

November 14 , 2023

Subject: Clarification on Operating Result and Financial Position for the nine-month period ended September 30 , 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 . The construction industry is among those sectors of the recovering economy which is gradually recovering, with its trend continually growing in line with the anticipated increase in the overall investment value in construction. However, to fulfill the objectives of the infrastructure action plan, the Company is convinced that many large-scale government projects, would likely pick up steam in 2023.

Significant Events

On 31 October 2023, the Company received Five-Star or "Excellent" Corporate Governance Scoring under the Corporate Governance Report of Thai Listed Companies 2023 published by Thai Institute of Directors Association (IOD) for the 9th consecutive year. Furthermore ,the company has been awarded the "A" SET ESG Ratings for the year 2023 by The Stock Exchange of Thailand (formerly known as THSI). This assessment results reflects the Company's operations that are managed sustainably according to the principles of Good Corporate Governance.

2. Analysis of Operating Results

The Company had the consolidated operating result and financial position for the six-month period ended September 30 , 2023 as follows:

Description Unit: Million Baht	For the nine-month period ended		Change	
	September 30,2023	September 30,2022	Amount	%
Revenues from construction contracts	27,569.88	14,176.25	13,393.63	94.48
Other income	1,250.48	1,152.26	98.22	8.52
Total revenues	28,820.36	15,328.51	13,491.85	88.02
Cost of construction services	25,563.91	13,093.32	12,470.59	95.24
Administrative expenses	1,497.12	1,445.50	51.62	3.57
Total expenses	27,061.03	14,538.82	12,522.21	86.13
Operating profit	1,759.33	789.69	969.64	122.79
Share of profit from investments in associated companies	1,050.93	1,288.33	(237.40)	(18.43)
Finance cost	1,349.80	1,048.76	301.04	28.70
Income tax expenses	51.47	28.63	22.84	79.78
Profit (loss) for the period	1,408.99	1,000.63	408.36	40.81
Profit (loss) attributable to non-controlling interests of the subsidiaries	64.33	8.31	56.02	674.13
Profit (loss) attributable to equity holders of the Company	1,344.66	992.32	352.34	35.51

Net profit attributable to equity holders of the Company amounting to Baht 1,345 million, an improvement of Baht 352 million as compared to the same period of the previous year.

Performance for the nine-month period ended September 30 ,2023, the Company and its subsidiaries had net profit attributable to equity holders of the Company amounting to Baht 1,345 million, an improvement of Baht 352 million or 35.51% as compared to the same period of the previous year. This was mainly due to the increase by revenues from construction contracts.

Revenues from construction contracts of Baht 27,570 million, an increase of Baht 13,394 million from the same period of the previous year.

For the nine-month period of the year 2023 , the Company and its subsidiaries reported revenues from construction contracts of Baht 27,570 million, representing 95.66% of total revenues, an increase of Baht 13,394 million or 94.48% 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 Water Transmission Tunnels Bangmod-Samrong ,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 25,564 million, an increase by Baht 12,471 million from the same period of the prior year.

For the nine-month period of the year 2023 , the Company and its subsidiaries registered cost of construction services amounting to Baht 25,564 million, an increase by Baht 12,471 million or 95.24% from the same period of the prior year. The Company and its subsidiaries' gross profit was Baht 2,006 million, an increase by Baht 923 million or 85.24% because the Company and its subsidiaries have the progress of construction, while gross profit margin was 7.28% compared 7.64% in the year of 2022.

Administrative Expenses amounting to Baht 1,497 million, an increase by Baht 52 million from the same period of the prior year.

For the nine-month period of the year 2023 , the Company and its subsidiaries had administrative expenses of Baht 1,497 million, up by Baht 52 million or 3.57% from the same period of the last year from employee-related expenses.

Share of profit from investments in associated companies of Baht 1,051 million, an decrease by Baht 237 million from the same period of the prior year.

For the nine-month period of the year 2023 , the Company and its subsidiaries had share of profit from investments in associated companies of Baht 1,051 million, an decrease by Baht 237 million or 18.43% from the same period of the last year. The mainly came from CK Power Public Company Limited recognise in Share of Loss from Investments in XPCL driven by lower electricity sales volume and higher finance cost following the rising global interest rates , while Bangkok Expressway and Metro Public Company Limited up by share of profit due to the continuous rise in traffic and ridership volumes,resulting in an increase in revenue which related to an improvement of economic.

Finance cost amount to Baht 1,350 million and Net-Debt-to-Equity ratio was 1.84 times.

For the nine-month period of the year 2023 , the Company and its subsidiaries had finance cost amount Baht 1,350 million, up by Baht 301 million from the same period of last year because of more short-term loans ,the interest of the new debentures and increased MLR cost of long term loan. Net-Debt-to-Equity ratio according to the Company’s consolidated financial statement was 1.84 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	September 30 , 2023	December 31 , 2022	Change	
			Amount	%
Assets	95,594.37	85,150.79	10,443.58	12.26
Liabilities	70,006.29	60,684.37	9,321.92	15.36
Shareholders' equity	25,588.09	24,466.42	1,121.67	4.58

Total Assets amounted to Baht 95,594 million, increased by Baht 10,444 million from the end of 2022.

As of September 30, 2023 , the Company and its subsidiaries had total assets of Baht 95,594 million. A growth of Baht 10,444 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 and Luang Prabang Power Company Limited .

Total liabilities amounted to Baht 70,006 million, increased by Baht 9,322 million from the end of 2022.

As of September 30, 2023, the Company and its subsidiaries had total liabilities amounted to Baht 70,006 million, increased by Baht 9,322 million from the end of 2022 mainly due to short-term loans , trade and other payables and from more debentures.

Total shareholders’ equity amounted to Baht 25,588 million, increased by Baht 1,122 million from the end of 2022.

As of September 30, 2023, the Company and its subsidiaries had total shareholders’ equity amounted to Baht 25,588 million, increased by Baht 1,122 million from the end of 2022, mainly due to the operating results in the nine months of 2023 and treasury share premium.

Cash flow : Description for the nine-month period ended September 30 , 2023	Unit : Million Baht
Net cash flows used in operating activities	(7,529.85)
Net cash flows used in investing activities	(639.40)
Net cash flows from financing activities	8,378.53
Effect of exchange rate changes on cash and cash equivalents	21.30
Net increase in cash and cash equivalents	230.57

Net cash flows used in operating activities of Baht 7,530 million, Net cash flows used in investing activities of Baht 639 million, Net cash flows from financing activities of Baht 8,379 million.

For the nine-months of 2023, the Company and its subsidiaries had net cash flows used in operating activities of Baht 7,530 million came from operation of the Company and its subsidiaries. Net cash flows used in investing activities of Baht 639 million mainly from additional investment in associated offsetting with loan repayment from the associated companies and dividend income include purchasing of fixed assets. Net cash flows from financing activities of Baht 8,379 million mainly from more debentures and the short-term loans from financial institutions. As a result, net cash increased by Baht 231 million from the beginning balance. As 30 September 2023, the Company and its subsidiaries had cash and cash equivalents of Baht 7,190 million.

Significant Financial Ratios

	September 30,2023	December 31,2022	Changes
<u>Liquidity Ratio</u>			
1. Current Ratio	1.13	1.15	(0.02)
2. Quick Ratio	0.42	0.48	(0.06)
<u>Leverage Ratios</u>			
3. Net Interest-bearing Debt to Total Shareholders' Equity Ratio	1.84	1.59	0.25
4. Interest Coverage Ratio	2.67	2.25	0.42
	September 30,2023	September 30,2022	Changes
<u>Profitability Ratios</u>			
1. Gross Profit Margin	7.28%	7.64%	(0.36%)
2. Net Profit Margin	4.67%	6.47%	(1.80%)
3. Return on Equity Ratio	5.75%	4.27%	1.48%
4. Earnings per share (Baht)	0.80	0.60	0.20
<u>Efficiency Ratio</u>			
5. Return on Fixed Assets	20.69%	15.09%	5.60%

Please be informed accordingly.

Sincerely yours

(Mr. Nattawut Trivisvavet and Mr. Anukool Tuntimas)

Directors