

TRANSLATION

TTCL PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operating Performance for the period ended June 30, 2022

For period ending 30th June 2022, the Company reported Gross Profit at THB 363 million, increasing 8% year over year, mainly driven by Revenue from Construction and Service (EPC).

The foreign exchange difference on translation financial statement was THB 131 million. Therefore, the total comprehensive income for the period was THB 637 million.

The net profit for the period was THB 507 million, which attributed to the Company at THB 507 million with earnings profit of THB 0.79 per share.

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

For the Six-month period ended

(Unit: Million Baht)

	30-Jun-22		30-Jun-21		Change
Revenues from construction and service	5,316.42	99%	3,158.82	99%	68%
Revenues from operating the power plant	27.08	1%	24.87	1%	9%
Revenue from sale	-	0%	1.96	0%	-100%
Total revenues	5,343.50	100%	3,185.65	100%	68%
<u>Less</u> Cost of construction and services (EPC)	(4,974.84)	93%	(2,833.23)	89%	76%
<u>Less</u> Cost of operating the power plant	(5.39)	0%	(7.20)	0%	-25%
<u>Less</u> Cost of goods sold	-	0%	(8.27)	0%	-100%
Total Costs	(4,980.23)	93%	(2,848.70)	89%	75%
Gross profit	363.27	7%	336.94	11%	8%
<u>Add</u> Other income	62.17	1%	41.49	1%	50%
<u>Add</u> Reversal allowance for doubtful accounts	570.95	11%	0.00	0%	100%
<u>Less</u> Administrative Expenses	(461.84)	9%	(484.25)	15%	-5%
<u>Less</u> Gain on disposal in investment in subsidiaries	0.00	0%	165.62	5%	-100%
<u>Add/(Less)</u> Gain (Loss) on exchange rate, net	(88.67)	2%	87.55	3%	N/A
<u>Less</u> Loss on extinguishment	0.00	0%	(65.85)	2%	-100%
<u>Add</u> Share of Profit / (Loss) of Joint venture	102.32	2%	74.25	2%	38%
Profit before Financial Cost and Income Tax	548.20	10%	155.76	5%	252%

Less Financial Costs	(70.20)	1%	(55.32)	2%	27%
Profit before Income Tax	478.00	9%	100.44	3%	376%
Income tax benefit (expenses)	28.60	1%	(31.57)	1%	N/A
Net Profit for this period	506.60	9%	68.87	2%	636%
Other comprehensive income (loss)					
- Add/(Less) Translation adjustments on foreign currency financial statements	130.87	2%	35.57	1%	268%
Total comprehensive income for the period	637.47	12%	104.43	3%	510%
Profit attributable to:					
Owners of the parent	506.62		67.28		
Non-controlling interests	(0.02)		1.59		
	506.60		68.87		
Basic earnings per share (THB)	0.79		0.07		

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Total Revenues recorded at THB 5,344 million, increased 68% when compare to the same period last year.

Revenues	30-Jun-22	30-Jun-21	Change
Construction and service revenues	5,316.42	3,158.82	68%
Revenue from operation power plant	27.08	24.87	9%
Revenue from sales	-	1.96	-100%
Total Revenues	5,343.50	3,185.65	68%

- EPC Businesses

Revenue from construction and service (EPC) increased by 68% to THB 5,316 million, this was anticipated due to the company had been awarded many new EPC contracts during the second half of last year, as well as during the first half of this year.

- Power Plant Businesses

Revenue from the operation of power plants increased by 9% to THB 27 million.

- Bio Pellets Businesses

Revenue from the sale of product during the Six-month period was none due to the company having divested 90% share in HATIECO during Q4, 2021. Therefore, HATIECO is no longer a subsidiary of the company.

2.1.2 Costs & Gross Profit

Gross Profit Comparison

30-Jun-22	Revenue	Cost	Gross profit
EPC construction	5,316.42	(4,974.84)	341.58
Operation of Power Plant	27.08	(5.39)	21.69
Sales of goods	-	-	-
Total	5,343.50	(4,980.23)	363.27

Gross Profit consists of THB 342 million from construction and service (EPC), THB 22 million from operation of power plant.

The overall Gross Profit margin for the period is 6.8%, decreasing from 10.6% during the same period last year, mainly due to higher cost of construction materials and equipments as a result of the ongoing conflict between Russia and Ukraine. Moreover, most of the Front End Engineering Design Work (FEED Work) have progressed into construction projects. Hence, the FEED work usually provide higher profit margin as it only consists of a scope of engineering design.

2.1.3 Other Income / Doubtful debts Recover / Loss on Exchange Rate

- Other Income increased by 50% to THB 62 million mainly due to the company's subsidiary in Vietnam received an insurance claim of THB 12 million from one of the construction projects.
- Doubtful Debt Recover of THB 571 million was due to reverse in Provision for Doubtful Debts of a construction project in Laos as to reflect the current status of arbitration and the likelihood of claims.
- Loss on Exchange Rate was THB -89 million mainly due to an unrealized loss on account payable as a result of weaker Thai Baht.

2.1.4 Administrative Expenses

Administration Expenses decreased by 5% to THB 462 million. For the Six-month period of 2022, the Company recorded the Provision Expense of THB 138 million (per adoption of TFRS No. 9).

2.1.5 Share of Profit of Joint Venture

Share of Profit of Joint Venture from the investment in TTGP increased by 38% to THB 102 million as the power plant in Myanmar was operating at its full capacity after having been partially shut down for a schedule maintenance during Q1, 2021. A stronger US Dollar have contributed to increase in revenue from Joint Venture.

2.1.6 Finance Cost and Income Tax

The Finance cost for the period increased by 27% to THB 70 million due to the debenture issuance of THB 1,500 million during Q2, 2022. Income tax benefit for the period was recorded at THB 29 million.

3. Analysis of Financial Status

3.1 Analysis of Assets

Figures in THB Million	30-Jun-22	31-Dec-21	Increase/(Decrease)	% Change
Current assets	12,577.66	9,471.49	3,106.17	32.79%
Non-current assets	4,855.95	4,173.70	682.25	16.35%
Total assets	17,433.61	13,645.19	3,788.42	27.76%

As of 30 June 2022, Total Assets were THB 17,434 million, increased by 28% compared with the end of last year.

Total Current Assets increased by THB 3,106 million or 33%; major movement as the following items:

- Cash and cash equivalents increased by THB 1,273 million mainly from the advance received from customers of the new projects awarded in 2022.
- Contract assets - general customers increased by THB 1,421 million driven by progress in large construction projects.

Total Non-current Assets increased by THB 682 million or 16%; major movement as the following items:

- Deposit at bank used as collateral increased by THB 171 million to support the bank guarantee issuance for EPC project of TTCL Vietnam Corporation, a subsidiary of the Company (TVC).
- Other financial assets measured at amortized cost increased by THB 141 million came from the deposit at bank of TVC.
- Investment in joint ventures increased by 87 million mainly from the share of profit from Ahlone Power Plant.
- Property, plant and equipment increased by THB 94 million due to the investment of Black Pellet Demonstration Plant in Lampang.
- Deferred tax assets increased by THB 114 million mainly from the taxable temporary difference between Vietnam local taxes vs. TFRS standard.

3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	30-Jun-22	31-Dec-21	Increase/(Decrease)	% Change
Current Liabilities	12,028.98	10,354.47	1,674.52	16.17%
Non-Current Liabilities	1,853.20	354.95	1,498.25	422.10%
Total Liabilities	13,882.18	10,709.42	3,172.76	29.63%
Shareholders' equity	3,551.42	2,935.78	615.64	20.97%
Total Liabilities and shareholders' equity	17,433.60	13,645.19	3,788.41	27.76%

As of 30 June 2022, Total Liabilities were THB 13,882 million, increased by 30% compared with the end of last year.

Total Current Liabilities increased by THB 1,675 million or 16%; major movement as the following items:

- Short-term loans from financial institutions decreased THB 245 million due to repayment of the short-term loan and trust receipt to the Financial Institutions.
- Trade accounts payable increased by THB 620 million due to the invoices are not yet due.
- Accrued construction costs increased by THB 933 million due to the large projects have progress in the construction.
- Advances received from customers increased by THB 1,010 million from the domestic project which was awarded in Q2 2022.
- Contract liabilities increased by THB 317 million due to the Company has received deferred construction revenue from domestic projects.
- Current portion of debentures decreased by THB 1,100 million due to repayment of debenture.

Total Non-current Liabilities increased by THB 1,498 million or 422% mainly from the issuance of debenture of THB 1,500 million for the period of 2.5 years to repay the debenture was due in May 2022 of THB 1,100 million and support working capital.

Shareholder's equity were THB 3,551 million or increased by 21%. The Shareholders' Equity Opening balance as of the beginning of the year was THB 2,936 million, effect from change in equity of the period consists of 1) interest paid for the period of subordinated perpetual debentures of THB -22 million, and 2) Other comprehensive income for the period of THB 637 million. Therefore, the Closing Balance of Shareholders' Equity as of 30 June 2022 were THB 3,551 million.

4. Major Financial Measures

4.1. Profitability Ratios	30-Jun-22	30-Jun-21	Favorable/Unfavorable
4.1.1. Gross profit margin	6.80%	10.58%	Unfavorable
4.1.2. Net profit margin	9.48%	2.16%	Favorable
4.1.3. Times Interest Earned ratio	7.81	2.82	Favorable
4.1.4. Earnings per share	0.79	0.07	Favorable

4.2. Leverage Ratios	30-Jun-22	31-Dec-21	Favorable/Unfavorable
4.2.1. Current ratio	1.05	0.91	Favorable
4.2.2. Debt/ Equity ratio	3.91	3.65	Unfavorable
4.2.3. Interest-Bearing Debt/ Equity ratio	0.88	1.02	Favorable

4.3. Shareholders Value Ratios	30-Jun-22	31-Dec-21	Favorable/Unfavorable
4.3.1. Net Book Value	5.77	4.77	Favorable
4.3.2. Return on total assets	2.91%	2.14%	Favorable
4.3.3. Return on equity	14.26%	9.96%	Favorable