

February 29 , 2024

Subject: Clarification on Operating Result and Financial Position for Year Ended December 31, 2023

Attention: President

The Stock Exchange of Thailand

## 1. Business Overview

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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 . With to upholding the resolve and principles of operation that guide it in choosing to undertake projects that are absolutely dedicated to benefit the society and country to ensure an improved quality of life in all spheres while also taking community, social, and environmental responsibility as well as generating the highest returns ; as a result, CH. Karnchang Public Company Limited is becoming the region's leading light in high-quality, fully integrated infrastructure development and construction business.

With respect to the Company's operational results for 2023, it achieved the set target and was satisfactory. As at the end of 2023, the Company's backlog to be recognized as revenue was worth Baht 127,240 Million. All construction projects under the Company's operation are progressing well and according to the established plans.

As for Thai economic outlooks in 2023, the construction business will likely continue to grow mainly driven by the investment in mega government projects and the chance for large contractors to take on construction projects in neighboring countries as a result of the economy beginning to show signs of recovery and the continuing investment in infrastructure. Therefore, it was of the view, following consideration of the Thai economy outlooks and the construction industry trend, it is a marvelous opportunity for CH. Karnchang Group to be prepared to bid and develop its management capabilities, as well as construction technology for use in diverse projects according to the recovery resulting from accelerating the government's infrastructure investment under appropriate risk management while also taking benefits and returns for stakeholders of all sectors. With 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 9<sup>th</sup> 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 year ended December 31, 2023 as follows:

Description  Unit: Million Baht	For the year ended December 31		Change	
	2023	2022	Amount	%
Revenues from construction contracts	36,484.97	18,096.70	18,388.27	101.61
Other income	1,470.85	1,563.50	(92.65)	(5.93)
Total revenues	37,955.82	19,660.20	18,295.62	93.06
Cost of construction services	33,916.73	16,710.65	17,206.08	102.96
Administrative expenses	2,050.96	1,926.84	124.12	6.44
Total expenses	35,967.69	18,637.49	17,330.20	92.99
Operating profit	1,988.13	1,022.71	965.42	94.40
Share of profit from investments in associated companies	1,591.90	1,529.65	(9.75)	(0.64)
Finance cost	1,830.41	1,410.83	419.58	29.74
Income tax expenses	83.15	20.69	62.46	301.88
Profit (loss) for the period	1,594.47	1,120.84	473.63	42.26
Profit (loss) attributable to non-controlling interests of the subsidiaries	93.49	16.23	77.26	476.03
Profit (loss) attributable to equity holders of the Company	1,500.98	1,104.61	396.37	35.88

*Net profit attributable to equity holders of the Company amounting to Baht 1,501 million, an improvement of Baht 396 million as compared to the same period of the previous year.*

Performance for the year 2023, the Company and its subsidiaries had net profit attributable to equity holders of the Company amounting to Baht 1,501 million, an improvement of Baht 396 million or 35.88% 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 36,485 million, an increase of Baht 18,388 million from the same period of the previous year.***

For the year 2023, the Company and its subsidiaries reported revenues from construction contracts of Baht 36,485 million, representing 96.12% of total revenues, an increase of Baht 18,388 million or 101.61% 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 Project of Construction of Learning and Research Centre Commemorating Her Royal Highness Princess Chulabhorn's 60<sup>th</sup> Birthday Anniversary ,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 33,917 million, an increase by Baht 17,206 million from the same period of the prior year.***

For the year 2023, the Company and its subsidiaries registered cost of construction services amounting to Baht 33,917 million, an increase by Baht 17,206 million or 102.96% from the same period of the prior year. The Company and its subsidiaries' gross profit was Baht 2,568 million, an increase by Baht 1,182 million or 85.29% because the Company and its subsidiaries have the progress of construction, while gross profit margin was 7.04% compared 7.66% in the year of 2022.

***Administrative Expenses amounting to Baht 2,051 million, an increase by Baht 124 million from the same period of the prior year.***

For the year 2023, the Company and its subsidiaries had administrative expenses of Baht 2,051 million, up by Baht 124 million or 6.44% from the same period of the last year from employee-related expenses.

***Share of profit from investments in associated companies of Baht 1,520 million, an decrease by Baht 10 million from the same period of the prior year.***

For the year 2023, the Company and its subsidiaries had share of profit from investments in associated companies of Baht 1,520 million, an decrease by Baht 10 million or 0.64% from the same period of the last year. The mainly came from CK Power Public Company Limited recognise in Share of Profit 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 1,830 million and Net-Debt-to-Equity ratio was 1.84 times.**

For the year 2023, the Company and its subsidiaries had finance cost amount Baht 1,830 million, up by Baht 420 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	December 31, 2023	December 31 , 2022	Change	
			Amount	%
Assets	96,745.42	85,150.79	11,594.63	13.62
Liabilities	70,736.93	60,684.37	10,052.56	16.57
Shareholders' equity	26,008.50	24,466.42	1,542.08	6.30

**Total Assets amounted to Baht 96,745 million, increased by Baht 11,595 million from the end of 2022.**

As of December 31, 2023 , the Company and its subsidiaries had total assets of Baht 96,745 million. A growth of Baht 11,595 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 70,737 million, increased by Baht 10,053 million from the end of 2022.**

As of December 31, 2023, the Company and its subsidiaries had total liabilities amounted to Baht 70,737 million, increased by Baht 10,053 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 26,009 million, increased by Baht 1,542 million from the end of 2022.**

As of December 31, 2023, the Company and its subsidiaries had total shareholders’ equity amounted to Baht 26,009 million, increased by Baht 1,542 million from the end of 2022, mainly driven by the operating results of 2023 and treasury share premium .

<b>Cash flow : Description for year ended December 31, 2023</b>	<b>Unit : Million Baht</b>
Net cash flows used in operating activities	(8,333.59)
Net cash flows used in investing activities	(332.31)
Net cash flows from financing activities	9,597.33
Effect of exchange rate changes on cash and cash equivalents	(107.15)
Net increase in cash and cash equivalents	824.28

*Net cash flows used in operating activities of Baht 8,334 million, Net cash flows used in investing activities of Baht 332 million, Net cash flows from financing activities of Baht 9,597 million.*

For the year ended of 2023, the Company and its subsidiaries had net cash flows used in operating activities of Baht 8,334 million came from operation of the Company and its subsidiaries. Net cash flows used in investing activities of Baht 332 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 9,597 million mainly from more debentures and the short-term loans from financial institutions. As a result, net cash increased by Baht 824 million from the beginning balance. As of December 31, 2023, the Company and its subsidiaries had cash and cash equivalents of Baht 7,784 million.

#### **Significant Financial Ratios**

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Changes</b>
<b><u>Liquidity Ratio</u></b>			
1. Current Ratio	1.20	1.15	0.05
2. Quick Ratio	0.44	0.48	(0.04)
<b><u>Leverage Ratios</u></b>			
3. Net Interest-bearing Debt to Total Shareholders' Equity Ratio	1.84	1.59	0.25
4. Interest Coverage Ratio	2.48	2.25	0.23
	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Changes</b>
<b><u>Profitability Ratios</u></b>			
1. Gross Profit Margin	7.04%	7.66%	(0.62%)
2. Net Profit Margin	3.95%	5.62%	(1.67%)
3. Return on Equity Ratio	5.95%	4.37%	1.58%
4. Earnings per share (Baht)	0.89	0.67	0.11
<b><u>Efficiency Ratio</u></b>			
5. Return on Fixed Assets	22.08%	14.72%	7.36%

Please be informed accordingly.

Sincerely yours

(Mr. Nattawut Trivisvavet and Mr. Anukool Tuntimas)

Directors