

Our Ref. RTCS 009/2566

May 12, 2023

Subject: Management Discussion and Analysis Quarter 1 Ending 31 March 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 as of 31 March 2023, reviewed by the auditor. The details are as follows:

Financial Highlight

Statement of Comprehensive Income Unit: million baht or as otherwise stated	1Q/22	1Q/23	Change YoY	
			Amount	%
Revenues from construction services	502.09	619.19	117.11	23.32%
Sales of construction materials	0.27	5.45	5.17	1,909.23%
Exchange gain	-	0.80	0.80	-
Other income	1.33	1.91	0.57	42.91%
Total revenues	503.69	627.34	123.65	24.55%
Cost of construction services	463.04	560.61	97.57	21.07%
Cost of sales of construction materials	0.26	5.43	5.17	2019.92%
Administrative expenses	57.98	74.02	16.04	27.66%
Exchange loss	0.90	-	(0.90)	-100.00%
Total expenses	522.18	640.05	117.87	22.57%
Net Operating profit (loss)	(18.49)	(12.71)	5.78	31.27%
Finance revenues	0.18	0.21	0.03	17.78%
Finance cost	(15.74)	(31.68)	15.95	101.35%
Profit before income tax expenses	(34.04)	(44.18)	(10.14)	-29.77%
Income tax expenses (gain)	8.73	6.00	(2.74)	-31.33%
Profit (Loss) for the year	(25.32)	(38.19)	(12.87)	-50.84%
Gross Profit Margin (%)	7.78%	9.46%		
Net Profit Margin (%)	-5.03%	-6.09%		

Performance

1. Revenues: For 1Q/23, the total revenue of the Company and its Subsidiaries was Baht 627.34 million, increased by Baht 123.65 million or equivalent to 24.55 percent compared to last year. The major revenue was from the construction revenue in the number of Baht 619.19 million, increased by Baht 117.11 million or equivalent to 23.32 percent increase compared to last year, due to the relaxation of COVID-19 restrictions.

2. Expenses: For 1Q/23, the total expense of the Company and its Subsidiaries was Baht 640.05 million, increased by Baht 117.87 million or equivalent to 22.57 percent compared to last year. The major expenses were the cost of construction services and administrative expenses. The cost of construction services was Baht 560.61 million, increased by Baht 97.57 million or equivalent to 21.07 percent. Due to the increased quantity of work, the proportion of construction costs and total revenue, the construction ratio decreased by 2 percent. The administrative expenses in the number of Baht 74.02 million, increased by Baht 16.04 million or equivalent to 27.66 percent increase compared to last year, due to the increase of personnel expenses, consultant fees, and the expenses incurred in the issuance of debenture.

3. Profitability: For 1Q/23, showed that the Company and its Subsidiaries had the gross profit of Baht 58.58 million, increased by Baht 19.54 million or equivalent to 50.04 percent increase compared to last year. Though the gross profit margin of the Company and its Subsidiaries was at 9.46 percent, net loss was at the amount of Baht 38.19 million, increased by Baht 12.87 million or equivalent to 50.84 percent increase. The increase in net loss was caused by the increased of expenses, personnel expenses, consultant fee, and finance cost.

Financial Position

Statement of Financial Position Unit: million baht	As of 31 Dec 2022	As of 31 Mar 2023	Change	
			Amount	%
Total Assets	4,515.40	4,961.45	446.05	9.88%
Total Liabilities	3,485.18	3,969.61	484.43	13.90%
Total Equity	1,030.22	991.84	(38.38)	-3.73%

1. Total Assets: As of 31 March 2023, the total Assets of the Company and Subsidiaries were Baht 4,961.45 million, increased by Baht 446.05 million from the end of last year or 9.88 percent. The major changes in assets are contract assets - unbilled receivables increased by Baht 186.53 million or equivalent to 8.99 percent increase, which revenue was recognized in proportion of work completed and not yet billed to customer, and inventories and construction supplies increased 57.21 or equivalent to 33.05 percent. The major inventories were raw materials for new projects.

2. Total Liabilities: As of 31 March 2023, the total Liabilities of the Company and its Subsidiaries were Baht 3,969.61 million, increased by Baht 484.43 million from the end of previous year or 13.90 percent. The major changes in liabilities are debenture increased by Baht 692.90 million or equivalent to 119.24 percent, which was the issuance for sale to institutional investors and high net worth investors on February 24, 2023

3. Shareholders' equity: As of 31 March 2023, total Shareholders' equity of the Company and its Subsidiaries were Baht 991.84 million decreased by Baht 38.38 million from the previous year or 3.73 percent due to the comprehensive loss for the quarter 1/23 by Baht 38.19 million.

Yours sincerely,

(Mr. Pattanapong Suwannachat)

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