

27 February 2023

Subject: Management Discussion and Analysis for Year Ended December 31 , 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 year ended December 31 , 2022 as follows:

Performance Overview

Description	For the		Change	
	year ended December 31		Amount	%
Unit: Million Baht	2022	2021		
Revenues from construction contracts	18,096.70	12,198.80	5,897.90	48.35
Other income	1,563.50	2,220.45	(656.95)	(29.59)
Total revenues	19,660.20	14,419.25	5,240.95	36.35
Cost of construction services	16,710.65	11,235.50	5,475.15	48.73
Administrative expenses	1,926.84	1,914.69	12.15	0.63
Total expenses	18,637.49	13,150.19	5,487.30	41.73
Operating profit	1,022.71	1,269.06	(246.35)	(19.41)
Share of profit from investments in associated companies	1,529.65	1,087.89	441.76	40.61
Finance cost	1,410.83	1,385.59	25.24	1.82
Income tax expenses	20.69	37.89	(17.20)	(45.39)
Profit (loss) for the period	1,120.84	933.47	187.37	20.07
Profit (loss) attributable to non-controlling interests of the subsidiaries	16.23	27.77	(11.54)	(41.56)
Profit (loss) attributable to equity holders of the Company	1,104.61	905.70	198.91	21.96

Net profit attributable to equity holders of the Company amounting to Baht 1,105 million, an improvement of Baht 199 million as compared to the same period of the previous year.

Performance for the year 2022, the Company and its subsidiaries had net profit attributable to equity holders of the Company amounting to Baht 1,105 million, an improvement of Baht 199 million or 21.96% 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 18,097 million, an increase of Baht 5,898 million from the same period of the previous year.

For the year 2022, the Company and its subsidiaries reported revenues from construction contracts of Baht 18,097 million, representing 92.05% of total revenues, an increase of Baht 5,898 million or 48.35% from last 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 16,711 million, an increase by Baht 5,475 million from the same period of the prior year.

For the year 2022, the Company and its subsidiaries registered cost of construction services amounting to Baht 16,711 million, an increase by Baht 5,475 million or 48.73% from the same period of the prior year. The Company and its subsidiaries' gross profit was Baht 1,386 million, an increase by Baht 423 million or 43.89% from the same period of last year due to increased revenues from construction contracts, while gross profit margin was 7.66% compared 7.90% in the year of 2021.

Administrative Expenses amounting to Baht 1,927 million, up by Baht 12 million from the same period of the prior year.

For the year 2022, the Company and its subsidiaries had administrative expenses of Baht 1,927 million, up by Baht 12 million nearly with the same period of the last year from employee-related expenses.

Share of profit from investments in associated companies of Baht 1,530 million, an increase by Baht 442 million from the same period of the prior year.

For the year 2022, the Company and its subsidiaries had share of profit from investments in associated companies of Baht 1,530 million, an increase by Baht 442 million or 40.61% from the same period of the last year. The growth mainly came from CK Power Public Company Limited which mainly from BIC's Revenue from Sale of Electricity and Stream, increased moreover in the traffic volume and the ridership of Bangkok Expressway and Metro Public Company Limited as compared to the last year.

Finance cost amount to Baht 1,411 million and Net-Debt-to-Equity ratio was 1.59 times. For the year 2022, the Company and its subsidiaries had finance cost amount Baht 1,411 million, up by Baht 25 million from the same period of last year because of more short-term loans and debentures. Net-Debt-to-Equity ratio according to the Company's consolidated financial statement was 1.59 times, increased 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 debentures.

Description Unit: Million Baht	December 31 , 2022	December 31 , 2021	Change	
			Amount	%
Assets	85,150.79	83,420.94	1,729.85	2.07
Liabilities	60,684.37	57,312.98	3,371.39	5.88
Shareholders' equity	24,466.42	26,107.96	(1,641.54)	(6.29)

Total Assets amounted to Baht 85,151 million, increased by Baht 1,730 million from the end of 2021. As of December 31, 2022 , the Company and its subsidiaries had total assets of Baht 85,151 million. A growth of Baht 1,730 million from the end of 2021 was primarily from the progress of construction revenue in the new project which was increased in Contract assets.

Total liabilities amounted to Baht 60,684 million, increased by Baht 3,371 million from the end of 2021. As of December 31, 2022, the Company and its subsidiaries had total liabilities amounted to Baht 60,684 million, increased by Baht 3,371 million from the end of 2021 mainly due to short-term loans, trade and other payables and debentures

Total shareholders' equity amounted to Baht 24,467 million, decreased by Baht 1,642 million from the end of 2021. As of December 31, 2022, the Company and its subsidiaries had total shareholders' equity amounted to Baht 24,467 million, decreased by Baht 1,641 million from the end of 2021 due to the decreased in the other components of shareholders' equity.

Cash flow : Description for the year ended December 31 , 2022	Unit : Million Baht
Net cash flows used in operating activities	(3,032.10)
Net cash flows from investing activities	1,107.31
Net cash flows used in financing activities	2,117.67
Effect of exchange rate changes on cash and cash equivalents	(5.54)
Net increase in cash and cash equivalents	187.34

Net cash used in operating activities of Baht 3,032 million, Net cash from investing activities of Baht 1,107 million, Net cash used in financing activities of Baht 2,118 million.

For the year ended of 2022, the Company and its subsidiaries had net cash used in operating activities of Baht 3,032 million which was in line with the operating performance. Net cash from investing activities of Baht 1,107 million mainly from dividend income and loan repayment from the associate. Net cash used in financing activities was Baht 2,118 million mainly from more the short-term loans from financial institutions and debentures. As a result, net cash increased by Baht 187 million from the beginning balance.

Significant Financial Ratios

	December 31,2022	December 31,2021	Changes
<u>Liquidity Ratio</u>			
1. Current Ratio	1.15	1.13	0.02
2. Quick Ratio	0.48	0.52	(0.04)
<u>Leverage Ratios</u>			
3. Net Interest-bearing Debt to Total Shareholders' Equity Ratio	1.59	1.39	0.20
4. Interest Coverage Ratio	2.25	2.18	0.07

	December 31,2022	December 31,2021	Changes
<u>Profitability Ratios</u>			
1. Gross Profit Margin	7.66%	7.90%	(0.24%)
2. Net Profit Margin	5.62%	6.28%	(0.66%)
3. Return on Equity Ratio	4.37%	3.46%	0.91%
4. Earnings per share (Baht)	0.67	0.55	0.12
<u>Efficiency Ratio</u>			
5. Return on Fixed Assets	14.72%	13.39%	1.33%

Please be informed accordingly.

Sincerely yours

(Mr. Nattavut Trivisvavet and Mr. Anukool Tuntimas)

Directors