

TRITON

No TRITN-SET003/2024

February 29, 2024

Subject: Management Discussion and Analysis for the year end December 2023

To: President, The Stock Exchange of Thailand

Management discussion and analysis

- **Triton Engineering and Construction and Trans Thai Railway won rail and train construction project bidding in 3Q23 (signaling and trackwork relocation of High-speed train in Nakhon Ratchasima.** The new project value is about 103.33 million baht and started construction in 4Q23.
- **For the 12-month period: Total revenues decreased from 829.08 million baht to 786.77 million baht, a decrease of 5.10%**, mainly from significantly decrease in other revenues of 83.08% (such as equipment rental income, gain from selling of warrants, etc). Whereas, revenue from construction and revenues from sales increased 7.31% and 36.24% respectively.
- **According to accounting standards, in FY2023, the company recognized impairment of 130.60 million baht**, mainly on i) loss on reclassification of investment, ii) impairment loss on assets held for sales, iii) impairment loss on investment, iv) impairment loss determined in accordance with TFRS 9. In the future, when the company issues invoices and collects cash, some of the impairment amount shall be reversed. The company report net loss for the year of (330.14) million baht and net loss the company of (297.65) million baht.
- **For the 12-month period: construction revenues increase from 602.82 million baht to 646.86 million baht during Q1-4/2023, an increase of 7.31% compared to the same period last year.** The newly awarded water pipeline project, which was estimated to contribute significant progress in FY2023, delays to kick-off due to government related issues. Metropolitan Water Authority expected to able to issue notice to proceed to Triton in 2Q24. The construction work of this project shall begin in that quarter.
- **For the 12-month period, the company generated revenues from sales for the amount of 121.22 million baht, significantly increase from 88.98 million baht in the same period last year, an increase of 36.24%.** The revenues from sales deliver gross profit of 16.15 million baht or 13.33%.

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- **Power plants business generated revenues of 82.77 million baht**, slightly decrease from the same period last year, because several down-time in the period to fixed cover lagoon and installed new cover lagoon in FY2023. The plants efficiency had been improved from last year.
- **Backlog:** As of December 31, 2023, the company has backlog for the amount of 2.48 billion baht. About 1.90 billion baht of backlog projects are under construction phase. But, the mega project with Metropolitan Water Authority expected to start construction phase in 2Q24. Moreover, according to business plan, the company have target projects under business development phase to be executed agreement in 2Q24 approximately 700 million baht and 1.00-1.50 billion-baht projects in second half of FY2024.

For 12 months period ended Dec 31, 2023

Unit: Million Baht

Items	Consolidated				Separated		
	Q1-4/2023	Q1-4/2022	Change		Q1-4/2023	Q1-4/2022	Change mb
			mb	%			
Revenues							
Revenue from construction	646.86	602.82	44.05	7.31	0.00	0.00	0.00
Revenue from sales	121.22	88.98	32.24	36.24	0.00	0.00	0.00
Revenue from adder	1.81	1.31	0.50	37.91	0.00	0.00	0.00
Gain from slaes of investment	0.00	36.22	(36.22)	(100.00)	0.00	27.73	(27.73)
Other income	16.88	99.76	(82.88)	(83.08)	11.36	25.17	(13.81)
Total revenues	786.77	829.08	(42.31)	(5.10)	11.36	52.91	(41.55)
Expenses							
Cost of construction	636.66	576.61	60.05	10.41	0.00	0.00	0.00
Cost of sales	105.07	100.03	5.04	5.03	0.00	0.00	0.00
Idle cost on a particular contracts	17.75	12.79	4.96	38.80	0.00	0.00	0.00
Distribution costs	32.55	28.69	3.86	13.47	0.00	0.00	0.00
Administrative expenses	185.19	129.18	56.01	43.36	96.31	49.02	47.29
Impairment loss on invest't in associate	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairment loss on goodwill	27.29	0.00	27.29	na	0.00	0.00	0.00
Loss on reclassification of investment	32.59	0.00	32.59	na	106.56	0.00	106.56
Total expenses	1,037.10	847.29	189.81	22.40	202.87	49.02	153.84
Profit (loss) from operation	(250.33)	(18.21)	(232.12)	(0.00)	(191.51)	3.88	(195.39)
Finance income	0.84	0.89	(0.05)	(5.51)	20.94	16.59	4.35
Finance costs	(36.96)	(27.89)	(9.07)	32.54	(12.30)	(7.07)	(5.22)
Impairment loss determined TFRS9	(28.40)	(2.94)	(25.46)	865.79	0.00	0.00	0.00
Share of loss asso accounted equity method	(12.14)	(44.98)	32.85	(73.02)	0.00	0.00	0.00
Income tax expense	(3.15)	4.80	(7.95)	(165.77)	(0.30)	0.00	(0.30)
Net loss for the period	(330.14)	(88.34)	(241.80)	273.72	(183.17)	13.40	(196.57)
Net Profit (loss) - The Company	(297.65)	(77.64)	(220.01)	283.38	(183.17)	13.40	(196.57)
Net profit margin	-41.96%	-10.66%			-1612.6%	25.33%	
Net profit margin - company	-37.83%	-9.36%			-1612.6%	25.33%	

***One off and non cash items**

Loss on reclassification of investment	32.59	0.00			106.56	0.00	
Impairment loss on assets held for sales	42.32	0.00			42.32	0.00	
Impairment loss on goodwill	27.29	0.00			0.00	0.00	
Impairment loss determined TFRS9	28.40	2.94			0.00	0.00	
Net Profit for the period exclude oneoff	(199.54)	(85.40)			(34.29)	13.40	

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- For the 12-month period: Total revenues shrink from 829.08 million baht to 786.77 million baht, a decrease of 5.10%. But both revenues from construction and revenue from sales increase 7.31% and increase 36.24% consecutively. The main decreasing of revenues came from reducing in other venues which composed of equipment rental income, penalty income, profit from selling of warrants, and gain from sales of investment.
- Total expenses increased from 847.29 million baht to 1,036.76 million baht, an increasing of 189.47 million baht or 22.36%. Mainly from recognition of non-cash expenses related to impairment. In FY2023, the company recognized impairment of 129.93 million baht, composing of i) loss on reclassification of investment of 31.92 million baht, ii) impairment loss on assets held for sales of 42.32 million baht, iii) impairment loss on investment 27.29 million baht, iv) impairment loss determined in accordance with TFRS 9 of 28.40 million baht. In the future, when the company issues invoices and collects cash, the impairment amount shall be reversed. For the 12-month period, the company report net loss for the year of (330.14) million baht and net loss the company of (297.65) million baht.

1. Revenue from construction

For 12 months period ended December 31, 2023

Unit: Million Baht

Construction Business	Q1-Q4/2023	Q1-Q4/2022	Change	
			million baht	▲ %
Revenues	646.86	602.82	44.05	7.31
Expenses	636.66	576.61	60.05	10.41
Gross profit	10.21	26.21	(16.00)	(61.06)
Idle cost	17.75	12.79	(5.18)	(28.82)
Gross profit margin	1.58%	4.35%		

- For 12-month period, revenues from construction increase 7.31% from 602.82 million baht to 646.86 million baht. Even, the newly awarded pipeline project which was estimated to contribute significant progress in 2Q23 slip out 1 year. The construction generated gross profit of 10.21 million baht compare to gross profit of 26.21 million baht in the same period last year.

As of December 31, 2023, the company had recognized revenues amounting to 71.44% of total project value

Oil and gas infrastructure construction

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- Oil and gas infrastructure construction to northern area Project (99.99% progress)
- Pipe Jacking Construction under highway Pak Kret-Chaeng Watthana (66.51% progress)
- Combined Sewer Overflow and pipe jacking construction in Bangkok 1 (39.65% progress)
- Combined Sewer Overflow and pipe jacking construction in Bangkok 2 (18.16% progress)
- Combined Sewer Overflow and pipe jacking construction in Bangkok 3 (14.39% progress)
- Combined Sewer Overflow and pipe jacking construction in Bangkok 4 (35.09% progress)
- Combined Sewer Overflow and pipe jacking construction in Bangkok 5 (19.57% progress)
- Pipeline relocation in Chieng rak area (97.41% progress)
- New water pipeline project in Bangkok (14.00% progress)
- Metropolitan Water Authority water pipeline project in Bangkok (0.00% progress, expect to start construction in 2Q24)

Civil engineering construction

- Group of civil projects in the Southern part of Thailand (99.98% progress)
- Civil project with condominium decoration 1, Bangkok (85.64% progress)
- Civil project with condominium decoration 2, Bangkok (64.25% progress)

Rail and train infrastructure

- Double track signaling project ST8, Lopburee (42.86% progress)
- Trackwork Lopburee C1 (78.81%)
- Maintenance airport rail link, (45.25% progress)
- HSR NE(Thai-Chinese) (6.45% progress)

Backlog

- As of December 31, 2023, the company had backlog for the amount of 2,477 million Baht. In FY2024, the company is working on 6 new projects under business development phase both in HDD/pipe jacking and rail and train construction as detail described in the table.

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Unit : million Baht	Project value	Backlog
Ongoing projects	3,708	Dec-23

1. HDD / Pipe jacking		2,477
1) Pipe jacking 304		
2) Pipe jacking & CSO		
3) Water pipeline relocation C3/5	2,835	
4) MWA pipeline relocation		
5) HDD oil pipe line		
2. Civil		
6) Residence construction #1		
7) Residence construction #2	97	
3. Rail & Train		
8) Trackwork Orange line		
9) Train signaling installation ST8		
10) Track work C1	775	
11) Trackwork maintainance airport rail link		
12) HSR north-east (Thai-Chinese)		

BD phase projects		
13) HDD pipe jacking #1	BD phase	
14) HDD pipe jacking #2	BD phase	2,800
15) Building / Landscape project	BD phase	
16) Trackwork /Signaling #1	BD phase	
17) Trackwork /Signaling #2	BD phase	650
18) Trackwork strengtning	BD phase	

2. Revenue from sales

For 12 months period ended December 31, 2023

Unit: Million Baht

Revenues from sales	Q1-Q4/2023	Q1-Q4/2022	Change	
			million baht	▲ %
Revenues	121.22	88.98	32.24	36.24
Expenses	105.07	100.03	5.04	5.03
Gross profit	16.15	(11.05)	27.21	(246.15)
Gross profit margin	13.33%	-12.42%		

For the 12-month period, the company generated revenues from sales for the amount of 121.22 million baht, significantly increase from 88.98 million baht in the same period last year, an increase of 36.24%. The revenues from sales deliver gross profit of 16.15 million baht, compared to negative gross profit of (11.05) million baht in the same period last year.

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Power Business

For 12 months period ended December 31, 2023

Unit: Million Baht

Power Business	Q1-Q4/2023	Q1-Q4/2022	Change	
			million baht	▲ %
Revenues	82.77	83.26	(0.49)	(0.59)
Expenses	83.55	92.31	(8.76)	(9.49)
Gross profit	(0.78)	(9.05)	8.27	(91.40)
Gross profit margin	-0.94%	-10.86%		

For the 12-month period, Power plants business generated revenues for the amount of 82.77 million baht, slightly decrease from 83.26 million baht in the same period last year. The power plant business generated gross profit of (0.78) million baht, compared to negative gross profit of (9.05) million baht in the same period last year.

3. Other revenues

Other income	Q1-Q4/2023	Q1-Q4/2022	Change	
			million baht	▲ %
Other income	16.88	99.76	(82.88)	(83.08)

For the 12-month period, other revenues were only 16.88 million baht, significantly decreased by 82.88 million baht, or (83.08%) from the same period last year. During FY2022, the company realized substantial revenues from machinery rental, revenue from selling of warrants, revenues from penalty income, and others. Whereas, slightly equipment rental income in FY2023 because some equipment were utilized in construction projects and no any gain from sales of warrants in FY2023.

4. Financial Position and Statement of Cash Flows

Unit : Million Baht

Balance sheet	As of Dec 31, 2023	As of Dec 31, 2022	Δ %
Total Assets	2,823.93	2,731.27	3.39%
Total Liabilities	1,619.76	1,192.98	35.77%
Total Equities	1,204.17	1,538.28	-21.72%

Financial Ratios	Dec-23	Dec-22
ROE	-24.26%	-4.94%
ROA	-11.89%	-2.88%
Net Profit margin	-41.96%	-10.66%
Net Profit margin - The company	-37.83%	-9.36%
	Dec-23	Dec-22
D/E (time)	1.35	0.61
Current ratio (time)	1.06	1.45

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Cash Flow	For 12 months period end December 31, 2023
Cash Flow from Operation	110.60
Cash Flow from Investment	-47.77
Cash Flow from Financing	-36.97
Net Change in Cash	25.87
Ending Cash	95.37

- During 1Q23, the company issued convertible debenture for the amount of 65.65 million baht with coupon rate 5.50% and tenor is 1 year and 9 months. As of December 31, 2023, total assets slightly increased from 2731.27 million baht to 2,823.93 million baht or increasing 3.39%.
- Total liabilities increased from 1,192.98 million baht to 1,619.76 million baht, or 35.77%. Mainly because i) increasing in unearned revenues from construction of 252.52 million baht which are advance for construction of Combined Sewer Overflow and pipeline projects ii) convertible debenture of 65.65 million baht iii) increasing in trade payable of 198.80 million baht.
- Total equity decreased from 1,538.28 million baht to 1,204.17 million baht derived from net loss for the year which some portion came from recognition of impairment of 130.60 million baht in the period.
- As of December 31, 2023, Return on Equity was (24.26%) which decreased from (4.94%) in the same period last year. Return on Asset was (11.89%), which decreased from (2.88%) in the same period last year. The company's net profit margin was (41.96). At the end of 4Q23, the company's balance sheet was in a strong position with Net Debt / Equity of 1.353x. Cash and cash equivalents were 95.37 million baht which increased from 69.51 million baht in the same period last year.

Faithfully yours,
(Worapong Woottipruk)
CFO