



TKC-ELCID/002/2567

23 February 2024

Subject Management Discussion and Analysis for the year ended 31 December 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 year ended 31 December 2023, which has been audited 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 year ended 31 December 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 year ended 31 December 2023 are as follows:

Item	2023		2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Total revenue	3,886.53	100.00	2,461.88	100.00	1,424.65	57.87
Total operation expenses	3,636.10	93.56	2,220.88	90.21	1,415.22	63.72
Net profit for the period	250.43	6.44	241.00	9.79	9.43	3.91

The overall performance of the Company for the year ended 31 December 2023, that is, total revenue increased by Baht 1,424.65 million, equivalent to 57.87% compared to 2022, However, the Company recognizes revenue from the Network Equipment of the 4G/5G mobile phone project on 700 MHz frequencies project, the sustainable digital community center ecosystem development project and the expand cloud services in Government Data Center and Cloud Service (GDCC) project.

Total operation expenses for the year ended 31 December 2023 had changed in line with the same direction of the increase in revenue. Total operating expenses increase by Baht 1,415.22 million, equivalent to 63.72% compared to 2022, which had no significant change in expenses and revenues. Caused by the Company's ability to control the expenses incurred.

Net profit for the year ended 31 December 2023, the increase by Baht 9.43 million, equivalent to 3.91% compared to 2022, its direct variation to the increases revenues.

Analysis of Operating Results

1. Revenues

For the year ended 31 December 2023, the Company has a total revenue amount of Baht 3,886.53 million which increased by Baht 1,424.65 million, equivalent to 57.87% when compared to 2022, as presented in the table below.

Total revenues	2023		2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales and services	3,858.22	99.27	2,459.45	99.90	1,398.77	56.87
Other incomes	28.31	0.73	2.43	0.10	25.88	1,065.02
Total revenues	3,886.53	100.00	2,461.88	100.00	1,424.65	57.87



1.1 Revenues from sales and services

Revenue types	2023		2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from turnkey projects	1,745.05	45.23	1,284.14	52.21	460.91	35.89
Revenues from services and maintenance	1,053.29	27.30	897.36	36.49	155.93	17.38
Revenues from sales	1,059.88	27.47	277.95	11.30	781.93	281.32
Total revenues from sales and services	3,858.22	100.00	2,459.45	100.00	1,398.77	56.87

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 year ended 31 December 2023, the Company had revenues from the turnkey projects in amount of Baht 1,745.05 million, increased in amount of Baht 460.91 million, equivalent to 35.89% when compared to 2022, 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 year ended 31 December 2023, the Company had revenues from services and maintenance in amount of Baht 1,053.29 million, increased in amount of Baht 155.93 million, equivalent to 17.38% when compared to 2022, 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 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 year ended 31 December 2023, the Company had revenues from sales amount of Baht 1,059.88 million, increased amount of Baht 781.93 million, equivalent to 281.32% when compared to 2022, from the sale of computer and information technology equipment.

1.2 Other incomes

For the year ended 31 December 2023, the Company had other incomes amount of Baht 28.31 million, an increased amount of Baht 25.88 million, equivalent to 1,065.02% when compared to 2022, the Company have deferred interest income and interest form financial lease.

2. Cost of Sales and Services

Cost types	2023		2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Cost of turnkey project	1,374.92	40.93	918.68	46.39	456.24	49.66
Cost of engineering services and maintenance	951.95	28.34	798.85	40.33	153.10	19.17
Cost of sales	1,032.54	30.73	262.95	13.28	769.59	292.68
Total cost of sales and services	3,359.41	100.00	1,980.48	100.00	1,378.93	69.63
Gross profit	498.82		478.97			
Gross profit (%)	12.93%		19.47%			

For the year ended 31 December 2023, the Company had a total cost amount of Baht 3,359.41 million, an increased amount of Baht 1,378.93 million or equivalent to 69.63% compared to 2022, The increased cost direct proportional with revenue.



3. Expenses

Expense types	2023		2022		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Selling expenses	36.87	16.78	31.43	17.85	5.44	17.31
Administrative expenses	157.41	71.66	128.46	72.93	28.95	22.54
Finance cost	25.40	11.56	16.24	9.22	9.16	56.40
Total expenses	219.68	100.00	176.13	100.00	43.55	24.73
% Of revenues from sales and services	5.69%		7.16%			

Selling Expenses

For the year ended 31 December 2023, the Company had selling expenses in the amount of Baht 36.87 million, an increase of Baht 5.44 million or equivalent to 17.31% compared to 2022.

Administrative Expenses

For the year ended 31 December 2023, the Company had administrative expenses amount of Baht 157.41 million, an increase to Baht 28.95 million or equivalent to 22.54% compared to 2022, the mainly due to expenses relate to purchasing investment.

Finance Cost

For the year ended 31 December 2023, the Company had a finance cost amount of Baht 25.40 million, an increase to Baht 9.16 million or equivalent to 56.40% compared to 2022.



Statement of Financial Position

1. Assets

As at 31 December 2023, the Company had total assets amount of Baht 5,235.58 million, increased in amount of Baht 2,609.26 million, equivalent to 99.35% 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 602.29 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 788.91 million, the Company has billed to customers but has not received.
- Lease receivables increased by the amount of Baht 177.15 million, the Company rented to Digital Trunked Radio System (DTRS) radio communications and accessories.
- Contract assets increased by the amount of Baht 491.84 million, the Company performing according to the project contract but not invoice.
- Investments in associates increased by the amount of Baht 1,880.97 million, the Company invested Common share of Advanced Information Technology PCL (AIT).

2. Liabilities

As at 31 December 2023, the Company had liabilities amount of Baht 1,310.42 million, increased the amount of Baht 535.22 million or equivalent to 69.04% 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 506.46 million, the Company issued promissory notes for operate business and trust receipts for Universal Service Obligation (USO).
- Trade and other payables are increased the amount of Baht 67.77 million, the Company procuring equipment for the expand cloud services in Government Data Center and Cloud Service (GDCC) project which has not yet paid the debt However, the payment is in accordance with the conditions.



3. Equity

As at 31 December 2023, the Company had equities amount of Baht 3,925.17 million, an increase of Baht 2,074.03 million equivalent to 112.04% compared to 31 December 2022. The significant assets change was such as:

- The Company issuing amount of Baht 100 million new ordinary shares for invested Common share of Advanced Information Technology PCL (AIT) and premium on paid-up capital of Baht 1,843.66 million.
- The Company had an operating profit for the year ended 31 December 2023 amount of Baht 250.43 million and dividend payment amount of Baht 119.95 million.

4. Capital Structure

As at 31 December 2023, The Company had a debt to equity ratio of 0.33 times, decreased from 31 December 2022 had a debt to equity ratio of 0.42 times. The Company's liabilities increasing amount Baht 535.22 million, there is equity increase of Baht 2,074.03 million.

Please be informed accordingly,

Sincerely yours,

(Mr. Sayam Tiewtranon)

Managing Director

Corporate Secretary

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