

SET 2023/016

11 August, 2023

Subject: Management Discussion and Analysis (MD&A) for the Second Quarter of 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 second quarter ended 30 June 2023 of the Company and subsidiaries (TEAM GROUP) with details as follows:

Operating Performance for the Three-month Period Ended 30 June 2023

Consolidated Financial Performance	Apr– Jun 2022		Jan – Mar 2023		Apr- Jun 2023		% 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	346.38	99.1%	397.83	95.5%	379.48	99.1%	9.6%	(4.6%)
Total Revenue	349.36	100.0%	416.38	100.0%	382.94	100.0%	9.6%	(8.0%)
Cost of Sales and Services	(260.99)	(75.3%)	(282.89)	(71.1%)	(263.33)	(69.4%)	0.9%	(6.9%)
Administrative Expenses	(82.85)	(23.7%)	(84.24)	(20.2%)	(87.41)	(22.8%)	5.5%	3.8%
Operating Profit	5.52	1.6%	49.26	11.8%	32.20	8.4%	483.2%	(34.6%)
Share of Profit from Investment in Associated Companies	(0.00)	0.0%	(0.23)	(0.1%)	(0.25)	(0.1%)	(6250.0%)	(9.0%)
Financial Income	3.54	1.0%	5.03	1.2%	5.79	1.5%	63.6%	15.3%
Financial Cost	(1.77)	(0.5%)	(2.43)	(0.6%)	(2.81)	(0.7%)	58.7%	15.7%
Income Tax	(1.63)	(0.5%)	(10.32)	(2.5%)	(9.66)	(2.5%)	492.5%	(6.4%)
Profit for the Period	5.65	1.6%	41.29	9.9%	25.26	6.6%	346.8%	(38.8%)

Revenue

The total revenue of TEAM GROUP for the second quarter ended 30 June 2023 was 382.94 Million Baht, decreasing at the rates of 8.0% from 416.38 Million Baht in the first quarter of 2023 but increasing by 9.6% from 349.36 Million Baht in the same period of 2022. The total revenue in this quarter consisted of sales and service revenue in the amount of 379.48 Million Baht and other revenue in the amount of 3.46 Million Baht.

Sales and Service Revenue

TEAM GROUP had the sales and service revenue for the second quarter of 2023 in a total amount of 379.48 Million Baht, accounting for 99.1% of the total revenue with the following revenue structure:

Service Revenue (Million Baht)	Q2 (2023)	Q1 (2023)	Q-o-Q	Q2 (2022)	Y-o-Y	Jan - Jun 2023	Jan - Jun 2022	% Growth
Government Sector (G)	178	180	(1%)	182	(2%)	358	393	(9%)
Private Sector (P)	127	120	6%	120	6%	247	242	2%
International Sector (I)	52	39	34%	32	65%	91	64	44%
Related Business Sector (R)	22	59	(63%)	13	71%	81	61	34%
Total Service Revenue	379	398	(5%)	346	10%	777	760	2%

(1) Service Revenue from Government Sector

During the second quarter of 2023, the service revenue from the government projects amounted to 178.47 Million Baht, accounting for 51.53% of the total sales and service revenue, slightly decreasing at the rates of 2.2% and 1.1% in the same period of 2022 and the first quarter of 2023 respectively. The lower revenue recognition compared to the previous year resulted from the delay of the government's investment budget which affected the acceptance of projects that TEAM GROUP was following.

(2) Service Revenue from Private Sector

During the second quarter of 2023, the service revenue from the private sector amounted to 126.68 Million Baht, equaling 36.57% of the total sales and service revenue, increasing by 5.6% from 119.95 Million Baht gained in the same period of the previous year, and 5.7% from 119.85 Million Baht in the first quarter of 2023. The revenue recognition of TEAM GROUP's private sector projects has been corresponding with the plan. Half of the private sector projects' revenue came from construction and supervision projects of condominiums, factories, and buildings.

(3) Service Revenue from International Sector

During the second quarter of 2023, the service revenue from the international sector was 52.28 Million Baht, or 15.09% of the total sales and service revenue, increasing at the rate of 64.5% from 31.78 Million Baht in the same period of 2022 and 34.0% from 39.01 Million Baht in the first quarter of 2023. The sector's main revenue came from detailed design work for large and medium-scale projects on water resources undertaking in Lao PDR.

(4) Service Revenue from Related Business Sector

During the second quarter of 2023, the revenue from the related business sector was 22.04 Million Baht, accounting for 6.36% of the total sales and service revenue. The revenue in this sector consisted of service revenue from related services in the amount of 21.10 Million Baht and sales revenue from investment projects in the amount of 0.94 Million Baht. The service revenue from the related business sector in this quarter increased by 71.3% from the same period of 2022 because of the dam instrumentation projects received since the end of the 2022 that were still in operation. Nonetheless, the revenue in this sector decreased compared to the three-month period of Q1/2023 by 62.9% because of the investment projects' revenue. The reason was that in the second quarter of 2023 TEAM GROUP only recognized the revenue of the operational part from the investment projects that already completed in the construction part.

Other Revenue

TEAM GROUP had other revenue in the second quarter of 2023 in the amount of 3.46 Million Baht, accounting for 0.9% of the total revenue. Other revenue consists of gains from equity investment held for trading in the amount of 1.75 Million Baht and others miscellaneous revenue equaled to 1.71 Million Baht.

Cost of Sales and Services and Gross Profit Margin

In the second quarter of 2023, the total cost of sales and services of TEAM GROUP amounted to 263.33 Million Baht, slightly increasing at the rates of 0.9% from 260.99 Million Baht in the same period in 2022 due to the higher revenue recognition of the quarter. However, the total cost of sales and services in Q2/2023 decreased from that of the first quarter of 2023 which was 282.89 Million Baht by 6.9% because of the lower revenue recognition. Meanwhile, the ratio of the cost of sales and services to the total sales and service revenue decreased to 69.4%, compared to 75.3% in the same period of 2022 and 71.1% in the first quarter of 2023. This was because in the first half of 2023 TEAM GROUP has managed and controlled the project expenses efficiently by reducing the expenses in hiring external consultants and subcontractors in the work that the TEAM GROUP was able to operate internally.

As a result, TEAM GROUP's gross profit margin in this quarter increased to 30.6% of the sales and service revenue, higher when compared to that of the same period of 2022 and the first quarter of 2023 from the above reason.

Administrative Expenses

The administrative expenses in the first quarter of 2023 amounted to 87.41 Million Baht, increasing by 5.5% from the same period of 2022 and 3.8% from the first quarter of 2023. As a result, the ratio of the administrative expenses to the total revenue of the second quarter of 2023 equaled to 22.8%, compared to 23.7% in the same period of 2022 and 20.2% in Q1/2023.

Net Profit, and Net Profit Margin

TEAM GROUP earned the net profit for the second quarter of 2023 at the total amount of 25.26 Million Baht, increasing by 346.8% from 5.65 Million Baht in the same period of 2022, and decreasing by 38.8% from 41.29 Million Baht in the first quarter of 2023. This was because the lower gains from equity investment held for trading. As a result, the net profit margin in the second quarter of 2023 equaled to 6.6%.

Financial Position as of 30 June 2023

<i>Unit: Million Baht</i>	31 Dec 2022	30 Jun 2023	% Change
Cash and Cash Equivalents	451.91	326.36	(27.8%)
Trade and Other Receivables	450.54	456.72	1.4%
Unbilled Receivables	778.23	813.68	4.5%
Other Current Assets	93.04	161.54	73.6%
Non-current Assets	546.87	637.06	16.5%
Total Assets	2,330.59	2,395.36	2.8%
Current Liabilities	973.13	957.91	(1.6%)
Non-current Liabilities	327.94	323.73	(1.3%)
Total Liabilities	1,301.07	1,281.64	(1.5%)
Shareholder's Equity	1,029.52	1,113.72	8.2%
Total Liabilities and Shareholder's Equity	2,330.59	2,395.36	2.8%

Assets

As of 30 June 2023, TEAM GROUP had the total assets of 2,395.36 Million Baht, increasing by 2.8% from the end of 2022. This was due to the 35.45 Million Baht increase in unbilled receivables. Besides, other current assets and non-current assets increased in the amount of 68.50 and 90.19 Million Baht respectively. Meanwhile, cash and cash equivalents diminished by 125.55 Million Baht. This was mainly resulted from the equity investment that TEAM GROUP invested in the first quarter of 2023 and short-term investments in fixed deposit of commercial banks in this quarter.

Liabilities and Shareholder's Equity

As of 30 June 2023, TEAM GROUP had the total liabilities of 1,281.64 Million Baht, decreasing at the rate of 1.5%, compared to the end of 2022. This was because the decrease in trade payable and other current liabilities in the amount of 60.25 and 10.83 Million Baht respectively. The advance received and unearned revenue increased by 41.86 Million Baht in total. Whereas, the shareholder's equity increased to 1,113.72 Million Baht, increasing by 8.2%, compared to the end of 2022 because of the increasing net profit from the operating performance in the first half of 2023 and gain on changes in value of equity investment - net of income tax.

Significant Financial Ratios

<i>Unit: Times</i>	30 Jun 2022	31 Dec 2022	30 Jun 2023
Current Ratio	1.83	1.83	1.84
Quick Ratio	0.67	0.94	0.87
Debt to Equity Ratio (D/E ratio)	1.30	1.26	1.15
Gearing Ratio	0.26	0.24	0.22

At the end of the second quarter of 2023, TEAM GROUP's current ratio remained stable at 1.84 times. The quick ratio decreased to 0.87 times because of the decline in cash and cash equivalents. Whereas the debt to equity ratio and the gearing ratio decreased to 1.15 times and 0.22 times respectively, compared to the end of 2022.

Please be informed accordingly.

Yours sincerely,

(Mrs. Penpilai Phonchaipanich)

Chief Financial Officer

TEAM Consulting Engineering and Management Public Company Limited