

Our Ref. RTCS 002/2566

February 27, 2023

Subject: Management Discussion and Analysis Year Ended 31 December 2022

To: The President
 The Stock Exchange of Thailand

Right Tunnelling Public Company Limited and its Subsidiaries (“**the Company and its Subsidiaries**”) would like to report the consolidated operating results and financial position of the year 2022, as of 31 December 2022, audited by the auditor. The details are as follows:

Financial Highlight

Statement of Comprehensive Income Unit: million baht or as otherwise	For the year ended		Change
	Dec 31, 2021	Dec 31, 2022	YoY
Revenues from construction services	2,466.34	2,024.63	-17.91%
Sales of construction materials	6.67	17.93	168.61%
Exchange gain	4.09	0.88	-78.34%
Other income	14.89	10.02	-32.73%
Total revenues	2,491.99	2,053.45	-17.60%
Cost of construction services	2,150.74	2,103.04	-2.22%
Cost of sales of construction materials	5.99	17.45	191.30%
Administrative expenses	256.49	236.78	-7.68%
Exchange loss	(18.55)	-	-100%
Total expenses	2,394.68	2,357.27	-1.56%
Net Operating profit	97.32	(303.82)	-412.20%
Finance revenues	2.04	0.98	-51.81%
Finance cost	(53.52)	(76.28)	42.52%
Profit before income tax expenses	45.84	(379.11)	-927.07%
Income tax expenses	(4.30)	66.96	-1,657.26%
Profit for the period	41.54	(312.15)	-851.48%
Gross Profit Margin (%)	12.80%	-3.87%	
Net Profit Margin (%)	1.67%	-15.20%	

Performance

1. Revenues: For Year ended December 31, 2022, the total revenue of the Company and its Subsidiaries was Baht 2,053.45 million, decreased by Baht 438.54 million or equivalent to 17.60 percent increase compared to last year. The major revenue was from the construction revenue in the number of Baht 2,024.63 million, decreased by Baht 441.72 million or equivalent to 17.91 percent increase compared to last year. The major revenue was from the construction revenue in the number of Baht -78.41 million, decreased by Baht -394.015 million or equivalent to 124.84 percent compared to last year. As a result of the recent outbreak of the COVID-19, the Company are unable to proceed construction in 2021, thus temporarily delaying the construction of some projects in which the impact still affects 2022's performance and the reduction in contract value for projects, as notified by the employer, led to a corresponding decrease in revenue recognition for the year 2022.

2. Expenses: For the year 2022, the total expense of the Company and its Subsidiaries was Baht 2,357.27 million, decreased by Baht 37.40 million or equivalent to 1.56 percent compared to last year. The major expenses were the cost of construction services in the number of Baht 2,103.04 million, decreased by Baht 47.70 million or equivalent to 2.22 percent. The cost of construction decreased in accordance with the lower revenue recognition. Even though overall construction costs are reduced, when considering the proportion of construction costs and total revenue, the ratio increased due to the increase in cost of construction materials, particularly oil and steel prices.

3. Profitability: The consolidated financial statements for the year 2022, showed that the Company and its Subsidiaries had the gross loss of Baht 78.41 million, decreased by Baht 394.02 million or equivalent to 124.84 percent decrease compared to last year. The gross profit margin is negative 3.87 percent. The net loss is at the amount of Baht 312.15 million, decreased by Baht 353.69 million or equivalent to 851.48 percent decrease. The decline in gross and net profits can be attributed to the recent outbreak of the COVID-19, the Company are unable to proceed construction in 2021, thus temporarily delaying the construction of some projects in which the impact still affects 2022's performance. Additionally, the significant increase in the cost of construction materials, particularly oil and steel prices, further contributing to the decline in profits and the recognition of revenue for certain projects has experienced a decline.

Financial Position

Statement of Financial Position Unit: million baht	As of 31 Dec 2021	As of 31 Dec 2022	Change	
			Amount	%
Total Assets	3,915.16	4,515.40	600.24	15.33
Total Liabilities	2,578.59	3,485.18	906.58	35.16
Total Equity	1,336.56	1,030.22	-306.34	-22.92

1. Total Assets: As of 31 December 2022, the total Assets of the Company and Subsidiaries were Baht 4,515.40 million, increased by Baht 600.24 million from the previous year or 15.33 percent. The major changes in assets are contract assets - unbilled receivables increased by Baht 278.70 million which

revenue recognized in proportion of work completed and not yet billed to customer, Property, plant and equipment increased by baht 160.11 million the major investment in machinery and equipment for new projects, and Cash and cash equivalents increased by Baht 42.39 million due to financing activities that were used as a source of working capital for the company.

2. **Total Liabilities:** As of 31 December 2022, the total Liabilities of the Company and its Subsidiaries were Baht 3,485.18 million, increased by Baht 906.58 million from the previous year or 35.16. percent. The major changes in liabilities are Contract liabilities – advance received from hirers increased by baht 200.80 million which were advances received for new projects increased in 2022, debenture increased by Baht 581.08 million, which was the issuance for sale to institutional investors and high net worth investors on August 11, 2022 and Lease liabilities – net of current portion increased baht 82.13 million, primarily as a result of renting additional machinery and equipment for new projects..
3. **Shareholders' equity:** As of 31 December 2022, the total Shareholders' equity of the Company and its Subsidiaries were Baht 1,030.22 million decreased by Baht 306.34 million from the previous year or 22.92 percent. The major changes are the comprehensive loss for year 2022 by Baht 293.48 million, the dividend paid at the amount of Baht 15.40 million, and the increased of the exercise warrants to purchase ordinary shares (RT-W1). As a result, the company's registered share capital and share premium increased to baht 2.54 million.

Yours sincerely,

(Mr. Pattanapong Suwannachat)

Deputy Managing Director for Accounting and Finance/Chief Financial Officer (CFO)