

TRANSLATION

TTCL PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

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

For period ending 30th September 2022, the Company reported Gross Profit at THB 598 million, decreasing -14% year over year, mainly driven by mainly due to higher cost of construction materials and equipment as a result of the ongoing conflict between Russia and Ukraine.

The foreign exchange difference on translation financial statement was THB 324 million. Therefore, the total comprehensive income for the period was THB 861 million.

The net profit for the period was THB 537 million, which attributed to the Company at THB 536 million with earnings profit of THB 0.82 per share.

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

For the Nine-month period ended

(Unit: Million Baht)

	30-Sep-22		30-Sep-21		Change
Revenues from construction and service	8,339.80	99%	4,619.17	99%	81%
Revenues from operating the power plant	42.13	1%	38.02	1%	11%
Revenue from sale	-	0%	2.51	0%	-100%
Total revenues	8,381.93	100%	4,659.70	100%	80%
<u>Less</u> Cost of construction and services (EPC)	(7,775.63)	93%	(3,943.68)	85%	97%
<u>Less</u> Cost of operating the power plant	(8.87)	0%	(9.78)	0%	-9%
<u>Less</u> Costs of goods sold	-	0%	(12.49)	0%	-100%
Total Costs	(7,784.49)	93%	(3,965.95)	85%	96%
Gross profit	597.44	7%	693.75	15%	-14%
<u>Add</u> Other income	110.01	1%	68.83	1%	60%
<u>Add</u> Reversal allowance for doubtful accounts	570.95	7%	0.00	0%	100%
<u>Less</u> Administrative Expenses	(750.43)	9%	(809.84)	17%	-7%
<u>Less</u> Gain on disposal in investment in subsidiaries	0.00	0%	165.62	4%	-100%
<u>Add/(Less)</u> Gain (Loss) on exchange rate, net	(37.83)	0%	98.16	2%	N/A
<u>Less</u> Loss on extinguishment	0.00	0%	(65.85)	1%	-100%

<u>Add</u> Share of Profit / (Loss) of Joint venture	136.08	2%	164.41	4%	-17%
Profit before Financial Cost and Income Tax	626.23	7%	315.08	7%	99%
<u>Less</u> Financial Costs	(118.29)	1%	(87.78)	2%	35%
Profit before Income Tax	507.94	6%	227.31	5%	123%
Income tax benefit (expenses)	29.26	0%	(68.44)	1%	N/A
Net Profit for this period	537.20	6%	158.87	3%	238%
Other comprehensive income (loss)					
- Add/(Less) Translation adjustments on foreign currency financial statements	324.08	4%	173.87	4%	86%
Total comprehensive income for the period	861.28	10%	332.74	7%	159%
Profit attributable to:					
Owners of the parent	536.13		158.59		
Non-controlling interests	1.07		0.27		
	537.20		158.87		
Basic earnings per share (THB)	0.82		0.21		

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Total Revenues recorded at THB 8,382 million, increased 80% when compare to the same period last year.

Revenues	30-Sep-22	30-Sep-21	Change
Construction and service revenues	8,339.80	4,619.17	81%
Revenue from operation power plant	42.13	38.02	11%
Revenue from sales	0.00	2.51	-100%
Total Revenues	8,381.93	4,659.70	80%

- EPC Businesses

Revenue from construction and service (EPC) increased by 81% to THB 8,340 million, this was anticipated due to the company had been awarded many new EPC contracts during the year.

- Power Plant Businesses

Revenue from the operation of power plants increased by 11% to THB 42 million.

- Bio Pellets Businesses

Revenue from the sale of product during the 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-Sep-22	Revenue	Cost	Gross profit
EPC construction	8,339.80	(7,775.63)	564.18
Operation of Power Plant	42.13	(8.87)	33.26
Sales of goods	0.00	0.00	0.00
Total	8,381.93	(7,784.49)	597.44

Gross Profit consists of THB 564 million from construction and service (EPC), THB 33 million from operation of power plant.

The overall Gross Profit margin for the period is 7.13%, decreasing from 14.89% during the same period last year, mainly due to higher cost of construction materials and equipment 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 60% to THB 110 million mainly due to the company's subsidiary in Vietnam received an arbitration award of THB 38 million from one of the construction projects in Vietnam.
- 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 -38 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 -7% to THB 750 million. For the Nine-month period of 2022, the Company recorded the Provision Expense of THB 207 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 decreased by 17% to THB 136 million as the power plant in Myanmar was partially shut down for a schedule maintenance during Q3, 2022.

2.1.6 Finance Cost and Income Tax

The Finance cost for the period increased by 35% to THB 118 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-Sep-22	31-Dec-21	Increase/(Decrease)	% Change
Current assets	12,754.19	9,471.49	3,282.70	34.66%
Non-current assets	4,916.00	4,173.70	742.30	17.79%
Total assets	17,670.19	13,645.19	4,025.00	29.50%

As of 30 September 2022, Total Assets were THB 17,670 million, increased by 30% compared with the end of last year.

Total Current Assets increased by THB 3,283 million or 35%; major movement as the following items:

- Cash and cash equivalents increased by THB 1,160 million mainly from the advance received from customers of the new projects awarded in 2022 as well as collection the invoices from customers. As a result, Trade accounts receivable – general customers decreased by THB 658 million.
- Contract assets - general customers increased by THB 2,314 million driven by progress in large construction projects.

Total Non-current Assets increased by THB 742 million or 18%; major movement as the following items:

- Deposit at bank used as collateral increased by THB 118 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 150 million came from the deposit at bank of TVC.
- Investment in joint ventures increased by 94 million mainly from the share of profit from Ahlone Power Plant.
- Property, plant and equipment increased by THB 132 million due to the investment of Black Pellet Demonstration Plant in Lampung.

3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	30-Sep-22	31-Dec-21	Increase/(Decrease)	% Change
Current Liabilities	12,035.08	10,354.47	1,680.61	16.23%
Non-Current Liabilities	1,870.91	354.95	1,515.95	427.09%
Total Liabilities	13,905.98	10,709.42	3,196.57	29.85%
Shareholders' equity	3,764.21	2,935.78	828.43	28.22%
Total Liabilities and shareholders' equity	17,670.19	13,645.19	4,025.00	29.50%

As of 30 September 2022, Total Liabilities were THB 13,906 million, increased by 30% compared with the end of last year.

Total Current Liabilities increased by THB 1,681 million or 16%; major movement as the following items:

- Short-term loans from financial institutions decreased THB 272 million due to repayment of the short-term loan and trust receipt to the Financial Institutions.
- Trade accounts payable – general suppliers increased by THB 576 million due to the invoices are not yet due.
- Accrued construction costs increased by THB 1,382 million due to the large projects have progress in the construction.
- Contract liabilities increased by THB 890 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 1,516 million or 427% 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 3,764 million or increased by 28%. 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 -33 million, and 2) Other comprehensive income for the period of THB 861 million. Therefore, the Closing Balance of Shareholders' Equity as of 30 September 2022 were THB 3,764 million.

4. Major Financial Measures

4.1. Profitability Ratios	30-Sep-22	30-Sep-21	Favorable/Unfavorable
4.1.1. Gross profit margin	7.13%	14.89%	Unfavorable
4.1.2. Net profit margin	6.41%	3.41%	Favorable
4.1.3. Times Interest Earned ratio	5.29	3.59	Favorable
4.1.4. Earnings per share	0.82	0.21	Favorable

4.2. Leverage Ratios	30-Sep-22	31-Dec-21	Favorable/Unfavorable
4.2.1. Current ratio	1.06	0.91	Favorable
4.2.2. Debt/ Equity ratio	3.69	3.65	Neutral
4.2.3. Interest-Bearing Debt/ Equity ratio	0.82	1.02	Favorable

4.3. Shareholders Value Ratios	30-Sep-22	31-Dec-21	Favorable/Unfavorable
4.3.1. Net Book Value	6.11	4.77	Favorable
4.3.2. Return on total assets	3.04%	2.14%	Favorable
4.3.3. Return on equity	14.27%	9.96%	Favorable