



ALT Telecom Public Company Limited

Management Discussion and Analysis for the year ended December 31, 2023

EXECUTIVE SUMMARY

The performance of ALT Telecom Public Company Limited ("ALT" or the "Company") as presented in consolidated financial statement for the year ended December 31, 2023 compared to same period of previous year are summarized as follows;

Income Statement	2023		2022		Up (Down)	
	Value	%	Value	%	Value	%
Revenues						
Sales	508.99	34.7%	96.08	8.4%	412.91	429.8%
Services- constuction	342.78	23.4%	587.53	51.2%	(244.75)	-41.7%
Services - network	614.77	41.9%	464.65	40.5%	150.11	32.3%
Total revenues	1,466.54	100.0%	1,148.27	100.0%	318.28	27.7%
Cost						
Cost of sales	(426.82)	-83.9%	(77.99)	-81.2%	348.84	447.3%
Cost of services - construction	(298.96)	-87.2%	(468.12)	-79.7%	(169.15)	-36.1%
Cost of service - network	(519.90)	-84.6%	(400.13)	-86.1%	119.77	29.9%
Total cost	(1,245.68)	-84.9%	(946.23)	-82.4%	299.46	31.6%
Gross (loss) profit						
Sales	82.17	16.1%	18.10	18.8%	64.08	354.1%
Services- constuction	43.82	12.8%	119.42	20.3%	(75.60)	-63.3%
Services - network	94.87	15.4%	64.53	13.9%	30.34	47.0%
Gross (loss) profit	220.86	15.1%	202.04	17.6%	18.82	9.3%
Other income	24.89	1.7%	22.92	2.0%	1.97	8.6%
Selling expenses	(86.66)	-5.9%	(70.24)	-6.1%	16.41	23.4%
Administrative expenses	(128.63)	-8.8%	(130.37)	-11.4%	(1.74)	-1.3%
Reversal (recognition) of expected credit loss	16.73	1.1%	(2.04)	-0.2%	(18.78)	0.0%
Other expense	-	0.0%	(97.61)	-8.5%	(97.61)	100.0%
Loss from exchange rate	5.72	0.4%	4.05	0.4%	1.67	41.4%
Share of loss of associate	1.43	0.1%	(3.78)	-0.3%	5.22	137.9%
Share of gain of JV	7.98	0.5%	(8.39)	-0.7%	16.38	195.1%
Finance costs	(24.08)	-1.6%	(15.91)	-1.4%	8.17	51.4%
Profit (loss) before income tax	38.25	2.6%	(99.34)	-8.7%	137.59	138.5%
Income tax	(16.26)	-1.1%	(8.54)	-0.7%	7.72	90.5%
Profit (loss) for the period	21.99	1.5%	(107.88)	-9.4%	129.87	120.4%

- o Total revenue increased by THB 318.28 million or 27.7% from THB 1,148.27 million to THB 1,466.54 million.
- o Revenue from product sales increased 429.8% from THB 96.08 million to THB 508.99 million. The increased income came from sales of electronic meters and solar panels.
- o Revenue from services of system installation decreased 41.7% from THB 587.53 million baht to THB 342.78 million.
- o Revenue from network services, which is recurring income, increased 32.3% from THB 464.65 million to THB 614,77 million.
- o The Company had total gross profit of THB 220.86 million, an increase of 9.3% from the previous year, which had gross profit of THB 202.04 million.
- o Considering gross profit by business group, in 2023 gross profit of the product sales and network service business increased by 354.1% and 47.0%, respectively, while the system installation service business had a gross profit decrease of 63.3%, according to the reduced workload
- o Selling expenses increased by THB 16.41 million, consistent with the proportion revenue. The ratio of expenses to revenue, it decreased from 6.1% to 5.9%.
- o Administrative expenses decreased by THB 1.74 million. The ratio of expenses to revenue, it decreased from 11.4% to 8.8%.
- o There was the reversal of expected credit loss of THB 16.73 million.
- o 2023 the Company realized share of profits from associates and joint ventures in the amount of THB 1.43 million and THB 7.98 million, compared to 2022 it realized share of losses from associates and joint ventures in the amount of THB 3.78 million and THB 8.39 million respectively.



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- o The company had a net profit of THB 21.99 million in 2023, compared to 2022 it had a net loss THB 107.88 million, which such loss in 2022 was mainly caused by the provision for losses from asset impairment of THB 97.61 million.
- o At the end of 2023, the Company has a backlog of THB 3,720 million.

Financial Position	Million THB			
	31-Dec-23	31-Dec-22	Up (Down)	%
Assets				
Current assets	1,140.09	1,217.31	(77.22)	-6.3%
Non-current assets	2,490.32	1,806.75	683.57	37.8%
Total assets	3,630.41	3,024.06	606.35	20.1%
Liabilities & equity				
Current liabilities	1,236.89	808.60	428.29	53.0%
Non-current liabilities	780.98	627.74	153.24	24.4%
Total liabilities	2,017.88	1,436.34	581.53	40.5%
Equity				
Paid-up capital	566.11	566.11	-	0.0%
Share premium	1,341.06	1,341.06	-	0.0%
Other component	33.80	33.71	0.09	0.3%
Retained earning				
Legal reserve	62.50	62.50	-	0.0%
Unappropriated	(391.16)	(415.89)	24.73	-5.9%
Non-controlling interests	0.21	0.22	(0.01)	-4.5%
Total equity	1,612.53	1,587.72	24.81	1.6%
Total liabilities & equity	3,630.41	3,024.06	606.35	20.1%

	31-Dec-23	31-Dec-22
Debt to equity	1.25	0.90
Net interest bearing debt to Equity	0.22	0.01
Current Ratio	0.92	1.51

- o Total assets increased by THB 606.35 million, which the main items of increased assets being trade receivables and contract receivables increasing by THB 154.81 million, capital lease receivables increasing by THB 181.63 million, right-of-use assets increasing by THB 107.95 million, other current assets increased by THB 56.01 million, fibre optic cable networks increased by THB 458.33 million. The main items of assets that decreased were cash decreased by THB 178.90 million, a part of which was transferred as collateral for loans in the amount of THB 39.30 million. Inventories decreased by THB 18.74 million and loans to related parties decreased by THB 196.25 million.
- o Total liabilities increased by THB 581.53 million. List of main liabilities that increased include: Bank loans increased by THB 211.31 million, trade and other payables increased by THB 180.41 million, advances received from customers increased by THB 82.15 million, and liabilities under lease agreements increased by THB 106.57 million.
- o Financial ratios
 - o The debt-to-equity ratio at the end of 2023 was 1.25 times, increasing from 0.90 at the end of the previous year. The additional borrowings were used to invest in Solar Rooftop PPA Project, to supply electricity that is clean energy at an economical price to both government and private sector customers. Currently, the Company has received long-term contracts from customers with a total production capacity of 17 MWh.
 - o The working capital ratio is 0.92, that including short-term debt, which has been converted into a long-term loan contract in the 1st quarter of 2024, amounting to THB 115 million.



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Cash Flow	Million THB	
	2023	2022
Net cash generated from operation	151.37	292.88
Net cash generated from investment	(483.46)	(398.90)
Net cash generated from finance	153.19	168.51
Net cash flow	(178.90)	62.49
Beginning cash	315.91	253.42
Ending cash	137.01	315.91

In 2023, the Company had cash at the beginning of the year in the amount of THB 315.91 million and net cash flow from operations in the amount of THB 151.37 million. The Company has managed cash by balancing between liquidity. Investing for growth and financial costs efficiency, the

Company has spent THB 483.46 million on investment activities, with cash received from financing of THB 153.19 million. At the end of 2023, the Company had a cash balance of THB 137.01 million.

Overall performance according to the strategic plan

		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 in order 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 neighboring countries including Myanmar, Laos, Cambodia and Malaysia. The Company invested through a joint venture named Smart Infranet Co., Ltd. (SIC), and Information Highway Co., Ltd. (IH) to provide services to domestic customers and invested through a subsidiary named International Gateway Co., Ltd. (IGC) to provide the services for foreign operators, including investing through an associate in Myanmar named Myanmar Information Highway Co., Ltd. (MIH) to provide internet services to customers in Yangon.

IGC is involved in providing services, it did a partnering project between telecom operators and OTT. It is over 8,000 kilometers along, with connections starting from Singapore, Malaysia, Thailand, and Myanmar. The fiber optic cable system There are a total of 12 fiber optic pairs along the main route, with a capacity of more than 200 terabits per second (Tbps) for coastal terminal services. Connecting the inland cable in Satun Province IGC has completed the construction and delivered to customers in 2022.

As the goal of the country aiming to develop Thailand into the center of digital business in ASEAN (ASEAN Digital Hub) is progressing more and more concretely. There are many world scale companies in the business of information service had been interested to invest in Thailand, which it was direct benefits to the Company. In 2022, the Company entered into long-term contracts of 5-20 years with a foreign customer who was the one of the world's largest data service providers, to provide fiber optic cable network services to connect among its multiple data centers. The contract value is more than THB 1,000 million, with an estimated total distance of more than 3,000 kilometers.

Smart Grid & Smart Energy

The Company is aware of and focusing on the environment. Especially reducing greenhouse gas emissions. The closest and most immediate practical way is to encourage the private and government sectors, including the household sector to use electricity produced from solar energy, which is clean energy. So far, the Company has received good response from the customers, whether selling & installing solar cell system or investing by installing a solar cell system (Private PPA) to generate power to customers with economical prices, The Company and its customers have jointed taken care of the environment at the same time.



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At the end of 2023, the Company entered into a contract to provide electrical energy produced from solar energy with both public and private sector customers, which the Company has been responsible for the investment. The total contracts was more than 30 contracts, with sum of nameplate capacity about 17 MWh, an investment value of approximately THB 400 million, creating the total revenue throughout the contract period of more than THB 900 million, which can generate cash flow for the Company of approximately THB 60 million per year.

The Company believes that the trend of using electricity produced from solar cell systems will continue to increase, as a result of the supply chain of the solar cell business has continuous research and development of its products. At the same time, government agencies have also developed their infrastructure to manage the electricity distribution system. Such as the Pattaya Smart Grid Project. Chonburi Province which is a pilot project of the Provincial Electricity Authority by installing approximately 120,000 smart meters with a network system for management. The Company won the bid and has completed delivery to the Provincial Electricity Authority. It is expected that The Smart Grid Project would be rolled out and expanded to cover other important cities throughout the country.

In addition to the aforementioned smart grid project, in 2023 the Provincial Electricity Authority has a project to replace the mechanical meters with electronic meters, approximately 180,000 units, which Energy Max Company Limited, a subsidiary of the Company, has successfully participated in the auction with received the contracts to sell and install electronic meters approximately 300,000 meters in the provinces of Pathum Thani, Saraburi, Prachinburi, Phetchaburi, Samut Songkhram. The delivery plan was scheduled in the second quarter of 2024.

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

Open to the opportunity to develop the platform as a service for various devices, related to smart city systems and intelligent energy systems, such as developing software to read license plates for toll and parking fees.

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