

Subject : Management's Discussion and Analysis for the year ended December 31, 2021

Attention : President
The Stock Exchange of Thailand

Teka Construction Public Company Limited ("the Company") would like to submit the performance analysis report for the year ended December 31, 2021 as follows.

	2021	2020	Change	
	(MB)	(MB)	(MB)	(%)
Revenue from construction	1,594.37	2,453.63	-859.26	-35.0%
Cost of construction	-1,306.30	-2,200.07	893.78	-40.6%
Gross profit	288.07	253.55	34.52	13.6%
% to construction revenue	18.07%	10.33%		
Other incomes	10.68	20.93	-10.26	-49.0%
Administrative expenses	-135.75	-156.67	-20.92	-13.4%
Financial cost	-5.82	-9.53	-3.71	-38.9%
Tax expense	-31.16	-21.11	10.04	47.6%
Profit for the period	126.02	87.17	38.84	44.6%
% to total revenue	7.85%	3.52%		
Basic earnings per share (Baht/share)	0.56	0.39	0.17	44.6%

In 2021, the Company's construction revenue was Baht 1,594.37 million, a decrease of Baht 859.26 million or 35.0% from the previous year, as a direct result of the COVID-19 pandemic which caused some projects to be delayed and extended, as well as overall construction could not be carried out smoothly and continuously, particularly during the 1-month closure of the construction sites ordered in July 2021. Additionally, revenue recognition from a large government project has decreased significantly since it was almost completion and had a limited project value remaining at the end of construction cycle. In 2021, construction revenue structure of the Company was comprised of 90% private sector and 10% government sector.

The Company's gross profit was Baht 288.07 million, an increase of Baht 34.52 million or 13.6% from the previous year, and its gross profit margin was 18.07%, increasing by 7.74 percentage points. The improved gross margin was mostly due to the lower proportion of revenue from government project with relatively low margin, which dropped from 40% of construction revenue in 2020 to only 10% of construction revenue in 2021. Furthermore, the Company was able to successfully control and reduce the construction costs of two private projects, resulting in a significantly higher average gross profit margin in 2021 and enabling a rise in gross profit despite decreased revenue.

The Company's administrative expenses decreased by Baht 20.92 million in 2021 because it was the first year that personnel expenses in certain departments were allocated to be cost of construction based on a proportion

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of their working hours directly spent for each project, as well as an efficient management control the central stock of construction materials and small tools that is used in rotation for each construction site, so that such expenses could be lower. Meanwhile, the Company's financial cost decreased by Baht 3.71 million because of the reduction in using bank loans, as a result of the improved liquidity with higher operating cash flow.

Consequently, the Company had a net profit of Baht 126.02 million in 2021, an increase of Baht 38.84 million or 44.6% over the preceding year, with a net profit margin of 7.9% of total revenues, and equivalent to earnings per share of Baht 0.56 per share.

As of December 31, 2021, the Company had total assets of Baht 1,274.35 million, a decrease of Baht 224.24 million or equivalent to 15.0%, and total liabilities of Baht 811.54 million, a decrease of Baht 350.02 million or equivalent to 30.1%. Decrease in assets and liabilities was mainly due to the use of excess cash flow from operations to repay all bank loans. As a result, the interest-bearing debt to equity (IBD/E) ratio decreased from 0.87 times in 2020 to 0 times in 2021. Total shareholders' equity was Baht 462.81 million and equivalent to a book value of Baht 2.06 per share.

Please be informed accordingly

Your faithfully,

- Mr. Chalothorn Leelamali -

(Mr. Chalothorn Leelamali)

Chief Financial Officer

Teka Construction Public Company Limited