

TRANSLATION

TTCL PUBLIC COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

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

For period ending 30 September 2023, the Company reported Gross Profit at THB 831 million, increasing 39% year over year, mainly driven by Revenues from construction and service (EPC).

The foreign exchange difference on translation financial statement was THB 84 million. Therefore, the total comprehensive income for the period was THB 412 million.

The net profit for the period was THB 328 million, which attributed to the Company at THB 328 million with earnings profit of THB 0.53 per share.

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

For the nine-month period ended

(Unit: Million Baht)

	30-Sep-23		30-Sep-22		Change
Revenues from construction and service	12,264.14	100%	8,339.80	99%	47%
Revenues from operating the power plant	43.06	0%	42.13	1%	2%
Revenue from sale	1.36	0%	-	0%	100%
Total revenues	12,308.56	100%	8,381.93	100%	47%
<u>Less</u> Cost of construction and services (EPC)	(11,467.55)	93%	(7,775.63)	93%	47%
<u>Less</u> Cost of operating the power plant	(8.27)	0%	(8.87)	0%	-7%
<u>Less</u> Costs of goods sold	(1.53)	0%	-	0%	100%
Total Costs	(11,477.35)	93%	(7,784.49)	93%	47%
Gross profit	831.21	7%	597.44	7%	39%
<u>Add</u> Other income	77.43	1%	110.01	1%	-30%
<u>Add</u> Reversal allowance for doubtful accounts	0.00	0%	570.95	7%	-100%
<u>Less</u> Administrative Expenses	(509.62)	4%	(750.43)	9%	-32%
<u>Add/(Less)</u> Gain (Loss) on exchange rate, net	87.27	1%	(37.83)	0%	331%
<u>Less</u> Change in fair value	(72.14)	1%	-	0%	100%
<u>Add</u> Share of Profit / (Loss) of Joint venture	112.35	1%	136.08	2%	-17%
Profit before Financial Cost and Income Tax	526.49	4%	626.23	7%	-16%

<u>Less</u> Financial Costs	(154.11)	1%	(118.29)	1%	30%
Profit before Income Tax	372.39	3%	507.94	6%	-27%
Income tax benefit (expenses)	(44.09)	0%	29.26	0%	-251%
Net Profit for this period	328.30	3%	537.20	6%	-39%
Other comprehensive income (loss)					
- <u>Add</u> Translation adjustments on foreign currency financial statements	83.75	1%	324.08	4%	-74%
Total comprehensive income for the period	412.05	3%	861.27	10%	-52%
Profit attributable to:					
Owners of the parent	328.16		536.13		
Non-controlling interests	0.14		1.07		
	328.30		537.20		
Basic earnings per share (THB)	0.53		0.87		

2.1 Analysis of Revenues, Costs and Expenses

2.1.1 Revenues

Total Revenues recorded at THB 12,309 million, increased 47% when compare to the same period last year.

Revenues	30-Sep-23	30-Sep-22	Change
Revenue from Construction and service	12,264.14	8,339.80	47%
Revenue from operation power plant	43.06	42.13	2%
Revenue from sales	1.36	-	100%
Total Revenues	12,308.56	8,381.93	47%

- EPC Businesses

Revenue from construction and service (EPC) increased by 47% to THB 12,264 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 2% to THB 43 million.

- Bio Pellets Businesses

Revenue from the sale of product of THB 1.4 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-Sep-23	Revenue	Cost	Gross profit
EPC construction	12,264.14	(11,467.55)	796.59
Operation of Power Plant	43.06	(8.27)	34.79
Sale of goods	1.36	(1.53)	(0.17)
Total	12,308.56	(11,477.35)	831.21

Gross Profit consists of THB 797 million from construction and service (EPC), THB 35 million from operation and maintenance of power plant, and THB -0.2 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 30% to THB 77 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 87 million mainly due to an unrealized gain on cash deposit and trade accounts receivable as a result of weaker Thai Baht against USD.

2.1.4 Administrative Expenses

Administration Expenses decreased by 32% to THB 510 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 17% to THB 112 million as the power plant in Myanmar was partially shut down for a schedule maintenance during Q3, 2023.

2.1.6 Finance Cost and Income Tax

The Finance cost for the period increased by 30% to THB 154 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 44 million.

3. Analysis of Financial Status

3.1 Analysis of Assets

Figures in THB Million	30-Sep-23	31-Dec-22	Increase/(Decrease)	% Change
Current assets	14,364.60	13,252.09	1,112.51	8.40%
Non-current assets	5,203.64	4,650.42	553.22	11.90%
Total assets	19,568.24	17,902.51	1,665.73	9.30%

As of 30 September 2023, Total Assets were THB 19,568 million, increased by 9% compared with the end of last year.

Total Current Assets increased by THB 1,113 million or 8%; major movement as the following items:

- Cash and cash equivalents decreased by THB 1,051 million mainly from the payment for the investment in Black Pellet of THB 801 million, and expenses for operating activities of THB 1,472 million. However, during the period the company has issued debenture and preferred share of THB 943 million to support working capital.
- Trade accounts receivable – general customers increased by THB 846 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 1,047 million driven by progress in large construction projects.
- Withholding income tax increased by THB 278 million.

Total Non-Current Assets increased by THB 553 million or 12% mainly from an increase in Property, plant and equipment of THB 787 million from the investment of Black Pellet.

3.2 Analysis of Liabilities and Shareholders' Equity

Figures in THB Million	30-Sep-23	31-Dec-22	Increase/(Decrease)	% Change
Current Liabilities	15,011.97	13,073.19	1,938.78	14.83%
Non-Current Liabilities	1,102.86	1,868.42	(765.56)	(40.97%)
Total Liabilities	16,114.83	14,941.61	1,173.22	7.85%
Shareholders' equity	3,453.41	2,960.90	492.51	16.63%
Total Liabilities and shareholders' equity	19,568.24	17,902.51	1,665.73	9.30%

As of 30 September 2023, Total Liabilities were THB 16,115 million, increased by 8% compared with the end of last year.

Total Current Liabilities increased by THB 1,939 million or 15%; major movement as the following items:

- Trade accounts payable – general suppliers increased by THB 1,544 million due to the company has many ongoing projects.
- Accrued construction costs – general suppliers increased by THB 380 million due to the large projects have progress in the construction.
- Contract liabilities decreased by THB 1,627 million due to the progress of work delivered to the customer.

- Current portion of debentures increased by THB 1,487 million due to re-classify the period of debentures from non-current portion to the current portion.

Total Non-Current Liabilities decreased by THB 766 million or 41% mainly from reclassification of the period of debentures of THB 1,487 million to the current portion and the issuance of debenture of THB 741 million to support working capital in Q2 2023.

Shareholder's equity was THB 3,453 million or increased by 17%. 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) Dividend payment of THB -62 million, 2) Change in proportion of investment in subsidiary of THB -56 million, 3) Subsidiary issued preferred shares of THB 198 million, 4) Other comprehensive income for the period of THB 412 million. Therefore, the Closing Balance of Shareholders' Equity as of 30 September 2023 were THB 3,453 million.

4. Major Financial Measures

4.1. Profitability Ratios	30-Sep-23	30-Sep-22	Favorable/Unfavorable
4.1.1. Gross profit margin	6.75%	7.13%	Unfavorable
4.1.2. Net profit margin	2.67%	6.41%	Unfavorable
4.1.3. Times Interest Earned ratio	3.42	5.29	Unfavorable
4.1.4. Earnings per share	0.53	0.87	Unfavorable

4.2. Leverage Ratios	30-Sep-23	31-Dec-22	Favorable/Unfavorable
4.2.1. Current ratio	0.96	1.01	Neutral
4.2.2. Debt/ Equity ratio	4.67	5.05	Favorable
4.2.3. Interest-Bearing Debt/ Equity ratio	0.99	0.88	Unfavorable

4.3. Shareholders Value Ratios	30-Sep-23	31-Dec-22	Favorable/Unfavorable
4.3.1. Net Book Value	5.61	4.81	Favorable
4.3.2. Return on total assets	1.68%	3.78%	Unfavorable
4.3.3. Return on equity	9.51%	22.86%	Unfavorable