

15 August 2022

Subject: Management Discussion and Analysis for the Six-month Period Ended 30 June 2022

Attention: President of the Stock Exchange of Thailand

CH. Karnchang Public Company Limited (“the Company”) and its subsidiaries would like to clarify the consolidated operating results and financial position for the six-month period ended 30 June 2022 as follows:

**Performance Overview**

Income Statement  Unit: Million Baht	For the six-month period ended		Change	
	30 June 2022	30 June 2021	Amount	%
Revenues from construction contracts	10,513.70	6,126.81	4,386.89	71.60
Other income	695.80	1,226.91	(531.11)	(43.29)
Total revenues	11,209.50	7,353.72	3,855.78	52.43
Cost of construction services	9,678.94	5,625.32	4,053.62	72.06
Administrative expenses	965.08	969.07	(3.99)	(0.41)
Total expenses	10,644.02	6,594.39	4,049.63	61.41
Operating profit	565.48	759.33	(193.85)	(25.53)
Share of profit from investments in associated companies	552.19	466.13	86.06	18.46
Finance cost	693.82	689.10	4.72	0.68
Income tax expenses	9.69	17.17	(7.48)	(43.56)
Profit (loss) for the period	414.16	519.19	(105.03)	(20.23)
Profit (loss) attributable to non-controlling interests of the subsidiaries	(6.81)	(6.72)	(0.09)	1.34
Profit (loss) attributable to equity holders of the Company	420.97	525.91	(104.94)	(19.95)

*Net profit attributable to equity holders of the Company amounting to Baht 421 million, a decline of Baht 105 million as compared to the same period of the previous year.*

Performance for the six-month period of 2022, the Company and its subsidiaries had net profit attributable to equity holders of the Company amounting to Baht 421 million, a decline by Baht 105 million or 19.95% as compared to the same period of the previous year. This was mainly due to the decreased other incomes which the last year the Company had the interest compensation for construction service and gain on sales of investments in CK Power Plc.

*Revenues from construction contracts of Baht 10,514 million, an increase of Baht 4,387 million from the same period of the previous year.*

For the six-month period of 2022, the Company and its subsidiaries reported revenues from construction contracts of Baht 10,514 million, representing 93.79% of total revenues, an increase of Baht 4,387 million or 71.60% from the same period of the previous year. The revenue increased because the Company and its subsidiaries have income from the progress of construction revenue in the Construction of the Railway Project, Den Chai-Chiang Rai-Chiang Khong, Contract 2: Ngao-Chiang Rai Section and the Construction of the Railway Project, Den Chai-Chiang Rai-Chiang Khong, Contract 3: Chiang Rai-Chiang Khong Section and Preliminary Construction Works.

*Cost of construction services amounting to Baht 9,679 million, an increase by Baht 4,054 million from the same period of the prior year.*

For the first six-month of 2022, the Company and its subsidiaries registered cost of construction services amounting to Baht 9,679 million, an increase by Baht 4,054 million or 72.06% from the same period of the prior year. The Company and its subsidiaries' gross profit was Baht 835 million, an increase by Baht 333 million or 66.46% from the same period of prior year due to increased revenues from construction contracts, while gross profit margin was 7.94% compared 8.19% in the year of 2021.

*Administrative Expenses amounting to Baht 965 million, drop by Baht 4 million from the same period of the prior year.*

For the first six-month of 2022, the Company and its subsidiaries had administrative expenses of Baht 965 million, drop by Baht 4 million or 0.41% from the same period of the prior year.

*Share of profit from investments in associated companies of Baht 552*

For the first six-month of 2022, the Company and its subsidiaries had share of profit from investments in associated companies of Baht 552 million, an increase by Baht 86 million or 18.46% from the same period of the prior year. Due to the improved

*million, an increase by Baht 86 million from the same period of the prior year.* operation of Bangkok Expressway and Metro Public Company Limited Moreover, CK Power Public Company Limited have increase operation which mainly from BIC's Revenue from Sale of Electricity and Stream increased.

*Finance cost amount to Baht 694 million and Net-Debt-to-Equity ratio was 1.44 times.* For the first six-month of 2022, the Company and its subsidiaries had finance cost amount Baht 694 million, an increase by Baht 5 million from the same period of the prior year. Because of the Company had issued Debenture. Net-Debt-to-Equity ratio according to the Company's consolidated financial statement was 1.44 times, slightly increases from the end of prior year which was 1.39 times. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debenture.

Statement of Financial Position Unit: Million Baht	June 30, 2022	December 31,2021	Change	
			Amount	%
Assets	81,558.52	83,420.94	(1,862.42)	(2.23)
Liabilities	55,927.00	57,312.98	(1,385.98)	(2.42)
Shareholders' equity	25,631.52	26,107.96	(476.44)	(1.82)

*Total Assets amounted to Baht 81,559 million, decreased by Baht 1,862 million from the end of 2021.* As 30 June 2022, Total Assets amounted to Baht 81,559 million, decreased by Baht 1,862 million from the end of 2021 primarily from the progress of construction revenue which was decreased in Costs to fulfil contracts with customers.

*Total liabilities amounted to Baht 55,927 million, decreased by Baht 1,386 million from the end of 2021.* As 30 June 2022, the Company and its subsidiaries had Total liabilities amounted to Baht 55,927 million, decreased by Baht 1,386 million from the end of 2021. Mainly due to decreased in advance received from employers.

*Total shareholders' equity amounted to Baht 25,632 million, decreased by Baht 476 million from the end of 2021.* As 30 June 2022, the Company and its subsidiaries had Total shareholders' equity amounted to Baht 25,632 million, decreased by Baht 476 million from the end of 2021 due to the decreased in the other components of shareholders' equity.

<b>Cash flow statement for the three-month period ended 30 June 2022</b>	<b>Unit : Million Baht</b>
Net cash flows used in operating activities	(829.68)
Net cash flows used in investing activities	609.41
Net cash flows from financing activities	562.80
Effect of exchange rate changes on cash and cash equivalents	(1.80)
Net increase in cash and cash equivalents	340.72

*Net cash outflow from operating activities of Baht 830 million, Net cash inflow from investing activities of Baht 609 million, Net cash inflows from financing activities of Baht 563 million.*

For the first six-month of 2022, the Company and its subsidiaries had net cash outflow from operating activities of Baht 830 million which was in line with the operating performance. Net cash inflow from investing activities of Baht 609 million mainly from dividend income. Net cash inflows from financing activities were Baht 563 million mainly from issue Debenture. As a result, net cash increased by Baht 341 million.

#### Significant Financial Ratios

	<b>June 30, 2022</b>	<b>December 31,2021</b>	<b>Changes</b>
<b><u>Liquidity Ratio</u></b>			
1. Current Ratio	1.29	1.13	0.16
2. Quick Ratio	0.65	0.52	0.13
<b><u>Leverage Ratios</u></b>			
3. Net Interest-bearing Debt to Total Shareholders' Equity Ratio	1.44	1.39	0.05
4. Interest Coverage Ratio	2.12	2.18	(0.06)

	<b>1H 2022</b>	<b>1H 2021</b>	<b>Changes</b>
<b><u>Profitability Ratios</u></b>			
1. Gross Profit Margin	7.94%	8.19%	(0.25%)
2. Net Profit Margin	3.76%	7.15%	(3.39%)
3. Return on Equity Ratio	3.09%	4.51%	(1.42%)
4. Earnings per share (Baht)	0.25	0.32	(0.07)
<b><u>Efficiency Ratio</u></b>			
5. Return on Fixed Assets	12.57%	15.55%	(2.98%)

Please be informed accordingly.

Sincerely yours

(Mr. Nattavut Trivisvavet and Mr. Anukool Tuntimas)

Directors