

Our Ref. RTAC 001/2567

February 27, 2024

Subject: Management Discussion and Analysis Year Ended 31 December 2023

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 2023, as of 31 December 2023, 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		Changes
	Dec 31, 2022	Dec 31, 2023	YoY
Revenues from construction services	2,024.63	3,113.63	53.79%
Sales of construction materials	17.93	22.64	26.31%
Exchange gain	0.88	1.42	60.34%
Other income	10.02	13.26	32.40%
<b>Total revenues</b>	<b>2,053.45</b>	<b>3,150.95</b>	<b>53.45%</b>
Cost of construction services	2,103.04	2,693.53	28.08%
Cost of sales of construction materials	17.45	21.93	25.67%
Administrative expenses	236.78	234.62	-0.91%
<b>Total expenses</b>	<b>2,357.27</b>	<b>2,950.08</b>	<b>25.15%</b>
<b>Net Operating profit</b>	<b>(303.82)</b>	<b>200.87</b>	<b>166.12%</b>
Finance revenues	0.98	1.82	85.02%
Finance cost	(76.28)	(153.86)	101.71%
<b>Profit before income tax expenses</b>	<b>(379.11)</b>	<b>48.83</b>	<b>112.88%</b>
Income tax expenses	66.96	(8.40)	-112.54%
<b>Profit for the period</b>	<b>(312.15)</b>	<b>40.43</b>	<b>112.95%</b>
Gross Profit Margin (%)	-3.87%	13.49%	
Net Profit Margin (%)	-15.20%	1.28%	

## **Performance**

**1. Revenues:** For Year ended December 31, 2023, the total revenue of the Company and its Subsidiaries was Baht 3,150.95 million, increased by Baht 1,097.50 million or equivalent to 53.45 percent compared to last year. The major revenue was from the construction revenue of Baht 3,113.63 million, increased by Baht 1,089.00 million or equivalent to 53.79 percent compared to last year. Much of this increase can be attributed to accelerated work progress on new construction projects started in 2023.

**2. Expenses:** For Year ended December 31, 2023, the total expense of the Company and its Subsidiaries was Baht 2,950.08 million, increased by Baht 592.81 million or equivalent to 25.15 percent compared to last year. The major expenses were the cost of construction services in the number of Baht 2,693.53 million, increased by Baht 590.49 million or equivalent to 28.08 percent compared to last year. Construction costs increased proportionally with higher revenue recognition. However effective cost control measures led to a favorable decrease in the cost-to-revenue ratio.

**3. Profitability:** The consolidated financial statements for the year 2023, showed that the Company and its Subsidiaries had the gross profit of Baht 420.10 million, increased by Baht 498.51 million or equivalent to 635.77 percent increase compared to last year. The gross profit margin is 13.49 percent. The net profit is at the amount of Baht 40.43 million, increased by Baht 352.59 million or equivalent to 112.95 percent increase compared to last year. The increased in gross profit and net profit were driven by revised work processes as well as revenue growth from new construction projects started in 2023.

## **Financial Position**

<b>Statement of Financial Position</b> <b>Unit: million baht</b>	<b>As of 31 Dec 2022</b>	<b>As of 31 Dec 2023</b>	<b>Change</b>	
			<b>Amount</b>	<b>%</b>
<b>Total Assets</b>	4,515.40	5,738.40	1,223.00	27.09
<b>Total Liabilities</b>	3,485.18	4,667.93	1,182.75	33.94
<b>Total Equity</b>	1,030.22	1,070.47	40.25	3.91

**1. Total Assets:** As of 31 December 2023, the total Assets of the Company and Subsidiaries were Baht 5,738.40 million, increased by Baht 1,223.00 million from the previous year or 27.09 percent. The major changes in assets are contract assets - unbilled receivables increased by Baht 572.56 million which revenue recognized in proportion of work completed and not yet billed to customer, Trade and other receivable increased by Baht 557.96 million, and Restricted bank

deposits increased by Baht 85.67 million due to guarantee of loan amount for new projects in 2023.

2. **Total Liabilities:** As of 31 December 2023, the total Liabilities of the Company and its Subsidiaries were Baht 4,667.93 million, increased by Baht 1,182.75 million from the previous year or 33.94 percent. The major changes in liabilities are debentures which increased by Baht 696.94 million according to the issuance and offering of debentures named “Debentures of Right Tunnelling Public Company Limited no. 1/2023 due 2025 which the issuer has the right to redeem the debentures before the maturity date” on February 24,2023 and contract liabilities – advances received from hirers which increased by Baht 142.52 million. This increase is primarily attributed to advance payments received for new projects starting in 2023.
3. **Shareholders’ equity:** As of 31 December 2023, the total Shareholders’ equity of the Company and its Subsidiaries were Baht 1,070.47 million increased by Baht 40.25 million from the previous year or 3.91 percent. A Baht 40.25 million gain in comprehensive income marked a major change in 2023.

Yours sincerely,

(Mr. Pattanapong Suwannachat)

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