

May 15 , 2023

Subject: Management Discussion and Analysis for the three-month period ended March 31 , 2023

Attention: President

The Stock Exchange of Thailand

1. Business Overview

CH. Karnchang Public Company Limited operates its core business of two categories, namely, (1) the construction business; and (2) the regional basic infrastructure investment and development business, as well as establishing the long-term goals to strengthen the synergy towards sustainability to ensure stable and sustainable growth of the Company's business operations while also generating maximum benefits for all stakeholders in fulfillment of its visions, missions, and strategies, including financial goals, work plans, and budgets, as well as supervising, controlling, and ensuring the management's operations to be efficiently and effectively carried out in accordance with the specified policies and plans. This also includes monitoring of the operational results to ensure they achieve the objectives and adhere to relevant policies, rules, laws and regulations.

Significant Events in 1Q2023

Company Rating and Issue Rating of CH.Karnchang Public Company Limited

On 11 May 2023, TRIS Rating Co., Ltd. ("TRIS Rating") assigned credit rating of the Company at "A-" (with Stable outlook) and credit rating for all Company's unsecured, unsubordinated debentures at "A-" (with Stable outlook) .

Approval of Dividend Payment from the 2022 Operating Results

On 28 April 2023, the 2023 Annual General Meeting of the Company's shareholders approved the dividend payment from the Company's operational results for the year 2022 of Baht 0.25 per share, totaling not exceeding Baht 416 million such dividend would be paid from the Company's net profit and retained earnings. In this regard, the record date for the right to receive dividend payment for the second half of 2022 was on March 14, 2023. The dividend payment is scheduled to be paid on May 23, 2023.

2. Analysis of Operating Results

The Company had the consolidated operating result and financial position for the three-month period ended March 31 , 2023 as follows:

Description Unit: Million Baht	For the three-month period ended		Change	
	March 31,2023	March 31,2022	Amount	%
Revenues from construction contracts	9,425.32	7,039.39	2,385.93	33.89
Other income	265.62	243.85	21.77	8.93
Total revenues	9,690.94	7,283.24	2,407.70	33.06
Cost of construction services	8,756.18	6,448.94	2,307.24	35.78
Administrative expenses	494.73	468.85	25.88	5.52
Total expenses	9,250.91	6,917.79	2,333.12	33.73
Operating profit	440.03	365.45	74.58	20.41
Share of profit from investments in associated companies	200.11	83.85	116.26	138.65
Finance cost	395.92	330.43	65.49	19.82
Income tax expenses	9.52	4.35	5.17	118.85
Profit (loss) for the period	234.70	114.52	120.18	104.94
Profit (loss) attributable to non-controlling interests of the subsidiaries	17.24	(6.87)	24.11	(350.95)
Profit (loss) attributable to equity holders of the Company	217.46	121.39	96.07	79.14

Net profit attributable to equity holders of the Company amounting to Baht 217 million, an improvement of Baht 96 million as compared to the same period of the previous year.

Performance for the three-month period ended March 31 ,2023, the Company and its subsidiaries had net profit attributable to equity holders of the Company amounting to Baht 217 million, an improvement of Baht 96 million or 79.14% 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 and revenues from construction contracts.

Revenues from construction contracts of Baht 9,425 million, an increase of Baht 2,386 million from the same period of the previous year.

In 1Q2023 , the Company and its subsidiaries reported revenues from construction contracts of Baht 9,425 million, representing 97.26% of total revenues, an increase of Baht 2,386 million or 33.89% as compared to the same period of the previous year. The revenue increased because the Company and its subsidiaries have income from going and new project of construction revenue etc., The Construction Project of the Bang Ban - Bang Sai Flood Drainage Canal and Appurtenant Structures, 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 ,The Construction Project of the MRT Purple Line: Tao Poon - Rat Burana Section and The Luang Prabang Hydroelectric Power Project.

Cost of construction services amounting to Baht 8,756 million, an increase by Baht 2,307 million from the same period of the prior year.

In 1Q2023 , the Company and its subsidiaries registered cost of construction services amounting to Baht 8,756 million, an increase by Baht 2,307 million or 35.78% from the same period of the prior year. The Company and its subsidiaries' gross profit was Baht 669 million, an increase by Baht 79 million or 13.33% because the Company and its subsidiaries have the progress of construction, while gross profit margin was 7.10% compared 8.39% in the year of 2022.

Administrative Expenses amounting to Baht 495 million, up by Baht 26 million from the same period of the prior year.

In 1Q2023 , the Company and its subsidiaries had administrative expenses of Baht 495 million, up by Baht 26 million or 5.52% from the same period of the last year from employee-related expenses.

Share of profit from investments in associated companies of Baht 200 million, an increase by Baht 116 million from the same period of the prior year.

In 1Q2023 , the Company and its subsidiaries had share of profit from investments in associated companies of Baht 200 million, an increase by Baht 116 million or 138.65% from the same period of the last year. The mainly came from Bangkok Expressway and Metro Public Company Limited an increase in revenue which related to an improvement of economic and open country policy was improved ,while CK Power Public Company Limited increase in Share of Loss from Investments in Associates due to lower electricity sales volume, following lower water flow.

Finance cost amount to Baht 396 million and Net-Debt-to-Equity ratio was 1.86 times. In 1Q2023 , the Company and its subsidiaries had finance cost amount Baht 396 million, up by Baht 65 million from the same period of last year because of more short-term loans and increased MLR cost of long term loan. Net-Debt-to-Equity ratio according to the Company’s consolidated financial statement was 1.86 times, increased from the end of prior year which was 1.59 times. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debentures.

Description Unit: Million Baht	March 31 , 2023	December 31 , 2022	Change	
			Amount	%
Assets	93,748.00	85,150.79	8,597.21	10.10
Liabilities	69,156.29	60,684.37	8,471.92	13.96
Shareholders' equity	24,591.71	24,466.42	125.29	0.51

Total Assets amounted to Baht 93,748 million, increased by Baht 8,597 million from the end of 2022.

As of March 31, 2023 , the Company and its subsidiaries had total assets of Baht 93,748 million. A growth of Baht 8,597 million from the end of 2022 was primarily from trade and other receivables and advance payment to subcontractors which receiving the progress of construction revenue in the new project including increased investment in associated companies in Bangkok Expressway and Metro Public Company Limited.

Total liabilities amounted to Baht 69,156 million, increased by Baht 8,472 million from the end of 2022.

As of March 31, 2023, the Company and its subsidiaries had total liabilities amounted to Baht 69,156 million, increased by Baht 8,472 million from the end of 2022 mainly due to short-term loans, trade and other payables .

Total shareholders’ equity amounted to Baht 24,592 million, increased by Baht 125 million from the end of 2022.

As of March 31, 2023, the Company and its subsidiaries had total shareholders’ equity amounted to Baht 24,592 million, increased by Baht 125 million from the end of 2022 from operating results in 1Q2023 and treasury share premium.

Cash flow : Description for the three-month period ended March 31 , 2023	Unit : Million Baht
Net cash flows used in operating activities	(5,827.73)
Net cash flows used investing activities	(1,135.04)
Net cash flows from financing activities	5,873.37
Effect of exchange rate changes on cash and cash equivalents	(1.70)
Net increase in cash and cash equivalents	(1,091.09)

Net cash used in operating activities of Baht 5,828 million, Net cash used investing activities of Baht 1,135 million, Net cash from in financing activities of Baht 5,873 million.

For the first three months of 2023, the Company and its subsidiaries had net cash used in operating activities of Baht 5,828 million which was in line with the operating performance. Net cash used investing activities of Baht 1,135 million mainly from additional investment in associated and loan repayment from the associate. Net cash from financing activities was Baht 5,873 million mainly from more the loans from financial institutions. As a result, net cash decreased by Baht 1,091 million from the beginning balance. As 31 March 2023, the Company and its subsidiaries had cash and cash equivalents of Baht 5,869 million.

Significant Financial Ratios

	March 31,2023	December 31,2022	Changes
<u>Liquidity Ratio</u>			
1. Current Ratio	1.08	1.15	(0.07)
2. Quick Ratio	0.57	0.48	0.09
<u>Leverage Ratios</u>			
3. Net Interest-bearing Debt to Total Shareholders' Equity Ratio	1.86	1.59	0.27
4. Interest Coverage Ratio	2.22	1.91	0.31

	March 31,2023	March 31,2022	Changes
<u>Profitability Ratios</u>			
1. Gross Profit Margin	7.10%	8.39%	(1.29%)
2. Net Profit Margin	2.24%	1.67%	0.57%
3. Return on Equity Ratio	4.73%	3.14%	1.59%
4. Earnings per share (Baht)	0.13	0.07	0.06
<u>Efficiency Ratio</u>			
5. Return on Fixed Assets	16.09%	12.84%	3.25%

Please be informed accordingly.

Sincerely yours

(Mr. Nattawut Trivisvavet and Mr. Anukool Tuntimas)

Directors