

SET 2024/002

27 February, 2024

Subject: Management Discussion and Analysis (MD&A) for the Year 2023 end 31 December 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 Year 2023 ended 31 December 2023 of the Company and subsidiaries (TEAM GROUP) with details as follows:

Operating Performance for the Year 2023 Ended 31 December 2023

Consolidated Financial Performance	Jan–Dec 2022		Jan–Dec 2023		% Y-0-Y
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	
Sales and Service Revenue	1,623.67	99.0%	1,673.67	99.3%	3.1%
Total Revenue	1,639.49	100.0%	1,685.32	100.0%	2.8%
Cost of Sales and Services	(1,201.95)	(73.3%)	(1,180.66)	(70.5%)	(1.8%)
Administrative Expenses	(316.12)	(19.3%)	(351.54)	(20.9%)	11.2%
Operating Profit	121.42	7.4%	153.12	9.1%	26.1%
Share of Profit from Investment in Associated Companies	(0.11)	(0.0%)	(0.53)	(0.0%)	(389.9%)
Financial Income	14.65	0.9%	25.08	1.5%	71.2%
Financial Cost	(7.88)	(0.5%)	(9.95)	(0.6%)	26.3%
Income Tax	(25.02)	(1.5%)	(38.44)	(2.3%)	53.6%
Profit for the Period	103.06	6.3%	129.27	7.7%	25.4%

Revenue

The total revenue of TEAM GROUP for the year 2023 ended 31 December 2023 was 1,685.32 Million Baht, increasing by 45.83 Million Baht or 2.8% from 2022. The total revenue in 2023 consisted of sales and service revenue in the amount of 1,673.67 Million Baht and other revenue in the amount of 11.65 Million Baht.

Sales and Service Revenue

TEAM GROUP had the sales and service revenue for the year 2023 in a total amount of 1,673.67 Million Baht, accounting for 99.3% of the total revenue with the following revenue structure:

Sales and Service Revenue (Million Baht)	Jan-Dec 2022	Jan-Dec 2023	% Growth
Government Sector (G)	843	726	(14%)
Private Sector (P)	460	540	17%
International Sector (I)	132	178	35%
Related Services (RS)	135	200	48%
Investment (INI)	54	29	(46%)
Total Sales and Service Revenue	1,624	1,674	3%

(1) Service Revenue from Government Sector

During the year 2023, the service revenue from the government projects amounted to 726.29 Million Baht, accounting for 43.4% of the total sales and service revenue. The revenue in this year decreased at the rates of 13.8% from 2022. The lower revenue recognition compared to the previous year resulted from two main reasons, namely (1) the delay in approving the budget for the fiscal year 2024 due to the establishment of the new government, impacting the acceptance of new project and revenue recognition for TEAM GROUP (2) significant Public Private Partnership projects within the Eastern Economic Corridor (EEC), undertaken by TEAM GROUP, have experienced consistent delays since 2022.

(2) Service Revenue from Private Sector

During the year 2023, the service revenue from the private sector amounted to 540.22 Million Baht, equaling 32.3% of the total sales and service revenue, increasing by 80.32 Million Baht, or 17.5% from that of the 2022. In 2023, TEAM GROUP recognized higher revenue due to a higher number of awarded projects, including many projects in the operation period were in more advanced stages of progress compared to the previous year. The projects contributing to higher revenue recognition in the year included project management and construction supervision of condominium, and other types of buildings, design projects for construction of electric railway, and environmental impact assessment report preparation projects.

(3) Service Revenue from International Sector

During the year 2023, the service revenue from the international sector was 178.30 Million Baht, or 10.7% of the total sales and service revenue, increasing at the rate of 35.0% from 132.05 Million Baht in 2022. This was because of the significant progress made this year of large-scale Design of hydropower project in Lao PDR, and a construction management project for worker accommodation within the same project.

(4) Service Revenue from Related Business Sector

During the year 2023, the revenue from the related business sector was 228.86 Million Baht, accounting for 13.7% of the total sales and service revenue. The revenue in this sector consisted of service revenue from related services in the amount of 199.64 Million Baht and sales revenue from investment projects in the amount of 29.21 Million Baht. The service revenue from the related services in this year increased by 47.8% from 135.10 Million Baht gained in 2022. The reason was that TEAM GROUP received large-scale Engineering, Procurement, and Construction (EPC) projects in collaboration with partners in the year. Whereas sales revenue from the investment projects amounted to 29.21 Million Baht, decreasing from that of 2022 because of the smaller-scale investment project in 2023 compared to 2022.

Other Revenue

TEAM GROUP had other revenue in the year 2023 in the amount of 11.65 Million Baht, accounting for 0.7% of the total revenue. Other revenue consists of publication revenue, gains from software sales, gains from equity investment that are determined to be measured at fair value, and others miscellaneous revenue.

Cost of Sales and Services and Gross Profit Margin

In 2023, the total cost of sales and services of TEAM GROUP amounted to 1,180.66 Million Baht, decreasing at the rates of 1.8% from 1,201.95 Million Baht in 2022. Meanwhile, the total sales and service revenue increased, indicating that in 2023, TEAM GROUP effectively managed and controlled project expenses and continued its operations consistently since the previous year. This involved managing expenses related to manpower and other projects' direct cost.

In consequence, TEAM GROUP's gross profit in 2023 increased to 493.02 Million Baht, increasing by 71.30 Million Baht or 16.9% from 421.72 Million Baht in 2022. Nonetheless, TEAM GROUP's gross profit margin in 2023 increased from 26.0% to 29.5% of the total sales and service revenue.

Administrative Expenses

The administrative expenses in the year 2023 amounted to 351.54 Million Baht, increasing by 35.42 Million Baht or 11.2% from 2022. The main reasons of the increase were (1) the rise in expenses related to employee welfare and rewards and (2) the increase in allowance for doubtful account of TEAM GROUP. Meanwhile, other administrative expenses were controlled to be close to the level of the previous year. Accordingly, the ratio of the administrative expenses to the total revenue in 2023 increased to 20.9% from 19.3% in 2022.

Net Profit, and Net Profit Margin

TEAM GROUP earned the net profit for the Year 2023 ended 31 December 2023 at the total amount of 129.27 Million Baht, increasing by 26.21 Million Baht or 25.4% from 103.06 Million Baht in 2022. The increasing net profit was in line with the increase in sales

and service revenue and the decrease in cost of sales and services. Consequently, the net profit margin increased from 6.3% in 2022 to 7.7% in 2023

Financial Position as of 31 December 2023

<i>Unit: Million Baht</i>	31 Dec 2022	30 Sep 2023	% Change
Cash and Cash Equivalents	451.91	295.04	(34.7%)
Trade and Other Receivables	450.54	596.66	32.4%
Unbilled Receivables	778.23	829.44	6.6%
Other Current Assets	93.04	93.07	0.0%
Non-current Assets	546.87	618.13	13.0%
Total Assets	2,330.59	2,432.34	4.4%
Current Liabilities	973.13	952.49	(2.1%)
Non-current Liabilities	327.94	294.58	(10.2%)
Total Liabilities	1,301.07	1,247.06	(4.2%)
Shareholder's Equity	1,029.52	1,185.29	15.1%
Total Liabilities and Shareholder's Equity	2,330.59	2,432.34	4.4%

Assets

As of 31 December 2023, TEAM GROUP had the total assets of 2,432.34 Million Baht, increasing by 4.4% from the end of 2022. This was due to the 146.12 Million Baht increase in trade receivables due to unpaid payments from large-scale Public Private Partnership projects in Eastern Economic Corridor (EEC). The 51.21 Million Baht increase in unbilled receivables resulted from ongoing related service projects that have not yet reached TEAM GROUP's billing period. Meanwhile, non-current assets increased in the amount of 71.26 Million Baht because of additional investment in equity, buildings, equipment, and associated companies in 2023. Consequently, cash and cash equivalents to decrease by 166.87 Million Baht. Furthermore, during the second half of 2023, TEAM GROUP has repaid the loan to commercial banks in order to reduce the burden of interest expenses. Therefore, cash and cash equivalents as of 31 December 2023 amounted to 295.04 Million Baht.

Liabilities and Shareholder's Equity

As of 31 December 2023, TEAM GROUP had the total liabilities of 1,247.06 Million Baht, decreasing at the rates of 4.2%, 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 65.93 Million Baht. There was also a decrease in long-term employee benefit reserves of 30.98 Million Baht due to financial assumptions adjustments. Whereas, trade payable and unearned revenue increased by 20.78 Million Baht and 21.25 Million Baht respectively. Additionally, the shareholder's equity amounted to 1,185.29 Million Baht, increasing by 15.1% from 1,029.52 Million Baht in 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>	31 Dec 2022	31 Dec 2023
Current Ratio	1.83	1.90
Quick Ratio	0.94	0.94
Debt to Equity Ratio (D/E ratio)	1.26	1.05
Gearing Ratio	0.24	0.15

As of 31 December 2023, TEAM GROUP's current ratio increased to 1.90 times, compared to the end of 2022. The quick ratio remained unchanged at 0.94 times. Due to the repayment of loans to commercial banks, the debt to equity ratio and the gearing ratio decreased to 1.05 times and 0.15 times respectively.

Please be informed accordingly.

Yours sincerely,

(Mrs. Penpilai Phonchaipanich)

Chief Financial Officer

TEAM Consulting Engineering and Management Public Company Limited