

No. ETE-65/009

Date 23 February 2022

Subject: Explanation and analysis from the management team regarding the performance results for the year 2021

To: The President of The Stock Exchange of Thailand

The Eastern Technical Engineering Public Co., Ltd. (“the Company”) wishes to clarify the overall performance results of the Company and its subsidiaries, for the year ended 31 December 2021, which have been approved by the Board of Directors meeting no. 1/2022 held on 23 February 2022 with details as follows.

Performance results for the year ended 31 December 2021

Performance results	Consolidated financial information			
	(Unit : Million Baht)			
	2021	2020	Change	% Change
Revenue from construction service	450.62	438.16	12.46	2.84%
Revenue from management service	782.63	889.16	(106.53)	-11.98%
Revenue from alternative energy	131.09	132.81	(1.72)	-1.30%
Revenue from sale of goods and other services	16.45	-	16.45	
Revenue	1,380.79	1,460.13	(79.35)	-5.43%
Cost	1,181.14	1,248.45	(67.30)	-5.39%
Gross profit	199.65	211.69	(12.04)	-5.69%
Other income	7.02	2.71	4.32	159.53%
Selling & Admin expenses	135.70	135.82	(0.12)	-0.09%
Finance costs	36.64	42.37	(5.74)	-13.54%
Share of loss from associate	0.40	0.06	0.34	614.32%
Income(Revenue) tax expense	7.92	(14.45)	22.37	-154.82%
Profit for the period	26.01	50.59	(24.58)	-48.58%

Net profit of the Company and its subsidiaries for the year ended 31 December 2021 amounted to Baht 26.01 million, decreasing by Baht 24.58 million or 48.58% when compared with the same period of last year which the amount was Baht 50.59 million due to the following reasons.

Revenues

Total revenues of the Company and its subsidiaries for the year ended 31 December 2021 amounted to Baht 1,380.79 million, decreasing by Baht 79.35 million or 5.43 %, when compared with previous year which the amount was Baht 1,460.13 million. Consequently, gross profit for the year amounted to Baht 199.65 million, decreasing by Baht 12.04 million or 5.69 % when compared with last year because of these main reasons.

1. Revenue from construction service for the year ended 31 December 2021 was Baht 450.62 million, increasing Baht 12.46 million or 2.84 % when compared with last year which the amount was Baht 438.16 million because there were projects which were due the contract delivery date in 2021 more than previous year.
2. Revenue from management service for the year ended 31 December 2021 was Baht 782.63 million, decreasing Baht 106.53 million or 11.98 % when compared with last year which the amount was Baht 889.16 million due to COVID-19 outbreak. Many entities cut budgets and delayed procurements, and management team considered to accept only projects which did not have risks of project delay or budget cancellation in the future.
3. Revenue from alternative energy for the year ended 31 December 2021 was Baht 131.09 million, decreasing Baht 1.72 million or 1.30 % when compared with last year which the amount was Baht 132.81 million because storms blew in the third quarter of 2021. As a result, the production capacity reduced on that time. Nowadays, revenue from alternative energy was produced by solar power plants total 4 projects. The Company focused on maintenance in solar power plant system each area regularly to remain stable of power generation capacity continuously.
4. Revenue from sale of goods and other services for the year ended 31 December 2021 was Baht 16.45 million; however, there was no revenue from sale of goods and other services last year.

Other Income

Other income for the year ended 31 December 2021 amounted to Baht 7.02 million, increasing by Baht 4.32 million when compared with last year which the amount was Baht 2.71 million. The main reason was the Company received income compensation from damage to power converters of alternative energy business in the first quarter and the third quarter of 2021.

Selling and Administrative Expenses

Selling and administrative expenses for the year ended 31 December 2021 amounted to Baht 135.70 million, decreasing by Baht 0.12 million or 0.09 %. In 2021, selling expenses of the Company amounted to Baht 7.34 million, increasing by Baht 1.51 million when compared with last year because expenses related to marketing campaign for investing in new project. However, administrative expenses amounted to Baht 128.36 million, decreasing by Baht 1.64 million when compared with previous year

because the Company had a policy which reduced and controlled expenses at office, and it conformed to changing work environment due to COVID-19 outbreak. As a result, overall administrative expenses decreased.

Financial Cost

Financial cost for the year ended 31 December 2021 amounted to Baht 36.64 million, decreasing by Baht 5.74 million or 13.54 % when compared with last year which the amount was Baht 42.37 million due to the gradual repayments of long-term debts from alternative energy project.

Income (Revenue) Tax Expense

Income tax expenses for the year ended 31 December 2021 amounted to Baht 7.92 million, increasing by Baht 22.37 million when compared with last year because the Company allocated common costs in accordance with actual projects of each company. Consequently, the Company had profits from operation, and tax expense increased. However, in 2020, the Company had revenue from deferred tax assets due to loss transaction of last year.

Financial Position as of 31 December 2021

Consolidated financial information (Unit : Million Baht)			
	December 31	December 31	Change
	2021	2020	
Current assets	609.70	762.73	(153.03)
Non-current assets	1,255.74	1,188.31	67.43
Total assets	1,865.44	1,951.04	(85.60)
Current liabilities	495.45	585.90	(90.45)
Non-current liabilities	484.48	481.90	2.59
Total liabilities	979.94	1,067.80	(87.86)
Equity	885.50	883.24	2.26

Total Assets

Total assets of the Company and its subsidiaries as of 31 December 2021 amounted to Baht 1,865.44 million, decreasing by Baht 85.60 million from the end of 2020 due to these main reasons.

- Cash and cash equivalents amounted to Baht 51.97 million, increasing by Baht 17.27 million from the end of 2020. Although the Company paid for new machines to use in alternative energy business, long-term loan repayments and dividend to shareholders during the period, cash and cash equivalents increased because the Company had profit from operation during the period. Also, the Company received cash from withholding tax refund, and borrowed more long-term loans during the period.
- Trade and other receivables amounted to Baht 219.77 million, decreasing by Baht 131.32 million from the end of 2020 because trade receivables from construction service decreased due to on-time cash collections.
- Inventories amounted to Baht 113.82 million, decreasing by Baht 51.78 million from the end of 2020, for they were installed in the project of construction service business.
- Property, plant and equipment amounted to Baht 1,037.41 million, increasing by Baht 98.66 million from the end of 2020. Although some items of property, plant and equipment decreased during the period because they were calculated accumulated depreciation, overall property, plant and equipment increased because of investing in biomass power generation business.
- Right-of-use asset amounted to Baht 10.25 million, increasing by Baht 6.65 million from the end of 2020 because the Company made a land lease contract for 10 years to construct a new warehouse. Therefore, right-of-use asset was recorded in the financial statement.
- Intangible assets amounted to Baht 24.57 million, increasing by Baht 10.07 million from the end of 2020 because the group companies invested in one subsidiary's stocks. The subsidiary had a main electricity distribution license, so the Company must record this investment in the consolidated financial statement as intangible assets.
- Other non-current assets amounted to Baht 27.23 million, decreasing by Baht 41.05 million from the end of 2020 because the Company received cash from withholding tax refund and retention refund.

Total Liabilities

Total Liabilities of the Company and its subsidiaries as of 31 December 2021 amounted to Baht 979.94 million, decreasing by Baht 87.86 million from the end of 2020 because of these main reasons.

- Bank overdrafts and short-term loans from financial institutions amounted to Baht 243.66 million, decreasing by Baht 28.23 million from the year ended of 2020.
- Trade and other payables amounted to Baht 148.11 million, decreasing by Baht 64.03 million from the end of 2020 due to a decrease in trade payables and accrued construction costs resulting from due payments.
- Long-term loans from financial institutions amounted to Baht 502.53 million, decreasing by Baht 10.96 million from the end of 2020 due to regular long-term loan repayments during the period.

Shareholders' Equity

The shareholders' equity of the Company and its subsidiaries as of 31 December 2021 amounted to Baht 885.50 million, increasing by Baht 2.26 million from 31 December 2020, resulting from the higher net profit during the period from group companies. In addition, the Company paid interim dividend to increase shareholders' equity in line with the former amount.

Please be informed accordingly.

Yours Respectfully,

(Mr. Preecha Suan)

Chief Financial Officer