



A.011/2024

27 February 2024

Subject: Management discussion and analysis for the year ended December 31, 2023

To: Director and Managers

Stock Exchange of Thailand

NL Development Public Company Limited and subsidiaries (the "Company") would like to inform of the Company's performance for the year ended December 31, 2023, as the following details:

Statement of comprehensive income

Financial statement	For the year ended December 31			
	2023		2022	
	THB Million	Percent	THB Million	Percent
Revenues from construction works	2,176.78	100.00	1,218.79	100.00
Cost of construction works	1,842.01	84.62	980.81	80.47
Gross profit	334.77	15.38	237.98	19.53
Other income	11.66	0.53	20.40	1.67
Administrative expenses	183.68	8.44	184.38	15.13
Profit before income tax expense	162.75	7.48	74.00	6.07
Finance costs	0.50	0.02	0.40	0.03
Income tax expense	32.30	1.48	16.04	1.32
Net profit	129.95	5.97	57.56	4.72

Revenues from construction works

The Company had an increase in revenues from construction work over those in 2022 in the amount of THB 957.99 million, or 78.60 percent. This was mainly the result of progress in the completion and value of construction work which are both higher in 2023 compared to 2022, from projects: (1) the King Mongkut Chaokhun Thahan Hospital (KMC Hospital) project of THB 420.03 Million, (2) the Cancer Center Chalem Phrakiat Building project, Faculty of Medicine, Navamindradhiraj University of THB 216.22 Million, (3) Renovation of the Navamintharachinee Building and Kakanang Building, Chulalongkorn Hospital, Thai Red Cross Society of THB 188.57 Million, and also from additional new projects at the end of 2023.

The Company's revenues from construction works can be categorized as in two formats:



(1) Revenues from construction works categorized by project types

Revenues from construction works categorized by building types	For the year ended December 31			
	2023		2022	
	THB Million	Percent	THB Million	Percent
1. Hospital	1,714.40	78.76	861.66	70.70
2. Office	412.65	18.96	343.98	28.22
3. Residential	41.07	1.88	13.07	1.07
4. Other construction	8.66	0.40	0.08	0.01
Total revenues from construction works	2,176.78	100.00	1,218.79	100.00

(2) Revenues from construction works categorized by client types

Revenues from construction works categorized by client types	For the year ended December 31			
	2023		2022	
	THB Million	Percent	THB Million	Percent
1. Government	1,263.45	58.04	1,024.51	84.06
2. State enterprises	536.58	24.65	185.92	15.25
3. Private	376.75	17.31	8.36	0.69
Total revenues from construction works	2,176.78	100.00	1,218.79	100.00

Cost of construction works

In 2023, the Company had a cost of construction works of THB 1,842.01 million, which increased over 2022 by THB 861.20 million. The increase in cost of construction works corresponded to the increase in revenues and the construction schedules for each project. The Company's gross profit increased by THB 96.79 million over 2022 which was mainly caused by increased revenues from construction contracts due to the Company's revenue recognition of 'K factor,' which is a condition for compensation due to changes in construction material prices during 2022.

Administrative expenses

In 2023, the company's administrative expenses decreased by THB 0.70 million from administrative expenses in 2022, mainly due to an increase in personnel expenses of THB 9.24 million, an increase in other expenses by THB 7.78 million from expansion in 2023, and expenses related to IPO. There was also a decrease of expenses in specialized consultant fees of THB 4.25 million. The Company's plans in 2022 to be listed on the Stock Exchange of Thailand (SET) resulted in increased consultancy fees related to securities market registration and fees for software usage services. Office and project expenses decreased by THB 8.92 million from management policy to reduce expenses after project completion. As a result, repair costs after project completion were lower from previously.



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Net profit

In 2023, the Company's net profit increased by THB 72.39 million, higher compared to 2022. This was mainly due to increased income from construction contracts and the Company can manage its expenses more effectively.

Financial statements

Balance sheet	December 31, 2023		December 31, 2022	
	THB Million	Percent	THB Million	Percent
Total asset	1,443.77	100.00	1,334.55	100.00
Total liabilities	904.55	62.65	774.45	58.03
Total shareholders' equity	539.22	37.35	560.10	41.97

Asset

As of December 31, 2023, the Company had total assets of THB 1,443.77 million. Assets increased by THB 109.22 million from the previous year, mainly due to an increase in other financial assets, cash and cash equivalents, trade and other current receivables corresponding to the progress of work delivered. The main components of assets as of December 31, 2023 are (1) Trade and other current receivables (2) Other current financial assets (3) Current contract assets – current (4) Property, plant, and equipment (5) Cash and cash equivalents.

Liabilities

As of December 31, 2023, the Company had total liabilities of THB 904.55 million, an increase of THB 130.10 million, mainly from an increase in trade and other current payables which was in line with the construction schedules and normal credit terms. The main components of liabilities as of December 31, 2023, were (1) Trade payables and other current payables, (2) Current contract liabilities, (3) Retention payables.

Shareholders' equity

As of December 31, 2023, the Company had total shareholders' equity of THB 539.22 million, a decrease compared to 2022 from dividend payment of THB 152.07 million. Net profit for the year was THB 129.95 million.

Key financial ratio

Key financial ratio	Unit	December 31, 2023	December 31, 2022
Debt-to-equity ratio (D/E)	Times	1.68	1.38
Return on assets (ROA)	Percent	9.35	4.18
Return on equity (ROE)	Percent	23.64	0.90
Cash cycle	Days	9.63	51.01



Debt-to-equity ratio (D/E)

As of December 31, 2023, the Company's debt-to-equity ratio (D/E) increased in relation to an increase on the Company's total liabilities over 2022, mostly from trade payable which increased by THB 87.52 million. This was in line with the construction schedules and normal credit terms.

Return on assets (ROA)

As of December 31, 2023, the Company's return on assets (ROA) went up by 5.17 percent. This was because in 2023, the Company's net profit was THB 129.95 million, higher than 2022, and there was an increase in average total assets which was lower than the increase in net profit. the Company's total asset increased from THB 1,334.55 million as of December 31, 2022, to THB 1,443.77 million as of December 31, 2023. As of December 31, 2023, the Company's average total assets were THB 1,389.16 million.

Return on equity (ROE)

As of December 31, 2023, the Company's return on equity (ROE) went up by 13.88 percent because the Company's net profit increased from 2022 by THB 72.38 million and the average shareholders' equity decreased in a lower proportion to net profit.

Cash cycle

As of December 31, 2023, the Company's cash cycle went down from December 31, 2022 as the Company's average debt accounts receivable period decreased in greater proportion than average accounts payable period.

Yours sincerely

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(Mr. Sarun Rojertjanya)

President