

No. NCH 023/2023

Date: August 14, 2023

Subject: Management Discussion and Analysis

For Operating Results of 2Q23 and 1H23 ended June 30, 2023

To: The President

The Stock Exchange of Thailand

N.C. Housing Public Company Limited (the “Company”) would like to clarify the operating results of 2Q23 and 1H23 ended June 30, 2023. The key points can be summarized as follows:

### 2Q23 Performance

The Company and its subsidiaries reported total revenue at the amount of THB 676.78 million, an increase of THB 20.90 (+3.19% YoY) from 2Q22. This was due to an increase in sales revenue from low-rise segment as usual together with an increase in rental income and service from residential buildings for rent business, NC Regen sport & wellness Center, and health rehabilitation and elderly care business. The net profit was at THB 56.82 million, a decrease of THB 53.44 million (-48.47% YoY) from 2Q22, as a result of an increase in cost of sales, distribution costs, and financial costs. The net profit margin for 2Q23 was 8.40%.

### 1H23 Performance

For the first half of the year 2023, the Company and its subsidiaries had a total revenue of THB 1,340.99 million, an increase of THB 23.06 million (+1.75% YoY) from 1H22, where revenue from sales of low-rise projects continues to grow along with an increase in rental and service income. The net profit was THB 120.16 million, a decrease of THB 79.40 million (-39.79% YoY) from 1H22, as cost of sales, distribution costs, and financial costs increased. The net profit margin for 1H23 was 8.96%.

### Consolidated Financial Summary

#### 2Q23 Operating Income

In the second quarter of 2023, the Company and its subsidiaries reported total revenue at the amount of THB 676.78 million, an increase of THB 20.90 (+3.19% YoY) from 2Q22. The primary source of income was sales revenue of THB 661.74 million, an increase of THB 18.23 million (+2.83% YoY) from 2Q22 which comes mostly from low-rise projects. Moreover, revenue from rental and service, which is income from the health rehabilitation and elderly care business, the sport & wellness business, and residential buildings for rent business, increased by THB 2.32 million (+21.79% YoY) from 2Q23.

## 1H23 Operating Income

The first half of the year 2023, the Company and its subsidiaries reported total revenue of THB 1,340.99 million, an increase of THB 23.06 million (+1.75% YoY) from 1H22, with sales revenue accounting for the majority of income at the amount of THB 1,308.37 million, an increase THB 16.67 million baht (+1.29% YoY) from 1H22. Rental income and service was still a growing part with THB 6.44 million (+31.05% YoY) increased from 1H22. The most rapidly growing business units were the rehabilitation and elderly care business and NC Regen Sport & Wellness Center.

## 2Q23 Operating Expenses

Cost of sales In 2Q23, the Company and its subsidiaries reported cost of sales in the amount of THB 440.56 million, an increase of THB 52.69 million (+13.58% YoY) from 2Q22. This was due to the increase in construction material costs. However, it increased slightly from 1Q23 at 3.71%. In terms of cost of sales compared to revenue from sales in 2Q23, accounting for 66.57%, increasing from 60.27% in 2Q22 and 65.69% in 1Q23.

Cost of rental and service The Company and its subsidiaries had cost of rental and service in 2Q23 in the amount of THB 18.67 million, an increase of THB 3.61million (+23.98% YoY) compared to 2Q22, according to the increase in revenue from health rehabilitation service and elderly care business and NC Regen Sport & Wellness Center.

Distribution costs The Company and its subsidiaries had distribution costs in 2Q23 in the amount of THB 62.44 million, an increase of THB 14.34 million (+29.81% YoY) compared to 2Q22, due to new projects launched during the period of time resulting in higher promotional and advertising expenses. The distribution cost rate compared to total revenue in 2Q23 was 9.23%, up from 7.33% in 2Q22 and 8.80% in 1Q23.

Administrative expenses The Company and its subsidiaries had administrative expenses in 2Q23 in the amount of THB 75.50 million, an increase of THB 7.57 million (+11.14% YoY) compared to 2Q22. Because of the organization's growth, salary expenses, employee reimbursements, and employee development costs have risen. In addition, costs of utilities and general administration increased as well. The administrative expenses rate compared to total revenue in 2Q23 was 11.16%, slightly increased from 10.36% in 2Q22 and 10.60% in 1Q23.

## Other Items

Financial costs The Company and its subsidiaries had a significant increase in finance costs in 2Q23, increasing from THB 2.95 million in 2Q22 to THB 11.04 million in 2Q23 as a result of financing through borrowing from financial institutions and issuing corporate bonds resulting a rise in interest expenses to financial institutions and interest expenses on bonds amid rising interest rates, which have increased from year 2022 at a relatively high rate.

Income tax expenses The Company and its subsidiaries reported that the income tax expenses decreased by THB 11.84 million (-45.26% YoY) compared to 2Q22 due to lower net profit in this period.

## 1H23 Operating Expenses

Cost of sales For the first half of the year 2023, the Company and its subsidiaries reported cost of sales in the amount of THB 865.35 million, an increase of THB 60.85 million (+7.56% YoY) from 1H22. However, there was a slight increase of 4.58% from 2H22. The overall movement of the construction material costs has increased in steps, resulting in a noticeable cost difference compared to the beginning period of the year 2022. In terms of cost of sales compared to revenue from sales in 1H23 was 66.14%, increasing from 62.28% in 1H22.

Cost of rental and service The Company and its subsidiaries had cost of rental and service in 1H23 in the amount of THB 37.07 million, an increase of THB 8.88 million (+31.48% YoY) compared to 1H22, which was a close proportion and in line with the revenue from rental income and service.

Distribution costs The Company and its subsidiaries had distribution costs in 1H23 in the amount of THB 120.88 million, an increase of THB 21.39 million (+21.50% YoY) compared to 1H22, due to promotional and advertising expenses increased. The distribution cost rate compared to total revenue in 1H23 was 9.01%, up from 7.55% in 1H22.

Administrative expenses The Company and its subsidiaries had administrative expenses in 1H23 in the amount of THB 145.93 million, an increase of THB 18.04 million (+14.10% YoY) compared to 1H22, as the cost of salary expenses and personnel development rose in line with the growth of the organization. The rate of administrative expenses compared to total revenue in 1H23 was 10.88%, up from 9.70% in 1H22.

### Other Items

Financial costs For the first half of the year 2023, the Company and its subsidiaries had financial costs in the amount of THB 18.24 million increased by THB 12.95 million (+244.48% YoY) from 1H22, due to interest expenses to financial institutions and interest expenses on corporate bonds that increased in line with rising interest rates.

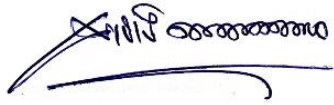
Income tax expenses The Company and its subsidiaries reported that the income tax expenses decreased by THB 18.55 million (-32.39% YoY) compared to 1H22.

## Financial Position

As of June 30, 2023, the Company and its subsidiaries had total assets of THB 5,358.73 million, increased by THB 249.55 million or +4.88% from total assets as of December 31, 2022, as current assets increased from deposits for land, account receivables, property development costs, and land held for development. Total liabilities of the Company and its subsidiaries were reported in the amount of THB 2,258.07 million, increased by THB 269.30 million or +13.54% from total liabilities as of December 31, 2022. The increase is mainly from non-current liabilities consisting of long-term loans from the financial institutions and debentures. Meanwhile, shareholder s' equity was THB 3,10066 million, which decreased by THB 19.76 million or -0.63%.

Please be informed accordingly and disseminate to the public/shareholders.

Sincerely yours,



(Mr.Somchao Tanthathoedtham)

Director and Chief Executive Officer

Authorized to sign on behalf of the Company

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