



WELL GRADED ENGINEERING PLC.

No. WGE-FN 2022/003

February 18, 2022

Subject: The Management Discussion and Analysis the first half of 2022

To: President

The Stock Exchange of Thailand

Well Graded Engineering Public Company Limited (“the Company”) would like to submit the Management Discussion and Analysis for the first half of 2022 as follows:

**Revenue from construction and services.**

For the first six-month of 2022, the Company's construction and service income was 897.87 million baht, an increase of 538.96 million baht from the same period of 2021, or an increasing rate of 150.17 per cent. The increase in such income is a result of backlog accumulated continuously from the previous year and new projects that the Company won the auction in 2021, which are private sector accounted for approximately 55.13 per cent of total revenue from construction and services while the proportion of income from construction work from the public sector accounted for approximately 44.87 per cent.

**Construction and service costs and Gross profit**

For the first six-month of 2022, the Company's cost of construction and services was 922.09 million baht, an increase of 586.59 million baht from the same period of 2021, or an increase of 174.84 per cent. The gross margin of the Company for the first six-month of 2022 was (24.22) million baht, a decrease from the same period of 2021, amounting to 47.63 million baht or equivalent to a decrease of 203.48 per cent. This was caused by the Company's construction cost from construction project liabilities increased by 63.33 million baht due to the delay of construction, the impact of the rising price of steel which is the main construction material, COVID-19 epidemic and economic slowdown.



WELL GRADED ENGINEERING PLC.

### Selling and administrative expenses

For the first six-month of 2022, the Company had selling and administrative expenses of 46.65 million baht, an increase of 4.08 million baht from the end of the year 2021, or a 9.59 per cent increase, caused by the amortization of software licensing fees, loss from exchange rate, employee-related expenses and other advisory fees.

### Net profit

For the first six-month of 2022, the Company had a net loss of 62.20 million baht, a decrease of 42.17 million baht from the same period of 2021, or a 210.56 per cent decrease. The decline was mainly due to construction costs from the construction project liabilities of 63.33 million baht.

### Financial Position

#### 1. Asset

As of June 30, 2022, the Company had total assets of 1,626.54 million baht, an increase of 33.31 million baht compared to December 31, 2021, or an increase of 2.09 per cent. The increase was mainly due to an increase in accounts receivable and other current receivables by 52.78 million baht, inventories by 33.66 million baht, retention receivables under construction contracts by 41.15 million baht, and property, plant and equipment by 53.06 million baht.

#### 2. Liabilities

As of June 30, 2022, the Company had total liabilities of 1,049.10 million baht, an increase of 125.52 million baht compared to December 31, 2021, or an increase of 13.59 per cent. The increase was due to an increase in accounts payable from normal business operations of the company that are not due, drawdown of the land cost from a long-term loan from a financial institution for the construction of an asphalt plant of 49.44 million baht and the estimate of the construction project liabilities of 63.33 million baht.



WELL GRADED ENGINEERING PLC.

### 3. Equity

As of June 30, 2022, the Company had total shareholders' equity of 577.44 million baht. The decrease in comparison with shareholders' equity as of December 31, 2021, amounted to 92.20 million baht, is due to dividend payout to shareholders of 30.00 million baht and operating loss of 62.20 million baht.

Please be informed accordingly,

Best regards,

– Mr. Kraingsak Buanoom –

(Mr. Kraingsak Buanoom)

Managing Director

Well Graded Engineering Public Company Limited