



No. QTCG 2024-001

3 April 2024

Subject Management's Discussion and Analysis for the year ended 31 December 2023

Dear Directors and Managers,
Stock Exchange of Thailand

QTCG Public Company Limited ("the Company", "QTCG") and subsidiaries ("Subsidiary", "SAMC.") ("the Group") Management's analysis and explanation for the year ended 31 December 2023 is as follows:

Revenue from Construction

In 2023, the Group had revenue from construction amounting to Baht 751.72 million, a decrease of Baht 153.78 million from the previous year, or a decrease rate of 16.98 percent. The decrease in such revenue was due mainly to 1) The Government Complex Commemorating His Majesty. The King's 80th Birthday Anniversary project where the construction model was adjusted. As a result, the Group had to adjust the construction plan to be in line with the situation and delay the construction plan from the original plan. However, the project is a large project which the company provided construction services and recognized revenue of Baht 184.11 million in 2023. 2) The Group won the auction and began to recognize revenue from 10 new projects with a revenue of Baht 152.96 million, which has a lower number of projects that won the auction and recognized revenue from new projects than 2022, which had 22 new projects with a revenue of Baht 260.51 million.

However, most construction projects can still proceed as planned. As a result, the revenue recognition of construction from large projects continues, such as The Government Complex Commemorating His Majesty. The King's 80th Birthday Anniversary project amounting to Baht 184.11 million, a new building at Ying Charoen Market project amounting to Baht 179.20 million, ITC - 3.2 factory project (Samut Sakhon) amounting to Baht 114.61 million, and the Ministry of Interior building project amounting to Baht 62.96 million and Andaz Resort Pattaya project amounting to Baht 26.93 million etc.

Revenue from Sales

In 2023, the Group had no revenue from sales. As a result, the Group has no policy to purchase materials and equipment to sell to subcontractors. However, in 2022, the Group had revenue from sales of Baht 8.53 million, accounting for 0.86 percent of total revenue in the same period, which was selling materials and equipment to subcontractors with agreed upon conditions for the subcontractors to purchase materials and equipment from the Group since the Group was able to purchase materials and equipment at prices equal to or lower than the prices of materials and equipment that subcontractors can purchase themselves.

Interest Income from Loans to Non-Performing Assets



In 2023, the Group had no interest income from loans to non-performing assets, which is income from SAMC's business, as the Board of Directors' Meeting No. 2/2022 of SAMC on 18 July 2022 has Resolution for SAMC temporarily suspend its business operations due to management did not comply with the plans set by the Company. In 2022, the Group had interest income from loans to non-performing assets amounting to Baht 4.66 million, accounting for 0.47 percent of total revenue in the same period.

Other Income

In 2023, the Group had other income amounting to Baht 3.64 million, accounting for 0.48 percent of the total revenue in the same period. This decreased from other income in 2022 amounting to Baht 28.77 million, or equivalent to a decline rate of 88.77 percent. The main reason that the Group's other income decreased from the previous year was that in 2022 the Group had other income that was different from 2023 as follows: (1) QTCG's other income includes the reversal of long outstanding retention payables that have expired for more than 5 years, amounting to Baht 7.81 million and (2) SAMC's other income includes gain from sale of foreclosed assets amounting to Baht 22.17 million. In this regard, most of the Group's other income normally consists of QTCG's other income, which is interest income and income from selling scrap materials.

Cost of Construction

In 2023, the Group had construction costs of Baht 646.28 million, accounting for 85.97 percent of revenue from construction. The ratio decreased from 2022 which had a construction cost ratio of 88.83 percent. The main reason that the Group has a lower construction cost ratio is that most of the construction services for 2023 are additional work that continues from the original contract, thus allowing the Group to effectively manage costs by using existing resources such as human resources management, construction labor management, and warehouse management that can operate continuously immediately, which is more economical than starting a new project that takes a long time to prepare that will spend more operating costs. Construction costs mainly consist of material costs, subcontractor costs, salaries and employee expenses and overhead costs.

Cost of Sales

In 2023, the Group had no sales of products, so there was no cost of sales. In 2022, the Group had cost of sales amounting to Baht 7.73 million, calculated as a ratio to revenue from sales of goods in the same period at 90.66 percent.

Selling Expenses and Administrative Expenses

In 2023, the Group had selling and administrative expenses amounting to Baht 69.24 million or 9.16 percent of total revenue. The expenses increased from the same period of the previous year by Baht 12.84 million or 22.77 percent mainly due to an increase in expenses associated with listing on the stock exchange, such as various professional consulting fees, internal audit service fees, and directors' remuneration expenses

Net Profit



In 2023, the Group had a net profit of Baht 22.03 million, representing a net profit margin of 2.92 percent of total revenue in the same period which has decreased by 78.35 percent compared to the previous year with a net profit of 101.76 million Baht. In this regard, if net profit is considered by excluding the impact from items that do not come from construction business, which have a total value in 2022 of Baht 76.56 million, the Group will have net profit in 2022 and 2023 amounting to Baht 25.20 million and Baht 23.35 million or equivalent to 2.55 percent and 3.09 percent of total revenue, respectively.

Statements of comprehensive income (Unit : Million Baht)	For the year ended 31 December (Audited)					
	2021		2022		2023	
	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent
Revenue from construction	625.48	94.33	905.5	91.65	751.72	99.45
Revenue from sales	24.26	3.66	8.53	0.86	0	0
Cost of construction	(548.91)	(82.78)	(804.34)	(81.41)	(646.28)	(85.50)
Cost of sales	(28.14)	(4.24)	(7.73)	(0.78)	0.00	0.00
Gross profit from construction	76.57	11.55	101.16	10.24	105.44	13.95
Gross profit from sales	(3.88)	(0.59)	0.80	0.08	0.00	0.00
Gross profit	72.69	10.96	101.96	10.32	105.44	13.95
Net profit for the period ¹	23.43	3.53	101.76	10.30	22.03	2.92

Note:

¹ The group of companies has net profits in 2021 - 2023 equal to 23.43 million baht, 101.76 million baht, and 22.03 million baht, respectively. In 2021-2022, the Company's net profit has a direction increasing due to income growth and the recovery of gross profits from construction of the Group is important, while in 2023, the Group had a net profit of 22.03 million baht, a decrease from the same period of the previous year of 79.73 million baht, or calculated as a rate of decreased at 78.35 percent, mainly due to the fact that (1) in 2022, the Group had interest income from loans to non-performing assets in the amount of 4.66 million baht, profits from sales of loans to non-performing assets in the amount of 25.87 million baht, and profits from sales of foreclosed assets in the amount of 22.17 million baht (2) In 2022, the Group of companies had a reversal of long outstanding performance retention creditors whose guarantee period had expired for more than 5 years, with income in the period amounting to 7.81 million baht and (3) In 2022, the Group recorded a profit from adjusting the fair value of investment properties in the amount of 11.04 million baht, a gain from expected credit reversal (loss) of (12.83) million baht, which has a total value in 2022, amount of 76.56 million baht. If considering net profit by eliminating the impact from the above items, the Group will have net profits in 2022 and 2023 in the amount of 25.20 million baht and 23.35 million baht or equivalent to 2.55 percent and 3.09 percent of total income, respectively.



Assets

As at 31 December 2023, the Group had total assets of Baht 825.43 million. The increase in total assets as at 31 December 2023 compared to the previous year amounting to Baht 44.16 million which was caused by the increase in contract assets in the amount of Baht 93.75 million which was mainly due to the expansion of construction work.

Liabilities

As at 31 December 2023, the Group had total liabilities of Baht 527.59 million, or 63.92 percent of the total liabilities and shareholders' equity. The decrease in liabilities as at 31 December 2023 compared to previous year amounting to Baht 102.73 million, or 16.30 percent which was mainly by a decrease in trade and other payables.

Shareholders' Equity

As at 31 December 2023, the Group had shareholders' equity of Baht 297.84 million, which has increased from shareholders' equity as at 31 December 2022 of Baht 150.95 million, which was mainly due to:

- 1) The Group had total comprehensive income for the year ended 31 December 2023 amounting to 25.09 million Baht.
- 2) The Group received for paid-up the ordinary shares that have not yet been paid amounting to Baht 6.00 million.
- 3) The Extraordinary General Meeting of Shareholders No.1/2023 had a resolution to approve an increase of the Company's authorized share capital amounting to Baht 60.00 million by issuing new 0.60 million ordinary shares at a price of 193.00 Baht per share from a par value of Baht 100.00 and there was a share premium of Baht 55.80 million. The Company received payment for issuing share capital totaling Baht 115.80 million.

Yours sincerely,

-Pongkan Ngamsaengrat-
(Miss Pongkan Ngamsaengrat)
Chief Financial Officer