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Subject: Management Discussion and Analysis

For Operating Results of 4Q23 and FY23 ended December 31, 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 4Q23 and FY23 ended December 31, 2023. The key points can be summarized as follows:

4Q23 Performance

Operating Income

The Company and its subsidiaries reported total revenue at the amount of 532.97 million baht, a decrease of 173.50 million baht (-24.56%YoY) from 4Q22, resulting from a decrease in sales revenue of 173.99 million baht (-25.22%YoY). However, when compared to 3Q23, there was an increase in total revenue of 40.54 million baht (+8.23%QoQ). This was due to the big picture of Thai economic conditions and the real estate sector which have been differences between situations in 2022 and 2023. To clarify, in 2022, there were positive factors from economic recovery after the Company has been through COVID-19 situations, and the repressed purchasing powers have been regained with supports from the public sector’s measures, for examples, relaxation of LTV, reduction of ownership transfer fees, and reduction of the mortgage fees, resulting in higher revenue from sales during the period of 2022 than in 2023. On the other hand, in 2023, there were tremendous negative factors, i.e., from the end of 2Q23, the real estate markets have slowed down due to the increasing interest rates, banks’ strict release of loans. As a result, the rejection rates of residential loan applications were higher than the approval rates thereof. Moreover, Thailand’s household debts were at the high rate of 90% and resulting in the reducing purchasing powers and considerably limited spending of medium-low groups of consumers. This was regarded as the main pressing factor in consumers’ decision making to buy residences, more concerns to agree on contract, affecting the Company’s sales revenue in 4Q23. Meanwhile, rental income and service from the NC Regen Sport & Wellness Center and the health rehabilitation and elderly care decreased by 1.39 million baht (-10.19%YoY) from 4Q22.

Operating Expenses

Cost of sales In 4Q23, the Company and its subsidiaries reported cost of sales at the amount of 347.36 million baht, a decrease of 93.44 million baht (-21.20%YoY) from 440.80 million baht in 4Q22 as sales revenue decreased. However, the increasing cost of construction materials is also an important

factor that puts pressure on the administration and control of cost of sales. As a result, the ratio of cost of sales to sales revenue was 67.34%.

Cost of rental and service The Company and its subsidiaries had cost of rental and service in 4Q23 in the amount of 16.73 million baht, a decrease of 0.16 million baht (-0.97%YoY) compared to 4Q22, according to the lower rental and service income. The ratio of rental and service costs to rental and service income remained at a high level due to salary expenses for employees under sub-businesses: NCPM (NC Regen and Siri Arun Wellness) and QLM (Q-Prompt) increased from a team building that has set to be expanded according to the business plan and direction set forth, along with costs associated with building renovations, cleaning services, and depreciation of service properties.

Distribution costs The Company and its subsidiaries had distribution costs in 4Q23 in the amount of 56.77 million baht, a decrease of 4.81 million baht (-7.80%YoY) compared to 4Q22. This was because marketing costs were controlled to be efficient, sales promotions and advertising expenses were reduced to the within budget level. Projects that are still available for sale as well as other new projects, more emphasis will be placed on distribution channels through online media, which has engagement and valuable feedback.

Administrative expenses The Company and its subsidiaries had administrative expenses in 4Q23 in the amount of 93.08 million baht, an increase of 1.48 million bath (+1.61%YoY) compared to 4Q22. The expenses related to employees' development have increased due to the Company having a policy to promote learning and support participation in training both internally and externally, in order to increase skills and knowledge of employees. Furthermore, there has been a notable increase in both utility expenses and general administrative costs. The rate of administrative expenses compared to total revenue in 4Q23 was 17.46%.

Financial costs The Company and its subsidiaries had financial costs in 4Q23 in the amount of 10.17 million baht as a result of financing through borrowing from financial institutions and issuing corporate bonds. Consequently, the burden of interest payments to financial institutions and bond interest has amplified. Additionally, interest rates remain at a high level affecting the financial costs of the business sector as a whole.

Income tax expenses/revenues In 4Q23, the Company and its subsidiaries reported an income tax revenue of 19.18 million baht. Income tax expenses are reversed back to income tax revenue because more tax rights can be exercised.

Net Profit

The Company and its subsidiaries recorded a net profit of 28.05 million baht, representing a decline of 40.08 million baht (-58.83%YoY) from 4Q22. However, when compared to 3Q23, net profit was significantly increased 18.78 million baht (+202.55%QoQ)

FY23 Performance ended December 31, 2023

Operating Income

The Company and its subsidiaries reported a total revenue for the year 2023 ended December 31, 2023, at the amount of 2,366.40 million baht, a decrease of 281.75 million baht (-10.64%YoY) from operating results of 2022. Total revenue in the first half of 2023 exceeded that of the corresponding period in the previous year, however, the performance during the second half of 2023 was adversely impacted by the accumulation of various negative factors: The weaker-than-expected GDP growth in 2023 expanded at 1.9% slowing from a revised 2.5% growth the previous year, especially GDP in 4Q23 that fell a seasonally adjusted to 0.6%, affecting the overall real estate sector. Interest rates staying at a high level which making bank lending tighter, resulting in the overall market reject rate being at an average of 60%-65%. The household debt burdens in groups of medium and low-income earners in which their actual incomes have slightly increased or unchanged, affecting in the reducing purchasing powers and limited spending of consumers. Investment of the government has slowed after a political standstill in the first half of the year. As a result, the total revenue for 2023 totaling 2,299.14 million baht. Even so, the Company is aware of the factors affecting the organization and the direction of the real estate market, so the Company has adjusted in many ways, including controlling management, reducing costs, clearly grouping business groups in order to get more customers that match the target, expand the business line that is different from the main business, etc., in line with the operating results of the Sport Club and Wellness Center businesses in 2023 with rental and service income increasing by 8.46 million baht (+18.27%YoY) from 2022. The overall outlook for the healthcare industry is positive and likely to continue growing, as well as the business for the elderly that meet the needs of Thailand's aging society.

Operating Expenses

Cost of sales For the year ended December 31, 2023, the Company and its subsidiaries reported cost of sales in the amount of 1,519.64 million baht, a decrease of 112.32 million baht (-6.88%YoY) as sales revenue decreased. Throughout 2023, the real estate sector has faced rising construction material prices in line with energy prices, affecting operating and construction costs, as well as increased land and labor prices. As a result, the ratio of cost of sales to sales income increased to 66.10%.

Cost of rental and service The Company and its subsidiaries had cost of rental and service for the year ended December 31, 2023, in the amount of 72.45 million baht, an increase of 12.89 million baht (+21.64%YoY) as rental and services income increased.

Distribution costs The Company and its subsidiaries had distribution costs for the year ended December 31, 2023, in the amount of 235.74 million baht, an increase of 22.12 million baht (+10.36%YoY) compared to 2022 due to marketing and advertising expenses that rose for stimulating consumer purchases of new project launched throughout 2023 and also the existing projects that still have units

remaining for sale. However, there was cost control in the marketing section by operating more efficiently in 4Q23, focusing more on marketing through online channels which received good feedback.

Administrative expenses The Company and its subsidiaries had administrative expenses for the year ended December 31, 2023, in the amount of 304.72 million baht, an increase of 18.89 million baht (+6.61%YoY) compared to 2022. It was a result of promoting and supporting the development of personnel potential as well as strengthening organizational values and culture to be in line with the future direction of business towards sustainability and creating cooperation in working in a balanced way. Therefore, organizational values have been set for all employees to adhere to and act as the same standard strictly and consistently throughout the organization, known as the 4Cs, consisting of Commitment, Collaboration, Creativity, and Care. Activities were organized to promote practice as well as monitor progress and periodically evaluate results with the aim of causing desired behavior to be reflected from within the organization to the outside. In addition, the Company provides continuous personnel development with plans to train employees both in groups and individually to promote employees' knowledge and abilities. There has been a new workforce planning and structural adjustment, which has resulted in increased personnel development costs. The total internal and external training hours of executives and employees for the year 2023 was 11,008 hours, or an average of 43 hours/person.

Financial costs The Company and its subsidiaries had financial costs for the year ended December 31, 2023, in the amount of 37.63 million baht, an increase of 22.20 million baht from year 2022. This is a result of the increased interest burden to financial institutions from raising funds through borrowing and interest on corporate bonds that must be paid in return to bondholders. Meanwhile, interest rates remain stable at a high level which directly affects the financial costs of real estate developers.

Income tax expenses/revenues The Company and its subsidiaries reported the income tax expenses for the year ended December 31, 2023, in the amount of 44.08 million baht, decreased from 103.93 million baht in 2022 (-57.59%YoY) as tax benefits received in 4Q23.

Net Profit

The Company and its subsidiaries recorded a net profit of 152.14 million baht for the year ended December 31, 2023, decreased from 337.82 million baht in 2022. The decline can be attributed to a decrease in sales revenue which was overall affected by macro factors in the real estate industry.

Financial Position

As of December 31, 2023, the Company and its subsidiaries had total assets of 5,594.22 million baht, increased by 485.04 million baht (+9.49%YoY) from total assets as of December 31, 2022, as current assets increased from account receivables, property development costs, and land held for development. Total liabilities of the Company and its subsidiaries were reported in the amount of 2,454.05 million baht, increased by 465.29 million baht (+23.40%YoY) from total liabilities as of December 31, 2022. The rise in

figures can be attributed to the escalation of current liabilities, resulting from an increase in short-term loans from the financial institutions, current portion of debenture, and other current liabilities. Non-current liabilities experienced a surge due to an upswing in long-term loans acquired from financial institutions, corporate bonds, and provision for employee benefit obligations as well as provision for compensation for housing estate juristic persons. The purpose of procuring funds through borrowing was to generate capital for investment in expanding the business and developing real estate projects. Shareholder s' equity was 3,140.17 million baht, increased by 19.75 million baht (+0.63%YoY).

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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