TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

UPDATES ON THE GROUP'S BUSINESS PERFORMANCE FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022

The Board of Directors (the "**Board**") of TeleChoice International Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to provide the Group's business performance update for the third quarter ended 30 September 2022 ("**3Q2022**") and nine months ended 30 September 2022 ("**9M2022**").

FINANCIAL HIGHLIGHTS*

Revenue (S$'M)	**1Q2022**	**2Q2022**	**3Q2022**	**9M2022**	**9M2021**	**+/- (%)**
Personal Communications Solutions Services ("PCS")	27.0	24.3	29.1	80.4	61.4	31
Info-Communications Technology Services ("ICT")	10.9	11.9	23.1	45.9	37.5	22
Network Engineering Services ("Engineering")	12.1	12.9	11.7	36.7	37.3	-2
Group	**50.0**	**49.1**	**63.9**	**163.0**	**136.2**	**20**
Profit/(Loss) Before Tax (S$'M)	**1Q2022**	**2Q2022**	**3Q2022**	**9M2022**	**9M2021**	**+/- (%)**
PCS	(0.3)	0.3	0.0	0.0	(0.2)	nm
ICT	(1.3)	(1.8)	(0.9)	(4.0)	(2.8)	-45
Engineering	(0.5)	(0.4)	(1.3)	(2.2)	(1.0)	-120
Group	**(2.1)**	**(1.9)**	**(2.2)**	**(6.2)**	**(4.0)**	**-55**

** The above figures have not been audited or reviewed by our auditors.*

The Group registered revenue of S$162.9 million in 9M2022, a 20% increase compared to S$136.2 million in 9M2021 on the back of higher contribution from PCS and ICT Divisions. The Group registered higher gross profit which was offset by higher operating costs including the Group's new initiatives in 9M2022 and a one-time consultancy cost incurred in 3Q2022 to perform a strategic review of the Group's businesses. The 9M2022 loss before tax of S$6.2 million was 55% higher than the 9M2021 loss before tax of S$4.0 million. This was mainly attributed to the lower government grants received in 9M2022. If the government grants were to be excluded, the Group's operating loss in 9M2022 would have been about the same level as that in 9M2021. Profit improvement from PCS Division was offset by the higher operating losses from ICT and Engineering Divisions.

The Group revenue for 3Q2022 was higher at S$63.8 million as compared to S$49.1 million in 2Q2022 with improvements attributed to PCS and ICT Divisions. Against 2Q2022, the Group's higher operating losses of $2.2 million in 3Q2022 was attributed to Engineering Division's weaker performance. PCS and ICT Divisions have registered improvements since 1Q2022 on the back of higher revenue. Engineering Division's performance has been affected by the slow recovery since the COVID-19 pandemic and although its order book is healthy, the draw down was slow. Losses incurred by the Engineering division were mainly attributed to the Singapore operations. While the Indonesian operations are profitable, it was impacted by a significant loss in 3Q2022 due to additional costs incurred to complete a long-term project where liquidated damages had been imposed. These were partially mitigated by profits from its Malaysian operations from better margins.

The Group recorded a net cash and net current asset position as at 30 September 2022.

CONSUMER BUSINESS

PCS Division

Following the post-pandemic reopening, the Division's mobile retail operations have recovered with increased activities and customer footfall. The Division resumed its promotional roadshows participation in Comex, one of the largest consumer electronics exhibitions, following a three-year hiatus. New product launches such as Samsung's Galaxy Z Flip4 and Galaxy Watch5 as well as OPPO's Reno 8 were well-received. In Malaysia, the Division expanded its operational hours for a number of U Mobile outlets, in line with the increase in retail demand. The Division is also exploring beyond retail managed services to fourth-party logistics (4PL) in the regional markets.

For its innovative lifestyle and healthcare solutions, the Division has launched Quair Plasma Go, a portable indoor air purifier and LifeSmart Smart Home Automation solutions. The Division is also targeting to grow its e-commerce presence.

ENTERPRISE BUSINESS

ICT Division

Following the acquisition of Radiance Communications, the Division focused on synergy extraction to grow its Unified Communications and Contact Centre businesses which have since expanded its customer base and revenue. The Division will be expanding its efforts in providing a full suite of customer engagement solutions.

The Division has also been qualified as a pre-approved Energy Efficiency Government Grant digital solution vendor for its Energy Management Informative System (EMIS) platform.

Engineering Division

The overall operating environment for the Division continues to be challenging. Although COVID-19 restrictions have eased, rising costs and project inefficiencies, including manpower challenges and supply chain bottlenecks for parts and equipment, persisted and project rollout and implementation were delayed.

The Division has secured new contracts and its order book remains strong with ongoing regional and local network upgrading and 5G network rollout. The long-term prospect remains intact with the telco industry in Southeast Asia undergoing major consolidation as operators strived to enlarge their market and increase their competitiveness as well as to rationalise high capex requirements to roll out 5G networks.

OUTLOOK

The Group maintains a cautious outlook in FY2022 amidst rising risks of global recession and slowing growth momentum in advanced economies.

In Singapore, in spite of the post-pandemic reopening, the recovery of the consumer sector is projected to be slow, with economic uncertainties and prolonged inflation impacting consumer spending. Business sentiment is also expected to moderate further in the fourth quarter of 2022 on the back of rising operational costs. Similarly, regional economies are forecast to post slower growth ahead as countries grappled with supporting recovery and containing mounting headwinds of inflation, rising interest rates and debt.

On account of the economic slowdown, the challenging business environment and based on

TeleChoice's current operating activities, the Group is targeting for revenue increase, although profit improvement in aggregate for FY2022 is unlikely.

Financial wise, with the Group's strong balance sheet, healthy cash position and adequate banking facilities, it is confident of managing its liquidity in meeting any short-term funding for working capital requirements. Operationally, the Group will continue to focus on productivity improvements, cost reduction and capex optimisation. The Group has also completed its business strategy review with an external consultant to streamline its existing services and progressively implement new initiatives to expand into synergistic businesses and new markets, in line with its commitment to achieving sustainable growth and returns.

BY ORDER OF THE BOARD

Lim Shuh Moh Vincent
President and CEO
11 November 2022