

SET 2023/008

10 May, 2023

Subject: Management Discussion and Analysis (MD&A) for the First Quarter of 2023

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 2023 of the Company and subsidiaries (TEAM GROUP) with details as follows:

**Operating Performance for the Three-month Period Ended 31 March 2023**

Consolidated Financial Performance	Jan– Mar 2022		Oct – Dec 2022		Jan- Mar 2023		% 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	413.54	99.2%	443.48	99.6%	397.83	95.5%	(3.8%)	(10.3%)
Total Revenue	417.02	100.0%	445.30	100.0%	416.38	100.0%	(0.2%)	(6.5%)
Cost of Sales and Services	(319.48)	(77.3%)	(326.05)	(73.5%)	(282.89)	(71.1%)	(11.5%)	(13.2%)
Administrative Expenses	(75.39)	(18.1%)	(76.42)	(17.2%)	(84.24)	(20.2%)	11.7%	10.2%
Operating Profit	22.15	5.3%	42.84	9.6%	49.26	11.8%	122.4%	15.0%
Share of Profit from Investment in Associated Companies	0.09	0.0%	(0.96)	(0.2%)	(0.23)	(0.1%)	(364.8%)	(75.6%)
Financial Income	1.93	0.5%	4.82	1.1%	5.03	1.2%	160.5%	4.3%
Financial Cost	(1.03)	(0.2%)	(2.73)	(0.6%)	(2.43)	(0.6%)	135.9%	(10.9%)
Income Tax	(4.79)	(1.1%)	(6.85)	(1.5%)	(10.32)	(2.5%)	115.5%	50.7%
<b>Profit for the Period</b>	<b>18.34</b>	<b>4.4%</b>	<b>37.12</b>	<b>8.3%</b>	<b>41.29</b>	<b>9.9%</b>	<b>125.1%</b>	<b>11.2%</b>

**Revenue**

The total revenue of TEAM GROUP for the first quarter ended 31 March 2023 was 416.38 Million Baht, decreasing at the rates of 0.2% from 417.02 Million Baht in the first quarter of 2022 and 6.5% from 445.30 Million Baht in the previous quarter. The total revenue in this quarter consisted of sales and service revenue in the amount of 397.83 Million Baht and other revenue of 18.54 Million Baht.

## Sales and Service Revenue

TEAM GROUP had the sales and service revenue for the first quarter of 2023 in a total amount of 397.83 Million Baht, accounting for 95.5% of the total revenue with the following revenue structure:

Service Revenue (Million Baht)	Q1 (2023)	Q4 (2022)	Q-o-Q	Q1 (2023)	Y-o-Y	Jan - Mar 2023	Jan - Mar 2022	% Growth
Government Sector (G)	180	225	(20%)	212	(15%)	180	212	(15%)
Private Sector (P)	120	106	13%	122	(2%)	120	122	(2%)
International Sector (I)	39	32	21%	32	23%	39	32	23%
Related Business Sector (R)	59	80	(26%)	48	24%	59	48	24%
<b>Total Service Revenue</b>	<b>398</b>	<b>443</b>	<b>(10%)</b>	<b>414</b>	<b>(4%)</b>	<b>398</b>	<b>414</b>	<b>(4%)</b>

### (1) Service Revenue from Government Sector

During the first quarter of 2023, the service revenue from the government projects amounted to 179.58 Million Baht, accounting for 45.14% of the total sales and service revenue, decreasing at the rates of 15.14% and 20.22% gained in the same period of 2022 and the previous quarter respectively. This was due to the delay in the issuance of the Notice to Proceed of the main work of a large-scale government project that has been prolonged continuously from the previous year. Therefore, TEAM GROUP was unable to recognize this part of revenue while other projects received were only in the beginning phase.

### (2) Service Revenue from Private Sector

During the first quarter of 2023, the service revenue from the private sector amounted to 119.85 Million Baht, equaling 30.13% of the total sales and service revenue, slightly decreasing by 1.9% from 122.13 Million Baht gained in the same period of 2022, but increasing by 13.39% from 105.69 Million Baht in the previous quarter. The revenue recognition of TEAM GROUP's private sector projects has been corresponding with the plan at the same level every quarter for the past several years.

### (3) Service Revenue from International Sector

During the first quarter of 2023, the service revenue from the international sector was 39.01 Million Baht, or 9.80% of the total sales and service revenue, increasing at the rate of 20.91% from 31.78 Million Baht in the same period of 2022 and 22.7% from 32.26 Million Baht in the previous quarter. This was because TEAM GROUP has been continually recognizing the revenue from a large-scale feasibility study and detailed design project in Lao PDR since the end of 2021. In addition, TEAM GROUP has gradually awarded more medium-sized projects in the year as well.

#### (4) Service Revenue from Related Business Sector

During the first quarter of 2023, the revenue from the related business sector was 59.38 Million Baht, accounting for 14.93% of the total sales and service revenue. The revenue in this sector consisted of service revenue from related services in the amount of 32.46 Million Baht and sales revenue from investment projects in the amount of 26.93 Million Baht. The revenue from the related business sector in this quarter increased by 23.7% from the same period of 2022 because TEAM GROUP has been continually recognizing the revenue from the Dam Instrumentation projects that were received in the third quarter of 2022. However, the revenue in this quarter decreased by 26.17% from the previous quarter. Meanwhile, during the first quarter of 2023, TEAM GROUP has started recognizing the revenue from one renewable energy investment project.

#### Other Revenue

TEAM GROUP had other revenue in the first quarter of 2023 in the amount of 18.54 Million Baht, accounting for 4.5% of the total revenue. Other revenue consists of gains from equity instrument held for trading in the amount of 16.25 Million Baht, profits from sales of investment in associated companies amounting to 1.03 Million Baht. Apart from that, dividend income, software sales, and others miscellaneous income equal to 1.26 Million Baht.

#### Cost of Sales and Services and Gross Profit Margin

In the first quarter of 2023, the total cost of sales and services of TEAM GROUP decreased at the rates of 11.5% from 319.48 Million Baht in the same period in 2022 and 23.1% from 326.05 Million Baht in the previous quarter. The decrease of the total cost of sales and services was in line with the decrease in revenue of this quarter. However, the ratio of the cost of sales and services to the total sales and service revenue decreased to 71.1%, compared to 77.3% in the same period of 2022 and 73.5% in the previous quarter. The ratio of cost of sales and services to the total sales and service revenue tended to decline because TEAM GROUP has managed the project expenses efficiently by reducing the expenses in hiring external subcontractors in the work that the TEAM GROUP was able to operate internally and assigning employees with available workload from other delayed projects to do instead. As a result, TEAM GROUP's gross profit margin in this quarter-increased to 28.9% of the sales and service revenue.

#### Administrative Expenses

The administrative expenses in the first quarter of 2023 amounted to 84.54 Million Baht, increasing by 11.7% from the same period of 2022 and 10.2% from the previous quarter. As a result, the ratio of the administrative expenses to the total revenue of the first quarter of 2023 increased to 20.2%, higher when compared to 18.1% in the same period of 2022 and 17.2% in Q4/2022. This resulted from the lower revenue of this quarter and the available manpower waiting to start working in the large-scale projects mentioned above.

## Net Profit, and Net Profit Margin

TEAM GROUP's net profit for the first quarter of 2023 increased to 41.29 Million Baht. The main reasons are the revenue recognition of gains from equity instrument held for trading and the decreasing ratio of the cost to sales and service revenue as mentioned earlier. The net profit in this quarter increased by 125.1% from 18.34 Million Baht in the same period of 2022 and 11.2% from 37.12 Million Baht in the previous quarter. As a result, the net profit margin increased to 9.9% in the first quarter of 2023.

## Financial Position as of 31 March 2023

<i>Unit: Million Baht</i>	<b>31 Dec 2022</b>	<b>31 Mar 2022</b>	<b>% Change</b>
Cash and Cash Equivalents	451.91	358.57	(20.3%)
Trade and Other Receivables	450.54	480.24	6.6%
Unbilled Receivables	778.23	783.50	0.7%
Other Current Assets	93.04	101.62	9.2%
Non-current Assets	546.87	626.40	14.5%
<b>Total Assets</b>	<b>2,330.59</b>	<b>2,350.34</b>	<b>0.9%</b>
Current Liabilities	973.13	947.67	(2.6%)
Non-current Liabilities	327.94	324.11	(1.2%)
<b>Total Liabilities</b>	<b>1,301.07</b>	<b>1,271.77</b>	<b>(2.3%)</b>
Shareholder's Equity	1,029.52	1,078.57	4.8%
<b>Total Liabilities and Shareholder's Equity</b>	<b>2,330.59</b>	<b>2,350.34</b>	<b>0.9%</b>

## Assets

As of 31 March 2023, TEAM GROUP had the total assets of 2,350.34 Million Baht, increasing by 0.9% from the end of 2022. This was due to the 29.70 Million Baht increase in trade and other receivables and 5.27 Million Baht increase in unbilled receivables. Besides, other current assets and non-current assets increased in the amount of 8.58 and 79.53 Million Baht respectively. Meanwhile, cash and cash equivalents diminished to 93.34 Million Baht. This was mainly resulted from investments in equity instrument that TEAM GROUP invested in the quarter.

## Liabilities and Shareholder's Equity

As of 31 March 2023, TEAM GROUP had the total liabilities of 1,271.77 Million Baht, decreasing at the rate of 2.3%, compared to the end of 2022. This was because the decrease in trade payable and advance received in the amount of 32.65 and 16.87 Million Baht respectively. The unearned revenue increased by 37.40 Million Baht. Whereas the shareholders' equity amounted to 1,078.57 Million Baht, increasing by 4.8%, compared to the end of 2022 because of the increasing net profit of the quarter and gain on changes in value of equity investment - net of income tax.

**Significant Financial Ratios**

<i>Unit: Times</i>	31 Mar 2022	31 Dec 2022	31 Mar 2023
Current Ratio	1.96	1.83	1.82
Quick Ratio	0.81	0.94	0.89
Debt to Equity Ratio (D/E ratio)	1.13	1.26	1.18
Gearing Ratio	0.12	0.24	0.22

At the end of the first quarter of 2023, TEAM GROUP's current ratio remained stable at 1.82 times. The quick ratio decreased to 0.89 times because of the decline in cash and cash equivalents. Whereas the debt to equity ratio and the gearing ratio slightly decreased to 1.18 times and 0.22 times respectively, compared to the end of 2022.

Please be informed accordingly.

Yours sincerely,

(Mrs. Penpilai Phonchaipanich)

Chief Financial Officer

TEAM Consulting Engineering and Management Public Company Limited