



WELL GRADED ENGINEERING PLC.

No. WGE-FN /2023/002

May 11, 2023

Subject: The Management Discussion and Analysis for the first quarter ending March 31, 2023

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 quarter ending March 31, 2023 as follows:

Revenue from construction and services

For the first three-month of 2023, the Company's construction and service income was 423.31 million baht, a decrease of 91.73 million baht from the same period of year 2022, or 17.81 per cent. The decrease in revenue came from the public sector that having problems with the delivery of work and the slowdown due to construction revisions and delays in revising contracts. The Company recognized revenue from public sector in the proportion of approximately 56.20 per cent of the revenue from construction and services and from the private sector in the proportion of approximately 43.80 per cent.

Construction and service costs and Gross profit

For the first three-month of 2023, the Company has construction and service costs of 489.46 million baht, an increase of 19.24 million baht from the same period in 2022, or an increase of 4.09 per cent. While the Company's gross profit for the first three-month of 2023 amounted to (66.16) million baht, a decrease from the same period in 2022 in the amount of 110.97 million baht, or a decrease of 247.62 per cent. This was mainly due to the revision of the construction cost estimates of the public sector, which was factored by a significant increase in material prices, contract wages and other expenses from the extension of the construction period. In addition, the gross profit margin in the public sector was lower than that of the private sector, as the proportion of backlog of public sector was greater than that of the private sector, resulting in a decrease in gross profit from the previous period.

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Selling and administrative expenses

For the first three-month of 2023, administrative expenses of the Company were 21.73 million baht, an decreased from the same period in 2022 in the amount of 2.83 million baht, or representing a decrease of 11.54 per cent, in which the first three-month of 2022 and 2023, the administrative expenses rate was 5.08 per cent and 4.76 per cent of the total revenue for the period, respectively.

Net profit

For the first three-month of 2023, the Company had a net loss of 78.32 million baht, a decrease from the same period of 2022 by 93.51 million baht or equivalent to a decrease of 615.76 per cent. The decline was mainly due to the Company's construction costs increasing from the revision of construction cost estimates until completion. The estimated amount of loss from construction costs amounted to 95.42 million baht.

Asset

As of March 31, 2023, the Company had total assets of 1,647.39 million baht, an increase compared to December 31, 2022 of 134.85 million baht, or an increase of 8.92 per cent. This was mainly due to the unbilled increase in construction work in progress amounting to 117.56 million baht.

Liabilities

As of March 31, 2023, the Company had total liabilities of 1,206.66 million baht, an increase of 211.19 million baht compared to December 31, 2022, or an increase of 21.21 per cent. The major cause was from (1) trade payables arising from transactions related to the Company's normal business operations that were not due for an increase in the amount of 102.93 million baht (2) bank overdrafts and short-term loans from financial institutions due to the Company's use of bank credit products in terms of promissory notes (PN) and avals increased in the amount of 86.58 million baht (3) provisions from construction projects increased in the amount of 25.93 million baht.

Equity

As of March 31, 2023, the Company had total shareholders' equity of 440.74 million baht, a decrease of 76.34 million baht compared with shareholders' equity at the end of December 31, 2022, which was mainly due to the Company's operating loss of 78.32 million baht.



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Please be informed accordingly,

Best regards,

– Mr. Kraingsak Buanoom –

(Mr. Kraingsak Buanoom)

Managing Director

Well Graded Engineering Public Company Limited

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