

No. CAZ 022-2023

13 November 2023

 Subject: Management Discussion and Analysis for the 3rd Quarter ended 30 September 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 3rd Quarter ended 30 September 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	3 Months				9 Months			
	30 Sep 2023	30 Sep 2022	changed	(%)	30 Sep 2023	30 Sep 2022	changed	(%)
Revenues from construction contracts	762.10	760.16	1.94	0.26	2,390.48	2,318.00	72.48	3.13
O EPC Service	30.72	12.45	18.27	146.75	30.72	19.51	11.21	57.46
O Structure Mechanic and Pinging (SMP E&I Service)	451.40	386.17	65.23	16.89	1,358.40	1,323.14	35.26	2.66
O Civil & Building Service	253.56	117.17	136.39	116.40	667.45	380.06	287.39	75.62
O General Construction Service	6.83	147.78	(140.95)	(95.38)	187.64	408.10	(220.46)	(54.02)
O Fabrication and Other service	19.59	96.59	(77.00)	(79.72)	146.27	187.19	(40.92)	(21.86)
Cost of construction contracts	(658.84)	(667.78)	(8.94)	1.34	(2,091.47)	(2,021.18)	70.29	3.48
Gross profit	103.26	92.38	10.88	11.78	299.01	296.82	2.19	0.74
Other income	0.38	0.42	(0.04)	(9.52)	4.63	1.33	3.30	248.12
Administrative expenses	(23.36)	(24.59)	(1.23)	(5.00)	(83.35)	(72.10)	11.25	15.60
Profit before finance cost and income tax	80.28	68.21	12.07	17.69	220.29	226.05	(5.76)	(2.55)
Finance cost	(5.19)	(3.27)	1.92	58.72	(11.72)	(12.23)	(0.51)	(4.17)
Profit before income tax	75.09	64.94	10.15	15.63	208.57	213.82	(5.25)	(2.46)
Income tax	(15.08)	(12.98)	2.10	16.18	(42.53)	(42.43)	0.10	0.24
Profit for the year	60.01	51.96	8.05	15.49	166.04	171.39	(5.35)	(3.12)
Owners of the parent	59.92	50.91	9.01	17.70	162.15	168.66	(6.51)	(3.86)
Non-controlling interests	0.09	1.05	(0.96)	(91.43)	3.89	2.73	1.16	42.49

Revenues from construction contracts

The Group has revenue from construction contracts for Q3/2023 ended 30 September 2023, totaling of Baht 762.10 Million. Similar to the same period of last year which was Baht 760.17 Million, increased of Baht 1.94 Million, or 0.26%. Due to several ongoing projects were in the final stage of construction works. Including, some projects were finished deliver to clients during period. Moreover, new projects signed during 2nd and 3rd quarter 2023 were on the first stage of construction works which have not much revenue recognition as well. All these reasons it leads the revenue recognition from work progression which could be delivered work and transferred right of control to customers during the period were slightly increased when compared with Q3/2022.

As at 30 September 2023, the Group has backlog for construction services totaling of Baht 3,682.27 Million.

Administrative expenses

The Group's administrative expenses for Q3/2023 ended 30 September 2023, totalling of Baht 23.36 Million. Similar to the same period of last year which was totaling of Baht 24.59 million, decreased of Baht 1.23 Million, or 5.00% by decreased of recruitment services fee.

Finance costs

The Group has financial costs during Q3/2023 totaling of Baht 5.19 Million, increased of Baht 1.92 Million or 58.72%, compared to the same period of last year. Due to short-term loan for existing ongoing projects' expenditures from financial institutes which the Group has credit facilities. In addition, interest rate of the market at present is raising, resulted to the Groups finance cost of Q3/2023 has been increasing, compared with last year as well.

Profitability

Gross profit and net profit of the 3rd quarter ended 30 September 2023 and 2022 as follows;

Profitability	Q3/2023		Q3/2022	
	Million Baht	%	Million Baht	%
Gross profit	103.26	13.55	92.38	12.15
Profit attributable to owners of the parent	59.92	7.87	50.91	6.69

Q3/2023, the Group's gross profit totaling of Baht 103.26 Million, considered to gross profit margin of 13.55%. It was similarly when compared with Q3/2022 totaling of Baht 92.38 Million, or gross profit margin of 12.15%. Due to some project signed on Q3/2023 is a EPC project which revenue is recognized when a customer obtains control of the goods or service in an amount that reflects the consideration to which the Group expects to be entitled. Leads, the Group's gross profit margin of Q3/2023 slightly higher from the same period of last year.

Q3/2023, the Group's has net profit attributable to owners of the parent totaling of Baht 59.92 Million, considered to net profit margin of 7.87%. Increased from Q3/2022 with a net profit attributable to the parent company totaling of Baht

50.91 Million, or net profit margin of 6.69%. The increasing of net profit margin is resulted from revenue recognition of a EPC project which mention above.

Statement of Financial Position

(Unit: Million Baht)

Details	30 Sep 2023	31 Dec 2022	Increased (Decreased)	% Changed
Assets				
Current assets				
Cash and cash equivalents	67.64	116.41	(48.77)	(41.89)
Trade and other current receivables	676.62	452.42	224.20	49.56
Contract assets	874.95	589.25	285.70	48.49
Inventories	19.42	46.97	(27.55)	(58.66)
Withholding tax deducted at source	-	35.72	(35.72)	(100.00)
Other current assets	9.63	8.02	1.61	20.07
Total current assets	1,648.26	1,248.79	399.47	31.99
Non-current assets				
Restricted deposit at financial institution	0.02	7.73	(7.71)	(99.74)
Property, plant and equipment	540.05	536.92	3.13	0.58
Intangible assets	11.31	12.78	(1.47)	(11.50)
Retention receivables	71.64	220.29	(148.65)	(67.48)
Withholding tax deducted at source	86.23	57.98	28.25	48.72
Deposits	3.55	3.93	(0.38)	(9.67)
Deferred tax assets	3.93	2.94	0.99	33.67
Total non-current assets	716.73	842.57	(125.84)	(14.94)
Total assets	2,364.99	2,091.36	273.63	13.08
Liabilities and equity				
Current liabilities				
Short-term borrowing from financial institutions	273.72	175.30	98.42	56.14
Trade and other current payables	322.10	369.31	(47.21)	(12.78)
Contract liabilities	656.11	527.88	128.23	24.29
Current portion of long-term borrowings from financial institutions	17.56	77.76	(60.20)	(77.42)
Current portion of Lease liabilities	22.11	22.70	(0.59)	(2.60)
Other current liabilities	57.19	43.01	14.18	32.97
Total current liabilities	1,348.79	1,215.96	132.83	10.92
Non-current liabilities				
Long-term borrowing from financial institutions	42.00	8.62	33.38	387.24
Lease liabilities	22.29	11.83	10.46	88.37
Retention payables	15.93	28.11	(12.18)	(43.33)
Non-current provisions for employee benefits	7.42	5.52	1.90	34.42
Total non-current liabilities	87.64	54.08	33.56	62.06
Total liabilities	1,436.43	1,270.04	166.39	13.10

Details	30 Sep 2023	31 Dec 2022	Increased (Decreased)	% Changed
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	497.35	394.00	103.35	26.23
Equity attributable to owners of the parent	8.45	8.45	-	-
Equity attributable to owners of the parent	913.61	810.26	103.35	12.76
Non-controlling interests	14.95	11.06	3.89	35.20
Total equity	928.56	821.32	107.24	13.06
Total liabilities and equity	2,364.99	2,091.36	273.63	13.08

Assets

As at 30 September 2023, the Group's total assets of Baht 2,364.99 Million, increased of Baht 273.63 Million, or 13.08%, 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 67.64 Million, decreased of Baht 48.77 Million from last year. Due to, dividend payment for the 2022's performance during period.
- Account receivable and other current receivables total of Baht 676.62 Million. Increased from last year of Baht 224.20 Million. Resulted from, the increasing of transfer right of controlling of contract assets and it could be invoice to customers during period. And the customers have already paid its debt by the following period.
- Contract assets totaling of Baht 874.95 Million, increased from last year totaling of Baht 285.70 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 19.42 Million, decreased from the previous year of Baht 27.55 Million. Resulted from material used of construction and fabrication works during the period for projects on hand.

Non - Current assets; comprising of

- Retention receivables decreased from the previous year of Baht 148.65 Million. Due to the receipt of retention payments from clients of some projects which delivered work already according to the condition of contract.

Liabilities

As at 30 September 2023, the Group's liabilities total of Baht 1,436.43 Million, increased of Baht 166.39 Million, or 13.10% compared with 31 December 2022.

Current liabilities: changing consist of:

- The Group has short-term loan which used as working capital for existing construction projects during period totaling of Baht 291.28 Million, or increased of Baht 38.22 Million.
- Contract liabilities total of Baht 656.11 Million, increased of Baht 128.23 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 364.21 Million, decreased of Baht 118.90 Million. Resulted from, the Group could be recorded 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 291.90 Million. Increased of Baht 247.15 Million from last year. Due to advance received of new projects signed during the year which are according to the contract's condition.

- Trade and other payables totaling of Baht 322.10 Million, decreased totaling of Baht 47.21 Million. Resulted from, repayment of construction materials and consumable from suppliers and subcontractors during the period.

Non - Current liabilities: changing consist of

- Loan from financial institution totaling of Baht 42.00 Million, increased totaling of Baht 33.38 Million. Due to the Group issued a new promissory note to replace existing promissory note to a local financial institution according to the condition in the revolving loan agreement. The promissory note had term of 2 years, maturing in May 2025.

Equity

For shareholders' equity to the parent Company as of 30 September 2023, total of Baht 913.61 Million, increased from previous year, total of Baht 103.35 Million, or 12.76%. The details of changing of equities consist of;

- The Group's operating results with net profit attributable to owners of the parent for nine-month ended 30 September 2023, totaling of Baht 162.15 Million.
- Dividend payment for the year 2022 operating results to shareholders whose names appear in the shareholder register on 17 March 2023 at 0.20 Baht per share. The total payment amounted of Baht 58.80 Million on payment date of 19 May 2023.

Key financial ratios

As at 30 September 2023, the key financial were similar when compared with last year. The Group have significant changed in ratios as following;

- Current ratio was 1.22 times.
- Debt to Equity ratio (D/E) was 1.57 times.

Please be informed accordingly.

Sincerely yours,

(Mr. Chung Sik Hong)

Chief Executive Officer