TELECHOICE INTERNATIONAL LIMITED
(REG. NO. 199802072R)

UPDATES ON THE GROUP'S BUSINESS PERFORMANCE FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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 first quarter ended 31 March 2023 ("**1Q2023**").

FINANCIAL HIGHLIGHTS

Revenue (S$'M)	**1Q2023**	**1Q2022**	**+/- (%)**
Personal Communications Solutions Services ("PCS")	16.58	26.99	-39
Info-Communications Technology Services ("ICT")	16.53	10.85	52
Network Engineering Services ("Engineering")	13.14	12.13	8
Group	**46.25**	**49.97**	**-7**
Profit/(Loss) Before Tax (S$'M)	**1Q2023**	**1Q2022**	**+/- (%)**
PCS	0.01	(0.27)	105%
ICT	(1.73)	(1.33)	-30
Engineering	(0.35)	(0.51)	30
Group	**(2.07)**	**(2.11)**	**2**

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

The Group registered revenue of S$46.25 million in 1Q2023, a 7% decrease as compared to S$49.97 million in 1Q2022. The decrease in revenue from the PCS Division was partially mitigated by higher revenue recorded from the ICT and Engineering Divisions. Loss before tax recorded in 1Q2023 of S$2.07 million was S$0.04 million or 2% lower than the 1Q2022 loss before tax of S$2.11 million. Despite the lower revenue, gross margin had improved from 6.5% in 1Q2022 to 7.8% in 1Q2023. The improvements in gross margins were attributed to the PCS and Engineering Divisions. Against 1Q2022, the higher gross profit in 1Q2023 was partially offset by the higher operating expenses mainly from the consolidation of Radiance Communications Pte Ltd ("**RCPL**") which was acquired in 2Q2022. Overall, the improvement in operating performance from PCS and Engineering Divisions was offset by the higher losses recorded from the ICT Division.

The Group recorded a net cash and net current asset position as at 31 March 2023.

PCS Division

PCS Division recorded a small profit in 1Q2023 as compared to a loss before tax of S$0.27 million in in 1Q2022. The improvement in the Division's financial performance was primarily due to the consistent profitability of its operations in Malaysia, as well as a reduction in losses recorded by its Singapore operations. The Division has secured a brand distributorship, supply chain fulfillment, and retail and marketing management for a mobile handset and accessories brand, which is expected to increase revenue and market presence in 2H2023. The Division is also actively exploring opportunities to offer managed services to a regional telco through tender participation.

ICT Division

The ICT Division recorded a higher loss before tax of S$1.73 million compared to a loss before tax of S$1.33 million in the same period last year, despite an increase in revenue from lower-margin hardware sales. Additionally, the Division was impacted by customers' cautious approach to capex spending, resulting in delays in project tendering and awards. The Division's loss was primarily due to additional costs incurred to complete certain projects, losses recognized from the newly acquired RCPL, and expenses incurred to develop expertise in Hybrid Cloud Managed Services and Data Analytics. The integration of RCPL has been completed and is expected to increase recurring maintenance revenue and enhance the Division's performance. A rebranding exercise is underway, with the NxGen brand as the umbrella brand, to streamline operations and consolidate solutions, with a view to improved competitiveness and market leadership.

Engineering Division

In the first quarter of 2023, the Engineering Division reported a reduced loss before tax of S$0.35 million, an improvement from the loss of S$0.51 million in the same period in 2022. The improvement was mainly due to higher profit recognition from operations in Indonesia and reduced losses from the Philippines operations. However, the Division continued to face challenges primarily in its Singapore operations, resulting in lower revenue recognition and contributing to overall losses. To address these challenges, the Division undertook a restructuring of its Singapore operations in FY2022 to mitigate further losses. In addition, it has expanded its product portfolio to create additional revenue streams and improve overall profitability. Although the Division faced revenue challenges in Singapore and the Philippines, it anticipates gradual growth in the coming months from increased telco rollout activities in Indonesia and Malaysia. Additionally, the Division is prioritizing power solutions and managed services and targeting new customer segments, such as data center and tower operators, to diversify its revenue streams and customer base.

OUTLOOK

In 1Q2023, Singapore's economy experienced a significant slowdown, with a growth rate of only 0.1% YoY, down from the previous quarter's growth rate of 2.1%. Economic growth in Southeast Asia is expected to decrease from 5.6% in 2022 to 4.6% this year due to weaker demand. Moreover, the current high inflation and rising interest rates may negatively impact consumer and business spending.

Given this challenging environment, the Group maintains a cautious outlook for FY2023. Nonetheless, the Group anticipates improving margins and expanding service offerings as regional economies reopen following the pandemic. The Group is targeting revenue growth for the year and aims to gradually return to profitability.

The Group has developed a five-year business strategy with the help of an external consultant to identify areas for growth and improvement. The Group is committed to implementing these strategies while focusing on cost containment, resource optimization, and renegotiating contracts to increase efficiency and productivity. The Group will also continue to exercise prudence in managing its balance sheet and cash flow, and is confident in its ability to manage liquidity to meet any short-term funding requirements. These measures are expected to build a strong foundation for sustainable growth and generate favorable returns for shareholders.

BY ORDER OF THE BOARD
Lim Shuh Moh Vincent
President and CEO
12 May 2023