

047/1165

November 11, 2022

Subject: Management Discussion and Analysis for Quarter 3 of 2022  
To: Director and Manager,  
The Stock Exchange of Thailand

Hydrotek Public Company Limited and its subsidiaries (“the Group”) would like to report the operating result for the three-month and nine-month periods ended September 30, 2022 as reviewed by the authorized Company’s auditor as follows;

**Summary of Financial Performance for the three-month period ended September 30, 2022 - Consolidated financial statements**

Financial Performance for the three-month period ended September 30,2022 (Unit :Million Baht)						
	2022		2021		Change	
	MB	%	MB	%	MB	%
Construction income	4.76	41	82.37	91	-77.61	-94
Service income	6.11	53	4.17	5	1.93	46
Other income	0.61	5	3.65	4	-3.04	-83
<b>Total Revenues</b>	<b>11.48</b>	<b>100</b>	<b>90.19</b>	<b>100</b>	<b>-78.71</b>	<b>-87</b>
Costs of construction	28.72	250	74.70	83	-45.99	-62
Costs of services	0.24	2	2.83	3	-2.59	-92
Administrative expenses	15.22	133	12.20	14	3.02	25
Finance Cost	2.37	21	3.27	4	-0.89	-27
<b>Total Expenses</b>	<b>46.55</b>	<b>406</b>	<b>92.99</b>	<b>103</b>	<b>-46.45</b>	<b>-50</b>
<b>Loss for the period attributable to equity holders of the Company</b>	<b>-34.73</b>	<b>-303</b>	<b>-3.31</b>	<b>-4</b>	<b>-31.42</b>	<b>950</b>

The Group’s operating result for the three-month ended September 30,2022, the Group has construction income from the Group’s projects for 2 contracts and service income for 1 contract which has shown the construction income Baht 4.76 million and Baht 6.11 million, respectively. Such construction income and service income decreased Baht 75.68 million or 87% from the same period in the prior year. The result came from the Group has main construction of operation in civil work and pipeline system which effect to increase in progress of completion in this period. In the present, such project has almost finished. The Group has other income Baht 0.61 million which has decreased 3.04 million or 83% from the same period of prior year, the Group has consult service income from a project Baht 3 million.

Moreover, the costs of construction and service decreased Baht 45.99 million or 62% from the same period in prior year because of increment of construction's materials price and labors cost and Provision for loss from construction. It effected to proportion of decrement in construction and service which higher than proportion of decrement in construction and service income. Therefore, the gross margin decreased from 10% to be net loss 166% in this period.

For the administrative expense increased Baht 3.02 million or 25% from the same period in prior year due to there are the repair expenses of prior project which is in warranty period, legal consulting expense and relevant expenses. However, the other administrative expenses and finance cost decreased due to the Group has ability to has more management efficiency.

**Summary of Financial Performance for the three-month period ended September 30, 2022 - Separate financial statements**

Financial Performance for the three-month period ended September 30, 2022 (Unit :Million Baht)						
	2022		2021		Change	
	MB	%	MB	%	MB	%
Construction income	0.00	0	0.00	0	0.00	0
Service income	6.11	71	4.17	39	1.93	46
Other income	2.50	29	6.64	61	-4.14	-62
<b>Total Revenues</b>	<b>8.61</b>	<b>100</b>	<b>10.81</b>	<b>100</b>	<b>-2.20</b>	<b>-20</b>
Costs of construction	0.00	0	0.00	0	0.00	0
Costs of services	0.24	3	2.83	26	-2.59	-92
Administrative expenses	39.35	457	11.50	106	27.85	242
Finance Cost	2.39	28	2.52	23	-0.12	-5
<b>Total Expenses</b>	<b>41.98</b>	<b>488</b>	<b>16.84</b>	<b>156</b>	<b>25.15</b>	<b>149</b>
<b>Loss for the period attributable to equity holders of the Company</b>	<b>-33.37</b>	<b>-388</b>	<b>-6.03</b>	<b>-56</b>	<b>-27.35</b>	<b>454</b>

The Company's operating result for the three-month ended September 30, 2022, the Company has no construction income due to the Company is looking for new partner for bidding and the Company has machine and equipment for construction operation and including the expert personnel. The service income increased Baht 1.93 million or 46% from the same period in the prior year. The result came from the Company has income from successfully work after sent the final service from a project which has operated since 2020. The Company has other income Baht 4.14 million which or 62% from the same period of prior year, the Group has consult service income from a project Baht 3 million.

Moreover, the costs of service decreased Baht 2.59 million or 92% from the same period in prior year because the Company has good in management during the final period of project. Therefore, the gross margin increased from 32% to be 96% in this period. However, the administrative expense increased Baht 27.85 million or 242% due to the Company has allowance for expected credit loss Bath 23.80 million, the repair expenses of prior project which is in warranty period Bath 1.3 million, the legal consulting expense and relevant expenses Baht 0.93 million.

**Summary of Financial Performance for the nine-month period ended September 30, 2022 - Consolidated financial statements**

Financial Performance for the nine-month period ended September 30,2022 (Unit :Million Baht)						
	2022		2021		Change	
	MB	%	MB	%	MB	%
Construction income	115.84	93	192.54	87	-76.71	-40
Service income	6.69	5	7.87	4	-1.17	-15
Other income	2.03	2	21.29	10	-19.25	-90
<b>Total Revenues</b>	<b>124.56</b>	<b>100</b>	<b>221.69</b>	<b>100</b>	<b>-97.13</b>	<b>-44</b>
Costs of construction	135.91	109	176.53	80	-40.62	-23
Costs of services	2.16	2	4.40	2	-2.24	-51
Administrative expenses	35.88	29	35.45	16	0.43	1
Finance Cost	7.13	6	8.69	4	-1.56	-18
<b>Total Expenses</b>	<b>181.08</b>	<b>145</b>	<b>225.07</b>	<b>102</b>	<b>-43.99</b>	<b>-20</b>
<b>Loss for the period attributable to equity holders of the Company</b>	<b>-57.12</b>	<b>-46</b>	<b>-4.20</b>	<b>-2</b>	<b>-52.92</b>	<b>1261</b>

The Group's operating result for the nine-month ended September 30,2022, the Group has construction income from the Group's projects for 2 contracts and service income for 1 contract which has shown the construction income Baht 115.84 million and Baht 6.69 million, respectively. Such construction income and service income decreased Baht 77.88 million or 39% from the same period in the prior year. The result came from the Group has main construction of operation in civil work and pipeline system in the same period of prior year which effect to increase in progress of completion in this period. In the present, such project has almost finished. The Group has other income Baht 2.03 million which has decreased 19.25 million or 90% from the same period of prior year, due to the Group has gain on sold land Baht 7 million, consult services income for a project Baht 11.21 million and reversed the provision for warranty of work Baht 1 million.

The Company has no construction income for the nine-month periods ended September 30, 2022 due to the Company has operating in a project which has loan from a foreign company who granted the option to convert the loan to investment in a subsidiary. Moreover, the Company has invested in a new joint venture in 49%, so the share of profit on investment in joint venture was presented in the group's financial statement in 49%.

Moreover, the costs of construction and service decreased Baht 21.03 million or 16% from the same period in prior year because of increment of construction's materials price and labors cost and Provision for loss from construction. It effected to proportion of decrement in construction and service which higher than proportion of decrement in construction and service income. Therefore, the gross margin decreased from 10% to be net loss 12% in this period.

For the administrative expense increased Baht 0.43 million or 1% from the same period in prior year due to there are the repair expenses of prior project which is in warranty period, legal consulting expense and relevant expenses. However, the other administrative expenses and finance cost decreased due to the Group has ability to has more management efficiency.

**Summary of Financial Performance for the nine-month period ended September 30, 2022 – Separate financial statements**

Financial Performance for the nine-month period ended September 30, 2022 (Unit :Million Baht)						
	2022		2021		Change	
	MB	%	MB	%	MB	%
Construction income	0.00	0	0.00	0	0.00	0
Service income	6.69	46	7.87	21	-1.17	-15
Other income	7.74	54	29.39	79	-21.65	-74
<b>Total Revenues</b>	<b>14.43</b>	<b>100</b>	<b>37.25</b>	<b>100</b>	<b>-22.82</b>	<b>-61</b>
Costs of construction	0.00	0	0.00	0	0.00	0
Costs of services	2.16	15	4.40	12	-2.24	-51
Administrative expenses	62.42	432	34.17	92	28.25	83
Finance Cost	7.18	50	7.75	21	-0.57	-7
<b>Total Expenses</b>	<b>71.76</b>	<b>497</b>	<b>46.32</b>	<b>124</b>	<b>25.45</b>	<b>55</b>
<b>Loss for the period attributable to equity holders of the Company</b>	<b>-57.33</b>	<b>-397</b>	<b>-9.07</b>	<b>-24</b>	<b>-48.26</b>	<b>532</b>

The Company's operating result for the nine-month ended September 30, 2022, the Company has no construction income due to the Company is looking for new partner for bidding and the Company has machine and equipment for construction operation and including the expert personnel. The service income decreased Baht 1.17 million or 15%. The result came from the Company has income from successfully work after sent the final service from a project in this quarter, but the Company has project service income for a project and system installation service for a project. The other income decreased Baht 21.65 million which or 74% due to in the same period of prior year, the Company has gain on sold land Baht 7 million, consult services income for a project Baht 11.21 million and reversed the provision for warranty of work Baht 1 million.

Moreover, the costs of service decreased Baht 2.24 million or 51% from the same period in prior year because the Company has good in management during the final period of project. Therefore, the gross margin increased from 44% to be 68% in this period. However, the administrative expense increased Baht 28.25 million or 83% due to the Company has allowance for expected credit loss Bath 23.80 million, the repair expenses of prior project which is in warranty period Bath 1.3 million, the legal consulting expense and relevant expenses Baht 0.93 million.

**Summary of Financial as at 30 September 2022 – Consolidated financial statements**

Financial Position as at 30 September 2022 (Unit : Million Baht )						
	2022		2021		Change	
	MB	%	MB	%	MB	%
Current assets	241.40	56	263.63	57	-22.23	-8
Non-current assets	189.90	44	196.01	43	-6.11	-3
<b>Total assets</b>	<b>431.30</b>	<b>100</b>	<b>459.64</b>	<b>100</b>	<b>-28.34</b>	<b>-6</b>
Total current liabilities	298.10	69	189.21	41	108.90	58
Total non-current liabilities	20.09	5	148.60	32	-128.51	-86
<b>Total liabilities</b>	<b>318.19</b>	<b>74</b>	<b>337.80</b>	<b>73</b>	<b>-19.61</b>	<b>-6</b>
Issued and paid-up share capital	311.93	72	2,304.68	501	-1,992.76	-86
Premium on ordinary shares	0.00	0	141.38	31	-141.38	-100
Discount on ordinary shares	0.00	0	-1,276.59	-278	1,276.59	-100
Regal Reserve	0.00	0	9.62	2	-9.62	-100
Dificits	-197.50	-46	-1,055.70	-230	858.20	-81
Other components of shareholders' equity	-1.67	-0	-1.86	-0	0.19	-10
<b>Equity attributable to the owners of the company</b>	<b>112.76</b>	<b>26</b>	<b>121.54</b>	<b>26</b>	<b>-8.78</b>	<b>-7</b>

The Group's financial position as at 30 September 2022, the Group has current assets has decreased Baht 22.23 million when compared with financial position as at 31 December 2021 because of decreased in cash and cash equivalents from payment to payable of construction project for 2 projects. The non-current assets decreased 6.11 million when compare with last year due to the Company has redeemed the bank guarantees which has expire in warranty period.

The current liabilities increased 108.90 million and non-current liabilities decreased 128.51 million when compare with last year due to the reclassify of long term loan from Yunnan Water (Hong Kong) Company Limited to be current liabilities due to there is a notice that requesting the Company to repay the whole amount of principal plus interest to such company. Furthermore, such loan agreement granted the option to Yunnan Water (Hong Kong) Company Limited, to convert the loan to investment in 49% of the registered share capital of a subsidiary. Moreover, the issued and paid-up share capital decreased 1,992.76 due to there is reducing the shares to eliminate the accumulated loss during this year.

Summary of Financial as at 30 September 2022 – Separate financial statements

Financial Position as at 30 September 2022 (Unit : Million Baht )						
	2022		2021		Change	
	MB	%	MB	%	MB	%
Current assets	204.50	57	195.60	53	8.90	5
Non-current assets	154.09	43	170.04	47	-15.95	-9
<b>Total assets</b>	<b>358.59</b>	<b>100</b>	<b>365.64</b>	<b>100</b>	<b>-7.05</b>	<b>-2</b>
Total current liabilities	253.72	71	123.46	34	130.26	106
Total non-current liabilities	8.48	2	136.08	37	-127.60	-94
<b>Total liabilities</b>	<b>262.20</b>	<b>73</b>	<b>259.54</b>	<b>71</b>	<b>2.66</b>	<b>1</b>
Issued and paid-up share capital	311.93	87	2,304.68	630	-1,992.76	-86
Premium on ordinary shares	0.00	0	141.38	39	-141.38	-100
Discount on ordinary shares	0.00	0	-1,276.59	-349	1,276.59	-100
Regal Reserve	0.00	0	9.62	3	-9.62	-100
Dificits	-215.54	-60	-1,072.99	-293	857.46	-80
<b>Equity attributable to the owners of the company</b>	<b>96.39</b>	<b>27</b>	<b>106.10</b>	<b>29</b>	<b>-9.71</b>	<b>-9</b>

The Company's financial position as at 30 September 2022, the Company has current assets has increased Baht 8.90 million when compared with financial position as at 31 December 2021 because of increment of accounts receivable from send the performance and issued invoice nearly period end. The non-current assets decreased 15.95 million when compare with last year due to the Company has redeemed the bank guarantees which has expire in warranty period.

The current liabilities increased 130.26 million and non-current liabilities decreased 127.60 million when compare with last year due to the reclassify of long term loan from Yunnan Water (Hong Kong) Company Limited to be current liabilities due to there is a notice that requesting the Company to repay the whole amount of principal plus interest to such company. Furthermore, such loan agreement granted the option to Yunnan Water (Hong Kong) Company Limited, to convert the loan to investment in 49% of the registered share capital of a subsidiary. Moreover, the issued and paid-up share capital decreased 1,992.76 due to there is reducing the shares to eliminate the accumulated loss during this year.

Please kindly be informed accordingly.

Yours faithfully,

(Mr. Bancherd Thongcharoen)

Chief Executive Officer