

14 November 2022

Subject: Management Discussion and Analysis for the Nine-month Period Ended 30 September 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 nine-month period ended 30 September 2022 as follows:

### **Performance Overview**

Income Statement  Unit: Million Baht	For the nine-month period ended		Change	
	30 September 2022	30 September 2021	Amount	%
Revenues from construction contracts	14,176.25	8,641.53	5,534.72	64.05
Other income	1,152.26	1,679.35	(527.09)	(31.39)
Total revenues	15,328.51	10,320.88	5,007.63	48.52
Cost of construction services	13,093.32	7,934.80	5,158.52	65.01
Administrative expenses	1,445.50	1,413.74	31.76	2.25
Total expenses	14,538.82	9,348.54	5,190.28	55.52
Operating profit	789.69	972.34	(182.65)	(18.78)
Share of profit from investments in associated companies	1,288.33	897.68	390.65	43.52
Finance cost	1,048.76	1,046.41	2.35	0.22
Income tax expenses	28.63	24.77	3.86	15.58
Profit (loss) for the period	1,000.63	798.84	201.79	25.26
Profit (loss) attributable to non-controlling interests of the subsidiaries	8.31	(2.28)	10.59	(464.47)
Profit (loss) attributable to equity holders of the Company	992.32	801.12	191.20	23.87

*Net profit attributable to equity holders of the Company amounting to Baht 992 million, an improvement of Baht 191 million as compared to the same period of the previous year.*

Performance for the nine-month period of 2022, the Company and its subsidiaries had net profit attributable to equity holders of the Company amounting to Baht 992 million, an improvement of Baht 191 million or 23.87% as compared to the same period of the previous year. This was mainly due to the increase by share of profit from investments in associated companies.

*Revenues from construction contracts of Baht 14,176 million, an increase of Baht 5,534 million from the same period of the previous year.*

For the nine-month period of 2022, the Company and its subsidiaries reported revenues from construction contracts of Baht 14,176 million, representing 92.48% of total revenues, an increase of Baht 5,534 million or 64.05% 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 and Contract 3: Chiang Rai-Chiang Khong Section and Preliminary Construction Works.

*Cost of construction services amounting to Baht 13,093 million, an increase by Baht 5,158 million from the same period of the prior year.*

For the first nine-month of 2022, the Company and its subsidiaries registered cost of construction services amounting to Baht 13,093 million, an increase by Baht 5,158 million or 65.01% from the same period of the prior year. The Company and its subsidiaries' gross profit was Baht 1,083 million, an increase by Baht 376 million or 53.23% from the same period of prior year due to increased revenues from construction contracts, while gross profit margin was 7.64% compared 8.18% in the year of 2021.

*Administrative Expenses amounting to Baht 1,446 million, up by Baht 32 million from the same period of the prior year.*

For the first nine-month of 2022, the Company and its subsidiaries had administrative expenses of Baht 1,446 million, up by Baht 32 million or 2.25% from the same period of the prior year from employee-related expenses.

*Share of profit from investments in associated companies of Baht 1,288*

For the first nine-month of 2022, the Company and its subsidiaries had share of profit from investments in associated companies of Baht 1,288 million, an increase

*million, an increase by Baht 390 million from the same period of the prior year.* by Baht 390 million or 43.52% from the same period of the prior year. The growth mainly came from CK Power Public Company Limited which mainly from BIC's Revenue from Sale of Electricity and Stream increased and the improved operation of Bangkok Expressway and Metro Public Company Limited Moreover.

*Finance cost amount to Baht 1,049 million and Net-Debt-to-Equity ratio was 1.38 times.* For the first nine-month of 2022, the Company and its subsidiaries had finance cost amount Baht 1,049 million, close to the same period of the prior year. Net-Debt-to-Equity ratio according to the Company's consolidated financial statement was 1.38 times, slightly decreased 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	30 September 2022	31 December 2021	Change	
			Amount	%
Assets	82,788.44	83,420.94	(632.50)	(0.76)
Liabilities	57,722.36	57,312.98	409.38	0.71
Shareholders' equity	25,066.08	26,107.96	(1,041.88)	(3.99)

*Total Assets amounted to Baht 82,788 million, decreased by Baht 633 million from the end of 2021.* As 30 September 2022, the Company and its subsidiaries had total assets of Baht 82,788 million, decreased by Baht 633 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 57,722 million, increased by Baht 409 million from the end of 2021.* As 30 September 2022, the Company and its subsidiaries had total liabilities amounted to Baht 57,722 million, increased by Baht 409 million from the end of 2021 mainly due to trade and other payables.

*Total shareholders' equity amounted to Baht 25,066 million, decreased by Baht 1,042 million from the end of 2021.* As 30 September 2022, the Company and its subsidiaries had total shareholders' equity amounted to Baht 25,066 million, decreased by Baht 1,042 million from the end of 2021 due to the decreased in the other components of shareholders' equity.

<b>Cash flow statement for the nine-month period ended 30 September 2022</b>	<b>Unit : Million Baht</b>
Net cash flows used in operating activities	(775.36)
Net cash flows from investing activities	3,346.88
Net cash flows used in financing activities	(705.59)
Effect of exchange rate changes on cash and cash equivalents	(1.08)
Net increase in cash and cash equivalents	1,864.85

*Net cash used in operating activities of Baht 775 million, Net cash from investing activities of Baht 3,347 million, Net cash used in financing activities of Baht 706 million.*

For the first nine-month of 2022, the Company and its subsidiaries had net cash used in operating activities of Baht 775 million which was in line with the operating performance. Net cash from investing activities of Baht 3,347 million mainly from dividend income and loan repayment from the associate. Net cash used in financing activities was Baht 706 million mainly from the payment of dividend and repayment of long-term loans. As a result, net cash increased by Baht 1,865 million from the beginning balance.

#### **Significant Financial Ratios**

	<b>30 September 2022</b>	<b>31 December 2021</b>	<b>Changes</b>
<b><u>Liquidity Ratio</u></b>			
1. Current Ratio	1.35	1.13	0.22
2. Quick Ratio	0.66	0.52	0.14
<b><u>Leverage Ratios</u></b>			
3. Net Interest-bearing Debt to Total Shareholders' Equity Ratio	1.38	1.39	(0.01)
4. Interest Coverage Ratio	2.47	2.18	0.29

	<b>30 September 2022</b>	<b>30 September 2021</b>	<b>Changes</b>
<b><u>Profitability Ratios</u></b>			
1. Gross Profit Margin	7.64%	8.18%	(0.54%)
2. Net Profit Margin	6.47%	7.76%	(1.29%)
3. Return on Equity Ratio	4.27%	2.59%	1.68%
4. Earnings per share (Baht)	0.60	0.48	0.12
<b><u>Efficiency Ratio</u></b>			
5. Return on Fixed Assets	15.09%	11.43%	3.66%

Please be informed accordingly.

Sincerely yours

(Mr. Nattavut Trivisvavet and Mr. Anukool Tuntimas)

Directors