

Management Discussion and Analysis (“MD&A”)

The 2023 Operating Performance of

TRC Construction Public Company Limited and its Subsidiaries

Summary of the 2023 Operating Performance, comparing with year 2022

Operating Results of the Company and its subsidiaries (Unit : Million Baht)	Q4	Q4	12M	12M	Change	
	2023	2022	2566	2565	Inc. / (Dec.)	%
Construction services income	395.83	687.50	2,124.51	3,283.82	(1,159.31)	(35.30%)
Cost of construction services	642.77	623.15	2,247.41	3,067.46	(820.05)	(26.73%)
Gross profit (loss) for construction services income	(246.94)	64.35	(122.90)	216.16	(339.26)	(156.81%)
Other service income	2.97	32.47	16.76	57.87	(41.11)	(71.05%)
Cost of other services	2.97	30.08	14.75	52.05	(37.30)	(71.65%)
Gross profit (loss) for other service income	0.00	2.39	2.01	5.82	(3.81)	(65.61%)
Sales income	0.00	0.00	0.00	1.60	(1.60)	(100.00%)
Cost of sales	0.00	0.00	0.00	1.22	(1.22)	(100.00%)
Gross profit (loss) for sales	0.00	0.00	0.00	0.38	(0.38)	(100.00%)
Interest and other income	10.39	3.25	52.61	29.73	(22.88)	(76.97%)
Administrative expenses	62.93	61.29	258.16	258.32	(0.16)	(0.06%)
Loss from liquidation of subsidiaries	0.00	0.00	0.00	36.85	(36.85)	(100.00%)
Profit (Loss) before Share of profit (loss) from investment in associate and joint venture	(299.49)	8.70	(326.45)	(42.88)	(283.57)	(661.32%)
Share of profit (loss) from investment in associate and joint venture	(14.78)	(10.57)	(133.30)	(21.03)	(112.25)	(73.57%)
Finance cost	(19.08)	(11.79)	(68.13)	(42.55)	(25.58)	(60.12%)
Profit (Loss) before income tax expenses	(333.34)	(13.66)	(527.88)	(106.46)	(421.42)	(395.84%)
Income tax income (Expense)	(0.82)	(1.09)	(12.44)	(6.09)	(6.35)	104.27%
Profit (Loss) for year	(333.16)	(14.75)	(540.23)	(112.55)	(427.77)	(381.07%)
Profit (Loss) attribute to non-controlling interests of the subsidiaries	(0.00)	0.00	(0.00)	(0.59)	0.59	100.00%
Profit (Loss) attribute to equity holder of the Company	(334.16)	(14.75)	(540.32)	(111.96)	(427.18)	(381.55%)
Profit (Loss) per share (Baht)	(0.2788)	(0.0015)	(0.0564)	(0.0117)		
Gross Profit Margin from construction services	62.39%	9.36%	(5.79%)	6.59%		
Gross Profit Margin from other services	0.00%	7.35%	111.99%	10.05%		
Gross Profit Margin from sales	0.00%	0.00%	0.00%	23.61%		
Net Profit (Loss) Margin	(81.67%)	(2.04%)	(24.63%)	(3.34%)		

The Summary of the 2023 Operating Performance

1. Construction services income was Baht 2,124.51 million, representing a decrease of Baht 1,159.31 million or 35.30% from last year since most of large construction projects completed and the Company has no new awarded large construction projects in 2023. Moreover, some projects were not constructed as planned because the owners do not hand over the construction areas such as the Raw Water Pipeline System Klong Luang Reservoir-Chonburi Project (the construction of water pipeline and pump station), the Conversion of Overhead Line to Underground System Project, Ratchadaphisek-Asoke Route and the Conversion of Overhead Line to Underground System: Rama IV Route Project.

The Company recognized income from civil work of Baht 1,359.41 million and pipeline system work of Baht 472.51 million, the significant projects are the 4 road construction projects of Department of Highways of Baht 451.58 million, the design and construction of oil tanks projects for a private company of Baht 292.69 million and the Crown Prince Tha-Bo hospital, NNpng-Khai Province of Baht 276.00 million etc.

2. Gross Loss for construction services was Baht 122.90 million or equivalent to 5.79% negative gross profit margin, decreasing from last year which gross profit for construction services was Baht 216.16 million or equivalent to 6.59% gross profit margin due to the revised construction cost, causing from the projects found obstacles on underground work and time extension as well as material and labor cost is higher than the estimated cost.

3. Other service income was Baht 16.76 million, recognized by a subsidiary which is awarded the GPS program development and installation project with a government agency.

4. Other income was Baht 52.61 million, consisting of income from the bank guarantee claim due to the breach of construction contract of a subcontractor, the claim amount from the insurance company, the provision adjustment for the expiry of warranty period.

5. Administrative expenses were Baht 258.16 million, is closer to last year which main expenses are employee salaries and related expenses as well as depreciation and amortization.

6. Share of loss from investments in associate and joint venture, the Company recognized share of loss from investments in associate and joint venture was Baht 133.30 million in 2023, resulting from share of loss from investments in associate company which get a concession of potash mining at the amount of Baht 113.30 million. Since 2018, the Company did not recognize a loss from investments in the captioned associate company because the share of loss was equal to the investment amount. The Company has more invested in the associate company that called for capital increase with the objective of studying the feasibility of the project to resume the project again due to the higher market price of potash. Due to the fact that the operating results of the associate company was still loss, causing the Company to recognize share of loss from investment equal to additional investment amount. And, the Company also recognized share of loss from investments in another associate company of Baht 4.50 million because the cancellation of construction cost of the water production and distribution project with a government agency because the captioned government agency requested to terminate the project and construction contract with mentioned associate company. Other resulted from share of loss from investments in joint venture of Baht 15.50 million that revised project cost due to the termination of construction contract with the owner.

7. Finance cost was Baht 68.13 million, representing an increase of Baht 25.58 million or 60.12% from 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 31 December 2023, the outstanding balance of bank overdrafts and short-term loans from finance institutions was Baht 878.46 million and short-term loans from related person or parties was Baht 280.10 million.

8. Loss attribute to equity holders of the Company was 540.32 million and net loss per share was Baht 0.0564 per share while loss attribute to equity holders of the Company of last year was Baht 111.96 million and net loss per share was Baht 0.0117 per share.

Finance Position

Financial Position (Unit : Million)	31 Dec 2023	31 Dec 2022	Inc./ (Dec)	%
Current Assets	3,165.09	3,551.41	(386.33)	(10.88%)
Non-current Assets	761.79	801.98	(40.19)	(5.01%)
Total assets	3,926.88	4,353.39	(426.51)	(9.80%)
Current Liabilities	4,091.17	3,987.67	103.50	2.60%
Non-current Liabilities	74.42	62.89	11.53	18.32%
Total Liabilities	4,165.58	4,050.56	115.02	2.84%
Equity of the Company	(240.66)	300.37	(541.03)	(180.12%)
Total Shareholders' Equity	(238.71)	302.83	541.54	(178.83%)
Liquidity ratio (Time)	0.78	0.89		
Debt to equity ratio (Time)	(17.31)	13.48		

Total assets as of 31 December 2023, total assets of the Company were Baht 3,926.88 million, representing a decrease of Baht 426.51 million or 9.80% from last year. Current assets decreased by Baht 386.33 million or equivalent to 10.88% while non-current asset decreased by Baht 40.19 million or equivalent to 5.01%. The decreased current assets are the decrease of unbilled receivable of Baht 325.79 million, resulting from the increase of work delivery and payment collection from customers as contract's condition and the decrease of account receivable and other receivables of Baht 43.75 million due to the decrease of construction services income as above-mentioned. The decreased non-current assets are the decrease of the value of land, building and equipment of Baht 45.81 million, resulting from the increase of assets of Baht 10.00 million and the record of depreciation of Baht 55.82 million.

Total liabilities were Baht 4,165.58 million, representing an increase of Baht 115.02 million or 2.84% from last year. Current liabilities increased by Baht 103.50 million or equivalent to 2.60% while non-current liabilities increased by Baht 11.53 million or equivalent to 18.32%. The significant increased current liabilities are the increase of trade and other current payables of Baht 198.18 million, the increase of short-term loans from related person or parties of Baht 206.80 million and the increase of other current liabilities of Baht 54.86 million whereas unbilled payable decreased by Baht 317.21 million and liabilities from contract decreased by Baht 57.75 million.

Equity of the Company was Baht 238.71 million, representing an increase of Baht 541.54 million from last year that resulting from the loss operating performance of the Company.

Backlog on hand

As of 31 December 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	531.05
Sahakarn Wisavakorn Company Limited	18	3,555.21
Joint Venture Sahahydro Pattaya	1	44.57
Total	33	4,130.83

In 2023, the Company has been awarded new 12 projects with total contract value of Baht 1,127.38 million, consisting of 11 projects of the Company with total contract value of Baht 380.65 million, the significant project is the 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 of 257 days. And 1 project of a subsidiary with total contract value of Baht 746.73 million such as 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 of 900 days.

Significant event in 2023 – Present

- The Company recognized share of loss from investments in associate company which get a concession of potash mining at the amount of Baht 113.30 million. Since 2018, the Company did not recognize a loss from investments in the captioned associate company because the share of loss was equal to the investment amount. The Company has more invested in the associate company that called for capital increase with the objective of studying the feasibility of the project to resume the project again due to the higher market price of potash. Due to the fact that the operating results of the associate company was still loss, causing the Company to recognize share of loss from investment equal to additional investment amount.

- On 27 November 2023, the resolution of the Extraordinary General Meeting of Shareholders No. 1/2023 has approved the allocation of newly issued ordinary shares of not exceeding 2,396,786,710 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 which the subscription and allocation of such newly issued ordinary shares has already performed during 22 – 26 January 2024 with total proceeds of Baht 479.36 million.

- On 1 February 2024, the registration of increase in paid-up capital as well as the amendment on Clause 4 of Memorandum of Association had been already proceeded with Department of Business Development, Ministry of Commerce when considered to add such new increased capital to the Company's operating performance for the year 2023,

the shareholders' equity of the Company and its subsidiaries became positive at approximately Baht 240.65 million. From then until now, there is no any significant circumstance(s), causing negative shareholders' equity.

(Mr.Pasit Leesakul)

Director and Chief Executive Officer.

TRC Construction Public Company Limited

28 February 2024