

No. INSET 068/2567

13 February 2024

Subject Management Discussion and Analysis of the Year 2023 Operating Results, Ending 31 December 2023

Dear Governors and President
Stock Exchange of Thailand

Infraset Public Company Limited (the “Company”) hereby submitted the Management Discussion and Analysis of the year 2023 operating results, ending 31 December 2023. Details are as follows:

Operating Result Overview

For the year ending 31 December 2022 and 2023, the Company’s revenues were 1,315.52 million Baht and 1,657.93 million Baht, respectively. In 2023, Company’s revenues consist of revenue from sales of 526.54 million Baht, revenue from services of 1,105.36 million Baht and other income of 26.03 million Baht, representing 31.76%, 66.67% and 1.57% 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 58.00%, 23.32% and 18.68%, respectively.

Operating Result Overview	2023	2022	Increase (Decrease)	
31 December	Million Baht		Million Baht	%
Revenue from sales	526.54	-	526.54	100.00%
Revenue from services	1,105.36	1,310.65	(205.29)	-15.66%
Other income	26.03	4.87	21.17	435.32%
Total Revenues	1,657.93	1,315.52	342.41	26.03%
Cost of sales	493.93	-	493.93	100.00%
Cost of services	950.64	1,129.10	(178.46)	-15.81%
Distribution costs	8.30	5.59	2.71	48.53%
Administrative expenses	57.93	48.15	9.78	20.33%
Total Expenses	1,510.80	1,182.84	327.96	27.73%
Profit from operating activities	147.13	132.68	14.45	4.22%
Finance costs	8.14	0.53	7.62	1439.71%
Tax expenses	29.83	26.62	3.21	12.05%
Profit for the periods	109.16	105.53	3.63	3.44%

For the year ending 31 December 2022 and 2023, the Company's net profits were 105.53 million Baht and 109.16 million Baht respectively. The corresponding net profit margins were 8.02% and 6.58% respectively. The Company's net profit increased from last year by 3.36 million Baht or 3.44%; 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 Q1/2023, namely Trading Telecom & Hardware IT Equipment Business related to telecommunication equipment such as Access Point (AP), Optical Network Unit (ONU), etc. Moreover, in Q2/2023 the Company recognized sales of equipment for the sustainable digital community ecosystem development project activity 1. However, due to the nature of the trading business as a low-risk business, the gross profit margin is relatively low compared to the service business.
2. In 2023, cost of services decreased in higher proportion to the decrease in revenue from services. As a result, the gross profit margin of revenue from services was 14.00%, an increase from last year, which was 13.85%. The revenue recognition in this year deriving from the large and highly competitive projects, which gross profit margin was relatively low. The Company recognized revenue from the aforementioned projects, representing 47.23% of revenue from services.

Revenue and Gross Profit from Services by Business

Data Center & Information Technology Infrastructure Business

For the year ending 31 December 2022 and 2023, the Company's revenues from Data Center & Information Technology Infrastructure Business were 669.91 million Baht and 641.15 million Baht, respectively. The corresponding gross profits were 92.67 million Baht and 76.35 million Baht respectively. The Company's revenue and gross profit from the business decreased from last year. This was mainly due to the revenue recognition of large projects with highly competitive resulting in a relatively low gross profit margin, such as the sustainable digital community ecosystem development project activity 1, Facility (M&E) system with service installation for TELLUS2 project, etc.

Telecommunications and Transportation Infrastructure Business

For the year ending 31 December 2022 and 2023, the Company's revenues from Telecommunications and Transportation Infrastructure Business were 445.23 million Baht and 206.44 million Baht, respectively. The corresponding gross profits were 47.84 million Baht and 55.08 million Baht respectively. The Company's revenues from the business decreased from last year, while gross profit from such business increased. This was mainly due to the revenue recognition in 2022 mostly derived from the large project, namely, the Replacement of Overhead Power Line with Underground Power Cable System to Enhance Eastern Aviation City's Landscape project, which the project cost increased due to higher material cost and transportation cost. Whereas, the major revenue recognition in 2023 derived from Civil Works for New Sites and Upgrade Sites project.

Maintenance and Service Business

For the year ending 31 December 2022 and 2023, the Company's revenues from Maintenance and Service Business were 195.51 million Baht and 257.77 million Baht, respectively. The corresponding gross profits were 74.15 million Baht and 65.65

million Baht, respectively. The Company's revenue from the business increased while gross profit from such business decreased. The revenue recognition in this year mainly derived from MA USO I, MA USO II, and personnel recruitment for the sustainable digital community ecosystem development activity 1 project, which has a project duration of 57 months. The Company has started the revenue recognition since the 2nd quarter of 2023.

Personnel Costs

For the year ending 31 December 2022 and 2023, the Company's personnel costs were 28.15 million Baht and 35.18 million Baht respectively. The costs were comprised of the salaries, bonuses, related expenses of the employees, and incentives of Installation and Service Department and Design and Estimate Division. The costs increased because an increase in the number of employees of Installation and Service Department and Design and Estimate Division from 72 staff in 2022 to 78 staff in 2023.

Distribution Costs

For the year ending 31 December 2022 and 2023, the Company's distribution costs were 5.59 million Baht and 8.30 million Baht, respectively. The major expense that increased from last year were salary and entertainment expense. The expenses increased because an increase in the number of employees of Sales and Marketing Department from 7 staff in 2022 to 11 staff in 2023. While, the expense that decreased from last year was advertisement expense and sales commissions.

Administrative Expenses

For the year ending 31 December 2022 and 2023, the Company's administrative expenses were 48.15 million Baht and 57.93 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 write-off other current receivables, licenses expense and professional fees etc.; while the major expenses that decreased from last year were registrar fee etc.

Finance Costs

For the year ending 31 December 2022 and 2023, the Company's finance costs were 0.53 million Baht and 8.14 million Baht, respectively. The major costs were interest expenses of loans from a financial institution. As of 31 December 2023, the Company had short-term loans from a financial institution amounting to 171.28 million Baht. During the year, the Company had short-term loans from a financial institution as TR under Domestic TT for use in paying for purchases of products from the sustainable community digital center ecosystem development activity 1 project. The Company fully paid off the said loan in the Q4/2023.

Please be informed accordingly.

Yours sincerely,

.....
(Mr. Sakbaworn Pukkanasut)
Managing Director