

**Management Discussion and Analysis (“MD&A”) for operating performance for
the three-month and six-month period ended 30 June 2021
of TRC Construction Public Company Limited and Its Subsidiaries**

Operating Results of the Company and its subsidiaries (Unit : Million Baht)	Q2	Q2	YoY	Q1	QoQ	6 Month	6 Month	YoY
	2021	2020	Amount	2021	Amount	2021	2020	Amount
Construction services income	1,219.07	712.71	506.36	1,185.02	34.05	2,404.09	1,664.04	740.05
Cost of construction services	1,121.99	711.33	410.66	1,237.88	(115.89)	2,359.87	1,566.31	793.56
Gross profit (loss) for construction services income	97.08	1.38	95.70	(52.86)	149.94	44.22	97.73	(53.51)
Other service income	5.27	4.50	0.77	6.57	(1.30)	11.84	8.74	3.10
Cost of other services	3.90	2.76	1.14	3.21	0.69	7.10	5.40	1.70
Gross profit (loss) for other service income	1.37	1.74	(0.37)	3.36	(1.99)	4.74	3.34	1.40
Sales income	0.37	-	0.37	0.23	0.14	0.60	-	0.60
Cost of sales	0.27	-	0.27	0.13	0.14	0.40	-	0.40
Gross profit (loss) for sales	0.10	-	0.10	0.10	0.00	0.20	-	0.20
Interest and other income	17.63	13.92	3.71	8.16	9.47	25.79	21.71	4.08
Administrative expenses	61.95	90.72	(28.77)	61.84	0.11	123.79	171.58	(47.79)
Finance cost	8.79	4.36	4.43	7.45	1.34	16.24	10.07	6.17
Share of profit (loss) from investment in joint venture	0.76	(1.09)	(1.85)	(1.31)	2.07	(0.56)	(2.95)	2.39
Income tax income (expenses)	(6.48)	0.56	(7.04)	1.89	(8.37)	(4.59)	(5.56)	0.97
Non-controlling interests of the subsidiaries	0.46	0.50	(0.04)	0.44	0.02	0.91	0.95	(0.04)
Profit (loss) attribute to equity holders of the Company	40.18	(78.07)	118.25	(109.51)	149.69	(69.32)	(66.43)	(2.89)
Earnings per Share (Baht)	0.0042	(0.0081)		(0.0114)		(0.0072)	(0.0069)	

The 2nd Quarter of 2021 Operating Performance Summary

1. **Construction services income** was Baht 1,219.07 million, representing an increase of Baht 506.36 million or 71.05% from the same period of last year because this quarter, the Company has many projects on hand and most of the projects are in the middle stage of construction that continuously generated work progress, caused the Company’s revenue recognition was higher. Revenue structure came from civil work and pipeline work, respectively as same the 2nd quarter of 2020 and 1st quarter of 2021. In 2nd quarter of 2021, the revenue was recognized from civil work of Baht 661.09 million and pipeline work of Baht 552.32 million that came from the significant projects such as Baht 324.07 million of the Raw Water Pipeline System Klong Luang Reservoir-Chonburi Project recognized and Baht 116.04 million of the Fabrication of New Storage Tanks.

2. **Other service income** was Baht 5.27 million closely with the same quarter of last year and last quarter. Revenue came from subsidiaries, consisting of the water selling of TRC Utility Company Limited and the data analysis service and platform management through IoT system of Olive Technology Company Limited which started to operate in the 3rd quarter of 2020.

3. **Gross Profit for construction services** was Baht 97.08 million, increased by Baht 95.70 million from the same period of last year and increased by Baht 149.94 million from the 1st quarter 2021. Due to the fact that the situation of widespread of COVID-19 since the beginning of last year, government agencies and project owners have strictly implemented the COVID-19 prevention measures including to the disruption of supply chain that those affected the delay of construction

work from plan and increase of operating cost. Consequently, the Company adjusted the estimated cost to be in line with actual cost, resulting in gross profit was Baht 1.38 million in the 2nd quarter of 2020 and gross loss was Baht 52.86 million in the 1st quarter 2021, respectively.

4. Administrative expenses was Baht 61.95 million, representing a decrease of Baht 28.77 million or 31.71% from the same period of last year. It was due to the partial allocation of salary and other expenses related to employee as project cost because the Company has many projects on hand whereas the decrease of depreciation due to some fully depreciated equipment and machinery. In 2nd quarter of 2020, the equipment was written-off at amount of Baht 11.10 million. Meanwhile, administrative expenses comparison between Q2 2021 vs Q1 2021 slightly increased.

5. Finance cost was Baht 8.79 million, representing an increase of Baht 4.43 million or 101.61% from the same period of last year, caused from the increase of bank overdrafts and short-term loan that was used as working capital. As of 30 Jun 2021, the outstanding balance of bank overdrafts and short-term loan was Baht 934.35 million.

6. Profit attribute to equity holders of the Company was Baht 40.18 million whereas loss attribute to equity holders of the Company for the 2nd quarter of 2020 and 1st quarter of 2021 was Baht 78.07 million and Baht 109.51 million, respectively. The profit increasing is explained according to no. 3 and no. 4.

The 6-Month of 2021 Operating Performance

The first half of 2021, TRC and its subsidiaries recorded the services income of Baht 2,404.09 million, representing an increase of Baht 740.05 million or 44.47% from the same period of last year. The reason was the same as the increase of the 2nd quarter of 2021 construction service income abovementioned. However, profit from construction service decreased by Baht 53.51 million from the same period of last year due to the loss from construction service of the 1st quarter of Baht 52.86 million.

6-Month of 2021 and 2020, loss profit attribute to equity holders of the Company was Baht 69.32 million and Baht 66.43 million, representing Baht -0.0072 earnings per share and Baht -0.0069 earnings per share, respectively.

Finance Position

Finance Position (Unit : million)	30 Jun 2021	31 Dec 2020	Inc. / (Dec.)	%
Current Assets	3,641.39	2,809.07	832.32	29.63%
Non-current Assets	841.08	870.17	(29.09)	(3.34%)
Total assets	4,482.47	3,679.24	803.23	21.83%
Current Liabilities	4,044.10	3,164.76	879.34	27.79%
Non-Current Liabilities	91.53	117.78	(26.25)	(22.29%)
Total liabilities	4,135.63	3,282.54	853.09	25.99%
Equity	346.84	396.70	(49.86)	(12.57%)

Total assets was Baht 4,482.47 million, representing an increase of Baht 803.23 million or 21.83%, caused from the increase of current assets of Baht 832.32 million and the decrease of non-current assets of Baht 29.09 million.

Significant item of current assets are as follows.

1. Trade and other current receivables increased by Baht 309.50 million which most of the trade receivables are not yet due and not over due 6 months, total increase of Baht 283.96 million from 31 December 2020.
2. Unbilled receivables increased by Baht 678.75 million because the company has more projects and continuity of operation,

resulting in the increase of revenue from construction. Unbilled receivables are the revenue from construction, calculated by the proportion of completed work which is not able to issue until meet the conditions in the contract.

3. Advance payment to subcontractor decreased by Baht 66.53 million since construction service has progressed then advance payment to subcontractor was gradually reduced.
4. Construction in progress decreased by Baht 143.96 million. Construction in progress is the actual cost of construction which is higher than the budget. As of 30 June 2021, the construction in progress decreased because most of the brought forward construction in progress was gradually recognized as project cost.

Total Liabilities was Baht 4,135.63 million, representing an increase of Baht 853.09 million or 25.99%, caused from the increase of current liabilities of Baht 879.34 million and the decrease of non-current liabilities of Baht 26.25 million.

Significant item of current liabilities are as follows.

1. Bank overdrafts and short-term loans increased by Baht 224.89 million that was used as working capital to increase liquidity.
2. Trade and other current payables increased by Baht 335.89 million due to the fact that the Company has financial liquidity, as a result, the creditor increased.
3. Unbilled payable increased by Baht 404.17 million because the Company has more projects and continuity of operation, as a result, the increase of construction cost and unbilled payable.
4. Advance received from customer under construction service decreased by Baht 94.24 million because the construction has more progress therefore advance received from customer gradually decreased.

Equity was Baht 346.84 million, representing a decrease of Baht 49.86 million or 12.57%, resulting from loss of operating performance for six-month of Baht 70.23 million and other comprehensive income of Baht 20.37 million.

Key Financial Ratios

Financial Ratios	Q2/2021	Q1/2021	Q2/2020	1H/2021	1H/2021
Net Profit (loss) Margin (%)	3.20%	(9.16%)	(10.75%)	(2.88%)	(3.98%)
EBITDA Margin (%)	5.92%	(7.15%)	(6.69%)	(0.50%)	0.21%

Financial Ratios	30 Jun 2021	31 Dec 2020
Current Ratio (Times)	0.90	0.89
Debt to Total Asset Ratio (Times)	0.92	0.89
Debt to Equity Ratio (Times)	11.92	9.27

Note

Net Profit (Loss) Margin (%)	= Net Profit (Loss) / Total Revenue
EBITDA Margin (%)	= Earnings before Interest, Taxes, Depreciation and Amortization / Total Revenue
Current Ratio (Times)	= Current Assets / Current Liabilities
Debt to Total Asset Ratio (Times)	= Total Debt / Total Assets
Debt to Equity Ratio (Times)	= Total Debt / Equity

Backlog on Hand

As of 30 June 2021, the Company and its subsidiaries had projects on hand with the remaining uncompleted works as follows.

Company	Number of the Projects	Uncompleted Work Value (MB)
TRC Construction Public Company Limited	11	1,220.09
Sahakarn Wisavakorn Co., Ltd.	15	6,003.94
Total	26	7,224.03

Significant Events during the 2nd Quarter of 2021 – Present

The first half of 2021, TRC has obtained 3 projects, total work value of Baht 324.77 million. In Q2 2021, TRC has obtained 2 projects, total work value of Baht 154.80 million, consisting of.

- BAPT 2 Combined Cycle Cogeneration Plant from B. Grimm Power (Angthong) 2 Limited. The project work value is Baht of 31.63 million with 639 days constructions period.
- BAPT 3 Combined Cycle Cogeneration Plant from B. Grimm Power (Angthong) 3 Limited. The project work value is Baht of 123.17 million with 639 days construction period.

(Mr. Pasit Leesakul)

Director and Chief Executive Officer

13 August 2021