



No. QTCG 11006/67

14 November 2024

Subject Management's Discussion and Analysis as at 30 September 2024 and for the nine-month period ended 30 September 2024

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 as at 30 September 2024 and for the nine-month period ended 30 June 2024 is as follows:

Revenue from Construction

For the nine-month period ending September 30, 2024, the Group's revenue from construction projects amounted to 373.55 million baht, a decrease of 216.97 million baht, or 36.74 percent, compared to the same period last year. This decline in revenue is primarily due to several projects being completed in 2023, as well as two large new projects—the CIB International School and the Shush Ratchathewi project—which the company won through bidding at the end of 2023, but are still in the early stages of construction. Additionally, construction costs have risen. However, the company has projects in preparation for execution in the 4th quarter.

Other Income

For the nine-month period ending September 30, 2024, the Group recorded other income of 1.98 million baht, representing (0.53) percent of total revenue for the same period. This was a decrease of 0.35 million baht, or a 14.94 percent reduction, compared to other income for the same period last year. The decrease was mainly due to a reversal of accrued expenses for projects that had been completed but had not yet received invoices for payment, amounting to 1.02 million baht. Most of the Group's other income typically comes from QTCG, which includes interest income and revenue from the sale of scrap materials.

Cost of Construction

For the nine-month period ended 30 September 2024, the Group had construction costs of Baht 373.52 million, accounting for 99.99 percent of revenue from construction. The ratio increased from the same period last year which had a construction cost ratio of 84.97 percent. The main reason why the Group has a higher construction cost ratio is because the price of construction materials has increased, construction



materials such as electrical wires, which resulted in a lower gross profit margin than the same quarter last year.

Selling Expenses and Administrative Expenses

For the nine-month period ending September 30, 2024, the Group's selling and administrative expenses increased by 0.54 million baht, or 1.04 percent, compared to the same period last year. The primary reason for this increase was higher expenses related to the company's listing on the stock exchange, such as various fees and advertising costs. Additionally, the increase was due to higher salaries and employee-related expenses, as the number of employees grew compared to the previous year, along with special bonuses paid to employees and increased depreciation costs.

Net Loss

For the nine-month period ended 30 September 2024, the Group had a net loss of Baht 282.94 million, representing a net loss margin of 75.69 percent of total revenue in the same period which has decreased by Baht 308.54 million from the same period last year, or a decrease rate of 1,205.12 percent due to (1) the decrease in total revenue for the nine-month period and (2) reversal in expected credit losses (ECL) of (227.80) million baht mainly due from expected credit losses (ECL) on long-outstanding contract assets of (218.20) million baht are mostly relate to government projects (ECL contract assets of government project of 200.82 million baht or rate of 92.03 percent of total ECL amount from contract assets) which the company hasn't yet collected. Since the project is still ongoing and the delivery and acceptance of work phases from the project owner are in progress, management has estimated the allowance for credit loss due to the risk of payment collection. This estimation takes into account the current economic conditions and the prevailing market environment. However, in the past, most debtors who were unable to make payments on time would enter into negotiations to set a specific repayment schedule, which would be documented in writing as evidence for further collection efforts

The group and management have developed plans and strategies to expand the private sector customer base through short-term and medium-term contracts. These efforts aim to ensure adequate working capital for the continued normal operations of the business.

Assets

As of September 30, 2024, the Group had total assets of 702.91 million baht, representing a decrease of 122.52 million baht as of December 31, 2023. The main reason for the decrease in total assets was a reduction of 171.52 million baht in contract assets due to an increase in expected credit losses (ECL) on contract assets during the period. However, trade receivables and other receivables increased by 33.73 million baht, and performance bond receivables increased by 8.97 million baht, as several projects began construction and were progressively delivered during the year. Additionally, cash and cash equivalents



increased by 5.88 million baht, due to the Group's initial public offering (IPO), which resulted in the receipt of cash from the issuance of new common shares.

Liabilities

As of September 30, 2024, the Group had total liabilities of 479.95 million baht, representing 68.28 percent of total liabilities and shareholders' equity. This represents a decrease of 47.64 million baht, or a 9.03 percent reduction. The decrease was mainly due to a reduction in overdraft facilities and short-term borrowings from banks, amounting to 49.09 million baht.

Shareholders' Equity

As at 30 September 2024, the Group had shareholders' equity of Baht 222.96 million, which has decreased from shareholders' equity as at 31 December 2023 of Baht 74.88 million, which was mainly from total comprehensive loss for the nine-month period ending 30 September 2024.

Yours sincerely,

-Jarawan Boonma-

(Miss Jarawan Boonma)

Chief Financial Officer