

TRANSLATION

TTCL PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operating Performance for the period ended December 31, 2022

For period ending 31st December 2022, the Company reported Gross Profit at THB 917 million, increasing 5% year over year, mainly driven by Revenues from construction and service (EPC).

The foreign exchange difference on translation financial statement was THB 34 million. Therefore, the total comprehensive income for the period was THB 710 million.

The net profit for the period was THB 677 million, which attributed to the Company at THB 667 million with earnings profit of THB 1.01 per share.

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

For the Twelve-month period ended

(Unit: Million Baht)

	31-Dec-22		31-Dec-21		Change
Revenues from construction and service	11,215.59	99%	6,293.12	99%	78%
Revenues from operating the power plant	56.92	1%	51.16	1%	11%
Revenue from sale	-	0%	2.76	0%	-100%
Total revenues	11,272.50	100%	6,347.04	100%	78%
<u>Less</u> Cost of construction and services (EPC)	(10,344.04)	92%	(5,455.82)	86%	90%
<u>Less</u> Cost of operating the power plant	(11.17)	0%	(12.70)	0%	-12%
<u>Less</u> Costs of goods sold	-	0%	(7.34)	0%	-100%
Total Costs	(10,355.20)	92%	(5,475.86)	86%	89%
Gross profit	917.30	8%	871.18	14%	5%
<u>Add</u> Other income	177.86	2%	99.55	2%	79%
<u>Add</u> Reversal allowance for doubtful accounts	570.95	5%	-	0%	100%
<u>Less</u> Administrative Expenses	(1,002.43)	9%	(1,135.94)	18%	-12%
<u>Add/(Less)</u> Gain (Loss) on exchange rate, net	(8.36)	0%	65.14	1%	-113%
<u>Add</u> Gain on disposal in investment in subsidiaries	-	0%	165.62	3%	-100%
<u>Less</u> Loss on extinguishment	-	0%	(65.85)	1%	-100%
<u>Less</u> Loss from change in fair value	(38.98)	0%	-	0%	100%

<u>Add</u> Gain on deem disposal classification investment	-	0%	308.65	5%	-100%
<u>Add</u> Share of Profit / (Loss) of Joint venture	203.64	2%	222.63	4%	-9%
Profit before Financial Cost and Income Tax	819.98	7%	531.00	8%	54%
<u>Less</u> Financial Costs	(164.43)	1%	(115.63)	2%	42%
Profit before Income Tax	655.55	6%	415.37	7%	58%
Income tax benefit (expenses)	21.33	0%	(122.93)	2%	117%
Net Profit for this period	676.88	6%	292.44	5%	131%
Other comprehensive income (loss)					
- Re-measurements of employee benefits obligation - net of tax	(1.28)	0%	21.02	0%	-106%
- <u>Add</u> Translation adjustments on foreign currency financial statements	33.90	0%	146.47	2%	-77%
Total comprehensive income for the period	709.50	6%	459.93	7%	54%
Profit attributable to:					
Owners of the parent	667.45		289.13		
Non-controlling interests	9.43		3.31		
	676.88		292.44		
Basic earnings per share (THB)	1.01		0.40		

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Total Revenues recorded at THB 11,273 million, increased 78% when compare to the same period last year.

Revenues	31-Dec-22	31-Dec-21	Change
Revenue from Construction and service	11,215.59	6,293.12	78%
Revenue from operation power plant	56.92	51.16	11%
Revenue from sales	-	2.76	-100%
Total Revenues	11,272.50	6,347.04	78%

- EPC Businesses

Revenue from construction and service (EPC) increased by 78% to THB 11,216 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 and maintenance of power plant increased by 11% to THB 57 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

31-Dec-22	Revenue	Cost	Gross profit
EPC construction	11,215.59	(10,344.04)	871.55
Operation of Power Plant	56.92	(11.17)	45.75
Total	11,272.50	(10,355.20)	917.30

Gross Profit consists of THB 872 million from construction and service (EPC), THB 46 million from operation and maintenance of power plant.

The overall Gross Profit margin for the period is 8%, decreasing from 14% 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 / Reversal of Doubtful Debts / Loss on Exchange Rate

- Other Income increased by 79% to THB 178 million mainly due to the company and its subsidiary received an insurance claim from the construction projects of THB 54 million as well as the interest incomes of THB 50 million.
- Reversal of Doubtful Debts 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 -8 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 12% to THB 1,002 million. For the Twelve-month period of 2022, the Company recorded the Provision Expense of THB 276 million (per adoption of TFRS No. 9), which was the last year to record the Provision Expenses.

2.1.5 Share of Profit of Joint Venture

Share of Profit of Joint Venture from the investment in TTGP decreased by 9% to THB 204 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 42% to THB 164 million due to the debenture issuance of THB 1,500 million during Q2, 2022. Income tax benefit for the period was recorded at THB 21 million.

3. Analysis of Financial Status

3.1 Analysis of Assets

Figures in THB Million	31-Dec-22	31-Dec-21	Increase/(Decrease)	% Change
Current assets	13,252.09	9,471.49	3,780.60	39.92%
Non-current assets	4,650.42	4,173.70	476.72	11.42%
Total assets	17,902.51	13,645.19	4,257.32	31.20%

As of 31 December 2022, Total Assets were THB 17,903 million, increased by 31% compared with the end of last year.

Total Current Assets increased by THB 3,781 million or 40%; major movement as the following items:

- Cash and cash equivalents increased by THB 2,065 million mainly from the advance received from customers of the new awarded project in 2022, as well as, cash collection from the invoices issued to customers. As a result, Trade accounts receivable – general customers decreased by THB 660 million.
- Contract assets - general customers increased by THB 1,734 million driven by progress in large construction projects.
- Withholding income tax increased by THB 275 million.

Total Non-current Assets increased by THB 477 million or 11%; major movement as the following items:

- Deposit at bank used as collateral of THB 84 million and Other financial assets measured at amortized cost increased by THB 75 million came from the deposit at bank of TVC to support the bank guarantee issuance for EPC projects.
- 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 161 million mainly from the investment of Black Pellet Demonstration Plant in Lampang.

3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	31-Dec-22	31-Dec-21	Increase/(Decrease)	% Change
Current Liabilities	13,073.19	10,354.47	2,718.72	26.26%
Non-Current Liabilities	1,868.42	354.95	1,513.47	426.39%
Total Liabilities	14,941.61	10,709.42	4,232.19	39.52%
Shareholders' equity	2,960.90	2,935.78	25.12	0.86%
Total Liabilities and shareholders' equity	17,902.51	13,645.19	4,257.32	31.20%

As of 31 December 2022, Total Liabilities were THB 14,942 million, increased by 40% compared with the end of last year.

Total Current Liabilities increased by THB 2,719 million or 26%; major movement as the following items:

- Short-term loans from financial institutions decreased THB 745 million due to repayment of the short-term loan and trust receipt to the Financial Institutions.
- Trade accounts payable – general suppliers increased by THB 1,167 million due to the invoices are not yet due.
- Advance received from customers under construction contracts increased by THB 385 million due to the Company has received the advance payment from the new projects.
- Contract liabilities increased by THB 2,806 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 1,513 million or 426% 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 was THB 2,961 million or increased by 1%. The Shareholders' Equity Opening balance as of the beginning of the year was THB 2,935 million, effect from change in equity of the period consists of 1) Redemption of subordinated perpetual debentures and Interest paid for the period of THB -542 million, 2) Decrease from reduction preferred shares in subsidiary of THB -142, 3) Other comprehensive income for the period of THB 710 million. Therefore, the Closing Balance of Shareholders' Equity as of 31 December 2022 were THB 2,961 million.

4. Major Financial Measures

4.1. Profitability Ratios	31-Dec-22	31-Dec-21	Favorable/Unfavorable
4.1.1. Gross profit margin	8.14%	13.73%	Unfavorable
4.1.2. Net profit margin	6.00%	4.61%	Favorable
4.1.3. Times Interest Earned ratio	4.99	4.59	Favorable
4.1.4. Earnings per share	1.01	0.40	Favorable

4.2. Leverage Ratios	31-Dec-22	31-Dec-21	Favorable/Unfavorable
4.2.1. Current ratio	1.01	0.91	Favorable
4.2.2. Debt/ Equity ratio	5.05	3.65	Unfavorable
4.2.3. Interest-Bearing Debt/ Equity ratio	0.88	1.02	Favorable

4.3. Shareholders Value Ratios	31-Dec-22	31-Dec-21	Favorable/Unfavorable
4.3.1. Net Book Value	4.81	4.77	Neutral
4.3.2. Return on total assets	3.78%	2.14%	Favorable
4.3.3. Return on equity	22.86%	9.96%	Favorable