



EE/SET/022/2565

15 August 2022

Subject: Management Discussion and Analysis for Financial Statements Q2/2022 ended 30 June 2022

Attention: President

The Stock Exchange of Thailand

Eternal Energy Public Company Limited and its subsidiary (the “Company”) would like to explain operation results for Q2/2022 ended 30 June 2022. Operating results in the Q2/22 of the group of companies It appears that it has a net loss of Baht 21.41 million, an increase of Baht 155.22 million or 116.00 % from the previous year, details as follows:

#### **Statements of Comprehensive Income**

1. Gross profit decreased by Baht 0.34 million or 159.13% due to the company has changed its investment in subsidiaries from energy production (electricity and steam) business to agricultural business which consists of planting, extracting, processing, distributing, importing, exporting, which operates all business related to hemp raw materials. It is a new business and encountered problems with the spread of pests, causing the cost of cultivation to be higher than the income, resulting in a total gross loss.
2. Other income decreased by Baht 116.56 million or 108.30%. mainly consists of
  - 2.1. Other income from reversal of provisions decreased by Baht 107.52 million or 100%, because in Q2/2022, the company received a notice of termination of the share purchase agreement of SSUT Co., Ltd. part 2 from Comlink Co., Ltd. and a letter confirming that it would not make any claim for damages from the cancellation of such trading includes all accrued interest. As a result, the Company reversed the estimated accrued interest expenses that would not be paid to other income due to the full reversal of the provision.
  - 2.2. Profit (loss) from change in fair value of biological assets decreased by Baht 9.35 million or 100% because the company changed its investment in subsidiary to agricultural business. And in the Q2/22, biological assets are estimated to be lower than the expected value. Therefore, the Company recognizes gains (losses) from changes in the fair value of biological assets.
3. Total expenses increased by Baht 7.35 million or 147.49%, mainly consisting of
  - 3.1. The cost of distribution increased by Baht 0.76 million or 100%. Arising from product advertising costs because the company has changed its investment in subsidiaries which are agricultural business consists of planting, extracting, processing, distributing, importing, exporting, which operates all business related to hemp raw materials which is a new business.

- 3.2. Administrative expenses increased by Baht 6.45 million or 208.79% due to the hiring of a financial advisor to take care of the new business acquisition of the company.
4. Share of profit from investments in associated companies decreased by Baht 30.98 million or 100%. Since the Company sold shares of SSUT Co., Ltd. by transferring the said shares and receiving the payment completed on September 23, 2021. For this reason, the share of profit from investments in associated companies has been reduced in total.

**Operating results for the six-month ending June 30, 2022 compared to the six-month ending June 30, 2021. The Company and its subsidiaries had net profit and loss of Baht 38.40 million, an increase of Baht 191.30 million or 125.12% when compared to Q1/2021 with a net profit of Baht 152.89 million, details as follows:**

1. Gross profit decreased by Baht 1.16 million or 112.26% due to the company has changed its investment in subsidiaries from clean energy production (electricity and steam) business to agricultural business which consists of planting, extracting, processing, distributing, importing, exporting, which operates all business related to hemp raw materials. It is a new business and encountered problems with the spread of pests, causing the cost of cultivation to be higher than the income, resulting in a total gross loss.
2. Other income decreased by Baht 115.62 million or 107.17%. mainly consists of
  - 2.1. Other income from reversal of provisions decreased by Baht 107.52 million or 100%, because in Q2/22, the company received a notice of termination of the share purchase agreement of SSUT Co., Ltd. part 2 from Comlink Co., Ltd. and a letter confirming that it would not make any claim for damages from The cancellation of such trading includes all accrued interest. As a result, the Company reversed the estimated accrued interest expense that would not be paid to other income due to the full reversal of the provision.
  - 2.2. Biological assets are estimated to be lower than expected value. In Q1/22, the expected value of receiving is higher than Baht 1.07 million. In Q2/22, the expected value is higher than Baht 9.35 million. Therefore, the company recognized loss from changes in the fair value of biological assets.
3. Total expenses increased by Baht 20.65 million or 209.89%, mainly consisting of
  - 3.1. The cost of distribution increased by Baht 1.79 million or 100%. Arising from product advertising costs because the company has changed its investment in subsidiaries which are agricultural business consists of planting, extracting, processing, distributing, importing, exporting, which operates all business related to hemp raw materials which is a new business.
  - 3.2. Administrative expenses increased by Baht 18.72 million or 318.05%. Mostly due to the employment of a financial advisor to take care of the acquisition of new business of the company amounting to Baht 7.60 million and non-refundable tax expenses due to business changes and non-refundable amount of Baht 5.07 million. While the rest are general operating expenses of the company.

4. Share of profit from investments in associated companies decreased by Baht 53.86 million or 100%. Since the Company sold shares of SSUT Co., Ltd. by transferring the said shares and receiving the payment completed on September 23, 2021. For this reason, the share of profit from investments in associated companies has been reduced in total.

Please be informed accordingly.

Yours sincerely,

(Mr.Worasak Kriengkamol)

Chief Executive Officer

Authorized to Disclose Information