

เลขที่ CAZ 014-2024

11 November 2024

Subject: Management Discussion and Analysis for the 3<sup>rd</sup> Quarter ended 30 September 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 3<sup>rd</sup> Quarter ended 30 September 2024, which changed in revenue and net profit compared with same period of last year as follows:

Statement of Comprehensive Income

(Unit : Million Baht)

Detail	3 Month				9 Month			
	30 Sep 24	30 Sep 23	Changed	(%)	30 Sep 24	30 Sep 23	Changed	(%)
Revenues from construction contracts	833.81	762.10	71.71	9.41	2,780.94	2,390.48	390.46	16.33
○ EPC Service	105.09	30.72	74.37	242.09	162.27	30.72	131.55	428.22
○ Structure Mechanic and Pinging (SMP E&I Service)	594.80	451.40	143.40	31.77	1,934.14	1,358.39	575.75	42.38
○ Civil & Building Service	119.52	253.56	(134.04)	(52.86)	552.84	667.45	(114.61)	(17.17)
○ General Construction Service	-	6.83	(6.83)	(100.00)	16.34	187.64	(171.30)	(91.29)
○ Fabrication and Other service	14.40	19.59	(5.19)	(26.49)	115.35	146.28	(30.93)	(21.14)
Cost of construction contracts	(783.00)	(658.84)	124.16	18.85	(2,536.93)	(2,091.47)	445.46	21.30
Gross profit	50.81	103.26	(52.45)	(50.79)	244.01	299.01	(55.00)	(18.39)
Other income	1.89	0.38	1.51	397.37	10.96	4.63	6.33	136.72
Administrative expenses	(31.63)	(23.36)	8.27	35.40	(95.39)	(83.35)	12.04	14.45
Profit before finance cost and income tax	21.07	80.28	(59.21)	(73.75)	159.58	220.29	(60.71)	(27.56)
Finance cost	(10.79)	(5.20)	5.59	107.50	(22.15)	(11.72)	10.43	88.99
Profit before income tax	10.28	75.09	(64.81)	(86.31)	137.43	208.57	(71.14)	(34.11)
Income tax	(2.79)	(15.07)	(12.28)	(81.49)	(29.48)	(42.53)	(13.05)	(30.68)
Profit for the year	7.49	60.01	(52.52)	(87.52)	107.95	166.04	(58.09)	(34.99)
Owners of the parent	9.11	59.92	(50.81)	(84.80)	107.53	162.15	(54.62)	(33.68)
Non-controlling interests	(1.62)	0.09	(1.71)	(1,900.00)	0.42	3.89	(3.47)	(89.20)

#### Revenues from construction contracts

The Group has revenue from construction contracts for Q3/2024 ended 30 September 2024 totaling of Baht 833.81 Million. Increasing of Baht 71.71 Million, or 9.41% compared with the same period of last year, which was Baht 762.10 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 Q3/2024. On the other hand, during Q3/2023 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 30 September 2024, the Group has backlog for construction services totalling of Baht 2,041.89 Million.

#### Administrative expenses

The Group's administrative expenses for Q3/2024 ended 30 September 2024, totalling of Baht 31.63 Million, increased of Baht 8.27 Million, or 35.40% compared with Q3/2023, which was totalling of Baht 23.36 million. Due to the increased of employee expenses.

#### Finance costs

The Group has financial costs during Q3/2024 totaling of Baht 10.79 Million, increased of Baht 5.59 Million or 107.50%, compared to the same period of last year which finance costs was totaling of Baht 5.20 Million. Due to the short-term loan with financial institutes for ongoing projects' expenditure. Together with, long-term loan and lease contracts increased due to investing into construction equipment. Moreover, the market interest rate has been raised since 2023, leads the Group finance costs of Q3/2024 has increasing, compared with last year as well.

#### Profitability

Gross profit and net profit of the 3<sup>rd</sup> quarter ended 30 September 2024 and 2023 as follows;

Profitability	Q3/2024		Q3/2023	
	Million Baht	%	Million Baht	%
Gross profit	50.81	6.09	103.26	13.55
Profit attributable to owners of the parent	9.11	1.09	59.92	7.87

On Q3/2024, the Group's gross profit totaling of Baht 50.81 Million, considered to gross profit margin of 6.09%. It reduced of Baht 52.45 Million, when compared with Q3/2023 which has gross profit margin of 13.55%, or totaling of Baht 103.26 Million. Resulted from, the improved budget costs of some projects during the period. And loss from a subsidiary company, which has variation works for construction projects of civil works. On the other hand, variation contracts are on processing by the main contractor. The Group has expected to get these variation contracts by end of this year. 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 decreased when compared with same period of last year.

Q3/2024, the Group's has net profit attributable to owners of the parent totaling of Baht 9.11 Million, considered to net profit margin of 1.09%. Decreased from Q3/2023 with a net profit attributable to the parent company totaling of Baht 59.92 Million, or net profit margin of 7.87%. The reasons were the updated and adjustment of budget costs of some projects, loss from a subsidiary company, handover finished high profit margin projects, and financial cost has increased as above mention.

**Statement of Financial Position**

(Unit: Million Baht)

Detail	30 Sep 2024	31 Dec 2023	Increased (Decreased)	% Changed
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	65.69	173.72	(108.03)	(62.19)
Trade and other current receivables	1,415.26	305.41	1,109.85	363.40
Contract assets	686.96	1,010.81	(323.85)	(32.04)
Inventories	48.72	17.59	31.13	176.98
Withholding tax deducted at source	-	50.67	(50.67)	(100.00)
Other current assets	16.55	9.36	7.19	76.82
<b>Total current assets</b>	<b>2,233.18</b>	<b>1,567.56</b>	<b>665.62</b>	<b>42.46</b>
<b>Non-current assets</b>				
Restricted deposit at financial institution	7.76	7.76	-	-
Property, plant and equipment	642.79	554.70	88.09	15.88
Intangible assets	11.36	10.85	0.51	4.70
Retention receivables	179.68	102.35	77.33	75.55
Withholding tax deducted at source	69.04	55.98	13.06	23.33
Deposits	5.51	3.45	2.06	59.71
Deferred tax assets	2.92	3.99	(1.07)	(26.82)
<b>Total non-current assets</b>	<b>919.06</b>	<b>739.08</b>	<b>179.98</b>	<b>24.35</b>
<b>Total assets</b>	<b>3,152.24</b>	<b>2,306.64</b>	<b>845.60</b>	<b>36.66</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Bank Overdrafts	26.58	-	26.58	n/a
Short-term borrowing from financial institutions	492.76	100.00	392.76	392.76
Trade and other current payables	680.24	305.53	374.71	122.64
Contract liabilities	509.19	730.07	(220.88)	(30.25)
Current portion of long-term borrowings from financial institutions	63.29	8.62	54.67	634.22
Current portion of Lease liabilities	50.72	30.20	20.52	67.95
Short-term borrowings from other party	1.00	-	1.00	n/a

Detail	30 Sep 2024	31 Dec 2023	Increased (Decreased)	% Changed
Short-term borrowings from related parties	44.30	-	44.30	n/a
Other current liabilities	108.20	52.69	55.51	105.35
<b>Total current liabilities</b>	<b>1,976.28</b>	<b>1,227.11</b>	<b>749.17</b>	<b>61.05</b>
Non-current liabilities				
Long-term borrowing from financial institutions	46.87	42.00	4.87	11.60
Lease liabilities	76.99	35.73	41.26	115.48
Retention payables	16.06	12.32	3.74	30.36
Non-current provisions for employee benefits	8.80	8.05	0.75	9.32
<b>Total non-current liabilities</b>	<b>148.72</b>	<b>98.10</b>	<b>50.62</b>	<b>51.60</b>
<b>Total liabilities</b>	<b>2,125.00</b>	<b>1,325.21</b>	<b>799.79</b>	<b>60.35</b>
Equity				
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	595.15	549.76	45.39	8.26
Equity attributable to owners of the parent	8.45	8.45	-	-
<b>Equity attributable to owners of the parent</b>	<b>1,011.41</b>	<b>966.02</b>	<b>45.39</b>	<b>4.70</b>
Non-controlling interests	15.83	15.41	0.42	2.73
<b>Total equity</b>	<b>1,027.24</b>	<b>981.43</b>	<b>45.81</b>	<b>4.67</b>
<b>Total liabilities and equity</b>	<b>3,152.24</b>	<b>2,306.64</b>	<b>845.60</b>	<b>36.66</b>

#### Assets

As at 30 September 2024, the Group's total assets of Baht 3,152.24 Million, increased of Baht 845.60 Million, or 36.66%, 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 65.69 Million, decreased of Baht 108.03 Million from last year. Resulted from, projects on hand expenditure.
- Account receivable and other current receivables total of Baht 1,415.26 Million. Increased from last year of Baht 1,109.85 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. However, the Group has overdue payment from a customer which

is the main contractor of a construction project. The Group has keep following up on the payment from this customer. Consequences, by September and October 2024, the Group received partially money from this customer. Moreover, the Group expected to get payment schedule for the overdue payment which to be conducted within end of 2024.

- Contract assets totaling of Baht 686.96 million, decreased from last year's totaling of Baht 323.85 Million. Due to the recording and issue of invoices to the customers during the period.
- Withholding tax deducted at source reduced totaling of Baht 50.57 Million. due to refundable of withholding income tax for the fiscal year 2022 from the Revenue Department during the period.

Non-current assets: comprising of

- Property, plant and equipment totaling of Baht 642.79 million, increase of Baht 88.09 million from the purchase of scaffolding, tools and machinery to support new project.
- Retention receivables totaling of Baht 179.68 million, increase of totaling Baht 77.33 million, due to receipt of payment according to invoices collected from customers, and the customer has deducted for retention.

#### Liabilities

As at 30 September 2024, the Group's liabilities total of Baht 2,125.00 Million, increased of Baht 799.79 Million, or 60.35% 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 564.64 Million. It was increased of Baht 464.64 Million from last year.
- The Group has a long-term loan agreement with a local financial institution totalling of Baht 60 Million for investing to construction equipment. The agreement stipulated to repay the principal within 40 months. The loan was secured by the Companys land and buildings.
- Contract liabilities total of Baht 509.19 Million, decreased of Baht 220.88 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 405.14 Million, decreased of Baht 79.86 Million. the Group could be recorded revenue recognition by transferred the right of control on goods and services to customer during the period from contract liabilities of last year.
  - 2) Advance received from construction contracts total of Baht 104.05 Million. These advance received were from projects which signed by previous years. Decreased of Baht 141.02 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 680.24 Million, increased totaling of Baht 374.71 Million. Resulted from, purchased of construction materials and consumable from suppliers and sub-contractors during the period for construction projects on hand.

#### Equity

The shareholders' equity to the parent Company as of 30 September 2024, total of Baht 1,011.41 Million, increased from previous year, total of Baht 45.39 Million, or 4.70%. The details of changing of equities consist of;

- The Group's operating results with net profit attributable to owners of the parent for nine-month ended 30 September 2024, totaling of Baht 107.53 Million.
- Dividend payment for the year's 2023 operating results to shareholders whose names appear in the shareholder register on 13 March 2024 at 0.2114 Baht per share. The total payment amounted of Baht 62.14 Million on payment date of 20 May 2024

#### Key financial ratios

As at 30 September 2024, the key financial were changed when compared with last year. The Group have significant changed in ratios as following;

- Current ratio was 1.13 times.
- Debt to Equity ratio (D/E) was 2.10 times.

Please be informed accordingly.

Sincerely yours,

(Mr. Chung Sik Hong)

Chief Executive Officer