

**Management Discussion and Analysis (“MD&A”) for operating performance for  
the three-month and six-month period ended 30 June 2023  
of TRC Construction Public Company Limited and Its Subsidiaries**

Operating Results of the Company and its (Unit : Million Baht)	Q2	Q2	Change YoY		Q1	Change QoQ		6M	6M	YoY
	2023	2022	Inc. / (Dec.)	%	2022	Inc. / (Dec.)	%	2023	2023	Inc. / (Dec.)
Construction services income	518.95	895.11	(376.16)	(42.02%)	633.1	(114.15)	(18.03%)	1,152.06	1,728.98	(576.92)
Cost of construction services	510.28	844.42	(334.14)	(39.57%)	568.5	(58.22)	(10.24%)	1,078.78	1,628.69	(549.91)
<b>Gross profit (loss) for construction services</b>	<b>8.67</b>	<b>50.69</b>	<b>(42.02)</b>	<b>(82.90%)</b>	<b>64.6</b>	<b>(55.93)</b>	<b>(86.58%)</b>	<b>73.28</b>	<b>100.28</b>	<b>(27.00)</b>
Other service income	8.32	1.32	7.00	531.26%	1.32	7.00	530.30%	9.63	2.64	6.99
Cost of other services	7.28	0.81	6.47	797.66%	0.85	6.43	756.47%	8.14	1.75	6.39
<b>Gross profit (loss) for other service income</b>	<b>1.04</b>	<b>0.51</b>	<b>0.53</b>	<b>105.13%</b>	<b>0.47</b>	<b>0.57</b>	<b>121.28%</b>	<b>1.49</b>	<b>0.89</b>	<b>0.60</b>
Sales income	0.00	0.00	0.00		0.00	0.00		0.00	1.60	(1.60)
Cost of sales	0.00	0.00	0.00		0.00	0.00		0.00	1.22	(1.22)
<b>Gross profit (loss) for sales</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>0.00</b>		<b>0.00</b>	<b>0.38</b>	<b>(0.38)</b>
Interest and other income	14.90	15.34	(0.44)	(2.86%)	2.47	12.43	503.24%	17.39	19.26	(1.87)
Administrative expenses	62.62	62.12	0.50	0.81%	61.88	0.74	1.20%	124.50	133.43	(8.93)
Finance cost	16.58	10.31	6.27	60.77%	13.22	3.36	25.42%	29.81	20.11	9.70
Share of profit (loss) from investment in affiliated	(113.30)	0.00	(113.30)		0.00	(113.30)		(113.30)	0.00	(113.30)
Share of profit (loss) from investment in joint	1.42	(3.72)	5.14	(138.20%)	(0.76)	2.18	(286.84%)	0.66	(8.62)	9.28
Income tax income (expenses)	(5.26)	(0.64)	(4.62)	718.04%	(0.54)	(4.72)	874.07%	(5.80)	(2.35)	(3.45)
Profit (loss) attributable to non-controlling interests of the subsidiaries	0.00	0.25	(0.25)	(100.00%)	0.00	0.00		0.00	(0.19)	0.19
<b>Profit (loss) attributable to equity holders of</b>	<b>(171.73)</b>	<b>(10.51)</b>	<b>(161.22)</b>	<b>1534.12%</b>	<b>(8.85)</b>	<b>(162.88)</b>	<b>1840.45%</b>	<b>(180.59)</b>	<b>(43.51)</b>	<b>(137.08)</b>
<b>Earnings per Share (Baht)</b>	<b>(0.02)</b>	<b>(0.00)</b>	<b>(0.02)</b>		<b>(0.00)</b>	<b>(0.02)</b>		<b>(0.02)</b>	<b>(0.00)</b>	<b>(0.01)</b>
Total Incomes	542.18	911.76	(369.58)	(40.53%)	636.89	(94.71)	(14.87%)	1,179.07	1,752.47	(573.40)
Gross profit	9.71	51.20	(41.49)	(81.03%)	65.07	(55.36)	(85.08%)	74.77	101.55	(26.78)

## The 2<sup>nd</sup> Quarter of 2023 Operating Performance Summary

1. **Construction services income** was Baht 518.95 million, representing a decrease of Baht 376.16 million or 42.02% from the same period of last year since the same as last quarter, some projects were not constructed as planned due to encountering underground obstacles which is in the process of proposing a solution to the owner and related parties. In the current quarter, the Company has revised the budget cost for some projects due to higher material and labor costs than previously estimated, resulting in lower construction service income.

Construction service income structure came from civil work, pipeline system work and other construction work. The Company recognized income from civil work of Baht 303.90 million, pipeline system work of Baht 100.87 million and other construction work of Baht 114.19 million. The significant projects such as the Na Ranong-overpass Projects of Baht 112.89 million, the Raw Water Pipeline System Klong Luang Reservoir-Chonburi Project of Baht 30.62 million and the Mechanical Work for New Hydrogen Manufacturing unit Project of Baht 84.73 Baht.

2. **Other service income** was Baht 8.32 million, increasing by Baht 7.00 million from the same quarter of last year. Revenue came from the operation of a subsidiary, comprising the data analysis service and platform management through IoT system of a subsidiary.

3. **Gross Profit for construction services** was Baht 8.67 million, decreased by Baht 42.02 million from the same period of last year due to the revision of captioned budget cost, resulting in a decrease of construction service income and gross profit.

4. **Administrative expenses** were Baht 62.62 million, not different from the same quarter of last year which amounted to Baht 62.12 million.

5. **Finance cost** was Baht 16.58 million, representing an increase of Baht 6.27 million or 60.77% from the same period of last year, caused from the increase of bank overdrafts and short-term loans form finance institutions including short-term loans form related person or parties that was used as working capital. As of 30 June 2022, the outstanding balance of bank

overdrafts and short-term loans from financial institutions was Baht 999.32 million and short-term loans from related person or parties was Baht 283.70 million.

**6. Share of loss from investments in associate**, in the current quarter, the Company has invested in newly issued ordinary shares of the company. ASEAN Potash Chaityaphum Public Company Limited (associated company or APOT) at the amount of Baht 113.30 million through 2 offshore subsidiaries, namely TRC Investment Limited and TRC International Limited, with the objective to increase capital in APOT's newly issued ordinary shares to study the feasibility of commercial operation of an ASEAN potash mining project Chaityaphum Province (the Project). APOT is an associate company in which the Company holds a total of 25.12% through its subsidiaries, namely TRC Investment Limited and TRC International Limited, in the proportion of 22.45% and 2.67% respectively as the following events.

- In 2018 : The project is uncertain in fund raising from financial institutions and shareholders for the project's construction and development including the uncertainty of potash prices. Therefore, the Company recorded the impairment on investment, bad debts, and allowance for doubtful debts in APOT at the total amount of Baht 1,578.20 million.
- In 2019 - Quarter 1/2023 : Since APOT's project investment plan was canceled in 2018, resulting in APOT not taking any action, as a result, APOT is unable to pay special state benefits and late payment penalty, amounting to more than Baht 4,500 million.
- Present : The Russian-Ukrainian conflict has caused potash prices to rise significantly therefore the project is benefited by rising of potash prices and has received great interest in investment. Therefore, APOT has reviewed a feasibility study of the project (Feasibility Study) in order to resume the project, which is the source of this capital increase in APOT. Consequently, the Board of Directors of the Company has considered and found that the feasibility study of the project is beneficial to the Company therefore, approved the investment in newly issued ordinary shares in APOT at the amount of Baht 113.30 million. If the result of feasibility study shows that APOT should resume the operation. It will be good for the Company in many ways, for example:
  - 1) APOT has an opportunity to receive financial support from financial institutions and shareholders.
  - 2) The Company has the opportunity to receive construction work in projects of APOT.
  - 3) The Company has the opportunity to reverse impairment on investments, bad debts and allowance for doubtful debts in APOT at the total amount of Baht 1,578.20 million.
  - 4) Future return on investment after APOT can be operated.
- By the opinion of the Board of Directors, the investment in newly issued ordinary shares of APOT is in line with the opinion of the Cabinet meeting with details as follows.
  - On 14 February 2023, the Cabinet meeting resolved to acknowledge and request the Ministry of Industry to consider taking action on the solution to the debt problem of the special state benefits of the project by requiring the Department of Primary Industries and Mines to proceed with the debt restructuring and penalty by the consideration of installment payment of special state benefits and late payment penalty by potash product instead of monetary payment. This will benefit to APOT from a significant reduction in monetary liabilities and Thailand especially farmers who will have lower costs and more stable supply of fertilizers.
  - On 28 February 2023, the Cabinet meeting approved the capital increase in the project to study the feasibility of the project which is consistent with the opinion of the Board of Directors.

In this regard, the investment in APOT's newly issued ordinary shares shall make APOT to have sufficient funds to study the feasibility of the project to present to financial institutions and shareholders to provide project financing for commercial operation of the project. The Company has stopped the recognition of APOT's share of loss from investment since 2019 because the Company has fully recorded impairment on investments in APOT. However, when the Company made additional investments in APOT during the second quarter of 2023, the Company had to recognize share of loss from investment in the consolidated financial statements equal to the cost price according to the shareholding proportion of the subsidiaries. The share of loss from investment in APOT is only an accounting effect, it is not a loss from the operation at all.

7. **Loss attribute to equity holders of the Company** was Baht 171.73 million while the same quarter of last year, loss attribute to equity holders of the Company was Baht 10.51 million. The significant loss was due to the revision of budget cost of construction and share of loss from investments in associate as mentioned above and as a result, the current quarter's net loss per share was Baht 0.0179 per share.

#### **The 6-Month of 2023 Operating Performance**

The first half of 2023, the Company and its subsidiaries recorded the total income of Baht 1,179.07 million. The 97.71% income was mainly construction service income at amount of Baht 1,152.06 million, decreasing by Baht 576.92 million or 33.37% from the same period of last year that reasons were mentioned in part of construction services income.

The 6-Month of 2023 and 2022, loss attribute to equity holders of the Company was Baht 180.59 million and Baht 43.51 million, representing Baht 0.0188 loss per share and Baht 0.0045 loss per share, respectively.

#### **Finance Position**

Finance Position (Unit : million)	30 Jun 2023	31 Dec 2022	Inc. / (Dec.)	%
Current Assets	3,477.75	3,551.41	(73.66)	2.07%
Non-current Assets	776.26	801.98	(25.72)	(3.21%)
<b>Total assets</b>	<b>4,254.01</b>	<b>4,353.39</b>	<b>(99.38)</b>	<b>(2.28%)</b>
Current Liabilities	4,048.89	3,987.67	61.22	1.54%
Non-Current Liabilities	84.72	62.89	21.83	34.71%
<b>Total liabilities</b>	<b>4,133.61</b>	<b>4,050.56</b>	<b>83.05</b>	<b>2.05%</b>
Equity of the company	117.93	300.37	(182.44)	(60.74%)
<b>Equity</b>	<b>120.40</b>	<b>302.83</b>	<b>(182.43)</b>	<b>(60.24%)</b>

**Total assets** were Baht 4,254.01 million, representing a decrease of Baht 99.38 million or 2.28%, caused from the decrease of current assets of Baht 73.66 million and the decrease of non-current assets of Baht 25.72 million. The significant decrease of assets was the decrease of other current receivables of Baht 30.64 million due to debt repayment, the decrease of withholding tax deducted at source of Baht 22.37 million due to the receipt of corporate income tax refund including the decrease of advance paid to subcontractors under construction contracts of Baht 16.75 million due to the delivery of contractors' works under construction contracts.

**Total Liabilities** was Baht 4,133.61 million, representing an increase of Baht 83.05 million or 2.05%, caused from the increase of current liabilities of Baht 61.22 million and the increase of non-current liabilities of Baht 21.83 million. The liabilities were mainly increased by short-term loans from related person or parties of Baht 210.40 million which was a loan for investment in an associate company and working capital. Whereas the advance received from customer under the construction project

decreased by Baht 99.22 million from the delivery of the completed construction to the customer.

**Equity of the company** was Baht 117.93 million, representing a decrease of Baht 182.43 million or 60.74%, resulting from loss of operating performance as mentioned.

#### Key Financial Ratios

Financial Ratios	Q2/2023	Q2/2022	30 Jun 2023	30 Jun 2022
Net Profit (loss) Margin (%)	(31.67%)	(1.15%)		
Current Ratio (Times)			0.86	0.89
Debt to Equity Ratio (Times)			34.33	13.38

#### Awarded Project of 2023

The Company and its subsidiaries have been awarded 8 new contracts in 2023 with total contract value of Baht 1,026.13 million.

**The Company: 7 contracts for the total value of Baht 279.40 million.** The significant project consisted of;

- Mechanical Work for New Hydrogen Manufacturing Unit Project of Wison Energy (Thailand) Company Limited with the contract value of Baht 238.01 million. The construction period is 257 days.

**Sahakarn Wisavakorn Company Limited: 1 contract for the total value of Baht 746.73 million.**

- The Construction of Highway No. 4140, Tha Sala District - Nop Phi Tam District at Tha Sala District and Nop Phi Tam District Nakhon Si Thammarat Province of the Department of Highway with the contract value of Baht 746.73 million. The construction period is 900 days.

#### Backlog on Hand

As of 30 June 2023, 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	16	636.04
Sahakarn Wisavakorn Co., Ltd.	18	3,881.93
Joint Venture Sahahydro Pattaya	1	64.24
<b>Total</b>	<b>35</b>	<b>4,582.21</b>

( Mr. Pasit Leesakul )

Director and Chief Executive Officer

11 August 2023