

017/0866

August 10, 2023

Subject: Management Discussion and Analysis for Quarter 2/2023
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 period ended June 30,2023 as reviewed by the authorized Company’s auditor as follows;

Summary of Financial Performance for the six-month periods ended June 30, 2023

Financial Performance for the six months periods ended June 30,2023 (Unit :Million Baht)	2023		2022		YoY	
	MB	%	MB	%	MB	%
Construction income	33.87	94.37	111.07	98.22	(77.20)	- 69.51
Service income	0.62	1.73	0.59	0.52	0.03	5.08
Other income	1.40	3.90	1.42	1.26	(0.02)	- 1.41
Total Revenues	35.89	100.00	113.08	100.00	(77.19)	- 68.26
Costs of construction	36.34	101.25	107.20	94.80	(70.86)	- 66.10
Costs of services	0.41	1.14	1.92	1.70	(1.51)	- 78.65
Administrative expenses	24.17	67.34	20.66	18.27	3.51	16.99
Finance Cost	4.70	13.10	4.76	4.21	(0.06)	- 1.26
Total Expenses	65.62	182.84	134.54	118.98	(68.92)	- 51.23
Share of Gain(Loss) on investment in JV	0.04	0.11	-	-	0.04	100.00
Profit (Loss) for the period attributable to equity holders of the Company	(29.69)	(82.72)	(21.85)	(19.32)	(7.84)	35.91

The Group has construction income from the Group’s projects for 2 contracts amount Baht 33.87 million. The construction income was decreased from prior period amount Baht 77.20 million or 69.51% because the Group still mainly works on civil works and pipeline system for construction projects which progress of 2 projects in prior period still delivers work normally. In this period, one such project is nearing completion and most of work is in the collection period before delivery of all works, the results, the revenue recognition was decrease from the prior period.

Moreover, the costs of construction were decreased Baht 70.86 million or 69.51% from the prior year because at the beginning of 2022, there was construction works for 2 projects so there were more purchased of construction materials and labored costs. In this period, there was 1 project near the end of the project so there was decreased in the cost of purchasing materials. Administrative expenses was decreased Baht 3.51 million or 16.99% mainly from loss from sale of assets.

Summary of Financial Performance for the three-month period ended June 30, 2023

Financial Performance for the three months periods ended June 30,2023 (Unit :Million Baht)	2023		2022		YoY	
	MB	%	MB	%	MB	%
Construction income	17.27	94.22	53.16	98.74	(35.89)	- 67.51
Service income	0.62	3.38	0.28	0.52	0.34	121.43
Other income	0.44	2.40	0.40	0.74	0.04	10.00
Total Revenues	18.33	100.00	53.84	100.00	(35.51)	- 65.95
Costs of construction	20.37	111.13	51.73	96.08	(31.36)	- 60.62
Costs of services	0.41	2.24	1.10	2.04	(0.69)	- 62.73
Administrative expenses	12.30	67.10	9.92	18.42	2.38	23.99
Finance Cost	2.38	12.98	2.36	4.38	0.02	0.85
Total Expenses	35.46	193.45	65.11	120.93	(29.65)	- 45.54
Profit (Loss) for the period attributable to equity holders of the Company	(17.14)	(93.51)	(11.65)	(21.64)	(5.49)	47.12

The Group has construction income from the Group's projects for 2 contracts amount Baht 17.27 million. The construction income was decreased from prior period amount Baht 35.89 million or 69.51% because the Group still mainly works on civil works and pipeline system for construction projects which progress of 2 projects in prior period still delivers work normally. In this period, one such project is nearing completion and most of work is in the collection period before delivery of all works, the results, the revenue recognition was decrease from the prior period.

Moreover, the costs of construction were decreased Baht 31.36 million or 60.62% from the prior year because at the beginning of 2022, there was construction works for 2 projects so there were more purchased of construction materials and labored costs. In this period, there was 1 project near the end of the project so there was decreased in the cost of purchasing materials. Administrative expenses was decreased Baht 2.38 million or 23.99% mainly from loss from sale of assets.

Summary of Financial as at 30 June 2023

Financial Position as at 30 June (Unit : Million Baht)	2023		2022		YoY	
	MB	%	MB	%	MB	%
Current assets	208.34	53.30	203.00	50.13	5.34	2.63
Non-current assets	182.56	46.70	201.97	49.87	(19.41)	(9.61)
Total assets	390.90	100.00	404.97	100.00	(14.07)	(3.47)
Current liabilities	310.18	79.35	294.51	72.72	15.67	5.32
Non-current liabilities	18.25	4.67	20.16	4.98	(1.91)	(9.47)
Total liabilities	328.43	84.02	314.67	77.70	13.76	4.37
Issued and paid-up share capital	311.93	79.80	311.93	77.03	-	-
Dificits	(249.46)	(63.82)	(221.63)	(54.73)	(27.83)	12.56
Equity attributable to the owners of the com	62.47	15.98	90.30	22.30	(27.83)	(30.82)

The Group's financial position as at 30 June 2023, the Group has current assets has increased Baht 5.34 million when compared with financial position as at 31 December 2022 due to advance payments for construction materials and contract work in a construction project. As for non-current assets, there was decreased Baht 19.41 million baht compared to the prior period due to the decreased from asset and contractual assets.

The current liabilities were increased 15.67 million when compare with prior period due to Accounts payable for materials and contracting work of the construction projects of the Group, other related accrued expenses and there was loan from during the period. The Company's shareholders' equity decreased by 27.83 million baht due to operating losses during the period.

A long-term loan from Yunan Water (Hongkong) Company Limited in the amount of Baht 125.65 million is an investment for the construction of a tap water production project in Chiang Mai, where Yunan Water (Hongkong) Company Limited has the right to convert the loan into an investment in a subsidiary. which is a water management company when the project is completed at 49% of the company's registered capital The Company is in the process of court proceedings. There will be a witness counting in 2024, so there is still no debt repayment and/or loan to equity conversion. until the court process is completed

The Group has pending lawsuits as follows:

1. The Company filed a lawsuit against a contracting party with the Central Administrative Court demanding that the contracting party pay construction installments to the Company in the amount of Baht 52.57 million and return the deposit. According to the bank's letter of guarantee in the amount of 10.60 million baht to the company. because the parties to the contract have committed a breach of the employment contract by notifying the termination of the employment contract which is not the fault or defect of the company Subsequently, the said counterparty filed a statement and a counterclaim with the Central Administrative Court claiming damages from the Company in the amount of Baht 52.81 million plus interest at the rate of 7.50 percent per year, accusing the Company of delaying the construction work according to the contract. therefore requesting to cancel the contract and claim damages from the said company

Later in 2021, the Central Administrative Court ordered the contract party to pay some installments to the company, and require the Company to pay damages to the counterparty Net of which the company had to pay damages to the counterparty in the amount of 23.86 million baht plus interest at the rate of 7.50 percent per year.

However, the Company disagrees with the Central Administrative Court's judgment on both factual and legal issues. The Company filed an appeal with the Supreme Administrative Court and the case is pending consideration of the Supreme Administrative Court.

2. The Company filed a lawsuit against a party to the Arbitration Institute demanding that the party pay damages and opportunity costs for the termination of the contract. Without reasonable cause to the company in the amount of 15.77 million baht with interest at the rate of 7.50 percent per year and return the bank guarantee in the amount of 10.07 million baht to the company. The said parties filed their objections and counterclaims to the Thai Arbitration Institute demanding that the Company repay the advance payment of Baht 9.87 million (shown as part of the construction contract account) with interest at the rate of 7.50 per cent. years by reasoning that the exercise of the right to terminate the contract by such counterparty does not constitute a breach of the contract with the Company in any way.

Later in the year 2019, the arbitrator issued an award ordering the parties to pay the work fee to the Company in the amount of 3.84 million baht and the company to pay the advance payment in the amount of 9.87 million baht with interest at the rate of 7.50 percent per year.

However, the company did not agree with the award. The company filed an appeal with the Central Administrative Court. The case is under consideration by the Central Administrative Court.

3. The Company was prosecuted in a case relating to the breach of contract for hiring a consultant for project work the amount of approximately 2.62 million baht, together with the interest rate of 7.50 percent per year. 0.42 million baht with interest

However, the Company disagrees with the judgment of the Civil Court on the facts brought by the plaintiff. The case is in the process of appealing to the Appeal Court.



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HYDROTEK PUBLIC COMPANY LIMITED

4. The company was sued as a co-defendant. To be jointly liable with the official for supporting the official to commit an offense against the official position under the Criminal Code to the Criminal Court for corruption cases. from the fact that the company has entered into a water purchase and sale contract with the municipality Chiang Mai in 2012, with no intention of supporting officials to commit criminal offenses. Entering into a water purchase and sale contract is a common practice in commercial business. At present, the case is under examination of witnesses.

Please kindly be informed accordingly.

Yours faithfully,

(Mr. Sukrit Jintanakosin)
Chief Executive Officer