

BTW 2566/008
Subject Management Discussion and Analysis for the three-month period ended 31 March 2023
**To The President
The Stock Exchange of Thailand**
12 May 2023
Management Discussion and Analysis (“MD&A”)
Business Overview
Performance for the three-month period ended 31 March 2023

	For three-month period ended			
	31 March 2023	31 March 2022	Change	
	(THB Million)	(THB Million)	(THB Million)	%
Revenue from Fabrication Work	337.24	431.66	(94.42)	-22%
Cost of Fabrication Work	338.96	386.87	(47.91)	-12%
Gross Profit Margin	(1.72)	44.79	(46.51)	104%
<i>% Gross Profit Margin</i>	<i>-0.51%</i>	<i>10.38%</i>	<i>-10.89%</i>	
Other Income	3.87	14.49	(10.62)	-73%
Administrativ Expenses	28.54	36.09	(7.55)	-21%
Profit (loss) from operation activity	(26.39)	23.19	(49.58)	214%
Finance Cost-net	(5.09)	(3.50)	(1.59)	45%
Income Tax income (expense)	(0.60)	(0.85)	0.25	29%
Profit (loss) for the period	(32.08)	18.84	(50.92)	270%
Attributable to non-controlling interest of subsidia	(0.18)	0.07	(0.25)	357%
Profit (loss) for the period for the Company	(31.90)	18.77	(50.67)	270%
EBITDA	(5.89)	43.00	(48.89)	114%

The company's operating results for the first three months of 2023, the company reported a total net loss of 32.08 million baht compared to the same quarter of the previous year. The company's profit (loss) decreased by 50.92 million baht or 270%, as a result of the reduction in the number of projects. Therefore, as a result, the revenue from fabrication work for the first three months of 2023 decreased from the same period of last year by approximately 94.42 million baht or 22%, which the revenue recognized in the first quarter came from the projects carried over from the previous year that were not yet completed, such as a large fabrication and assembly work or modularization for the refinery business, etc. In addition, the cost of fabrication work and services for the first quarter of 2023 was higher than the same period in

2022 or accounted for 100.51% and 89.62% of revenue from fabrication work, respectively. Mainly due to the increase in labor costs for subcontractors (manpower supply) and overhead expenses which resulted in gross losses in the first quarter of this year.

Administrative expenses of the company consist of expenses related to staff, rent and other service fees, consulting fees and loss from exchange rates, etc. For the first quarter of 2023, the company's administrative expenses decreased from the same period of 2022, in the amount of 7.55 million baht or 21%, mainly from expenses related to salary and wages which in this year, the number of employees has decreased compare to the same period of last year.

Finance costs for the first three months of 2023 increased from the same period of 2022 by 1.59 million baht or 45%, mainly due to the financial institutions raising an interest rates on loans, trust receipts or short-term credit, as a result, the company has increased financial costs.

Financial Position

	As at		Change	
	31 March 2023 (THB Million)	31 December 2022 (THB Million)	(THB Million)	%
Total Current Assets	1,117.90	1,280.03	(162.13)	-13%
Total Non-Current Assets	601.47	622.84	(21.37)	-3%
Total Assets	1,719.37	1,902.87	(183.50)	-10%
Total Current Liabilities	658.89	811.32	(152.43)	-19%
Total Non-Current Liabilities	47.86	46.85	1.01	2%
Total Liabilities	706.75	858.17	(151.42)	-18%
Total Shareholder's Equity	1,012.62	1,044.70	(32.08)	-3%

As of 31 March 2023, the company had total assets of 1,719.37 million baht, a decrease of 183.50 million baht or 10% from 31 December 2022, mainly due to a decrease in cash and bank deposits, trade and other receivables Inventories and raw materials.

The company's total liabilities as of 31 March 2023 decreased from 31 December 2022 in the amount of 151.42 million baht or 18%, mainly due to short-term loans from financial institutions, a decrease in trade and other payables

Shareholders' equity as of 31 March 2023 decreased from 31 December 2022 in the amount of 32.08 million baht or 3% from the recognition of operating losses of the Group in the first quarter of 2023.

Financial Ratio

Liquidity Ratios	31 March 2023	31 December 2022
Current Ratio (times)	1.70	1.58
Quick Ratio (times)	1.41	1.30
Activity Ratios	31 March 2023	31 March 2022
Account Receivable Turnover (times)	4.83	6.36
Average Collection Period (days)	74.58	56.64
Account Payable Turnover (times)	5.22	8.55
Average Payment Period (days)	68.90	42.13
Cash Cycle (days)	51.31	80.40
Inventory Turnover (times)	7.89	5.46
Inventory Turnover Period (days)	45.63	65.89
Total Assets Turnover (times)	0.75	1.02
Leverage Ratios	31 March 2023	31 December 2022
Interest Coverage Ratio (times)	(1.15)	8.07
Debt / Equity Ratio (times)	0.70	0.82
Profitability Ratios	31 March 2023	31 March 2022
Gross Profit Margin (%)	(0.51)	10.38
Net Profit Margin (%)	(9.40)	4.22
Return on Assets or ROA (%)	(7.08)	4.32
Return on Equity or ROE (%)	(3.12)	1.86

The company's liquidity ratio as of 31 March 2023 and 31 December 2022 was 1.70 times and 1.58 times, respectively. The liquidity ratio slightly increased from the end of 2022 as a result of the first quarter of the year 2023, short-term loans from financial institutions and trade and other payables decreased from the end of last year.

As a result of the company's operating loss before interest and income tax, the ability to pay interest for the first quarter of 2023 drop compared to the end of 2022. In addition, the interest rate paid for this period has increased according to the overall economic situation, resulting in the company has an interest expenses more than last year. As a result, for the first quarter of 2023 the interest coverage ratio decreased.

As of 31 March 2023, the company's debt to equity ratio was lower than the end of 2022, due to the company's total liabilities as of 31 March 2023 decreased from the end of 2022 in the amount of 151.42 million baht, that such as long-term loans, short from financial institution trade payables and other payables, etc. As a result, as of 31 March 2023 the company has a lower debt to equity ratio.

Backlog Value as of 31 March 2023

Backlog as of 31 March 2023, totaling 200 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 50.6 million baht, together with interest, and the return of a cash guarantee of approximately 20 million baht. On 27 July 2022, the subsidiary countersued the counterparty, claiming the compensation of approximately 3.4 million baht, 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 15 million baht and return the cash guarantee after deduction a decrease of the contract value, amounting to approximately Baht 14 million. The subsidiary made payment the cash guarantee to the counterparty on 10 February 2023. 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 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.

Please be informed accordingly.

Yours sincerely,



Mr. Chotic Russamitinakornkul

Chief Executive Officer

BT Wealth Industries Public Company Limited