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At BJC/SET 2565-008

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Subject: Explanation of 1Q2022 Operating Results changing over 20%

To: President  
The Stock Exchange of Thailand

BJC Heavy Industries Public Company Limited (hereinafter referred to as "the company") would like to clarify the changes in 1Q2022 Operating Results as compared with those in 1Q2021 as follows.

### Overview of Business Operation

In 1Q2022, the global economy has faced the challenging factor as a result of the war between Russia and Ukraine, pushing up global oil and energy prices as well as the cost of some commodities. The rising global oil and energy prices have led to the increase in inflation rates in many countries, forcing many central banks to hike interest at the present.

On the other hand, rising prices for commodity products have encouraged more project developers to resume their project activities. For example, top 20 global mining companies have been expected to increase their capital expenditure in 2022, reaching to 2.4 trillion baht, the highest level since 2014 while various multinational oil and gas corporations have also raised their investment budget during the high energy price environment.

As a consequence, the Company has actively participated in received potential project bids both in oversea and local markets in many industries such as power plant, refinery, petrochemical, oil and gas, green energy as well as mining business. Currently, the total bidding value is over 30,000 million baht, providing more project opportunities for BJCHI at the moment.

Additionally, during 1Q2022, BJCHI mutually agreed with a client to resume the large-scale project, CRISP, which is about oil and petrochemical industry. Resuming CRISP project activities should help the Company's operating performance to continue growing from last year.



## **Revenue**

### Contracted Revenue

In 1Q2022, Contracted Revenue (excluding other revenue) was 226.1 million baht, decreasing by 50.8% from 459.7 million baht in 1Q2021. The Contract Revenue decreased because of slow project activities as compared to the same period of last year. However, the Company is expecting Contracted Revenue to ramp-up because of recognizing revenue from CRISP project since 2Q2022 onwards.

### **Other Revenue**

In 1Q2022, other revenue (excluding FX gain) was 9.2 million baht, rising from that in 1Q2021 at 6.4 million baht due to the increase in service income.

## **Expenses**

### Contracted Costs

Contracted Costs in 1Q2022 was 186.5 million baht, representing the decrease by 54.1% from the same period of last year at 406.7 million baht. The decrease in Contracted Costs was in line with decreased project activities.

### Selling, General and Administrative expenses (SG&A)

Selling, General and Administrative expenses (SG&A) in 1Q2022 was 31.4 million baht, decreasing by 7.1% from 1Q2021 which was 33.8 million baht due to the ongoing effort in efficient cost control.

## **Foreign Exchange (FX) Impact**

In 1Q2022, the company recognized FX gain by 0.1 million baht as compared with 1Q2021 at 61.7 million baht after THB become appreciated in 1Q2022 against its depreciation in 1Q2021.

## **Gross Profit and Net Profit**

In 1Q2022, Gross Profit was at 39.6 million baht, as compared with that in 1Q2021 at 53.1 million baht. On the other hand, Net profit in 1Q2022 was at 16.9 million baht as compared with the net profit in 1Q2021 at 87.4 million baht due largely to reasons as explained above.

Please be informed accordingly,

Best regards,  
BJC Heavy Industries Public Company Limited  
(Mr. Seung Woo Lee)  
Director/Deputy Managing Director