



WELL GRADED ENGINEERING PLC.

No. WGE ELCID 2564/004

November 4, 2021

Subject: The Management Discussion and Analysis for 9-month period ended 30 September 2021

To: President

The Stock Exchange of Thailand

Well Graded Engineering Public Company Limited (“the Company”) and its subsidiary (“the Group”) would like to submit the Management Discussion and Analysis for 9-month period ended 30 September 2021 as follows:

**Revenue from construction and services.**

For 9-month period ended 30 September 2021, the Group's construction and service income was 652.52 million baht, a decrease of 70.23 million baht from the same period of 2020, or decline rate of 9.72 per cent. Such drop was mainly from the economic slowdown due to the COVID-19 pandemic. For 9-month period ended 30 September 2021 most of construction and service revenue recognition still came from large construction projects that continued from the previous year, for example: The Excel Ratchada 18, Supalai Loft Prajadhipok - Wongwian Yai, Oneder Kaset, Modiz Launch, Srikrung Broker Headquarter, Renovation of X-ray irradiation service center, Bangkok Free Trade Zone 2-GA01 and 2-GB01 Building. These customers are private sector customers, accounting for approximately 49.98 per cent of construction and service revenue. While other construction income comes from customers in the public sector, accounting for approximately 50.02 per cent of revenue from construction and services such as The Dormitory Building at Songkhla Rajabhat University, The Development of The Patient Health Promotion Building, Panyanunthaphikkhu Chonprathan Medical Center (PCMC), Energy Regulatory Commission Office Building, Dam Improvement for Suvarnabhumi Airport Officers' Residence, Natural Resources and Environmental Policy and Planning Office Building, Phuket Airport Employee Accommodation Building.

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WELL GRADED ENGINEERING PLC.

### Construction and service costs and Gross profit

For 9-month period ended 30 September 2020 and 2021, the Group's construction and service costs were 594.37 million baht and 603.11 million baht, representing 82.24 per cent and 92.48 per cent of the revenue from construction and services of the same period, respectively. Meanwhile, the gross profit of the Group for 9-month period ended 30 September 2020 and 2021 amounted to 128.39 and 49.42 million baht, or a gross profit margin of 17.76 per cent and 7.57 per cent, respectively. The decrease in gross profit for 9-month period ended 30 September 2021 caused by the cut in gross profit margins from public sector customers due to higher competition, also the price of rebar, the main material in construction, has increased.

### Selling and administrative expenses

For 9-month period ended 30 September 2021, the Group had administrative expenses of 65.20 million baht, an increase of 0.59 million baht compared to the same period of the previous year, or an increase of 0.91 per cent, mainly due to bank fees.

### Net profit

For 9-month period ended 30 September 2021, the Group had a net loss of 16.10 million baht, a decrease from the same period of the year 2020 amounting to 66.33 million baht, or a decrease of 132.04 per cent. The decline was driven by significant revenue fell as the economy slowed down from the COVID-19 pandemic.

### Financial Position

#### 1. Asset

As of September 30, 2021, the Group had total assets of 1,396.48 million baht, an increase of 373.82 million baht compared to as of December 31, 2020. The major cause of such increase was an increasing of cash and cash equivalents amounting to 47.76 million baht, property, plant and equipment amounting to



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85.46 million baht, unbilled revenue of 116.45 million baht and account payable and other payable amounting to 43.41 million baht, respectively.

**2. Liabilities**

As of September 30, 2021, the Group had total liabilities of 756.96 million baht. An increase of 390.42 million baht, compared to 31 December 2020, due to an increase in trade and other current payables and advance charges in accordance with the construction contract. Aforementioned liabilities are payable or accrued expenses from items related to normal business operations that are not yet due, which has grown with number and value of the cumulative of the Group's project backlog.

**3. Equity**

As of September 30, 2021, the Group had total shareholders' equity of 639.52 million baht. A decrease of 16.60 million baht compared with shareholders' equity at the end of December 31, 2020 was mainly due to the Group's operating loss of 16.10 million baht.

Please be informed accordingly,

Best regards,

*– Mr. Kraingsak Buanoom –*

(Mr. Kraingsak Buanoom)

Managing Director

Well Graded Engineering Public Company Limited