

SET 2022/23

14 November, 2022

Subject: Management Discussion and Analysis (MD&A) for the Third 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 third quarter ended 30 September 2022 of the Company and subsidiaries (TEAM GROUP) with details as follows:

Operating Performance for the Three-month Period Ended 30 September 2022

Consolidated Financial Performance	Jul - Sep 2021		Apr - Jun 2022		Jul - Sep 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	434.12	98.6%	346.38	99.1%	420.27	99.2%	(3.2%)	21.3%
Total Revenue	440.23	100.0%	349.36	100.0%	427.82	100.0%	(2.8%)	22.5%
Cost of Sales and Services	(322.17)	(74.2%)	(260.98)	(75.3%)	(295.44)	(70.3%)	(8.3%)	13.2%
Administrative Expenses	(76.75)	(17.4%)	(82.85)	(23.7%)	(81.47)	(19.0%)	6.1%	(1.7%)
Operating Profit	41.31	9.4%	5.52	1.6%	50.91	11.9%	23.3%	822.3%
Share of Profit from Investment in Associated Companies	(0.03)	(0.0%)	(0.04)	(0.0%)	0.76	0.2%	2633.3%	2000.0%
Financial Income	1.82	0.4%	3.54	1.0%	4.37	1.0%	140.1%	23.4%
Financial Cost	(0.77)	(0.2%)	(1.77)	(0.5%)	(2.34)	(0.5%)	203.9%	32.2%
Income Tax	(8.50)	(1.9%)	(1.63)	(0.5%)	(11.75)	(2.7%)	38.2%	620.8%
Profit for the Period	33.82	7.7%	5.65	1.6%	41.94	9.8%	24.0%	642.3%

Revenue

The total revenue of TEAM GROUP for the third quarter ended 30 September 2022 was 427.82 Million Baht, decreasing by 2.8% from 440.23 Million Baht in the same period of the previous year, but increasing by 22.5% from the total revenue of 349.36 Million Baht in the second quarter of 2022. The total revenue in this quarter consisted of sales and service revenue in the amount of 420.27 Million Baht and other revenues of 7.55 Million Baht.

Sales and Service Revenue

TEAM GROUP had the sales and service revenue for the third quarter of 2022 in a total amount of 420.27 Million Baht, accounting for 99.2% of the total revenue with the following revenue structure:

Service Revenue (Million Baht)	Q3 (2022)	Q2 (2022)	Q-o-Q	Q3 (2021)	Y-o-Y	Jan - Sep 2022	Jan - Sep 2021	% Growth
Government Sector (G)	222	182	22%	291	(24%)	616	728	(15%)
Private Sector (P)	114	120	(5%)	112	2%	356	358	(0%)
International Sector (I)	36	32	13%	19	90%	100	76	31%
Related Business Sector (R)	48	13	271%	12	285%	109	39	178%
Total Service Revenue	420	346	21%	434	(3%)	1,180	1,201	(2%)

(1) Service Revenue from Government Sector

During the third quarter of 2022, the service revenue from the government projects amounted to 222.17 Million Baht, accounting for 52.86% of the total sales and service revenue, decreasing by 24% from the same period of 2021. As mentioned earlier in the second quarter, the lower revenue recognition in the first half of 2022 resulted from the delay of one large-scale ongoing government project that TEAM GROUP has been operating since the beginning of 2022. However, the service revenue in the third quarter increased by 22% from that of the second quarter due to the expedited delivery of completed work in this quarter.

(2) Service Revenue from Private Sector

During the third quarter of 2022, the service revenue from the private sector amounted to 114.37 Million Baht, equaling 27.21% of the total sales and service revenue, slightly increasing by 2% from 111.71 Million Baht gained in the same period of the previous year, but decreasing by 5% from 119.95 Million Baht in the second quarter of 2022. The revenue recognition of TEAM GROUP's private sector projects has remained consistent, stable and corresponding with the plan.

(3) Service Revenue from International Sector

During the third quarter of 2022, the service revenue from the international sector was 36.05 Million Baht, or 8.58% of the total sales and service revenue, increasing at the rate of 90% from 18.98 Million Baht in the same period of 2021 and 13% from 31.78 Million Baht in the second quarter of 2022. This was because TEAM GROUP has been continually operating a large-scale project in Lao PDR since the beginning of 2022.

(4) Service Revenue from Related Business Sector

During the third quarter of 2022, the revenue from the related business sector was 47.67 Million Baht, accounting for 11.34% of the total sales and service revenue. The revenue in this quarter increased by 285% from 12.40 Million Baht in the same period of 2021 and by 271% from 12.86 Million Bath in the second quarter of 2022 respectively. Almost all service revenues in this sector were from the Dam Instrumentation projects that TEAM GROUP has been recently received and could recognize the revenue immediately in this quarter.

Cost of Sales and Services and Gross Profit Margin

In the third quarter of 2022, the total cost of sales and services of TEAM GROUP decreased from that of the same period in 2021 by 26.73 Million Baht, or 8.3%, but increased by 34.46 Million Baht, or 13.2% from the previous quarter. The decrease and increase total cost were in line with the decreasing revenue in the same quarter of 2021 and the increasing revenue in the second quarter of 2022. However, the ratio of the cost of sales and services to the total sales and service revenue decreased to 70.3%, compared to 74.2% in the same period of the previous year and 75.3% in the second quarter of 2022. This was because TEAM GROUP became more stringent on project cost management. In particular, TEAM GROUP maximized the utilization of its own personnel to operate as much projects as possible in order to reduce the subcontractor expenses. This also helped increase the efficiency of personnel of TEAM GROUP to have more diversified abilities. As a result, TEAM GROUP's gross profit margin increased from that of the same period in 2021 and the second period of 2022 to 29.7% of the sales and service revenue.

Administrative Expenses

The administrative expenses in the third quarter of 2022 amounted to 81.47 Million Baht or equivalent to 19% of the total revenue, increasing by 6.1% from that of the same period of 2021 which was 76.75 Million Baht or equivalent to 17.4% of the total revenue of that quarter. The increasing ratio of the administrative expenses to the total revenue in this quarter was due to the decrease in total revenue compared to the same period in 2021, whereas TEAM GROUP incurred approximately same amount of administrative expenses every quarter.

However, the administrative expenses in this quarter slightly decreased by 1.7%, compared to the second quarter of 2022 which was 82.85 Million Baht, accounting for 23.7% of the total revenue of that quarter. The decreasing ratio of the administrative expenses to the total revenue in this quarter resulted from the increasing revenue compared to the second quarter of 2022.

Net Profit, and Net Profit Margin

Due to the decreasing ratio of the cost to sales and service revenue as mentioned earlier, TEAM GROUP earned the net profit for the third quarter of 2022 at the amount of 41.94 Million Baht, increasing from 33.82 Million Baht in the same period of 2021 and 5.65

Million Baht in the previous quarter or increasing at the rate of 24.0% and 642.3% respectively. As a result, the net profit margin increased to 9.8% in the third quarter of 2022.

Financial Position as of 30 September 2022

<i>Unit: Million Baht</i>	31 Dec 2021	30 Sep 2022	% Change
Cash and Cash Equivalents	331.26	270.38	(18.4%)
Trade and Other Receivables	367.91	467.01	26.9%
Unbilled Receivables	861.15	944.03	15.4%
Work in Process	14.53	57.85	296.3%
Other Current Assets	75.37	70.68	42.9%
Non-current Assets	526.42	494.73	(6.0%)
Total Assets	2,176.64	2,304.68	5.9%
Current Liabilities	864.55	982.31	13.6%
Non-current Liabilities	295.74	342.28	15.7%
Total Liabilities	1,160.29	1,324.59	14.2%
Shareholder's Equity	1,016.35	980.09	(3.6%)
Total Liabilities and Shareholder's Equity	2,176.64	2,304.68	5.9%

Assets

As of 30 September 2022, TEAM GROUP had the total assets of 2,304.68 Million Baht, increasing by 5.9% from the end of 2021. This was due to the increase in trade and other receivables, unbilled receivables, and work in process in the amount of 99.10, 82.88, and 43.42 Million Baht respectively. Meanwhile cash and cash equivalents diminished by 60.88 Million Baht due to the operation expenses.

Liabilities and Shareholder's Equity

As of 30 September 2022, TEAM GROUP had the total liabilities of 1,324.59 Million Baht, increasing at the rate of 14.2%, compared to the end of 2021. The increase in liabilities resulted from the increase in short-term loans from financial institutions for utilizing as working capital in TEAM GROUP's projects. Whereas the shareholders' equity amounted to 980.09 Million Baht, decreasing by 3.6%, compared to the end of 2021 because of the dividend payment of the year 2021.

Significant Financial Ratios

<i>Unit: Times</i>	30 Sep 2021	31 Dec 2021	30 Sep 2022
Current Ratio	1.89	1.91	1.84
Quick Ratio	0.94	0.81	0.75
Debt to Equity Ratio (D/E ratio)	1.21	1.14	1.35
Gearing Ratio	0.10	0.10	0.28

At the end of the third quarter of 2022, TEAM GROUP's current ratio was 1.84 times. The quick ratio was 0.75 times, declining compared to the end of 2021, resulting from the higher unbilled receivables. Moreover, the debt to equity ratio and the gearing ratio slightly increased to 1.35 times and 0.28 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