

No. CAZ 015-2023

8 May 2023

 Subject: Management Discussion and Analysis for the 1<sup>st</sup> Quarter ended 31 March 2023

Attention: The President, The Stock Exchange of Thailand

CAZ (Thailand) Public Company Limited (“the Company”) and its Subsidiary (“the Group”) would like to clarify the change in operating result for the 1<sup>st</sup> Quarter ended 31 March 2023, which changed in revenue and net profit compared with same period of last year as follows:

## Statement of Comprehensive Income

(Unit : Million Baht)

Details	31 Mar 2023	31 Mar 2022	Increased (Decreased)	(%)
Revenues from construction contracts	877.70	782.25	95.45	12.20
- EPC Service	-	6.35	(6.35)	(100.00)
- Structure Mechanic and Pinging (SMP and E&I Services)	464.71	479.05	(14.34)	(2.99)
- Civil & Building Service	179.10	123.36	55.74	45.18
- General Construction Service	127.81	118.02	9.79	8.30
- Fabrication and Other service	106.08	55.47	50.61	91.24
Cost of construction contracts	(778.22)	(677.09)	101.13	14.94
Gross profit	99.48	105.16	(5.68)	(5.40)
Other income	3.98	0.66	3.32	503.03
Administrative expenses	(25.60)	(22.47)	3.13	13.93
Profit before finance cost and income tax	77.86	83.35	(5.49)	
Finance costs	(2.80)	(5.09)	(2.29)	(44.99)
Profit before income tax	75.06	78.26	(3.20)	(4.09)
Income tax	(15.52)	(15.28)	0.24	1.57
Profit for the year	59.54	62.98	(3.44)	(5.46)
Owners of the parent	55.67	61.97	(6.30)	(10.17)
Non-controlling interests	3.87	1.01	2.86	283.17

#### Revenues from construction contracts

The Group has revenue from construction contracts for the three-month period ended 31 March 2023 totaling of Baht 877.70 Million. Increasing of Baht 95.45 Million, or 12.20% compared with the same period of last year, which was Baht 782.25 Million. Resulted from, projects' work progression of Q1/2023 which signed contracts in previous years. Including, the proportion of work delivered and transferred right of control to customers higher than Q1/2022's works progress which could be revenue recognition. Due to, those projects were on middle stage of construction works. Such as Clean Fuel Project, and Olefins I-4/2 Modification for Propane Feedstock Project etc.

As at 31 March 2023, the Group has backlog for construction services totalling of Baht 2,446.03 Million. Additional, the Group announced new projects awarded total contract value of Baht 1,365.00 Million (reference to notification of project awarded no. CAZ-013-2023, dated 3 May 2023). Lead to, the Group has backlog totaling of Baht 3,811.03 Million.

#### Administrative expenses

The Group's administrative expenses for Q1/2023 ended 31 Mar 2023, totalling of Baht 25.60 Million, increased of Baht 3.13 Million, or 13.93% compared with Q1/2022 which was totaling of Baht 22.47 million. Due to the increased of employee expenses.

#### Finance costs

The Group has financial costs during Q1/2023 totaling of Baht 2.80 Million, decreased of Baht 2.29 Million or 44.99%, compared to the same period of last year which finance costs was totaling of Baht 5.09 Million. Due to repayment short-term loan which used as existing ongoing projects' working capital to financial institutes according to the maturity dates of each short-term loan.

#### Profitability

Gross profit and net profit of the first quarter ended 31 March 2023 and 2022 as follows;

Profitability	Q1/2023		Q1/2022	
	Million Baht	%	Million Baht	%
Gross profit	99.48	11.33	105.16	13.44
Profit attributable to owners of the parent	55.67	6.30	61.97	7.92

On Q1/2023, the Group's gross profit totaling of Baht 99.48 Million, considered to gross profit margin of 11.33%. Compared with Q1/2022 totaling of Baht 105.16 Million or gross profit margin of 13.44%. The reasons of gross profit margin decreased from same period of last year. Resulted from, the Group has updated and improved budget costs of some projects during the period. Including, projects which signed contract in previous years which has high profit margins were in the final stages and on the process of deliver work to the client. It leads to the revenue of those projects have not much proportion to be recognized.

Q1/2023, the Group's has net profit attributable to owners of the parent totaling of Baht 55.67 Million, considered to net profit margin of 6.31%. Decreased from Q1/2022 with a net profit attributable to the parent company totaling of Baht 61.97 Million, or net profit margin of 7.92%. The reasons were the updated and adjustment of budget costs of some projects, including employee expenses increased during the period as mention above.

Statement of Financial Position

(Unit: Million Baht)

Details	31 Mar 2023	31 Dec 2022	Increased (Decreased)	% Changed
Assets				
Current assets				
Cash and cash equivalents	153.34	116.41	36.93	31.72
Trade and other current receivables	453.85	452.42	1.43	0.32
Contract assets	721.38	589.25	132.13	22.42
Inventories	22.39	46.97	(24.58)	(52.32)
Withholding tax deducted at source	-	35.72	(35.72)	(100.00)
Other current assets	11.53	8.02	3.51	43.77
<b>Total current assets</b>	<b>1,362.49</b>	<b>1,248.79</b>	<b>113.70</b>	<b>9.10</b>
Non-current assets				
Restricted deposit at financial institution	7.73	7.73	-	-
Property, plant and equipment	546.75	536.92	9.83	1.83
Intangible assets	12.29	12.78	(0.49)	(3.83)
Retention receivables	131.19	220.29	(89.10)	(40.45)
Withholding tax deducted at source	68.88	57.98	10.90	18.80
Deposits	4.22	3.93	0.29	7.38
Deferred tax assets	3.05	2.94	0.11	3.74
<b>Total non-current assets</b>	<b>774.11</b>	<b>842.57</b>	<b>(68.48)</b>	<b>(8.13)</b>
<b>Total assets</b>	<b>2,136.60</b>	<b>2,091.36</b>	<b>45.24</b>	<b>2.16</b>
Liabilities and equity				
Current liabilities				
Short-term borrowing from financial institutions	197.00	175.30	21.70	12.38
Trade and other current payables	440.99	369.31	71.68	19.41

Details	31 Mar 2023	31 Dec 2022	Increased (Decreased)	% Changed
Contract liabilities	424.69	527.88	(103.19)	(19.54)
Current portion of long-term borrowings from financial institutions	77.44	77.76	(0.32)	(0.41)
Current portion of Lease liabilities	22.10	22.70	(0.60)	(2.64)
Other current liabilities	36.31	43.01	(6.70)	(15.58)
<b>Total current liabilities</b>	<b>1,198.53</b>	<b>1,215.96</b>	<b>(17.43)</b>	<b>(1.43)</b>
Non-current liabilities				
Long-term borrowing from financial institutions	-	8.62	(8.62)	(100.00)
Lease liabilities	21.71	11.83	9.88	83.52
Retention payables	29.35	28.11	1.24	4.41
Non-current provisions for employee benefits	6.15	5.52	0.63	11.41
<b>Total non-current liabilities</b>	<b>57.21</b>	<b>54.08</b>	<b>3.13</b>	<b>5.79</b>
<b>Total liabilities</b>	<b>1,255.74</b>	<b>1,270.04</b>	<b>(14.30)</b>	<b>(1.13)</b>
Equity				
Share Capital – Authorized	147.00	147.00	-	-
Issued and paid-up	147.00	147.00	-	-
Share premium	246.11	246.11	-	-
Retained earning				
Appropriated - legal reserve	14.70	14.70	-	-
Unappropriated	449.67	394.00	55.67	14.13
Equity attributable to owners of the parent	8.45	8.45	-	-
<b>Equity attributable to owners of the parent</b>	<b>865.93</b>	<b>810.26</b>	<b>55.67</b>	<b>6.87</b>
Non-controlling interests	14.93	11.06	3.87	34.99
<b>Total equity</b>	<b>880.86</b>	<b>821.32</b>	<b>59.54</b>	<b>7.25</b>
<b>Total liabilities and equity</b>	<b>2,136.60</b>	<b>2,091.36</b>	<b>45.24</b>	<b>2.16</b>

#### Assets

As at 31 March 2023, the Group's total assets of Baht 2,136.60 Million, increased of Baht 45.24 Million, or 2.16%, compared with as at 31 December 2022, which total assets totaling of Baht 2,091.36 Million. Changing of total assets as following;

##### Current assets; comprising of

- Cash and cash equivalents totaling of Baht 153.34 Million, increased of Baht 36.93 Million from last year.  
 Due to, cash received from Revenue Department for the refundable of withholding tax at source of the year 2021 during the period.

- Contract assets totaling of Baht 721.38 Million, increased from last year totaling of Baht 132.13 Million. Resulted from, the revenue recognized from percentage of projects' work completion during the period which be able to transfer right of control and issue invoices to clients in next periods.
- Inventories of Baht 22.39 Million, decreased from the previous year of Baht 24.58 Million. Resulted from material used of construction and fabrication works during the period for projects on hand.

Non-current assets: comprising of

- Retention receivables of Baht 131.19 Million, decreased of Baht 89.10 Million from last year. Due to, the delivery of some projects that were completed and the retention money could be refunded from customers during the period follow by contract's condition.
- Withholding tax deducted at source total of Baht 68.88 Million. Increasing of Baht 10.90 Million, compared with last year. Due to, the invoices received from customers during the three-month period ended 31 March 2023.

Liabilities

As at 31 March 2023, the Group's liabilities total of Baht 1,255.74 Million, decreased of Baht 14.30 Million, or 1.13% compared with 31 December 2022. Changing of total liabilities consist of:

- The Group has short-term loan which used as working capital for existing construction projects on hand during period totaling of Baht 274.44 Million. These loans were reduced by repayment of debt on maturity date. Leads to the loans decreasing of Baht 21.38 Million.
- Trade and other payables totaling of Baht 440.99 Million, increased totaling of Baht 71.68 Million. Resulted from, purchased of construction materials and consumable from suppliers and subcontractors during the period.
- Contract liabilities total of Baht 424.69 Million, decreased of Baht 103.19 Million, compared with last year.

Comprising as follows;

- 1) Construction income received in advance (the value of total billed by contract's milestone payment condition which was higher than revenue recognition of this period) total of Baht 398.42 Million, decreased of Baht 84.70 Million. Resulted from, the Group could record revenue recognition by transferred the right of control on goods and services to customer during the period from contract liabilities of last year.

2) Advance received from construction contracts total of Baht 26.28 Million. Decreased of Baht 18.47 Million from last year, due to the decreasing in proportion to billing received from customers. These amount were reduced by portion of milestone's payment which complied with contracts conditions.

#### Equity

The shareholders' equity to the parent Company as of 31 March 2023, total of Baht 865.92 Million, increased from previous year, total of Baht 55.67 Million, or 6.87%. Resulted from, the Group's operating results with net profit attributable to owners of the parent for the 3-months period ended 31 March 2023.

#### Key financial ratios

As at 31 March 2023, the key financial were similar when compared with last year. The Group have significant changed in ratios as following;

- Current ratio was 1.03 times.
- Debt to Equity ratio (D/E) was 1.45 times.

Please be informed accordingly.

Sincerely yours,

(Mr. Chung Sik Hong)

Chief Executive Officer