



19 February 2024

Subject: Management discussion and analysis for the nine-month period ended September 30, 2023
To: Director and Managers
Stock Exchange of Thailand

NL Development Public Company Limited and subsidiaries (the "Company") would like to inform the Company's performance for the nine-month period ended September 30, 2023, as the following details:

Statement of comprehensive income

Financial statement	For the nine-month period ended September 30,			
	2022		2023	
	THB Million	Percent	THB Million	Percent
Revenues from construction works	737.53	100.00	1,708.33	100.00
Cost of construction works	598.04	81.09	1,446.40	84.67
Gross profit	139.49	18.91	261.93	15.33
Other income	9.76	1.32	8.16	0.48
Administrative expenses	137.89	18.70	138.59	8.11
Profit before income tax expense	11.37	1.54	131.49	7.70
Income tax expense	3.30	0.45	26.94	1.58
Other comprehensive expense for the year from discontinued operations	0.06	0.01	-	-
Net profit	8.01	1.09	104.55	6.12

Revenues from construction works

The Company had an increase in revenue from construction work for the nine-month period ended September 30, 2023, over the same period of last year in the amount of THB 970.80 Million, or 131.63 percent which mainly caused by revenue recognized from (1) the Cancer Center Chaloem Phrakiat Building project, Faculty of Medicine, Navamindradhiraj University of THB 748.47 Million, and (2) the King Mongkut Chaokhun Thahan Hospital (KMC Hospital) project of THB 244.08 Million.

The Company can be categorized as revenues from construction works in two formats: revenues from construction works categorized by project types and revenues from construction works categorized by client types.



(1) Revenues from construction works is categorized by building types

Revenues from construction works categorized by building types	For the nine-month period ended September 30,			
	2022		2023	
	THB Million	Percent	THB Million	Percent
1. Hospital	475.24	64.44	1,334.92	78.14
<i>Growth rate (Percent)</i>	N/A		180.89	
2. Office	252.16	34.19	342.13	20.03
<i>Growth rate (Percent)</i>	N/A		35.68	
3. Residential	10.13	1.37	31.28	1.83
<i>Growth rate (Percent)</i>	N/A		208.82	
4. Special building	-	-	-	-
<i>Growth rate (Percent)</i>	N/A		N/A	
5. Other construction	-	-	-	-
<i>Growth rate (Percent)</i>	N/A		N/A	
Total revenues from construction works	737.53	100.00	1,708.33	100.00
<i>Growth rate (Percent)</i>	N/A		131.63	

(2) Revenues from construction works categorized by client types

Revenues from construction works categorized by client types	For the nine-month period ended September 30,			
	2022		2023	
	THB Million	Percent	THB Million	Percent
1. Government	613.00	83.12	1,160.70	67.94
<i>Growth rate (Percent)</i>	N/A		89.35	
2. State enterprises	124.45	16.87	235.25	13.77
<i>Growth rate (Percent)</i>	N/A		89.02	
3. Private	0.08	0.01	312.38	18.29
<i>Growth rate (Percent)</i>	N/A		410,917.38	
Total revenues from construction works	737.53	100.00	1,708.33	100.00
<i>Growth rate (Percent)</i>	N/A		131.63	

Gross profit and cost of construction works

Financial statement	For the nine-month period ended September 30,			
	2022		2023	
	THB Million	Percent	THB Million	Percent
Revenues from construction works	737.53	100.00	1,708.33	100.00
Cost of construction works	598.04	81.09	1,446.40	84.67
Gross profit	139.49	18.91	261.93	15.33



For the nine-month period ended September 30, 2023, the Company had cost of construction works of THB 1,446.40 million, which increased over the same period of last year by THB 848.36 million. The increase in cost of construction works corresponded to the revenues from construction works and the construction plans for each project. The Company had gross profit increased over the same period of last year by THB 122.43 million, which mainly caused from increased revenue from construction contracts, by the way, the Company's had gross profit margins increased over the same period of last year. The main reason was the Company's revenue recognition of 'K factor'.

Administrative expenses

The administrative expenses consist of: (1) staff expenses such as salaries and welfare; (2) specialized consultant fees such as auditor, internal auditor, and financial advisory; (3) office and project expenses such as utilities expenses, office expenses, maintenance expenses, travel expenses, insurance premiums, the cost of preparing documents for auction or bidding, photocopier rental fees and other fees; (4) depreciation and amortization; and (5) other expenses such as marketing costs and donations.

Administrative expenses	For the nine-month period ended September 30,			
	2022		2023	
	THB Million	Percent	THB Million	Percent
Staff expenses	95.85	69.51	98.23	70.87
Specialized consultant fees	14.18	10.28	10.49	7.57
Office and project expenses	7.40	5.37	4.75	3.43
Depreciation and disposal costs	8.74	6.34	6.18	4.46
Other expenses	11.72	8.50	18.94	13.67
Total administrative expenses	137.89	100.00	138.59	100.00

For the nine-month period ended September 30, 2023, the Company's administrative expenses increased by THB 0.70 million over the same period of last year, which mainly caused by the Company's other expenses increased by THB 7.54 million, primarily related to IPO expenses and maintenance costs of machinery. Additionally, the Company's specialized consultant fees decreased by THB 3.68 million caused by Parsecon Company Limited, which is a subsidiary that the Company hired to provide labor support services instead of external providers. The services include cleaning services, chauffeur services for executives, and office maintenance services for instance. This resulted in a reduction in the Company's expenses, which were categorized as the cost of service of Parsecon in accordance with its business, and the Company's office and project expenses decreased by THB 2.92 million caused by a reduction of repairs and maintenance expense after project completion.

Net profit

For the nine-month period ended September 30, 2023, the Company's net profit increased by THB 96.53 million over the same period of last year, caused by an increase in revenues from construction works which resulted in an increase of gross profit in the amount of THB 122.43 million.

**Financial statements**

Balance sheet	December 31, 2022		September 30, 2023	
	THB Million	Percent	THB Million	Percent
Total asset	1,334.55	100.00	1,492.85	100.00
Total liabilities	774.45	58.03	980.27	65.66
Total shareholders' equity	560.10	41.97	512.58	34.34

Asset

As of September 30, 2023, the Company had total assets of THB 1,492.85 million.

1. Cash and cash equivalents of THB 107.31 million, or 7.19 percent of total assets.
2. Trade and other current receivables of THB 262.71 million, or 17.60 percent of total assets.
3. Current contract assets – current of THB 463.95 million, or 31.08 percent of total assets.
4. Inventories of THB 91.09 million, or 6.10 percent of total assets.
5. Other current financial assets of THB 280.74 million, or 18.81 percent of total assets.
6. Property, plant, and equipment of THB 163.77 million, or 10.97 percent of total assets.

Liabilities

As of September 30, 2023, the Company had total liabilities of THB 980.27 million.

1. Trade and other current payables of THB 776.54 million, or 52.02 percent of total liabilities.
2. Current contract liabilities – current of THB 103.18 million, or 6.91 percent of total liabilities.
3. Retention payable of THB 62.44 million, or 4.18 percent of total liabilities.

Shareholders' equity

As of September 30, 2023, the Company had total equity of THB 512.58 million.

1. Issued and paid-up share capital of THB 370.00 million, or 24.78 percent of total equity.
2. Appropriated retained earnings of THB 37.00 million, or 2.48 percent of total equity.
3. Unappropriated retained earnings of THB 86.16 million, or 5.77 percent of total equity.

**Key financial ratio**

Key financial ratio	Unit	December 31, 2022	September 30, 2023
Debt-to-equity ratio (D/E)	Times	1.38	1.91
Return on assets (ROA)	Percent	4.18	9.86
Return on equity (ROE)	Percent	32.68	87.54
Cash cycle	Days	51.02	0.82

Debt-to-equity ratio (D/E)

As of September 30, 2023, the Company's debt-to-equity ratio (D/E) increased because the Company's total liabilities increased from trade payable increased by THB 217.42 million. However, the Company doesn't have loans from financial institutions.

Return on asset (ROA)

As of September 30, 2023, the Company's return on assets (ROA) increased by 5.68 percent because, for the nine-month period ended September 30, 2023, the Company has increased its net profit, with a net profit of THB 104.55 million for the nine-month period ended September 30, 2023, which, when annualized, results in a higher value compared to the net profit for the year ended December 31, 2022. In addition, the average total assets increased in proportion to net profit, with the average total assets increasing from THB 1,334.55 million as of December 31, 2022, to THB 1,492.85 million as of September 30, 2023.

Return on equity (ROE)

As of September 30, 2023, the Company's return on equity (ROE) increased because, for the nine-month period ended September 30, 2023, the Company has increased its net profit, with a net profit of THB 104.55 million for the nine-month period ended September 30, 2023, which, when annualized, results in a higher value compared to the net profit for the year ended December 31, 2022. In addition, the average total assets increased in proportion to net profit, with the average total assets decreasing from THB 560.10 million as of December 31, 2022, to THB 512.58 million as of September 30, 2023.

Cash cycle

Cash cycle	Unit	For the year ended December 31, 2022	For the nine-month period ended September 30, 2023
Average accounts receivable period	Days	223.00	118.36
Average accounts payable period	Days	171.98	117.54
Cash cycle	Days	51.02	0.82

As of September 30, 2023, the Company's cash cycle decreased from December 31, 2022, because the Company's average accounts receivable period decreased by service fees collected from the Office Court of Justice project.



Yours sincerely

A handwritten signature in blue ink, appearing to be 'Sarun Rojlerjanya', written over a horizontal dotted line.

(Mr. Sarun Rojlerjanya)

President

NL Development Public Company Limited