

Our Ref. RTAC 002/2567

May 13, 2024

Subject: Management Discussion and Analysis Quarter 1 Ended 31 March 2024

To: The President
The Stock Exchange of Thailand

Right Tunneling Public Company Limited (the "**Company**") and its subsidiaries (the "**Subsidiaries**") would like to present the operating results and financial position for the first quarter ended March 31, 2024, which have been reviewed by a certified public accountant. The details are summarized as follows:

Business Overview

RT operates as a contractor specializing in civil engineering and geotechnical construction that require expertise, advanced technology, and competitive bidding capabilities. The Company undertakes projects as both a main contractor and subcontractor. Services are provided in five categories:

- Tunnel & Shaft Work
- Dam Construction & Irrigation System
- Hydropower Plant
- Pipe Jacking & Horizontal Directional Drilling
- Others

The Company's operating performance in the first quarter of 2024 met the set targets and was satisfactory. As of Q1/2024, the company has a backlog of projects valued at 7,902 million baht, with plans to bid on additional projects to replace the completed ones in the previous quarter.

The overall construction industry outlook for this year is expected to improve due to clearer government investment plans. However, there are potential risks such as price fluctuations of construction materials and delays in government budget approvals, which could impact the Company's bidding activities this year.

Nevertheless, the Company continues to monitor the situation regarding material and labor costs for prompt assessment and resolution.

The Company has established a systematic risk management policy as a core principle in developing and managing threats and factors that could affect the achievement of its objectives and goals. A risk management working group has been appointed to collaborate with all relevant parties, ensuring understanding and alignment in their work. The group oversees the overall corporate risk management process and conducts risk analysis for major projects, covering six categories of business risks:

- Emerging Risk
- Strategic Risk
- Operational Risk
- Financial Risk
- Compliance Risk
- Investment Risk

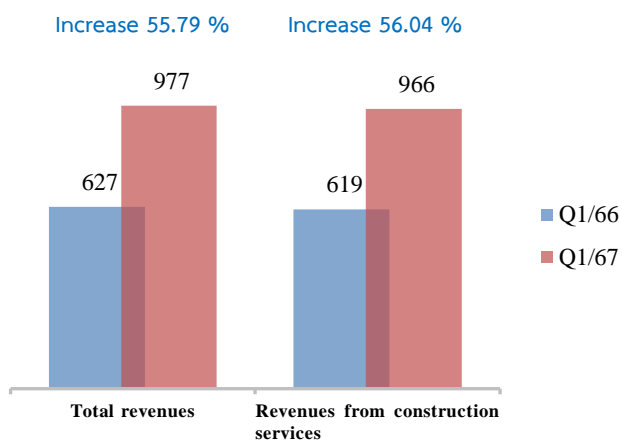
Apart from this, the Company set the targets to reduce construction costs for higher profits, focus on swift work progress and deliver construction works on an early basis.

Financial Highlight

| Statement of Comprehensive Income Unit: million baht or as otherwise stated | 1Q/23 | 1Q/24 | Change YoY | |
|--|----------------|---------------|---------------|----------------|
| | | | Amount | % |
| Revenues from construction services | 619.19 | 966.20 | 347.00 | 56.04% |
| Sales of construction materials | 5.45 | 4.49 | (0.96) | -17.56% |
| Exchange gain | 0.80 | 1.91 | 1.11 | 138.33% |
| Other income | 1.91 | 4.74 | 2.84 | 148.98% |
| Total revenues | 627.34 | 977.34 | 349.99 | 55.79% |
| Cost of construction services | 560.61 | 807.38 | 246.77 | 44.02% |
| Cost of sales of construction materials | 5.43 | 4.29 | (1.14) | -21.01% |
| Administrative expenses | 74.02 | 68.40 | (5.62) | -7.60% |
| Total expenses | 640.05 | 880.06 | 240.01 | 37.50% |
| Net Operating profit (loss) | (12.71) | 97.28 | 109.99 | 865.42% |
| Finance revenues | 0.21 | 0.43 | 0.22 | 102.36% |
| Finance cost | (31.68) | (43.79) | (12.11) | 38.22% |
| Profit before income tax expenses | (44.18) | 53.91 | 98.09 | 222.03% |
| Income tax expenses (gain) | 6.01 | (10.19) | (16.21) | -269.53% |
| Profit (Loss) for the year | (38.17) | 43.72 | 81.89 | 214.55% |
| Gross Profit Margin (%) | 9.46% | 16.44% | | |
| Net Profit Margin (%) | -6.08% | 4.47% | | |

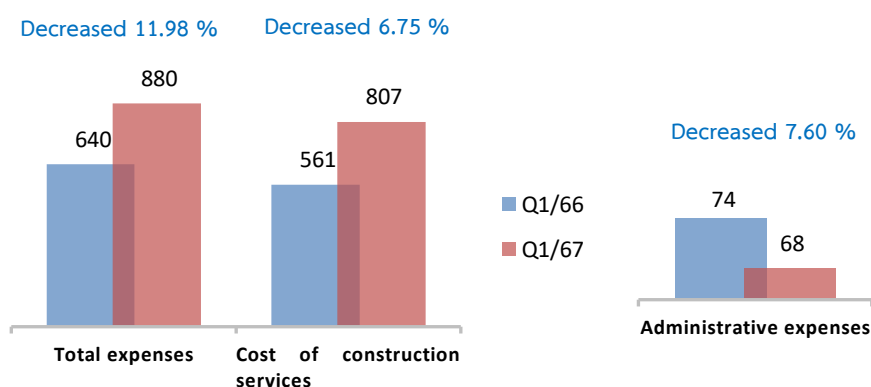
Performance

Revenue growth continues to increase.



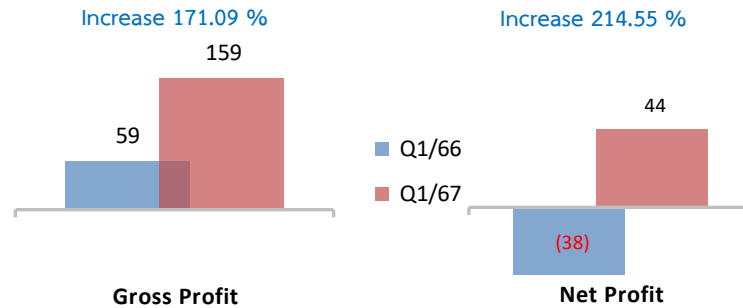
- 1. Revenue:** The Company and its Subsidiaries had total revenue for the first quarter ended March 31, 2024, of 977.34 million baht, a 349.99 million baht or 55.79% increase from the same period of the prior year. The main revenue stream was construction revenue of 966.20 million baht, a 347.00 million baht or 56.04% increase from the same period of the prior year. This increase was due to a higher proportion of completed work in tunnel and underground construction projects compared to the same period last year, such as the Khlong Thawiwatthana Construction Project and the Denchai-Chiang Rai-Chiang Khong Railway Construction Project, Contract 2, Ngao-Chiang Rai Section.

Reduce unnecessary expenses and waste.



- 2. Expenses:** The Company and its Subsidiaries incurred total expenses for the first quarter ended March 31, 2024, of 880.06 million baht, a 240.01 million baht or 37.50% increase from the same period of the prior year. The main expense was construction costs of 807.38 million baht, a 246.77 million baht or 44.02% increase from the same period of the prior year. This increase in construction costs was in line with the increase in revenue, but as a percentage of revenue, construction costs decreased by 6.75%. Administrative expenses amounted to 68.40 million baht, a decrease of 5.62 million baht or 7.60% from the same period of the prior year. This decrease in administrative expenses was due to a policy of controlling and reducing unnecessary expenses.

Control costs and aim for profitability.

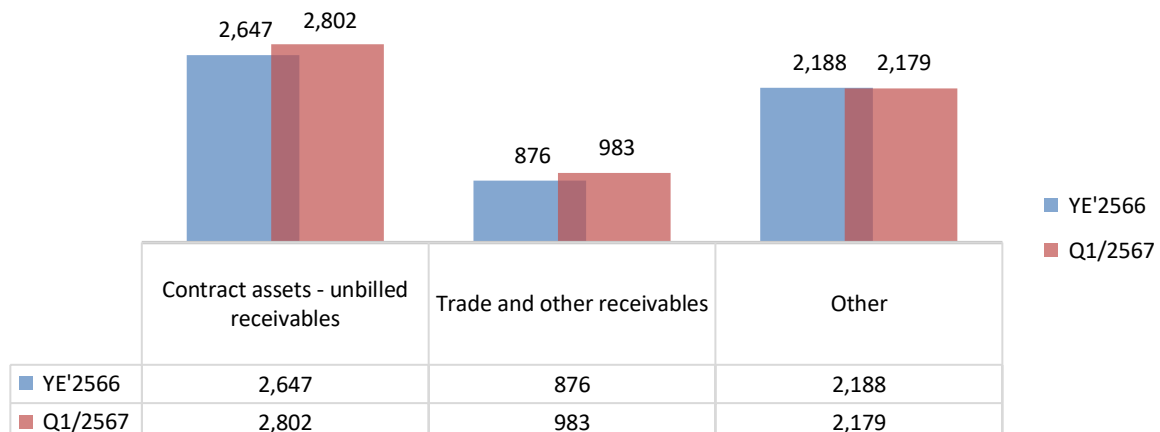


- 3. Profitability:** For the first quarter of 2024, the Company and its Subsidiaries had a gross profit of 158.82 million baht, representing a gross profit margin of 16.44%. Gross profit increased by 100.23 million baht or 171.09% from the same period of the prior year. The Company and its subsidiaries had a net profit of 43.72 million baht, an increase of 81.89 million baht or 214.55% from the prior year. This increase in profit was due to the control of construction costs in accordance with the construction plan and the ability to recognize revenue from new large-scale construction projects at a higher rate than in the same period of the prior year.

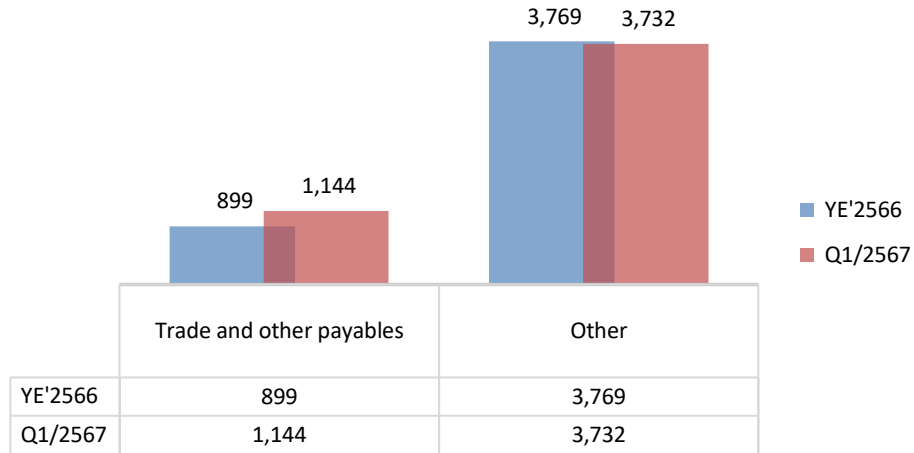
Financial Position

| Statement of Financial Position Unit: million baht | As of March 31, 2023 | As of March 31, 2024 | Change | |
|--|----------------------|----------------------|--------|-------|
| | | | Amount | % |
| Total Assets | 5,711.36 | 5,962.91 | 251.55 | 4.40% |
| Total Liabilities | 4,667.93 | 4,875.85 | 207.92 | 4.45% |
| Total Equity | 1,043.42 | 1,087.06 | 43.63 | 4.18% |

- 1. Total Assets:** As of March 31, 2024, the Company and its Subsidiaries had total assets of 5,962.91 million baht, an increase of 251.55 million baht or 4.40% from December 31, 2023. The significant changes were an increase in contract assets of 154.52 million baht or 5.84%, which represents revenue recognized based on the percentage of completion and not yet billed to customers, mainly from the Khlong Thawiwatthana Construction Project. Additionally, trade and other receivables increased by 106.89 million baht or 12.20% due to higher revenue recognized in the quarter.

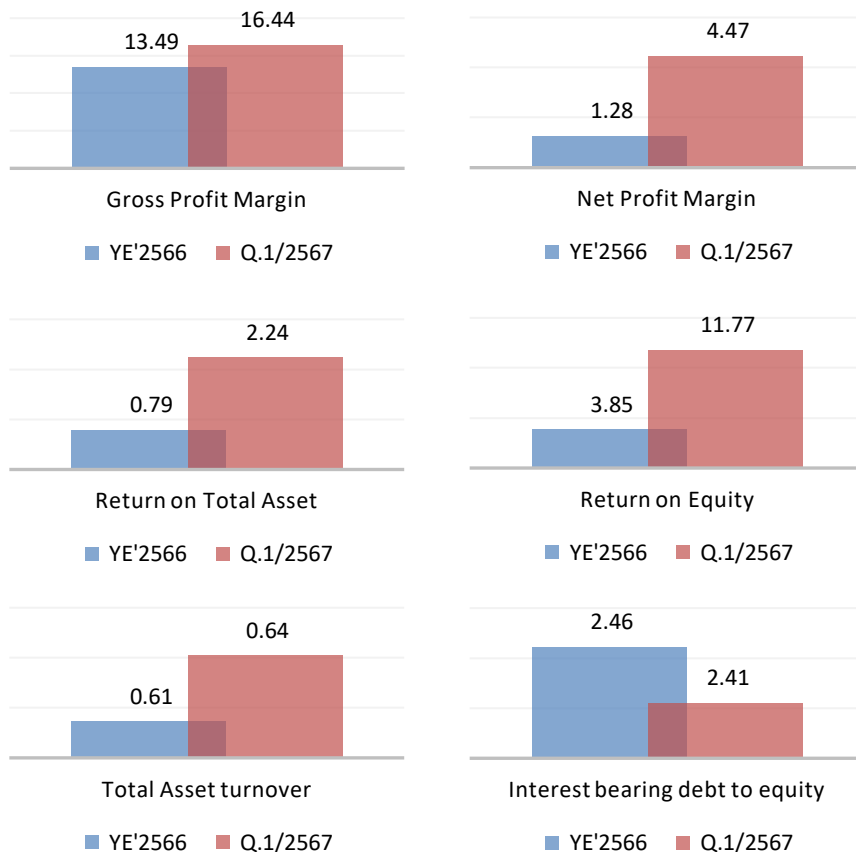


2. Total Liabilities: As of March 31, 2024, the Company and its Subsidiaries had total liabilities of 4,875.85 million baht, an increase of 207.92 million baht or 4.45% from December 31, 2023. The significant change in liabilities was an increase in trade and other payables of 244.68 million baht or 27.22%, resulting from the purchase of materials for tunnel and underground construction projects, particularly for the Khlong Thawiwatthana Construction Project Construction Project.



3. Shareholders' Equity: As of March 31, 2024, the Company and its Subsidiaries had shareholders' equity of 1,087.06 million baht, an increase of 43.63 million baht or 4.18% from the previous period. The change in shareholders' equity was due to the increase in total comprehensive income for the first quarter ended March 31, 2024, of 43.63 million baht

Financial Highlights



Conclusion and Outlook: Benefits for Investors

Despite the challenges faced by many companies in the industry, the company is confident in its operations, as reflected in its recent return to profitability. The company continues to move forward with plans to increase operational efficiency, reduce costs, and pursue new project opportunities. The company's growth potential and attractive returns for investors.

Yours sincerely,

(Mr. Pattanapong Suwannachat)

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