



WELL GRADED ENGINEERING PLC.

No. WGE-FN 2022/004

November 3, 2022

Subject: The Management Discussion and Analysis for the 9-month period ended September 30, 2022  
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 9-month period ended September 30, 2022 as follows:

**Revenue from construction and services.**

For the 9-month period ended September 30, 2022, the Company's construction and service income was 1,299.46 million baht, an increase from the same period of 2021 by 646.93 million baht, or an increasing rate of 99.14 per cent. The increase in such income is a result of backlog accumulated continuously from the previous year and 4 new projects with a total value of 1,220.32 million baht that the Company won the auction in 2022, which is from a private sector clients accounted for approximately 53.72 per cent of total revenue from construction and services while the proportion of income from construction work from the public sector accounted for approximately 46.28 per cent.

**Construction and service costs and Gross profit**

For the 9-month period ended September 30, 2022, the Company's cost of construction and services was 1,319.43 million baht, an increase from the same period of 2021 by 716.32 million baht, or an increase of 118.77 per cent. The gross margin of the Company for the 9-month period ended September 30, 2022 was (19.97) million baht, a decrease from the same period of 2021, amounting to 69.38 million baht or equivalent to a decrease of 140.41 per cent. This was caused by the Company's construction cost from construction project liabilities increased by 72.25 million baht due to the delay of construction work from the public sector project that the Company started working on before the COVID-19 epidemic, as well as the impact of the rising price of steel which is the main material in construction and the economic slowdown.



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### Selling and administrative expenses

For the 9-month period ended September 30, 2022, the Company had selling and administrative expenses of 68.54 million baht, an increase of 3.34 million baht from the end of the year 2021, or a 5.13 per cent increase, caused by the amortization of software licensing fees, loss from exchange rate, employee-related expenses including administrative salaries, other welfare, the cost of importing labor and other advisory fees

### Net profit

For the 9-month period ended September 30, 2022, the Company had a net loss of 79.59 million baht, a decrease of 63.49 million baht from the same period of 2021, or a 394.44 per cent decrease. The decline was mainly due to construction costs from the construction project liabilities of 72.25 million baht.

### Financial Position

#### 1. Asset

As of September 30, 2022, the Company had total assets of 1,586.02 million baht, a decrease when compared to December 31, 2021 amounting to 7.21 million baht or 0.45 per cent. The decrease was mainly due to a decrease in cash and cash equivalents of 154.49 million baht and decrease in current assets from contracts amounting to 26.14 million baht, accordingly.

#### 2. Liabilities

As of September 30, 2022, the Company had total liabilities of 1,023.17 million baht, an increased compared to December 31, 2021 amounting to 102.59 million baht, or an increase of 11.11 per cent, mainly due to an increase in (1) bank overdrafts and short-term loans from financial institutions from the uses of credit products for promissory notes (PN) and avals amounting to 34.27 million baht (2) long-term loans from financial institutions for the asphalt plant construction project with the drawdown of the land cost of 49.44 million baht and (3) the Company has a provision for the construction project of 72.25 million baht.

#### 3. Equity



**WELL GRADED ENGINEERING PLC.**

As of September 30, 2022, the Company had total shareholders' equity of 559.84 million baht. The decrease in comparison with shareholders' equity as of December 31, 2021, amounted to 109.80 million baht, is due to dividend payout to shareholders of 30.00 million baht and operating loss of 79.59 million baht.

Please be informed accordingly,

Best regards,

– Mr. Kraingsak Buanoom –

(Mr. Kraingsak Buanoom)

Managing Director

Well Graded Engineering Public Company Limited