

SET 2022/18

10 August, 2022

Subject: Management Discussion and Analysis (MD&A) for the Second Quarter of 2022

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 second quarter ended 30 June 2022 of the Company and subsidiaries (TEAM GROUP) with details as follows:

**Operating Performance for the Three-month Period Ended 30 June 2022**

Consolidated Financial Performance	Apr – Jun 2021		Jan – Mar 2022		Apr– Jun 2022		% 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	377.97	98.6%	413.54	99.2%	346.38	99.2%	(8.4%)	(16.2%)
Total Revenue	383.36	100.0%	417.02	100.0%	349.36	100.0%	(8.9%)	(16.2%)
Cost of Sales and Services	(280.60)	(74.2%)	(319.48)	(77.3%)	(260.98)	(75.3%)	(7.0%)	(18.3%)
Administrative Expenses	(79.98)	(20.9%)	(75.39)	(18.1%)	(82.85)	(23.7%)	3.6%	9.9%
Operating Profit	22.79	5.9%	22.15	5.3%	5.52	1.6%	(75.8%)	(7.5%)
Share of Profit from Investment in Associated Companies	0.08	(0.0%)	0.09	0.0%	(0.00)	0.0%	(105.2%)	(104.5%)
Financial Income	1.99	0.5%	1.93	0.5%	3.54	1.0%	78.0%	83.5%
Financial Cost	(1.01)	(0.3%)	(1.03)	(0.2%)	(1.77)	(0.5%)	75.9%	(71.9%)
Income Tax	(5.27)	(1.4%)	(4.79)	(1.1%)	(1.63)	(0.5%)	(69.1%)	(65.9%)
<b>Profit for the Period</b>	<b>18.58</b>	<b>4.8%</b>	<b>18.34</b>	<b>4.4%</b>	<b>5.65</b>	<b>1.6%</b>	<b>(69.6%)</b>	<b>(69.2%)</b>

**Revenue**

The total revenue of TEAM GROUP for the second quarter ended 30 June 2022 was 349.36 Million Baht, decreasing by 8.9% from 383.36 Million Baht in the same period of the previous year, and 16.2% from the total revenue of 417.02 Million Baht in the first quarter of 2022. The total revenue in this quarter consisted of sales and service revenue in the amount of 346.38 Million Baht and other revenue of 2.98 Million Baht.

## Sales and Service Revenue

TEAM GROUP had the sales and service revenue for the second quarter of 2022 in a total amount of 346.38 Million Baht, accounting for 99.2% of the total revenue with the following revenue structure:

Service Revenue (Million Baht)	Q2 (2022)	Q1 (2022)	Q-o-Q	Q2 (2021)	Y-o-Y	Jan - Jun 2022	Jan - Jun 2021	% Growth
Government Sector (G)	182	212	(14%)	216	(16%)	393	437	(10%)
Private Sector (P)	120	122	(2%)	127	(6%)	242	246	(2%)
International Sector (I)	32	32	0%	27	19%	64	57	11%
Related Business Sector (R)	13	48	(73%)	8	60%	61	30	101%
<b>Total Service Revenue</b>	<b>346</b>	<b>414</b>	<b>(16%)</b>	<b>378</b>	<b>(8%)</b>	<b>760</b>	<b>770</b>	<b>(1%)</b>

### (1) Service Revenue from Government Sector

During the second quarter of 2022, the service revenue from the government projects amounted to 181.79 Million Baht, accounting for 52.48% of the total sales and service revenue, decreasing 16% from the same period of 2021 and 14% from the first quarter of 2022. The continually lower revenue recognition resulted from the delay of one large-scale ongoing government's project that TEAM GROUP has been operating since the first quarter of this year. Nevertheless, TEAM GROUP is closely monitoring the situation.

### (2) Service Revenue from Private Sector

During the second quarter of 2022, the service revenue from the private sector amounted to 119.95 Million Baht, equaling 34.63% of the total sales and service revenue, slightly decreasing by 6% from 127.07 Million Baht gained in the same period of the previous year and 2% from 122.13 Million Baht in the first quarter of 2022. The revenue recognition of TEAM GROUP's private sector projects has remained stable and corresponding with the plan.

### (3) Service Revenue from International Sector

During the second quarter of 2022, the service revenue from the international sector was 31.78 Million Baht, or 9.17% of the total sales and service revenue increasing at the rates of 19% from 26.71 Million Baht gained in the same period of 2021. Whereas the revenue of this quarter remained the same as the first quarter of 2022 at 31.78 Million Baht. This was because TEAM GROUP was awarded a large-scale study and design project in Lao PDR at the end of 2021 and has been delivering the work as planned since the beginning of 2022.

#### (4) Service Revenue from Related Business Sector

During the second quarter of 2022, the revenue from the related business sector was 12.86 Million Baht, accounting for 3.71% of the total sales and service revenue. The whole amount was service revenue from related business services. The revenue in this quarter increased by 60% from the same period in 2021, but diminished by 73% from Q1/2022. This was due to the fact that no sales revenue of the investment projects was recognized in the second quarter. According to the plan, TEAM GROUP is expected to recognize revenue from two investment projects in the next quarter.

#### Cost of Sales and Services and Gross Profit Margin

In the second quarter of 2022, the total cost of sales and services of TEAM GROUP decreased from that of the same period in 2021 by 19.62 Million Baht, or 7%, and by 58.50 Million Baht, or 18% from the previous quarter. The decrease was in line with the decreasing revenue of the second quarter of 2022. However, the ratio of the cost of sales and services to the total sales and service revenue increased to 75.3% compared to 74.2% in the same period of the previous year, but decreased from 77.3% in the first quarter of 2022. The increase in cost of sales and services ratio in 2022 was because TEAM GROUP postponed the recognition of the revenue of the government projects that had delays in the delivery of the construction areas from the government. In the meantime, other parts of the project were still in operation and TEAM GROUP has been recognizing full operating costs incurred. In addition, there were some more projects with delays in the operation of the contractors and TEAM GROUP is still in the process of negotiating some additional payments for the extension of the contract period. As a result, TEAM GROUP's gross profit margin decreased from that of the same period in 2021 to 24.7% of the sales and service revenue.

#### Administrative Expenses

The administrative expenses in the second quarter of 2022 increased by 3.6% and 9.9%, compared to the same period of 2021 and the first quarter of 2022 respectively. This caused the increase in the ratio of the administrative expenses to the total revenue to 23.7%, compared to 20.9% in the same period of last year and 18.1% in the first quarter of 2022 because of the decreasing revenue of this quarter.

#### Net Profit, and Net Profit Margin

Due to the increasing ratio of the cost to sales and service revenue and the decreasing revenue recognition as mentioned earlier, TEAM GROUP earned the net profit for the second quarter of 2022 at the amount of 5.65 Million Baht, decreasing from 18.58 Million Baht in the same period of 2021 and 18.34 Million Baht in the previous quarter or declining at the rate of 69.8% and 69.2% respectively. As a result, the net profit margin declined to 1.6% in the second quarter of 2022.

### Financial Position as of 30 June 2022

<i>Unit: Million Baht</i>	31 Dec 2021	31 Mar 2022	% Change
Cash and Cash Equivalents	331.26	235.83	(28.8%)
Trade and Other Receivables	367.91	373.89	1.6%
Unbilled Receivables	861.15	960.00	11.5%
Other Current Assets	89.90	103.98	15.7%
Non-current Assets	526.42	484.88	(7.9%)
<b>Total Assets</b>	<b>2,176.64</b>	<b>2,158.58</b>	<b>(0.8%)</b>
Current Liabilities	864.55	912.30	5.5%
Non-current Liabilities	295.74	308.07	4.2%
<b>Total Liabilities</b>	<b>1,160.29</b>	<b>1,220.37</b>	<b>5.2%</b>
Shareholder's Equity	1,016.35	938.21	(7.7%)
<b>Total Liabilities and Shareholder's Equity</b>	<b>2,176.64</b>	<b>2,158.58</b>	<b>(0.8%)</b>

#### Assets

As of 30 June 2022, TEAM GROUP had the total assets of 2,158.58 Million Baht, slightly declining by 0.8% from the end of 2021. This was due to the 95.43 Million Baht decrease in cash and cash equivalents. Meanwhile the unbilled receivables increased by 98.85 Million Baht due to the delay of work approval of some government projects.

#### Liabilities and Shareholder's Equity

As of 30 June 2022, TEAM GROUP had the total liabilities of 1,220.37 Million Baht, slightly increasing at the rate of 5.2%, compared to the end of 2021. The increase in liabilities resulted from the increase in short-term loans from financial institutions for using as working capital in TEAM GROUP's projects. Whereas the shareholders' equity amounted to 938.21 Million Baht, decreasing by 7.7%, compared to the end of 2021 because of the dividend payment of the year 2021 and the declining of the net profit.

#### Significant Financial Ratios

<i>Unit: Times</i>	30 Jun 2021	31 Dec 2021	30 Jun 2022
Current Ratio	1.91	1.91	1.83
Quick Ratio	0.94	0.81	0.67
Debt to Equity Ratio (D/E ratio)	1.13	1.14	1.30
Gearing Ratio	0.10	0.10	0.26

At the end of the second quarter of 2022, TEAM GROUP's current ratio was 1.83 times. The quick ratio was 0.67 times, declining when compared to the end of 2021, resulted from the higher unbilled receivables as mentioned above. Moreover, the debt to equity ratio and the gearing ratio slightly increased to 1.30 times and 0.26 times respectively, compared to the end of 2021 and the same period of 2021 because of the increase in short-term loans.

Please be informed accordingly.

Yours sincerely,

(Mrs. Penpilai Phonchaipanich)

Chief Financial Officer

TEAM Consulting Engineering and Management Public Company Limited