

Internet Thailand Public Company Limited

Management Discussion and Analysis for 3Q2020

Business Overview

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 competitiveness of their businesses. The company's services cover cloud services and digital services. Full internet network connection providing data center services with various devices for those who want an efficient service and an international standard. To use as a tool to increase efficiency for businesses.

Impact from the COVID-19 pandemic

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" "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.

Operating Results of 3Q2020

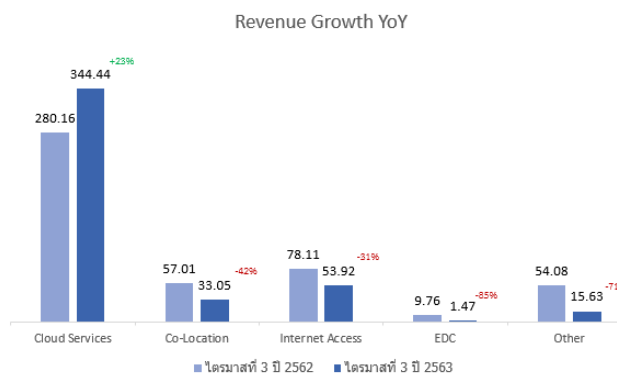
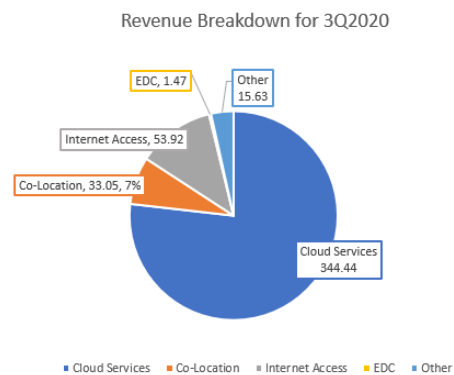
As the unusual situation of spreading of COVID-19 since the end of quarter 1/2020, the comprehensive revenue (INET and Joint Venture companies) is 448.44 Million Baht. Even though the company's revenue went down 6% from the last year, the company had been operating cost and expense effectively by reducing them 14%. It affected to the company's gross profit increasing 105% and the company's net profit also increased 36% (Calculation of gross profit margin does not include gross profit of Pixamed Co.,Ltd because it is a special profit from acquisition investment as a footnote to financial statement no. 14)

Operating Results of 3Q2020

(Million Baht)

Detail	3Q2020	3Q2019	Increase	% Increase(Decrease)
			(Decrease)	
Revenue	448.44	477.88	-29.45	-6%
Cost of Goods Sold	-447.71	-322.21	125.50	39%
Gross Profit	121.69	156.91	-35.22	-22%
Other Revenue	7.58	1.85	5.73	311%
SG&A	-22.52	-58.18	-35.66	-61%
Share profit(loss) associates and investment in joint venture	33.98	1.21	32.77	2706%
Interest	-45.69	-24.99	20.70	83%
EBI	75.89	41.51	34.38	83%
Tax	-12.42	-37.00	-24.59	-66%
Net Profit	51.83	17.92	33.91	189%

Revenue Breakdown



Core Services Revenue:

Overall, Core Services Revenue grew by 6% compared to the previous year.

Cloud Services Is a service for using computer resources through the internet under the security standards that comply with international standards. For 2Q2020, the company has revenue from Cloud Services in the amount of 334.99 million baht, an increase of 23% from the previous year. As a result, customers are more interested in cloud services due to temporary city closure measures and social distance keeping measures. As a result, more customers need to adapt to work from home, use services or service on top, so they meet the needs of our customers at the moment.

Co-location the Company has revenue from co-location in the amount of 33.05 million baht. Decreased by 42% from a year earlier. As a result of modifying customer behavior if it is a Co-Location service, the customer will take quite a long decision to bring the system and equipment to the Company.

Internet Access the Company has revenue from Internet Access in the amount of 53.92 million baht, an decrease of 31% from the previous year.

Statement of Financial Position

The Company has a total asset in the amount of 7,126.95 million baht, an increase of 5% from the previous year a result of the improvement of Section TFRS 16, the Company must recognize additional assets in 3Q2020 with total liabilities in the amount of 5,163.18 million baht, increase of 15% increase from the previous year. As a result of the improvement of Section TFRS 16, the Company must recognize additional lease liabilities in 3Q2020, as well as the provision of funds to supplement liquidity and reserve the cost that has already been invested. In order to comply with the original investment and revenue incurred.

Detail	30-Jul-20	31-Dec-19	% Increase(Decrease)
Asset			
Current Asset	1,008.43	961.29	5%
Non-current Asset	6,118.52	5,415.45	13%
Total Asset	7,126.95	6,376.74	12%
Liabilities and Shareholders' Equity			
Current Liabilities	2,931.63	2,238.52	31%
Non-current Liabilities	2,231.56	2,242.36	0%
Total Liabilities	5,163.18	4,480.88	15%
Shareholders' Equity	1,963.76	1,895.86	4%
Total liabilities and shareholders' equity	7,126.95	6,376.74	12%