

No. CAZ 009-2024

10 May 2024

 Subject: Management Discussion and Analysis for the 1<sup>st</sup> Quarter ended 31 March 2024

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 1<sup>st</sup> Quarter ended 31 March 2024, which changed in revenue and net profit compared with same period of last year as follows:

**Statement of Comprehensive Income**

(Unit : Million Baht)

Details	31 Mar 2024	31 Mar 2023	Increased (Decreased)	(%)
Revenues from construction contracts	949.04	877.70	71.34	8.13
- EPC Service	15.50	-	15.50	-
- Structure Mechanic and Pinging (SMP and E&I Services)	658.35	464.71	193.74	41.73
- Civil & Building Service	232.85	179.10	53.45	29.85
- General Construction Service	2.23	127.81	(125.58)	(98.26)
- Fabrication and Other service	40.11	106.08	(65.97)	(62.19)
Cost of construction contracts	(849.54)	(778.22)	71.32	9.16
<b>Gross profit</b>	<b>99.50</b>	<b>99.48</b>	<b>0.02</b>	<b>0.02</b>
Other income	0.84	3.98	(3.14)	(78.89)
Administrative expenses	(30.69)	(25.60)	5.09	19.88
<b>Profit before finance cost and income tax</b>	<b>69.65</b>	<b>77.86</b>	<b>(8.21)</b>	<b>(10.54)</b>
Finance costs	(3.67)	(2.80)	0.87	31.07
<b>Profit before income tax</b>	<b>65.98</b>	<b>75.06</b>	<b>(9.08)</b>	<b>(12.09)</b>
Income tax	(13.27)	(15.52)	(2.25)	(14.50)
<b>Profit for the year</b>	<b>52.71</b>	<b>59.54</b>	<b>(6.83)</b>	<b>(11.47)</b>
Owners of the parent	52.33	55.67	(3.34)	(6.00)
Non-controlling interests	0.38	3.87	(3.49)	(90.18)

### Revenues from construction contracts

The Group has revenue from construction contracts for the three-month period ended 31 March 2024 totaling of Baht 949.04 Million. Increasing of Baht 71.34 Million, or 8.13% compared with the same period of last year, which was Baht 877.70 Million. Resulted from, increasing of revenue recognition of projects signed during 2023 have proportion of work delivered and transferred right of control to customers during Q1/2024. On the other hand, during Q1/2023 the Group has not much revenue recognized due to final stage of construction of some projects and also those projects already finished and delivered works to clients within 2023 as well.

As at 31 March 2024, the Group has backlog for construction services totalling of Baht 2,534.49 Million.

### Administrative expenses

The Group's administrative expenses for three-month period ended 31 Mar 2024, totalling of Baht 30.69 Million, increased of Baht 5.09 Million, or 19.88% compared with Q1/2023 which was totaling of Baht 25.60 million. Due to the increased of employee expenses which related to the number of employees increasing.

### Finance costs

The Group has financial costs during Q1/2024 totaling of Baht 3.67 Million, increased of Baht 0.87 Million or 31.07%, compared to the same period of last year which finance costs was totaling of Baht 2.80 Million. Due to the short-term loan with financial institutes for ongoing projects' expenditure. Moreover, the interest rate of market at present is raising since 2023, resulted to the Group finance cost of Q1/2024 has increasing, compared with last year as well.

### Profitability

Gross profit and net profit of the first quarter ended 31 March 2024 and 2023 as follows;

Profitability	Q1/2024		Q1/2023	
	Million Baht	%	Million Baht	%
Gross profit	99.50	10.48	99.48	11.33
Profit attributable to owners of the parent	52.33	5.51	55.67	6.31

On Q1/2024, the Group's gross profit totaling of Baht 99.50 Million, considered to gross profit margin of 10.48%. Compared with Q1/2023 totaling of Baht 99.48 Million or gross profit margin of 11.33%. Resulted from, the updated and improved budget costs of some projects during the period. Moreover, projects which has high profit margins were in the final stages and finish delivered works to the clients since end of last year 2023 up to Q1/2024.

It leads to the Group's gross profit margin of these quarter slightly decreased when compared with same period of last year.

Q1/2024, the Group's has net profit attributable to owners of the parent totaling of Baht 52.33 Million, considered to net profit margin of 5.51%. Decreased from Q1/2023 with a net profit attributable to the parent company totaling of Baht 55.67 Million, or net profit margin of 6.31%. The reasons were the updated and adjustment of budget costs of some projects, including employee expenses and finance costs increased during the period as mention above.

**Statement of Financial Position**

(Unit: Million Baht)

Details	31 Mar 2024	31 Dec 2023	Increased (Decreased)	% Changed
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	105.21	173.72	(68.52)	(39.44)
Trade and other current receivables	511.47	305.41	206.06	67.47
Contract assets	1,203.22	1,010.81	192.41	19.04
Inventories	22.28	17.59	4.69	26.66
Withholding tax deducted at source	36.19	50.67	(14.48)	(28.58)
Other current assets	8.62	9.36	(0.74)	(7.91)
<b>Total current assets</b>	<b>1,886.99</b>	<b>1,567.56</b>	<b>319.43</b>	<b>20.38</b>
<b>Non-current assets</b>				
Restricted deposit at financial institution	7.76	7.76	-	-
Property, plant and equipment	573.53	554.70	18.83	3.39
Intangible assets	11.55	10.85	0.70	6.45
Retention receivables	121.34	102.35	18.99	18.55
Withholding tax deducted at source	19.20	55.98	(36.78)	(65.70)
Deposits	6.32	3.45	2.87	83.19
Deferred tax assets	4.56	3.99	0.57	14.29
<b>Total non-current assets</b>	<b>744.26</b>	<b>739.08</b>	<b>5.18</b>	<b>0.70</b>
<b>Total assets</b>	<b>2,631.25</b>	<b>2,306.64</b>	<b>324.61</b>	<b>14.07</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Short-term borrowing from financial institutions	213.62	100.00	113.62	113.62
Trade and other current payables	411.44	305.53	105.91	34.66



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Details	31 Mar 2024	31 Dec 2023	Increased (Decreased)	% Changed
Contract liabilities	781.01	730.07	50.94	6.98
Current portion of long-term borrowings from financial institutions	-	8.62	(8.62)	(100.00)
Current portion of Lease liabilities	33.12	30.20	2.92	9.67
Other current liabilities	49.59	52.69	(3.10)	(5.88)
<b>Total current liabilities</b>	<b>1,488.78</b>	<b>1,227.11</b>	<b>261.67</b>	<b>21.32</b>
<b>Non-current liabilities</b>				
Long-term borrowing from financial institutions	42.00	42.00	-	-
Lease liabilities	46.42	35.73	10.69	29.91
Retention payables	11.61	12.32	(0.71)	(5.76)
Non-current provisions for employee benefits	8.30	8.05	0.25	3.11
<b>Total non-current liabilities</b>	<b>108.33</b>	<b>98.10</b>	<b>10.23</b>	<b>10.43</b>
<b>Total liabilities</b>	<b>1,597.11</b>	<b>1,325.21</b>	<b>271.90</b>	<b>20.52</b>
<b>Equity</b>				
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	602.09	549.76	52.33	9.52
Equity attributable to owners of the parent	8.45	8.45	-	-
<b>Equity attributable to owners of the parent</b>	<b>1,018.35</b>	<b>966.02</b>	<b>52.33</b>	<b>5.42</b>
Non-controlling interests	15.79	15.41	0.38	2.47
<b>Total equity</b>	<b>1,034.14</b>	<b>981.43</b>	<b>52.71</b>	<b>5.37</b>
<b>Total liabilities and equity</b>	<b>2,631.25</b>	<b>2,306.64</b>	<b>324.61</b>	<b>14.07</b>

## Assets

As at 31 March 2024, the Group's total assets of Baht 2,631.25 Million, increased of Baht 324.61 Million, or 14.07%, compared with as at 31 December 2023, which total assets totaling of Baht 2,306.64 Million. Changing of total assets as following;

Current assets; comprising of

- Cash and cash equivalents totaling of Baht 105.21 Million, decreased of Baht 68.52 Million from last year. Resulted from, projects on hand expenditure such for suppliers and subcontractors' payment during the period.

- Contract assets totaling of Baht 1,203.22 Million, increased from last year totaling of Baht 192.41 Million. Resulted from, the increased of 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.
- Account receivable and other current receivables total of Baht 511.47 Million. Increased from last year of Baht 206.06 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 partially paid its debt by the following period.

**Non-current assets:** comprising of

- Withholding tax deducted at source reduced totaling of Baht 55.39 Million. Decreased of Baht 51.26 Million, due to refundable of withholding income tax for the fiscal year 2022 from the Revenue Department during the period.

**Liabilities**

As at 31 March 2024, the Group's liabilities total of Baht 1,597.11 Million, increased of Baht 271.90 Million, or 20.52% compared with 31 December 2023. Changing of total liabilities consist of:

- The Group has short-term loan which used as working capital for existing construction projects on hand during period totaling of Baht 213.62 Million. It was increased of Baht 113.62 Million from last year.
- Contract liabilities total of Baht 781.01 Million, increased of Baht 50.94 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 573.38 Million, increased of Baht 88.38 Million.
  - 2) Advance received from construction contracts total of Baht 207.63 Million. These advance received were from projects which signed by previous years. Decreased of Baht 37.44 Million from last year, due to the decreasing in proportion to billing received from customers. These amount were reduced by portion of milestone's payment which complied with contracts conditions.
- Trade and other payables totaling of Baht 411.44 Million, increased totaling of Baht 105.91 Million. Resulted from, purchased of construction materials and consumable from suppliers and sub-contractors during the period for construction projects on hand.



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## Equity

The shareholders' equity to the parent Company as of 31 March 2024, total of Baht 1,018.35 Million, increased from previous year, total of Baht 52.33 Million, or 9.52%. Resulted from, the Group's operating results with net profit attributable to owners of the parent for the 3-months period ended 31 March 2024.

## Key financial ratios

As at 31 March 2024, the key financial were similar when compared with last year. The Group have significant changed in ratios as following;

- Current ratio was 1.27 times.
- Debt to Equity ratio (D/E) was 1.57 times.

Please be informed accordingly.

Sincerely yours,

(Mr. Chung Sik Hong)

Chief Executive Officer