

SET 2023/022

9 November, 2023

Subject: Management Discussion and Analysis (MD&A) for the Third 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 third quarter ended 30 September 2023 of the Company and subsidiaries (TEAM GROUP) with details as follows:

Operating Performance for the Three-month Period Ended 30 September 2023

Consolidated Financial Performance	Jul-Sep 2022		Apr - Jun 2023		Jul-Sep 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	420.27	98.2%	379.48	99.1%	443.52	99.2%	5.5%	16.9%
Total Revenue	427.82	100.0%	382.94	100.0%	446.93	100.0%	4.5%	16.7%
Cost of Sales and Services	(295.44)	(70.3%)	(263.33)	(69.4%)	(323.26)	(72.9%)	9.4%	22.8%
Administrative Expenses	(81.47)	(19.0%)	(87.41)	(22.8%)	(76.35)	(17.8%)	9.7%	2.3%
Losses on Equity Investment that are determined to be measured at fair value					(13.05)	(2.9%)		
Operating Profit	50.91	11.9%	32.20	8.4%	34.26	7.7%	(32.7%)	6.4%
Share of Profit from Investment in Associated Companies	0.76	0.2%	(0.25)	(0.1%)	(0.18)	0.0%	(123.8%)	(28.7%)
Financial Income	4.37	1.0%	5.79	1.5%	7.30	1.6%	67.2%	26.0%
Financial Cost	(2.34)	(0.5%)	(2.81)	(0.7%)	(2.51)	(0.6%)	7.3%	(10.6%)
Income Tax	(11.75)	(2.7%)	(9.66)	(2.5%)	(8.34)	(1.9%)	(29.0%)	(13.7%)
Profit for the Period	41.94	9.8%	25.26	6.6%	30.52	6.8%	(27.2%)	20.8%

Revenue

The total revenue of TEAM GROUP for the third quarter ended 30 September 2023 was 446.93 Million Baht, increasing at the rates of 16.7% from 382.94 Million Baht in the second quarter of 2023 and 4.5% from 427.82 Million Baht in the same period of 2022.

The total revenue in this quarter consisted of sales and service revenue in the amount of 443.52 Million Baht and other revenue in the amount of 3.41 Million Baht.

Sales and Service Revenue

TEAM GROUP had the sales and service revenue for the third quarter of 2023 in a total amount of 443.52 Million Baht, accounting for 99.2% of the total revenue with the following revenue structure:

Service Revenue (Million Baht)	Q3 (2023)	Q2 (2023)	Q-o-Q	Q3 (2022)	Y-o-Y	Jan - Sep 2023	Jan - Sep 2022	% Growth
Government Sector (G)	196	178	10%	222	(12%)	554	616	(10%)
Private Sector (P)	148	127	17%	114	29%	395	356	11%
International Sector (I)	41	52	(21%)	36	14%	132	100	33%
Related Business Sector (R)	58	22	164%	48	22%	140	109	29%
Total Service Revenue	444	379	17%	420	6%	1,221	1,180	3%

(1) Service Revenue from Government Sector

During the third quarter of 2023, the service revenue from the government projects amounted to 196.05 Million Baht, accounting for 44.2% of the total sales and service revenue. The revenue in this quarter increased at the of 9.8% from the second quarter of 2023, but diminished by 11.8% from same period of 2022. The lower revenue recognition compared to the previous year resulted from the same reason as the previous quarter, namely the delay of the government's investment budget which affected the delayed projects acceptance as well as revenue recognition of TEAM GROUP.

(2) Service Revenue from Private Sector

During the third quarter of 2023, the service revenue from the private sector amounted to 148.02 Million Baht, equaling 33.4% of the total sales and service revenue, increasing by 29.4% from 114.37 Million Baht gained in the same period of the previous year, and 16.8% from 126.68 Million Baht in the second quarter of 2023. In this regard, the revenue recognition of TEAM GROUP's private sector projects has increased from the progress in operation of design, environmental impact assessment report, and project management and construction supervision projects.

(3) Service Revenue from International Sector

During the third quarter of 2023, the service revenue from the international sector was 41.21 Million Baht, or 9.3% of the total sales and service revenue, increasing at the rate of 14.3% from 36.05 Million Baht in the same period of 2022, but decreasing by 21.2%,

compared to the second quarter of 2023. This was because many international projects have reached the end of their operation, thus there was less work in this quarter.

(4) Service Revenue from Related Business Sector

During the third quarter of 2023, the revenue from the related business sector was 58.24 Million Baht, accounting for 13.1% of the total sales and service revenue. The revenue in this sector consisted of service revenue from related services in the amount of 57.55 Million Baht and sales revenue from investment projects in the amount of 0.69 Million Baht. The service revenue from the related business sector in this quarter increased by 22.2% from the same period of 2022 and 164.3% from the three-month period of Q2/2023. The reason was that TEAM GROUP has operated new Engineering Procurement Contract (EPC) projects received this year in addition to the previous types of work in this sector, whereas the investment projects' revenue was still only the revenue of the operational part from the investment projects that already completed in the construction part.

Other Revenue

TEAM GROUP had other revenue in the third quarter of 2023 in the amount of 3.41 Million Baht, accounting for 0.8% of the total revenue. Other revenue consists of publication revenue, gains from software sales, and others miscellaneous revenue.

Cost of Sales and Services and Gross Profit Margin

In the third quarter of 2023, the total cost of sales and services of TEAM GROUP amounted to 323.26 Million Baht, increasing at the rates of 9.4% from 295.44 Million Baht in the same period in 2022 and 22.8% from 263.33 Million Baht in the second quarter of 2023 due to the higher revenue recognition of the quarter. Nonetheless, the ratio of the cost of sales and services to the total sales and service revenue increased to 72.9%, compared to 69.4% in the same period of 2022 and 70.3% in the second quarter of 2023. This was mainly the increase in expenses related to manpower.

In consequence, TEAM GROUP's gross profit margin in this quarter decreased to 27.1% of the sales and service revenue, lower when compared to that of the same period of 2022 and the second quarter of 2023.

Administrative Expenses

The administrative expenses in the third quarter of 2023 amounted to 76.35 Million Baht, decreasing by 5.11 Million Baht or 6.3% from the same period of 2022, and 11.06 Million Baht or 12.7% from the second quarter of 2023. As a result, the ratio of the administrative expenses to the total revenue of the third quarter of 2023 decreased to 17.8%, indicating TEAM GROUP's efficiency in controlling expenses.

Nevertheless, in the third quarter of 2023 ended 30 September 2023, TEAM GROUP recognized losses from equity investment that were invested and held for trading since the beginning of 2023 in the amount of 13.05 Million Baht.

Net Profit, and Net Profit Margin

TEAM GROUP earned the net profit for the third quarter of 2023 at the total amount of 30.52 Million Baht, increasing by 20.8% from 25.26 Million Baht in the second quarter of 2023, and decreasing by 27.2% from 41.94 Million Baht in the same period of 2022. This was because TEAM GROUP recognized losses from equity investment in this quarter as mentioned earlier. Consequently, the net profit margin in the third quarter of 2023 equaled to 6.8%.

Financial Position as of 30 September 2023

<i>Unit: Million Baht</i>	31 Dec 2022	30 Sep 2023	% Change
Cash and Cash Equivalents	451.91	273.42	(39.5%)
Trade and Other Receivables	450.54	563.74	25.1%
Unbilled Receivables	778.23	809.48	4.0%
Other Current Assets	93.04	142.49	53.1%
Non-current Assets	546.87	615.83	12.6%
Total Assets	2,330.59	2,404.96	3.2%
Current Liabilities	973.13	949.40	(2.4%)
Non-current Liabilities	327.94	321.67	(1.9%)
Total Liabilities	1,301.07	1,271.07	(2.3%)
Shareholder's Equity	1,029.52	1,133.89	10.1%
Total Liabilities and Shareholder's Equity	2,330.59	2,404.96	3.2%

Assets

As of 30 September 2023, TEAM GROUP had the total assets of 2,404.96 Million Baht, increasing by 3.2% from the end of 2022. This was due to the 113.20 Million Baht increase in trade and other receivables due to unpaid payments from large-scale government sector projects. Besides, non-current assets increased in the amount of 68.96 Million Baht because of the investment in equity, buildings, equipment, and associated companies. Meanwhile, other current assets increased by 49.45 Million Baht because of advance received for project service fees. This caused cash and cash equivalents to decrease by 188.49 Million Baht. In addition, TEAM GROUP has repaid the loan to commercial banks in the third quarter of 2023 in order to reduce the burden of interest expenses.

Liabilities and Shareholder's Equity

As of 30 September 2023, TEAM GROUP had the total liabilities of 1,271.07 Million Baht, decreasing at the rate of 2.3%, compared to the end of 2022. This was mainly because of the

repayment of both short-term and long-term loans from commercial banks in the total amount of 42.00 Million Baht and the 10.64 Million Baht decrease in trade payable. Whereas, advance received and unearned revenue increased by 27.79 Million Baht in total. Additionally, the shareholder's equity amounted to 1,133.89 Million Baht, increasing by 10.1% compared to the end of 2022 due to the increasing net profit from the operating performance and the registered paid-up capital.

Significant Financial Ratios

<i>Unit: Times</i>	30 Sep 2022	31 Dec 2022	30 Sep 2023
Current Ratio	1.84	1.83	1.88
Quick Ratio	0.75	0.94	0.88
Debt to Equity Ratio (D/E ratio)	1.35	1.26	1.12
Gearing Ratio	0.28	0.24	0.18

At the end of the third quarter of 2023, TEAM GROUP's current ratio increased to 1.88 times, compared to the end of 2022. The quick ratio decreased to 0.88 times because of the decline in cash and cash equivalents. Whereas, the debt to equity ratio and the gearing ratio decreased to 1.12 times and 0.18 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