

No. ETE-65/035

Date 9 November 2022

Subject: Explanation and analysis from the management team regarding the performance results for the third quarter and nine-month period ended 30 September 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 third quarter and nine-month period ended 30 September 2022, which have been approved by the Board of Directors meeting no. 5/2022 held on 9 November 2022 with details as follows.

Performance results for the third quarter and nine-month period ended 30 September 2022

Performance results	Consolidated financial information (Unit : Million Baht)				Consolidated financial information (Unit : Million Baht)			
	Quarter 3	Quarter 3	Change	% Change	9 Months	9 Months	Change	% Change
	2022	2021			2022	2021		
Revenue from construction service	84.85	114.56	(29.70)	-25.93%	180.18	373.33	(193.15)	-51.74%
Revenue from management service	173.74	199.88	(26.14)	-13.08%	529.54	595.29	(65.74)	-11.04%
Revenue from alternative energy	28.28	29.78	(1.50)	-5.04%	97.09	100.43	(3.34)	-3.33%
Revenue from sale of goods and other services	13.10	11.06	2.04	18.40%	13.18	12.87	0.30	2.37%
Revenue	299.97	355.27	(55.30)	-15.57%	820.00	1,081.93	(261.93)	-24.21%
Cost	267.52	304.82	(37.30)	-12.24%	718.94	920.96	(202.02)	-21.94%
Gross profit	32.45	50.45	(18.00)	-35.68%	101.06	160.96	(59.91)	-37.22%
Other income	0.39	2.37	(1.98)	-83.67%	3.14	6.25	(3.11)	-49.74%
Selling & Admin expenses	26.18	35.63	(9.45)	-26.53%	86.14	101.83	(15.68)	-15.40%
Finance costs	5.83	9.09	(3.26)	-35.91%	18.35	27.87	(9.51)	-34.14%
Share of loss from associate	0.04	0.08	(0.04)	-46.74%	0.38	0.18	0.20	115.11%
Income(Revenue) tax expense	(0.16)	1.39	(1.56)	-111.62%	0.38	9.27	(8.89)	-95.92%
Profit for the period	0.95	6.63	(5.67)	-85.61%	(1.06)	28.08	(29.13)	-103.77%

The Company and its subsidiaries had net profit for the third quarter ended 30 September 2022 amounted to Baht 0.95 million, decreasing by Baht 5.67 million or 85.61 %, when compared with the same period of last year which the net profit was Baht 6.63 million. Moreover, the Company and its subsidiaries had net loss for nine-month period ended 30 September 2022 amounted to Baht 1.06 million, decreasing by Baht 29.13 million or 103.77 %, when compared with the same period of prior year which the net profit was Baht 28.08 million due to the following reasons.



Revenues

The Company and its subsidiaries had total revenues for the third quarter ended 30 September 2022 amounted to Baht 299.97 million, decreasing by Baht 55.30 million or 15.57 % when compared with the same period of last year which the amount was Baht 355.27 million. In addition, total revenues for nine-month period ended 30 September 2022 amounted to Baht 820.00 million, decreasing by Baht 261.93 million or 24.21 % when compared with the same period of prior year which the amount was Baht 1,081.93 million. Gross profit for nine-month period ended 30 September 2022 amounted to Baht 101.06 million, decreasing by Baht 59.91 million or 37.22 % when compared with the same period of last year because of these main reasons.

1. Revenue from construction service for the third quarter ended 30 September 2022 was Baht 84.85 million, decreasing Baht 29.70 million or 25.93 % when compared with the same period of last year which the amount was Baht 114.56 million. Furthermore, revenue from construction service for nine-month period ended 30 September 2022 was Baht 180.18 million, decreasing by Baht 193.15 million or 51.74 % when compared with the same period of previous year which the amount was Baht 373.33 million because there were due projects during nine-month period in 2021 more than previous year.
2. Revenue from management service for the third quarter ended 30 September 2022 was Baht 173.74 million, decreasing Baht 26.14 million or 13.08% when compared with the same period of last year which the amount was Baht 199.88 million. Also, revenue from management service for nine-month period ended 30 September 2022 was Baht 529.54 million, decreasing by Baht 65.74 million or 11.04 % when compared with the same period of previous year which the amount was Baht 595.29 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 third quarter ended 30 September 2022 was Baht 28.28 million, decreasing Baht 1.50 million or 5.04% when compared with the same period of last year which the amount was Baht 29.78 million. Furthermore, revenue from alternative energy for nine-month period ended 30 September 2022 was Baht 97.09 million, decreasing by Baht 3.34 million or 3.33 % when compared with the same period of prior year which the amount was Baht 100.43 million because of weather. However, the Company focused on maintenance in solar power plant system each area regularly to remain stable of power generation capacity continuously.

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Selling and Administrative Expenses

Selling and administrative expenses for the third quarter ended 30 September 2022 amounted to Baht 26.18 million, decreasing by Baht 9.45 million or 26.53 % when compared with the same period of last year which the amount was Baht 35.63 million. Besides, selling and administrative expenses for nine-month period ended 30 September 2022 amounted to 86.14 million, decreasing by Baht 15.68 million or 15.40 % when compared with the same period of prior year which the amount was Baht 101.83 million. The main reasons were no loss on impairment on assets from power converters of alternative energy business, which was one-time transaction in 2021, and expenses decreasing and controlling measure. Therefore, overall selling and administrative expenses decreased in 2022.

Financial Cost

Financial cost for the third quarter ended 30 September 2022 amounted to Baht 5.83 million, decreasing by Baht 3.26 million or 35.91 % when compared with the same period of last year which the amount was Baht 9.09 million. Besides, financial cost for nine-month period ended 30 September 2022 amounted to Baht 18.35 million, decreasing by Baht 9.51 million or 34.14 % when compared with the same period of previous year which the amount was Baht 27.87 million due to the gradual repayments of long-term debts from alternative energy project.

Financial Position as of 30 September 2022

	Consolidated financial information (Unit : Million Baht)		
	September 30	December 31	Change
	2022	2021	
Current assets	593.52	609.70	(16.18)
Non-current assets	1,305.32	1,255.74	49.58
Total assets	1,898.84	1,865.44	33.40
Current liabilities	587.89	495.45	92.44
Non-current liabilities	426.43	484.48	(58.05)
Total liabilities	1,014.32	979.94	34.39
Equity	884.52	885.50	(0.98)



Total Assets

Total assets of the Company and its subsidiaries as of 30 September 2022 amounted to Baht 1,898.84 million, increasing by Baht 33.40 million from the end of 2021 due to these main reasons.

- Cash and cash equivalents amounted to Baht 59.71 million, increasing by Baht 7.74 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 from operation.
- Property, plant and equipment amounted to Baht 1,100.12 million, increasing by Baht 62.70 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.
- Inventories amounted to Baht 66.10 million, decreasing by Baht 47.72 million from the end of 2021 because they were installed in the project of construction service business.

Total Liabilities

Total Liabilities of the Company and its subsidiaries as of 30 September 2022 amounted to Baht 1,014.32 million, increasing by Baht 34.39 million from the end of 2021 because of these main reasons.

- Bank overdrafts and short-term loans from financial institutions amounted to Baht 323.48 million, increasing by Baht 79.82 million from the end of 2021 due to short-term loan operating in business.
- Contract liabilities amounted to Baht 32.25 million, increasing by Baht 27.22 million from the end of 2021 because the Company had new projects and received money of projects from contracts.
- Long-term loans from financial institutions amounted to Baht 434.43 million, decreasing by Baht 68.11 million from the end of 2021 due to regular loan repayments during the period.



Shareholders' Equity

The Company and its subsidiaries had shareholders' equity as of 30 September 2022 amounted to Baht 884.52 million, decreasing by Baht 0.98 million from 31 December 2021 because group companies had net loss during the period. Consequently, shareholders' equity decreased in line with the former amount.

Please be informed accordingly.

Yours Respectfully,

(Mr. Preecha Suan)

Chief Financial

Bangkok Office

Surat Thani Office

