



TKC-ELCID/011/2022

11 September 2022

Subject Management Discussion and Analysis for the three-month period ended 30 September 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-month ended 30 September 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 three-month period ended 30 September 2022 is as follows:

Summary 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 focusing on: Smart Hospital, Smart Airport, Smart Farming, Smart Logistics, Cyber Security, Smart Learning, and Smart Platform.

Summary operation overview for the three-month and nine-month period ended 30 September 2022 are as follows:

Topic	Three-Months Period			Nine-Months Period		
	2022	2021	Increase	2022	2021	decrease
Total revenues	544.71	460.79	83.92	1,796.09	1,835.38	(39.29)
Total Operation Expenses	502.97	422.35	80.62	1,635.83	1,644.31	(8.48)
Net Profit - Period	41.74	38.44	3.30	160.26	191.07	(30.81)

During the 3rd quarter of 2022, the Thai economy continued to expand. There has been an improvement in private consumption and the tourism sector as well as exports as a result of the government's implementation of easing measures to control the spread of COVID-19.



The overall performance of the Company in the 3rd quarter of 2022 was consistent with the economic situation, that is, total revenue for the three-month period increased by 83.92 million Baht, equivalent to 18.21% compared to the same period of the previous year, while total revenues for the nine-month period decrease by 39.29 million Baht, equivalent to 2.14% compared to the same period in 2021. However, the company recognition of revenue from the Digital Solutions business in the amount of 455.93 million Baht. The Company aims to become a leader in the Digital Solutions business covering Telecommunication and ICT.

Total operation expenses in the 3rd quarter in 2022, had changed in line with the same direction of the increase in revenue. If found total operating expenses increase by 80.62 million Baht, equivalent to 19.09% compared to the same quarter in 2021, which had no significant change in expenses and revenues. Because the company can control expenses effectively.

Net profit for three-month period in third quarter in 2022, the increase by 3.30 million Baht, equivalent to 8.58% compared to the same period of the previous year, its direct variation to the increases revenues, while net profit for the nine-month period decreases by 30.81 million Baht, equivalent to 16.12% compared to the same period of previous year. Mainly of the increased expenses are advertising and corporate social responsibility expenses (CSR).

Analysis of Operating Results

1. Revenues

For the three-month period ended 30 September 2022, the Company has a total revenue amount of 544.71 million Baht which increased by 83.92 million Baht, equivalent to 18.21% when compared to the same period in 2021, as presented in the table below.

Total Revenues	30 September 2022		30 September 2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Sales and Services	544.37	99.94	459.03	99.62	85.34	18.59
Other incomes	0.34	0.06	1.76	0.38	(1.42)	(80.68)
Total Revenues	544.71	100.00	460.79	100.00	83.92	18.21



1.1 Revenues from Sale and Service

Revenues	30 September 2022		30 September 2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from Turnkey Project	325.74	59.84	225.03	49.02	100.71	44.75
Revenues from Services and Maintenance	212.98	39.12	230.70	50.26	(17.72)	(7.68)
Revenues from Sales	5.65	1.04	3.30	0.72	2.35	71.21
Total Revenues from Sales and Services	544.37	100.00	459.03	100.00	85.34	18.59

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

1.1.1 Revenues from Turnkey Project

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

For the three-month period ended 30 September 2022, the company had revenues from the Turnkey Project in amount of 325.74 million Baht, increased in amount of 100.71 million Baht, equivalent to 44.75% when compared to the same period in 2021, since there is a recognized revenue from the large project in this period, which it is starting in year 2022. However, the company recognition of revenue from the Digital Solutions business in the amount of 146.39 million Baht.

1.1.2 Revenues from Engineering Services and Maintenance

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

For the three-month period ended 30 September 2022, the Company had revenues from services and maintenance in amount of 212.98 million Baht, decreased in amount of 17.72 million Baht, equivalent to 7.68% when compared to the same period in 2021, because revenue from services decreased from the maintenance services.



1.1.3 Revenues from Sales

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

For the three-month period ended 30 September 2022, the Company had revenues from sales amount of 5.65 million Baht, increasing amount of 2.35 million Baht equivalent to 71.21% compared to the same period in 2021, The most revenues increase from distribution to telecommunication and data communication equipment.

1.2 Other incomes

For the three-month period ended 30 September 2022, the Company had other incomes amount of 0.34 million Baht, a decreased amount of 1.42 million Baht or equivalent to 80.68% compared to the same period in 2021.

2. Cost of Sales and Services

Costs	30 September 2022		30 September 2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
	Cost of Turnkey Project	253.05	57.07	190.72	50.76	62.33
Cost of Engineering Services and Maintenance	185.22	41.78	182.20	48.50	3.02	1.65
Cost of Sales	5.10	1.15	2.78	0.74	2.32	83.45
Total Cost of Sales and Services	443.37	100.00	375.70	100.00	67.67	18.01
Gross profit	101.00		83.33		17.66	21.20
Gross profit (%)	18.55%		18.15%			

For the three-month period ended 30 September 2022, the Company had a total cost of sales and services amount of 443.37 million Baht, an increased amount of 67.67 million Baht or equivalent to 18.01% compared to the same period in 2021, The increased cost direct proportional with revenue.



3. Expenses

Expenses	30 September 2022		30 September 2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	8.04	17.03	3.39	9.30	4.65	137.17
Administrative expenses	35.64	75.49	26.46	72.59	9.18	34.69
Finance Cost	3.53	7.48	6.60	18.11	(3.07)	(46.52)
Total Expenses	47.21	100.00	36.45	100.00	10.76	29.52
% Of Revenues	8.67		7.94			

Selling Expenses

For the three-month period ended 30 September 2022, the Company had selling expenses in the amount of 8.04 million Baht, an increase of 4.65 million Baht or equivalent to 137.17% compared to the same period in 2021, due to COVID-19 is less striction of many countries and the trend is better. Then making it possible to organize activities Liaise with customers and more publicity.

Administrative Expenses

For the three-month period ended 30 September 2022, the Company had administrative expenses amount of 35.64 million Baht, an increase to 9.18 million Baht or equivalent to 34.69% compared to the same period in 2021. Mainly of the increased expenses are due to training and seminars on employee potential development. Prepare to support new businesses in the future. The increase in corporate social responsibility expenses (CSR), which is the Company's policy, requires the employee to feel more social responsibility.

Finance Cost

For the three-month period ended 30 September 2022, the Company had a finance cost amount of 3.53 million Baht, a decrease to 3.07 million Baht or equivalent to 46.52% compared to the same period in 2021. In the third quarter of 2022, the Company had fewer loans from financial institutions, resulting in a decrease of interest expenses.



Statement of Financial Position

1. Assets

As at 30 September 2022, the Company had total assets amount of 2,580.87 million Baht, increased in amount of 1,127.70 million Baht, equivalent to 77.60% when compared to total assets as at 31 December 2021. The major assets the significant change was such as:

- Cash and cash equivalents increased by amount 606.43 million Baht, during the period of 2022, the company proceeded from the Initial Public Offering (IPO).
- Trade and other receivables increased by amount 86.22 million Baht, because during the period of 2022, the company has billed to customers but has not received.
- Contract assets are increased by amount 201.02 million Baht, during the period of 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 171.82 million Baht because during the period of 2022, the company has changed the collateral from the shareholders' securities to the company's deposits.

2. Liabilities

As at 30 September 2022, the Company had liabilities amount of 812.65 million Baht, decreased amount of 273.25 million Baht or equivalent to 25.16% compared to total liabilities as at 31 December 2021. The significant liabilities change was such as:

- Bank overdrafts and short-term borrowing from financial institutions decrease the amount of 100.69 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 76.22 million Baht, a decrease from payment of borrowing agreement on maturity due date.
- Contract liabilities of short-term and long-term decrease the amount of 84.39 million Baht and 20.97 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 a decrease of contract liabilities.



3. Equity

As at 30 September 2022, the Company had equities of 1,768.22 million Baht, increased of 1,400.95 million Baht equivalent to 381.45% compared to December 31, 2021. The Company had a net profit for the nine-months period ended 30 September 2022 amount of 160.02 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, In addition, the company had gain from disposal of investment in equity securities, amount to 60.16 million Baht and the annual dividend payment amount of 149.98 million Baht, it result of an increase in equity.

4. Capital Structure

As at 30 September 2022, The Company had a debt to equity ratio of 0.46 times, decreased from the year ended 31 December 2021, that is 2.96 times. The major decrease from issued and fully paid-up share capital to initial Public Offering (IPO) and share premium on paid-up capital amount of 1,290.90 million Baht, its result to decrease of debt-to-equity ratio.

Please be informed accordingly,

Sincerely yours,

(Mr. Sayam Tiewtranon)

Director

Corporate Secretary

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