



Subject: Management Discussion and Analysis (MD&A) for the year ended December 31, 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 here below submit the management discussion and analysis (MD&A) report for the year ended December 31, 2023.

Economic Outlook Overview

Global Economy

The global economy in 2024 is projected to expand at a slower pace of 2.5%, down from 2.7% in 2023. In 2023, global GDP growth outperformed previous expectations, revised from 2.4% to 2.7%.

The International Monetary Fund (IMF) has forecasted a deceleration in global economic growth compared to previous years, attributed to spending during the COVID-19, expenditures related to aging societies, climate change adaptation, and increasing interest burdens.

Thai Economy 2023

The Thai economy continues its gradual recovery and is positioned among the countries with slower recovery from COVID-19, ranking globally towards the bottom.

The analysis by SCB EIC reveals that Thai economic growth for 2023 was revised downward to 2.6%, with a projected expansion of 3.0% for 2024, down from the previous forecast of 3.5% (the Bank of Thailand forecasts economic expansion at 2.5-3.0%). This deceleration can be attributed to ongoing contraction in government spending, linked to the 2024 fiscal budget legislation. While household income remains stable, household debt levels are high. Persistent risks in the financial system stem from fluctuations in interest rates, ambiguous government investment policies, and a slower-than-expected recovery in international tourist arrivals. While private sector investment shows initial signs of revival, growth remains sluggish despite an increase in Board of Investment (BOI) approved projects.

The majority of the investments are directed towards the electrical appliances and electronics industry, followed by agriculture and food processing, automotive, and parts manufacturing. However, these developments are viewed as positive indicators for supporting economic growth over the next 1-2 years.

The Thai interest rate policy, as outlined by the Monetary Policy Committee of the Bank of Thailand on February 7, 2024, remains unchanged at 2.5% to sustain long-term economic stability. It is anticipated that the Thai Baht will maintain its recent strengthening trend, reaching between 32-33 Baht per US dollar in 2024.

Construction Industry Overview

The construction industry has been in a subdued state since 2021, and this condition persists to the present day. Both public and private sector investments continue to remain subdued. Currently, there are factors that could adversely affect the construction industry, such as the delay in budget planning for the fiscal year 2024, postponed beyond the normal schedule by approximately 6 months. This delay has consequences on new government project investments in the first half of 2024. As a result, government investment in new construction projects will only begin in the third quarter of 2024.

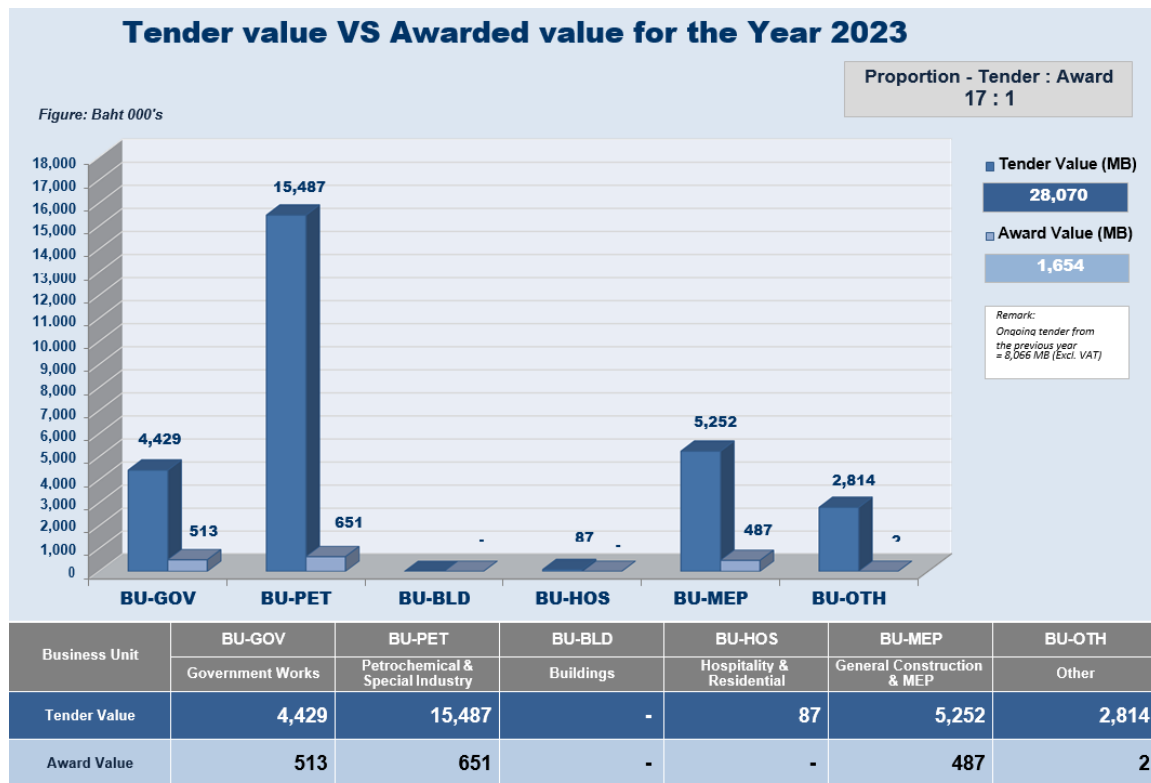
The value of private sector construction work is still growing slowly, which aligns with the recovery of purchasing power. However, investment still carries a high risk of financial liquidity. Strict credit measures, as well as the lack of clarity in government policy implementation, further exacerbate this. With the number of projects that have been developed and are ready for actual construction still limited, competition remains intense.

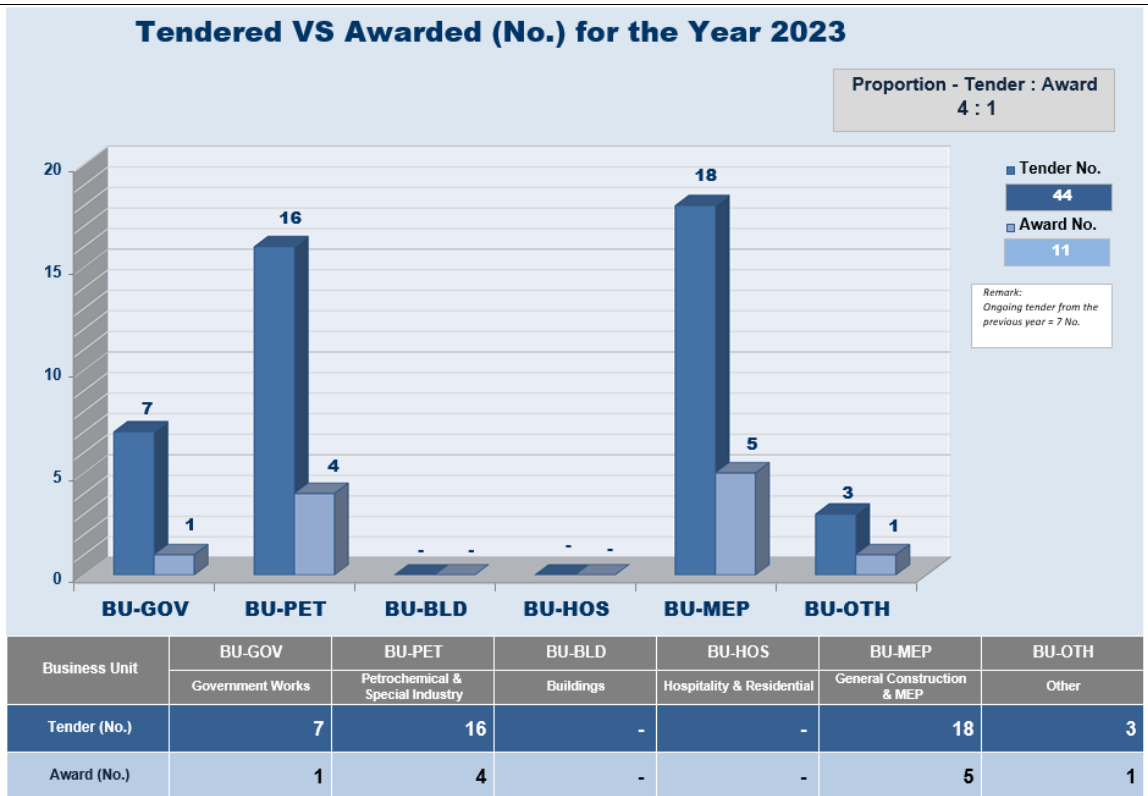
Both domestic and foreign private sectors have expanded their investments in certain businesses, such as the electronics industry, the food processing industry, the electric vehicle (EV) industry and related equipment, hospitals, warehouses, and data centers.

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

Company Business Overview

Overview of tenders and awards in 2023





In 2023, the Company participated in bidding for 44 projects, with an estimated project value of 28,070 million Baht and was awarded contracts for 11 projects, with a total value of 1,654 million Baht. The ratio of projects won to those participated was 4:1 in terms of number of contracts and 17:1 in terms of contract value.

During the past year, the Company refrained from rushing to secure highly competitive projects by accepting contracts without gross profit margins, aiming to mitigate operational and Counterparty Credit risks. Additionally, there are still backlog projects that are ongoing.

However, in 2024, the Company finds it necessary to urgently add some work from new projects to support personnel from projects nearing completion and to increase the backlog further to sustain revenue levels in the latter half of the year.

Market Situation, Competition and Direction in 2024

While certain government projects continued to experience delays in execution, in line with the budget allocations for the 2024 fiscal year, challenges persist due to the lack of clarity in public sector investments and the overall economic conditions. These factors continue to exert pressure, resulting in a sluggish pace of private sector construction investments. Nevertheless, in 2024, there have been noteworthy developments and expansions in certain projects, such as hospital constructions, electric vehicle (EV) initiatives, warehousing and logistics, data center projects, and food processing industry ventures. Despite this, the overall number of projects introduced remained relatively limited compared to the contractor supply in the construction industry.

It is generally anticipated that construction investment expansion will improve in 2024 compared to the previous year. The Company plans to compete for and bid on projects with an estimated value of 30,000-40,000 million Baht. Some of these projects are continuations from 2023, and the Company foresees opportunities to secure contracts worth 7,000 - 8,000 million Baht.

Presently, the Company has a backlog of projects valued at approximately 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, and is considering additional business ventures as well.

CNES (Subsidiary Company: Alternate Energy Solutions Business)

CNES and its wholly owned subsidiary CNESD1 have continued their usual progress and to the end of Quarter 4 of 2023, have had several additions to their portfolio. CNESD1 has completed construction of several Power Purchase Agreements (PPA) projects with reputed companies. 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 a reputed Company and the system was successfully operated. In this Quarter the Company is in the process of finalizing PPA Projects for 6 hotels of a reputed Hotel Group and another company in addition to 2 EPC Projects.

During the third quarter of 2023, 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 amounting 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 a sum of Baht 22.1 million while the balance is presently under dunning and legal process in recovering from the perpetrators.

During the fourth quarter of 2023, the Company conducted further in-depth examination to determine if there were any abnormal accounting transactions and additional damages in other accounts. Additional three suppliers were audited, and it was found that the Company indeed received actual services from the aforementioned three suppliers and the prices charged by these suppliers were in line with market prices or aligned with payments to other similar suppliers for the same services, except for some transactions with slightly higher prices. Accordingly, the Company did not find any additional damages beyond what was reported in the third quarter of 2023.

CNDCM (Subsidiary Company: High-end Hotel and Resort)

In February 2023, the Company joined with Mr. Julian Olds to establish the company, Christiani and Nielsen DCM Limited (CNDCM), where the Company holds 80 percent of the shares and Mr. Julian Olds holds 20 percent of the shares. CNDCM brings over 20 years of experience in developing premium real estate and five-star hotels & resorts, particularly in Phuket, Phang Nga, Koh Samui and Chiang Mai. CNDCM continues "building on reputation" in this sector with an intensified focus on the Phuket market where our track record and presence is strongest.

According to Mr. Julian Olds, the real estate sector in Phuket has been on an impressive growth trajectory, which arguably the most prolific since it took off over two decades ago. Over the past 12 months, those who pay attention to the market would have witnessed dramatic price increases, particularly in high-demand areas. With the recovery of tourism industry, the Phuket real estate market is poised for further acceleration. A plethora of new projects is being unveiled, largely fueled by the influx of foreigners who have chosen to make Phuket their new tropical heaven. The sheer number of ambitious large-scale developments on the island is a testament to this thriving growth. Despite the rise in Phuket's real estate prices, demand remains robust. Barring unforeseen complications, the current upward trajectory is expected to extend into 2024 and beyond.

Management Discussion and Analysis (MD&A)

Performance Overview

The results as audited by EY Office Ltd. present the Company performance in 2023, wherein the Company recorded a total revenue of THB 7,249 million, that is, a THB 1,901 million or 35.5% increase from THB 5,348 million from the same period of the previous year, with a gross profit at 4.03%, net profit before tax of THB 55 million and net profit after tax of THB 20 million.

As of 31 December 2023, the Company had total assets of THB 6,487 million, total liabilities of THB 4,810 million, and total shareholders' equity of THB 1,677 million.

Financial Performance

CHRISTIANI & NIELSEN (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES STATEMENTS OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

FOR THE YEAR ENDED 31 DECEMBER				
(unit : Million Baht)				
Consolidated financial statements				
	2023	2022	Var.	
			Inc./ (Dec.)	% Inc./ (Dec.)
Revenues				
Construction income	7,130.9	5,214.0	1,917.0	36.8%
Revenue from sales and services	66.7	116.3	(49.5)	(42.6%)
Rental income	10.9	-	10.9	100.0%
Total Operating revenues	7,208.6	5,330.2	1,878.4	35.2%
% of total revenues	99.4%	99.7%		
Other income	40.6	18.1	22.4	123.6%
Total revenues	7,249.2	5,348.4	1,900.8	35.5%
Costs of construction	6,853.4	5,245.3	1,608.1	30.7%
Cost of sales and services	59.6	117.6	(58.0)	(49.3%)
Cost of rental	5.0	-	5.0	100.0%
Total operating costs	6,918.0	5,363.0	1,555.1	29.0%
Gross Margin	290.6	(32.7)	323.3	(987.8%)
% Gross Margin	4.03%	(0.61%)		
Administrative expenses	284.8	250.5	34.2	13.7%
% Administrative expenses / Total revenues	3.9%	4.7%		
Profit (Loss) from operating activities	46.4	(265.1)	311.5	(117.5%)
Finance income	48.5	38.6	9.9	25.5%
Finance cost	(39.8)	(5.2)	34.6	(664.7%)
Profit (Loss) before income tax expenses	55.1	(231.7)	355.9	(153.6%)
Corporate income tax	(35.3)	13.1	(48.4)	(369.2%)
Net Profit (Loss) for the period	19.8	(218.6)	238.3	(109.0%)
% Net Profit (Loss) / Total revenues	0.3%	(4.1%)		
Earnings per share				
Basic earnings per share				
Profit (Loss) attributable to equity holders of the Company (Baht)	0.028	(0.208)	0.236	(113.6%)

For the year 2023, the consolidated financial statements of the Company and its subsidiaries show net profit of THB 19.8 million, a THB 238.3 million increase in comparison to the net loss of THB 218.6 million in the same period of the previous year. The total revenue was THB 7,249.2 million, an increase of THB 1,900.8 million or 35.5% from THB 5,348.4 million from the same period of previous year, due primarily to a THB 1,917 million increase in construction income or 36.8% of THB 5,214 million from 2022. Costs of construction, rental, and sales and services accounted for THB 6,918 million, an increase of THB 1,555.1 million or 29%. The gross profit margin increased by THB 323.3 million with increase in the percentage of gross margin from loss in 2022 of 0.61% to profit of 4.03%. This is because in 2023, there was an increase in construction income, the Company improved in managing cost of construction projects and there was less adverse effect from material price escalation compared to year 2022.

Moreover, in 2023, the Company posted net income from the rental of office space in the Company's office building of THB 10.9 million. Also, in 2023, the consolidated financial statements of the Company and its subsidiaries show other income increased by THB 22.4 million most of which came from the recovery of the wrongdoings amount from the management team of the subsidiary as mentioned above

Administrative expenses increased by THB 34.2 million from that in the same period in 2022, of which THB 39 million is attributed to the newly established subsidiary in the year 2023, but there was also a THB 7 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 an increase in finance cost from more loan drawdown and interest rate increase on loans from financial institutions. This resulted in an increase in the financial cost by THB 34.6 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. However, the significant increase in construction income enabled, the Company to post a net profit before income tax amounting to THB 55.1 million, deferred tax payable and corporate tax for this period of THB 35.3 million, resulting, in the consolidated financial statements of the Company and its subsidiaries for 2023 showing a net profit after corporate income tax of THB 19.8 million, a THB 238.3 million increase from the net loss of THB 218.6 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 81 million in total revenues from sales and service in 2023, and incurred a net loss of THB 11.6 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.

In 2023, CNDCM was awarded the Wellness Centre & Thai Restaurant for a major reputed Hotel Group due to complete in April 2024 and a boutique luxury villa project, both located in Phuket with a combined value of approximately THB 335 million. In February 2024 CNDCM secured the THB 615 million Project for Villas and Condominium Residences in Layan, Phuket for a reputed Group and is now pursuing other hotels and residential developments in Phuket, Koh Samui and Hua Hin with a target to achieve THB 500-600 million in revenue for 2024.



STATEMENTS OF COMPREHENSIVE INCOME

(unit : Million Baht)

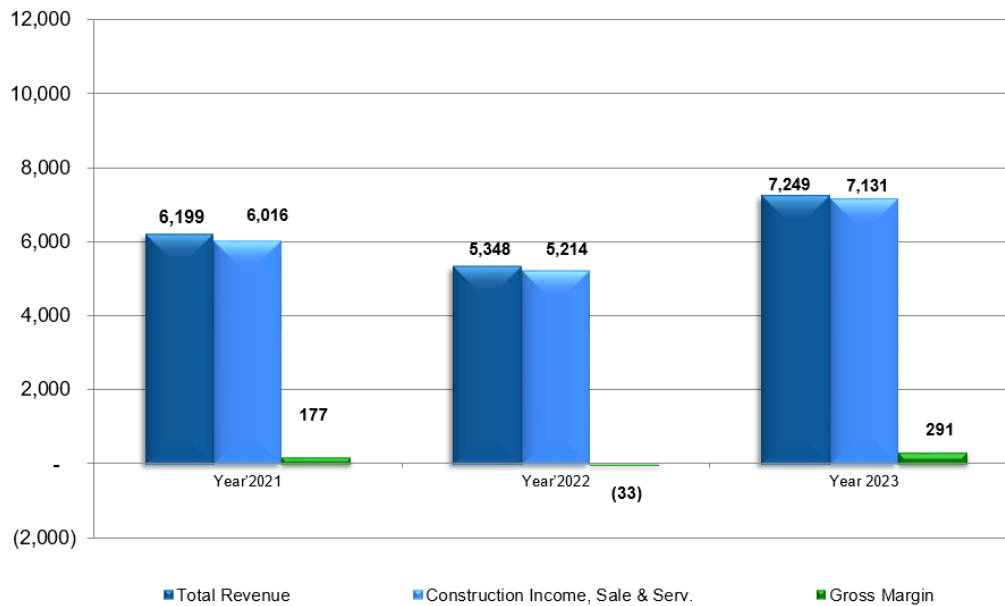
	Consolidated financial statements		
	<u>2023</u>	<u>2022</u>	<u>Var.</u> <u>Inc. / (Dec.)</u>
Net profit for the period	19.8	(218.6)	238.3
- Exchange differences on translation of financial statements in foreign currency	(0.1)	0.1	(0.2)
- Fair value reserve of financial assets at FVOCI Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net	(5.9)	(64.8)	58.9
- Revaluation surplus on assets	-	2.8	(2.8)
- Actuarial gain	8.5	4.1	4.4
Other comprehensive income for the year	2.6	(57.8)	60.3
Total comprehensive income for the year	22.3	(276.3)	298.7
Equity holders of the parent	31.6	(271.2)	302.8
Non-Controlling interests of the Subsidiary	(9.3)	(5.2)	(4.1)
	22.3	(276.3)	298.7

Comprehensive income

The total of other comprehensive income in the consolidated financial statements for 2023 increased by THB 60 million, attributed to the THB 58.9 million, decrease in loss from changes in value of equity investments designated at a fair value through other comprehensive income (net of deferred income tax) from loss of THB 64.8 million to loss of just THB 5.9 million in 2023, decrease of revaluation surplus on assets (net of deferred income tax) of THB 2.8 million compared to 2022. Actuarial profits (net of deferred tax) increased from 2022 by THB 4.4 million and a decrease in exchange differences on conversion of financial statements to foreign currency by THB 0.2 million.

**STATEMENTS OF INCOME**

Unit: MB

**Statements of Financial Position Analysis****STATEMENTS OF FINANCIAL POSITION**

(unit : Million Baht)

	Consolidated financial statements			
	31 Dec 23	31 Dec. 22	Inc. (Dec.)	% Inc. (Dec.)
Assets				
Cash and cash equivalents	170.4	212.0	(41.6)	(19.6%)
Trade and other receivables	1,842.0	1,499.7	342.3	22.8%
Contract assets	1,499.9	1,566.7	(66.9)	(4.3%)
Inventories	46.0	101.7	(55.7)	(54.8%)
Advance payments to subcontractors	299.3	452.6	(153.3)	(33.9%)
Withholding tax deducted at source	290.9	251.9	39.0	15.5%
Other current assets	48.4	22.6	25.8	114.1%
Total current assets	4,196.8	4,107.1	89.6	2.2%
Other non-current financial assets	28.8	17.4	11.4	65.9%
Investment properties	326.1	264.2	61.9	23.4%
Property, plant and equipment	1,847.6	1,690.0	157.6	9.3%
Right-of-use assets	60.8	93.5	(32.7)	(34.9%)
Other non-current assets	26.5	30.0	(3.5)	(11.8%)
Total non-current assets	2,289.8	2,095.0	194.7	9.3%
Total assets	6,486.5	6,202.2	284.3	4.6%

As of 31 December 2023, the Company had total assets of THB 6,487 million, total liabilities of THB 4,810 million, and total shareholders' equity of THB 1,677 million, as outlined below:

**Assets**

As of 31 December 2023, the total assets increased by THB 284 million to THB 6,487 million or 4.6% compared to those as of 31 December 2022 as a result of the increase of THB 89 million in the current assets and THB 195 million in the non-current assets for the following reasons:

Current assets increased by THB 89.6 million mainly from the trade and other receivables that rose by THB 342.3 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 and working capital to its subsidiaries for operation and investment. As a result, cash and cash equivalent decreased by THB 41.6 million. Advance payment also decreased by THB 153.3 million due to construction cost increase with not much new project in 2023. Inventories reduced by THB 55.7 million.

Non-current assets increased by THB 194.7 million mainly from THB 61.9 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. PPE net of depreciation for the period increased by THB 157.6 million from the construction works in progress of solar power plants of the subsidiary companies worth THB 228 million whereas the Right-of-use assets decreased by THB 32.7 million and other non-current assets decreased by THB 3.5 million.

Aging construction contract receivables based on due dates are detailed below:

(unit : Million Baht)

	Consolidated financial statements		
	<u>31 Dec. 23</u>	<u>31 Dec. 22</u>	<u>31 Dec. 21</u>
<u>Age of receivables</u>			
Not yet due	1,607	1,297	502
Past due			
Not over 1 month	71	27	48
	1,678	1,324	550
<i>% of total construction contracts debtors</i>	<i>91.6%</i>	<i>87.2%</i>	<i>77.6%</i>
1 - 3 months	15	-	3
3 - 6 months	8	59	3
6 - 12 months	-	1	36
Over 12 months	132	135	116
Total construction contract debtors	1,833	1,518	708

The Company has construction contract debtors categorized by the aging of balances in 2023 of THB 1,833 million, 91.6% of which were not yet due and not over 1 month past due. The Company has allowances for doubtful accounts with estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic conditions. In 2023, the balance of allowance for doubtful accounts for loss of THB 74 million is unchanged, which is about 5% of the total construction



contract debtors. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore, does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risks since the Company has a large customer base and creditworthiness of customers is assessed before taking up construction work.

STATEMENTS OF FINANCIAL POSITION

(unit : Million Baht)

	Consolidated financial statements			
	31 Dec 23	31 Dec. 22	Inc. (Dec.)	% Inc. (Dec.)
Liabilities				
Bank overdraft and short-term loans from financial institutions	1,370.0	370.8	999.3	269.5%
Trade and other payables	1,958.6	2,271.7	(313.1)	(13.8%)
Contract liabilities	873.8	1,213.3	(339.5)	(28.0%)
Short term provision	108.0	275.1	(167.1)	(60.7%)
Liabilities under lease agreements	60.6	68.8	(8.2)	(11.9%)
Provision for long-term employee benefits	192.8	188.4	4.4	2.3%
Other liabilities	246.0	164.7	81.3	49.3%
Total liabilities	4,809.8	4,552.8	257.0	5.6%

Liabilities

As of 31 December 2023, the Company's total liabilities were posted at THB 4,810 million, an increase of THB 257 million or 5.6% compared to those as of 31 December 2022. This is mainly because in 2023, the Company and its subsidiaries had more short-term borrowings of THB 999 million to support the subsidiary company to invest in the construction of the solar power plants and a construction project with a longer than usual credit period as mentioned above. Trade and other payables of the Company and its subsidiaries decreased by THB 313.1 million as a result of a decrease in number and payment to suppliers from many projects that already completed in the year 2023.

Also, contract liabilities decreased THB 339.5 million due to decrease in advance payment from customers as less new projects were secured in 2023 as compared to 2022. Moreover, short term provision decreased THB 167.1 million due to realization of these provision to operating cost that in line with increase in construction cost compared to 2022. Other liabilities increased by THB 81.3 million as a result of deferred tax adjustment.

**STATEMENTS OF FINANCIAL POSITION**

(unit : Million Baht)

	Consolidated financial statements			
	31 Dec 23	31 Dec. 22	Inc. (Dec.)	% Inc. (Dec.)
Shareholders' equity				
Share capital	1,027.9	1,027.9	-	0.0%
Share Premium	100.0	100.0	-	0.0%
Retained earnings				
Appropriated - statutory reserve	102.6	99.0	3.6	3.7%
Unappropriated	(44.7)	(80.6)	35.9	(44.6%)
Other components of shareholders' equity	389.8	397.7	(7.9)	(2.0%)
Premium on sales of investment in subsidiary	21.4	21.4	-	0.0%
Premium on sales of own shares held by subsidiary	68.9	68.9	-	0.0%
Equity attributable to Owners of the Company	1,665.9	1,634.3	31.6	1.9%
Non-controlling interests of the subsidiary	10.8	15.1	(4.3)	(28.3%)
Total shareholders' equity	1,676.8	1,649.4	27.3	1.7%

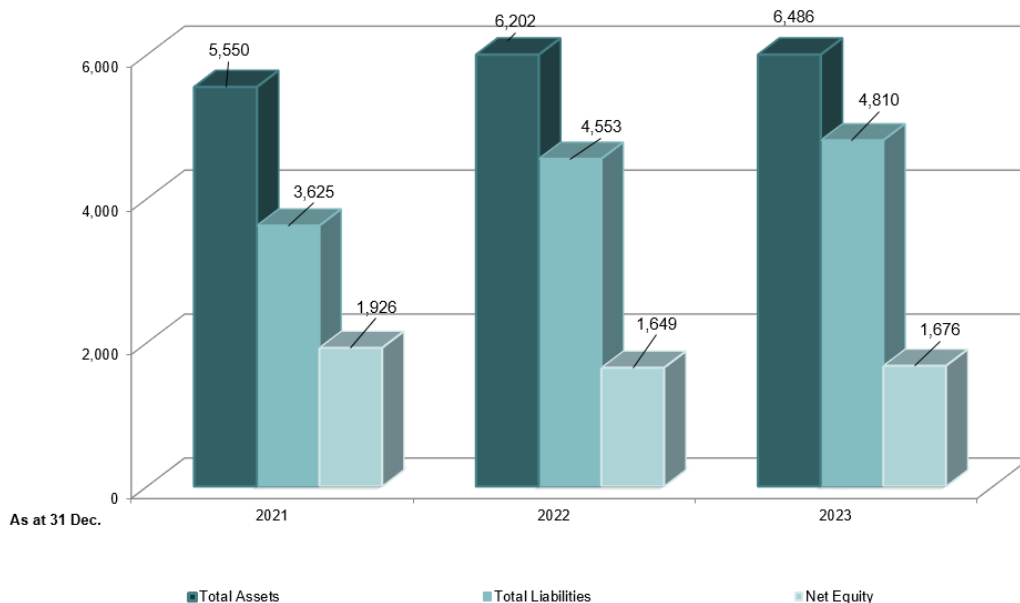
Shareholders' equity

As of 31 December 2023, the shareholders' equity was THB 1,677 million, an increase of THB 27.3 million or 1.7% compared to that as of 31 December 2022, due to the net profit attributable to equity holders of the Company of THB 35.9 million for 2023, also with an increase of legal statutory reserve of THB 3.6 million according to public company law when the Company has a profit. However, there is a decrease of deferred tax which was incurred from a net change of fair value of other non-current financial assets of THB 11 million net of income tax.

STATEMENTS OF FINANCIAL POSITION

CHRISTIANI & NIELSEN

Unit: MB



Cash Flow

Cash and cash equivalents as of the year ended 2023 accounted for THB 171 million, a decrease of THB 41 million from the balance of THB 212 million at the end of 2022 or beginning of 2023.

Details of cash flow by activities are as follows:

Christiani & Nielsen (Thai) Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2023

	(Unit: Million baht)		
	<u>Consolidated financial statements</u>		
	<u>2023</u>	<u>2022</u>	<u>VAR</u>
			<u>Inc/ (Dec.)</u>
Cash flows from operating activities			
Cash from operating activities	(728.1)	(204.0)	(524.1)
Interest income	41.1	38.1	2.9
Cash paid for interest expense	(36.3)	(0.6)	(35.8)
Refund of withholding tax deducted at source	130.4	124.2	6.2
Cash paid for income tax	<u>(172.4)</u>	<u>(114.2)</u>	<u>(58.1)</u>
Net cash from operating activities	<u>(765.3)</u>	<u>(156.5)</u>	<u>(608.8)</u>
Cash flows from investing activities			
Decrease (increase) in restricted bank deposits	(0.3)	(6.2)	5.8
Cash paid for acquisitions of property, plant and equipment	(260.1)	(146.4)	(113.6)
Proceeds from disposals of plant and equipment	8.5	32.4	(23.8)
Cash paid for intangible assets	<u>(0.1)</u>	<u>(3.2)</u>	<u>3.1</u>
Net cash from (used in) investing activities	<u>(252.0)</u>	<u>(123.5)</u>	<u>(128.5)</u>

**Cash flows from financing activities**

Increase in bank overdraft and short-term loans			
from financial institutions	999.3	254.5	744.8
Decrease in bank overdraft and short-term loans			-
from financial institutions			-
Increase in short-term loans from related party	(9.0)	3.0	(12.0)
Cash paid for long-term loans			-
Payment of principal portion of leases liabilities	(18.4)	(67.3)	48.9
Cash paid for interest expenses of leases liabilities	(1.1)	(1.9)	0.8
Cash received from non-controlling interest of subsidiary	5.0	0.0	5.0
Net cash used in financing activities	975.8	188.3	787.6
Increase in translation adjustments	(0.1)	0.0	(0.2)
Net increase in cash and cash equivalents	(41.6)	(91.6)	50.1
Cash and cash equivalents at beginning of year	212.0	303.6	(91.6)
Cash and cash equivalents at end of year	170.4	212.0	(41.6)

Net cash earned from operating activities decreased from 2022 by THB 609 million, mainly due to a longer collection period from a major customer according to the construction agreement. This customer also has a higher value of work compared to 2022. But the Company earns interest income in line with the longer collection period.

Net cash used in investing activities increased by THB 129 million, due primarily to more spending on construction of solar power plant in one of subsidiaries in 2023 compared to 2022.

Net cash used in financing activities jumped from 2022 by THB 788 million because more short-term borrowings and bank overdrafts used as working capital and to support the subsidiary company to invest in the construction of the solar power plants increased by THB 745 million. Cash paid for financial leases decreased by THB 49 million as there are a lot of contracts reaching their expiration at the year end and there were no contract renewals.

**Financial Ratios**

Financial ratio		Consolidate Financial Statements	
		2023	2022
Liquidity Ratios			
Current Ratio	Times	0.94	0.96
Quick Ratio	Times	0.45	0.40
Cash Flow Liquidity Ratio	Times	(0.18)	(0.04)
Activity Ratios			
Account Receivable Turnover	Times	4.29	4.79
Average Collection Period	Days	85.04	76.22
Account Payable Turnover	Times	3.27	2.55
Average Payment Period	Days	111.68	143.41
Fixed Asset Turnover	Times	4.10	3.36
Inventory Turnover	Times	93.61	64.57
Average Sale (Inventory) Period	Days	3.90	5.65
Cash Cycle	Days	(22.74)	(61.53)
Profitability Ratios			
Gross Profit Margin	%	4.03	(0.61)
Operating Profit (Loss) Margin	%	0.64	(4.97)
Quality of Earnings (%)	%	(1,650.76)	59.03
Net Profit (Loss) Margin	%	0.27	(4.09)
Return on Equity	%	1.19	(12.23)
Efficiency Ratios			
Return on Asset	%	0.31	(3.72)
Return on Fixed Asset	%	6.59	(6.53)
Total Asset Turnover	Times	1.14	0.91
Financial Policy Ratios			
Debt to Equity Ratio	Times	2.87	2.76
Interest Coverage Ratio	Times	1.25	(448.76)



As of 31 December 2023, there was no adverse impact on liquidity since the Company had sufficient credit facilities. The Company's consolidated financial statements showed a liquidity ratio of 0.94 times, a slight change compared to that at the end of 2022. The quick ratio stood at 0.45 times, an improvement from 0.40 times in 2022 due to the increase in accounts receivable. The average collection time from customers is 85 days, which is longer than 76 days in 2022, due to the construction agreement with a major customer as stated above. But the Company earns interest income in line with the longer collection period. The Company has a policy to grant trade credit (credit term) between 30 - 60 days and the average repayment period to creditors is 111 days, which is longer than the Company's 30 – 90-day debt repayment policy. Extension of credit terms is also agreed with main suppliers year by year. As account payables decreased in 2023, the repayment period became shorter than that in 2022 which stood at approximately 143 days.

The Company's return on equity and return on assets improved and increased from (12.23%) in 2022 to 1.19% and from (3.72%) to 0.31%, respectively. The ratio of debt to equity for 2023 was 2.87 times compared to 2.76 times in 2022 due to the increase in external borrowings to fund the operations.

The upcoming SET Opportunity Day (quarterly investor presentation) will be held from 13.15 - 14.00 hours on 12 March 2024 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 year 2023.

Please be informed accordingly.

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