

TRITON

No TRITN-SET 015/2024

November 14, 2024

Subject: Management Discussion and Analysis for the third quarter of 2024

To: President, The Stock Exchange of Thailand

Highlights

Triton Construction and Engineering :

- On October 28th 2024 Triton Construction and Engineering announced the signing ceremony of the Northern Fuel Transportation Pipeline Phase 3 with BPT, a subsidiary of BAFS from Saraburi to Aanthong of 603 million in pipeline construction. Commencement to begin works has been dated 15th November 2024.
- For the three-month period, the company reported total revenues of 100.25 million Baht, a decrease from 197.24 million Baht in the same period of the previous year, representing a decline of 49.18%. This decrease in revenue is mainly due to the completion of certain construction projects and the delay in the commencement of construction the water pipeline construction project with the Metropolitan Waterworks Authority (503 million Baht). The delay is resulted from permits to enter the construction site. Commencement has been scheduled within quarter 1 in 2025.
- A major set back to the construction arm of the company has resulted from CSO project which has resulted in an impairment of totaling 389.69 million in 2024 (partly recognized in Q2 and Q3, 2024). The reasons for this impairment is as follows:
 1. Following almost 1.5 years of construction, there has only been monthly false verbal commitments (which have been documented) that access and permits will be received in the short coming month. This has failed to occur and the final decision from the board was taken to mutually conclude the project since February 2024 to prevent further losses to the company.
 2. Invoice and billing received has not reflected the work done and completed with documentation of work acceptance of more than 200 million Baht. This has exceeded the amount of Advance payment that the company has received.
 3. Mutual conclusion in February resulted in a sign off of asset and office transfer to CSO Project, however the transfer of assets has not been paid for.
 4. Legal dispute has been taken but all impairments have been made in 2024.

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Triton Resources: the producer of products under the "Madame Louise" brand

1. Reported a significant growth in sales revenue, increasing by 149.46% compared to the previous quarter. From 10.17 million Baht in Q3 2023, to 25.37 million Baht in Q3 2024. For the 9 months, revenue has increased from 29.05 million Baht to 58.42 million Baht year of year and is set on expectations to reach 100 million in sales by the end of 2024.
2. Gross profit has also reversed from a loss of 1.68 million Baht in 2023 to a profit of 4.57 million Baht in 2024.
3. The Brand is set to launch 2 more SKU within December to boost sales and 4 more SKU in quarter 1 to reach target sales in 2025.

Profit and Loss Statement Three and Nine months 2024

Description	Third quarter				Nine-month period			
	2024	2023	Increase (Decrease)		2024	2023	Increase (Decrease)	
			Baht Million	%			Baht Million	%
Revenues								
Revenues from construction	47.32	155.71	(108.39)	-69.61	204.31	481.56	(277.24)	-57.57
Revenues from sales	43.21	38.10	5.11	13.40	113.42	87.48	25.94	29.65
Revenues from subsidy for adders	0.38	0.65	(0.27)	-41.24	1.36	1.06	0.30	28.54
Gain on sales of asset	3.56	0.00	3.56		60.65	0.00	60.65	
Other income	5.78	2.78	3.00	108.14	11.95	11.49	0.46	3.99
Total Revenue	100.25	197.24	(96.99)	-49.18	391.69	581.59	(189.89)	-32.65
Expenses								
Cost of construction	(45.84)	(145.28)	99.44	-68.44	(243.83)	(455.68)	211.85	-46.49
Cost of sales	(28.49)	(27.62)	(0.87)	3.16	(90.36)	(76.48)	(13.88)	18.15
Idle cost on a particular contract	(2.91)	(3.55)	0.64	-18.00	(12.77)	(14.36)	1.59	-11.09
Distribution cost	(12.05)	(5.90)	(6.15)	104.13	(29.25)	(24.37)	(4.87)	19.99
Administrative expenses	(28.59)	(31.28)	2.69	-8.60	(107.24)	(107.61)	0.38	-0.35
Impairment loss on investment in joint ventures	0.00	(32.26)	32.26	-100.00	0.00	(32.26)	32.26	-100.00
Loss on valuation of investment	(15.62)	0.00	(15.62)		(56.75)	0.00	(56.75)	
Total Expenses	(133.51)	(245.90)	112.39	-45.71	(540.20)	(710.77)	170.57	-24.00
Profit (loss) from operating activities	(33.26)	(48.66)	15.39	-31.64	(148.51)	(129.18)	(19.32)	14.96
Finance income	0.15	0.09	0.07	73.88	0.88	0.45	0.44	97.86
Finance costs	(7.66)	(9.52)	1.87	-19.61	(24.42)	(27.19)	2.77	-10.20
Impairment loss determined in accordance with TFRS9	(13.85)	(16.49)	2.64	-16.01	(291.72)	(25.96)	(265.76)	1,023.75
Share of loss of investment in an associate	0.00	(10.04)	10.04	-100.00	0.00	(12.47)	12.47	-100.00
Write-Off on Construction	(87.53)	0.00	(87.53)		(99.70)	0.00	(99.70)	
Profit (loss) before income tax	(142.14)	(84.62)	(57.52)	67.97	(563.46)	(194.36)	(369.10)	189.91
Income tax revenue (expense)	9.80	(0.32)	10.12	-3,165.56	4.90	(2.61)	7.51	-287.45
Profit (loss) for the period	(132.34)	(84.94)	(47.40)	55.80	(558.57)	(196.97)	(361.60)	183.58
Profit (loss) - owners of the parent	(123.16)	(81.66)	(41.50)	50.81	(529.61)	(176.62)	(353.00)	199.87
Gross profit rate	-132%	-43%			-143%	-34%		
Gross profit rate - owners of the parent	-123%	-41%			-135%	-30%		

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- **For the 3-month period:** The company reported total revenues of 100.25 million Baht in Q3 of 2024, a decrease from 197.24 million Baht in the same period last year, reflecting a decline of 49.17%. This decrease in revenue was primarily due to the delay in the commencement of key construction projects, such as the water pipeline construction project with the Metropolitan Waterworks Authority (503 million Baht). This project is expected to commence construction in first quarter 2025.
- **For the 3 month period: A One off write off on construction cost mainly attributed to CSO Project of 99.7 million Baht.** This brings the total write off and impairment of CSO project to 389.69 million Baht in 2025. **Without these impairments, normalized profit and loss for the year 2024 will be as follows:**
 1. **Q3 2024, loss of 23.3 million Baht in 2024 compared to 81.66 million Baht in 2023. This reflects the reduction and delay in construction projects in Triton Engineering and Construction.**

Going Forward:

1. **New Project of 603 million Baht to commence in 2024, coupled with the commencement of the Water Project in Quarter 1 2025** will reverse Triton Engineering and Construction to a profit.
2. **New Projects for Triton Engineering and Trans Thai Railway** of 500 million Baht is expected to be increased into Backlog by Quarter 1, 2025.
3. **Strong Sales for Triton Resources under Madame Louise Brand** expected in the last quarter of 2024 and reaching new high in 2025.

Management Analysis

Due to certain setbacks to the construction arm of Triton Holding this year from the CSO Project, Triton Holding Public Company has taken a large impairment which has affected the Financial Statements in 2024. Nevertheless, legal action has also been taken but will need time to realize.

Management has however reviewed new projects which are all Main EPC Contracts for the year 2025 onwards and strongly believe the company will turn around with better quality revenue by quarter 1 2025. Strong sales and promising growth in Triton Resources is also another addition to next years pivotal transformation.