

TRANSLATION

TTCL PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operating Performance for the period ended December 31, 2021

For period ending 31st December 2021, the Company reported Gross Profit at THB 871 million, decreasing 2% year over year, mainly driven by decreases in Revenue from Construction and Service (EPC).

The foreign exchange difference on translation financial statement was THB 146 million. Therefore, the total comprehensive income for the period was THB 460 million.

The net profit for the period was THB 292 million, which attributed to the Company at THB 289 million with earnings profit of THB 0.40 per share.

2. Management Discussion and Analysis Report according to consolidated financial statements

For the Twelve-month period ended

(Unit: Million Baht)

	31-Dec-21		31-Dec-20		Change
Revenues from construction and service (EPC)	6,293.12	99%	6,810.90	99%	-8%
Revenues from operating the power plant	51.16	1%	49.25	1%	4%
Revenue from sale	2.76	0%	9.26	0%	-70%
Total revenues	6,347.04	100%	6,869.41	100%	-8%
<u>Less</u> Cost of construction and services (EPC)	(5,455.82)	86%	(5,952.71)	87%	-9%
<u>Less</u> Cost of operating the power plant	(12.70)	0%	(19.94)	0%	-36%
<u>Less</u> Costs of goods sold	(7.34)	0%	(6.49)	0%	13%
Total Costs	(5,475.86)	86%	(5,979.15)	87%	-8%
Gross profit	871.18	14%	890.27	13%	-2%
<u>Add</u> Other income	99.55	2%	114.74	2%	-13%
<u>Add</u> Gain on disposal in investment in subsidiaries	165.62	3%	0.00	0%	100%
<u>Add</u> Gain on deem disposal classification investment	308.65	5%	0.00	0%	100%
<u>Less</u> Administrative Expenses	(1,135.94)	18%	(1,012.75)	15%	12%
<u>Add</u> Gain (Loss) on exchange rate, net	65.14	1%	365.32	5%	-82%
<u>Less</u> Loss on extinguishment	(65.85)	1%	0.00	0%	100%
<u>Add</u> Share of Profit / (Loss) of Joint venture	222.63	4%	92.99	1%	139%
Profit before Financial Cost and Income Tax	531.00	8%	450.57	7%	18%

Less Financial Costs	(115.63)	2%	(201.35)	3%	-43%
Profit before Income Tax	415.37	7%	249.22	4%	67%
Less Income Tax	(122.93)	2%	(126.38)	2%	-3%
Net Profit for this period	292.44	4.6%	122.84	1.8%	138%
Other comprehensive income (loss)					
- Remeasurements of employee benefits obligation - net of tax	21.02	0%	14.97	0%	40%
- Add/(Less) Translation adjustments on foreign currency financial statements	146.47	2%	(23.41)	0%	726%
Total comprehensive income for the period	459.93	7%	114.40	2%	302%
Profit attributable to:					
Owners of the parent	289.13		128.66		
Non-controlling interests	3.31		(5.82)		
	292.44		122.84		
Basic earnings per share (THB)	0.40		0.14		

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Total Revenues recorded at THB 6,347 million, decreased 8% when compare to the same period last year.

Revenues	31-Dec-21	31-Dec-20	Change
Construction and service revenues	6,293.12	6,810.90	-8%
Revenue from operation power plant	51.16	49.25	4%
Revenue from sales	2.76	9.26	-70%
Total Revenues	6,347.04	6,869.41	-8%

- EPC Businesses

Revenue from construction and service (EPC) decreased by 8% to THB 6,293 million, this was anticipated due to the effect of Covid-19 which has affected businesses around the world, including in Thailand. Consequently, the petrochemical and power industry sector slowed down their investment. Furthermore, the Government lockdown in Malaysia and Vietnam have adversely impacted the construction progress of the project in both countries, especially during Q2 and Q3 of 2021.

- Power Plant Businesses

Revenue from the operation of power plants increased by 4% to THB 51 million.

- White Pellets Plant Businesses

Revenue from the sale of product during the Twelve-month period decreased by 70% to THB 3 million.

2.1.2 Costs & Gross Profit

Gross Profit Comparison

31-Dec-21	Revenue	Cost	Gross profit
EPC construction	6,293.12	(5,455.82)	837.30
Operation of Power Plant	51.16	(12.70)	38.46
Sales of goods	2.76	(7.34)	(4.58)
Total	6,347.04	(5,475.86)	871.18

Gross Profit consists of THB 837 million from construction and service (EPC), THB 38 million from operation of power plant and THB -5 million from sales of goods (White Pellet). The negative gross profit of sales of goods was due to the shipment of sample pellet to utility companies in Japan.

The overall Gross Profit margin for the period is 14%, increasing from 13% during the same period last year, mainly due to reverse in cost of the completed projects which the Company no longer required to provide warranty to the project owners.

2.1.3 Other income / Gain on disposal in investment in subsidiaries / Gain on deem disposal classification investment/ Gain on Exchange Rate

- Other Income decreased by 13% to THB 100 million mainly due to reduction in the interest income.
- Gain on disposal in investment in subsidiaries was recorded at THB 166 million due to the gain on disposal of GNE-Tsuno and BNE.
- Gain on deem disposal classification investment was recorded at THB 307 million due to the gain on disposal of HATIECO.
- Gain on Exchange Rate was THB 65 million as a result of a weaker Thai Baht during the period.

2.1.4 Administrative Expenses / Loss on Extinguishment

- Administration Expenses increased by 12% to THB 1,136 million mainly due to increase in proposal expense and reclassification of the legal fees from Cost of Construction and Services to Administrative Expenses. For the Twelve-month period of 2021, the Company recorded the Provision Expense of THB 276 million (per adoption of TFRS No. 9).
- Loss on Extinguishment was THB 66 million as a result of divestment of GNE-Tsuno

2.1.5 Share of Profit of Joint Venture

Share of Profit of Joint Venture from the investment in TTGP increased by 139% to THB 223 million as the power plant in Myanmar was operating at full capacity. Furthermore, during Q3, 2021, TTGP received an

insurance claim of THB 60 million from defective equipment found during the partial shutdown of the power plant for major maintenance during Q1, 2020.

2.1.6 Finance Cost and Income Tax

The Finance cost for the period decreased by 43% to THB 116 million. The repayment of debenture of THB 2,400 million in May 2020 and THB 1,075 million in January 2021 have contributed to lowering the Company's finance cost. Income tax for the period decreased by THB 3 million to THB 123 million.

3. Analysis of Financial Status

3.1 Analysis of Assets

Figures in THB Million	31-Dec-21	31-Dec-20	Increase/(Decrease)	% Change
Current assets	9,471.49	10,341.79	(870.30)	(8.42%)
Non-current assets	4,173.70	3,514.33	659.37	18.76%
Total assets	13,645.19	13,856.12	(210.93)	(1.52%)

As of 31 December 2021, Total Assets were THB 13,645 million, decreased by 2% compared with the end of last year.

Total Current Assets decreased by THB 870 million or 8%; major movement as the following items:

- Cash and cash equivalents decreased by THB 904 million due to repayment of the debentures of THB 1,075 million in January 2021.
- Trade accounts receivable – general customers increased by THB 353 million due to the Company issuing invoices to Customers, mainly from domestic and overseas projects. As a result, Contract assets - general customers decreased by THB 474 million.
- Current Portion of Loan to Third Party decreased by 147 million due to reclassification of transactions from current portion to non-current portion.
- Withholding Income Tax increased by THB 158 million.

Total Non-current Assets increased by THB 659 million or 19%; major movement as the following items:

- Trade account receivable increased by THB 261 million due to reclassification of transactions from current portion to non-current portion.
- Loan to third party increased by THB 255 million, which moved from loan to third party – current portion and revaluation on foreign exchange rate THB against USD.
- Investment in joint venture increased by THB 225 million mainly from the share of profit from Ahlone Power Plant.

- Financial assets measured at fair value through other comprehensive income increased by THB 557 million due to the Company has invested in Idemitsu Green Energy Vietnam Co.,Ltd. of THB 546 million and the Company Group has invested in Medical Devices And Biomaterial Plant Joint Stock Company of THB 11 million.
- Property, plant and equipment decreased by THB 339 million due to the divestment of GNE-Tsuno, BNE and HATIECO, which eliminated assets of GNE-Tsuno of THB 177 million, BNE of THB 30 million and HATIECO of 132 million.
- Right of use assets decreased by THB 131 million due to the Company has terminated rental building contract in some areas to reduce the Company expenses.

3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	31-Dec-21	31-Dec-20	Increase/(Decrease)	% Change
Current Liabilities	10,354.46	9,588.12	766.35	7.99%
Non-Current Liabilities	354.95	1,764.95	(1,410.00)	(79.89%)
Total Liabilities	10,709.42	11,353.06	(643.65)	(5.67%)
Shareholders' equity	2,935.78	2,503.06	432.72	17.29%
Total Liabilities and shareholders' equity	13,645.19	13,856.12	(210.93)	(1.52%)

As of 31 December 2021, Total Liabilities were THB 10,709 million, decreased by 6% compared with the end of last year.

Total Current Liabilities increased by THB 766 million or 8%; major movement as the following items:

- Short-term loans from financial institutions increased THB 660 million due to the Company has utilized the banking facility, trust receipt for importing machinery and equipment in order to support construction projects.
- Trade accounts payable – general suppliers decreased by THB 224 million.
- Accrued construction costs decreased by THB 709 million due to reverse in cost of the completed projects as mentioned above and billing from suppliers - mainly from the overseas projects.
- Advance received from customers under construction contracts increased by THB 834 million due to the Company has received temporary payment from Vietnam National Chemical Group, an Owner of Rock Salt project per judgment of the Vietnam court and received the advance payment from the new projects.

Total Non-current Liabilities decreased by THB 1,410 million or 80%; major movement as the following items:

- Lease Liabilities decreased by THB 133 million due to termination of rental building contract in some areas to reduce the Company expenses.
- Re-classify the period of transaction of debenture of THB 1,099 million from non-current portion to current portion.
- Deferred Income decreased by THB 126 million came from the revenue from government subsidies to BNE for carbon credit, this transaction was eliminated due to the divestment of BNE.

Shareholder's equity were THB 2,936 million or increased by 17%. The Shareholders' Equity Opening balance as of the beginning of the year was THB 2,585 million, Prior year adjustment of THB -82, resulting in new restated Opening balance of THB 2,503 million. Changing in equity of the period consists of 1) interest paid for the period of subordinated perpetual debentures of THB -44 million, 2) change in proportion of investment in subsidiary of THB -42 million, 3) increase in non-controlling interests from disposal subsidiary of THB 60 million, 4) Changing investment in subsidiary to financial assets of THB 1 million, 5) Other comprehensive income for the period of THB 460 million. Therefore, the Closing Balance of Shareholders' Equity as of 31 December 2021 were THB 2,936 million.

4. Major Financial Measures

4.1. Profitability Ratios	31-Dec-21	31-Dec-20	Favorable/Unfavorable
4.1.1. Gross profit margin	13.73%	12.96%	Favorable
4.1.2. Net profit margin	4.61%	1.79%	Favorable
4.1.3. Times Interest Earned ratio	4.59	2.24	Favorable
4.1.4. Earnings per share	0.40	0.14	Favorable

4.2. Leverage Ratios	31-Dec-21	31-Dec-20	Favorable/Unfavorable
4.2.1. Current ratio	0.91	1.08	Unfavorable
4.2.2. Debt/ Equity ratio	3.65	4.54	Favorable
4.2.3. Interest-Bearing Debt/ Equity ratio	1.02	1.39	Favorable

4.3. Shareholders Value Ratios	31-Dec-21	31-Dec-20	Favorable/Unfavorable
4.3.1. Net Book Value	4.77	4.06	Favorable
4.3.2. Return on total assets	2.14%	0.89%	Favorable
4.3.3. Return on equity	9.96%	4.91%	Favorable

5. Analysis of Cash Flows

Figures in THB Million	31-Dec-21	31-Dec-20	Increase/(Decrease)
Net cash provided from (used in) operating activities	(209.21)	(404.20)	(195.00)
Net cash provided from (used in) investing activities	(136.29)	(408.86)	(272.57)
Net cash provided from (used in) financing activities	(527.91)	(2,342.88)	(1,814.97)
Net increase (decrease) in cash and cash equivalents	(873.41)	(3,155.95)	(2,282.54)
Beginning balance	1,777.18	4,959.66	(3,182.48)
Exchange rate gain/(loss) on cash and cash equivalents	(30.94)	(26.53)	(4.41)
Ending Balance	872.83	1,777.18	(904.35)

As of 31 December 2021, the ending balance of cash and cash equivalents was THB 873 million reflecting a decrease of THB 904 million compare to the same period last year. Such change was caused by a combination of the Net cash used in operating activities THB 209 million, the Net cash used in investing activities THB 136 million and the Net cash used in financing activities THB 528 million. All of which are detailed in the following.

5.1 Net cash used in operating activities, THB 209 million. The significant changes were:

- Trade accounts receivable THB 574 million
- + Contract assets THB 263 million
- Accrued construction costs THB 750 million
- + Advance received from customer under construction contracts THB 779

5.2 Net cash used in investing activities, THB 136 million. The significant changes were:

- + Proceed from loan to related parties THB 116
- Payment from loan to related parties THB 129 million
- Payment for capital increase in non-current assets THB 113 million

5.3 Net cash used in financing activities THB 528 million. The significant changes were:

- + Cash receipts from short term loan from financial institution THB 658 million
- Cash payment for debenture THB 1,075 million

5.4 Exchange rate loss on cash and cash equivalents THB 31 million.