



February 28, 2024

Re: Management Discussion and Analysis for the year ended December 31, 2023

To: President

The Stock Exchange of Thailand

K.C. Property Public Company Limited (the "Company") would like to report the operating results for the year ended December 31, 2023 as follows:

| Statements of Comprehensive Income as of 31 December | Consolidate financial statement | | | | | |
|--|---------------------------------|----------------|----------------|----------------|--------------------|----------------|
| | Y 2023 | | Y 2022 | | increase(decrease) | |
| | Amount | % | Amount | % | Amount | % |
| Revenues from sales | 201.47 | 100.00 | 198.96 | 100.00 | 2.51 | 1.26 |
| Cost of sales | (156.08) | (77.47) | (148.15) | (74.46) | (7.93) | 5.35 |
| Gross Profit | 45.39 | 22.53 | 50.81 | 25.54 | (5.42) | (10.67) |
| Other income | 11.59 | 5.75 | 7.22 | 3.63 | 4.37 | 60.53 |
| Distribution costs | (15.22) | (7.55) | (15.84) | (7.96) | 0.62 | (3.91) |
| Administrative expenses | (81.40) | (40.40) | (106.16) | (53.36) | 24.76 | (23.32) |
| Other expenses | | | | | | |
| Loss from litigation | - | - | (7.91) | (3.98) | 7.91 | (100.00) |
| Reversal of estimated repairing costs of joint venture projects | - | - | 7.68 | 3.86 | (7.68) | (100.00) |
| Reversal of expected credit losses | - | - | 3.06 | 1.54 | (3.06) | (100.00) |
| Reversal of allowance for impairment of assets | - | - | 0.92 | 0.46 | (0.92) | (100.00) |
| Reversal of allowance for impairment of non-current assets classified as held for sale | 3.59 | 1.78 | 1.78 | 0.89 | 1.81 | 101.69 |
| Finance costs | (29.75) | (14.77) | (30.36) | (15.26) | 0.61 | (2.01) |
| Tax income (expense) | - | - | - | - | - | - |
| Profit (loss) for the year | (65.80) | (32.66) | (88.80) | (44.63) | 23.00 | (25.90) |
| Basis earning (loss) per share-Owners of the company | (0.02) | (0.01) | (0.02) | (0.01) | - | - |
| Other comprehensive income | | | | | | |
| Gain (Losses) on re-measurements of defined benefit plans | - | - | 1.33 | 0.67 | (1.33) | (100.00) |
| Other comprehensive income (expense) for the year - net of tax | - | - | 1.33 | 0.67 | (1.33) | (100.00) |
| Total Other Comprehensive income | (65.80) | (32.66) | (87.47) | (43.96) | 21.67 | (24.78) |
| Attributable to | | | | | | |
| Owners of the Company | (65.80) | (32.66) | (87.47) | (43.96) | 21.67 | (24.78) |
| Non-controlling interests | | | | | | |



1. Total revenue

In summary, company and subsidiaries had total revenue for the year ended of December 31, 2023 and 2022, 213.06 million Baht, and 206.18 million Baht respectively. The total revenue increase of 6.88 million Baht is equivalent to 3.34%, compared to the same period of the last year.

1.1 Revenue from property development

The company and subsidiaries had total revenue for the years 2023 and 2022 amounting to 201.47 million Baht and 198.96 million Baht, respectively. Income from the operating revenue increased by 2.51 million Baht, representing 1.26% increase compared to the same period of the previous year. Most of the income from sales in the same projects as the previous year. However, in the quarter 4, one project in which the company and subsidiaries invested began generating sales income from the quarter 1 of year 2023, and it is expected to continue generating sales income in the following year.

1.2 Other income

The company and subsidiaries had other income for the years 2023 and 2022 amounting to 11.59 million Baht and 7.22 million Baht, respectively. Other income increased by 4.37 million Baht, representing 60.53% increase compared to the same period of the previous year. Most of the other income from project management fees. In the year 2023, the company and subsidiaries saw an increase in other income from the collection of service fees under contract agreements.

2. Cost of sales

The company and subsidiaries had the cost of sales for the years 2023 and 2022 of 156.08 million Baht and 148.15 million Baht, respectively. Cost of sales increased by 7.93 million Baht, representing 5.35% increase compared to the same period of the previous year. The increase in cost of sales was higher than the proportion of the increase in revenue from sales. This is because the company and subsidiaries adjusted and increased the estimated cost of some projects, which consequently affected the cost of sales, as follows.

| Transaction | 2023 | 2022 | Increase (Decrease) | |
|-----------------------|---------------|---------------|---------------------|---------|
| | Million Baht | Million Baht | Million Baht | % |
| Revenue from sales | 201.47 | 198.96 | 2.51 | 1.26 |
| Cost of sales | (156.08) | (148.15) | (7.93) | 5.35 |
| Gross Profit | 45.39 | 50.81 | (5.42) | (10.67) |
| % Gross Profit | 22.53% | 25.54% | (3.01%) | |

3. Gross profit

In summary, company and subsidiaries had total revenue for the years 2023 and 2022 amounting to 45.39 million Baht and 50.81 million Baht respectively. The gross profit decrease of 5.42 million Baht or 10.67% compared to the same period of the year 2022. This decrease is due to adjustments and increased estimates of costs for some projects, as mentioned in point 2 regarding cost of sales.

The company and subsidiaries had the gross profit for the years 2023 and 2022 of 22.53% and 25.54%, respectively.

4. Expenses

4.1 Distribution costs

In summary, company and subsidiaries had total revenue for the years 2023 and 2022 amounting 15.22 million Baht and 15.84 million Baht, respectively. The distribution costs decreased by 0.62 million Baht, or 3.91% compared to the same period of the previous year. The main components of distribution costs are specific business taxes and transfer fees related to sales. The proportion of distribution costs is approximately 7.60% - 8.00% of the revenue from real estate sales.

4.2 Administrative expenses

In summary, company and subsidiaries had administrative expenses of 81.40 million Baht and 106.16 million Baht, respectively. administrative expenses decreased by 24.76 million Baht, or 23.32% decrease compared to the same period of the previous year. The significant decrease is attributed to legal service expenses incurred in 2022 for company and subsidiary legal cases. Additionally, in 2023, the company and its subsidiaries adjusted and reduced administrative expenses, including expert consultant fees, which resulted in a decrease in administrative expenses compared to the same period of the previous year.

4.3 Other expenses

The company and its subsidiaries incurred other expenses for the year 2023 as follows:

- Reversal of provision for non-current assets held for sale 3.59 million Baht occurred due to the sale of securities pledged as collateral for overdue debts. The successful bidders have paid the purchase price and transferred ownership rights for a total of 7 plots in the year 2023.

Other expenses incurred by the company and subsidiaries for the fiscal year 2022 are as follows:

- Reversal of losses from litigation amounted to 7.91 million Baht. The litigation involved the management of public utilities and the establishment of village community corporations. In year 2023, the company and subsidiaries carried out repairs to public utilities and successfully established community corporations. Additionally, the company and subsidiaries received service fees as reported in section 1.2, other income."
- Reversal of estimated repair costs for joint venture projects, totaling 7.68 million Baht, as per the recorded agreements in year 2022, specifying not outstanding debts and not ongoing obligations between the parties involved.
- Reversal of anticipated losses on credit expected to occur, amounting to 3.06 million Baht.
- Reversal of provision for impairment of assets, totaling 0.92 million Baht, as per the recorded agreement involving the exchange agreement for land in one project and the associated obligations from the issuance of guarantees, which the joint venture company had with the company.
- Reversal of provision for impairment of non-current assets held for sale, amounting to 1.78 million Baht, arising from the sale of securities pledged as collateral for overdue debts. The successful bidders have paid the purchase price and transferred ownership rights in year 2022, totaling 2 plots.

5. Finance costs

The company and subsidiaries incurred financial costs - interest expenses for the years 2023 and 2022 amounted to 29.75 million Baht and 30.36 million Baht respectively, decreasing by 0.61 million Baht or 2.01% compared to the same period of the previous year. This decrease is attributed to the fact that in the year 2022, the company and subsidiaries made repayments on short-term loans from third parties and paid interest according to lease



agreements. It is noted that a significant portion of the financial costs - interest expenses is interest on overdue debts amounting to 29.75 million Baht.

6. Profit (loss) for the year

Company and subsidiaries had profit (loss) in the years 2023 and 2022 amounting (65.80) million Baht and (88.80) million Baht, respectively, a decrease of 23.00 million Baht or 25.90% compared to the same period of the previous year. This is in line with the reasons and factors.

Statements of financial position

Units : Million Baht

| STATEMENTS OF FINANCIAL POSITION | Y 2023 | Y 2022 | increase (decrease) | |
|-----------------------------------|----------|--------|---------------------|--------|
| Consolidated financial statements | | | | |
| TOTAL ASSET | 1,049.70 | 969.48 | 80.22 | 8.27% |
| TOTAL LIABILITIES | 688.16 | 654.29 | 33.87 | 5.18% |
| TOTAL SHAREHOLDERS' EQUITY | 361.54 | 315.19 | 46.35 | 14.70% |

Total Assets as of December 31, 2023, and 2022, the company and subsidiaries had total assets of 1,049.70 million Baht and 969.48 million Baht respectively. This represents an increase of 80.22 million Baht or 8.27% compared to the previous year. This increase is attributed to ongoing projects in non-current assets held for investment and ongoing renovations in leased buildings and equipment. The company and its subsidiaries entered into lease agreements for land and buildings in October 2022, to develop assets for rent while another was allocated for office spaces. These properties are currently undergoing renovation.

Total liabilities as of December 31, 2023, and 2022, the company and its subsidiaries had total liabilities of 688.16 million Baht and 654.29 million Baht respectively. This represents an increase of 33.87 million Baht or 5.18% compared to the previous year. This increase is attributed to recording of overdue debts and accrued interest amounting to 29.75 million Baht.

Shareholders' equity as of December 31, 2023, there have been changes in the total shareholders' equity of the subsidiary company compared to December 31, 2022, as follows:

- In October 2023, the company issued additional common shares to increase its capital, not exceeding 6,143.01 million shares, from the original registered capital of 2,529.47 million Baht to a registered capital of 6,829.58 million Baht. The par value of the shares remained at 0.70 Baht per share. These shares were offered for sale to existing shareholders on a pro-rata basis without allocation to shareholders to meet legal requirements (Preferential Public Offering: PPO) at a rate of 0.12 Baht per share. On October 12, 2566, the company received payment for the additional common shares sold, totaling 934.64 million shares, amounting to 112.16 million Baht. This resulted in the company having a deficit in the value of common shares of 542.09 million Baht.
- The operating results for the fiscal year 2022 showed a loss for the period of (65.80) million Baht for the company and its subsidiaries.



Process of the lawsuit

On October 19, 2022, the Company has filed a civil lawsuit. Black Case No. 5232/2022 against a financial institution and 24 persons jointly committed a violation to the Securities and Exchange Act, by using fraudulent tactics to issue bills of exchange without authority and unlawful, use of fraudulent tactics to take the Company's assets to mortgage unlawfully, and issue letters of debt acceptance even though the debts are unfounded, which is an infringement against the Company. As a result, the Company suffered damages, became debtor in accordance with the judgment of the Civil Court and had to lose property from enforce the mortgage all the defendants were required to jointly pay indemnity to the Company, total Baht 1,431.65 million. Currently, the case is pending in the Court of First Instance, where 7 of 24 above-mentioned defendants, former executives, and related persons, are in the process of the Company's lodging a complaint with the Director-General of the Department of Special Investigation, to proceed the criminal prosecution for participation in defraud, fraudulent understandings from the sale of bills of exchange, and consent to record the account incorrectly.

Please be informed accordingly.

Yours sincerely,

(Mr. Vichai Satjajaruthai)

Managing Director

K.C. Property Public Company Limited