

SET 2022/10

10 May, 2022

Subject: Management Discussion and Analysis (MD&A) for the First Quarter of 2022

To President
The Stock Exchange of Thailand

TEAM Consulting Engineering and Management Public Company Limited would like to submit this Management Discussion and Analysis for the first quarter ended 31 March 2022 of the Company and subsidiaries (TEAM GROUP) with details as follows:

Operating Performance for the Three-month Period Ended 31 March 2022

Consolidated Financial Performance	Jan – Mar 2021		Oct – Dec 2021		Jan – Mar 2022		% Y-o-Y	% Q-o-Q
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue		
Sales and Service Revenue	388.88	98.1%	554.77	98.94%	413.54	99.2%	6.3%	(25.5%)
Total Revenue	396.41	100.0%	560.62	100.0%	417.02	100.0%	5.2%	(25.6%)
Cost of Sales and Services	(287.93)	(74.0%)	(423.99)	(76.4%)	(319.48)	(77.3%)	10.9%	(24.6%)
Administrative Expenses	(80.82)	(20.4%)	(88.61)	(15.8%)	(75.39)	(18.1%)	(6.7%)	(14.9%)
Operating Profit	27.66	7.0%	48.02	8.6%	22.15	5.3%	(19.9%)	(53.9%)
Share of Profit from Investment in Associated Companies	(0.01)	(0.0%)	(1.36)	(0.2%)	0.09	0.0%	980.0%	106.5%
Financial Income	1.99	0.3%	1.87	0.3%	1.93	0.5%	(3.0%)	3.2%
Financial Cost	(0.95)	(0.2%)	(1.04)	(0.2%)	(1.03)	(0.2%)	8.4%	(1.0%)
Income Tax	(6.54)	(1.6%)	(9.38)	(1.7%)	(4.79)	(1.1%)	(26.8%)	(48.9%)
Profit for the Period	21.36	5.4%	38.10	6.8%	18.34	4.4%	(14.1%)	(51.9%)

Revenue

The total revenue of TEAM GROUP for the third quarter ended 31 March 2022 was 417.02 Million Baht, increasing by 5.2% from 396.41 Million Baht in the first quarter of 2021, and decreasing by 25.6% from the total revenue of 560.62 Million Baht in the previous quarter. The total revenue in this quarter consisted of sales and service revenue in the amount of 413.54 Million Baht and other revenue of 3.48 Million Baht.

Sales and Service Revenue

TEAM GROUP had the sales and service revenue for the first quarter of 2022 in a total amount of 413.54 Million Baht, accounting for 99.2% of the total revenue with the following revenue structure:

Service Revenue (Million Baht)	Q1 (2022)	Q4 (2021)	Q-o-Q	Q1 (2021)	Y-o-Y	Jan - Mar 2022	Jan - Mar 2021	% Growth
Government Sector (G)	212	335	(37%)	221	(4%)	212	221	(4%)
Private Sector (P)	122	120	2%	119	3%	122	119	3%
International Sector (I)	32	23	39%	30	6%	32	30	6%
Related Business Sector (R)	48	77	(38%)	19	153%	48	19	153%
Total Service Revenue	414	555	(25%)	389	6%	414	389	6%

(1) Service Revenue from Government Sector

During the first quarter of 2022, the service revenue from the government projects amounted to 211.62 Million Baht, accounting for 51.17% of the total sales and service revenue, decreasing by 4% from the same period of 2021 and by 37% from the previous quarter. The lower revenue recognition resulted from the delay of large-scale government projects that TEAM GROUP is currently operating. Nevertheless, TEAM Group is closely monitoring the situation.

(2) Service Revenue from Private Sector

During the first quarter of 2022, the service revenue from the private sector amounted to 122.13 Million Baht, equaling 29.53% of the total sales and service revenue, slightly increasing by 3% from 118.86 Million Baht gained in the same period of the previous year and increasing by 2% from 119.56 Million Baht in the previous quarter. The revenue recognition of TEAM GROUP's private sector projects has remained stable and consistent during the COVID-19 pandemic over the past two years.

(3) Service Revenue from International Sector

During the first quarter of 2022, the service revenue from the international sector was 31.78 Million Baht, or 7.68% of the total sales and service revenue, increasing at the rates of 39% from 22.85 Million Baht gained in the previous quarter, and 6% from 30.32 Million Baht that in the same period of 2021. This was because TEAM GROUP was awarded large-scale study and design project in Laos PDR. at the end of 2021 after limited number of international projects were awarded during the COVID-19 pandemic.

(4) Service Revenue from Related Business Sector

During the first quarter of 2022, the revenue from the related business sector was 48.01 Million Baht, accounting for 11.61% of the total sales and service revenue. The revenue in this sector consisted of service revenue from related services in the amount of 13.87 Million Baht and sales revenue from investment projects in the amount of 34.13 Million Baht. The revenue in this quarter increased 153% from the

same period in 2021, and 38% decreased from Q4/2021. This is due to the fact that TEAM Group has started recognizing revenue from its investment projects since the end of 2021 in addition to related business services that TEAM GROUP has previously operated.

Cost of Sales and Services and Gross Profit Margin

In the first quarter of 2022, the total cost of sales and services of TEAM GROUP increased from that of the same period in 2021 by 31.55 Million Baht, or 10.9%, and decreased by 104.50 Million Baht, or 24.6% from the previous quarter. The increase and decrease was in line with the increasing and decreasing revenue of that particular quarter. However, the ratio of the cost of sales and services to the total sales and service revenue increased to 77.3% compared to 74.0% in the same period of the previous year, and 76.4% in the previous quarter. This was because TEAM Group postponed the recognition of the revenue from the government projects that were expected to be delayed while still recognizing full operating costs incurred. In addition, the cost of sales of the investment projects were high at the early stages. As a result, TEAM GROUP's gross profit margin reduced to 22.7% of the sales and service revenue.

Administrative Expenses

The administrative expenses in the first quarter of 2022 diminished by 6.7% and 14.9%, compared to the same period of 2021 and the previous quarter respectively. This caused the ratio of the administrative expenses to the total revenue decline to 18.1%, compared to 20.4% in the same period of last year. However, the ratio of this quarter is higher than the ratio of 15.8% in Q4/2021 because of the higher revenue in Q4/2021.

Net Profit, and Net Profit Margin

Due to the increasing ratio of the cost to total sales and service revenue as mention earlier, TEAM GROUP earned the net profit for the first quarter of 2022 at the amount of 18.34 Million Baht, decreasing from 21.36 Million Baht in the same period of 2021 and 38.10 Million Baht in the previous quarter or declined at the rate of 14.1% and 51.9% respectively. As a result, the net profit margin declined to 4.4% in the first quarter of 2022.

Financial Position as of 31 March 2022

<i>Unit: Million Baht</i>	31 Dec 2021	31 Mar 2022	% Change
Cash and Cash Equivalents	331.26	313.02	(5.5%)
Trade and Other Receivables	367.91	389.59	5.9%
Unbilled Receivables	861.15	925.28	7.4%
Other Current Assets	89.90	80.51	(10.4%)
Non-current Assets	526.42	497.14	(5.6%)
Total Assets	2,176.64	2,205.54	1.3%
Current Liabilities	864.55	869.66	0.6%
Non-current Liabilities	295.74	301.26	1.9%
Total Liabilities	1,160.29	1,170.92	0.9%
Shareholder's Equity	1,016.35	1,034.62	1.8%
Total Liabilities and Shareholder's Equity	2,176.64	2,205.54	1.3%

Assets

As of 31 March 2022, TEAM GROUP had the total assets of 2,505.54 Million Baht, increasing by 1.3% from the end of 2021. This was due to the 64.13 Million Baht increase in unbilled receivables and the 21.68 Million Baht increase in trade and other receivables. Whereas cash and cash equivalents decreased in a total amount of 18.24 Million Baht as more project works were carried out and non-current assets decreased in the amount of 29.49 Million Baht.

Liabilities and Shareholder's Equity

As of 31 March 2022, TEAM GROUP had the total liabilities of 1,170.92 Million Baht and the shareholders' equity of 1,034.62 Million Baht, increasing 0.9% and 1.8% respectively compared to the end of 2021. The increase in liabilities resulted from the increase in short-term loans from financial institutions for the small and medium-sized investment projects while the increase in shareholder's equity resulted from the net profit for the period.

Significant Financial Ratios

<i>Unit: Times</i>	31 Mar 2021	31 Dec 2021	31 Mar 2022
Current Ratio	1.96	1.91	1.96
Quick Ratio	1.05	0.81	0.81
Debt to Equity Ratio (D/E ratio)	1.15	1.14	1.13
Gearing Ratio	0.09	0.10	0.12

At the end of the first quarter of 2022, TEAM GROUP's liquidity ratio was 1.96 times while the quick ratio was 0.81 times, the same level compared to the end of 2021, which was due to the higher unbilled receivables as mentioned above. Moreover, the debt to equity ratio slightly decreased to 1.13 times, compared to the previous quarter and the same period of 2021. The gearing ratio moderately increased to 0.12 times, compared to that of the same period of 2021 and the previous quarter.

Please be informed accordingly.

Yours sincerely,

(Mrs. Penpilai Phonchaipanich)

Chief Financial Officer

TEAM Consulting Engineering and Management Public Company Limited