

BTW 2567/007
Subject Management Discussion and Analysis for the three-month period ending 31 March 2024
**To The President
The Stock Exchange of Thailand**
14 May 2024
Management Discussion and Analysis (“MD&A”)
Business Overview
Performance for the three-month period ending 31 March 2024

	For three-month period ended			
	31 March 2024	31 March 2023	Change	
	(THB Million)	(THB Million)	(THB Million)	%
Revenue from Fabrication Work	68.34	337.24	(268.90)	(79.74%)
Cost of Fabrication Work	74.15	338.96	(264.81)	(78.12%)
Gross Profit Margin	(5.81)	(1.72)	(4.09)	(237.79%)
<i>% Gross Profit Margin</i>	<i>-8.50%</i>	<i>-0.51%</i>	<i>1.52%</i>	
Other Income	2.56	3.87	(1.31)	(33.85%)
Administrativ Expenses	16.06	28.54	(12.48)	(43.73%)
Administrativ Expenses	1.53	-	1.53	100.00%
Profit (loss) from operation activity	(20.84)	(26.39)	5.55	21.03%
Finance Cost-net	2.98	5.09	(2.11)	(41.43%)
Income Tax income (expense)	0.30	(0.60)	0.90	(150.00%)
Profit (loss) for the period	(23.52)	(32.08)	8.56	26.68%
Attributable to non-controlling interest of subsidiaires	(0.07)	(0.18)	0.11	61.11%
Profit (loss) for the period for the Company	(23.45)	(31.90)	8.45	26.49%
EBITDA	(5.65)	(5.89)	0.24	4.07%

The company's performance for the first three months of 2024 reported a total net loss of 23.45 million baht compared to the same quarter of the previous year, which decreased by 8.45 million baht or 26% as a result of the reduction in the number of projects. Therefore, the revenue from fabrication work for the first three months of 2024 has decreased from the same period of the previous year by approximately 268.90 million baht or 80%, which the revenue recognized in the first quarter of 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 2024 decreased from the same period in 2023 by 264.81 million baht, which accounts for

109% and 101% of revenue from fabrication work respectively mainly due to the increase in subcontractors' labor costs (manpower supply) and overhead expenses which resulted in gross losses in the first quarter of this year.

The Company's Administrative expenses consist of expenses related to staff, rent and other service fees, consulting fees, and exchange rate losses, etc. For the first quarter of 2024, administrative expenses decreased from by 12.48 million baht or 44% compared to the same period in 2023 due to the decrease in expenses related to salary and wages as a result of decreasing employees compared to the same period in the previous year due to employment reduction in corresponding with work quantity.

Finance costs for the first three months of 2024 decreased from the same period of 2023 by 2.11 million baht or 41% mainly due to the company gradually repaying debts related to financial institutions after the first quarter of 2023, which resulted in the decrease in financial costs.

Financial Position

	As at		Change	
	31 March 2024 (THB Million)	31 December 2023 (THB Million)	(THB Million)	%
Total Current Assets	193.56	277.17	(83.62)	(30.17%)
Total Non-Current Assets	527.13	496.40	30.73	6.19%
Total Assets	720.68	773.57	(52.89)	(6.84%)
Total Current Liabilities	434.35	464.87	(30.52)	(6.57%)
Total Non-Current Liabilities	32.69	31.54	1.15	3.65%
Total Liabilities	467.04	496.41	(29.37)	(5.92%)
Total Shareholder's Equity	253.64	277.16	(23.52)	(8.49%)

As of 31 March 2024, the company had total assets of 720.68 million baht, a decrease of 52.89 million baht or 7% from 31 December 2023 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 2024 decreased from 31 December 2023 in the amount of 29.37 million baht or 6%, mainly due to decrease in short-term loans from financial institutions and advance construction income, etc.

Shareholders' equity as of 31 March 2024 decreased from 31 December 2023 by 23.52 million baht or 8% from the Group's recognition of operating losses in the first quarter of 2024.

Financial Ratio

Liquidity Ratios	31 March 2024	31 December 2023
Current Ratio (times)	0.45	0.60
Quick Ratio (times)	0.15	0.36
Activity Ratios	31 March 2024	31 March 2023
Account Receivable Turnover (times)	4.46	4.83
Average Collection Period (days)	81.82	74.58
Account Payable Turnover (times)	1.83	5.22
Average Payment Period (days)	199.11	68.90
Cash Cycle (days)	(0.89)	51.31
Inventory Turnover (times)	3.14	7.89
Inventory Turnover Period (days)	116.40	45.63
Total Assets Turnover (times)	0.38	0.75
Leverage Ratios	31 March 2024	31 December 2023
Interest Coverage Ratio (times)	(1.89)	(34.42)
Debt / Equity Ratio (times)	1.82	1.77
Profitability Ratios	31 March 2024	31 March 2023
Gross Profit Margin (%)	(8.51)	(0.51)
Net Profit Margin (%)	(33.17)	(9.40)
Return on Assets or ROA (%)	(12.59)	(7.08)
Return on Equity or ROE (%)	(8.86)	(3.12)

The company's liquidity ratio as of 31 March 2024 and 31 December 2023 was 0.45 times and 1.70 times respectively. The liquidity ratio increased from the end of 2023 as a result of short-term loans from financial institutions and trade and other payables decreased from the end of the previous year.

The ability to pay interest as of 31 March 2024 decreased compared to 31 December 2023 due to the decrease in losses and the decrease in interest payments which negatively affected the capabilities to pay interests for the first quarter of 2024 compared to by the end of 2023.

As of 31 March 2024, the company's debt to equity ratio has increased from the end of 2023 due to the company's total liabilities as of 31 March 2024 increased from the end of 2023 by 29.37 million baht due to the increases in trade payables and other payables along with the decreasing of equity from the recognition of loss by the subsidiaries.

Backlog Value as of 31 March 2024

Total backlog value as of 31 March 2024 is at 432 million baht. Most of the remaining works are modularization, steel structures, and vessels & tanks. The Group expects all the remaining works to be completed 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 compensation consensus was not reached.

On 29 April 2024, the counterparty filed a criminal complaint on the same ground as in the civil case against the subsidiary, a Group's director and 3 former individuals related to the subsidiary, with the Criminal Court setting a date of preliminary hearing to be held in July 2024. On 7 May 2024, the Civil Court has temporarily disposed of the civil case because the adjudication must first rely on the facts which are heard as a settlement in the criminal case.

The Group's management and legal advisor considered the case to be groundless and will not result in significant losses towards the Group's operating results or financial position. The Group therefore has not recorded provision in its accounts.

Yours sincerely,

Mr. Chotic Russamitinakornkul

Chief Executive Officer

BT Wealth Industries Public Company Limited