



TKC-ELCID/007/2023

15 May 2023

Subject Management Discussion and Analysis for the three-month period ended 31 March 2023.

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 period ended 31 March 2023, 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 31 March 2023 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 (4) Digital Services systems.

Focusing on project turnkey services in the Group of 8 more Smart Solutions business, which are:

- (1) Smart Hospital
- (2) Smart Building
- (3) Smart Farming
- (4) Smart Logistics
- (5) Smart Platform
- (6) Smart Learning
- (7) Cyber Security
- (8) Autonomous Solution



Summary operation overview for the three-month period ended 31 March 2023 are as follows:

Item	31 March 2023		31 March 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenue	914.64	100.00	639.06	100.00	275.58	43.12
Total operation expenses	861.57	94.20	592.52	92.72	269.05	45.41
Net profit for the period	53.07	5.80	46.54	7.28	6.53	14.03

The overall performance of the Company for the three-month period ended 31 March 2023, that is, total revenue increased by Baht 275.58 million, equivalent to 43.12% compared to the same period last year, However, the Company recognizes revenue from sales and revenue from the sustainable digital community center ecosystem development project amount Baht 361.41 million, equivalent to 39.51% of total revenue.

Total operation expenses for the three-month period ended 31 March 2023 had changed in line with the same direction of the increase in revenue. Total operating expenses increase by Baht 269.05 million, equivalent to 45.41% compared to the same period last year, which had no significant change in expenses and revenues. Caused by the Company's ability to control the expenses incurred.

Net profit for the three-month period ended 31 March 2023, the increase by Baht 6.53 million, equivalent to 14.03% compared to the same period last year, its direct variation to the increases revenues.

Analysis of Operating Results

1. Revenues

For the three-month period ended 31 March 2023, the Company has a total revenue amount of Baht 914.64 million which increased by Baht 275.58 million, equivalent to 43.12% when compared to the same period last year, as presented in the table below.

Total revenues	31 March 2023		31 March 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales and services	912.22	99.74	639.00	99.99	273.22	42.76
Other incomes	2.42	0.26	0.06	0.01	2.36	3,933.33
Total revenues	914.64	100.00	639.06	100.00	275.58	43.12



1.1 Revenues from sales and services

Revenue types	31 March 2023		31 March 2022		Increase (Decrease)	
	Million	%	Million	%	Million	%
	Baht		Baht		Baht	
Revenue from turnkey projects	490.33	53.75	309.96	48.51	180.37	58.19
Revenues from services and maintenance	202.68	22.22	236.18	36.96	(33.50)	(14.18)
Revenues from sales	219.21	24.03	92.86	14.53	126.35	136.07
Total revenues from sales and services	912.22	100.00	639.00	100.00	273.22	42.76

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

1.1.1 Revenues from turnkey projects

Revenues 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 31 March 2023, the Company had revenues from the turnkey projects in amount of Baht 490.33 million, increased in amount of Baht 180.37 million, equivalent to 58.19% when compared to the same period last year, since there is a recognized revenue from the large project, which are projects that started operating in 2023. Which is the recognition of revenue from the data communication business.

1.1.2 Revenues from engineering services and maintenance

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

For the three-month period ended 31 March 2023, the Company had revenues from services and maintenance in amount of Baht 202.68 million, decreased in amount of Baht 33.50 million, equivalent to 14.18% when compared to the same period last year. Since the telecommunication system services was completed in 2022 and in the 2023, it is in the process of contract renewal.



1.1.3 Revenues from sales

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

For the three-month period ended 31 March 2023, the Company had revenues from sales amount of Baht 219.21 million, increasing amount of Baht 126.35 million compared to the same period last year, from the sale of equipment for the sustainable digital community center ecosystem development project.

1.2 Other incomes

For the three-month period ended 31 March 2023, the Company had other incomes amount of Baht 2.42 million, a increased amount of Baht 2.36 million compared to the same period last year.

2. Cost of Sales and Services

Cost types	31 March 2023		31 March 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Cost of turnkey project	426.29	54.03	252.40	46.80	173.89	68.89
Cost of engineering services and maintenance	174.77	22.15	201.03	37.27	(26.26)	(13.06)
Cost of sales	187.98	23.82	85.93	15.93	102.05	118.76
Total cost of sales and services	789.04	100.00	539.36	100.00	249.68	46.29
Gross profit	123.18		99.64			
Gross profit (%)	13.50%		15.59%			

For the three-month period ended 31 March 2023, the Company had a total cost amount of Baht 789.04 million, an increased amount of Baht 249.68 million or equivalent to 46.29% compared to the same period last year, The increased cost direct proportional with revenue.



3. Expenses

Expense types	31 March 2023		31 March 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	9.57	16.88	5.14	12.58	4.43	86.19
Administrative expenses	44.32	78.18	30.28	74.09	14.04	46.37
Finance cost	2.80	4.94	5.45	13.33	(2.65)	(48.62)
Total expenses	56.69	100.00	40.87	100.00	15.82	38.71
% Of revenues from sales and services	6.21%		6.40%			

Selling Expenses

For the three-month period ended 31 March 2023, the Company had selling expenses in the amount of Baht 9.57 million, an increase of Baht 4.43 million or equivalent to 86.19% compared to the same period last year, 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 three-month period ended 31 March 2023, the Company had administrative expenses amount of Baht 44.32 million, an increase to Baht 14.04 million or equivalent to 46.37% compared to the same period last year. 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 three-month period ended 31 March 2023, the Company had a finance cost amount of Baht 2.80 million, a decrease to Baht 2.65 million or equivalent to 48.62% compared to the same period last year. Because during the year 2023, the Company and subsidiary have repaid loans from financial institutions, effect on decreasing interest expenses.



Statement of Financial Position

1. Assets

As at 31 March 2023, the Company had total assets amount of Baht 2,845.72 million, increased in amount of Baht 219.40 million, equivalent to 8.35% when compared to total assets as at 31 December 2022. The significant assets change was such as:

- Cash and cash equivalents decreased by the amount of Baht 497.39 million, the Company paid for liabilities according to the conditions for the sustainable digital community center ecosystem development project and paid for the purchase of land and buildings.
- Trade and other receivables increased by the amount of Baht 293.57 million, the Company has billed to customers but has not received.
- Contract assets increased by the amount of Baht 334.00 million, the Company performing according to the project contract but not invoice.
- Inventories increased by the amount of Baht 25.34 million, the Company purchase equipment of data communication to customers.
- Other current assets increased by the amount of Baht 28.66 million, the procurement of equipment at the end of the period, there is the tax credit.
- Other non-current assets increased by the amount of Baht 30.07 million, the Company has retention of contract and withholding tax deducted.

2. Liabilities

As at 31 March 2023, the Company had liabilities amount of Baht 941.36 million, increased the amount of Baht 166.17 million or equivalent to 21.44% compared to total liabilities as at 31 December 2022. The significant liabilities change was such as:

- Trade and other receivables are increased the amount of Baht 177.93 million, the Company procuring equipment for the sustainable digital community center ecosystem development project which has not yet paid the debt However, the payment is in accordance with the conditions.



3. Equity

As at 31 March 2023, the Company had equities amount of Baht 1,904.36 million, increased of Baht 53.23 million equivalent to 2.88% compared to 31 December 2022. The Company had an operating profit for the three-month period ended 31 March 2023, amount of Baht 53.07 million.

4. Capital Structure

As at 31 March 2023, The Company had a debt to equity ratio of 0.49 times, increased from 31 December 2022 had a debt to equity ratio of 0.42 times. The Company's liabilities increasing amount Baht 166.17 million, there is equity increase of Baht 53.23 million.

Please be informed accordingly,

Sincerely yours,

(Mr. Sayam Tiewtranon)

Managing Director

Corporate Secretary

Telephone 02 401 8222