

No. ETE-65/028

Date 10 August 2022

Subject: Explanation and analysis from the management team regarding the performance results for the second quarter and six-month period ended 30 June 2022

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 second quarter and six-month period ended 30 June 2022, which have been approved by the Board of Directors meeting no. 4/2022 held on 10 August 2022 with details as follows.

Performance results for the second quarter and six-month period ended 30 June 2022

Performance results	Consolidated financial information (Unit : Million Baht)				Consolidated financial information (Unit : Million Baht)			
	Quarter 2	Quarter 2	Change	% Change	6 Months	6 Months	Change	% Change
	2022	2021			2022	2021		
Revenue from construction service	56.54	87.45	(30.90)	-35.34%	95.33	258.77	(163.44)	-63.16%
Revenue from management service	180.55	198.60	(18.05)	-9.09%	355.80	395.41	(39.61)	-10.02%
Revenue from alternative energy	32.27	33.25	(0.98)	-2.95%	68.82	70.66	(1.84)	-2.61%
Revenue from sale of goods and other services	0.04	1.81	(1.77)	-97.67%	0.08	1.81	(1.73)	-95.51%
Revenue	269.40	321.11	(51.71)	-16.10%	520.03	726.65	(206.62)	-28.44%
Cost	234.37	267.95	(33.58)	-12.53%	451.43	616.14	(164.72)	-26.73%
Gross profit	35.03	53.16	(18.13)	-34.10%	68.60	110.51	(41.91)	-37.92%
Other income	2.55	0.72	1.83	254.62%	2.75	3.88	(1.13)	-29.03%
Selling & Admin expenses	28.94	33.40	(4.46)	-13.36%	59.96	66.19	(6.23)	-9.41%
Finance costs	4.59	9.85	(5.26)	-53.40%	12.53	18.77	(6.25)	-33.29%
Share of loss from associate	0.14	0.00	0.13	3015.63%	0.34	0.10	0.24	241.48%
Income(Revenue) tax expense	1.32	3.31	(1.99)	-60.11%	0.54	7.87	(7.33)	-93.13%
Profit for the period	2.60	7.32	(4.72)	-64.53%	(2.01)	21.45	(23.46)	-109.39%

The Company and its subsidiaries had net profit for the second quarter ended 30 June 2022 amounted to Baht 2.60 million, decreasing by Baht 4.72 million or 64.53 %, when compared with the same period of last year which the net profit was Baht 7.32 million. Moreover, the Company and its subsidiaries had net loss for six-months period ended 30 June 2022 amounted to Baht 2.01 million, decreasing by Baht 23.46 million or 109.39 %, when compared with the same period of prior year which the net profit was Baht 21.45 million due to the following reasons.



Revenues

The Company and its subsidiaries had total revenues for the second quarter ended 30 June 2022 amounted to Baht 269.40 million, decreasing by Baht 51.71 million or 16.10 % when compared with the same period of last year which the amount was Baht 321.11 million. In addition, total revenues for six-month period ended 30 June 2022 amounted to Baht 520.03 million, decreasing by Baht 206.62 million or 28.44 % when compared with the same period of prior year which the amount was Baht 726.65 million. Gross profit for six-month period ended 30 June 2022 amounted to Baht 68.60 million, decreasing by Baht 41.91 million or 37.92 % when compared with the same period of last year because of these main reasons.

1. Revenue from construction service for the second quarter ended 30 June 2022 was Baht 56.54 million, decreasing Baht 30.90 million or 35.34 % when compared with the same period of last year which the amount was Baht 87.45 million. Furthermore, revenue from construction service for six-month period ended 30 June 2022 was Baht 95.33 million, decreasing by Baht 163.44 million or 63.16 % when compared with the same period of previous year which the amount was Baht 258.77 million because there were due projects during six-month period in 2021 more than previous year.
2. Revenue from management service for the second quarter ended 30 June 2022 was Baht 180.55 million, decreasing Baht 18.05 million or 9.09 % when compared with the same period of last year which the amount was Baht 198.60 million. Also, revenue from management service for six-month period ended 30 June 2022 was Baht 355.80 million, decreasing by Baht 39.61 million or 10.02 % when compared with the same period of previous year which the amount was Baht 395.41 million. This was because 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 second quarter ended 30 June 2022 was Baht 32.27 million, decreasing Baht 0.98 million or 2.95 % when compared with the same period of last year which the amount was Baht 33.25 million. Furthermore, revenue from alternative energy for six-month period ended 30 June 2022 was Baht 68.82 million, decreasing by Baht 1.84 million or 2.61 % when compared with the same period of prior year which the amount was Baht 70.66 million. Nowadays, revenue from alternative energy was generated 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.



Other Incomes

Other incomes for the second quarter ended 30 June 2022 amounted to Baht 2.55 million, increasing by Baht 1.83 million when compared with the same period of last year which the amount was Baht 0.72 million. Nevertheless, other incomes for six-month period ended 30 June 2022 amounted to Baht 2.75 million, decreasing by Baht 1.13 million when compared with the same period of last year which the amount was Baht 3.88 million. The main reason was the Company received income compensation from damage to power converters of alternative energy business in the first quarter of 2021.

Selling and Administrative Expenses

Selling and administrative expenses for the second quarter ended 30 June 2022 amounted to Baht 28.94 million, decreasing by Baht 4.46 million or 13.36 % when compared with the same period of last year which the amount was Baht 33.40 million. The main reason was there was loss on impairment on assets from power converters of alternative energy business during the second quarter in 2021; however, there was no this expense during the second quarter in 2022. Moreover, the Company had measures to reduce and control expenses in the office. Consequently, overall selling and administrative expenses decreased. Besides, selling and administrative expenses for the six-month period ended 30 June 2022 amounted to 59.96 million, decreasing by Baht 6.23 million or 9.41 % when compared with the same period of prior year which the amount was Baht 66.19 million. The main reasons were employee expenses and other office expenses decreased during the six-month period in 2022, and there was no loss on impairment on assets from power converters of alternative energy business, which was one-time transaction in 2021. Therefore, overall selling and administrative expenses decreased for six-month period in 2022.

Financial Cost

Financial cost for the second quarter ended 30 June 2022 amounted to Baht 4.59 million, decreasing by Baht 5.26 million or 53.40 % when compared with the same period of last year which the amount was Baht 9.85 million. Besides, financial cost for six-month period ended 30 June 2022 amounted to Baht 12.53 million, decreasing by Baht 6.25 million or 33.29 % when compared with the same period of previous year which the amount was Baht 18.77 million due to the gradual repayments of long-term debts from alternative energy project.

Income Tax (Revenue) Expense

Income tax expenses for the second quarter ended 30 June 2022 amounted to Baht 1.32 million, decreasing by Baht 1.99 million when compared with the same period of last year. In addition, income tax expenses for six-month period ended 30 June 2022 amounted to Baht 0.54 million, decreasing by Baht 7.33 million when compared with the same period of last year because of the Company's profits from operation.



Financial Position as of 30 June 2022

Consolidated financial information (Unit : Million Baht)			
	June 30	December 31	
	2022	2021	Change
Current assets	525.22	609.70	(84.47)
Non-current assets	1,299.06	1,255.74	43.32
Total assets	1,824.28	1,865.44	(41.16)
Current liabilities	495.52	495.45	0.07
Non-current liabilities	445.20	484.48	(39.29)
Total liabilities	940.72	979.94	(39.22)
Equity	883.56	885.50	(1.94)

Total Assets

Total assets of the Company and its subsidiaries as of 30 June 2022 amounted to Baht 1,824.28 million, decreasing by Baht 41.16 million from the end of 2021 due to these main reasons.

- Trade and other receivables amounted to Baht 205.45 million, decreasing by Baht 14.33 million from the end of 2021 due to a decrease in trade receivable from construction service
- Contract assets amounted to Baht 143.91 million, decreasing by Baht 42.10 million from the end of 2021, for contract assets from construction service decreased.
- Inventories amounted to Baht 73.73 million, decreasing by Baht 40.09 million from the end of 2021 because they were installed in the project of construction service business.
- Cash and cash equivalents amounted to Baht 56.47 million, increasing by Baht 4.50 million from the end of 2021. Although the Company paid for machines, power plants construction of alternative energy business and long-term loan repayments, cash and cash equivalents increased because of net cash flow the from operation.
- Property, plant and equipment amounted to Baht 1,095.72 million, increasing by Baht 58.30 million from the end of 2021. 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 investment in biomass power generation business and wood cutting business.



Total Liabilities

Total Liabilities of the Company and its subsidiaries as of 30 June 2022 amounted to Baht 940.72 million, decreasing by Baht 39.22 million from the end of 2021 because of these main reasons.

- Trade and other payables amounted to Baht 135.03 million, decreasing by Baht 13.08 million from the end of 2021 due to a decrease in trade payables and retention deposit payables.
- Long-term loans from financial institutions amounted to Baht 454.91 million, decreasing by Baht 47.63 million from the end of 2021 due to regular loan repayments during the period.
- Bank overdrafts and short-term loans from financial institutions amounted to Baht 271.40 million, increasing by Baht 27.74 million from the end of 2021 due to carrying on business.

Shareholders' Equity

The Company and its subsidiaries had shareholders' equity as of 30 June 2022 amounted to Baht 883.56 million, decreasing by Baht 1.94 million from 31 December 2021. Net loss during the period from group companies indicated that shareholders' equity decreased in line with the former amount.

Please be informed accordingly.

Yours Respectfully,

(Mr. Preecha Suan)
Chief Financial Officer

