

TRANSLATION

TTCL PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. Operating Performance for the period ended June 30, 2023

For period ending 30 June 2023, the Company reported Gross Profit at THB 560 million, increasing 54% year over year, mainly driven by Revenues from construction and service (EPC).

The foreign exchange difference on translation financial statement was THB 6 million. Therefore, the total comprehensive income for the period was THB 260 million.

The net profit for the period was THB 254 million, which attributed to the Company at THB 250 million with earnings profit of THB 0.41 per share.

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

For the six-month period ended

(Unit: Million Baht)

	30-Jun-23		30-Jun-22		Change
Revenues from construction and service	7,845.17	100%	5,316.42	99%	48%
Revenues from operating the power plant	28.31	0%	27.08	1%	5%
Revenue from sale	1.14	0%	-	0%	100%
Total revenues	7,874.62	100%	5,343.50	100%	47%
<u>Less</u> Cost of construction and services (EPC)	(7,307.91)	93%	(4,974.84)	93%	47%
<u>Less</u> Cost of operating the power plant	(5.67)	0%	(5.39)	0%	5%
<u>Less</u> Costs of goods sold	(1.39)	0%	-	0%	100%
Total Costs	(7,314.97)	93%	(4,980.23)	93%	47%
Gross profit	559.65	7%	363.27	7%	54%
<u>Add</u> Other income	55.96	1%	62.17	1%	-10%
<u>Add</u> Reversal allowance for doubtful accounts	0.00	0%	570.95	11%	-100%
<u>Less</u> Administrative Expenses	(330.60)	4%	(461.84)	9%	-28%
<u>Add/(Less)</u> Gain (Loss) on exchange rate, net	98.68	1%	(88.67)	2%	211%
<u>Less</u> Change in fair value	(72.14)	1%	-	0%	100%
<u>Add</u> Share of Profit / (Loss) of Joint venture	81.05	1%	102.32	2%	-21%
Profit before Financial Cost and Income Tax	392.60	5%	548.20	10%	-28%

<u>Less</u> Financial Costs	(93.06)	1%	(70.20)	1%	33%
Profit before Income Tax	299.54	4%	478.00	9%	-37%
Income tax benefit (expenses)	(45.30)	1%	28.60	1%	-258%
Net Profit for this period	254.24	3%	506.60	9%	-50%
Other comprehensive income (loss)					
- <u>Add</u> Translation adjustments on foreign currency financial statements	6.07	0%	130.87	2%	-95%
Total comprehensive income for the period	260.30	3%	637.47	12%	-59%
Profit attributable to:					
Owners of the parent	250.06		637.51		
Non-controlling interests	4.18		(0.03)		
	254.24		637.48		
Basic earnings per share (THB)	0.41		0.79		

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Total Revenues recorded at THB 7,875 million, increased 47% when compare to the same period last year.

Revenues	30-Jun-23	30-Jun-22	Change
Revenue from Construction and service	7,845.17	5,316.42	48%
Revenue from operation power plant	28.31	27.08	5%
Revenue from sales	1.14	-	100%
Total Revenues	7,874.62	5,343.50	47%

- EPC Businesses

Revenue from construction and service (EPC) increased by 48% to THB 7,845 million, which improved from last year due to the company had been awarded many new EPC contracts in 2022.

- Power Plant Businesses

Revenue from the operation and maintenance of power plant increased by 5% to THB 28 million.

- Bio Pellets Businesses

Revenue from the sale of product of THB 1 million mainly due to the Company has started selling the sample product from the Black Pellet Demonstration Plant to the potential customers.

2.1.2 Costs & Gross Profit

Gross Profit Comparison

30-Jun-23	Revenue	Cost	Gross profit
EPC construction	7,845.17	(7,307.91)	537.12
Operation of Power Plant	28.31	(5.67)	22.64
Sale of goods	1.14	(1.39)	(0.25)
Total	7,874.62	(7,314.97)	559.65

Gross Profit consists of THB 537 million from construction and service (EPC), THB 23 million from operation and maintenance of power plant, and THB -0.3 million from Sale of goods (Black Pellet). The negative gross profit of sales of goods was due to the selling of sample pellet from Demonstration Plant for the marketing purpose.

The overall Gross Profit margin for the period was 7%, which is in line with the same period last year.

2.1.3 Other Income / Gain on Exchange Rate

- Other Income decreased by 10% to THB 56 million mainly due to the same period last year the Company had recorded the insurance claim from the Company's subsidiary in Vietnam.
- Gain on Exchange Rate was THB 99 million mainly due to an unrealized gain on trade accounts receivable and contract assets as a result of weaker Thai Baht against USD.

2.1.4 Administrative Expenses

Administration Expenses decreased by 28% to THB 331 million mainly due to the Company is no longer required to record the Provision Expenses (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 21% to THB 81 million as the power plant in Myanmar was partially shut down for a schedule maintenance during Q2, 2023.

2.1.6 Finance Cost and Income Tax

The Finance cost for the period increased by 33% to THB 93 million due to the issuance of debenture of THB 745 million during Q2, 2023, as well as, the Bank of Thailand continued to rise the interest rates. Income tax expenses for the period was recorded at THB 45 million.

3. Analysis of Financial Status

3.1 Analysis of Assets

Figures in THB Million	30-Jun-23	31-Dec-22	Increase/(Decrease)	% Change
Current assets	13,586.87	13,252.09	334.78	2.53%
Non-current assets	5,144.59	4,650.42	494.16	10.63%
Total assets	18,731.45	17,902.51	828.94	4.63%

As of 30 June 2023, Total Assets were THB 18,731 million, increased by 5% compared with the end of last year.

Total Current Assets increased by THB 335 million or 3%; major movement as the following items:

- Cash and cash equivalents decreased by THB 1,334 million mainly from the payment for the investment in Black Pellet of THB 724 million, and expenses for operating activities of THB 1,428 million. However, during the period the company has issued debenture and preferred share of THB 933 million to support working capital.
- Other financial assets measured at amortized cost increased by THB 79 million to support the bank guarantee issuance for EPC projects of TTCL Vietnam Corporation (TVC), a subsidiary of the Company.
- Trade accounts receivable – general customers increased by THB 612 million mainly from the increasing number of the customers due to the Company had been awarded many new EPC contracts last year.
- Contract assets - general customers increased by THB 713 million driven by progress in large construction projects.
- Withholding income tax increased by THB 174 million.

Total Non-Current Assets increased by THB 494 million or 11% mainly from an increase in Property, plant and equipment of THB 717 million from the investment of Black Pellet.

3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	30-Jun-23	31-Dec-22	Increase/(Decrease)	% Change
Current Liabilities	12,776.45	13,073.19	(296.74)	(2.27%)
Non-Current Liabilities	2,591.71	1,868.42	723.29	38.71%
Total Liabilities	15,368.16	14,941.61	426.55	2.85%
Shareholders' equity	3,363.29	2,960.90	402.39	13.59%
Total Liabilities and shareholders' equity	18,731.45	17,902.51	828.94	4.63%

As of 30 June 2023, Total Liabilities were THB 15,368 million, increased by 3% compared with the end of last year.

Total Current Liabilities decreased by THB 297 million or 2%; major movement as the following items:

- Accrued construction costs – general suppliers increased by THB 810 million due to the large projects have progress in the construction.
- Contract liabilities decreased by THB 1,129 million due to the progress of work delivered to the customer.

Total Non-Current Liabilities increased by THB 723 million or 39% mainly from the issuance of debenture of THB 745 million to support working capital.

Shareholder's equity was THB 3,363 million or increased by 14%. The Shareholders' Equity Opening balance as of the beginning of the year was THB 2,961 million, effect from change in equity of the period consists of 1) Change in proportion of investment in subsidiary of THB -56 million, 2) Subsidiary issued preferred shares of THB 198 million, 3) Other comprehensive income for the period of THB 260 million. Therefore, the Closing Balance of Shareholders' Equity as of 30 June 2023 were THB 3,363 million.

4. Major Financial Measures

4.1. Profitability Ratios	30-Jun-23	30-Jun-22	Favorable/Unfavorable
4.1.1. Gross profit margin	7.11%	6.80%	Favorable
4.1.2. Net profit margin	3.23%	9.48%	Unfavorable
4.1.3. Times Interest Earned ratio	4.22	7.81	Unfavorable
4.1.4. Earnings per share	0.41	0.79	Unfavorable

4.2. Leverage Ratios	30-Jun-23	31-Dec-22	Favorable/Unfavorable
4.2.1. Current ratio	1.06	1.01	Neutral
4.2.2. Debt/ Equity ratio	4.57	5.05	Favorable
4.2.3. Interest-Bearing Debt/ Equity ratio	0.99	0.88	Unfavorable

4.3. Shareholders Value Ratios	30-Jun-23	31-Dec-22	Favorable/Unfavorable
4.3.1. Net Book Value	5.46	4.81	Favorable
4.3.2. Return on total assets	1.36%	3.78%	Unfavorable
4.3.3. Return on equity	7.56%	22.86%	Unfavorable