

August 14, 2024

Subject: Management Discussion and Analysis for the six-month period ended June 30, 2024

Attention: President

The Stock Exchange of Thailand

1. Business Overview

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.

Significant Events in 2Q2024

CK issued Debentures

On 30 April 2024, CH. Karnchang Public Company Limited issued and offered the Debentures No.1/2024 are unsecured, registered, senior debentures with trustees. There are 4 tranches or the total amount of Baht 5,482 Million of Debentures with duration between 3 – 10 years and fixed interest rate between 3.40 – 4.10 percent per annum.

Signing of the Contract for the design and construction of the Civil Works and the M&E Works Contract of the MRT Orange Line Project

On 23 July 2024, CH. Karnchang Public Company Limited has signed as the Contractor in the 1)Contract for the design and construction of the Civil Works of the MRT Orange Line Project (Bang Khun Non - Thailand Cultural Centre Section), Estimated Contract Value of Baht 82,502 million (excluding value added tax) and 2) the M&E Works Contract of the MRT Orange Line Project (Bang Khun Non – Min Buri (Suwinthawong) Section , Estimated Contract Value of Baht 26,714 million (excluding value added tax) with Bangkok Expressway and Metro Public Company Limited as the Concessionaire.

2. Analysis of Operating Results

The Company had the consolidated operating result and financial position for the six-month period ended June 30, 2024 as follows:

Description Unit: Million Baht	For the six-month period ended		Change	
	June 30,2024	June 30,2023	Amount	%
Revenues from construction contracts	18,663.50	18,645.29	18.21	0.10
Other income	677.81	810.40	(132.59)	(16.36)
Total revenues	19,341.31	19,455.69	(114.38)	(0.59)
Cost of construction services	17,288.31	17,297.34	(9.03)	(0.05)
Administrative expenses	1,077.65	964.46	113.19	11.74
Total expenses	18,365.96	18,261.80	104.16	0.57
Operating profit	975.35	1,193.89	(218.54)	(18.31)
Share of profit from investments in associated companies	507.84	455.53	52.31	11.48
Finance cost	761.74	869.94	(108.20)	(12.44)
Income tax expenses	56.78	32.38	24.40	75.35
Profit for the period	664.67	747.10	(82.43)	(11.03)
Profit attributable to non-controlling interests of the subsidiaries	55.59	43.47	12.12	27.88
Profit attributable to equity holders of the Company	609.08	703.63	(94.55)	(13.44)

Net profit attributable to equity holders of the Company amounting to Baht 609 million, a decrease of Baht 95 million as compared to the same period of the previous year.

Performance for the six-month period ended June 30, 2024 the Company and its subsidiaries had net profit attributable to equity holders of the Company amounting to Baht 609 million, a decrease of Baht 95 million or 13.44% as compared to the same period of the previous year. This was mainly due to the decrease by other revenues.

Revenues from construction contracts of Baht 18,664 million, an increase of Baht 18 million from the same period of the previous year.

For the six-month period of the year 2024, the Company and its subsidiaries reported revenues from construction contracts of Baht 18,664 million, representing 96.50% of total revenues, an increase of Baht 18 million or 0.10% 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 which operation are progressing and according to the established plans etc., the Project of Construction of Learning and Research Centre Commemorating Her Royal Highness Princess Chulabhorn's 60th 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 Thonburi Wastewater Treatment System and a public park at Bang Khun Non Subdistrict , Bangkok. Include the Construction Project of the MRT Purple Line: Tao Poon - Rat Burana Section. Also 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, and The Luang Prabang Hydroelectric Power Project.

Cost of construction services amounting to Baht 17,288 million, a decrease by Baht 9 million from the same period of the prior year.

For the six-month period of the year 2024, the Company and its subsidiaries registered cost of construction services amounting to Baht 17,288 million, a decrease by Baht 9 million or 0.05% from the same period of the prior year. The Company and its subsidiaries' gross profit was Baht 1,375 million, an increase by Baht 27 million or 2.02% because the Company and its subsidiaries have the progress of construction, while gross profit margin was 7.37% compared 7.23% of the previous year.

Administrative Expenses amounted to Baht 1,078 million, an increase by Baht 113 million from the same period of the prior year.

For the six-month period of the year 2024, the Company and its subsidiaries had administrative expenses of Baht 1,078 million, up by Baht 113 million or 11.74% from the same period of the last year from employee-related expenses.

Share of profit from investments in associated companies of Baht 508 million, an increase by Baht 52 million from the same period of the prior year. For the six-month period of the year 2024, the Company and its subsidiaries had share of profit from investments in associated companies of Baht 508 million, an increase by Baht 52 million or 11.48% from the same period of the last year. The mainly came from Bangkok Expressway and Metro Public Company Limited up by share of profit, The increase was due to a continuous growth in ridership, which consequently led to higher revenue. While CK Power Public Company Limited recognized Share of loss from Investments in LPCL due to the foreign exchange losses and the Share of core net loss from investment in XPCL mainly driven by lower electricity sales volume and higher finance cost.

Finance cost amounted to Baht 762 million and Net-Debt-to-Equity ratio was 1.95 times. For the six-month period of the year 2024, the Company and its subsidiaries had finance cost amount Baht 762 million, a decrease by Baht 108 million from the same period of last year, Net-Debt-to-Equity ratio according to the Company’s consolidated financial statement was 1.95 times, increased from the end of prior year which was 1.84 times. Still, the ratio did not exceed 3.00 times, which is the covenant for bank loans and debentures.

Description Unit: Million Baht	June 30, 2024	December 31, 2023	Change	
			Amount	%
Assets	98,959.93	96,745.42	2,214.51	2.29
Liabilities	72,702.23	70,736.93	1,965.30	2.78
Shareholders' equity	26,257.70	26,008.50	249.20	0.96

Total Assets amounted to Baht 98,960 million, increased by Baht 2,215 million from the end of 2023. As of June 30, 2024, the Company and its subsidiaries had total assets of Baht 98,960 million. A growth of Baht 2,215 million from the end of 2023 was primarily from trade and other receivables 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 72,702 million, increased by Baht 1,965 million from the end of 2023. As of June 30, 2024, the Company and its subsidiaries had total liabilities amounted to Baht 72,702 million, increased by Baht 1,965 million from the end of 2023 mainly due to an increase in bank loans.

Total shareholders' equity amounted to Baht 26,258 million, increased by Baht 249 million from the end of 2023.

As of June 30, 2024, the Company and its subsidiaries had total shareholders' equity amounted to Baht 26,258 million, increased by Baht 249 million from the end of 2023, mainly driven by the operating results in the six months of 2024 and the Company's dividend payment.

Cash flow : Description for the six-month period ended June 30, 2024	Unit : Million Baht
Net cash flows used in operating activities	(3,411.58)
Net cash flows from in investing activities	267.54
Net cash flows from financing activities	2,006.54
Effect of exchange rate changes on cash and cash equivalents	(29.07)
Net decrease in cash and cash equivalents	(1,166.57)

Net cash flows used in operating activities of Baht 3,412 million, Net cash flows from in investing activities of Baht 268 million, Net cash flows from financing activities of Baht 2,007 million.

For the first six months of 2024, the Company and its subsidiaries had net cash flows used in operating activities of Baht 3,412 million came from operation of the Company and its subsidiaries. Net cash flows from in investing activities of Baht 268 million mainly from dividend income offsetting with additional investment in associated in Bangkok Expressway and Metro Public Company Limited and Luang Prabang Power Company Limited include purchasing of fixed assets. Net cash flows from financing activities of Baht 2,007 million mainly from more loans from financial institutions. As a result, net cash decreased by Baht 1,167 million from the beginning balance. As of June 30, 2024, the Company and its subsidiaries had cash and cash equivalents of Baht 6,617 million.

Significant Financial Ratios

<u>Liquidity Ratio</u>	June 30,2024	December 31,2023	Changes
1. Current Ratio	1.30	1.20	0.10
2. Quick Ratio	0.42	0.44	(0.02)
<u>Leverage Ratios</u>			
3. Net Interest-bearing Debt to Total Shareholders' Equity Ratio	1.95	1.84	0.11
4. Interest Coverage Ratio	2.43	2.48	(0.05)

	June 30,2024	June 30,2023	Changes
<u>Profitability Ratios</u>			
1. Gross Profit Margin	7.37%	7.23%	0.14%
2. Net Profit Margin	3.15%	3.62%	(0.47%)
3. Return on Equity Ratio	12.63%	11.92%	0.71%
4. Earnings per share (Baht)	0.36	0.42	(0.06)
<u>Efficiency Ratio</u>			
5. Return on Fixed Assets	20.17%	18.83%	1.34%

Please be informed accordingly.

Sincerely yours

(Mr. Nattawut Trivisvavet and Mr. Anukool Tuntimas)

Directors