



**WELL GRADED ENGINEERING PLC.**

No. WGE-FN /2567/001

February 15, 2024

Subject: The Management Discussion and Analysis for the year ending 31 December 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 year ending 31 December 2023, as follows:

**Revenue from construction and services**

In 2023, the Company had construction and service income of 1,800.79 million baht, an increase of 146.25 million baht from 2022, or an increase of 8.84 per cent. The Company has received additional private sector work for 6 projects, with a total value of 1,489.43 million baht. The revenue recognition of private sector customers accounts for approximately 57.10 per cent of construction and service revenue. While recognizing revenue from the government sector approximately 42.90 per cent.

**Construction and service costs and Gross profit**

In 2023, the Company had construction and service costs of 1,956.25 million baht, an increase of 239.96 million baht from 2022, or an increase of 13.98 per cent, while the Company's gross profit for 2023 amounted to (155.46) million baht. Decreased from 2022 by the amount of (93.70) million baht, or a decrease of 151.74 per cent, with gross profit margin for 2023 equal to (8.63) per cent, decreased from the previous year which had a gross profit margin of (3.73) per cent. This is mainly due to an increase in construction cost estimates for many government projects as a result of a significant increase in material prices, contract wages, and extension of the construction period, resulting in a decrease in gross profit from the previous year.

**Selling and administrative expenses**

In 2023, the Company had sales and administrative expenses of 104.43 million baht, an increase of 14.73 million baht from the same period in 2022. The cause is the provision for expected credit losses of 18.97 million baht, or an increase of 16.42 per cent. In 2022 - 2023, the administrative expense rate is 5.39 per cent and 5.76 per cent of total revenue, respectively.

**Net profit**

In 2023, the Company had a net loss of 221.49 million baht, a decrease of 99.13 million baht from the same period of 2022, or a decrease of 81.02 per cent. The main reason for this decrease was that the Company had income from construction according to the plan which adjusted the construction cost estimates to reflect the construction costs until the work was completed.



## Asset

As of 31 December 2023, the Company had total assets of 1,574.02 million baht, an increase compared to 31 December 2022 of 61.47 million baht or an increase of 4.06 per cent. There are important causes from (1) Inventories increased by 21.69 million baht (2) The value of construction work in progress that has not yet been billed to employers in the government sector has increased. For example, a project such as the Office of Natural Resources and Environmental Policy and Planning Phuket Airport Staff Housing Construction Project and the Energy Regulatory Commission office building construction project.

## Liabilities

As of 31 December 2023, the Company had total liabilities of 1,276.44 million baht, an increase compared to 31 December 2022 of 280.97 million baht or an increase of 28.23 per cent. There are important causes from (1) Trade payables arising from items related to the Company's normal business operations that are not yet due for payment increased in the amount of 55.11 million baht (2) Bank overdrafts and short-term loans from financial institutions due to the Company using bank loan products in the form of promissory notes (PN) increased by 138.29 million baht and (3) The Company has estimated additional liabilities from construction projects in the amount of 57.76 million baht.

## Equity

As of December 31, 2023, the Company had total shareholders' equity of 297.57 million baht, decreased when compared to shareholders' equity as of the end of December 31, 2022, amount of 219.51 million baht, due to the Company operating loss.

Please be informed accordingly,

Best regards,

*– Mr. Kraingsak Buanoom –*

(Mr. Kraingsak Buanoom)

Managing Director

Well Graded Engineering Public Company Limited

