



TKC-ELCID/002/2023

22 February 2023

Subject Management Discussion and Analysis for the year ended 31 December 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 year ended 31 December 2022, which has been audited 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 year ended 31 December 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 focusing on: Smart Hospital, Smart Airport, Smart Farming, Smart Logistics, Cyber Security, Smart Learning, and Smart Platform.

Summary operation overview for the year ended 31 December 2022 are as follows:

Item	2022		2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenue	2,461.88	100.00	2,197.68	100.00	264.20	12.02
Total operation expenses	2,220.88	90.21	1,996.79	90.86	224.09	11.22
Net profit for the year	241.00	9.79	200.88	9.14	40.12	19.97

In 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 2022 was consistent with the economic situation, that is, total revenue for the year 2022 increased by Baht 264.20 million, equivalent to 12.02% compared to 2021, However, the Company recognition of revenue from the digital solutions business in the amount of Baht 600.00 million, equivalent to 25.93%. The Company aims to become a leader in the digital solutions business covering telecommunication and ICT.

Total operation expenses in 2022 had changed in line with the same direction of the increase in revenue. Total operating expenses increase by Baht 224.08 million, equivalent to 11.22% compared to 2021, which had no significant change in expenses and revenues. Caused by the Company's ability to control the expenses incurred.

Net profit for the year 2022, the increase by Baht 40.12 million, equivalent to 19.97% compared to 2021, its direct variation to the increases revenues.

## Analysis of Operating Results

### 1. Revenues

For the year ended 31 December 2022, the Company has a total revenue amount of Baht 2,461.88 million which increased by Baht 264.20 million, equivalent to 12.02% when compared to 2021, as presented in the table below.

Total revenues	2022		2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales and services	2,459.45	99.90	2,193.67	99.82	265.78	12.12
Other incomes	2.43	0.10	4.01	0.18	(1.58)	(39.40)
<b>Total revenues</b>	<b>2,461.88</b>	<b>100.00</b>	<b>2,197.68</b>	<b>100.00</b>	<b>264.20</b>	<b>12.02</b>



## 1.1 Revenues from sale and service

Revenue Types	2022		2021		Increase (Decrease)	
	Million	%	Million	%	Million	%
	Baht		Baht		Baht	
Revenues from turnkey project	1,284.14	52.21	1,300.80	59.30	(16.66)	(1.28)
Revenues from services and maintenance	897.36	36.49	881.78	40.20	15.58	1.77
Revenues from sales	277.95	11.30	11.09	0.50	266.86	2,406.31
<b>Total revenues from sales and services</b>	<b>2,459.45</b>	<b>100.00</b>	<b>2,193.67</b>	<b>100.00</b>	<b>265.78</b>	<b>12.12</b>

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

### 1.1.1 Revenues from turnkey project

Revenues from providing design, sourcing, and installation of data communication systems, telecommunication systems, public safety systems and digital solutions business.

For the year ended 31 December 2022, the Company had revenues from the turnkey project in amount of Baht 1,284.14 million, decreased in amount of Baht 16.66 million, equivalent to 1.28% when compared to 2021, since there is a recognized revenue from the large project in 2022, which are projects that started operating in 2022. Which is the recognition of revenue from the digital solutions business in the amount of Baht 600.00 million.

### 1.1.2 Revenues from engineering services and maintenance

Revenues from providing installation, and testing services for data communication systems, telecommunication systems, maintenance service and providing internet signal link services.

For the year ended 31 December 2022, the Company had revenues from services and maintenance in amount of Baht 897.36 million, increased in amount of Baht 15.58 million, equivalent to 1.77% when compared to 2021. An increase from the maintenance services and providing internet signal link services.



### 1.1.3 Revenues from sales

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

For the year ended 31 December 2022, the Company had revenues from sales amount of Baht 277.95 million, increasing amount of Baht 266.86 million compared to 2021, from the sale of server core network and wireless signal distribution equipment.

### 1.2 Other incomes

For the year ended 31 December 2022, the Company had other incomes amount of Baht 2.43 million, a decreased amount of Baht 1.58 million or equivalent to 39.40% compared to 2021.

## 2. Cost of Sales and Services

Cost Types	2022		2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Cost of turnkey project	918.68	46.39	1,030.29	57.92	(111.61)	(10.83)
Cost of engineering services and maintenance	798.85	40.33	739.94	41.59	58.91	7.96
Cost of sales	262.95	13.28	8.70	0.49	254.25	2,922.41
<b>Total cost of sales and services</b>	<b>1,980.48</b>	<b>100.00</b>	<b>1,778.93</b>	<b>100.00</b>	<b>201.55</b>	<b>11.33</b>
Gross profit	478.97		414.75			
Gross profit (%)	19.47%		18.91%			

For the year ended 31 December 2022, the Company had a total cost amount of Baht 1,980.48 million, an increased amount of Baht 201.55 million or equivalent to 11.33% compared to 2021, The increased cost direct proportional with revenue.



### 3. Expenses

Expense Types	2022		2021		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	31.43	17.85	14.47	8.81	16.96	117.21
Administrative expenses	128.46	72.93	124.10	75.60	4.36	3.51
Finance cost	16.24	9.22	25.59	15.59	(9.35)	(36.54)
<b>Total expenses</b>	<b>176.13</b>	<b>100.00</b>	<b>164.16</b>	<b>100.00</b>	<b>11.97</b>	<b>7.29</b>
% Of revenues from sales and services	7.16		7.48			

#### Selling Expenses

For the year period ended 31 December 2022, the Company had selling expenses in the amount of Baht 31.43 million, an increase of Baht 16.96 million or equivalent to 117.21% compared to 2021, due to COVID-19 is less striction of many countries and the trend is better. Then making it possible to organize activity liaise with customers and more publicity.

#### Administrative Expenses

For the year ended 31 December 2022, the Company had administrative expenses amount of Baht 128.46 million, an increase to Baht 4.36 million or equivalent to 3.51% compared to 2021. Mainly of the increased expenses are due to training and seminars on employee potential development, for preparing to support new businesses in the future, and corporate social responsibility expenses (CSR), which is the Company's policy, requires the employee to feel more social responsibility.

#### Finance Cost

For the year ended 31 December 2022, the Company had a finance cost amount of Baht 16.24 million, a decrease to Baht 9.35 million or equivalent to 36.54% compared to 2021. Because during the year 2022, the Company and subsidiary have repaid loans from financial institutions, effect on decreasing interest expenses.



## Statement of Financial Position

### 1. Assets

As at 31 December 2022, the Company had total assets amount of Baht 2,626.32 million, increased in amount of Baht 1,173.15 million, equivalent to 80.73% when compared to total assets as at 31 December 2021. The significant assets change was such as:

- Cash and cash equivalents increased by amount Baht 662.36 million, in 2022 the Company receives money from the Initial Public Offering (IPO).
- Trade and other receivables increased by amount Baht 275.25 million, in 2022 the Company has billed to customers but has not received.
- Inventories are increased by amount Baht 81.99 million, in 2022 the Company purchase equipment of data communication to customers.
- Deposits pledged as collateral increased by Baht 140.31 million because in 2022 the Company has changed the collateral from the shareholders' securities to the company's deposits.

### 2. Liabilities

As at 31 December 2022, the Company had liabilities amount of Baht 775.19 million, decreased amount of Baht 310.71 million or equivalent to 28.61% 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 Baht 108.06 million because the Company pays promissory notes and trust receipts according to the agreement.
- Current portion of long-term borrowings from financial institutions decrease the amount to Baht 76.22 million, a decrease from payment of borrowing agreement on maturity due date.
- Contract liabilities of short-term and long-term decrease the amount of Baht 89.06 million and Baht 26.00 million respectively, because the Company completed the project according to the contract received in advance from the client.



### 3. Equity

As at 31 December 2022, the Company had equities of Baht 1,851.13 million, increased of Baht 1,483.86 million equivalent to 404.02% compared to 31 December 2021. The Company had an operating profit for the year ended 31 December 2022 amount of Baht 241.00 million and in year, the Company offered the Initial Public Offering (IPO) its ordinary shares of 78 million shares of these shares were Baht 18 per share, effecting an increase in paid-up capital of Baht 78 million. And there is shares premium amount of Baht 1,290.90 million.

### 4. Capital Structure

As at 31 December 2022, The Company had a debt to equity ratio of 0.42 times, decreased from 2021 that is 2.96 times. The significantly increased from issued and fully paid-up share capital to initial Public Offering (IPO) and share premium amount of Baht 1,290.90 million and loan repayment, as an effect to decrease of debt-to-equity ratio.

Please be informed accordingly,

Sincerely yours,

( Mr. Sayam Tiewtranon )

Managing Director

Corporate Secretary

Telephone 02 401 8222