



**Management Discussion and Analysis (“MD&A”) for operating performance  
for the three-month and nine-month period ended 30 September 2022  
of TRC Construction Public Company Limited and Its Subsidiaries**

Operating Results of the Company and its subsidiaries (Unit : Million Baht)	Q3 2022	Q2 2022	Q3 2021 (Restated)	QoQ Amount	YoY Amount	9-Month 2022	9-Month 2021 (Restated)	YoY Amount
Construction services income	867.35	895.11	795.06	(27.76)	72.29	2,596.32	3,054.53	(458.21)
Cost of construction services	815.62	844.42	712.30	(28.80)	103.32	2,444.31	2,937.26	(492.95)
<b>Gross profit (loss) for construction services income</b>	<b>51.73</b>	<b>50.69</b>	<b>82.76</b>	<b>1.04</b>	<b>(31.03)</b>	<b>152.01</b>	<b>117.27</b>	<b>34.74</b>
Other service income	22.76	1.32	4.33	21.44	18.43	25.40	16.17	9.23
Cost of other services	20.21	0.81	2.43	19.40	17.78	21.96	9.53	12.43
<b>Gross profit (loss) for other service income</b>	<b>2.55</b>	<b>0.51</b>	<b>1.90</b>	<b>2.04</b>	<b>0.65</b>	<b>3.44</b>	<b>6.64</b>	<b>(3.20)</b>
Sales income	0.00	0.00	0.13	0.00	(0.13)	1.60	0.73	0.87
Cost of sales	0.00	0.00	0.20	0.00	(0.20)	1.22	0.60	0.62
<b>Gross profit (loss) for sales</b>	<b>0.00</b>	<b>0.00</b>	<b>(0.07)</b>	<b>0.00</b>	<b>0.07</b>	<b>0.38</b>	<b>0.13</b>	<b>0.25</b>
Interest and other income	7.22	15.34	4.92	(8.12)	2.30	26.48	30.71	(4.23)
Administrative expenses	63.61	62.12	64.80	1.49	(1.19)	197.04	188.59	8.45
Loss from business dissolution in the subsidiary	36.85	0.00	0.00	36.85	36.85	36.85	0.00	36.85
Finance cost	10.64	10.31	9.52	0.33	1.12	30.75	25.77	4.98
Share of profit (loss) from investment in joint venture	(1.85)	(3.72)	(0.36)	1.87	(1.49)	(10.47)	(0.91)	(9.56)
Income tax income (expenses)	(2.65)	(0.64)	(2.22)	(2.01)	(0.43)	(5.00)	(4.91)	(0.09)
Non-controlling interests of the subsidiaries	0.40	0.25	0.49	0.15	(0.09)	0.59	1.40	(0.81)
<b>Profit (loss) attribute to equity holders of the Company</b>	<b>(53.70)</b>	<b>(10.51)</b>	<b>13.10</b>	<b>(43.19)</b>	<b>(66.80)</b>	<b>(97.21)</b>	<b>(64.03)</b>	<b>(33.18)</b>
<b>Earnings per Share (Baht)</b>	<b>(0.0056)</b>	<b>(0.0011)</b>	<b>0.0014</b>			<b>(0.0101)</b>	<b>(0.0067)</b>	

### The 3<sup>rd</sup> Quarter of 2022 Operating Performance Summary

1. **Construction services income** was Baht 867.35 million, representing an increase of Baht 72.29 million or 9.09% from the same quarter of last year, causing from some temporary closed projects due to the Government’s preventive measure to prevent the spread of Coronavirus disease 2019 (COVID-19) are able to operate the construction after the temporary closure. Revenue structure came from civil work and pipeline work as same the same quarter of last year and last quarter that the revenue was recognized from civil work of Baht 612.12 million and pipeline work of Baht 181.69 million, respectively. The significant projects are recognized such as Baht 150.65 million of the restoration of highway network connecting region, Highway Route No.41, Ban Mai Siap – Phatthalung and Baht 109.55 million of the piping spool fabrication work project and Baht of 86.74 million of the Na Ranong-overpass Projects. Whereas, the change of revenue of the 3<sup>rd</sup> quarter, comparing with previous quarter decreased by Baht 27.76 million or representing 3.10% which was the civil work of some projects close to the completion, resulting in lower income recognition.



2. **Gross profit for construction services** was Baht 51.73 million, decreasing from the same quarter of last year which was Baht 82.76 million because the big and high gross margin project on hand are in the final phase of construction which the volume of construction work has been decreasing, as a result, the revenue recognition decreased and significantly affected to the decrease of gross margin profit.

3. **Other service income** was Baht 22.76 million, increasing by Baht 18.43 million from the same quarter of last year which was the income from data analysis service and platform management through IoT Olive Technology Company Limited (a subsidiary), the increase of income came from the 2 new awarded projects.

4. **Administrative expenses** was Baht 63.61 million, slightly decreasing by Baht 1.19 million or representing 1.84% from the same quarter of last year. Mostly administrative expense was salary and other expenses related to employee.

5. **Loss from business dissolution in the subsidiary** was Baht 36.85 million from the dissolution and liquidation of 2 subsidiaries in the Sultanate of Oman, namely TRC Middle East LLC and TRC Engineering LLC, which TRC International Limited held 70% shareholding. The process of dissolution and liquidation of both subsidiaries has already completed.

6. **Finance cost** was Baht 10.64 million, representing an increase of Baht 1.12 million or 11.76% from the same quarter of last year, caused from the increase of bank overdrafts and short-term loan that was used as working capital. As of 30 September 2022, the outstanding balance of bank overdrafts and short-term loan was Baht 929.92 million.

7. **Loss attribute to equity holders of the company** was Baht 53.70 million, representing Baht 0.0056 loss per share whereas profit attribute to equity holders of the Company for the same quarter of last year was Baht 13.10 million, representing Baht 0.0014 earnings per share. The operating loss in the 3<sup>rd</sup> quarter resulted from the decrease of construction service income the loss from business dissolution in the subsidiary as abovementioned. For normal operation, not included the loss from business dissolution in the subsidiary, loss attribute to equity holders of the company was Baht 16.85 million, representing Baht 0.0018 loss per share.

### **The 9-Month of 2022 Operating Performance**

TRC and its subsidiaries recorded the services income of Baht 2,596.32 million, representing a decrease of Baht 458.21 million or 15.00% whereas the gross profit for construction services increased by Baht 34.74 million from the same period of last year. In 2021, since, the Company recorded the provision for performance guarantee and liquidated damage of Baht 58.46 million as a result the gross margin decreased last year. Administrative expense increase by Baht 8.45 million from the same period of last year due to the increase of legal fee and financial cost increased by Baht 4.98 million due to the increase of the loan from financial institutions.

Nine-month of 2022 and 2021, loss attribute to equity holders of the Company was Baht 97.21 million and Baht 64.30 million, representing Baht 0.0101 loss per share and Baht 0.0067 loss per share, respectively.

## Finance Position

Finance Position (Unit: MB)	30 Sep 2022	31 Dec 2021	Inc. / (Dec.)	%
Current Assets	3,560.59	3,243.64	316.95	9.77%
Non-current Assets	807.12	851.69	(44.57)	(5.23%)
<b>Total assets</b>	<b>4,367.71</b>	<b>4,095.33</b>	<b>272.38</b>	<b>6.65%</b>
Current Liabilities	3,995.96	3,655.56	340.40	9.31%
Non-Current Liabilities	68.10	71.97	(3.87)	(5.38%)
<b>Total liabilities</b>	<b>4,064.06</b>	<b>3,727.53</b>	<b>336.53</b>	<b>9.03%</b>
Equity	303.65	367.80	(64.15)	(17.44%)

**Total assets** was Baht 4,367.71 million, representing an increase of Baht 272.38 million or 6.65%, caused from the increase of current assets of Baht 316.95 million and the decrease of non-current assets of Baht 44.57 million.

Significant item of current assets are unbilled receivables increased by Baht 320.43 million because the Company has more projects and the continuity of operation work, resulting in the increase of revenue from construction. Unbilled receivables are the revenue from construction, calculated by the proportion of completed work that is not able to issue until meet the conditions in the contract.

**Total Liabilities** was Baht 4,064.06 million, representing an increase of Baht 336.53 million or 9.03%, caused from the increase of current liabilities of Baht 340.40 million and the decrease of non-current liabilities of Baht 3.89 million.

Significant item of current liabilities are as follows.

1. Bank overdraft and short term loan from financial institutions increased by Baht 133.30 million since the increase of loan as working capital of construction projects.
2. Unbilled payable increased by Baht 360.21 million because the creditors, who provide construction services, are not able to issue the invoice until meet the conditions in the contract.

**Equity** was Baht 303.65 million, representing a decrease of Baht 64.15 million or 17.44%, resulting from loss of operating performance for nine-month of 2022 of Baht 97.21 million and other comprehensive income of Baht 22.03 million.

## Key Financial Ratios

Financial Ratios	Q3/2022	Q2/2022	Q3/2021	9M/2022	9M/2021
Net Profit (loss) Margin (%)	-5.98%	-1.15%	1.63%	-3.67%	-2.06%

Financial Ratios	30 Sep 2022	31 Dec 2021
Current Ratio (Times)	0.89	0.89
Debt to Total Asset Ratio (Times)	0.93	0.91
Debt to Equity Ratio (Times)	13.38	10.13



## Backlog on Hand

As of 30 September 2022, 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	14	720.56
Sahakarn Wisavakorn Company Limited	17	4,008.79
Joint Venture Sahahydro Pattaya	1	159.60
<b>Total</b>	<b><u>32</u></b>	<b><u>4,888.95</u></b>

## New Projects

In 2022, TRC has obtained 7 new projects, total work value of Baht 303.16 million. The significant project as follows.

- The gas distribution system to customers in the Nava Nakorn Industrial Zone, Nakorn Ratchasima Province project of PTT Public Company Limited. The project work value is Baht 82.54 million with 450 days constructions period.
- The new gas pipeline system for EGCO Cogeneration SPP replacement project of EGCO Cogeneration Company Limited. The project work value is Baht 132.00 million with 540 days constructions period.

(Mr. Pasit Leesakul)

Director and Chief Executive Officer

11 November 2022