



ที่ EE/SET/024/2565

14 November 2022

Subject: Management Discussion and Analysis for Financial Statements Q3/2022 ended 30 September 2022

Attention: President

The Stock Exchange of Thailand

Eternal Energy Public Company Limited and its subsidiaries (the “Company”) would like to explain operation results for Q3/2022 ended 30 September 2022. Operating results in the Q3/22 of the group of company has a net loss of Baht 12.03 million, an increase of Baht 43.22 million or 138.58 % from the same period of the last year, details as follows:

Statements of Comprehensive Income

1. Revenue from sales increased by Baht 4.40 million or 171.86%, because in Q3/22, The company has revenue from the whole amount of hemp sales. In Q3/21, it is the revenue from the share of cassava sales contracted for cultivation.
2. Cost of sales increased by Baht 6.16 million or 100%, because in Q3/22, The company operates agribusiness related to hemp cultivation, resulting in costs associated with cultivation. In Q3/21, The Company has used the land to enter into a benefit sharing contract for cassava planting, allowing the Company to receive a share from the contract, so there is no cost incurring. For this reason, the cost of sales increased in whole amount.
3. Other income decreased by Baht 92.41 million or 103.41%. mainly consists of
 - 3.1. Gain (loss) on changes in value of equity investments designated at fair value through profit or loss increased by Baht 4.19 million or 171.86%, because in Q3/22, The Company invests in equity trading securities with increased fair value and has not yet been sold, thereby recognizing the full amount of unrealized gains.
 - 3.2. Profit (loss) from change in fair value of biological assets increased by Baht 7.47 million or 100% because the company changed its investment in subsidiary to agricultural business. And in the Q3/22, 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.
 - 3.3. Other income decreased by Baht 89.12 million or 99.81%, because in Q3/2021, The company has sold its investment in an associated company. Recognize the profit from the sale of investments at that amount.

4. Total expenses increased by Baht 2.12 million or 27.72%, mainly consisting of
 - 4.1. The cost of distribution increased by Baht 0.94 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.
 - 4.2. Administrative expenses increased by Baht 1.40 million or 26.67% due to the hiring of a financial advisor to take care of the new business acquisition of the company.
5. Share of profit from investments in associated companies decreased by Baht 10.14 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.
6. Income tax decreased by Baht 63.20 million or 100.01%, because in Q3/2021, The Company has a net taxable profit from the sale of investments in associate and operating profits resulting in the Company having to pay corporate income tax on that amount.

Operating results for the nine-month ending September 30, 2022 compared to the nine-month ending September 30, 2021. The Company and its subsidiaries had net profit and loss of Baht 50.44 million, an increase of Baht 234.52 million or 127.41% when compared to Q3/2021 with a net profit of Baht 184.08 million, details as follows:

1. Revenue from sales increased by Baht 3.85 million or 105.76%, because in Q3/22, The company has revenue from the whole amount of hemp sales. In Q3/21, it is the revenue from the share of cassava sales contracted for cultivation.
2. Cost of sales increased by Baht 6.77 million or 13,718.21%, because in Q3/22, The company operates agribusiness related to hemp cultivation, resulting in costs associated with cultivation. In Q3/21, The Company has used the land to enter into a benefit sharing contract for cassava planting, allowing the Company to receive a share from the contract, so there is no cost incurring. For this reason, the cost of sales increased in whole amount.
3. Other income decreased by Baht 208.03 million or 105.47%. mainly consists of
 - 3.1. 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.
 - 3.2. Gain (loss) on changes in value of equity investments designated at fair value through profit or loss increased by Baht 4.19 million or 100%, because in Q3/22, The Company invests in equity trading securities with increased fair value and has not yet been sold, thereby recognizing the full amount of unrealized gains.

- 3.3. Profit (loss) from change in fair value of biological assets increased by Baht 15.74 million or 100% because the company changed its investment in subsidiary to agricultural business. And in the Q3/22, 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.
- 3.4. Other income decreased by Baht 89.02 million or 99.64%, because in Q3/2021, The company has sold its investment in an associated company. Recognize the profit from the sale of investments at that amount.
4. Total expenses increased by Baht 22.78 million or 130.19%, mainly consisting of
- 4.1. The cost of distribution increased by Baht 2.74 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.
- 4.2. Administrative expenses increased by Baht 20.12 million or 180.77%. 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.
5. Share of profit from investments in associated companies decreased by Baht 64.00 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.
6. Income tax decreased by Baht 63.21 million or 100.02%, because in Q3/2021, The Company has a net taxable profit from the sale of investments in associate and operating profits resulting in the Company having to pay corporate income tax on that amount.

Please be informed accordingly.

Yours sincerely,

(Mr.Worasak Kriengkamol)

Chief Executive Officer

Authorized to Disclose Information