



## EXECUTIVE SUMMARY

ALT Telecom Public Company Limited (“ALT”)’s performance as shown in consolidated financial statement for the 2nd quarter ended June 30, 2021 compared to same period of previous year are summarized as follows;

Income Statement	Q2/2021		Q2/2020		Up (Down)	
			Restated			
Million THB						
<b>Revenues</b>						
Sales	7.09	2.3%	40.85	10.1%	(33.76)	-82.6%
Services- construction	218.73	71.3%	310.38	76.8%	(91.65)	-29.5%
Services - network	81.01	26.4%	52.88	13.1%	28.13	53.2%
<b>Total revenues</b>	<b>306.83</b>	<b>100.0%</b>	<b>404.11</b>	<b>100.0%</b>	<b>(97.28)</b>	<b>-24.1%</b>
<b>Cost</b>						
Cost of sales	(3.67)	-51.8%	(42.35)	-103.7%	(38.67)	-91.3%
Cost of services - construction	(144.22)	-65.9%	(294.76)	-95.0%	(150.54)	-51.1%
Cost of service - network	(82.92)	-102.4%	(83.18)	-157.3%	(0.26)	-0.3%
<b>Total cost</b>	<b>(230.82)</b>	<b>-75.2%</b>	<b>(420.29)</b>	<b>-104.0%</b>	<b>(189.47)</b>	<b>-45.1%</b>
<b>Gross (loss) profit</b>	<b>76.01</b>	<b>24.8%</b>	<b>(16.18)</b>	<b>-4.0%</b>	<b>92.20</b>	<b>569.8%</b>
Other income	5.29	1.7%	47.61	11.8%	(42.33)	-88.9%
Selling expenses	(16.34)	-5.3%	(20.43)	-5.1%	(4.08)	-20.0%
Administrative expenses	(57.06)	-18.6%	(14.72)	-3.6%	42.33	287.5%
Gain from exchange rate	3.99	1.3%	0.10	0.0%	3.89	3949.8%
Share of loss of associate	(0.58)	-0.2%	(0.66)	-0.2%	(0.07)	-10.9%
Share of loss of JV	(4.34)	-1.4%	14.52	3.6%	18.86	129.9%
Finance costs	(3.13)	-1.0%	(8.97)	-2.2%	(5.84)	-65.1%
<b>Profit (loss) before income tax</b>	<b>3.83</b>	<b>1.2%</b>	<b>1.27</b>	<b>0.3%</b>	<b>2.55</b>	<b>200.9%</b>
Income tax	(3.26)	-1.1%	41.60	10.3%	44.86	107.8%
<b>Profit (loss) for the period</b>	<b>0.57</b>	<b>0.2%</b>	<b>42.87</b>	<b>10.6%</b>	<b>(42.31)</b>	<b>-98.7%</b>

### FS 2020 Restated

As a result of shares acquisition of Energy Max Co., Ltd. (EMAX) dated August 19, 2020 at the portion of 97.82% from previous shareholder – ALT Holding Co., Ltd, who has control over the Company and EMAX. This transaction is determined as business combination under common control. The Company therefore reflected this transaction in the consolidated financial statements as if the transaction incurred since 1 January 2019. This follows the guideline for business combination under common control as issued by the Federal of Accounting Professions. The purpose of this restatement is for comparison and analysis on financial report.

- Total revenue decreased by 24.1% from THB 404.11 million in Q2/20 to THB 306.83 million in Q2/21
- Revenue from network services increased by 53.2% from THB 52.88 million to THB 81.01 million. Its was clear and continuous growth rate.
- Gross profit improved sharply 569.8% from loss THB 16.18 million in Q2/20 to be gain THB 76.01 million in Q2/21, most of the profits are related to international communication networks that will support Thailand to be Asian Digital Hub, connecting the terrestrial networks from the western and eastern seas together.



# ALT Telecom Public Company Limited

## Management Discussion and Analysis for the 2<sup>nd</sup> Quarter ended Jun 30, 2021

- Other income in Q2/21 retained to normal level at THB 5.29 million, compared to the previous year THB 47.61 million, which included the extra item from assets disposal, optical fiber cable networks about THB 37.19 million.
- Administrative expense increased by THB 42.33 million from THB 14.72 million in Q2/20 to THB 57.06 million in Q2/21. The important item was the provision for doubtful accounts. Once those receivables were collected, such provision will be reversed.
- Finance cost decreased by THB 5.84 million or 65.1% from THB 8.97 million in Q2/20 to THB 3.13 million. It was the consequence of debt repayment.
- Net profit in Q2/21 was gain THB 0.57 million compared to gain of THB 42.87 million Q2/20. In case of excluding extra items in other income of Q2/20, the normal performance before tax has improved by THB 39.75 million or 110.6% from the loss before tax of THB 35.92 million in Q2/20 to gain before tax of THB 3.83 million in Q2/21.
- At the end of the 2Q/21, the Company has backlog on hand in the number of THB 1,466 million.

Financial Position	Million THB		
	Jun 30, 21	Dec 31, 20	Up (Down)
<b>Assets</b>			
Current assets	1,042.43	1,405.04	(362.60) -25.8%
Non-current assets	1,738.16	1,796.56	(58.40) -3.3%
<b>Total assets</b>	<b>2,780.60</b>	<b>3,201.60</b>	<b>(421.00) -13.1%</b>
<b>Liabilities &amp; equity</b>			
Current liabilities	613.56	961.04	(347.47) -36.2%
Non-current liabilities	367.54	409.54	(42.00) -10.3%
<b>Total liabilities</b>	<b>981.10</b>	<b>1,370.57</b>	<b>(389.47) -28.4%</b>
Paid-up capital	566.11	566.11	- 0.0%
Share premium	1,341.06	1,341.06	- 0.0%
Other component	33.58	33.17	0.41 1.2%
Retained earning			
<i>Legal reserve</i>	<i>62.50</i>	<i>62.50</i>	<i>- 0.0%</i>
<i>Unappropriated</i>	<i>(204.02)</i>	<i>(172.51)</i>	<i>(31.50) 18.3%</i>
Non-controlling interests	0.26	0.69	(0.43) -62.7%
<b>Total equity</b>	<b>1,799.49</b>	<b>1,831.02</b>	<b>(31.53) -1.7%</b>
<b>Total liabilities &amp; equity</b>	<b>2,780.60</b>	<b>3,201.60</b>	<b>(421.00) -13.1%</b>
<b>Debt to equity</b>	<b>0.55</b>	<b>0.75</b>	
<b>Net interest bearing debt to Equity</b>	<b>0.02</b>	<b>0.00</b>	
<b>Current Ratio</b>	<b>1.70</b>	<b>1.46</b>	

Total assets of the Company decreased by THB 421.00 million. Total liabilities decreased by THB 389.47 million. The major changes of assets were the decrease in cash on hand and account receivable amounting to THB 327.93 million and THB 88.63 million respectively. While the major changes of liabilities were the decrease of banks' loan and account payable in the number of THB 293.76 million and THB 45.50 million respectively.

The changes in financial position resulted in the changes Debt to Equity Ratio, it decreased from 0.75 at the end of year 2020 to 0.55 at the end of Q2/21. Current Ratio changed to the better position as well, from 1.46 at the end of year 2020 to 1.70 at the end of Q2/21.



	Million THB	
Cash Flow	6M/2021	6M/2020
Net cash generated from operation	34.07	192.61
Net cash generated from investment	(36.90)	110.88
Net cash generated from finance	(325.10)	(212.84)
<b>Net cash flow</b>	<b>(327.93)</b>	<b>90.66</b>
Beginning cash	497.44	37.48
Ending cash	169.51	128.13

The Company had cash on hand at the beginning of the period of THB 497.44 million. In the past 6 months, the Company had net cash flow from operations of THB 34.07 million. Most of the cash was made repayment to bank loans and lease liabilities of THB 325.10 million, the other was investment by THB 36.90 million. At the end of Q2/21, the Company had cash on hand about THB 169.51 million.

#### **DIRECTION AND STRATEGY OF BUSINESS DRIVING IN 2021**

The change in technology, laws, policies of government and consumer behaviour during the past 3-4 years have affected the business environment in a wide range. Revenue growth of various business was deteriorated, competition rates turned higher. The profit margin was lower.

The Company suffered with such situations as well, revenue shrinkage and lower profits. The loss incurred since Q3/17 and have continued until now.

The Company has made a big paradigm shift, starting from changing the vision and mission to expand the business base for more extensive. From the previous vision, which the business was limited to the infrastructure for telecommunication only. The new one, expanding business base to support and link to Smart Energy Business, Smart City Including improving the well-being of consumers with Smart Platform.

The change of the Company's Vision has assisted the company to find out the new opportunities to utilize the existing telecommunication infrastructure in widely support to both public and private sectors and be able to expand the service to cover the Customers in neighbouring countries as well.

For the telecommunication infrastructure business, the Company has accelerated further development to promote Thailand as the Telecommunication Infrastructure Hub in the region. This is in line with the government's policy aiming to make Thailand an ASEAN Digital Hub. The Company realized such strategic objective can be achieved through partnership, who possesses excellent technology expertise and strong business networks. The Company has been successful partially. The growth trend is becoming increasingly clear.

**VISION:**

To be the infrastructure provider's leader in digital and renewal energy business

**MISSION:**

To provide digital and renewable energy infrastructure for both government agency and enterprise, to increase service quality by focusing on cost efficiency and making better utilization of resources, also partnering with the well-recognized organization in technology and business networks



### **Telecom infrastructure business**

Fiber optic network, which is the main business of the Company. The Company has already set up the backbone network to cover the entire country, including the construction of the base station to connect to the network of operators in neighbouring countries including Myanmar, Laos, Cambodia and Malaysia. The Company invested through a joint venture named Smart Infranet Co., Ltd., and Information Highway Co., Ltd. to provide services to domestic customers and invest through a subsidiary named International Gateway Co., Ltd. to provide services to foreign operators, including investing through an associate in Myanmar named Myanmar Information Highway Co., Ltd. to provide internet services to customers in Yangon.

Under the COVID-19 pandemic, people are more use of Internet, especially in Myanmar, despite the announcement of a political emergency. The demand of internet usage has increased, with the turnover of the subsidiary; International Gateway Co., Ltd., which provides international bandwidth for customers who are mobile operator and internet service providers in neighbouring countries have higher income, aiming to promote Thailand as an Asian Digital Hub with a project to build cable landing stations to provide the connection point between submarine cable network and terrestrial one, which can develop the submarine cable connection between western and eastern seas together.

### **Smart Energy**

Due to the service of system design and installation of the smart grid in Pattaya Chonburi Province, for the Provincial Electricity Authority, which was a pilot project of the smart grid in Thailand. There is a high probability that the government will expand the project size to cover major cities throughout the country. So, it is a high growth business. In 2020, the Company has invested to buy out the majority shares of Energy Max Co., Ltd., a smart meter manufacturer for the Provincial Electricity Authority, in order for preparing the readiness of growth.

### **Smart City**

The Company has installed electricity and communication cables underground. To make the city nice and safe, the company will install Smart Pole that can be connected to various devices to observe people's well-being and hygiene. Both in terms of pollution and traffic dust, as well as a charging point for electric vehicles.

### **Smart Platform**

Making customs system, payment system and insurance system through electronic channels.

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