

## Internet Thailand Public Company Limited

### Management Discussion and Analysis for the First Quarter Ended 31 March, 2021

#### Business Overview

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Internet Thailand Public Company Limited (“Company”) is a one-stop service provider of ICT infrastructure for businesses and individuals who wish to use ICT as a tool to enhance the competitiveness of their businesses. The company's services cover both cloud services and digital services. Full internet network connection providing data center services with various devices for those who want an efficient service at an international standard, to use as a tool to increase efficiency for their businesses. The Company is focused on providing services in infrastructure. Infrastructure as a Service is an essential ICT tool that Thai businesses can use to enhance their business competitiveness and manage their business costs more efficiently. In order to bring ICT technology to be applied within the organization in accordance with the digital economy society. Starting from the use of cloud solutions that meet international standards. High security and located in Thailand, this is the main services that the company is committed to providing, a new alternative to various organizations. Until now, the company has been considered the leader in providing Cloud Services to build confidence with businesses. The company offers services to interested customers to test the system before using the service which has received good feedback. As a result, new customers are continually testing and using the service and we can offer additional services on demand and suit the rapidly growing trend of Cloud Solutions. Gartner, the world's leading information technology research and analysis company. Reported that the cloud services industry will continue to grow until 2022.

The COVID-19 pandemic has affected the overall economy of Thailand. Particularly from the contraction in tourism and exports Including the announcement of various measures Created to deal with the situation that has caused a wide impact in many industries For ICT service businesses, although not directly affected by the said facility But indirectly affected by other industries Short term And from the work from home trend in the end of the first quarter of 2020, everyone has to hurry to adapt to online seriously and quickly, such as "work from home" "Food delivery" etc.

In 2021, the company adapted its service plan to a Secure Market strategy, focusing on cloud service, paperless and platform service sales and reducing selling a service category of Knowledge as a Service and one-time services, focusing on customers who are interested in technology to adapt to the organization or use

technology to help enhance the business competitiveness while continuing to provide services related to Internet of Things (IoT) as well as Data analytic platform which is taking big data to be diagnosed and processed by technology in order to use the acquired data to assist in business or other purposes along with Software as a services (SaaS) that users will receive Software services on the Cloud system that the service provider is responsible (networks systems, servers, hardware and other software development designs) for example e-marketplace etc. Overall, the business of Providing ICT services is still a very necessary business. While Thailand still has to have measures to close some cities or to maintain social distance.

### Summary of operating performance for Quarter 1/2021

(Unit : Million Baht)

Detail	2021	2020	Increase (Decrease)	% Increase (Decrease)
Revenue	410,570	476,092	- 65,522	-14%
Cost of Goods Sold	289,117	313,592	- 24,475	-8%
Gross Profit	121,453	162,500	- 41,047	-25%
Other Revenue	13,320	360	12,960	3600%
SG&A	78,557	103,682	- 25,125	-24%
Share profit(loss) associates and investment in joint venture	5,284	5,016	268	5%
Interest	42,819	44,186	- 1,367	-3%
EBI	18,681	20,008	- 1,327	-7%
Tax	4,053	9,601	- 5,548	-58%
<b>Net Profit</b>	<b>14,628</b>	<b>10,407</b>	<b>4,221</b>	<b>41%</b>

As the unusual situation of spreading of COVID-19 since the end of quarter 1/2020 which has been severe continuously to date, directly affect the overall economy of the company and company's customers. The company has changed the business model, focusing on platform services to support the trend of working from home and Cloud Service. The comprehensive income (INET and Joint Venture companies) for the first quarter ended 31 March, 2021 was 410.57 million which the growth rate decreased by 14% from the previous year, the

main income was decreased by business groups of Internet Access and Co-Location, which is a non-targeting business group of the company in 2021. The company has an efficient service cost management which resulted in an 8% reduction in cost, resulting in a 25% reduction in gross margin and there was other income of 13.32 million baht gaining from selling assets for 8.97 million baht , resulting in a 41% increase in net profit when it is compared with the quarter 1/2020.

#### Cost of service and cost of goods sold

The company and subsidiaries had cost of services and cost of good sold valued at 289.12 million baht, decreasing from the previous year by 24 million baht or 8 % , due to the lower cost of providing services which varied with lower income, cost-effective service management (internal electricity bills of data canterers due to the fact that most of the users more used Cloud Service instead of renting the Co-Location for server implementation, cost reduction of Internet Access service in line with the company's sales policy as well as efficient management of cost of service by negotiating the price from vendors for example license, bandwidth and hardware etc.

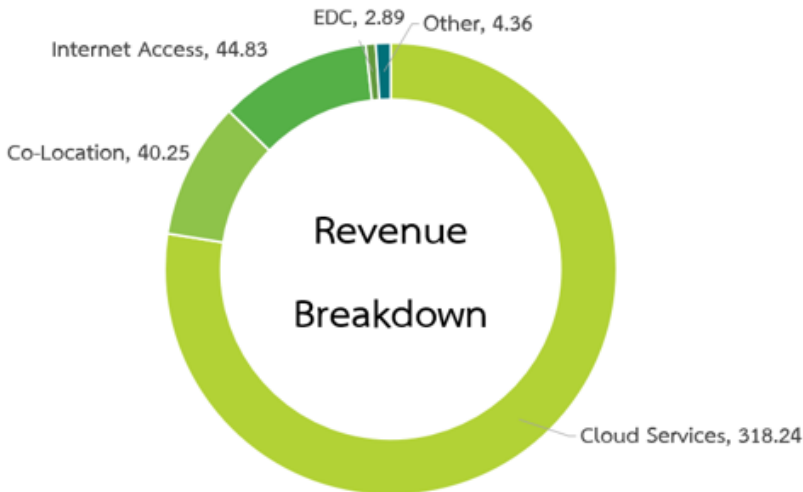
#### Selling, General & Administrative Expense (SG&A)

The company and subsidiaries had Selling, General & Administrative Expense (SG&A) of 78.56 million baht, a decrease of 25.13 million baht from the previous year or 24%, owing to cost and expense classification in line with current business operations.

#### Financial cost

The company's financial cost was 42.82 million baht, a decrease of 1.33% from the previous year, in consequent of reduction of interest rates over time and contracts.

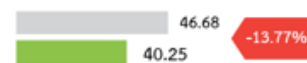
## Revenue Breakdown



### Cloud Service



### Co-Location



### Internet Access



### EDC



### Other



## Income Categorized by Business Type:

Overall income categorized by business type declined by 14% from the previous year.

**Cloud Services** The company's income from Cloud Services was 318.2 million baht, an increase of 0.14% from the previous year, for the reason that customer had continued interested in Cloud Services. With regard to the unusual situation of spreading of COVID-19 in the quarter 1/2021, company's customers had tended to work from home; consequently, the service or other on-top services more met customer needs and the company also sold the services in line with a secure-product policy.

**Co -Location Service** The company's income from co-location services was 44.83 million Baht, a decrease of 13.77% from the previous year, due to the fact that the company had transformed customers from 3.0 (Legacy) to 4.0 (Cloud) in order to help them reduce investment costs, IT resources costs, by changing a high investment at one time to a monthly expense and reducing a large cost of hiring their IT teams.

**Internet Access Service** The company's income from Internet Access service was 44.83 million baht, a decrease of 53.65% from the previous year owing to a highly competitive business. Therefore, the company reduced a cost of Internet Access Service purchased from other vendors and focused on the Internet Access Service which was a main service connection.

## Statement of Financial Position

(Unit : Million Baht)

Detail	2021	2020	% Increase(Decrease)
<b>Asset</b>			
Current Asset	1,166.54	1,108.67	15%
Non-current Asset	6,205.07	6,175.37	14%
<b>Total Asset</b>	<b>7,371.61</b>	<b>7,284.04</b>	<b>14%</b>
<b>Liabilities and Shareholders' Equity</b>			
Current Liabilities	3,309.16	3,128.82	6%
Non-current Liabilities	2,057.35	2,164.76	-5%
<b>Total Liabilities</b>	<b>5,366.51</b>	<b>5,293.58</b>	<b>18%</b>
Shareholders' Equity	2,005.10	1,990.46	5%
<b>Total liabilities and shareholders' equity</b>	<b>7,371.61</b>	<b>7,284.04</b>	<b>14%</b>

### Total Assets

The Company's total assets as of 31 March, 2021 were 7,371.61 million baht, compared with 31 December, 2020, an increase of 87.57 million baht or 1%, mainly due to an increase in trade accounts receivable of 67.06 million baht from the end of the period and assets that resulted in an increase in the change of total assets.

### Total liabilities

The Company's total liabilities as of 31 March, 2021 were 5,366.51 million baht, compared with 31 December, 2020, an increase of 72.93 million baht or 1%, in consequence of an increase of trade payables and other current payables of 150.06 million baht from the end of the period, mainly due to an increase in trade payables and creditors arising from purchases of assets.

### Shareholders' equity

Shareholders' equity of the company as of March 31, 2021 was 2,005.10 million baht, an increase of 14.64 million baht from 31 December, 2020 as a result of an increase in retained earnings from profit in 2020.