



Subject: Management Discussion and Analysis (MD&A) for the three-month period ended March 31, 2024

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 three-month period ended March 31, 2024.

Economic Outlook Overview

Global Economy

The global economy is expected to grow by 2.6% in 2024, slightly lower than the 2.7% growth seen in 2023.

Despite this, international trade is showing signs of improvement, and inflation rates are stabilizing. However, challenges persist due to the slowing Chinese economy and stringent global credit standards.

Thai Economy

Thailand's economy continues its gradual expansion but remains below pre-COVID levels, with economic activity at -0.4% by the end of 2023, making Thailand one of the slowest in the world to recover from the pandemic.

Analysis by SCB Economic Intelligence Centre (SCB EIC) reveals that Thai economic growth for 2024 was revised downward to 2.7% from 3.0%, due to reduced government spending, persistent structural issues, and Thailand's Foreign Direct Investment (FDI) attractiveness being up to 50% lower than the ASEAN average.

Private sector investment is slowly rebounding, primarily in the electrical appliances and electronics industry, followed by agriculture and food processing, automotive, and parts manufacturing. These are considered positive signs for economic growth in the next 1-2 years. However, Government spending is expected to increase in the third quarter of 2024.

Construction Industry Overview

The construction industry's slump has persisted since 2021 and continues to this day. Both public and private sector investments remain stagnant at low levels. Currently, there is an additional negative factor affecting the construction industry; the delay in the preparation of the annual expenditure budget for 2024 by approximately 6 months from the normal schedule. This delay will impact new government project investments in the first half of 2024. As a result, new public construction project investments will only begin in the third quarter of 2024.



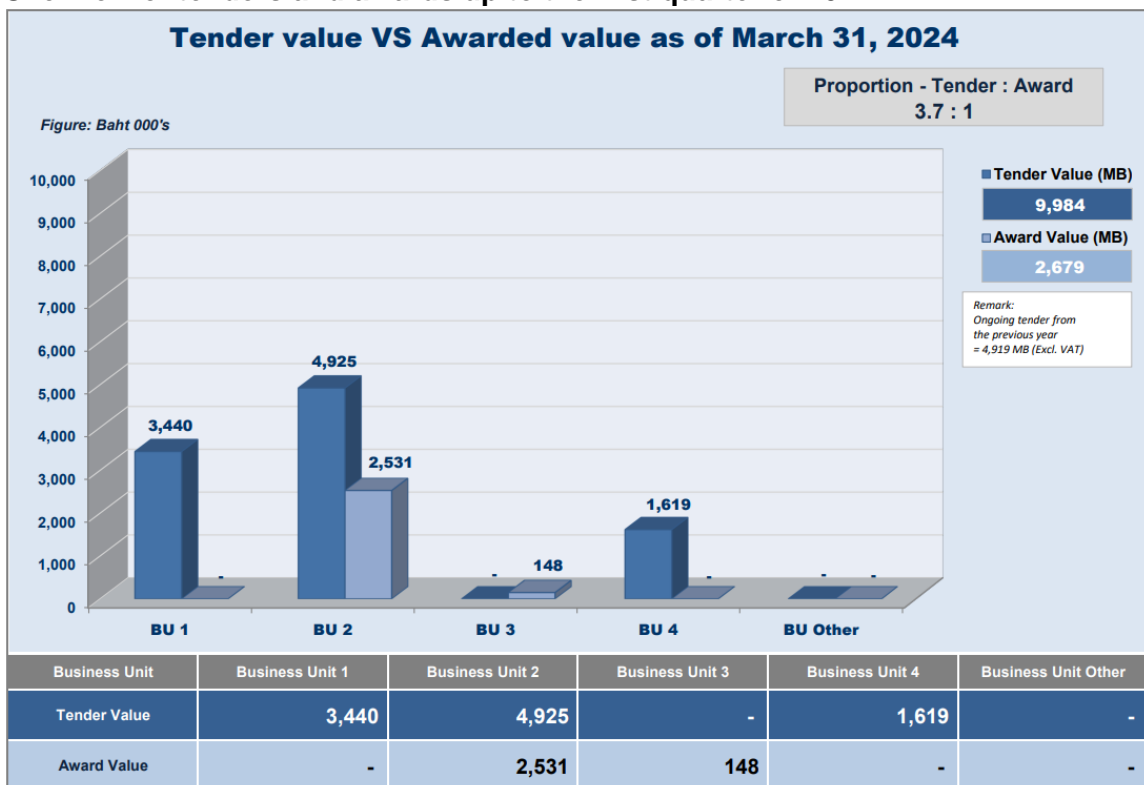
The value of private construction work is still growing slowly to support the recovery of purchasing power. However, investments remain highly risky due to financial liquidity concerns, tight credit measures, and uncertainties surrounding government policy implementation. With few projects transitioning from development to actual construction, competition remains intense.

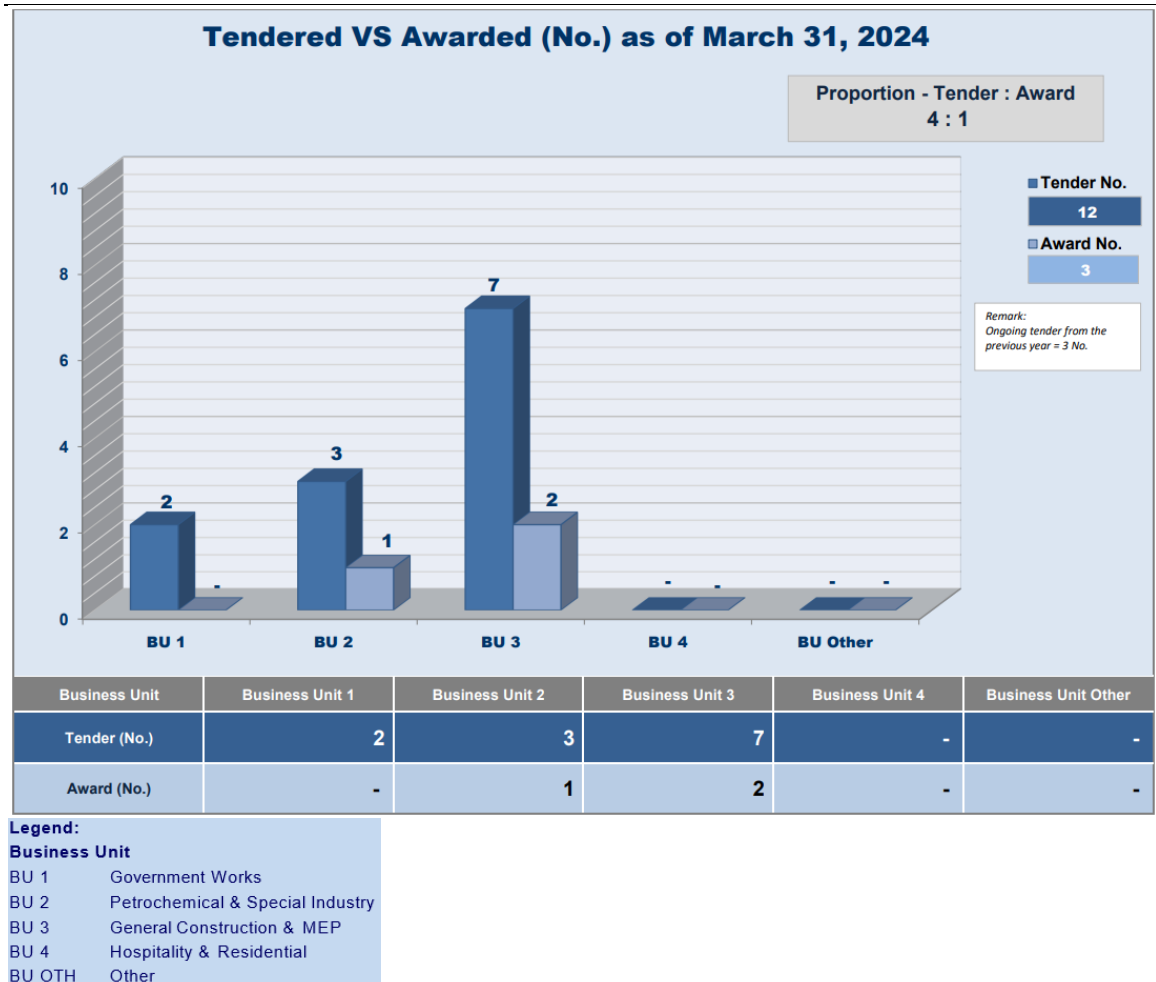
Both, domestic and foreign private sectors have expanded investments in certain businesses, including the electronics industry, the food processing industry, electric vehicles (EVs), hospitals, warehouses, and data centers.

Overall, the construction industry's return to growth is expected to become more evident in the third quarter of 2024.

Company Business Overview

Overview of tenders and awards up to the first quarter of 2024.





In the first quarter of 2024, the Company participated in bidding for 12 projects valued at 9,984 million Baht, and was awarded contracts for 3 projects totaling around 2,679 million Baht. The ratio of projects won to those participated in was 4:1 in quantity terms and 3.7:1 in value terms. Additionally, in the early part of the second quarter of this year, the Company was awarded an additional three projects, worth approximately 390 million Baht.

For the rest of 2024, the Company is proactively adding new projects to accommodate plant and personnel from projects nearing completion. This is also being done to build up the backlog to maintain revenue levels in the rest three quarter of 2024 and into 2025.

Market Situation, Competition and Direction in 2024

Various government projects continue to be delayed in 2024, coupled with the unclear nature of public sector investments and the overall economic conditions, private sector construction investments continue to lag. Nevertheless, in 2024, there have been some developments and expansions in certain projects, such as hospital construction, electric vehicle (EV) initiatives and related sectors, warehousing and logistics, data center projects, and food processing industry ventures. However, overall, the number of projects introduced remains relatively limited compared to the demand from construction contractors.



Based on general projections, construction investment expansion is expected to improve slightly in 2024 compared to 2023. The Company plans to compete for and bid on projects worth approximately 30,000 million Baht in the next three quarters of this year and anticipates securing contracts worth 5,000-6,000 million Baht.

Currently, the Company has a backlog of projects valued at approximately 8,000 million Baht. The Company has also expanded investments in related businesses, such as the energy sector and niche construction projects, and is considering additional business ventures as well.

Thailand Solar Market Analysis

The Thailand solar energy market is poised for significant growth between 2024 and 2029, with an expected increase in installed capacity from 3.9 gigawatts to 5.52 gigawatts, representing a Compound Annual Growth Rate (CAGR) of 7.20%. This growth is driven by strong government support, including feed-in tariffs and the Alternative Energy Development Plan (AEDP), coupled with declining costs of solar PV systems. However, uncertainties regarding access to the power grid may hinder investment in renewable projects.

Despite challenges, the government's commitment to reducing greenhouse gas emissions and dependence on imported fossil fuels creates opportunities for solar energy companies. The country aims to reduce GHG emissions by 30% by 2030 and is actively promoting renewable energy sources like solar. Additionally, Thailand has committed to achieving carbon neutrality by 2050 and net-zero greenhouse gas emissions by 2065, further emphasizing its dedication to sustainable energy solutions.

Overall, supportive policies and initiatives, coupled with favorable market trends, are expected to propel the growth of Thailand's solar energy market in the near future and our Alternative Energy Subsidiary (CNES) is looking to take advantage of the opportunities that will come its Way.

CNES (Subsidiary Company: Alternate Energy Solutions Business)

CNES and its wholly owned subsidiary, CNESD1, have maintained steady growth, with several additions to their portfolio by the end of Quarter 1 of 2024.

In this quarter, CNES D1 has secured a PPA Project for an agricultural company and is currently finalizing the contracts for three hotels. Additionally, CNES has been awarded an EPC Project for a metal manufacturing company.

Looking ahead to FY2024, the company is now in the process of tender preparation and pursuing potential new clients for more than 10 projects for well-reputed companies across various sectors including those in the pharmaceutical, chemical, healthcare, agriculture, and hospitality sectors.

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

In February 2023, the Company joined with Mr. Julian Olds' company DCM Solutions Limited to establish the new company Christiani and Nielsen DCM Co., Ltd (CNDCM), where CNT 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, 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 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 2025 and beyond.

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 340 million. In February 2024 CNDCM secured the THB 615 million Residence Complex project comprising of villas and condominium in Layan and is now pursuing other hotels and residential developments in Phuket, Koh Samui and Hua Hin with a target to achieve THB 500 million in revenue for 2024.

Management Discussion and Analysis (MD&A)

Performance Overview

The results as reviewed by EY Office Ltd. present the Company performance in the three-month period ended March 2024, wherein the Company recorded a total revenue of THB 1,265 million, a THB 493.1 million or 28% decrease from THB 1,758.1 million from the same period of the previous year, with a gross profit at 5.2%, net profit before tax of THB 0.5 million and net profit after tax of THB 0.9 million.

As of 31 March 2024, the Company had total assets of THB 6,684 million, total liabilities of THB 5,003.6 million, and total shareholders' equity of THB 1,680.4 million.



Financial Performance

**CHRISTIANI & NIELSEN (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2024**

| FOR THE QUARTER ENDED 31 MARCH | | | | |
|---|----------------|----------------|----------------|-----------------|
| (unit : Million Baht) | | | | |
| Consolidated financial statements | | | | |
| | 2024 | 2023 | Var. | |
| | | | Inc. / (Dec.) | % Inc. / (Dec.) |
| Revenues | | | | |
| Construction income | 1,240.6 | 1,738.8 | (498.2) | (28.7%) |
| Revenue from sales and services | 19.7 | 15.5 | 4.2 | 27.1% |
| Rental income | 2.8 | 2.7 | 0.1 | 3.7% |
| Total Operating revenues | 1,263.1 | 1,757.0 | (493.9) | (28.1%) |
| % of total revenues | 99.8% | 99.9% | | |
| Other income | 1.9 | 1.1 | 0.8 | 72.7% |
| Total revenues | 1,265.0 | 1,758.1 | (493.1) | (28.0%) |
| Costs of construction | | | | |
| Costs of construction | 1,174.9 | 1,672.1 | (497.2) | (29.7%) |
| Cost of sales and services | 20.9 | 11.1 | 9.8 | 88.3% |
| Cost of rental | 1.3 | 1.2 | 0.1 | 8.3% |
| Total operating costs | 1,197.1 | 1,684.4 | (487.3) | (28.9%) |
| Gross Margin | 66.0 | 72.6 | (6.6) | (9.1%) |
| % Gross Margin | 5.2% | 4.1% | | |
| Administrative expenses | 69.4 | 67.1 | 2.3 | 3.4% |
| % Administrative expenses / Total revenues | 5.5% | 3.8% | | |
| Profit (Loss) from operating activities | (1.5) | 6.6 | (8.1) | (122.7%) |
| Finance income | 19.9 | 8.4 | 11.5 | 136.9% |
| Finance cost | (17.9) | (2.9) | 15.0 | 517.2% |
| Profit (Loss) before income tax expenses | 0.5 | 12.1 | (11.6) | (95.9%) |
| Corporate income tax | 0.4 | (14.1) | 14.5 | 102.8% |
| Net Profit (Loss) for the period | 0.9 | (2.0) | 2.9 | 145.0% |
| % Net Profit (Loss) / Total revenues | 0.1% | (0.1%) | | |
| Earnings per share | | | | |
| Basic earnings per share | | | | |
| Profit (Loss) attributable to equity holders | | | | |
| of the Company (Baht) | 0.0032 | (0.0005) | 0.0037 | 740% |

The consolidated financial statements of the Company and its subsidiaries for the three-month period ended 31 March 2024 show a net profit of THB 0.9 million, which is THB 2.9 million increased from net loss of THB 2.0 million in the same quarter of the previous year. However, total revenue decreased by THB 493.1 million or 28% from THB 1,758.1 million in the same period of the previous year, due to a decrease in construction revenue of THB 498.2 million or 28.7% from THB 1,738.8 million compared to the same quarter of the previous year, because most of the construction projects that were carried over from the previous year have been completed in 2023. Construction costs also decreased similarly to construction revenue decrease, but decreased in a proportion greater than stated, by 29.7% from THB 1,672.1 million in the same quarter of the previous year. This resulted in a gross profit margin increase of 1%, due to improved management of construction project costs, as well as the reduced impact of fluctuations in construction material prices.

In the three month period of 2024, the company had a net rental income of THB 2.8 million from rental of office space in its office building. Meanwhile, the company and its subsidiaries had additional income of THB 0.8 million, from the recovery of funds from the management group of the subsidiaries due to irregular accounting transactions that occurred during the third and fourth quarters of 2023.

In this three month period ending March 2024, administrative expenses increased by THB 2.3 million. This increase was due to the rise of THB 3 million in salaries and related expenses of newly established subsidiaries in the first quarter of 2023. Meanwhile, another subsidiary underwent management and organizational restructuring, resulting in a reduction in the number of employees. Consequently, expenses in that subsidiary decreased by THB 1 million.

During the year 2023 to the beginning of 2024, the company experienced increased financial expenses due to higher short-term borrowing from financial institutions to maintain short-term liquidity amidst trade debtors with prolonged overdue payments beyond normal levels, and the upward adjustment of interest rates by financial institutions. The increased interest expense from borrowing from financial institutions resulted in a financial cost increase of THB 15 million. Despite the company accruing interest income from extending the repayment period of debtors, amounting to an increase of THB 11.5 million, after netted of both items, the company had a net increase in financial costs of THB 3.5 million compared to the three month period ended March 2023.

However, due to decrease in deferred tax and income tax expenses in the first three months of 2024, totaling THB 14.5 million, the company reported a net profit after tax of THB 0.9 million, an increase of THB 2.9 million from the net loss of THB 2 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 30 million in total revenues from sales and service in the three month period ended March 31, 2024, and incurred a net loss of THB 5.5 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.

The performance results for the three month period ended March 31, 2024, of CNDCM, the subsidiary in Thailand engaged in high-end hotel and resort construction, show a total revenue of THB 86 million with a gross profit margin of 1.72%. However, there was a net loss of THB 8 million. This is because the revenue earned during the period remained low and was not sufficient to cover the company's various operating expenses. Nonetheless, the real estate market in Phuket shows impressive growth, noted as the most outstanding since its inception two decades ago. This project development will enable the company to generate higher long-term returns.



Statements of Financial Position Analysis

STATEMENTS OF FINANCIAL POSITION

(unit : Million Baht)

| | Consolidated financial statements | | | |
|---|--|----------------|--------------|---------------|
| | 31 Mar 24 | 31 Dec. 23 | Inc. (Dec.) | % Inc. (Dec.) |
| Assets | | | | |
| Cash and cash equivalents | 50.3 | 170.4 | (120.1) | (70.5%) |
| Trade and other receivables | 2,230.8 | 1,842.0 | 388.8 | 21.1% |
| Contract assets | 1,534.7 | 1,499.9 | 34.8 | 2.3% |
| Inventories | 55.7 | 46.0 | 9.7 | 21.1% |
| Advance payments to subcontractors | 272.0 | 299.2 | (27.2) | (9.1%) |
| Withholding tax deducted at source | 196.1 | 290.9 | (94.8) | (32.6%) |
| Other current assets | 52.7 | 48.4 | 4.3 | 8.9% |
| Total current assets | 4,392.3 | 4,196.8 | 195.5 | 4.7% |
| Other non-current financial assets | 30.5 | 28.8 | 1.7 | 5.9% |
| Investment properties | 326.1 | 326.1 | 0.0 | 0.0% |
| Property, plant and equipment | 1,838.6 | 1,847.6 | (9.0) | (0.5%) |
| Right-of-use assets | 68.3 | 60.8 | 7.5 | 12.3% |
| Other non-current assets | 28.2 | 26.4 | 1.8 | 6.8% |
| Total non-current assets | 2,291.7 | 2,289.7 | 2.0 | 0.1% |
| Total assets | 6,684.0 | 6,486.5 | 197.5 | 3.0% |
| Liabilities | | | | |
| Bank overdraft and short-term loans from financial institutions | 1,479.9 | 1,370.0 | 109.9 | 8.0% |
| Trade and other payables | 2,025.5 | 1,958.6 | 66.9 | 3.4% |
| Contract liabilities | 859.1 | 873.8 | (14.7) | (1.7%) |
| Short term provision | 100.5 | 108.0 | (7.5) | (6.9%) |
| Liabilities under lease agreements | 67.0 | 60.6 | 6.4 | 10.6% |
| Provision for long-term employee benefits | 198.2 | 192.8 | 5.4 | 2.8% |
| Other liabilities | 273.4 | 246.0 | 27.4 | 11.1% |
| Total liabilities | 5,003.6 | 4,809.8 | 193.8 | 4.0% |
| Shareholders' equity | | | | |
| Equity attributable to Owners of the Company | 1,659.3 | 1,665.9 | (6.6) | (0.4%) |
| Non-controlling interests of the subsidiary | 21.1 | 10.8 | 10.3 | 95.4% |
| Total shareholders' equity | 1,680.4 | 1,676.7 | 3.7 | 0.2% |
| Total liabilities and shareholders' equity | 6,684.0 | 6,486.5 | 197.5 | 3.0% |

As of 31 March 2024, the Company had total assets of THB 6,684 million, total liabilities of THB 5,003.6 million, and total shareholders' equity of THB 1,680.4 million, as outlined below:

Assets

As of 31 March 2024, the total assets of THB 6,684 million increased by THB 197.5 million or 3% compared to those as of 31 December 2023 due primarily to the increase of THB 195.5 million in the current assets and THB 2 million in the non-current assets for the following reasons:

Current assets increased by THB 197.5 million mainly from the trade and other receivables that rose by THB 389 million due to some major debtor with payments overdue longer than usual for which, the company has been diligently following up and has already received partial payments in April 2024. Additionally, the company has been able to negotiate and charge additional interest on the overdue balances due to the extended period of non-payment.

Withholding tax deducted at source decreased by THB 94.8 million due to decrease in payment from customers, leading to a decrease in cash & cash equivalents amounts by THB 120 million compared to that as of 31 December 2023.

Non-current assets slightly increased by THB 2 million mainly from THB 7.5 million increase in the right-of-use assets that came from a long-term lease agreement that one subsidiary made with a customer to install solar panels for solar energy production. As for the property, plant, and equipment, there was a decrease of THB 9 million due to depreciation expenses and a reduction in investment during the period.

Liabilities

As of 31 March 2024, the Company's total liabilities were posted at THB 5,003.6 million, an increase of THB 193.8 million or 4% compared to 31 December 2023. During the three month period ended of March 2024, the Company and its subsidiaries had more short-term borrowings of THB 109.9 million to use as working capital within the business.

The company and its subsidiaries posted an increase in trade & other payables by THB 66.9 million. This increase stemmed from trade payables of a subsidiary increasing due to expanded construction projects and another subsidiary's increased purchase of solar panels for customer installations. Additionally, other liabilities increased by THB 27.4 million, partly due to increased deferred output VAT resulting from construction debtors having overdue payments beyond normal levels.

Shareholders' equity

As of 31 March 2024, the shareholders' equity accounted for THB 1,680.4 million, an increase of THB 3.7 million or 0.2% compared to that as of 31 December 2023, due to the net profit attributable to equity holders of the company of THB 3.2 million for the three-month period of 2024.

Financial Ratios (Liquidity)

Financial Ratio (Consolidated)

| | | 31 Mar 24 | 31 Dec. 23 |
|----------------------|-------|-----------|------------|
| Current Ratio | Times | 0.94 | 0.94 |
| Debt to Equity Ratio | Times | 2.98 | 2.87 |

As of 31 March 2024, 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, no change from that as of the end of 2023. The debt-to-equity ratio increased from 2.87 times in 2023 to 2.98 times. This is because additional borrowing was obtained from financial institutions to be utilized as working capital within the Company. This decision was made because trade debtors had overdue payments beyond normalcy, necessitating short-term borrowing to maintain liquidity.

The upcoming SET Opportunity Day (quarterly investor presentation) will be held from 13.15 - 14.00 hours on 28 May 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 Q1/2024.

Please be informed accordingly.

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