

12 May 2022

Subject Management Discussion and Analysis for the first quarter of the year 2022.

To The Director and the Manager of the Stock Exchange of Thailand

Turnkey Communication Services Public Company Limited (“the Company”) would like to submit the financial statement for the three months ended 31 March 2022, which has been reviewed by the Auditor as well as the explanation and analysis from the Management to provide interesting information to the investors and the public. The operational performance of the Company for the period ended on 31 March 2022 is as follows:

Operation Overview

Turnkey Communication Services Public Company Limited provides consulting services, designs, and installs (1) Telecommunication systems (2) Data communication systems (3) Public Safety systems with strategies to become the best of the digital solution businesses covering telecommunications and ICT, to develop future mega-trend businesses such as Smart Solutions, Smart Logistics, Cyber Security, Cloud Solutions and Drone

The Initial Public Offering (IPO)

On 7 - 11 January 2022, the Company initial public offered its ordinary shares of 78,000,000 with a par value of Baht 1 per share. The offering price of these shares was Baht 18 per share, totaling Baht 1,404,000,000. The Company's ordinary shares are traded in the Stock Exchange of Thailand Market (SET) on 17 January 2022.

Analysis of Operating Results

Revenues

For the first quarter of 2022, the Company has total revenues amount of 639.06 million Baht which they decreased the amount of 145.21 million Baht equivalent to 18.52% compared to the same period in 2021, with total revenues amount of 784.27 million Baht as presented in the table below.

Total Revenues	31 March 2022		31 March 2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Sales and Services	639.00	99.99	784.17	99.83	(145.17)	(18.51)
Other incomes	0.06	0.01	0.10	0.17	(0.04)	(40.00)
Total Revenues	639.06	100	784.27	100	(145.21)	(18.52)

1.1 Revenues from Sale and Service

Revenues	31 March 2022		31 March 2021		Increase (Decrease)	
	Million	%	Million	%	Million	%
	Baht		Baht		Baht	
Revenues from Turnkey Project	309.96	48.51	550.19	70.16	(240.23)	(43.66)
Revenues from Services and Maintenance	236.18	36.96	233.92	29.83	2.26	0.97
Revenues from Sales	92.86	14.53	0.06	0.01	92.80	145,666.67
Total Revenues from Sales and Services	639.00	100	784.17	100	(145.17)	(18.51)

Revenues from sales and services consist of 3 categories as follows.

1.1.1 Revenues from Turnkey Project

Revenues from Turnkey Project are providing design, sourcing, and installation of Data Communication Systems, Telecommunication Systems, and Public Safety systems.

For the first quarter of 2022, the company had revenues from the Turnkey Project amount of 309.96 million Baht equivalent to 48.51% of total revenues from sales and services, a decreasing amount of 240.23 million Baht equivalent to 43.66% compared to the same period in 2021, with the amount of 550.19 million Baht because in 2021, the large projects have already delivered work and recognized revenue.

1.1.2 Revenues from Engineering Services and Maintenance

Revenues from engineering services and maintenance are providing installation, and testing services for Data Communication Systems, Telecommunication Systems, and providing internet signal link services.

For the first quarter of 2022, the Company had revenues from services and maintenance amount of 236.18 million Baht or equivalent to 36.96% of total revenues from sales and services, an increasing amount of 2.26 million Baht or equivalent to 0.97% compared to the same period in 2021, which the amount of 233.92 million Baht, which the revenues from services corresponding to the same period in 2021, by main revenues from internet project and satellite channels leasing in the high-speed internet.

1.1.3 Revenues from Sales

Revenues from the sales are the distribution of information technology equipment and telecommunication systems.

For the first quarter of 2022, the Company had revenues from sales amount of 92.86 million Baht or equivalent to 14.53% of total revenues from sales and services, an increase the amount of 92.80 million Baht equivalent to 145,666.67% compared to the same period in 2021, with the amount of 0.06 million Baht. The significant increase is because of sales of telecommunication equipment.

1.2 Other incomes

For the first quarter of 2022, the Company had other incomes amount of 0.06 million Baht or equivalent to 0.01% of total revenues, a decreased amount of 0.04 million Baht or equivalent to 40% compared to the same period in 2021, which the amount of 0.10 million Baht, the other incomes corresponding to the same period in 2021.

2. Cost of Sales and Services

Costs	31 March 2022		31 March 2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Cost of Turnkey Project	252.40	57.92	444.28	57.43	(191.88)	(43.19)
Cost of Engineering Services and Maintenance	201.03	41.59	207.94	25.55	(6.91)	(3.32)
Cost of Sales	85.93	0.49	0.05	17.02	85.88	171,760.00
Total Cost of Sales and Services	539.36	100.00	652.27	100.00	(112.91)	(17.31)
Gross profit	99.64		131.90		(32.26)	(24.46)
Gross profit (%)	15.59%		16.82%			

For the first quarter of 2022, the Company had a total cost of sales and services amount of 539.36 million Baht, a decreased amount of 112.91 million Baht or equivalent to 17.31% compared to the same period in 2021, with the amount of 652.27 million Baht. The major decrease from the cost of the Turnkey project and the Cost of services relevant decrease revenues from the Turnkey project and revenues from services. However, the Company had a gross profit amount of 99.64 million Baht or an equivalent gross profit margin of 15.59% an increase of 24.46% of the same period in 2021, in which the gross profit margin of 16.82%, the main project consisted of material and subcontracting expenses.

3. Expenses

Expenses	31 March 2022		31 March 2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	5.14	12.58	3.22	8.08	1.92	59.63
Administrative expenses	30.28	74.09	31.18	78.22	(0.90)	(2.89)
Finance Cost	5.45	13.33	5.46	13.70	(0.01)	(0.18)
Total Expenses	40.87	100.00	39.86	100.00	1.01	2.53
% to Revenues	6.40%		5.08%			

Selling Expenses

For the three-month period ended 31 March 2022, the Company had selling expenses in the amount of 5.14 million Baht, an increase of 1.92 million Baht or equivalent to 59.63% compared to the same period in 2021, with the amount of 3.22 million Baht, which had no significant change compared to the first quarter in 2021.

Administrative Expenses

For the three-month period ended 31 March 2022, the Company had administrative expenses amount of 30.28 million Baht, an increase to 0.90 million Baht or equivalent to 2.89% compared to the same period in 2021, which the amount of 31.18 million Baht, which had no significant change compared to the first quarter in 2021.

Finance Cost

For the three-month period ended 31 March 2022, the Company had a finance cost amount of 5.45 million Baht increase amount of 0.01 million Baht or equivalent to 0.18% compared to the same period in 2021, which amount to 5.46 million Baht the finance cost expenses corresponding to the same period in 2021.

Statement of Financial Position

1. Assets

As at 31 March 2022, the Company had total assets amount of 2,765.64 million Baht, the increase amount of 1,312.47 million Baht or equivalent to 90.32% compared to total assets as at 31 December 2021 amount of 1,453.17 million Baht. The major assets are such as Cash and cash equivalents, Trade and other receivables, Contract assets, Bank deposits pledged as collateral, Investment in equity securities measured

at fair value through other comprehensive income, and property, plant, and equipment. The significant change was such as:

- Cash and cash equivalents increased by 1,090.98 million Baht, during the period the company proceeded from the Initial Public Offering (IPO).
- Trade and other receivables decreased by 25.35 million Baht, which the Company received from the trade account receivable according to due billing.
- Contract assets are increasing by 122.36 million Baht, During the period 2022, large projects have already delivered work and recognized revenue, which is yet not due billing, resulting in an increase of more assets arising from the contract.
- Deposits pledged as collateral increased by 55.81 million Baht because during the period the company has changed the collateral from the shareholders' securities to the company's deposits.

2. Liabilities

As at 31 March 2022, the Company had liabilities amount of 989.74 million Baht, a decrease amount of 96.16 million Baht or equivalent to 8.86% compared to total liabilities as at 31 December 2021 amount of 1,085.90 million Baht. The major liabilities are such as Bank overdrafts and short-term borrowing from financial institutions, the current portion of long-term borrowings from financial institutions, Trade and other payables, and Contract liabilities. The significant change was such as:

- Bank overdrafts and short-term borrowing from financial institutions increase the amount of 105.04 million Baht due to the repayment of the short-term loans and trust receipts that were matured due date.
- Current portion of long-term borrowings from financial institutions decrease the amount to 51.46 million Baht, a decrease from payment of borrowing agreement on maturity due date.
- Trade and other payables increase the amount of 124.73 million Baht from repayment to account payable according to the due date.
- Contract liabilities decrease the amount of 10.21 million Baht and 20.51 million Baht respectively, from the Company has recognized contract liabilities where the Group received the customer paid consideration or issued billing before being recorded revenue for the fulfillment of contractual performance obligation, its result to increase in an increase of contract liabilities.

3. Equity

As at 31 March 2022, the Company had equities of 1,775.90 million Baht, an increase of 1,408.63 million Baht equivalent to 381.15 % compared to December 31, 2021, which amounts to 367.27 million Baht. The Company had a net profit for the three-month period ended 31 March 2022 amount of 46.53 million Baht and other comprehensive loss for the period amount of 6.80 million Baht and increase from the issue of ordinary shares relevant amount of 78.00 million Baht, by there is shares premium on paid-up capital amount of 1,290.90 million Baht, As mentioned above an increase to equity.

4. Capital Structure

As at 31 March 2022, The Company had a debt to equity ratio of 0.56 times, an increase from the year ended 31 December 2021, that is 2.96 times. The increasing from short-term borrowing from financial institutions and current portion of long-term borrowings from financial institutions and increase from issued and fully paid-up share capital to initial Public Offering (IPO) amount of 78.00 million Baht and share premium on paid-up capital amount of 1,290.90 million Baht respectively, its result to decrease of debt-to-equity ratio.

In addition, the subsidiary Company had a condition of Debt Service Coverage Ratio (DSCR) must be not less than 1.20 times as at 31 March 2022, the subsidiary was unable to maintain the financial ratio as required by a debt covenant under a long-term borrowing contract with a commercial bank. By terms of the contract, the bank has the right to call for repayment of the total borrowing amount in case of a breach of debt covenant. However, a commercial bank will not ask for the settlement of the borrowings before timing. The subsidiary Company shall be repaid to the bank pursuant to the original payment schedule.

Please be informed accordingly,

Sincerely yours,

(Mr. Sayam Tiewtranon)

Director

Corporate Secretary

Telephone 02 401 8222