



TKC-ELCID/010/2023

11 August 2023

Subject Management Discussion and Analysis for the three-month period ended 30 June 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 30 June 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 30 June 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 30 June 2023 are as follows:

Item	30 June 2023		30 June 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenue	1,349.86	100.00	612.33	100.00	737.53	120.45
Total operation expenses	1,274.42	94.41	540.34	88.24	734.08	135.86
Net profit for the period	75.44	5.59	71.99	11.76	3.45	4.79



The overall performance of the Company for the three-month period ended 30 June 2023, that is, total revenue increased by Baht 737.53 million, equivalent to 120.45% 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 574.60 million, equivalent to 42.57% of total revenue.

Total operation expenses for the three-month period ended 30 June 2023 had changed in line with the same direction of the increase in revenue. Total operating expenses increase by Baht 734.08 million, equivalent to 135.86% 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 30 June 2023, the increase by Baht 3.45 million, equivalent to 4.79% 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 30 June 2023, the Company has a total revenue amount of Baht 1,349.86 million which increased by Baht 737.53 million, equivalent to 120.45% when compared to the same period last year, as presented in the table below.

Total revenues	30 June 2023		30 June 2022		Increase (Decrease)	
	Million	%	Million	%	Million	%
	Baht		Baht		Baht	
Revenues from sales and services	1,343.03	99.49	611.55	99.87	731.48	119.61
Other incomes	6.83	0.51	0.78	0.13	6.05	775.64
Total revenues	1,349.86	100.00	612.33	100.00	737.53	120.45

1.1 Revenues from sales and services

Revenue types	30 June 2023		30 June 2022		Increase (Decrease)	
	Million	%	Million	%	Million	%
	Baht		Baht		Baht	
Revenue from turnkey projects	675.96	50.33	314.97	51.50	360.99	114.61
Revenues from services and maintenance	213.85	15.92	227.60	37.22	(13.75)	(6.04)
Revenues from sales	453.22	33.75	68.98	11.28	384.24	557.03
Total revenues from sales and services	1,343.03	100.00	611.55	100.00	731.48	119.61



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 30 June 2023, the Company had revenues from the turnkey projects in amount of Baht 675.96 million, increased in amount of Baht 360.99 million, equivalent to 114.61% 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 30 June 2023, the Company had revenues from services and maintenance in amount of Baht 213.85 million, decreased in amount of Baht 13.75 million, equivalent to 6.04% 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 30 June 2023, the Company had revenues from sales amount of Baht 453.22 million, increasing amount of Baht 384.24 million compared to the same period last year, from the sale of equipment for the sustainable digital community center ecosystem development project and Digital Trunked Radio System (DTRS) radio communications.

1.2 Other incomes

For the three-month period ended 30 June 2023, the Company had other incomes amount of Baht 6.83 million, a increased amount of Baht 6.05 million compared to the same period last year.



2. Cost of Sales and Services

Cost types	30 June 2023		30 June 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Cost of turnkey project	571.75	47.38	210.57	44.21	361.18	171.52
Cost of engineering services and maintenance	192.80	15.98	200.17	42.03	(7.37)	(3.68)
Cost of sales	442.10	36.64	65.55	13.76	376.55	574.45
Total cost of sales and services	1,206.65	100.00	476.29	100.00	730.36	153.34
Gross profit	136.38		135.26			
Gross profit (%)	10.15%		22.12%			

For the three-month period ended 30 June 2023, the Company had a total cost amount of Baht 1,206.65 million, an increased amount of Baht 730.36 million or equivalent to 153.34% compared to the same period last year, The increased cost direct proportional with revenue.

3. Expenses

Expense types	30 June 2023		30 June 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	8.15	17.19	7.43	16.68	0.72	9.69
Administrative expenses	35.48	74.82	33.23	74.59	2.25	6.77
Finance cost	3.79	7.99	3.89	8.73	(0.10)	(2.57)
Total expenses	47.42	100.00	44.55	100.00	2.87	6.44
% Of revenues from sales and services	3.53%		7.28%			

Selling Expenses

For the three-month period ended 30 June 2023, the Company had selling expenses in the amount of Baht 8.15 million, an increase of Baht 0.72 million or equivalent to 9.69% compared to the same period last year.



Administrative Expenses

For the three-month period ended 30 June 2023, the Company had administrative expenses amount of Baht 35.48 million, an increase to Baht 2.25 million or equivalent to 6.77% compared to the same period last year. Mainly of the increased expenses are due to travel and accommodation expenses, for study tour of technology, 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 30 June 2023, the Company had a finance cost amount of Baht 3.79 million, a decrease to Baht 0.10 million or equivalent to 2.57% compared to the same period last year.

Statement of Financial Position

1. Assets

As at 30 June 2023, the Company had total assets amount of Baht 3,681.80 million, increased in amount of Baht 1,055.48 million, equivalent to 40.19% 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 705.96 million, the Company paid for liabilities according to the conditions for the sustainable digital community center ecosystem development project.
- Trade and other receivables increased by the amount of Baht 1,531.76 million, the Company has billed to customers but has not received.
- Contract assets increased by the amount of Baht 132.80 million, the Company performing according to the project contract but not invoice.
- Lease receivables increased by the amount of Baht 183.54 million, the Company rent to Digital Trunked Radio System (DTRS) radio communications and accessories.



2. Liabilities

As at 30 June 2023, the Company had liabilities amount of Baht 1,821.95 million, increased the amount of Baht 1,046.76 million or equivalent to 135.03% compared to total liabilities as at 31 December 2022. The significant liabilities change was such as:

- Bank overdrafts and short-term borrowing from financial institutions increase the amount of 246.05 million, the Company issued promissory notes for operate business and trust receipts for Universal Service Obligation (USO).
- Trade and other receivables are increased the amount of Baht 831.00 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 30 June 2023, the Company had equities amount of Baht 1,859.85 million, increased of Baht 8.72 million equivalent to 0.47% compared to 31 December 2022. The Company had an operating profit for the six-month period ended 30 June 2023, amount of Baht 128.51 million and the annual dividend payment amount of 120.00 million Baht, it result of an increase in equity.

4. Capital Structure

As at 30 June 2023, The Company had a debt to equity ratio of 0.98 times, increased from 31 December 2022 had a debt to equity ratio of 0.42 times. The Company's liabilities increasing amount Baht 1,046.76 million, there is equity increase of Baht 8.72 million.

Please be informed accordingly,

Sincerely yours,

(Mr. Sayam Tiewtranon)

Managing Director

Corporate Secretary

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