure Business

For the three-month periods ended 31 March 2022 and 2023, the Company's revenues from Telecommunications and Transportation Infrastructure Business were 33.84 million Baht and 52.05 million Baht, respectively. The gross loss in Q1/2022 was 0.26 million Baht and gross profit in Q1/2023 was 9.31 million Baht. The revenue and gross profit from the business increased from last year since in Q1/2022, the estimated cost of construction and renovation of mobile phone stations project was revised higher than the increase in estimated revenue of the project. Major revenue recognition in Q1/2023 derived from Civil Works for New Sites and Upgrade Sites project.

Maintenance and Service Business

For the three-month periods ended 31 March 2022 and 2023, the Company's revenues from Maintenance and Service Business were 49.30 million Baht and 54.57 million Baht, respectively. The corresponding gross profits were 17.50 million Baht and 16.91 million Baht, respectively. The Company's revenue from the business increased while gross profit from such business slightly decreased. The revenue recognition mainly derived from MA USO I and MA USO II projects, and MA for fiber optic cable network of the Ministry of Higher Education, Science, Research and Innovation.

Personnel Costs

For the three-month periods ended 31 March 2022 and 2023, the Company's personnel costs were 3.39 million Baht and 8.43 million Baht respectively. The costs were comprised of the salaries, bonuses, related expenses of the employees, and incentives of Installation and Service Department. The costs increased because an increase in the number of employees of Installation and Service Department from 67 staff in Q1/2022 to 74 staff in Q1/2023 to ensure that the Company would have sufficient manpower for the projects that will occur in the year 2023.

Distribution Costs

For the three-month periods ended 31 March 2022 and 2023, the Company's distribution costs were 1.59 million Baht and 2.41 million Baht, respectively. The major expense that increased from last year were salary and compensation of sales staff and sales commissions. While, the expense that decreased from last year was advertisement expense.

Administrative Expenses

For the three-month periods ended 31 March 2022 and 2023, the Company's administrative expenses were 13.77 million Baht and 15.41 million Baht, respectively. The main expenses were the compensations for administrative employees such as salaries, bonuses, remuneration for the executive committee and other employees' benefits. Major expenses that increased from last year were training and seminar expense and donation; while the major expenses that decreased from last year were remuneration for the executive committee and consultant fee.

Please be informed accordingly.

Yours sincerely,

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(Mr. Sakboworn Pukkanasut)

Managing Director