

Subject: Management Discussion and Analysis (MD&A) for the three-month and six-month periods ended June 30, 2023

To: The President, the Stock Exchange of Thailand

The Secretary, the Office of the Securities and Exchange Commission (SEC)

Christiani & Nielsen (Thai) Public Company Limited (“the Company”) and its subsidiaries herebelow submit the management discussion and analysis (MD&A) report for the three-month and six-month periods ended June 30, 2023.

Economic Outlook Overview

World Economy

The global economy has been showing signs of slow expansion in the latter half of 2023. In June 2023, The SCB EIC's Global revised the World GDP Growth forecast slightly down from 2.3% to 2.1% due to a continuous decline in the manufacturing sector while the service sector is expanding at a slow pace but remains sturdy.

The global inflationary pressures have reduced but remain at a high level as evidenced by, for example, the attempt of the US. Federal Reserve Board to raise interest rates to reach its long-term inflation target of 2% (the highest inflation rate in the US was 9.1% in 2022).

Thai Economy 2023

Several financial institutions have a positive view for the Thai economy for the latter half of 2023 compared to the first half amidst several factors and uncertainties as explained below:

Supporting Factors:

- Continuous recovery in consumer spending.
- Continuous and strong growth of tourists that supports the service sector.

Country Internal Risks:

- Political instability and lack of clarity affecting the formation of the new government to address the country's issues. Slow formation of the new government leads to delay in government spending and reduced confidence in the government. The situation may be at risk of turning into political conflicts whereby some population may not accept the new government.
- Weather related problems and drought which are expected to occur in the latter half of the year.

External Factors:

- Global economic slowdown affecting exports, with export values currently remaining sluggish.
- Global financial stability issues.

Due to prolonged economic stagnation, Thai small businesses are highly vulnerable. According to the data from the SCB EIC, the proportion of zombie firms is expected to significantly increase to as high as 29% in 2023 vs. 16.6% in 2019.

On August 2, 2023, the BOT raised the policy interest rate for the fourth time in the year, bringing it to 2.25% per year. While this move aims to curb inflation, it also slows down investment expansion due to increased financial costs and the tight credit measures in place.

Overall, GDP growth is projected to increase from 2.6% in 2022 to 3.0-3.5% in 2023.

Construction Industry Overview

The construction industry's sluggishness has persisted since 2021. Investments, both public and private, have remained low. The value of public construction projects in 2023 is expected to experience slight growth, which results from progress of the continuing projects initiated in the past and a higher rate of disbursement compared to previous years. However, several challenges remain which may have a negative impact on the construction industry, such as the uncertainties caused by the formation of a new government after the May 2023 election, which still awaits clear results to shape the 2024 budget and approve new state construction projects.

The private construction sector also shows a slow growth rate this year to accommodate the recovery of purchasing power. Investment remains at risk due to financial liquidity concerns, strict credit measures, and the clarity and stability of the new government. As only a few developed projects make progress and enter the actual construction phase, the competition is anticipated to intensify since all participants need to secure business opportunities to ensure their survival.

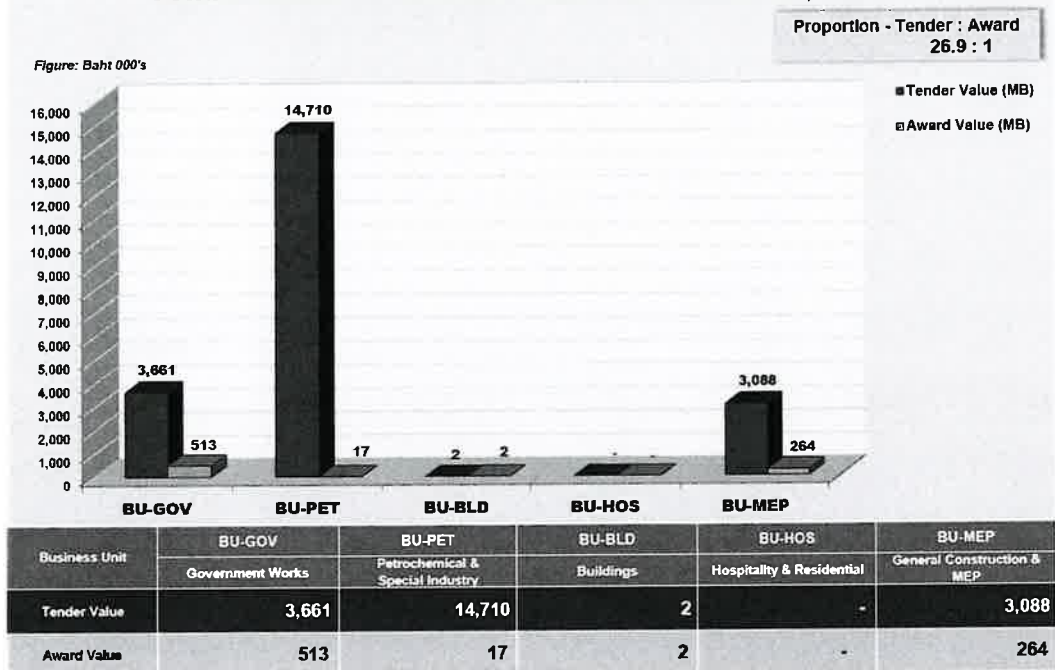
Both domestic and foreign investors have significantly expanded their investments in specific sectors, such as the EV automotive business and related industries. This has led to Chinese and Japanese firms taking up construction projects in these sectors, capitalizing on their technological readiness and competitive pricing advantages.

The overall outlook for the construction industry is expected to improve when the government is formed, and investment confidence increases. This is anticipated to be seen in the fourth quarter of 2023.

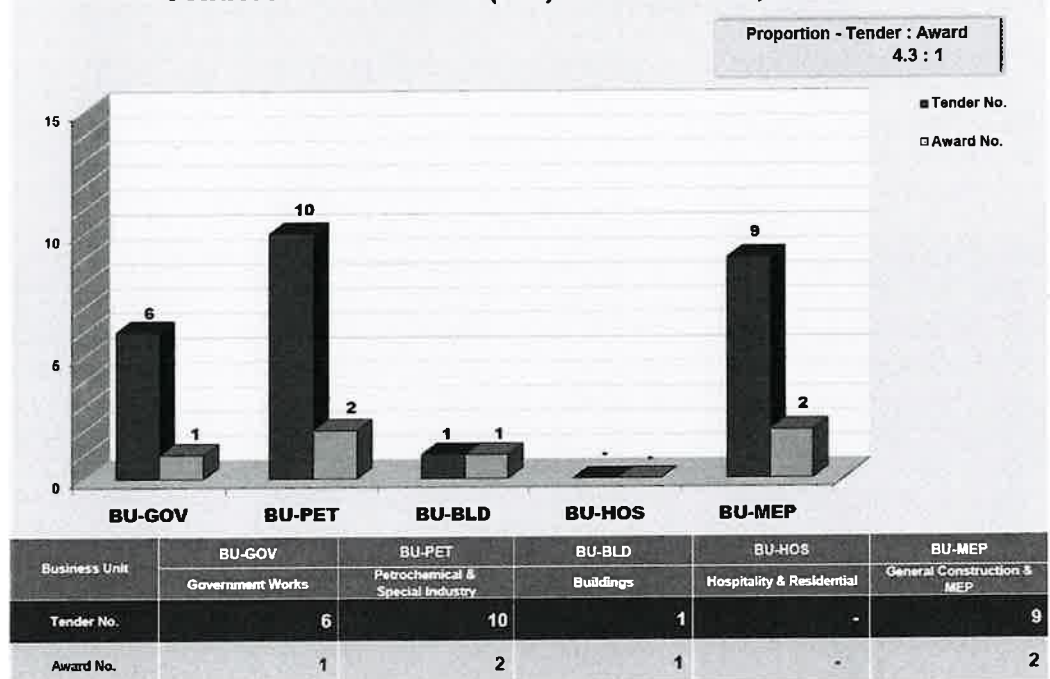
Company Business Overview

Overview of tenders and awards up to the first half of 2023

Tender value VS Awarded value as of June 30, 2023



Tendered VS Awarded (No.) as of June 30, 2023



The Company participated in bidding for 26 projects with a total contract value of 21,461 million baht and won six projects worth THB 797 million. The bid-to-win ratio stood at 4.3:1 in terms of the number of projects and 26.9:1 in terms of the contract value.

In July 2023, the Company won additional contracts with the value of THB 190 million for an office building construction project for Thai Tokai Carbon Products Co., Ltd., and a 19-million-baht project for the construction of road and parking lot for the Khon Kaen-Ram Hospital, as an extension of the existing project. The company has accelerated to secure additional projects to increase its backlog to ensure work continuity following the upcoming completed projects.

Market Situation, Competition and Direction in the Second Half of 2023

Although various projects from both the public and private sectors are still progressing slowly, there are still some projects that are being developed and expanded. These projects include hospital projects, projects related to the EV automotive business and its associated industries, warehouse management projects, data center projects, food processing industry projects, office, and residential projects. However, overall, the number of projects that are tendered remains relatively low compared to the demand from construction contractors.

Overview of tenders in the Second Half of 2023

Despite these challenges, the company is actively competing and participating in new projects bidding during the latter half of the year. There are approximately THB 13,000 million worth of projects available for bidding, presenting an estimated opportunity to secure contracts valued between THB 1,000 and 2,000 million. The company's current backlog is approximately THB 9,000 million.

Alternate Energy Solutions Business (CNES, a Subsidiary Company)

CNES and its wholly owned subsidiary CNESD1 have continued their usual progress and till the completion of the 1st half of the Year 2023, have had several additions to their portfolio. The execution of a 500KWp solar rooftop for Khon Kaen Airport Extension within 1 month has been one of the remarkable performances during this period, CNES has commenced projects with the reputed Bangkok Dusit Medical Services (BDMS) Group as well as getting the distinction of signing power purchase agreements (PPA) directly with Japanese organizations, namely Resonac Materials (Thailand) and Mitutoyo Thailand. Furthermore, CNESD1 got the distinction of being one of the pioneering brands promoting Power Storage Backup by integrating a 3200KVA power backup system with enhanced batteries (with C 6 rating) in its 25 year PPA Project with Thai Asia P.E. Pipe Company Limited. Going forward, the rest of the year will be focused on maintaining the work on hand, strengthening the base of the organization by tightened back-office support and preparing for the progression to the next level.

Management Discussion and Analysis (MD&A)**Performance Overview**

The results as reviewed by EY Office Ltd. present the Company performance in the first half of 2023, wherein the Company recorded a total revenue of THB 4,007.6 million, that is, a THB 1,478.7 million or 58.5% increase from THB 2,528.9 million from the same period of the previous year, with a gross profit at 3.4%, net profit before tax of THB 7.8 million and net loss after tax of THB 5.9 million.

As of 30 June 2023, the Company had total assets of THB 7,081 million, total liabilities of THB 5,437 million, and total shareholders' equity of THB 1,644 million.

Financial Performance

CHRISTIANI & NIELSEN (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF INCOME FOR THE THREE AND SIX MONTH PERIOD ENDED 30 JUNE 2023

| | FOR THE THREE - MONTH PERIOD ENDED 30 JUNE | | | | FOR THE SIX MONTH PERIOD ENDED 30 JUNE | | | |
|--|--|----------------|--------------|----------------|--|----------------|----------------|----------------|
| | (unit: Million Baht) | | | | (unit: Million Baht) | | | |
| | Consolidated financial statements | | | | Consolidated financial statements | | | |
| | 2023 | 2022 | Var. | | 2023 | 2022 | Var. | |
| | | | Inc./ (Dec.) | % Inc./ (Dec.) | | | Inc./ (Dec.) | % Inc./ (Dec.) |
| Revenues | | | | | | | | |
| Construction income | 2,233.8 | 1,281.4 | 952.4 | 74.3% | 3,972.6 | 2,500.7 | 1,471.9 | 58.9% |
| Revenue from sales and services | 9.7 | 3.8 | 5.9 | 155.3% | 25.1 | 23.4 | 1.7 | 7.3% |
| Rental income | 2.8 | - | 2.8 | 100.0% | 5.5 | - | 5.5 | 100.0% |
| Total Operating revenues | 2,246.3 | 1,285.2 | 961.1 | 74.8% | 4,003.2 | 2,524.1 | 1,479.0 | 58.6% |
| % of total revenues | 99.9% | 99.8% | | | 99.9% | 99.8% | | |
| Other income | 3.3 | 3.0 | 0.3 | 10.8% | 4.4 | 4.8 | (0.4) | (8.3%) |
| Total revenues | 2,249.6 | 1,288.2 | 961.4 | 74.6% | 4,007.6 | 2,528.9 | 1,478.7 | 58.5% |
| Costs of construction | 2,165.1 | 1,247.3 | 917.8 | 73.6% | 3,837.2 | 2,418.0 | 1,421.2 | 58.6% |
| Cost of sales and services | 17.7 | 7.8 | 9.9 | 128.9% | 28.8 | 24.0 | 4.8 | 20.0% |
| Cost of rental | 1.5 | - | 1.5 | 100.0% | 2.8 | - | 2.8 | 100.0% |
| Total operating costs | 2,184.3 | 1,255.1 | 929.2 | 74.0% | 3,868.8 | 2,440.0 | 1,428.8 | 58.5% |
| Gross Margin | 62.0 | 30.1 | 31.9 | 105.9% | 134.8 | 84.1 | 50.5 | 60.0% |
| % Gross Margin | 2.8% | 2.3% | | | 3.4% | 3.3% | 0.0% | |
| Administrative expenses | 71.9 | 61.1 | 10.8 | 17.7% | 138.9 | 121.1 | 17.8 | 14.7% |
| % Administrative expenses / Total reven | 3.2% | 4.7% | | | 3.5% | 4.8% | | |
| Profit (Loss) from operating activities | (6.6) | (28.0) | 21.4 | (76.4%) | 0.1 | (32.2) | 32.3 | (100.3%) |
| Finance income | 9.6 | 21.2 | (11.6) | (54.7%) | 18.0 | 22.5 | (4.5) | (20.0%) |
| Finance cost | (7.4) | (1.3) | 6.1 | 460.2% | (10.3) | (2.7) | (7.6) | (281.5%) |
| Profit (Loss) before income tax expenses | (4.4) | (8.1) | 3.7 | (45.5%) | 7.8 | (12.4) | 20.2 | (162.0%) |
| Corporate income tax | 0.5 | 1.4 | (0.9) | (66.7%) | (13.7) | (6.6) | 7.1 | (107.6%) |
| Net Profit (Loss) for the period | (3.9) | (6.7) | 2.8 | (41.3%) | (5.9) | (19.0) | (13.1) | 68.0% |
| % Net Profit (Loss) / Total revenues | (0.2%) | (0.5%) | | | (0.1%) | (0.8%) | | |
| Earnings per share | | | | | | | | |
| Basic earnings per share | | | | | | | | |
| Profit (Loss) attributable to equity holders of the Company (Baht) | (0.001) | (0.005) | 0.004 | (72.5%) | (0.002) | (0.017) | 0.015 | (88.8%) |

The consolidated financial statements of the Company and its subsidiaries for the three month period ended June 30 2023 show a net loss of THB 3.9 million, which is THB 2.8 million decrease vs. net loss of THB 6.7 million in the same quarter of the previous year, due primarily to the increase in construction income of THB 952.4 million or the increase of 74.3% of THB 1,281.4 million in the second quarter of 2023. This is due to the gradual recognition of income from large scale works carried over from the previous year. In 2023, the gross margin percentage of the Company increased from 2.3% in the same quarter of 2022 to 2.8%, resulting in the increase of absolute gross margin to THB 31.9 million or 105.9%. However, the administrative expenses have increased to THB 10.8 million due to the Company has administrative expenses related to the administrative expenses of the newly established subsidiary company of THB 9.6 million. The net financial income from financial cost has decreased THB 17.7 million and the corporate income tax has decreased THB 0.9 million, resulting in the financial performance in the consolidated financial statements of the Company and its subsidiaries showing a net loss of THB 3.9 million, a THB 2.8 million decrease from the net loss of THB 6.7 million in the same period of the previous year.

For the first half of 2023, the consolidated financial statements of the Company and its subsidiaries show net profit before corporate income tax of THB 7.8 million, a THB 20.2 million increase in net profit before corporate income tax in comparison to the net loss before corporate income tax of THB 12.4 million in the same period of the previous year.

The total revenue is THB 4,007.6 million, an increase of THB 1,478.7 million or 58.5% from THB 2,528.9 million from the same period of previous year, due primarily to THB 1,471.8 million increase in construction income or 58.9% of THB 2,500.7 million from the first half of 2022. Cost of construction, rental, and sales and services was THB 3,868.6 million, an increase of THB 1,428.6 million or 58.5% which is in line with the increase of construction income. The gross profit margin slightly increased by THB 50.5 million with the slight increase in gross margin percentage from 3.3% to 3.4%, mainly due to the gradual recognition of income from large scale works in the first half of 2023 previously hindered by the COVID situation which the Company could not recognize the construction income. In 2023, the Company has income from the rental of office space in the Company's office building of THB 5.5 million.

Moreover, the Company's net financial income from financial cost in the first half of 2023 decreased by THB 12 million due to the increase in short-term borrowing to support a construction project with a long credit period and also that extended the credit period beyond its construction contract. In addition there is a significant increase in the rate of interest when compared to the previous year. The Company has administrative expenses related to the newly established subsidiary company in first half of 2023 of THB 14 million and an increase in corporate income tax of THB 7.1 million. The consolidated financial statements of the Company and its subsidiaries for the first half of 2023 show a net loss after the corporate income tax of THB 5.9 million, a THB 13.1 million decrease from the net loss of THB 19 million in the same period of the previous year.

Administrative expenses increased by THB 17.8 million, of which THB 14 million is attributed to the newly established subsidiary in the first half of 2023 plus an increase in employee related expenses of about THB 3.5 million. Although the Company has had interest income from a customer of a large project as per Construction Contract since middle of 2022, there is also an increase in finance cost from more loan drawdown and interest rate increase from financial institutions. This resulted in a decrease in net financial income by THB 12 million. Therefore, the Company had a net profit before income tax amounting to THB 7.8 million, deferred tax payable and corporate tax for this period of THB 13.7 million, resulting in a THB 5.9 million net loss.

The sales and service segments operated by a subsidiary in Thailand, providing solar, wind and other renewable energy solutions, generated THB 40 million in total revenues from sales and service in the first half of 2023 ended June 30, 2023, and incurred a net loss of THB 9 million. However, taking into consideration the backdrop of the objective of the Company to develop PPA Assets, the Company expects to generate long term returns.

CNDCM, the new subsidiary registered on 3 February 2023 successfully secured a project for wellness center and restaurant project in Phuket with contract value of THB 180 million. CNDCM is continuously bidding for more projects to expand construction business for CNT group of companies.

Statements of Financial Position Analysis
STATEMENTS OF FINANCIAL POSITION

(unit : Million Baht)

| | Consolidated financial statements | | | |
|---|--|----------------|--------------|---------------|
| | 30 Jun. 23 | 31 Dec. 22 | Inc. (Dec.) | % Inc. (Dec.) |
| Assets | | | | |
| Cash and cash equivalents | 107.3 | 212.0 | (104.7) | (49.4%) |
| Trade and other receivables | 2,160.1 | 1,499.7 | 660.4 | 44.0% |
| Contract assets | 1,729.4 | 1,566.7 | 162.7 | 10.4% |
| Inventories | 80.0 | 101.7 | (21.7) | (21.3%) |
| Advance payments to subcontractors | 415.5 | 452.6 | (37.1) | (8.2%) |
| Withholding tax deducted at source | 327.3 | 251.9 | 75.4 | 29.9% |
| Other current assets | 21.0 | 22.5 | (1.5) | (6.7%) |
| Total current assets | 4,840.6 | 4,107.1 | 733.5 | 17.9% |
| Other non-current financial assets | 17.4 | 17.4 | - | 0.0% |
| Investment properties | 326.1 | 264.2 | 61.9 | 23.4% |
| Property, plant and equipment | 1,803.0 | 1,690.0 | 113.0 | 6.7% |
| Right-of-use assets | 59.7 | 93.5 | (33.8) | (36.1%) |
| Other non-current assets | 34.6 | 30.0 | 4.6 | 15.3% |
| Total non-current assets | 2,240.8 | 2,095.1 | 145.7 | 7.0% |
| Total assets | 7,081.4 | 6,202.2 | 879.2 | 14.2% |
| Liabilities | | | | |
| Bank overdraft and short-term loans from financial institutions | 942.1 | 370.8 | 571.3 | 154.1% |
| Trade and other payables | 2,735.8 | 2,271.7 | 464.1 | 20.4% |
| Contract liabilities | 1,056.2 | 1,213.3 | (157.1) | (12.9%) |
| Short term provision | 225.0 | 275.1 | (50.1) | (18.2%) |
| Liabilities under lease agreements | 60.6 | 68.8 | (8.2) | (11.9%) |
| Provision for long-term employee benefits | 197.5 | 188.4 | 9.1 | 4.8% |
| Other liabilities | 220.0 | 164.7 | 55.3 | 33.6% |
| Total liabilities | 5,437.2 | 4,552.8 | 884.4 | 19.4% |
| Shareholders' equity | | | | |
| Equity attributable to Owners of the Company | 1,633.0 | 1,634.3 | (1.3) | (0.1%) |
| Non-controlling interests of the subsidiary | 11.2 | 15.1 | (3.9) | (25.8%) |
| Total shareholders' equity | 1,644.2 | 1,649.4 | (5.2) | (0.3%) |
| Total liabilities and shareholders' equity | 7,081.4 | 6,202.2 | 879.2 | 14.2% |

As of 30 June 2023, the Company had total assets of THB 7,081 million, total liabilities of THB 5,437 million, and total shareholders' equity of THB 1,644 million, as outlined below:

Assets

As of 30 June 2023, the total assets of THB 7,081 million increased by THB 879 million or 14.2% compared to those as of 31 December 2022 as a result of the increase of THB 734 million in the current assets and THB 146 million in the non-current assets for the following reasons:

Current assets increased by THB 734 million mainly from the trade and other receivables that rose by THB 660 million due to the higher construction income. The Company has been able to deliver more work as construction projects have progressed as planned under its ongoing and close monitoring of the work. The Company also provided longer than usual credit term to a major customer this year. Advance payment also decreased by THB 37 million. Withholding corporate income tax rose by THB 75.4 million due to the higher construction income. Cash and cash equivalent decreased by THB 105 million as the Company provided working capital to its subsidiaries for operation and investment.

Non-current assets increased by THB 146 million mainly from THB 62 million increase in investment properties mainly because of acquisition of property, plant and equipment (PPE) for future economic use and the reclassification of the unused office space that has been leased out as investment property. Right-of-use assets decreased by THB 33.8 million. PPE net of depreciation for the period increased by THB 113 million from the construction works in progress of solar power plants of the subsidiary companies worth THB 150 million.

Liabilities

As of 30 June 2023, the Company's total liabilities were posted at THB 5,437 million, an increase of THB 884 million or 19.4% compared to 31 December 2022. During the first half of 2023, the Company and its subsidiaries had more short-term borrowings of THB 571.3 million as working capital for large construction projects with a longer than usual credit period according to the contract mentioned above. Trade and other payables of the Company and its subsidiaries increased by THB 464.1 million. This was in line with the increasing costs in proportion to the increasing income and liabilities arising from contracts decreased and provisions for short-term liabilities from estimated expenses for construction projects decreased in the amount of THB 157.1 million and THB 50 million, respectively.

Shareholders' equity

As of 30 June 2023, the shareholders' equity was THB 1,644 million, a decrease of THB 5 million or 0.3% compared to that as of 31 December 2022, due to the net loss of THB 5.9 million for the six-month period of 2023.

Financial Ratios (Liquidity)

As of 30 June 2023, there was no adverse impact on liquidity since the Company had sufficient credit facilities. The financial liquidity or current ratio of the Company as stated in the consolidated financial statements stood at 0.94 times, a slight change from that as of the end of 2022. The debt-to-equity ratio slightly increased from 2.76 times in 2022 to 3.31 times. This is because more loans were taken from financial institutions in the first half of 2023 for working capital in the large construction project which had a longer than usual credit term as per the construction contract as explained above. The loans are also used to support working capital requirements for the Company's subsidiaries.

Financial Ratio (Consolidated)

| | | 30 Jun. 23 | 31 Dec. 22 |
|----------------------|-------|------------|------------|
| Current Ratio | Times | 0.94 | 0.96 |
| Debt to Equity Ratio | Times | 3.31 | 2.76 |

The upcoming SET Opportunity Day (quarterly investor presentation) will be held from 11.15 - 12.00 hours on 29 August 2023 via the SET live webcasts. We hope that you, as shareholders, investors, and analysts, will attend this online event at which the Company will get a chance to thoroughly discuss the results of the first half of 2023.

Please be informed accordingly.

Yours faithfully,
Christiani & Nielsen (Thai) Public Company Limited
 – Signature –
 (Surasak Osathanugraha)
 Director and Company Secretary