

RTCS 018/2565
 August 15, 2022

Subject: Management Discussion and Analysis Quarter 2 Ending 30 June 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 as of 30 June 2022, was reviewed by the auditor. The details are as follows:

Financial Highlight

Statement of Comprehensive Income Unit: million baht or as otherwise stated	6M/21	6M/22	Change		2Q/21	1Q/22	2Q/22	Change	
			YoY%					QoQ%	YoY%
Revenues from construction services	1,318.39	1,082.17	-17.92%		590.97	502.09	580.08	15.53%	-1.84%
Sales of construction materials	5.65	2.18	-61.48%		3.11	0.27	1.91	603.32%	-38.67%
Exchange gain	2.99	2.66	-11.03%		1.51	-	3.57	-	136.23%
Other income	7.95	4.17	-47.55%		3.87	1.33	2.84	112.98%	-26.68%
Total revenues	1,334.98	1,091.18	-18.26%		599.46	503.69	588.39	16.82%	-1.85%
Cost of construction services	1,123.10	980.29	-12.72%		508.55	463.04	517.25	11.71%	1.71%
Cost of sales of construction materials	5.02	2.39	-52.45%		2.96	0.26	2.13	732.42%	-27.93%
Administrative expenses	128.05	112.52	-12.13%		66.41	57.98	54.54	-5.93%	-17.88%
Exchange loss	-	-	-		-	0.90	-	-100.00%	-
Total expenses	1,256.17	1,095.20	-12.81%		577.92	522.18	573.92	9.91%	-0.69%
Net Operating profit	78.82	(4.02)	-105.10%		21.54	(18.49)	14.47	-178.26%	-32.83%
Finance revenues	1.05	0.47	-54.82%		0.55	0.18	0.29	62.78%	-46.44%
Finance cost	(25.53)	(32.28)	26.46%		(12.51)	(15.74)	(16.55)	5.15%	32.23%
Profit before income tax expenses	54.34	(35.83)	-165.93%		9.58	(34.04)	(1.78)	-94.77%	-118.61%
Income tax expenses	(9.82)	10.73	-209.19%		(2.31)	8.73	2.00	-77.14%	-186.48%
Profit for the period	44.52	(25.10)	-156.39%		7.27	(25.31)	0.21	-100.85%	-97.06%
Gross Profit Margin (%)	14.81%	9.41%			13.95%	7.78%	10.83%	-	-
Net Profit Margin (%)	3.33%	-2.30%			1.21%	-5.03%	0.04%	-	-

Performance

1. Revenues: For 2Q/22, the total revenue of the Company and its Subsidiaries was Baht 588.39 million, decreased by Baht 11.07 million or equivalent to 1.85 percent decrease compared to last year. The major revenue was from the construction revenue in the number of Baht 580.08 million, decreased by Baht 10.89 million or equivalent to 1.84 percent decrease compared to last year. For 6M/22, the total revenue of the Company and its Subsidiaries was Baht 1,091.18 million, decreased by Baht 243.81 million or equivalent to 18.26 percent decrease compared to last year. The major revenue was from the construction revenue in the number of Baht 1,082.17 million, decreased by Baht 236.22 million or equivalent to 17.92 percent compared to last year. The decrease in revenue was caused by the effect of COVID-19 pandemic at end of 2021 and the problem of labor shortage in the construction site. However, the situation has recovered, better than that of 1Q/22.

2. Expenses: For 2Q/22, the total expense of the Company and its Subsidiaries was Baht 573.92 million, decreased by Baht 3.99 million or equivalent to 0.69 percent compared to last year. The major expenses were the cost of construction services in the number of Baht 517.25 million, increased by Baht 8.70 million or equivalent to 1.71 percent due to the rising in construction materials and oil price because of the Russia-Ukraine War. For 6M/22, the total expense of the Company and its Subsidiaries was Baht 1,095.20 million, decreased by Baht 160.97 or equivalent to 12.81 percent decrease compared to last year. The major expenses were the cost of construction services in the number of Baht 980.29, decreased by Baht 142.80 million or equivalent to 12.72 percent and the administrative expense was Baht 112.52 million, decreased by Baht 15.53 million or equivalent to 12.13 percent decrease compared to last year. The decrease in cost of construction services was because of the difference of quantity of work compared to the last year.

3. Profitability: For 2Q/22, showed that the Company and its Subsidiaries had the gross profit of Baht 62.83 million, decreased by Baht 19.59 million or equivalent to 23.77 percent compared to last year. The gross profit margin is 10.83 percent. The net profit is at the amount of Baht 0.21 million, decreased by Baht 7.06 million or equivalent to 97.06 percent. The net profit margin is 0.04 percent. For 6M/22, it showed that the Company and its Subsidiaries had the gross profit of Baht 101.88 million, decreased by Baht 93.42 million or equivalent to 47.83 percent. The net loss is at the amount of Baht 25.10 million, decreased by Baht 69.62 million or equivalent to 156.39 percent. The decrease in gross profit and net profit are due to the COVID-19 pandemic that delayed the construction progress in some projects and the difference of the profit structure in some projects.

Financial Position

Statement of Financial Position Unit: million baht	As of 31 Dec 2021	As of 30 Jun 2022	Change	
			Amount	%
Total Assets	3,915.16	4,303.07	387.91	9.91%
Total Liabilities	2,578.59	3,007.56	428.96	16.64%
Total Equity	1,336.56	1,295.51	(41.05)	-3.07%

- Total Assets:** As of 30 June 2022, the total Assets of the Company and Subsidiaries were Baht 4,303.07 million, increased by Baht 387.91 million from the end of last year or 9.91 percent. The major changes in assets are contract assets - unbilled receivables increased by Baht 199.13 million which revenue recognized in proportion of work completed and not yet billed to customer, and trade and other receivable increased by Baht 93.21 million.
- Total Liabilities:** As of 30 June 2022, the total Liabilities of the Company and its Subsidiaries were Baht 3,007.56 million, increased by Baht 428.96 million from the end of previous year or 16.64 percent. The major changes in liabilities are bank overdrafts and short-term loans from financial institutions which increased by Baht 152.55 million, trade and other payables which increased by Baht 182.15 million and current portion of long-term loans from financial institutions which increased by Baht 139.81 million.
- Shareholders' equity:** As of 30 June 2022, total Shareholders' equity of the Company and its Subsidiaries were Baht 1,295.51 million decreased by Baht 41.05 million from the previous year or 3.07 percent due to the comprehensive loss for the 6M/22 by Baht 25.65 million and the dividend payment at the amount of Baht 15.40 million.

Yours sincerely,

(Mr. Chaiya Wonglappanich)

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