

**BTW 2566/002**

**Subject** Management Discussion and Analysis for the year, ended 31 December 2022  
**To** The President  
The Stock Exchange of Thailand

**21 February 2023**
**Management Discussion and Analysis (“MD&A”)**
**Business Overview**
**Operating results for the year, ended 31 December 2022**

	For year ended		Change	
	31 December 2022 (THB Million)	31 December 2021 (THB Million)	(THB Million)	%
Revenue from Fabrication Work	2,234.73	1,254.15	980.58	78%
Cost of Fabrication Work	2,079.25	1,316.44	762.81	58%
<b>Gross Profit Margin</b>	<b>155.48</b>	<b>(62.29)</b>	<b>217.77</b>	<b>350%</b>
<i>% Gross Profit Margin</i>	<i>6.96%</i>	<i>-4.97%</i>	<i>22.21%</i>	
Other Income	25.01	18.19	6.82	37%
Administrativ Expenses	124.94	81.74	43.20	53%
Profit (loss) from operation activity	55.55	(125.83)	181.38	144%
Finance Cost-net	(16.99)	(14.01)	(2.98)	21%
Income Tax income (expense)	(3.98)	(3.43)	(0.55)	16%
<b>Profit (loss) for the year</b>	<b>34.58</b>	<b>(143.27)</b>	<b>177.85</b>	<b>124%</b>
Attributable to non-controlling interest of subsidiaries	0.09	(0.80)	0.89	111%
<b>Profit (loss) for the period for the Company</b>	<b>34.49</b>	<b>(142.47)</b>	<b>176.96</b>	<b>124%</b>
<b>EBITDA</b>	<b>137.58</b>	<b>(43.93)</b>	<b>181.50</b>	<b>413%</b>

The Group showed operating results for 2022 and 2021 as net profit (loss) of Baht 34.58 million and Baht (143.27) million, respectively. In 2022, the Group's operating profit increased from the same period of last year in the amount of Baht 177.85 million or an increase of 124%. Mainly due from revenue from fabrication work of the Group in 2022 higher than 2021, accounting for 78%, that from the recognition of revenues from modularization work and steel structure work. For the gross profit margin and net profit of 2022, it was 6.96% and 1.54% of revenue from fabrication work, which is higher than the same period of 2021. This is a result of better cost's management, mainly costs related to employees such as salary, overtime and labor costs, etc.

Other income for 2022 amounted to Baht 25.01 million, an increase from the same period of 2021 in the amount of Baht 6.82 million. Other income consists of revenue from trading, sale of scrap or material parts from production process, etc.

Administrative expenses of the Group consist of staff expenses, rental and other service fees, consulting fees and loss from foreign exchange, etc. The Group's administrative expenses in 2022 increased from 2021 by approximately Baht 43 million or 53%, mainly due to legal advisor fees, increased provision of account receivables, loss on foreign exchange rates and bank fees, etc. However, when comparing the ratio of administrative expenses to sales in each year, we found that the administrative expenses of 2022 accounted for 5.6%, which was about 13.84% lower than the same period in 2021.

Finance costs for 2022 increased from the same period of 2021 in the amount of Baht 2.98 million. During 2022, the Group had promissory notes and trust receipts increased from the previous year by approximately Baht 74.36 million, including an increase in interest rates. As a result, the group has higher financial costs from the previous year.

#### Total Comprehensive income for the year

	For year ended			
	31 December 2022	31 December 2021	Change	
	(THB Million)	(THB Million)	(THB Million)	%
Profit (loss) for the year	34.58	(143.27)	177.85	124%
Actuarial gain	5.66	-	5.66	0%
<b>Total Comprehensive income for the year</b>	<b>40.24</b>	<b>(143.27)</b>	<b>183.50</b>	<b>128%</b>

In 2022, the Group has a total actuarial gain of Baht 5.66 million, from changes in financial assumptions, demographic assumptions changes, and experience adjustment, that lead to the Group's total comprehensive income of Baht 40.24 million in 2022.



**Financial Position**

	As at			
	31 December 2022	December 31, 2021	Change	
	(THB Million)	(THB Million)	(THB Million)	%
Total Current Assets	1,280.03	962.73	317.30	33%
Total Non-Current Assets	622.84	688.98	(66.14)	-10%
<b>Total Assets</b>	<b>1,902.87</b>	<b>1,651.71</b>	<b>251.16</b>	<b>15%</b>
Total Current Liabilities	811.32	588.64	222.68	38%
Total Non-Current Liabilities	46.85	58.62	(11.77)	-20%
<b>Total Liabilities</b>	<b>858.17</b>	<b>647.26</b>	<b>210.91</b>	<b>33%</b>
<b>Total Shareholder's Equity</b>	<b>1,044.70</b>	<b>1,004.46</b>	<b>40.24</b>	<b>4%</b>

As of 31 December 2022, the Group had total assets of Baht 1,902.87 million, an increase of Baht 251.16 million or 15%, mainly due to cash and bank balances at the year-end increase of Baht 45.8 million from the previous year. Trade and other receivables increased from the same period of the previous year approximately Baht 157.53 million, which receivables varied according to the recognition of revenue from fabrication projects and not yet received. In addition, unbilled receivables also increased by Baht 210.24 million. Therefore, as a result, as of 31 December 2022, the Group's total assets increased from 31 December 2021.

As of 31 December 2022, the Group's total liabilities increased from 31 December 2021 in the amount of Baht 210.91 million or 33% mainly due to short-term loans from financial institutions increased by Baht 74.36 million, including trade and other payables. an increase of approximately Baht 164.05 million.

The Group has shareholders' equity as of 31 December 2022 and 2021 in the amount of Baht 1,044.70 million and Baht 1,004.46 million, respectively. In 2022, the shareholders' equity increased from the previous year in the amount of Baht 40.24 million as a result of the recognition of operating profits in the amount of Baht 34.58 million and take the actuarial gain (the employee benefits program) in the amount of Baht 5.66 million. In 2022, the Group set up legal reserves in the amount of Baht 2.0 million.

**Financial Ratio**

	31 December 2022	31 December 2021
<b>Liquidity Ratios</b>		
Current Ratio (times)	1.58	1.64
Quick Ratio (times)	1.30	1.14
<b>Activity Ratios</b>		
Account Receivable Turnover (times)	8.18	5.84
Average Collection Period (days)	44.64	62.49
Account Payable Turnover (times)	9.78	8.55
Average Payment Period (days)	37.33	42.71
Cash Cycle (days)	46.59	89.76
Inventory Turnover (times)	9.29	5.22
Inventory Turnover Period (days)	39.28	69.99
Total Assets Turnover (times)	1.27	0.74
<b>Leverage Ratios</b>		
Interest Coverage Ratio (times)	8.07	(3.13)
Debt / Equity Ratio (times)	0.82	0.64
<b>Profitability Ratios</b>		
Gross Profit Margin (%)	6.96	4.97
Net Profit Margin (%)	1.53	(11.26)
Return on Assets or ROA (%)	1.95	(8.34)
Return on Equity or ROE (%)	3.37	(13.22)

The company's liquidity ratio as of 31 December 2022 and 31 December 2021 was 1.58 times and 1.64 times, respectively. The liquidity ratio decreased from the end of 2021 as a result of the group's short-term loans from financial institutions, trade and other payables increased in 2022.

As of 31 December 2022, interest coverage ratio increased from the same period in 2021, as a result, we have operating profit before interest and income tax, therefore, an increase in the ability to pay interest was 8.07 times compared to (3.13) times in the previous year.

As of 31 December 2022, the Group's debt-to-equity ratio was higher than the same period of last year. The main reason is that the Group's liabilities at the end of the year increased from the same period of previous year such as short-term loans from financial institutions, trade payables and other payables. Therefore, the debt-to-equity ratio in 2022 was higher than last year.



**Backlog Value as of 31 December 2022**

Backlog as of 31 December 2022, totaling 288 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 29 June 2022, a subsidiary was sued by a counterparty under a consortium contract (“counterparty”) for breach of the contract, with the counterparty claiming the compensation of approximately Baht 50.6 million, together with interest, and the return of a cash guarantee of approximately Baht 20 million. On 27 July 2022, the subsidiary countersued the counterparty, claiming the compensation of approximately Baht 3.4 million, together with interest, for breach of the consortium contract. On 25 October 2022 and 18 January 2023, the subsidiary and the counterparty held negotiations at the Dispute Mediation Center. The counterparty proposed that to settle the dispute the subsidiary pay compensation of approximately Baht 15 million and return the cash guarantee after deduction a decrease of the contract value, amounting to approximately Baht 14 million. However, the consensus regarding the compensation was not reached. The Court set a date for taking of evident and examination of witnesses of both sides to be held in May 2024. The subsidiary has already recorded the cash guarantee after deduction a decrease of the contract value as liability in the financial statements. On 10 February 2023, the subsidiary made payment the cash guarantee to the counterparty. 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, at present, the company aims to find more projects from both domestic and oversea countries to increase the number of projects and revenue in the future. The company's executives and teams have traveled to meet both domestic and international clients for projects that are currently running in the yards, including existing customers and future target customers as well. We believe that in the near future the Company has the opportunity to receive more new projects. Lastly, we are confident that our business will be sustainable in the long run due to our strong business background and years of experience and expertise. We will certainly be able to deliver valuable work that meets our customers needed.

Please be informed accordingly.

Yours sincerely,



Mr. Chotic Russamitinakornkul

Chief Executive Officer

BT Wealth Industries Public Company Limited