



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

Economic Outlook Overview

Global Economy

The International Monetary Fund (IMF) has assessed the global economy as gradually recovering from the crisis. However, the growth trajectory of several countries remains fragile, especially in the United States and China.

This is due to the lingering effects of the previous crisis combined with the impact of high-interest rates, as well as the risks emanating from the property crisis in China and persisting in several other countries such as Vietnam, the Eurozone, and the United States. Additionally, fluctuating consumer goods prices and energy price could be affected by the ongoing Israeli-Hamas conflict.

Overall, the global economic growth rate for the year 2024 is projected to decrease from the initial 3.0% to 2.9%.

Thai Economy 2023

The Bank of Thailand (BOT) has disclosed that the overall Thai economy is continuing its gradual recovery, with a GDP growth rate of 2.8% in 2023 and a projected 4.4% in 2024.

Despite investments being boosted by domestic economic activities and tourism recovery, there are still negative factors stemming from global trade conditions and the uncertainties of trading partners. Recently, political unrest in Israel has added further complexity.

Private sector investments are currently growing at a slower pace, even with an increased number of investment promotion projects from the Board of Investment (BOI).

These investments are primarily in the electric appliances and electronics components industry, followed by agriculture and food processing, automotive, and parts manufacturing. Nonetheless, it is anticipated that these are positive signals for the next 1-2 years to support the expected economic recovery.

Construction Industry Overview

The downturn of construction industry remains unchanged since 2021 and persists up to the present. Both public and private sector investments remain low. Currently, there are factors that could adversely affect the construction industry, such as the delay in budget



planning for the fiscal year 2024, which is postponed beyond the normal schedule by about 6 months. This has consequences for new government project investments in the fourth quarter of 2023 and the first quarter of 2024. As a result, state construction projects are expected to start investing and disburse funds soonest in the second quarter of 2024.

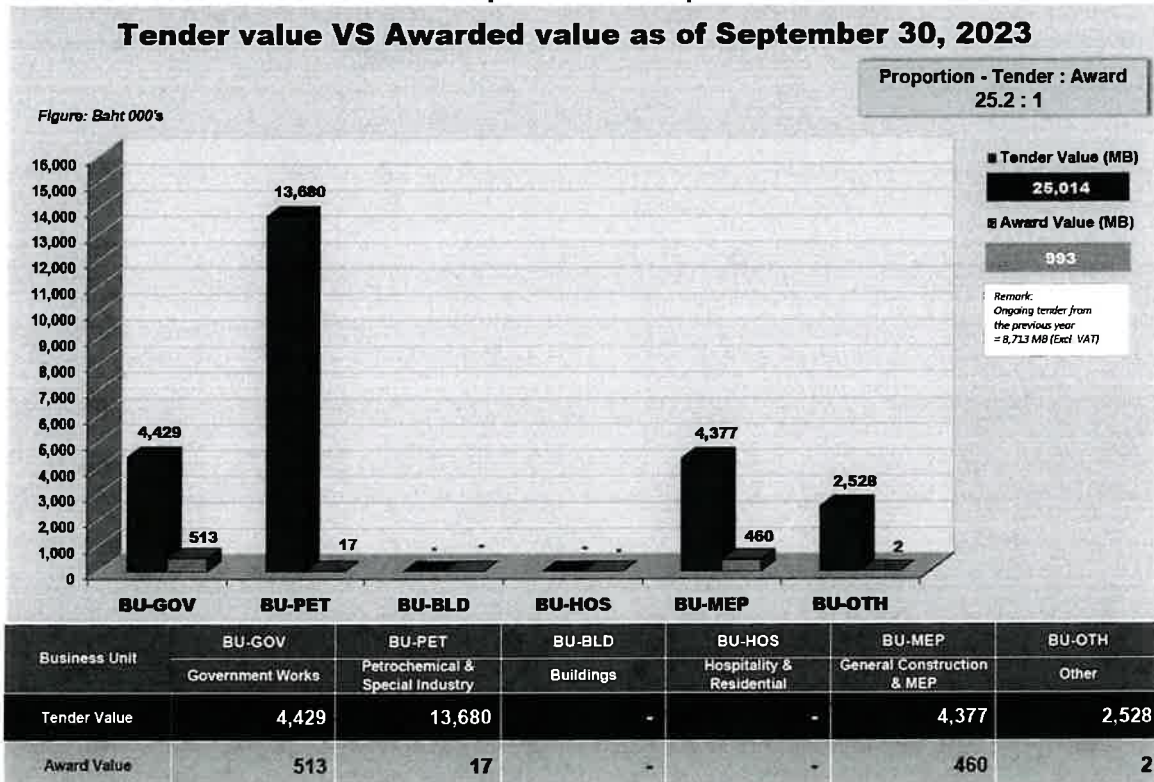
The value of private sector construction work is still growing slowly, in order to accommodate the recovery of consumer purchasing power. However, there remains a high risk in terms of financial liquidity. Strict credit measures, as well as clear government policy implementation, are necessary. When the projects developed for actual construction are limited in number, it leads to intense competition ahead to secure and safeguard businesses.

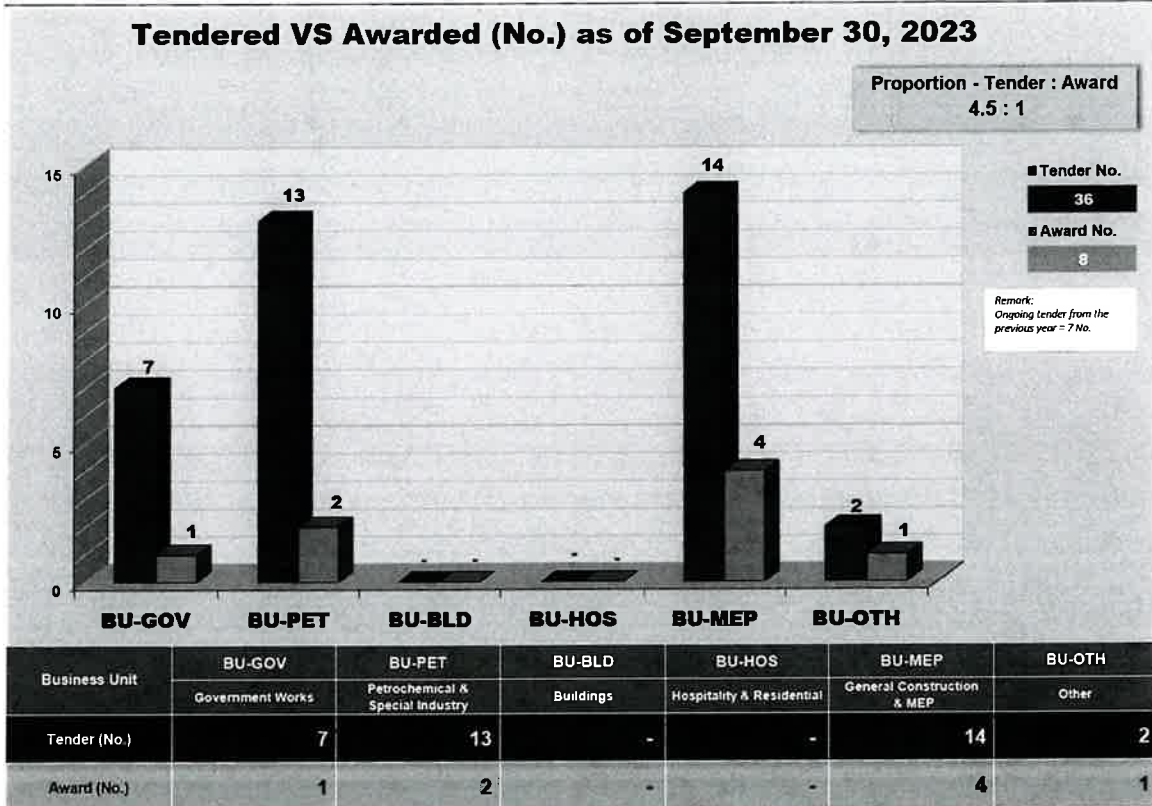
Private sector entities, both domestic and foreign investors, have expanded their investments in certain sectors such as the electronics industry, food processing industry, electric vehicle (EV) industry, and related equipment. This has led to the involvement of construction contractors from China and Japan in this sector due to their technological readiness and pricing competitiveness which has led to further intense competition for Thai Contractors.

Overall, the construction industry's return to growth will become more evident as we enter the second quarter of 2024.

Company Business Overview

Overview of tenders and awards up to the third quarter of 2023.





In the three quarters of 2023, the Company participated in the bidding process for a total of 36 projects, with an estimated project value of 25,014 million Baht. The Company was awarded contracts for 8 projects, totaling 993 million Baht. The ratio of projects won to those participated in was 4.5:1 in terms of quantity and 25.2:1 in terms of contract value.

During the past three quarters, the Company did not rush to secure highly competitive projects by taking on non-profitable contracts to avoid the risk of losses. Additionally, there are still projects in the backlog. Furthermore, the Company will expedite some projects to accommodate personnel from projects that are nearing completion.

Market Situation, Competition and Direction in the fourth quarter of 2023

While various projects in both the public and private sectors have been delayed, some projects have been developed and expanded. These include hospital, electric vehicle (EV) business, warehousing and logistics, data centers, food processing industry, office and residential building projects. Overall, the number of new projects introduced in comparison to the demand from contractors is still relatively low.

Nevertheless, the Company is preparing to compete and bid for new projects in the fourth quarter of 2023, with an estimated value of around 5,000 million Baht. It is expected that there will be opportunities to secure contracts worth 1,000 million Baht.

Currently, the Company has a backlog of projects valued at over 7,000 million Baht. The Company has also expanded its investments in related businesses, such as the energy sector and specific types of construction projects. The Company is considering additional business ventures as well.



Alternate Energy Solutions Business (CNES, a Subsidiary Company)

CNES and its wholly owned subsidiary CNESD1 have continued their usual progress and to the end of Quarter 3 of Year 2023, have had several additions to their portfolio. CNESD1 has commenced several Power Purchase Agreements (PPA) projects with reputed companies, i.e. 2 PPA projects with Bangkok Dusit Medical Services (BDMS) Group where construction is almost completed as well as Resonac Materials (Thailand) and Mitutoyo Thailand. These projects are also in the stage of handover to the clients. Furthermore, CNESD1 was granted 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, and the system will be operated by the end of the year. In this Quarter CNESD1 is the conclusion stage for finalizing PPA Projects for 7 hotels of MINOR Group and for 1 Green House project.

During the third quarter of the current year, the management of the Company discovered irregular accounting entries as arisen in subsidiaries on the discovery of past fictitious entries of expenses and other means in the subsidiaries' financial statements until at present amount to Baht 36.1 million. The wrongdoings as made by that group of management in the subsidiaries were in direct conflict with normal system of good internal control. However, the management of the Company has succeeded in recovering to-date from those executives at the subsidiaries of Baht 21.4 million while the balance is presently under dunning and legal process in recovering from the perpetrator of this fraudulent act. Presently, the Company is in the process of carrying out in-depth investigation on other irregular accounting entries and any additional damages. The result is expected to be completed by the fourth quarter of this year. However, the management trust that the potential impact is unlikely to be material to the consolidated financial statements. The Company has also now taken over full Management Control of the Subsidiary's business and operations and going forward, the rest of the year will be focused on maintaining the work on hand, strengthening the base of the organization by tightened operational control 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 nine-month period ended September 2023, wherein the Company recorded a total revenue of THB 5,834.8 million, that is, a THB 1,831.6 million or 45.8% increase from THB 4,003.2 million from the same period of the previous year, with a gross profit at 3.38%, net loss before tax of THB 2.2 million and net loss after tax of THB 21.6 million.

As of 30 September 2023, the Company had total assets of THB 7,015.5 million, total liabilities of THB 5,398.9 million, and total shareholders' equity of THB 1,616.6 million.

Financial Performance



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

	FOR THE THREE - MONTH PERIOD ENDED 30 SEPTEMBER				FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER			
	(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	1,814.3	1,436.3	378.0	26.3%	5,786.9	3,937.0	1,849.9	47.0%
Revenue from sales and services	9.1	33.0	(23.9)	(72.5%)	34.2	56.4	(22.2)	(39.4%)
Rental income	2.8	-	2.8	100.0%	8.3	-	8.3	100.0%
Total Operating revenues	1,826.2	1,469.3	356.9	24.3%	5,829.4	3,993.4	1,836.0	46.0%
% of total revenues	99.9%	99.7%			99.9%	99.8%		
Other income	1.0	5.0	(4.0)	(80.2%)	5.4	9.8	(4.4)	(44.7%)
Total revenues	1,827.2	1,474.3	352.9	23.9%	5,834.8	4,003.2	1,831.6	45.8%
Costs of construction	1,757.7	1,386.6	371.1	26.8%	5,594.9	3,802.6	1,792.3	47.1%
Cost of sales and services	4.6	28.3	(23.7)	(83.7%)	33.5	52.3	(18.8)	(36.0%)
Cost of rental	1.3	-	1.3	100.0%	3.8	-	3.8	100.0%
Total operating costs	1,763.6	1,414.9	348.7	24.6%	5,632.2	3,854.9	1,777.3	46.1%
Gross Margin	62.6	54.4	8.2	15.0%	197.2	138.5	58.7	42.3%
% Gross Margin	3.43%	3.70%			3.36%	3.47%		
Administrative expenses	73.8	67.7	6.1	9.0%	212.8	188.8	24.0	12.7%
% Administrative expenses / Total revenues	4.0%	4.6%			3.6%	4.7%		
Profit (Loss) from operating activities	(10.2)	(8.3)	(1.9)	22.9%	(10.2)	(40.5)	30.3	(74.8%)
Finance income	12.9	8.6	4.3	50.1%	31.0	31.1	(0.1)	(0.3%)
Finance cost	(12.7)	(1.2)	11.5	972.3%	(23.0)	(3.9)	19.1	(487.7%)
Profit (Loss) before income tax expenses	(10.0)	(0.9)	(9.1)	1053.3%	(2.2)	(13.3)	11.1	(83.3%)
Corporate income tax	(5.7)	6.0	(11.7)	(195.0%)	(19.4)	(0.7)	(18.7)	2671.4%
Net Profit (Loss) for the period	(15.7)	5.1	(20.8)	(408.4%)	(21.6)	(14.0)	(7.6)	54.0%
% Net Profit (Loss) / Total revenues	(0.9%)	0.3%			(0.4%)	(0.3%)		
Earnings per share								
Basic earnings per share								
Profit (Loss) attributable to equity holders of the Company (Baht)	(0.011)	0.006	(0.017)	(294.8%)	(0.013)	(0.011)	(0.002)	19.9%

The consolidated financial statements of the Company and its subsidiaries for the three months period ended 30 September 2023 show a net loss before tax of THB 10 million, which is THB 9.1 million increased from net loss before tax of THB 0.9 million in the same quarter of the previous year, after corporate income tax expenses of THB 5.7 million, resulting in net loss for the period of THB 15.7 million.

However, there is a large increase in construction revenue from THB 1,436.3 million of the same quarter of the previous year to THB 1,814.3 million or 26.3% increase. This is due to the gradual recognition of income from large scale works carried over from the previous year. In addition, cost of construction also increased in line with construction income. The gross margin percentage of the Company decreased from 3.7% in the same quarter of 2022 to 3.43%, but absolute gross margin increased by total of THB 8.2 million or 15% due to revenue increase.

The consolidated administrative expenses have increased to THB 73.8 million since the Company has administrative expenses related to the administrative expenses of the newly established subsidiary company of THB 15 million.

The net financial income from financial cost has decreased THB 7.2 million and the corporate income tax has increased by THB 11.7 million, because of deferred tax adjustment, resulting in the financial performance in the consolidated financial statements of the Company and its subsidiaries showing a net loss of THB 15.7 million, a THB 20.8 million decrease from the net profit of THB 5.1 million in the same period of the previous year.

For the nine month period of 2023, the consolidated financial statements of the Company and its subsidiaries show net loss before corporate income tax of THB 2.2 million, a THB 11.1 million increase in net profit before corporate income tax in comparison to the net loss before corporate income tax of THB 13.3 million in the same period of the previous year. The total revenue is THB 5,834.8 million, an increase of THB 1,831.6 million or 45.8% from THB 4,003.2 million from the same period of previous year, due primarily to a THB 1,849.9 million increase in construction income or 47% of THB 3,937 million from the nine month period of 2022. Cost of construction, rental, and sales and services was THB 5,632.2 million, an increase of THB 1,777.3 million or 46.1% which is in line with the increase of construction income. The gross profit margin increased by THB 58.7 million with the slight decrease in the percentage of gross margin from 3.47% to 3.38%, mainly due to the gradual recognition of income from large scale works during the nine months of 2023 previously hindered by the COVID situation which the Company could not recognize the construction income. In 2023, the Company has net income from the rental of office space in the Company's office building of THB 8.3 million.

Administrative expenses increased by THB 24 million, of which THB 30 million is attributed to the newly established subsidiary in the nine month period of 2023, but there was also a THB 5 million decrease from one of subsidiaries that had restructuring plan by reducing manpower pursuant to the take-over of Management and Operations control of the Subsidiary as mentioned above, 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 an increase in the financial cost by THB 19.1 million, due to the increase in short-term loans from financial institutions to support the subsidiary company to invest in the construction of the solar power plants and a construction project with a long credit period. In addition there is a significant increase in the rate of interest when compared to the previous year. Therefore, the Company had a net loss before income tax amounting to THB 2.2 million, deferred tax payable and corporate tax for this period of THB 19.4 million, resulting, in the consolidated financial statements of the Company and its subsidiaries for the nine month period of 2023 showing a net loss after corporate income tax of THB 21.6 million, a THB 7.6 million increase from the net loss of THB 14 million in the same period of the previous year.

The sales and service segments operated by a subsidiary in Thailand, providing solar, wind and other renewable energy solutions, generated THB 49 million in total revenues from sales and service in the nine month period of 2023 ended September 30, 2023, and incurred a net loss of THB 16.6 million. However, taking into consideration the backdrop of the objectives of the Company to develop PPA Assets, the Company expects to generate more 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 Sep 23	31 Dec. 22	Inc. (Dec.)	% Inc. (Dec.)
Assets				
Cash and cash equivalents	112.9	212.0	(99.1)	(46.7%)
Trade and other receivables	2,352.6	1,499.6	853.0	56.9%
Contract assets	1,574.3	1,566.7	7.6	0.5%
Inventories	50.3	101.7	(51.4)	(50.6%)
Advance payments to subcontractors	405.8	452.6	(46.8)	(10.3%)
Withholding tax deducted at source	240.4	251.9	(11.5)	(4.6%)
Other current assets	20.2	22.6	(2.4)	(10.6%)
Total current assets	4,756.5	4,107.1	649.4	15.8%
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	1,820.2	1,690.0	130.2	7.7%
Right-of-use assets	61.7	93.5	(31.8)	(34.0%)
Other non-current assets	33.6	30.0	3.6	12.0%
Total non-current assets	2,259.0	2,095.1	163.9	7.8%
Total assets	7,015.5	6,202.2	813.3	13.1%
Liabilities				
Bank overdraft and short-term loans from financial institutions	1,433.0	370.8	1,062.2	286.5%
Trade and other payables	2,344.5	2,271.7	72.8	3.2%
Contract liabilities	922.3	1,213.3	(291.0)	(24.0%)
Short term provision	181.9	275.1	(93.2)	(33.9%)
Liabilities under lease agreements	62.7	68.8	(6.1)	(8.8%)
Provision for long-term employee benefits	202.0	188.4	13.6	7.2%
Other liabilities	252.5	164.7	87.8	53.3%
Total liabilities	5,398.9	4,552.8	846.1	18.6%
Shareholders' equity				
Equity attributable to Owners of the Company	1,604.6	1,634.3	(29.7)	(1.8%)
Non-controlling interests of the subsidiary	12.0	15.1	(3.1)	(20.8%)
Total shareholders' equity	1,616.6	1,649.4	(32.8)	(2.0%)
Total liabilities and shareholders' equity	7,015.5	6,202.2	813.3	13.1%

As of 30 September 2023, the Company had total assets of THB 7,015.5 million, total liabilities of THB 5,398.9 million, and total shareholders' equity of THB 1,616.6 million, as outlined below:

Assets

As of 30 September 2023, the total assets of THB 7,015.5 million increased by THB 813 million or 13% compared to those as of 31 December 2022 as a result of the increase of THB 649 million in the current assets and THB 164 million in the non-current assets for the following reasons:

Current assets increased by THB 649 million mainly from the trade and other receivables that rose by THB 853 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 in this year, as a result, cash and cash equivalent decreased by THB 99 million as the Company also provided working capital to its subsidiaries for operation and investment. Advance payment also decreased by THB 47 million. Inventories reduced by THB 51 million due to the higher construction activity.

Non-current assets increased by THB 164 million mainly from THB 62 million increased 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. PPE net of depreciation for the period increased by THB 130 million from the construction works in progress of solar power plants of the subsidiary companies worth THB 187 million whereas the Right-of-use assets decreased by THB 32 million and other non-current assets increased by THB 4 million.

Liabilities

As of 30 September 2023, the Company's total liabilities were posted at THB 5,398.9 million, an increase of THB 846 million or 18.6% compared to 31 December 2022. During the nine month period of 2023, the Company and its subsidiaries had more short-term borrowings of THB 1,062 million as working capital for large construction projects with a longer than usual credit period as mentioned above. Trade and other payables of the Company and its subsidiaries increased by THB 73 million. This was in line with the increasing costs in proportion to the increasing income and liabilities arising from liabilities contracts and provisions for short-term liabilities from estimated expenses for construction projects decreased in the amount of THB 291 million and THB 93 million, respectively. Other liabilities increased in the amount of THB 88 million as a result of deferred tax adjustment.

Shareholders' equity

As of 30 September 2023, the shareholders' equity was THB 1,616.6 million, a decrease of THB 33 million or 2% compared to that as of 31 December 2022, due to the net loss attributable to equity holders of the company of THB 13 million for the nine-month period of 2023, also with a decrease of deferred tax which was incurred from a decrease of fair value of other non-current financial assets of THB 17 million.

Financial Ratios (Liquidity)

As of 30 September 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 increased from 2.76 times in 2022 to 3.34 times. This is because more loans were taken from financial institutions in the nine months of 2023 for working capital in the large construction project which had a longer than usual credit term as per the construction contract. The loans are also used to support working capital requirements for the Company's subsidiaries.

Financial Ratio (Consolidated)

		30 Sep 23	31 Dec. 22
Current Ratio	Times	0.94	0.96
Debt to Equity Ratio	Times	3.34	2.76



CHRISTIANI & NIELSEN

Christiani & Nielsen (Thai) Public Company Limited

The upcoming SET Opportunity Day (quarterly investor presentation) will be held from 14.15 - 15.00 hours on 28 November 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 Q3/2023.

Please be informed accordingly.

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