



ไทยโพลีคอนส์
Thai Polycons

บริษัท ไทยโพลีคอนส์ จำกัด (มหาชน) โทร : 02-942-6491-6, 02-943-2930-8

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At TPOLY-ACC-001-01/2022

February 24, 2022

Subject: Management's Discussion and Analysis (MD&A)

To: President

The Stock Exchange of Thailand

Thai Polycons Public Company Limited and subsidiaries pleased to announce our performance through the Report of Management's Discussion and Analysis (MD&A), Consolidated Financial Results for the Year 2021, ended December 31, 2021

Please be informed accordingly

Yours faithfully,

Mr.Pathompol Saosab

President and Chief Executives Officer

Thai Polycons Public Company Limited



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Thai Polycons



Management's Discussion and Analysis (MD&A)

Consolidated Financial Results: FY2021

Thai Polycons Public Company Limited (“The company” or “TPOLY”) has mainly performing their business as a contracting construction company. Later on, their business has expanded to 3 more business sectors, namely real estate development, renewable energy business and trading which all of them are operated by their subsidiaries. Moreover, TPOLY has invested in renewable energy business by holding shares in TPC Power Holding Public Company Limited (“TPCH”), a holding company, which operates the electricity generation and distribution business from various types of renewable energy, and provides other related supporting services for the operations of its subsidiaries. TPCH, currently, has investment in 15 subsidiaries, 11 of them have commencing its commercial operation.

2021 Year in Brief

In 2021, the Thai economy has been hit by a new wave of delta outbreaks. This is a continuation of the COVID-19 epidemic in 2020 throughout the year, causing GDP to contract to its lowest point in the 3rd quarter of 21, but when the government began to open the country, economic activity gradually recovered. There are more vaccinations. Measures to control the epidemic have been eased causing the economy to recover. It is expected that economic growth (GDP) in 2021 will expand approximately 1.2-1.6 percent, while in 2020, growth is negative 6.1%.

The construction industry in 2021 be severely affected by the economic situation. The spread of the COVID-19 virus and government policies related to the containment of the epidemic by investing in private construction projects continued to contract from 2020 due to



lack of confidence in the direction of the economy. Overall construction investment in 2021 is expected to grow by 5.3 percent, with a value of approximately 1,385 billion baht, divided into government construction in the amount of 820 billion baht, expanding by 7.7 percent. While private construction was 565 billion baht, a growth of only 1.9 percent.

Performance in the construction business affected by the industrial slowdown This caused private construction to contract continuously since 2020 and intensified competition. As a result, the profit margins of the construction industry continued to decline. In addition, the inflation situation and rising oil prices. As a result, the price of major construction materials, especially steel products, has risen since the beginning of 2021, coupled with the labor situation that has been affected by the COVID-19 outbreak, causing some construction projects of the company to occur delay which various factors. All resulted in the overall cost of sales of the company increased considerably. And affecting gross profit margins that have dropped sharply from 2020. The operating results of the construction business for the year 2021 suffered a loss for the first time in 6 years since 2016.

However, the company still has a backlog order of 3,892 million baht while the company aims to increase the proportion of construction of utilities which has less competition and higher profit margin than general construction, especially building work by increasing the proportion to 20 percent of the new win-bid in 2022, which will increase the overall profit margin of the company than last year.

2021 Key Issues

- October 29, 2021 TRIS Rating Company Limited (“TRIS Rating”) announces the Company’s credit rating, assigns a rating of BBB- to the Company with “stable” outlook decreased from the previous year which BBB with “stable” outlook



Performance Overview by Business Sector

- Construction

The contracted work value in year 2021 amount of 11,757 million baht, some part of the revenue has been recognized before the year 2021, and the income in the year 2021 is 1,863 million baht, with the remaining backlog order of 3,892 million baht. Which does not include the winning work but has not yet signed the contract of construction

Type of Work	Value	Percentage
Public	1,081.89	57.9%
Private	566.76	30.3%
Power Plant	221.38	11.8%
Total	1,870.03	100.0%

- Renewable Energy Power Plant

Currently, Company have Biomass Power Plant Projects which supplying electricity commercially (COD) as follow;

Company	Full Capacity/ Capacity for Sale (MW)	Commercial Operating Date (COD)
1. Chang Raek Biopower (CRB)	9.9/9.2	March 15, 2013
2. Maewong Energy (MWE)	9.0/8.0	October 12, 2015
3. Mahachai Green Power (MGP)	9.5/8.0	April 8, 2016
4. Thungsung Green (TSG)	9.5/9.2	October 3, 2016
5. Pattalung Green Power (PGP)	9.9/9.2	July 7, 2017
6. Satun Green Power (SGP)	9.9/9.2	February 9, 2018
7. Pattani Green (PTG)	23.0/21.0	May 19, 2020
8. TPCH Power 5 Company Limited (TPCH 5)	6.3/6.3	November 17, 2020
9. TPCH Power 1 Company Limited (TPCH 1)	9.9/9.2	November 27, 2020
10. TPCH Power 2 Company Limited (TPCH 2)	9.9/9.2	February 17, 2021
11. Siam Power (SP)	9.5/8.0	December 30, 2021



- Real Estate Development
- Greenwich Prime Hatairath, valued 370 Million baht on 20 Rai The total units of single-house type are 94 units. The total of sale and transferred at December 31, 2021 is 92 units, only in the year 2021 quarter of the year 4 units. The remaining for sale is 2 units. Therefore, the progress of sale is more than 98% and the project is expected to be done within quarter 2/2022.
- New project at Lam Luk Ka Klong 7, Pathum Thani, on 34 Rai area. Started to adjust the space and land improvement. Blueprint of design almost complete which will have both detached houses and townhomes and It is expected that the construction of the project has been postponed, the previous plan the construction will begin in second half year 2022.
- Commerce and Trading
Trading business continues to acquire more products and services. Moreover, construction materials, the company has started to supply wood chip to its affiliated companies (TPC Holdings Plc.), which will create more contribution, to the company's revenue.

Performance Overview

Overall operation performance in the year 2021 compared to last year, the company and its subsidiaries have total revenue 4,344 Million baht, increasing 369 Million baht (or increasing 9.3%). Total comprehensive income for the year losses amounted to 84 Million baht, compared to same period of the past year, decreasing 425 Million baht (or decreasing 124.6%). In which the equity of the parent company is losses 314 million baht, a decrease of 330 million baht (or decreasing 2,125%). Overall financial performance could be concluded as follows.



Table 1: Provide overall of Operation Performance

Million Baht	2021	2020	Variance Y-o-Y		Portion to Incomes	
			Amount	%	2021	2020
Total revenues	4,344.1	3,974.3	369.78	9.3%	100.0%	100.0%
Total cost	(3,906.1)	(3,187.8)	718.27	22.5%	89.9%	80.2%
Gross profit	438.0	786.5	(348.49)	(44.3%)	10.1%	19.8%
Profit before expenses	454.7	816.6	(361.93)	(44.3%)	10.5%	20.5%
Administrative expenses	(341.7)	(358.3)	(16.53)	(4.6%)	7.9%	9.0%
Profit (loss) from operating activities	84.5	440.2	(355.70)	(80.8%)	1.9%	11.1%
Profit (Loss) before income tax	(96.2)	336.9	(433.08)	(128.6%)	(2.2%)	8.5%
Profit (Loss) for periods	(84.0)	341.0	(425.00)	(124.6%)	(1.9%)	8.6%
Owners of the Company	(314.9)	15.6	(330.49)	(2,125.0%)	(7.2%)	0.4%

1. Analysis of results of operations

1.1 Revenue

Table 2: Provide overall of Incomes

Million Baht	2021	2020	Variance Y-o-Y		Portion to Incomes	
			Amount	%	2021	2020
Revenues from construction services	1,850.99	2,166.25	(315.26)	(14.6%)	42.6%	54.5%
Revenues from sales of electric	2,470.40	1,777.37	693.02	39.0%	56.9%	44.7%
Revenues from sales of real estate	19.60	28.57	(8.97)	(31.4%)	0.5%	0.7%
Revenues from sales of services	3.12	2.14	0.98	45.9%	0.1%	0.1%
Total revenues	4,344.11	3,974.33	369.78	9.3%	100.0%	100.0%
Other income	16.67	30.11	(13.44)	(44.6%)	0.4%	0.8%

Total revenue in the year 2021 compared to last year increasing 369 Million baht. (or increasing 9.3%). Revenue was from construction projects which amounted to 1,850 Million baht, decreasing 315 Million baht (or decreasing 14.6%) while company has projects in hand that will generated partially incomes in 2024, company is continuing of bidding newly construction projects, the revenue is expected to be growing after operating more projects. Furthermore, The Company has gaining more revenue from Real Estate and sale from electricity. The revenue structure in the year 2021 was from construction projects 42.6%, sale of electricity 56.9%, real estate development 0.5% and revenue from sales and services 0.1%.

The Revenue from electricity sales in the year 2021 is 2,470 Million baht, compared to the same period of the past year was increasing 693 Million baht (or increasing 39%) As the results of, the company had more revenue increasing from TPCHE Power 2 Company Limited (TPCH 2), and Siam Power Company Limited (SP) as a result in 11 power plants revenue recognition which 9 full year revenue recognition.



The revenue from sale of real estate in 2021 amounted to 19 million baht, a decrease of 8 million baht (or 31.4 percent). The lower revenue came from the Greenwich Prime project in the late stages expected to close the project in the second quarter of 2022 for new projects Lamlukka Klong 7 area is expected to begin construction in second half year 2022.

The revenue from sales of goods and services amounted to 3 million baht, a increase of 1 million baht (or increased 45.9 percent). However, the company starting have additional income from selling biomass to the power plant.

1.2 Cost of Goods Sold and Expenses

Table 3: Provides an Overview of Costs and Expenses and Extraordinary

Million Baht	2021	2020	Variance Y-o-Y		Portion to Incomes	
			Amount	%	2021	2020
Total revenues	4,344.11	3,974.33	369.78	9.3%	100.0%	100.0%
Cost of construction services	(2,020.06)	(2,021.52)	(1.46)	(0.1%)	46.5%	50.9%
Cost of sales of electric	(1,873.03)	(1,150.45)	722.58	62.8%	43.1%	28.9%
Cost of sales of real estate	(10.42)	(14.33)	(3.91)	(27.3%)	0.2%	0.4%
Cost of sales of services	(2.56)	(1.51)	1.06	70.3%	0.1%	0.0%
Total cost	(3,906.07)	(3,187.80)	718.27	22.5%	89.9%	80.2%
Gross profit	438.03	786.53	(348.49)	(44.3%)	10.1%	19.8%
Other income	16.67	30.11	(13.44)	(44.6%)	0.4%	0.8%
Profit before expenses	454.70	816.64	(361.93)	(44.3%)	10.5%	20.5%
Selling expenses	(2.04)	(3.28)	(1.24)	(37.9%)	0.0%	0.1%
Administrative expenses	(341.74)	(358.27)	(16.53)	(4.6%)	7.9%	9.0%
Reversal doubtful accounts (DC)	(26.44)	(14.90)	11.54	77.4%	0.6%	0.4%
Profit (loss) from operating activities	84.48	440.18	(355.70)	(80.8%)	1.9%	11.1%
Finance revenue	5.97	10.84	(4.87)	100.0%	0.1%	(0.3%)
Financial cost	(185.72)	(114.33)	71.39	62.4%	4.3%	2.9%
Gain (Losses) on Investment in JV	(0.93)	0.19	(1.12)	(590.0%)	(0.0%)	0.0%
Loss from discontinued operations	0.00	0.00	0.00	0.0%	0.0%	0.0%
Profit (Loss) before income tax	(96.19)	336.89	(433.08)	(128.6%)	(2.2%)	8.5%
Income tax expenses	12.21	4.13	8.08	195.7%	0.3%	0.1%
Profit (Loss) for periods	(83.98)	341.02	(425.00)	(124.6%)	(1.9%)	8.6%

- Overall of the year 2021, the company had total cost increasing of 718 Million baht (or increasing 22.5%) compared to the last year. The Ratio of total costs to total revenue increased by 9.7%. due to the higher cost of power plants.



Costs of Construction decreasing by 1.46 Million baht (or decreased 0.1%) while the ratio of cost to revenue decreased by 4.3%. The company remains committed to improving efficiency in project management and construction cost management. Construction technology has been developed both in terms of software and hardware to increase the efficiency of construction projects and supporting units.

The cost of electricity sales increased by Baht 722 million (or 62.8% increase) in line with the increase in revenue from COD of 2 power plants. As a result, the proportion of cost of sales to total income in the same period of the previous year was 43.1 percent, while in 2020 it was 28.9 percent, which was an increase of 14.1 percent.

Cost of real estate sales decreased by 3 million baht (or 27.3 percent reduction) in accordance with the decreased revenue. And when comparing the cost to income ratio decreased by 0.2 percent

Cost of sales of goods and services amounted to 2.5 million baht, an increase of approximately 1 million baht (or 70.3 percent increase) in line with lower income. And when comparing the cost to income ratio Found that the proportion increased by 0.1%

- Selling and administrative expenses decreased 17 million baht (or decreased 4.9%), comparing the proportion to income ratio decreased by 1.1 percent.
- Total financial costs increased 71 million baht (or increased 62.4%) compared to the same period of the past year as the results of the investment in power plant business and investment in new business while the ratio of cost to revenue is 4.3%.



2. Balance Statement Analysis

Table 4: Provide Overall Balance Statement

Balance Sheet	Amount (Million Baht)		Variance	
	31-Dec-21	31-Dec-20	Amount (Million Baht)	%YTD
Current Assets	2,904.7	2,052.5	852.22	41.5%
Non-Current Assets	8,427.2	8,316.6	110.7	1.3%
Total Assets	11,331.9	10,369.0	962.9	9.3%
Current Liabilities	2,909.3	2,675.1	234.2	8.8%
Non-Current Liabilities	4,619.2	3,246.4	1,372.8	42.3%
Total Liabilities	7,528.5	5,921.5	1,607.0	27.1%
Equity	3,803.4	4,447.5	-644.1	-14.5%

1.2 Assets

As of December 31, 2021, total assets amounted to 11,331 million baht increased from the past year 962 Million baht (or increased 9.3%) as follows,

- Current Assets decreased 852 Million baht (or decreased 41.5%) due to working capitals activities mainly as, increasing in Cash and cash equivalents, Trade accounts receivable and other receivables, Other companies and Other current receivables, Contract assets, Retention receivable, Short-term loans to related parties and Inventories while Advance payment for purchase material and construction, Contractor receivables decreased.
- Non-Current Assets increased 110 Million baht (or increased 1.3%) due to increasing of Restricted bank deposit, Investments in joint venture, Other intangible assets, Deferred tax assets and Advance payments to contractor while Trade accounts receivable secured by bill of exchange, Income tax deducted at source, Advance payment for service and Other non-current assets decreased.

1.3 Liabilities

As of December 31, 2021, the total liabilities amounted to 7,528 million baht increased from past year 1,607 Million baht (or increased 27.1%) as follows,

- Current Liabilities increased 234 million baht (or increased 8.8%) mainly as, increasing in Retention payable, Long-term loan Current portion, Short-term loans from other company, Short-term loans from related parties and



Short-term loan from related person while Bank overdrafts and short-term loans from financial institutions and Advances received under construction contracts decreased.

- Non-Current Liabilities increased 1,372 million baht (or increased 42.3%) mainly increased as, debenture while Lease liabilities decreased.

1.4 Equities

As of December 31, 2021, the total of the company's Equities amounted to 3,803 Million baht decreased from past year 644 Million baht (or decreased 14.5%) due to mainly increased as Retained earnings (Deficit) of Appropriated for legal reserve while Retained earnings (Deficit) for Unappropriated decreased.

3. The Conclusion and Trends in the business

The ongoing situation of the COVID-19 epidemic from 2019 until 2021 is the main pressure that has continued to slow down the Thai economy. This has affected the construction industry since 2019, with the situation becoming more severe as the investment in private construction projects continues to shrink. Competition in bidding for construction projects to the point where the contractor bids the work at a loss for the company to have jobs and liquidity. The aforementioned situation affected the overall operation of the Company, especially in the construction business. However, the company has been adjusting since 2019 with plans to increase the proportion of construction of utilities both public and private. The company has received some jobs in the past but not enough to improve overall gross margin as targeted. Due to industrial conditions and competition more intense than the expectations of the stakeholders. However, in 2022, the Company aims to bid for infrastructure construction to reach 20 percent of the new bid target of 3.3 billion baht.

The operating results of the Company and its subsidiaries continued to grow. Especially in the power plant business Meanwhile, sales of the construction business of the separate financial statements declined 23.2 percent due to three main factors: economic and industrial



conditions. As a result, most new auctions in 2021 will be in the second half of the year. While the profitability rate declined in line with industrial conditions regarding the power plant business, there was additional income from the commercial power distribution (COD) of 2 projects, namely TPCH Power 2 Company Limited (TPCH 2), and Siam Power Company Limited (SP) as a result in 11 commercial power plant projects. In 2021, Property business, the revenue was realized less because there was only one Greenwich Prime Hathairat project and it was in the late stage of the project. In terms of trading business, revenue increased from the selling biomass to the power plant.

In terms of the ratio of total cost to income has increased. This was mainly due to the higher cost of power plants following the increase in revenue recognition from 2 power plants COD.

Selling and administrative expenses has decrease which the company has strict cost control. The financial cost has an increasing proportion. Which arises from the activities of the power plant business and investment in the new business.

Business trends in 2022 in the construction business It is projected that the overall construction value in 2022 will expand by 4.5-6.5 percent per year, mainly driven by the investment in large-scale government projects especially projects related to the Eastern Economic Corridor (EEC), which will cause public construction investment to expand by 6.0-7.0 percent per year, while private construction investment is likely to recover at a low level in 2022 and gradually improving in 2023 and 2024, which in 2022 will be another difficult year in the construction business. However, the company has adjusted and adjusted various strategic plans in accordance with the business environment. The company continues to bid on construction projects continuously. The company maintains its sales and backlog growth target of 10 percent. While the power plant business is expected to recognize more revenue from four power plants in the three southern border provinces including Nonthaburi waste power plant. Real estate business, a new project on Lam Luk Ka Road, Klong 7, which will have both detached houses and townhomes. Construction is expected to begin in the second



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half of 2022. The commercial business is expected to increase revenue from being a fuel supplier for power plants. The company is confident that it will be able to sustain itself and survive from the current economic crisis. For business expansion plans, both in terms of acquisitions related to construction business and investment in the new S-Curve business is expected to be closed the deal within the first quarter of 2022.

Most of the risk factors that may affect the performance of 2021 are external factors which uncontrollable, both within and outside the country, such as the COVID-19 epidemic situation, economics and political problems which affect. It is a chain of internal factors. The company focuses on liquidity management and cost management. However, the company will manage the available resources efficiently. Modifying the plans and operating strategies align with the business environment and trends, to reduce the impact of various factors as possible.

Yours faithfully,

(Mr. Pathompol Saosap)

President and Chief Executives Officer

Thai Polycons Public Company Limited