

**BTW 2565/013**
**Subject Management Discussion and Analysis for the 3<sup>rd</sup> quarter and the nine-month period, ended September 30, 2022**
**To The President  
The Stock Exchange of Thailand**
**November 8, 2022**
**Management Discussion and Analysis (“MD&A”)**
**Business Overview**
**Operating results for the 3<sup>rd</sup> quarter ended September 30, 2022**

	For three-month period ended			
	30 September 2022	30 September 2021	Change	
	(THB Million)	(THB Million)	(THB Million)	%
Revenue from Fabrication Work	702.66	380.99	321.67	84%
Cost of Fabrication Work	680.44	357.37	323.07	90%
<b>Gross Profit Margin</b>	<b>22.22</b>	<b>23.63</b>	<b>(1.41)</b>	<b>6%</b>
<i>% Gross Profit Margin</i>	<i>3.16%</i>	<i>6.20%</i>	<i>-3.04%</i>	
Other Income	5.01	4.94	0.07	1%
Administrativ Expenses	48.88	24.94	23.94	96%
Profit (loss) from operation activity	(21.66)	3.62	(25.28)	698%
Finance Cost-net	(3.76)	(4.16)	0.40	-10%
Income Tax income (expense)	(2.69)	(0.76)	(1.93)	-253%
<b>Profit (loss) for the period</b>	<b>(28.12)</b>	<b>(1.30)</b>	<b>(26.82)</b>	<b>-2066%</b>
Attributable to non-controlling interest of subsidiaire	0.16	(0.02)	0.19	775%
<b>Profit (loss) for the period for the Company</b>	<b>(28.28)</b>	<b>(1.27)</b>	<b>(27.00)</b>	<b>-2120%</b>
<b>EBITDA</b>	<b>(1.37)</b>	<b>24.14</b>	<b>(25.51)</b>	<b>106%</b>

The Company reported an increase in loss for the three-month period ended September 30, 2022 compared to the same period last year. The main reason was the cost of fabrication work, the cost to sales ratio in the 3rd quarter of 2022 was 96.8%, while the 3rd quarter of 2021 accounted for 93.8%. Employees and labor costs, overtime, and subcontract costs, this affects the gross profit margin and net profit for the three-month period.

Administrative expenses for the 3rd quarter ended September 30, 2022 increased from the same period of the previous year by THB 23.94 million or 96%, mainly due to foreign exchange losses.

**Operating results for the nine-month period ended September 30, 2022**

	For nine-month period ended			
	30 September 2022	30 September 2021	Change	
	(THB Million)	(THB Million)	(THB Million)	%
Revenue from Fabrication Work	1,719.03	983.24	735.79	75%
Cost of Fabrication Work	1,596.99	1,019.32	577.67	57%
<b>Gross Profit Margin</b>	<b>122.04</b>	<b>(36.08)</b>	<b>158.12</b>	<b>438%</b>
<i>% Gross Profit Margin</i>	<i>7.10%</i>	<i>-3.67%</i>	<i>10.77%</i>	
Other Income	22.26	20.61	1.65	8%
Administrativ Expenses	117.73	71.71	46.02	64%
Profit (loss) from operation activity	26.57	(87.18)	113.75	130%
Finance Cost-net	(10.38)	(10.16)	(0.22)	2%
Income Tax income (expense)	(2.32)	(2.35)	0.03	1%
<b>Profit (loss) for the period</b>	<b>13.86</b>	<b>(99.69)</b>	<b>113.55</b>	<b>114%</b>
Attributable to non-controlling interest of subsidiaire	0.01	(0.56)	0.57	101%
<b>Profit (loss) for the period for the Company</b>	<b>13.85</b>	<b>(99.14)</b>	<b>112.99</b>	<b>114%</b>
<b>EBITDA</b>	<b>86.83</b>	<b>(25.97)</b>	<b>112.80</b>	<b>434%</b>

The operating results for the nine-month period of 2022 showed a net profit of THB 13.85 million, an increase from the same period last year, or an increase of 114%. Although the revenue from fabrication work was 75% higher than the previous year from the projects awarded at the end of last year and the beginning of this year. Gross profit margin and net profit in 2022 accounted for 7.1% and 0.8% of revenue from fabrication work only. Cause of cost management during the rainy season as most of the work has to be done outside the building. Therefore, it was difficult or unable to control the impact of the weather. As a result, the labor cost, overtime and subcontract cost increases. In addition, the increase in the cost of raw materials also affects the cost of fabrication work.

Administrative expenses consist of employee expenses, rental and other service fees, etc. For the nine-month period of 2022, the Company had administrative expenses increased from the same period of the previous year by THB 46.02 million or 64%. This was mainly due to the loss on exchange rate and the increase in provision on trade accounts receivable. However, when comparing the administrative expense to sales in each period, An administrative expenses ratio for the nine-month period of 2022 were similar to the same period of 2021, or 6.85% and 7.29%, respectively.

**Financial Position**

	As at		Change	
	30 September 2022 (THB Million)	December 31, 2021 (THB Million)	(THB Million)	%
Total Current Assets	1,290.38	962.73	327.65	34%
Total Non-Current Assets	643.79	688.98	(45.19)	-7%
<b>Total Assets</b>	<b>1,934.17</b>	<b>1,651.71</b>	<b>282.46</b>	<b>17%</b>
Total Current Liabilities	860.80	588.64	272.15	46%
Total Non-Current Liabilities	55.06	58.62	(3.56)	-6%
<b>Total Liabilities</b>	<b>915.85</b>	<b>647.26</b>	<b>268.60</b>	<b>41%</b>
<b>Total Shareholder's Equity</b>	<b>1,018.32</b>	<b>1,004.46</b>	<b>13.86</b>	<b>1%</b>

The company has total assets of THB 1,934.17 million for the nine-month period of 2022, an increase of THB 282.46 million from December 31, 2021, or 17%. Mainly due to an increase of THB 206.05 million in trade and other receivables, which the increase in receivables vary according to the recognition of revenue from projects in the past. Unbilled received increased by THB 206.17 million, which resulted in an increase in total assets from December 31, 2021.

For the nine-month period of 2022, the Company's total liabilities increased from December 31, 2021 amounting to THB 268.6 million or 41%, due to an increase of trade and other payables of approximately THB 237.73 million, including an increase in construction revenues received in advance of approximately THB 11 million.

For the nine-month period of 2022, the Company has shareholders' equity increased from the end of 2021 from THB 1,004.46 million to THB 1,018.32 million, respectively, which from the recognition of operating profit for the nine-month period of THB 13.86 million.

**Financial Ratio**

<b>Liquidity Ratios</b>	<b>30 September 2022</b>	<b>31 December 2021</b>
Current Ratio (times)	1.50	1.64
Quick Ratio (times)	1.19	1.14
<b>Activity Ratios</b>	<b>30 September 2022</b>	<b>30 September 2021</b>
Account Receivable Turnover (times)	7.70	4.33
Average Collection Period (days)	47.39	84.20
Account Payable Turnover (times)	8.53	8.05
Average Payment Period (days)	42.77	45.34
Cash Cycle (days)	46.13	109.74
Inventory Turnover (times)	8.79	5.15
Inventory Turnover Period (days)	41.51	70.87
Total Assets Turnover (times)	1.29	0.74
<b>Leverage Ratios</b>	<b>30 September 2022</b>	<b>31 December 2021</b>
Interest Coverage Ratio (times)	(0.68)	(3.97)
Debt / Equity Ratio (times)	0.90	0.64
<b>Profitability Ratios</b>	<b>30 September 2022</b>	<b>30 September 2021</b>
Gross Profit Margin (%)	7.10	(3.67)
Net Profit Margin (%)	0.80	(9.93)
Return on Assets or ROA (%)	1.03	(7.32)
Return on Equity or ROE (%)	1.38	(8.57)

The Company's liquidity ratio as of September 30, 2022 and December 31, 2021 were 1.50 times and 1.64 times, respectively, which slightly decreased from the end of last year.

As of September 30, 2022, interest coverage ratio better than December 31, 2021 as a result of the Company's operating profit in the nine months of 2022.

**Backlog Value as of September 30, 2022**

Backlog as of September 30, 2022, totaling 570 million baht. Most of the remaining works are modularization, steel structure, and vessel& tank. It is expected to be completed in the future or within 1-2 years.

### Factors effecting the Group's performance in the future

On June 29, 2022, a subsidiary was sued by a party in a consortium contract, claiming compensation of approximately Baht 70.6 million, together with interest, for an alleged breach of consortium contract. On July 27, 2022, the subsidiary countersued the counterparty and claiming compensation of approximately Baht 3.4 million. On October 10, 2022, the Civil Court ordered both parties to enter into negotiations at the Mediation Center on November 25, 2022. The Group's management and the legal advisor consider that the case is groundless and will not result in losses that are material to the Group's operating results or financial position. The Group therefore has not recorded provision in its accounts.

In addition to find a new project in the country, the management and our team have traveled to meet with customers in abroad for the current projects that the Company is working on, including existing customers and prospective customers. We believe that in the near future, the Company has more opportunities or projects from abroad. Lastly, the company believes that our business will be sustainable in the long term due to our strong business background and long experience and expertise. We will certainly be able to deliver valuable work that meets our customers needed.

Please be informed accordingly.

Yours sincerely,



Mr. Piya Suksri

Chief Financial Officer

BT Wealth Industries Public Company Limited