

No. CAZ 002-2022

25 February 2022

Subject: Management Discussion and Analysis for the year ended 31 December 2021

Attention: The President, The Stock Exchange of Thailand

CAZ (Thailand) Public Company Limited (“the Company”) and its Subsidiary (“the Group”) would like to clarify the change in operating result for the year ended 31 December 2021, which changed in revenue and net profit compared with same period of last year as follows:

Statement of Comprehensive Income

(Unit : Million Baht)

Details	31 Dec 2021	31 Dec 2020	Changed	%
Revenues from construction contracts	2,194.69	2,233.06	(38.37)	(1.72)
- EPC Service	17.70	44.98	(27.28)	(60.64)
- Structure Mechanic and Pinging (SMP and E&I Services)	1,343.50	1,037.52	305.98	29.49
- Civil & Building Services	595.59	808.40	(212.81)	(26.32)
- General Construction Service	82.56	-	82.56	n/a
- Fabrication and Other Services	155.34	342.16	(186.82)	(54.60)
Cost of construction contracts	(1,898.62)	(2,055.14)	(156.52)	(7.62)
Gross profit	296.07	177.92	118.15	66.41
Other income	4.53	3.37	1.16	34.40
Administrative expenses	(96.15)	(74.62)	21.53	28.85
Profit before finance cost and income tax	204.45	106.67	97.78	91.67
Finance costs	(30.17)	(27.15)	3.02	11.12
Profit before income tax	174.28	79.52	94.76	119.18
Income tax	(36.23)	(15.59)	20.64	132.45
Profit for the year	138.05	63.93	74.12	115.94
Owners of the parent	136.51	61.51	75.00	121.93
Non-controlling interests	1.54	2.42	(0.88)	(36.36)

1. Revenues from construction contracts

The Group has revenue from construction contracts for the year ended 31 December 2021, totaling of Baht 2,194.69 Million, decreased of Baht 38.37 Million, or 1.72%. Compared with 2020 which totaling of Baht 2,233.06 Million. Resulted from, some construction projects already finished and delivered work to customers during the period. Together with, some construction projects which signed on Q3/2021 and Q4/2021 were on the beginning stage. For those reasons, its lead the percentage of work completion which could transfer right of control during this year were slightly reduced, compared with last year.

As at 31 December 2021, the Group has backlog totaling of Baht 3,988.74 Million. Moreover, the award of construction services for target customers nowadays are based on their requirements. Lead, the Group construction segment services income are varieties into each segment and not focusing on any particular service group.

2. Administrative expenses

The Group's administrative expenses totaling of Baht 96.15 Million, increased of Baht 21.53 Million, or 28.85% compared with 2020 which was totaling of Baht 74.62 million. Resulted from, 2020 was the first year that the Group's operating had effected from COVID-2019 epidemic. It leads the Group had to reduce administrative expenses and estimates of key expenses such as employee bonus to complied with the declining performance. For 2021, on the other hand, the Group keep running construction performance on each projects on hand in order to achieve target operation. Although, 2021 it still has continuing new wave of the COVID-19 epidemic. Leads the Group's administrative expenses of 2021 were increased, compared with last year. Resulted from the increasing of employee expenses and director remuneration, the recognition of expenses from income tax withholding which non-refundable, and preventive expenses of COVID-19 outbreak.

3. Profitability

Gross profit and net profit for the year ended 31 December 2021 and 2020 as follows;

Profitability's	2021		2020	
	(Million Baht)	%	(Million Baht)	%
Gross profit	296.07	13.49	177.92	7.97
Profit attributable to owners of the parent	136.51	6.22	61.51	2.75

The Group's profitability for the year ended 31 December 2021 has gross profit margin of 13.49% and net profit margin of 6.22%. There were increased from 2020 which have gross profit margin of 7.97% and net profit margin of 2.75%. Main reason is some new construction projects which signed contract on Q3/2021 have higher profit margins than previous projects. Moreover, both gross profit margin and net profit margin of 2021 were greater than 2020. Resulted from, on 2020, it was the first year which the Group had impact of COVID-19 epidemic. And its lead the Group had to improve budget costs control in some projects. Such as increased costs of labor, tool and consumable, including hygiene products used for preventing the spread of coronavirus.

Statement of Financial Position

(Unit: Million Baht)

Details	31 Dec 2021	31 Dec 2020	Increased (Decreased)	%Changed
Assets				
Current assets				
Cash and cash equivalents	262.45	142.42	120.03	84.28
Trade and other current receivables	324.14	204.87	119.27	58.22
Contract assets	617.01	512.28	104.73	20.44
Inventories	40.84	34.54	6.30	18.24
Other current assets	10.80	7.26	3.54	48.76
Total current assets	1,255.24	901.37	353.87	39.26
Non-current assets				
Restricted deposit at financial institution	7.69	10.02	(2.33)	(23.25)
Property, plant and equipment	557.76	557.39	0.37	0.07
Intangible assets	12.38	13.22	(0.84)	(6.35)
Retention receivables	96.98	54.17	42.81	79.03
Withholding tax deducted at source	35.36	132.81	(97.45)	(73.38)
Deposits	4.41	3.41	1.00	29.33
Deferred tax assets	2.70	2.63	0.07	2.66
Total non-current assets	717.28	773.65	(56.37)	(7.29)
Total assets	1,972.52	1,675.02	297.50	17.76
Liabilities and equity				
Current liabilities				
Bank overdraft	-	0.01	(0.01)	(100.00)
Short-term borrowing from financial institutions	373.50	509.10	(135.60)	(26.63)
Trade and other current payables	377.91	265.03	112.88	42.59
Contract liabilities	289.86	141.08	148.78	105.46
Short-term borrowing from other party	20.00	20.00	-	-



CAZ (Thailand) Public Company Limited



239 Huaypong-Nongbon Rd, T.Huaypong,
A.Muangrayong, Rayong 21150. Thailand

Telephone: (+66)-336-062-42. Facsimile: (+66)-336-061-66

Details	31 Dec 2021	31 Dec 2020	Increased (Decreased)	%Changed
Current portion of long-term borrowings from financial institutions	38.64	38.64	-	-
Current portion of Lease liabilities	30.99	20.39	10.60	51.99
Other current liabilities	44.40	25.80	18.60	72.09
Total current liabilities	1,175.30	1,020.05	155.25	15.22
Non-current liabilities				
Long-term borrowing from financial institutions	87.66	84.30	3.36	3.99
Lease liabilities	29.03	26.37	2.66	10.09
Retention payables	11.96	8.94	3.02	33.78
Non-current provisions for employee benefits	7.28	7.14	0.14	1.96
Total non-current liabilities	135.93	126.75	9.18	7.24
Total liabilities	1,311.23	1,146.80	164.43	14.34
Equity				
Share Capital – Authorized				
Issued and paid-up	147.00	140.00	7.00	5.00
Share premium	246.11	246.11	-	-
Retained earning				
Appropriated - legal reserve	14.70	11.95	2.75	23.01
Unappropriated	237.82	116.03	121.79	104.96
Equity attributable to owners of the parent	8.45	8.45	-	-
Equity attributable to owners of the parent	654.08	522.54	131.54	25.17
Non-controlling interests	7.21	5.68	1.53	26.94
Total equity	661.29	528.22	133.07	25.19
Total liabilities and equity	1,972.52	1,675.02	297.50	17.76

Assets

As at 31 December 2021, the Group's total assets of Baht 1,972.52 Million, increased of Baht 297.50 Million, or 17.76%, compared with as at 31 December 2020, which total assets totaling of Baht 1,675.02 Million. Changing of total assets as follows;

Current assets; comprising of

- Cash and cash equivalents totaling of Baht 262.45 Million, increased of Baht 120.03 Million from last year. Due to receiving payment from customers for some construction projects during end of the year.

- Account receivable and other current receivables total of Baht 324.14 Million. Increased from last year by Baht 119.27 Million. Due to the increasing of transfer right of controlling contract assets and billing invoice to customers for construction contracts on hand during this period. The Group has payment condition with clients with credit terms of 30 and 45 days.
- Contract assets totaling of Baht 617.01 Million, increased from last year totaling of Baht 104.73 Million. Due to, increasing revenue of recognized from percentage of work completion which related to the increasing of work contractual. And it be able to issue invoice to customers in the next periods.
- Withholding tax deducted at source reduced totaling of Baht 97.45 Million. Due to, the Group has received refund of withholding income tax for the fiscal year 2017-2020 from the Revenue Department during the period.

Liabilities

As at 31 December 2021, the Group's liabilities total of Baht 1,311.23 Million, increased of Baht 164.43 Million, or 14.34% compared with 31 December 2020. Changing of total liabilities consist of:

- Trade and other payables increased totaling of Baht 112.88 Million. Resulted from, suppliers for construction materials and consumable, and subcontractors were increased during the period.
- Contract liabilities total of Baht 289.86 Million, increased of Baht 148.78 Million or 105.46%, compared with las year. Comprising as follows;
 - 1) Construction income received in advance (the value of total billed by contract's milestone payment condition which was higher than revenue recognition of this period) total of Baht 141.20 Million. Increased of Baht 109.56 Million, these amount would be recognized revenue in the future when the Group transfer control on goods and services to customer by contract's condition.
 - 2) Advance received from construction contracts total of Baht 148.66 Million. Increased of Baht 39.21 Million, which were advanced received from customers. Resulted from, advance received from construction contracts increased from new contract that signed on Q2 and Q3/2021 to complied with payment condition in the contracts. However, these amount going to reduce by portion of next milestone's payment followed by contracts.
- Lease liabilities were increased during the year totaling of Baht 13.26 Million. Due to new hire purchase contractual for construction equipment for projects on hand during the period.



CAZ (Thailand) Public Company Limited



239 Huaypong-Nongbon Rd, T.Huaypong,
A.Muangrayong, Rayong 21150. Thailand

Telephone: (+66)-336-062-42. Facsimile: (+66)-336-061-66

- Other liabilities were increased totaling of Baht 18.60 Million. Resulted from, Revenue Department payable for vat and withholding tax payable.
- The Group has short-term loan which used as working capital for existing construction projects on hand during the period totaling of Baht 393.50 Million. It was reduced totaling of Baht 135.60 Million, compared with last year. Due to repayment to financial institutions and a related party by the mutuality date.

Equity

For shareholders' equity to the parent Company as of 31 December 2021, total of Baht 654.08 Million, increased from previous year, total of Baht 131.54 Million, or 25.17%. As of 31 December 2020, total of Baht 522.54 Million. The changing of equities resulted from the Group's operating following;

- Operating results with net profit attributable to owners of the parent for the year ended 31 December 2021 total amount of Baht 136.51 Million.
- Dividend payment for the year 2020's operating results to shareholders whose names appear in the shareholder register on 18 March 2021 at 0.04778 Baht per share. The total payment amounted of Baht 13.38 Million on payment schedule of 21 May 2021 with the details as follow:
 - 1) Payment in the form of stock dividends in the amount of 14 million shares at the ratio of 20 existing shares to 1 new share with a par value of Baht 0.50 per share, totaling Baht 7.00 million. Calculated as the dividend payment rate of Baht 0.025 per share.
 - 2) Payment in the form of cash in the amount of Baht 0.02278 per share, totaling Baht 6.38 million.



CAZ (Thailand) Public Company Limited



**239 Huaypong-Nongbon Rd, T.Huaypong,
A.Muangrayong, Rayong 21150. Thailand**

Telephone: (+66)-336-062-42. Facsimile: (+66)-336-061-66

Key financial ratios

As at 31 December 2021, comparing with last year, the Group doesn't have significant changed in the key financial ratios as following;

- Debt to Equity ratio (D/E) was 2.00 times, decreasing compared with the end of 2020 at 2.19 times.
- The Group has an interest bearing debt ratio of 0.89 times, which is slightly reducing compare to the end of 2020 with an was 1.34 times.

Please be informed accordingly.

Sincerely yours,

(Mr. Chung Sik Hong)

Chief Executive Officer