



TKC-ELCID/020/2023

10 November 2023

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

Item	30 September 2023		30 September 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenue	943.96	100.00	544.71	100.00	399.25	73.30
Total operation expenses	870.12	92.18	502.97	92.34	367.15	73.00
Net profit for the period	73.84	7.82	41.74	7.66	32.10	76.90

The overall performance of the Company for the three-month period ended 30 September 2023, that is, total revenue increased by Baht 399.25 million, equivalent to 73.30% compared to the same period last year, However, the Company recognizes revenue from the Network Equipment of the 4G/5G mobile phone project on 700 MHz frequencies project and the sustainable digital community center ecosystem development project.

Total operation expenses for the three-month period ended 30 September 2023 had changed in line with the same direction of the increase in revenue. Total operating expenses increase by Baht 367.15 million, equivalent to 73.00% 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 September 2023, the increase by Baht 32.10 million, equivalent to 76.90% 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 September 2023, the Company has a total revenue amount of Baht 943.96 million which increased by Baht 399.25 million, equivalent to 73.30% when compared to the same period last year, as presented in the table below.

Total revenues	30 September 2023		30 September 2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales and services	939.90	99.57	544.37	99.94	395.53	72.66
Other incomes	4.06	0.43	0.34	0.06	3.72	1,094.12
Total revenues	943.6	100.00	544.71	100.00	399.25	73.30



1.1 Revenues from sales and services

Revenue types	30 September 2023		30 September 2022		Increase (Decrease)	
	Million	%	Million	%	Million	%
	Baht		Baht		Baht	
Revenue from turnkey projects	633.42	67.39	324.87	59.68	308.55	94.98
Revenues from services and maintenance	302.29	32.16	213.85	39.28	88.44	41.36
Revenues from sales	4.19	0.45	5.65	1.04	(1.46)	(25.84)
Total revenues from sales and services	939.90	100.00	544.37	100.00	395.53	72.66

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 September 2023, the Company had revenues from the turnkey projects in amount of Baht 633.42 million, increased in amount of Baht 308.55 million, equivalent to 94.98% 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 providing design, sourcing, and installation of telecommunication systems, public safety systems and digital solutions 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, providing internet signal link services and providing services to develop information technology knowledge and skills for the digital society.

For the three-month period ended 30 September 2023, the Company had revenues from services and maintenance in amount of Baht 302.29 million, increased in amount of Baht 88.44 million, equivalent to 41.36% when compared to the same period last year. Which is the recognition of revenue from providing services to develop information technology knowledge and skills for the digital society.



1.1.3 Revenues from sales

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

For the three-month period ended 30 September 2023, the Company had revenues from sales amount of Baht 4.19 million, decreasing amount of Baht 1.46 million compared to the same period last year, from the sale of computers.

1.2 Other incomes

For the three-month period ended 30 September 2023, the Company had other incomes amount of Baht 4.06 million, an increased amount of Baht 3.72 million compared to the same period last year.

2. Cost of Sales and Services

Cost types	30 September 2023		30 September 2022		Increase (Decrease)	
	Million	%	Million	%	Million	%
	Baht		Baht		Baht	
Cost of turnkey project	521.72	64.95	252.19	56.88	269.53	106.88
Cost of engineering services and maintenance	275.57	34.31	186.08	41.97	89.49	48.09
Cost of sales	5.91	0.74	5.10	1.15	0.81	15.88
Total cost of sales and services	803.20	100.00	443.37	100.00	359.83	81.16
Gross profit	136.70		101.00			
Gross profit (%)	14.54%		18.55%			

For the three-month period ended 30 September 2023, the Company had a total cost amount of Baht 803.20 million, an increased amount of Baht 359.83 million or equivalent to 81.16% compared to the same period last year, The increased cost direct proportional with revenue.



3. Expenses

Expense types	30 September 2023		30 September 2022		Increase (Decrease)	
	Million	%	Million	%	Million	%
	Baht		Baht		Baht	
Selling expenses	3.08	6.92	8.04	17.03	(4.96)	(61.69)
Administrative expenses	33.75	75.79	35.64	75.49	(1.89)	(5.30)
Finance cost	7.70	17.29	3.53	7.48	4.17	118.13
Total expenses	44.53	100.00	47.21	100.00	(2.68)	(5.68)
% Of revenues from sales and services	4.74%		8.67%			

Selling Expenses

For the three-month period ended 30 September 2023, the Company had selling expenses in the amount of Baht 3.08 million, an decrease of Baht 4.96 million or equivalent to 61.69% compared to the same period last year from reversal of doubtful debts, due to payment received.

Administrative Expenses

For the three-month period ended 30 September 2023, the Company had administrative expenses amount of Baht 33.75 million, an decrease to Baht 1.89 million or equivalent to 5.30% compared to the same period last year.

Finance Cost

For the three-month period ended 30 September 2023, the Company had a finance cost amount of Baht 7.70 million, a increase to Baht 4.17 million or equivalent to 118.13% compared to the same period last year. Mainly of the increased finance cost are interest expenses, because there are several large projects in 2023.



Statement of Financial Position

1. Assets

As at 30 September 2023, the Company had total assets amount of Baht 3,667.53 million, increased in amount of Baht 1,041.21 million, equivalent to 39.65% 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 613.89 million, the Company paid for liabilities according to the conditions for the Network Equipment of the 4G/5G mobile phone project on 700 MHz frequencies project.
- Trade and other receivables increased by the amount of Baht 866.60 million, which the Company has billed customers but has not received.
- Contract assets increased by the amount of Baht 535.27 million, the Company performing according to the project contract but not invoice.
- Lease receivables increased by the amount of Baht 175.30 million, the Company rented Digital Trunked Radio System (DTRS) radio communications and accessories.
- Other current assets increased by the amount of Baht 201.68 million, the Company pay a short-term deposit the share price of Advance Information Technology Public Company Limited (“AIT”) is amount of Baht 160 million and Value Added Tax credit of Baht 41.08 million.

2. Liabilities

As at 30 September 2023, the Company had liabilities amount of Baht 1,733.96 million, increased the amount of Baht 958.77 million or equivalent to 123.68% 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 increased the amount of 265.50 million, the Company issued promissory notes for operating business and trust receipts for Universal Service Obligation (USO).
- Trade and other payables are increased the amount of Baht 639.42 million, the Company procuring equipment for the sustainable digital community center ecosystem development project and the Network Equipment of the 4G/5G mobile phone project on 700 MHz frequencies project which has not yet paid the debt However, the payment is in accordance with the conditions.
- Short-term borrowings from related parties are increase the amount of Baht 70.00 million, the Company borrowed money from related parties for operate business.



3. Equity

As at 30 September 2023, the Company had equities amount of Baht 1,933.57 million, increased of Baht 82.43 million equivalent to 4.45% compared to 31 December 2022. The Company had an operating profit for the nine-month period ended 30 September 2023, amount of Baht 202.36 million and dividend payment amount of Baht 119.95 million, it result of an increase in equity.

4. Capital Structure

As at 30 September 2023, The Company had a debt to equity ratio of 0.90 times, increased from 31 December 2022 had a debt to equity ratio of 0.42 times. The Company's liabilities increasing amount Baht 958.77 million, there is equity increase of Baht 82.43 million.

Please be informed accordingly,

Sincerely yours,

(Mr. Sayam Tiewtranon)

Managing Director

Corporate Secretary

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