

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

ผลการดำเนินงานของบริษัทฯ และบริษัทย่อย (หน่วย: ล้านบาท)	Q3		Change YoY		Q2		Change QoQ		9 M		Change YoY	
	2023	2022	Inc./ (Dec)	%	2023	Inc./ (Dec)	%	2023	2022	Inc./ (Dec)	%	
Construction services income	576.63	867.35	(290.72)	(33.52%)	518.95	57.68	11.11%	1,728.69	2,596.32	(867.64)	-33.42%	
Cost of construction services	525.87	815.62	(289.76)	(35.53%)	510.28	15.59	3.05%	1,604.64	2,444.31	(839.67)	-34.35%	
Gross profit (loss) for construction services income	50.76	51.73	(0.97)	(1.87%)	8.67	42.09	485.48%	124.04	152.01	(27.97)	-18.40%	
Other service income	4.15	22.76	(18.61)	(81.75%)	8.32	(4.17)	(50.07%)	13.79	25.40	(11.61)	-45.72%	
Cost of other services	3.65	20.21	(16.56)	(81.94%)	7.28	(3.63)	(49.86%)	11.79	21.96	(10.17)	-46.33%	
Gross profit (loss) for other service income	0.50	2.55	(2.05)	(80.24%)	1.04	(0.54)	(51.54%)	2.00	3.44	(1.44)	-41.80%	
Sales income	0.00	0.00	0.00		0.00	0.00		0.00	1.60	(1.60)	-100.00%	
Cost of sales	0.00	0.00	0.00		0.00	0.00		0.00	1.22	(1.22)	-100.00%	
Gross profit (loss) for sales	0.00	0.00	0.00		0.00	0.00		0.00	0.38	(0.38)	-100.00%	
Interest and other income	24.85	7.22	17.63	244.18%	14.90	9.95	66.78%	42.22	26.48	15.74	59.46%	
Administrative expenses	72.98	63.61	9.37	14.73%	62.62	10.36	16.54%	197.48	197.04	0.44	0.22%	
Allowance for expected credit losses (Reverse)	(2.25)		(2.25)					(2.25)		(2.25)		
Loss from liquidation of subsidiaries	0.00	36.85	(36.85)		0.00	0.00		0.00	36.85	(36.85)	-100.00%	
Finance cost	19.25	10.64	8.61	80.92%	16.58	2.67	16.10%	49.05	30.75	18.30	59.53%	
Share of profit (loss) from investment in affiliate	(5.03)	0.00	(5.03)		(113.30)	108.27	(95.56%)	(118.34)	0.00	(118.34)		
Share of profit (loss) from investment in joint ventures	(0.84)	(1.85)	1.01	(54.59%)	1.42	(2.26)	(159.15%)	(0.17)	(10.47)	10.30	-98.38%	
Income tax income (expenses)	(5.82)	(2.65)	(3.17)	119.62%	(5.26)	(0.56)	10.65%	(11.62)	(5.00)	(6.62)	132.42%	
Profit (loss) attributable to non-controlling interests	0.00	0.40	(0.40)	(100.00%)	0.00	0.00		0.00	0.59	(0.59)	-100.00%	
Profit (loss) attributable to equity holders of the Company	(25.56)	(53.70)	28.14	(52.40%)	(171.73)	146.17	(85.12%)	(206.15)	(97.21)	(108.94)	112.07%	
Earnings loss) per Share (Baht)	(0.0027)	(0.0056)	0.0029		(0.0179)	0.0152		(0.0215)	(0.0101)	(0.0114)		
Total Income	605.63	897.33	(309.33)	-115.27%	527.27	53.51	-38.96%	1,784.70	2,649.80	(880.85)	-179.13%	
Gross Profit	51.27	54.28	(3.02)	-82.11%	9.71	41.55	433.94%	126.04	156.67	(30.63)	-160.20%	

The 3rd Quarter of 2023 Operating Performance Summary

1. **Construction services income** was Baht 576.63 million, representing a decrease of Baht 290.72 million or 33.52% from the same quarter of last year since 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 397.17 million, pipeline system work of Baht 90.01 million and other construction work of Baht 89.45 million. The significant projects such as the restoration of highway network connecting region, Highway Route No.41, Ban Mai Siap – Phatthalung projects of Baht 96.08 million, and the mechanical work for new hydrogen manufacturing unit project of Baht 78.54 million.

2. **Gross Profit for construction services** was Baht 50.76 million or gross margin rate of 8.80%, decreased from the same quarter of last year which the gross profit for construction service was Baht 51.73 million or gross margin rate of 5.96%. The decrease of gross profit caused the decrease of construction service income whereas the profit margin increased because there was a recording of income from Escalation factor (K Factor) or construction compensation which will be compensated from construction services with government agencies in this quarter.

3. **Other service income** was Baht 4.15 million, decreasing by Baht 18.61 million from the same quarter of last year which income was Baht 22.76 million. Income came from the operation of a subsidiary, comprising the data analysis service and platform management through IoT system. Most of projects have already been recognized their income in the 3rd - 4th quarter of previous year.

4. Administrative expenses were Baht 72.98 million, comparing to Baht 63.61 million of the same quarter of previous year, representing an increase of Baht 9.37 million or 14.73%. The increased expenses were financial advisor fee of Baht 1.70 million and warranty expenses in construction work that exceeds the estimated amount of Baht 4.95 million.

5. Loss from business dissolution in the subsidiary was an expense in year 2022 of 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 the Company held 70% shareholding through TRC International Limited. The process of dissolution and liquidation of both subsidiaries has already completed.

6. Finance cost was Baht 19.25 million, representing an increase of Baht 8.61 million or 80.92% from the same quarter 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 and increase the Company's liquidity. As of 30 September 2022, the outstanding balance of bank overdrafts and short-term loans form finance institutions was Baht 821.62 million and short-term loans form related person or parties was Baht 280.10. million.

7. Loss attribute to equity holders of the Company was Baht 25.56 million and net loss per share was Baht 0.0027 per share while the same quarter of last year, loss attribute to equity holders of the Company was Baht 53.70 million and net loss per share was Baht 0.0056 per share, with a loss that decreased from the same quarter of last year because there were loss from business dissolution of 2 subsidiaries at the amount of Baht 36.85 million last year.

The 9-Month of 2023 Operating Performance

The Company and its subsidiaries recorded the total income of Baht 1,728.69 million, representing a decrease from the same period last year of Baht 867.64 million, or 33.42%, while gross profit from construction services decreased from the same period last year by Baht 27.97 million due to the decrease of construction services income. The current year's gross profit rate of 7.18% was higher than the previous year's gross profit rate of 5.85% because there was a recording of income from Escalation factor (K Factor) or construction compensation which will be compensated from construction services with government agencies as mentioned above. Financial costs increased by Baht 18.30 million from the previous year due to the increased loans from financial institutions and related parties for using in operations. In addition, the Company and its subsidiaries had a share of loss from investments in associated companies at the amount of Baht 118.34 million, which was the majority of loss from investments in ASEAN Potash Chaiyaphum Public Company Limited of 113.30 baht, have been recorded since the 2nd quarter.

The 9-Month of 2023 and 2022, loss attribute to equity holders of the Company was Baht 206.15 million and Baht 97.21 million, representing Baht 0.0215 loss per share and Baht 0.0101 loss per share, respectively. The main reason that the net loss increased was due to the recording of share of loss from investments in associated companies in the 2nd quarter of Baht 113.30 million.

Finance Position

Finance Position (Unit : million)	30 Sep 2023	31 Dec 2022	Inc. / (Dec.)	%
Current Assets	3,253.34	3,551.41	(298.07)	-8.39%
Non-current Assets	794.27	801.98	(7.71)	-0.96%
Total assets	4,047.61	4,353.39	(305.78)	-7.02%
Current Liabilities	3,877.52	3,987.67	(110.15)	-2.76%
Non-Current Liabilities	73.46	62.89	10.57	16.81%
Total liabilities	3,950.98	4,050.56	(99.58)	-2.46%
Equity of the company	94.18	300.37	(206.19)	-68.65%
Equity	96.64	302.83	(206.19)	-68.09%

Total assets were Baht 4,047.61 million, representing a decrease of Baht 305.78 million or 7.02%, caused from the decrease of current assets of Baht 298.07 million and the decrease of non-current assets of Baht 7.71 million.

The significant decrease of current assets was the decrease of unbilled receivable of Baht 396.95 baht, resulting from the increase of work delivery and payment collection from customers. Meanwhile, account receivable and other receivables as well as cash and cash equivalents increased in the same way, amounting to Baht 51.52 million and Baht 50.63 million, respectively.

Total Liabilities was Baht 3,850.98 million, representing a decrease of Baht 99.58 million or 2.46%, caused from the decrease of current liabilities of Baht 110.15 million whereas the increase of non-current liabilities of Baht 10.57 million.

The significant increase of liabilities was.

1. Bank overdrafts and short-term loans from financial institutions decreased by Baht 118.29 million due to the increase of debt repayment from those mentioned payment received from customers.
2. Unbilled payable decreased by Baht 235.52 million, whereas account payables increased by Baht 107.95 million because trade creditors who provided construction services, completing the work as the conditions of invoices issuing according to the contract.
3. Short-term loans from related person or parties increased by Baht 206.80 million, which were loans from directors and shareholder for using in the operations of the business.

Equity of the company was Baht 94.18 million, representing a decrease of Baht 206.19 million or 68.65%, resulting from loss of operating performance for nine-month of 2023 of Baht 206.15 million and other comprehensive income of Baht 0.04 million.

Key Financial Ratios

Financial Ratios	Q3/2023	Q2/2023	Q3/2022	9M/2023	9M/2022
Gross Profit (loss) Margin (%)	8.83%	6.10%	1.84%	7.23%	5.94%
Net Profit (loss) Margin (%)	-4.22%	-31.67%	-5.98%	-11.55%	-3.67%
EBITDA Margin (%)	2.57%	-24.55%	-2.53%	-5.38%	-0.34%

Financial Ratios	30 SEP 2023	31 DEC 2022
Current Ratio (Times)	0.84	0.89
Debt to Asset Ratio (Times)	0.98	0.93
Debt to Equity Ratio (Times)	41.95	13.49

Backlog on Hand

As of 30 September 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	14	439.04
Sahakarn Wisavakorn Company Limited	18	3,561.26
Joint Venture Sahahydro Pattaya	1	44.57
Total	33	4,044.87

Awarded Project in 2023

The Company and its subsidiaries have been awarded 12 new contracts in 2023 with total contract value of Baht 1,142.25 million.

The Company: 11 contracts with total value of Baht 395.52 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 with 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.

Significant Event

On October 9, 2023, the Board of Directors' Meeting No. 8/2023 has resolved to approve the date of the Extraordinary General Meeting of Shareholders No. 1/2023 on 27 November 2023 to consider and approve the allocation of newly issued ordinary shares of not exceeding 2,396,710 shares with a par value of Baht 0.125 per share to existing shareholders in proportion with the allocation ratio of 4 existing ordinary shares to 1 newly issued ordinary share at an offering price of Baht 0.20 per share to enhance the Company's liquidity.

(Mr. Pasit Leesakul)

Director and Chief Executive Officer

10 November 2023