



Ref. CNT/SEC/001/2022

28 February 2022

Subject: Management Discussion and Analysis (MD&A) for the Year 2021**To: The President, the Stock Exchange of Thailand
The Secretary, the Office of the Securities and Exchange Commission (SEC)**

Christiani & Nielsen (Thai) Public Company Limited here below submits the management discussion and analysis (MD&A) report for the year ended December 31, 2021.

Overview

Christiani & Nielsen (Thai) Public Company Limited (the “Company”) is a leading construction company in Thailand and has been providing a wide range of services for over 91 years, including design and construction of buildings, civil engineering projects, design, fabrication and erection of steel structures, and mechanical and electrical installation. The Company works with both Government and Private Sectors. In 2019, the Company has expanded into renewable energy business which is a very promising business for the future.

Economic Outlook Overview**World Economy**

The world economy in 2021 has grown by 5.9%, and is expected to grow gradually over the next 3 years from 2022-2024, at the average rate of 4% per year. The Outlook therefore seems to be in favor of a gradual recovery.

Thai Economy

The Thai Economy in 2021 has expanded by 1.6% and by 1.9% in the fourth quarter, recovering from a contraction of 0.2 percent in the previous quarter. Private consumption indicators increased in accordance with the more relaxed containment measures. Merchandise exports increased as demand from trading partners recovered, while the supply disruption problems gradually eased which partially contributed to the improvement in manufacturing production. Foreign tourist figures increased after the re-opening of the country. Private investment indicators also increased in line with the recovery of demand and better business sentiment. Public spending expanded, in comparison with the same period last year, by both current and capital expenditures. On the stability front, headline inflation increased which was driven by higher energy and fresh food prices. Labor market continued to improve in line with the economic activities but remain vulnerable. The current account registered a smaller deficit than the previous quarter. (Source: BOT – 31 January 2022).

The Thai economy in 2022 is projected to expand in the range of 3.5 – 4.5 percent, mainly supported by; (i) the regaining of domestic demand; (ii) the recovery of domestic tourism; (iii) the continual expansion of exports; and (iv) the support from public investment. Export value in US dollars is anticipated to expand by 4.9 percent. Meanwhile, private consumption and investments are expected to increase by 4.5 percent and 3.8 percent respectively. Public investment is projected to increase by 4.6 percent. Headline inflation



is estimated to be in the range of 1.5 – 2.5 percent and the current account is projected to record a surplus of 1.5 percent of GDP. (Source: NESDC News).

The Thai economy is expected to have an average annual growth of 3.7% over the next 3 years (2022-2024.) A gradual recovery will begin in the last quarter of 2021 and will be supported by a number of factors: (i) the progress of vaccination program means the COVID-19 crisis is beginning to relieve which allows domestic economy to recover. In addition, widespread changes in behavior and adoption of the 'New Normal' lifestyle, including the rapid advances towards digitalization also stimulate greater demand for goods and services among groups affected by these developments; (ii) Thai tourism sector will gradually recover as Thailand reopened to foreign arrivals at the end of 2021, although the persistence of strict controls in some originating countries and uncertainty over the possibility of new outbreaks will continue to weigh on the sector, and it will not be until 2025 that arrivals will return to their pre-pandemic level; (iii) exports continue to grow and remain the major economic driver. Recovery in global demand and in particular export markets, combined with the greater regionalization of trade ensure that export sector will be a major driver of economic growth for Thailand in the coming period. An especially notable example of regionalization is the RCEP which is enforced from the beginning of 2022, boosting trade in the coming period. Despite this rosy outlook, exports will nevertheless go under pressure from supply problems which may take the form of either shortages of raw material or higher costs, or the periodic imposition of trade barriers; (iv) private sector investment tends to rise upon a combination of cyclical economic recovery and the escalation in production needed to support greater digitalization. Investment will also benefit from stronger government spending on infrastructure megaprojects; (v) an additional lift to the economy will come from government stimulus that will include both regular budgetary expenses and disbursements made from what remains of THB 500bn raised from emergency borrowing. On the monetary side, the Bank of Thailand is expected to keep policy rates at their historic low of 0.5% through to at least the end of 2022, and to leave in place the help that includes measures to restructure debts and increase liquidity for household and business debtors. Regulations will also remain relaxed to ensure that assistance is made available to debtors, while the temporary easing of LTV rules will provide a further stimulus to real estate markets.

However, while the outlook is for growth over the next few years, negative factors will continue to drag on the economy, including fragility in labor markets and rising household and corporate debt, which may then hold back increases in spending. Other risks and uncertainties could arise from possible further mutations of the COVID-19 virus or from domestic political tensions that may lead to discontinuity in government policy. Domestic and global financial markets may also have to contend with an increase in turbulence and a hike in the cost of finance, potentially unwanted side effects of the scaling back of stimulus measures and policy normalization in the major economies. . (Source: Krungsri Research-January 2022)

Construction Business

Over 9M21, total investment in construction rose by 5.0% YoY to THB 1,087.2bn. The public construction investment contributed THB 652.2bn of this amount (increase of 7.8% YoY), with spending rising from megaprojects including phase 3 of the work on Map Ta Phut Port (initial work on this began in July 2021) and continuing work on other sites. However, private construction investment rose by just 0.9% YoY, hitting a total of THB 435.0bn. Depressed economic conditions and the need to close laborers'

accommodation to control the spread of COVID-19 meant that works on many private construction projects were postponed.

8M21 applications for construction permits for residential segment, office buildings, and hotels were down by respectively 3.0%, 20.1% and 37.9% YoY. For 2021 overall, spending on construction is forecast to rise 5.3% to THB 1,385bn, split between THB 820.0bn (+7.7%) from the public sector and THB 565.0bn (+1.9%) from the private sector.

Private constructors will be challenged through 2022 by a potential slow down in relation to a continuous shrinking of real estate sectors. Investment in 2021 private construction is approximately THB 514,000m, a 7% decrease (-7% YoY) in construction of residential and commercial properties. In addition, constructors will be facing drastic increases in steel and labor costs until next year. To combat the situation, it is inclined that public construction projects and increase in long-term performance by employment of construction technology will be implemented by the constructors. (Source: Economic Intelligence Center (EIC), Siam Commercial Bank PCL)

2022-2024 Outlook

Investment in construction is forecast to rise 4.5-6.5% per year, driven principally by government spending on megaprojects, in particular those connected to the development of the Eastern Economic Corridor (EEC). Public construction investment is likely to increase by 6.0-7.0% as work on megaprojects linking to the EEC gets under way from 2022 onwards. These projects will include: (i) a high-speed rail-link connecting the 3 airports (Donmuang, Suvarnabhumi and Utapao), with work initially beginning on the Suvarnabhumi-Utapao section; and (ii) phase 3 of the development of Laemchabang Port. In addition, important projects elsewhere in the country will include work on the passenger lounge for Terminal 2 at Suvarnabhumi Airport, the Bangkok-Nakhonratchasima high-speed railway, the Khonkaen-Nongkhai dual-track railway, and the southern extension to the MRT Purple Line (Taopoon-Ratburana).

Private construction investment will see a slow growth in 2022, but the situation should improve in 2023 and 2024, underpinned by: (i) an acceleration in government infrastructure projects that will induce the crowding-in effects in private sector (ii) progress with the EEC development, which will feed into a pickup in spending on the construction of factories and industrial estates; and (iii) government measures to help stimulate demand for condominiums and houses.

Large contractors continue to enjoy advantages compared to SMEs, thanks to their stronger bargaining position relative to manufacturers and distributors of construction materials, their better ability to bid for contracts, and the greater openings available to them to expand into markets in neighboring countries. For their part, income for SMEs tends to come from sub-contracting for larger players, meaning that business conditions can be uncertain. Contractors are also now exposed to risks of labor shortages due to the ongoing spread of COVID-19, though this is especially the case for smaller players. (Source: Krungsri Research-January 2022)

Business trend in the first quarter of 2022 is expected to increase slightly from last year, stabilized by the previous quarter. Manufacturing businesses can slightly increase due to a continuous demand from trade partners, albeit pressured by certain factors such as high freight cost which is likely to persist to the middle of 2022 and the energy shortages in China. Real estate business is being supported by the extension of fee reduction for ownership transfer and mortgage of up to THB 3m houses, and the de-escalation of LTV



measure. Nevertheless, overall businesses are still faced with the risk of Omicron spread which must be closely monitored in connection with the recovery especially in tourism industry. Consumers are reorganizing their spending to cope with the increasing prices of goods which may affect the gradual recovery of purchasing power, regardless of the extent to which the government stimulus may help. (Source: BOT – 2022 First Quarter Outlook)

Renewable Energy Business

Renewables and alternative sources include powerplants fueled by biomass (generally agricultural waste), biogas (including manure, wastewater from agricultural-processing industries, and bioenergy crops), waste (consumer and industrial), solar, wind and micro-hydro plants. Electricity from these sources contributed 10.0% of national electricity consumption in 2020 compared to only 2.1% in 2010.

Currently, proven reserves (P1) of natural gas in the Gulf of Thailand is 4.9 trn cubic feet, while annual national consumption is 1.3 trn cubic feet (source: Department of Mineral Fuels, December 2019). This means Thailand has sufficient supply for only another 4 years, after which we would have to import gas, most probably from Myanmar. Because of this, the PDP emphasizes the increasing use of renewables in power generation.

However, to achieve the aforementioned goals require cooperation from both government and private agencies from all sectors, namely the energy, the transportation, the industrial, and the agricultural sectors. Therefore, the following should become apparent in 2022:

1. Electricity production model that does not emit carbon-dioxide is a future energy trend
2. Appropriate modern technology will be used and creating a group of electricity producers who bring renewable energy to supplement in various forms, consisting of:
 - 2.1 The use of solar cells (Solar Cell) to generate electricity will increase due to the reduced-price factor and from the installation of solar on the water surface. In order not to compete for space and reduce the evaporation of the water surface.
 - 2.2 The use of wind energy is another trend that will play a role in electricity production.

The Company Business Overview

An overview of the bidding and awarded project in 2021 as follows:

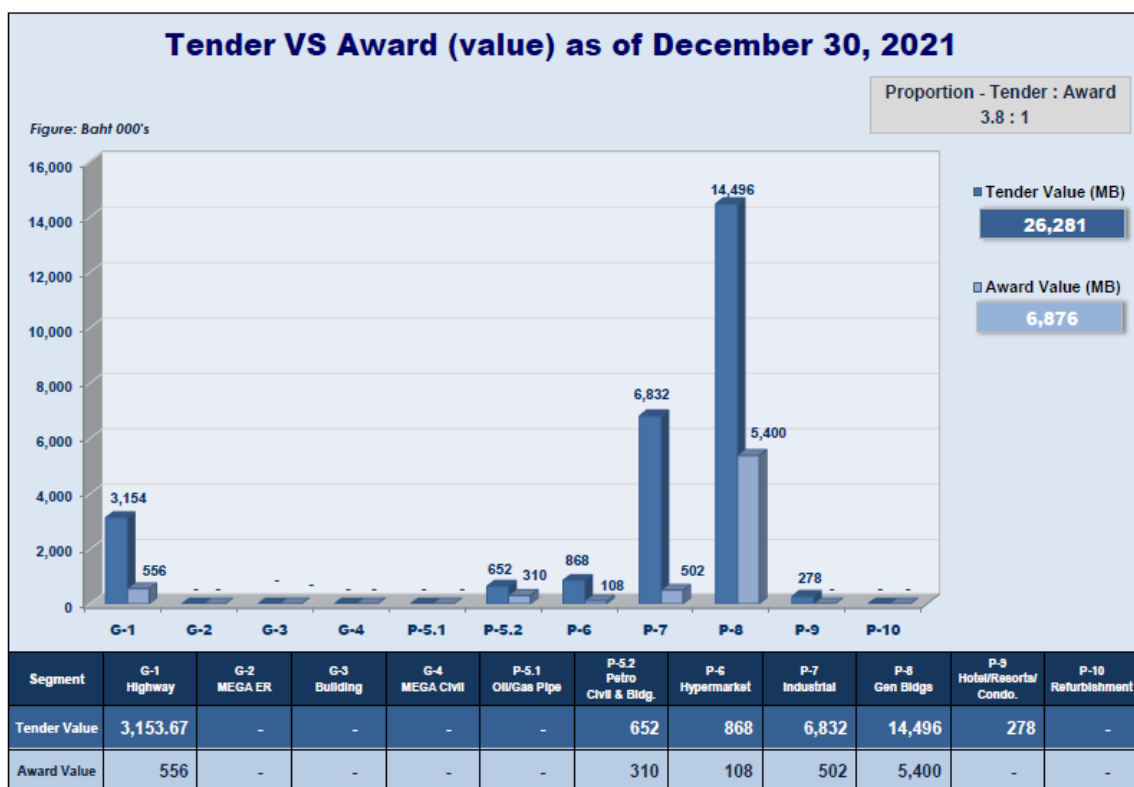
The Company participated in the bidding for 63 projects with a total value of THB 26,281 million and the company was awarded 12 projects with a total value of THB 6,877 million, with the proportion of the tendered projects to projects awarded at 5.3:1; and of value of the tendered projects to value awarded at 3.8:1, with the work being primarily of private buildings, followed by industrial plants and government infrastructure projects.

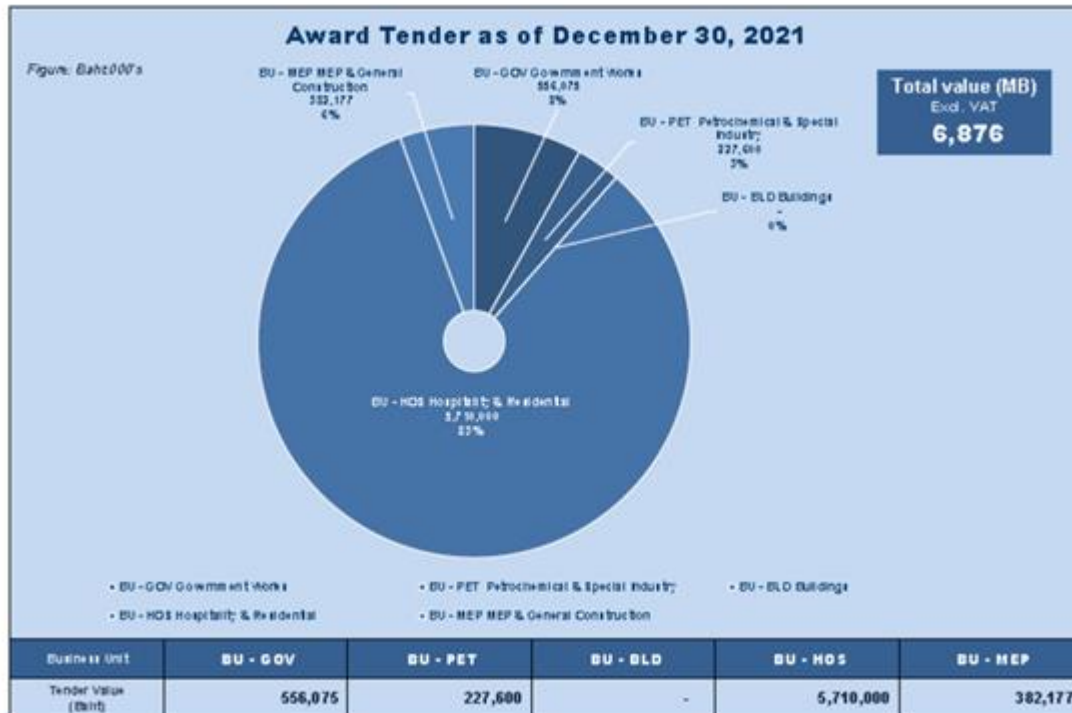
Market and Competing Situation:

Infrastructure works of Government Sector came out as Mega Projects which required the specific and special qualifications in many parts. Private Sector works experienced a slow-down and the project commencement postponed, leading to very few biddable projects which subsequently led to very high competition due to much lower demand for construction companies.

Major Construction Project Contracts in 2021

On 15 September 2020, the Company signed a high-value contract for construction of Excellent Medical Specialty Service Centre (Medical Hub) for Srinagarind Hospital at the Faculty of Medicine, Khon Kaen University and on 14 September 2021, the Company received a binding letter of intent to enter into a contract with the Company as the main contractor for the construction of the main building in the Forestias Mixed-use project, which are two large projects. This resulted in the backlog of the Company at the end of 2021 of approximately THB 12,566 million, a slight increase from the end of 2021, despite the depressing market conditions caused by the COVID-19 situation and intense competition mentioned above. From the remaining works brought forward from 2 large building construction projects as mentioned above, construction revenue is expected to increase in year 2022.





Overview of the Company Tender Strategy in 2022

Estimated value of the projects targeted to be bid is about THB 21,000 million. We target and expect to get awarded about THB 6,500 million, being THB 2,500 million from the Government Sector and THB 4,000 million from the Private Sector. The key factor would be to address the adverse impact of the COVID-19 epidemic and the economic recovery. In the beginning of the year, within 45 days into 2022, we have already been awarded THB 450 million which is rather good considering no project is usually awarded in the first couple of months of the year.

COVID-19 impact

COVID-19 has had a major impact on the Thai construction industry, particularly the order by the Centre for Covid-19 Situation Administration (CCSA) to lock down construction sites and labor camps in Bangkok in July and enforce a Bubble and Seal policy. As a result, the Company's Projects' Sites in Bangkok remained closed for a prolonged period during the quarter. Many imported construction equipment and materials were also delivered very late. Together with the shortage of labor due to COVID-19 and the lock down of construction sites, these have caused construction delays and subsequently reduced revenue from construction. Also, steel and rebar price rises attributed to a significant increase in the construction cost.

The Government sector was the only driver of the construction industry in 2021, particularly by megaprojects, while construction in the private sector including property development, office buildings, residential buildings, commercial and industry buildings, declined due to COVID-19.

Energy Solutions Business (Subsidiary Company)

In 2020, the meeting of the Board of Executive Directors of the Company passed a resolution approving of the establishment of a new company in Thailand, namely “CNES D1 Co., Ltd.”, to be engaged in the development of renewable energy power generating facilities, with registered share capital of THB 2 million (200,000 ordinary shares of THB 10 each). The subsidiary “Christiani & Nielsen Energy Solutions Company Limited” (CNES), (a subsidiary of the Company established in 2019 to enter into the new renewable energy business in which the Company holds an 85% share) holds 100 % equity interest in the new company.

In 2021, two meetings of the Board of Directors of Christiani & Nielsen Energy Solutions Company Limited (subsidiary) passed two resolutions approving to increase the registered share capital of CNES D1 Co., Ltd., from the registered share capital of THB 2 million (20,000 ordinary shares of THB 100 each) to Baht 150,000,000 (1,500,000 ordinary shares of Baht 100 each).

Company Business Overview (CNES)

With the growing need for sustainable means of living & increased oil (& thus electricity) price; the revenues for CNES have grown significantly. With a significant revenue growth in 2021, CNES is getting prepared to meet these challenges forward, both in terms of enhanced Technical Strength, enhancing the skill set within the team and adding more alliances. While domestically CNES has a backlog to assure the maintenance of similar amount of Revenues in 2022 as 2021, CNES has started initiatives to expand regionally as well.

Performance Overview**Financial Performance**

The financial results audited by EY Office Ltd. show the latest financial performance and position of the Company. For the year ended 31 December 2021, the Company recorded total revenues of THB 6,199 million, a decrease of THB 1,341 million or 17.8% from THB 7,540 million in the same period of the previous year, and a gross profit of THB 177 million, a decrease of 52.7% from THB 7,540 million in year 2021 due primarily to a drop of THB 1,447 million in construction revenue due to the reasons explained above. The Company posted a net loss of THB 130 million in this year vs. the net profit of THB 76 million in the previous year, mainly due to the lockdown of the Company’s construction sites, higher construction costs, especially steel which is important cost for construction, and has set aside allowance for doubtful account of a debtor in the amount of THB 49 million.

As of 31 December 2021, the Company had total assets of THB 5,552 million, total liabilities of THB 3,626 million and total shareholder’s equity of THB 1,926 million.

The upcoming SET Opportunity Day (quarterly investor presentation) will be held from 13.15 - 14.00 hours on 8 March 2022 via the SET live web-casts. We hope that many shareholders, investors and analysts will attend this online event at which the Company will get a chance to thoroughly discuss the results for the year 2021.



FOR THE YEAR ENDED 31 DECEMBER 2021				
(unit : Million Baht)				
Consolidated financial statements				
	2021	2020	Var.	
			Inc. / (Dec.)	% Inc. (Dec.)
Revenues				
Construction income	6,015.5	7,462.1	(1,446.6)	(19.4%)
Revenue from sales and services and services	158.8	63.4	95.4	150.5%
	6,174.3	7,525.5	(1,351.2)	(18.0%)
<i>% of total revenues</i>	99.61%	99.81%		
Other income	24.3	14.0	10.3	73.6%
Total revenues	6,198.6	7,539.5	(1,340.9)	(17.8%)
Costs of construction	5,854.5	7,102.4	(1,247.9)	(17.6%)
Cost of sales and services	143.0	49.7	93.3	187.7%
Total costs of construction & cost of sales and services	5,997.5	7,152.1	(1,154.6)	(16.1%)
Gross Profit	176.8	373.4	(196.6)	(52.7%)
<i>% Gross Margin</i>	2.86%	4.96%		
Bad debts	52.6	3.0	49.6	1653.3%
Administrative expenses	249.1	286.0	(36.9)	(12.9%)
<i>% Administrative expenses / Total revenues</i>	4.02%	3.79%		
Profit (Loss) from operating activities	(100.6)	98.4	(199.0)	(202.2%)
Finance income	7.4	7.1	0.3	4.2%
Finance cost	(11.6)	(23.5)	(11.9)	(50.6%)
Profit (Loss) before income tax expenses	(104.8)	82.0	(186.8)	(227.8%)
Corporate income tax	(25.6)	(6.0)	(19.6)	326.7%
Net Profit (Loss) for the period	(130.4)	76.0	(206.4)	(271.6%)
<i>% Net Profit (Loss) / Total revenues</i>	(2.1%)	1.0%		
Earnings per share				
Basic earnings per share				
Profit (Loss) attributable to equity holders of the Company (Baht)	(0.13)	0.07	(0.19)	(271.4%)

Consolidated construction income and revenue from sales and services of the Company and its subsidiaries in 2021 was THB 6,174 million, a decrease of THB 1,351 million from THB 7,526 million or 18% from year 2020, representing 99.6% of total revenues of THB 6,199 million. This resulted in THB 1,341 million or 17.8% decrease of total revenues from year 2020 due to the effects of the COVID 19 situation, the lockdown of many projects by the Centre for Covid-19 Situation Administration (CCSA)'s order, and a significant number of labor contracted COVID-19. The gross margin in 2021 dropped from 5% in 2020 to 2.9%, also due to material cost overruns, particularly the sharp increase in steel prices, which coupled with the effect of the lockdowns, resulted in the Company's absolute gross profit decreasing by THB 197 million compared to the year 2020.

In year 2021, total income of the Company dropped by THB 1,341 million or 17.8%, but other income apart from the construction income and revenue from sales and services of the Company and its subsidiaries, in year 2021, increased by THB 10 million since, in year 2021, a subsidiary company has reversed long outstanding balance of retention monies of subcontractors, net of advance payment of THB 5 million. Furthermore, the profit from disposal of construction equipment was higher by THB 2 million, exchange gain on foreign exchange and other income were also higher by THB 1 million and THB 2 million, respectively.

The main costs of construction were for construction materials, subcontractors and labor, all of which depend on market conditions. The consolidated costs of construction of the Company and its subsidiaries in year 2021 were THB 5,855 million, a decrease of



THB 1,248 million from year 2020, equivalent to 17.6%, which was lower than the rate of decline in revenue due to more efficient construction project management.

Administrative expenses in year 2021 decreased by THB 37 million due to improved cost management. Other expenses shrank by THB 33 million, and depreciation was THB 4 million less than last year since some assets were fully depreciated during the year. Finance costs in 2021 dropped by THB 12 million since the average short term loans and bank overdrafts from financial institutions, to use as the Company working capital over this year, were lower than year 2020.

The Company and some subsidiaries in Thailand incurred no corporate income tax burden for year 2021 due to accumulated tax losses carried forward which can be deducted as expenses in annual tax calculations. However, in 2021, a subsidiary in Thailand had an accrued corporate income tax burden of THB 1 million and the Company has posted deferred corporate income tax of THB 25 million.

The consolidated financial statements of year 2021 show a net loss after tax of THB 130 million, with a decrease in net profit of THB 206 million compared to a net profit after tax of THB 76 million in the year 2020, mainly because the gross profit margin decreased from 5% in 2020 to 2.9% in 2021, resulting in the Company's gross margin in absolute terms decreasing by THB 197 million. Furthermore, in year 2021, the Company has expected credit losses from trade accounts receivable increased by THB 47 million and there are bad debts from trade accounts receivable of THB 3 million. Other income apart from the construction income & revenue from sales and services increased by THB 10 million, administrative expenses decreased by THB 37 million. Financial costs decreased by THB 12 million and deferred corporate income tax increased by THB 19 million as mentioned above.

The sales and service segment by a subsidiary with operations carried out in Thailand to provide energy solutions in solar, wind and other renewable energy sectors, had revenue from sales and service for the year 2021 of THB 159 million with net loss before tax of THB 23 million, with a decrease in net profit of THB 24 million compared to a net profit of THB 2 million in the year 2020.



STATEMENTS OF COMPREHENSIVE INCOME

(unit : Million Baht)

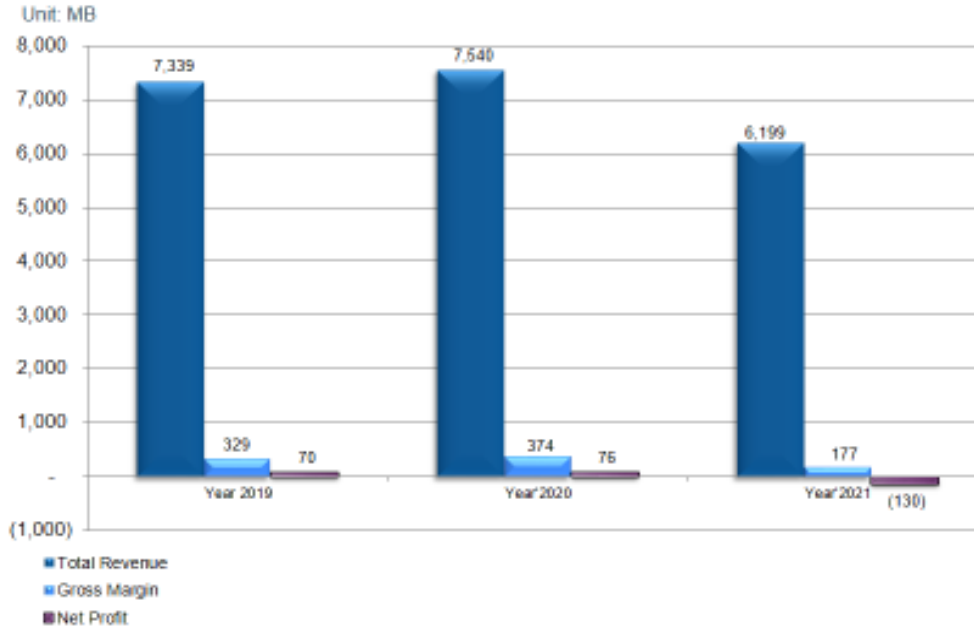
	<u>Consolidated financial statements</u>		
	<u>2021</u>	<u>2020</u>	<u>Var.</u> <u>Inc. / (Dec.)</u>
Net profit (loss) for the period	(130.4)	76.0	(206.4)
Other comprehensive income:			
- Exchange differences on translation of financial statements in foreign currency			
financial statements in foreign currency	1.1	0.5	0.6
- Fair value reserve of financial assets at FVOCI - net of deferred income tax effect	(6.6)	(10.4)	3.8
- Actuarial loss - net of derred income tax effect	10.1	(20.7)	30.8
Other comprehensive income for the period	4.6	(30.6)	35.2
Total comprehensive income for the period	(125.8)	45.4	(171.2)
Equity holders of the parent	(124.4)	44.9	(169.3)
Non-Controlling interests of the Sudsidiary	(1.4)	0.5	(1.9)
	(125.8)	45.4	(171.2)

Comprehensive income

The total comprehensive income in the consolidated financial statements for year 2021 decreased by THB 171 million, derived from the THB 206 million decrease in net profit from year 2020, less a decrease of fair value reserve of financial assets at fair value (net of deferred income tax) of THB 4 million, an increase in actuarial gain from change of discount rate (net of deferred income tax) of THB 31 million, and, exchange differences on conversion of financial statements to foreign currency increased by THB 1 million.



STATEMENTS OF INCOME (Consolidated)



Statements of Financial Position Analysis

STATEMENTS OF FINANCIAL POSITION

(unit : Million Baht)

	Consolidated financial statements			
	31 Dec. 21	31 Dec. 20	Inc. (Dec.)	% Inc. (Dec.)
Assets				
Cash and cash equivalents	303.6	239.1	64.5	27.0%
Trade and other receivables	664.1	1,488.6	(824.5)	(55.4%)
Contract assets	1,888.7	1,751.5	137.2	7.8%
Inventories	64.4	59.6	4.8	8.1%
Advance payments to subcontractors	308.6	439.3	(130.7)	(29.8%)
Withholding tax deducted at source	262.4	306.7	(44.3)	(14.4%)
Other current assets	10.3	22.5	(12.2)	(54.2%)
Total current assets	3,502.1	4,307.3	(805.2)	(18.7%)
Other non-current financial assets	98.4	106.7	(8.3)	(7.8%)
Investment properties	287.5	287.5	-	0.0%
Property, plant and equipment	1,498.0	1,352.2	145.8	10.8%
Right-of-use assets	140.3	281.7	(141.4)	(50.2%)
Other non-current financial assets	25.1	25.5	(0.4)	(1.6%)
Total non-current assets	2,049.3	2,053.6	(4.3)	(0.2%)
Total assets	5,551.4	6,360.9	(809.5)	(12.7%)

Assets

As of 31 December 2021, the Company and its subsidiaries had total assets of THB 5,552 million, a decrease of THB 810 million or 12.7% compared to 31 December 2020. This was due to a decrease in current assets of THB 805 million and a decrease in non-current assets of THB 4 million for the following reasons.



Current assets reduced by THB 806 million as a result of a decrease in trade and other receivables of THB 825 million which was caused by more debt collection and lower construction income during the year. In addition, the Company set a provision for expected credit loss of THB 49.6 million. Advance payments to subcontractors decreased by THB 131 million and withholding tax deducted at source decreased by THB 44 million because the Company received a refund of prepaid tax from the Revenue Department of THB 184 million and prepaid tax withheld/deducted during the year of THB 140 million. Furthermore, other current assets decreased by THB 12 million. On the other hand, cash and cash equivalent increased by THB 63 million which came from operating activities of THB 238 million, spent in investing activities of THB 85 million and financing activities of THB 91 million and an increase in foreign exchange gain of THB 1 million. Contract assets (unbilled receivables) increased by THB 137 million and Inventory increased by THB 5 million.

In the year 2021, Non-current assets dropped by THB 4 million, since the net depreciation of property, plant and equipment rose by THB 146 million, attributed primarily to investments in 7 powerplant projects by a subsidiary under the executed Power Purchase Agreements (PPA). These projects are under construction. The right-of-use assets decreased by THB 141 million (transfer to PP&E of THB 109 million, acquisition in the period of THB 12 million and depreciation for the period of THB 44 million) and other non-current assets declined by THB 8 million as a decrease of value of equity investments designated at fair value.

Aging construction contract receivables based on due dates are detailed below:

(unit : Million Baht)

	Consolidated financial statements		
	<u>31 Dec. 21</u>	<u>31 Dec. 20</u>	<u>31 Dec. 19</u>
<u>Age of receivables</u>			
Not yet due	502	1,268	633
Past due			
Not over 1 month	48	16	13
	550	1,284	646
<i>% of total construction contracts debtors</i>	<i>77.6%</i>	<i>85.7%</i>	<i>69.4%</i>
1 - 3 months	3	39	113
3 - 6 months	3	42	1
6 - 12 months	36	17	-
Over 12 months	116	116	170
Total construction contract debtors	708	1,498	931

The Company has construction contract debtors categorized by the aging of balances in 2021 of THB 708 million, 77.6% of which were not yet due and not over 1 month past due. The Company has allowances for doubtful accounts with estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic conditions. In the year 2021, the Company had an allowance for doubtful accounts for loss of THB 74 million which is about 10% of total construction contract debtors. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore, does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risks since the Company has a large customer base and creditworthiness of customers is assessed before taking up construction work.

(unit : Million Baht)

	Consolidated financial statements			
	31 Dec. 21	31 Dec. 20	<u>Inc. (Dec.)</u>	<u>% Inc. (Dec.)</u>
Liabilities				
Bank overdraft and short-term loans from financial institutions	116.3	40.3	76.0	188.6%
Trade and other payables	1,942.4	1,977.3	(34.9)	(1.8%)
Contract liabilities	932.8	1,517.0	(584.2)	(38.5%)
Short term provision	235.3	218.4	16.9	7.7%
Liabilities under lease agreements	84.9	185.8	(100.9)	(54.3%)
Provision for long-term employee benefits	184.9	185.8	(0.9)	(0.5%)
Deferred tax liabilities	74.8	49.1	25.7	52.3%
Other liabilities	54.2	84.4	(30.2)	(35.8%)
Total liabilities	3,625.6	4,258.1	(632.5)	(14.9%)

Liabilities

As of 31 December 2021 the Company had liabilities totaling THB 3,626 million, a decrease of THB 633 million or 14.9% of THB 4,258 million compared to 31 December 2020. Contract liabilities (advances received and advance construction costs) decreased by THB 584 million or 39%, since in year 2020, the Company received advance payments from new large construction projects (including advance for building construction project at Medical Specialty Service Centre for Srinagarind Hospital at the Faculty of Medicine, Khon Kaen University). In addition, the Company's new projects in 2021 decreased according to the COVID situation as mentioned above. Liabilities under lease agreements reduced by THB 101 million (due to an increase in right-of-use assets of THB 16 million and contractual repayments of THB 117 million), trade and other payables decreased by THB 35 million or 1.8%, due to a decrease in the construction work. However, in year 2021 a subsidiary company had increased loans from financial institutions for its working capital of THB 76 million. Short-term provisions for the estimated expenses for construction projects of the Company increased by THB 17 million due to additional estimated expenses for construction projects that will be incurred in some projects partly because of COVID-19 pandemic. In addition, in year 2021, deferred tax liabilities of the Company increased by THB 26 million since the Company reduced the amount of deferred tax assets that could not be calculated to reduce the future tax expenses whereas other liabilities decreased by THB 30 million mainly due to a decrease in deferred output VAT.

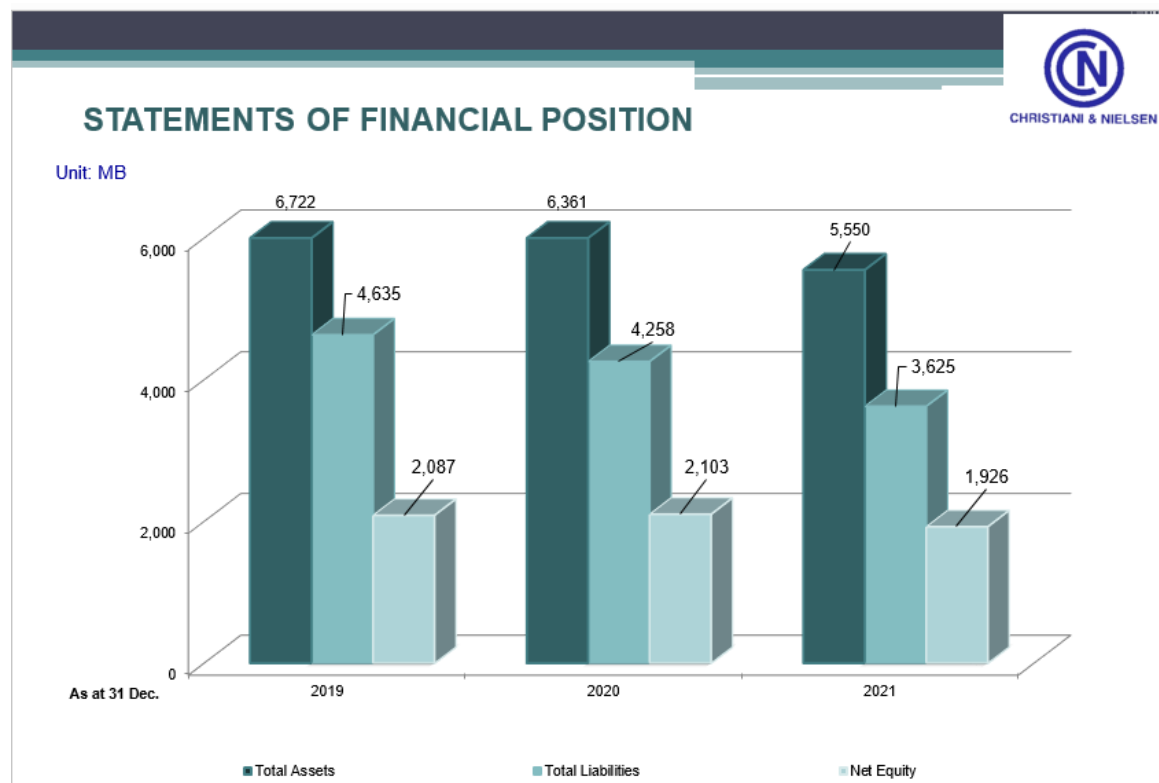
(unit : Million Baht)

	Consolidated financial statements			
	31 Dec. 21	31 Dec. 20	<u>Inc. (Dec.)</u>	<u>% Inc. (Dec.)</u>
Shareholders' equity				
Share capital	1,027.9	1,027.9	-	0.0%
Share Premium	100.0	100.0	-	0.0%
Retained earnings				
Appropriated - statutory reserve	99.0	99.0	-	0.0%
Unappropriated	126.5	294.5	(168.0)	(57.1%)
Other components of shareholders' equity	461.8	469.4	(7.6)	(1.6%)
Premium on sales of investment in subsidiary	21.4	21.4	-	0.0%
Premium on sales of own shares held by subsidiary	68.9	68.9	-	0.0%
Equity attributable to Owners of the Company	1,905.5	2,081.1	(175.6)	(8.4%)
Non-controlling interests of the subsidiary	20.3	21.7	(1.4)	(6.5%)
Total shareholders' equity	1,925.8	2,102.8	(177.0)	(8.4%)



Shareholders' equity

As of 31 December 2021, shareholders' equity of the Company was THB 1,926 million, a THB 177 million decrease from year 2020, equivalent to 8.4%, due to the Company having a reported net loss in 2021 of THB 130 million, as well as dividends paid to the shareholders based on the operation results of the year 2020, amounting to THB 51 million. In addition, in the year 2021, the Company had a gain arising from financial assumption changes from the provision for long-term employee benefits, net of the impact of income tax of THB 10 million and loss from impairment of fair value on the other non-current financial assets, net of the impact of income tax of THB 7 million and an exchange difference on conversion of financial statements to foreign currency of THB 1 million.



Cash Flow

Cash and cash equivalents as of the year ended 2021 was THB 304 million, an increase of THB 65 million from a balance of THB 239 million at the end of 2020 or beginning of 2021.

Details of cash flow by activities are as follows:



Statements of Cash Flow			
(unit : Million Baht)			
For the year ended ended 31 December 2021	Consolidated financial statements		
	<u>2021</u>	<u>2020</u>	<u>Var.</u> Inc. / (Dec.)
Cash from (used in) operating activities	238.6	571.5	(332.9)
Interest income	7.4	7.2	0.2
Cash paid for interest expenses	(3.2)	(12.2)	9.0
Refund of withholding tax deducted at source	183.9	190.8	(6.9)
Cash paid for income tax	(139.7)	(122.8)	(16.9)
Net cash from (used in) operating activities	287.0	634.6	(347.6)
Decrease in restricted bank deposits and investments	-	13.3	(13.3)
Cash paid for acquisitions of property, plant and equipment	(155.1)	(21.7)	(133.4)
Proceeds from disposals of plant and equipment	25.9	23.2	2.7
Net cash from (used in) investing activities	(132.5)	13.9	(146.4)
Increase (decrease) in bank overdrafts and loans from bank and financial institution	76.0	(361.2)	437.2
Cash paid for long term loan and liabilities under financial lease a	(117.1)	(194.0)	76.9
Dividend paid	(51.4)	(41.1)	(10.3)
Net cash from (used in) financing activities	(91.0)	(591.7)	500.7
Increase (decrease) in cash and cash equivalents	64.5	57.2	7.3
Cash and cash equivalents at beginning of period	239.1	181.9	57.2
Cash and cash equivalents at end of period	303.6	239.1	64.5

Net cash earned from operating activities decreased from 2020 by THB 348 million, mainly due to the advance payments received for new construction projects in 2020, including building construction project at Medical Specialty Service Centre for Srinagarind Hospital at the Faculty of Medicine, Khon Kaen University, and the withheld income tax refunded by the Revenue Department, was lower than 2020 by THB 7 million.

Net cash used in investing activities decreased by THB 146 million, attributed primarily to investments in 7 powerplant projects by a subsidiary under the executed Power Purchase Agreements mentioned above. As a result, cash paid for the acquisition of property, plant and equipment increased by THB 133 million, and cash received from sales of construction equipment increased by THB 3 million. Restricted bank deposits and investments decreased by THB 13 million.

Net cash used in financing activities decreased from 2020 by THB 501 million since short-term loans and bank overdrafts used as working capital decreased by THB 437 million, cash paid for financial leases and long-term loans decreased by THB 77 million since in year 2020, the Company paid off certain long-term loans before maturity. However, the dividends paid to shareholders for the operating profit in 2020 increased by THB 10 million.

**Financial Ratio**

		Consolidated Financial Statements	
		2021	2020
Liquidity Ratios			
Current Ratio	Times	1.05	1.09
Quick Ratio	Times	0.29	0.44
Cash Flow Liquidity Ratio	Times	0.08	0.15
Activity Ratios			
Account Receivable Turnover	Times	5.60	6.20
Average collection period	Days	65.18	58.87
Account Payable Turnover	Times	3.06	3.68
Average Payment Period	Days	119.28	99.18
Fixed Asset Turnover	Times	4.35	4.80
Inventory Turnover	Times	96.77	103.19
Average Sale (Inventory) Period	Days	3.77	3.54
Cash Cycle	Days	(50.33)	(36.77)
Profitability Ratios			
Gross Profit Margin	%	2.86	4.96
Operation Profit (Loss) Margin	%	(1.63)	1.31
Quality of Earnings (%)	%	(285.47)	644.68
Net Profit (Loss) Margin	%	(2.10)	1.01
Return on Equity	%	(6.47)	3.63
Efficiency Ratios			
Return on Asset	%	(2.19)	1.16
Return on Fixed Asset	%	(0.76)	12.65
Total Asset Turnover	Times	1.04	1.15
Financial Policy Ratios			
Debt to Equity Ratio	Times	1.88	2.02
Interest Coverage Ratio	Times	(31.78)	8.08
Dividend payout ratio	%	-	70.00

Liquidity

As of the end of year 2021, there was no adverse impact on liquidity since the Company had sufficient cash reserves. The financial liquidity or current ratio of the Company per the consolidated financial statements was 1.05, which has slightly decreased compared to the end of year 2020, with the quick ratio at 0.29 which was lower than 0.44 at the end of year 2020. The average debt collection period was 65 days which was slightly longer than the Company's credit term policy of 30 – 60 days. The average period for debt service to creditors was 119 days which was slightly higher than the Company's debt settlement policy of 30 – 90 days due to slight delays in payment from customers caused by the COVID-19 pandemic in 2021. The repayment period in 2020 was approximately 99 days. Return on Equity was -6.47% compared to 3.63% in year 2020 and Return on Assets was -2.19% compared to 1.16% in year 2020. Debt to Equity ratio was 1.88 which was better than 2.02 in year 2020.

Please be informed accordingly.

Yours faithfully,

Christiani & Nielsen (Thai) Public Company Limited

– Signature –
(Surasak Osathanugraha)
Director and Company Secretary