

027/1166

November 14, 2023

Subject: Management Discussion and Analysis for Quarter 3/2023
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 September 30,2023 as reviewed by the authorized Company’s auditor as follows;

Summary of Financial Performance for the nine-month period ended September 30, 2023 – Consolidated financial statements

Financial Performance for the nine months period ended September 30,2023 (Unit :Million Baht)	2023		2022		YoY	
	MB	%	MB	%	MB	%
Construction income	61.19	94.72	115.84	93.00	(54.65)	(47.18)
Service income	1.12	1.73	6.69	5.37	(5.57)	(83.26)
Other income	2.29	3.54	2.03	1.63	0.26	12.81
Total Revenues	64.60	100.00	124.56	100.00	(59.96)	(48.14)
Costs of construction	62.67	97.01	135.91	109.11	(73.24)	(53.89)
Costs of services	0.82	1.27	2.16	1.73	(1.34)	(62.04)
Administrative expenses	36.60	56.66	35.88	28.81	0.72	2.01
Finance Cost	7.11	11.01	7.13	5.72	(0.02)	(0.28)
Total Expenses	107.20	165.94	181.08	145.38	(73.88)	(40.80)
Share of Gain(Loss) on investment in JV	0.08	0.12	-	-	0.08	100.00
Income tax expenses	-	-	(0.06)	(0.05)	0.06	(100.00)
Profit (Loss) for the period attributable to equity holders of the Company	(42.52)	(65.82)	(56.58)	(45.42)	14.06	(24.85)

The Group’s operating result for the nine-month ended September 30, 2023 has construction income from the Group’s projects for 2 contracts amount Baht 61.19 million. The construction income was decreased from prior period amount Baht 54.65 million or 47.18% 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.

For the nine months of 2023, Service income has decreased Baht 5.57 million or 83.26% because in the same period of 2022, the Group has income from consulting that expired during 2022.

Moreover, the costs of construction and service were decreased Baht 73.24 million or 53.89% and Baht 1.31 million or 62.04%, respectively from the same period of prior year following lower income from construction and service. The loss for the period was Baht 42.52 million or 24.85% from the same period of prior year.

Summary of Financial Performance for the three-month period ended September 30, 2023 - Consolidated financial statements

Financial Performance for the three months period ended September 30, 2023 (Unit :Million Baht)	2023		2022		YoY	
	MB	%	MB	%	MB	%
Construction income	27.32	95.19	4.76	41.46	22.56	473.95
Service income	0.50	1.74	6.11	53.22	(5.61)	(91.82)
Other income	0.88	3.07	0.61	5.31	0.27	44.26
Total Revenues	28.70	100.00	11.48	100.00	17.22	150.00
Costs of construction	26.33	91.74	28.72	250.17	(2.39)	(8.32)
Costs of services	0.41	1.43	0.24	2.09	0.17	70.83
Administrative expenses	12.43	43.31	15.22	132.58	(2.79)	(18.33)
Finance Cost	2.41	8.40	2.37	20.64	0.04	1.69
Total Expenses	41.58	144.88	46.55	405.49	(4.97)	(10.68)
Share of Gain(Loss) on investment in JV	0.04	0.14	-	-	0.04	100.00
Income tax revenues	-	-	0.34	2.96	(0.34)	(100.00)
Profit (Loss) for the period attributable to equity holders of the Company	(12.84)	(44.74)	(34.73)	(302.53)	21.89	(63.03)

The Group's operating result for the three-month ended September 30, 2023 The Group has construction income from the Group's projects for 2 contracts amount Baht 27.32 million. The construction income was increased from prior period amount Baht 22.56 million or 473.95% 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, construction work was accelerated which effect to increase in progress of completion more the Quarter 3 of 2022.

For the three months of 2023, Service income has decreased Baht 5.61 million or 91.82% because in the same period of 2022, the Group has income from consulting that finished during 2022.

The costs of construction were decreased Baht 2.39 million or 8.32% from the same period of prior year in proportion less than construction income because the prior period recognized provision loss for future. In the other hand, decreased of cost of service still following service income that decreased 70.83%. The loss for the period was Baht 12.84 million or 63.03% from the same period of prior year.

Summary of Financial Performance for the nine-month period ended September 30, 2023 – Separate financial statements

Financial Performance for the nine months period ended September 30,2023 (Unit :Million Baht)	2023		2022		YoY	
	MB	%	MB	%	MB	%
Service income	1.12	14.60	6.69	46.36	(5.57)	(83.26)
Other income	6.55	85.40	7.74	53.64	(1.19)	(15.37)
Total Revenues	7.67	100.00	14.43	100.00	(6.76)	(46.85)
Costs of services	0.82	10.69	2.16	14.97	(1.34)	(62.04)
Administrative expenses	41.05	535.20	62.42	432.57	(21.37)	(34.24)
Finance Cost	7.16	93.35	7.18	49.76	(0.02)	(0.28)
Total Expenses	49.03	639.24	71.76	497.30	(22.73)	(31.68)
Profit (Loss) for the period	(41.36)	(539.24)	(57.33)	(397.30)	15.97	(27.86)

The Company's operating result for the nine-month ended September 30, 2023 has service income from utility system about water treatment system design services. The service income has decreased Baht 5.57 million or 83.26% because of in 2022, the Company has income from consulting that expired during 2022, as the result of service cost was decreased 62.04%. Administration expense was decreased Baht 21.37 million or 34.24% due to in Quarter 3 of 2022, the Company recognized provision loss for future Baht 24 million. The loss for the period was Baht 41.36 million or 27.86% from the same period of prior year.

Summary of Financial Performance for the three-month period ended September 30, 2023 – Separate financial statements

Financial Performance for the three months period ended September 30,2023 (Unit :Million Baht)	2023		2022		YoY	
	MB	%	MB	%	MB	%
Construction income	-	-	-	-	-	-
Service income	0.50	6.52	6.11	42.34	(5.61)	(91.82)
Other income	2.00	26.08	2.50	17.33	(0.50)	(20.00)
Total Revenues	2.50	32.59	8.61	59.67	(6.11)	(70.96)
Costs of construction	-	-	-	-	-	-
Costs of services	0.41	5.35	0.24	1.66	0.17	70.83
Administrative expenses	12.97	169.10	39.35	272.70	(26.38)	(67.04)
Finance Cost	2.43	31.68	2.39	16.56	0.04	1.67
Total Expenses	15.81	206.13	41.98	290.92	(26.17)	(62.34)
Profit (Loss) for the period	(13.31)	(173.53)	(33.37)	(231.25)	20.06	(60.11)

Quarter 3 of 2023, the Company has total revenue Baht 2.50 million was decreased from the same period of prior year 70.96%. Because from in 2022, the Company has income from consulting that expired during 2022. Cost of service, Administration expense and Financial cost, totaling Baht 15.81 million was decreased from the same period of prior year Baht 26.17 million or 62.34%. Because the decreased in revenue and Quarter 3 of 2022, the Company recognized provision loss for future Baht 24 million. The loss for the period was Baht 13.31 million that decreased Baht 20.06 million or 60.11%.

Summary of Financial as at 30 September 2023 - Consolidated financial statements

Financial Position as at 30 September (Unit : Million Baht)	2023		2022		YoY	
	MB	%	MB	%	MB	%
Current assets	202.82	53.01	203.00	50.13	(0.18)	(0.09)
Non-current assets	179.76	46.99	201.97	49.87	(22.21)	(11.00)
Total assets	382.58	100.00	404.97	100.00	(22.39)	(5.53)
Current liabilities	311.52	81.43	294.51	72.72	17.01	5.78
Non-current liabilities	21.43	5.60	20.16	4.98	1.27	6.30
Total liabilities	332.95	87.03	314.67	77.70	18.28	5.81
Issued and paid-up share capital	311.93	81.53	311.93	77.03	-	-
Dificits	(262.30)	(68.56)	(221.63)	(54.73)	(40.67)	18.35
Equity attributable to the owners of the company	49.63	12.97	90.30	22.30	(40.67)	(45.04)

The Group's financial position as at 30 September 2023, the total assets has decreased Baht 22.39 million or 5.53% due to Cash and cash equivalents was decreased from payment to payable and this Quarter, a bank settlement of the Company's bank deposit for offset debt that the bank is the guarantor of contract in the end of Quarter 3, resulting in Cash and cash equivalents was decreased.

The liabilities were increased 18.28 million or 5.81% due to long-term loan from financial institution from bank which guarantee the contract paid debt to a Municipality in Quarter 3.

Total liabilities of the Group's company has a long-term loan from Yunnan 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

Summary of Financial as at 30 September 2023 - Separate financial statements

Financial Position as at 30 September (Unit : Million Baht)	2023		2022		YoY	
	MB	%	MB	%	MB	%
Current assets	176.53	55.08	186.67	54.97	(10.14)	(5.43)
Non-current assets	143.96	44.92	152.91	45.03	(8.95)	(5.85)
Total assets	320.49	100.00	339.58	100.00	(19.09)	(5.62)
Current liabilities	278.82	87.00	258.87	76.23	19.95	7.71
Non-current liabilities	8.63	2.69	8.17	2.41	0.46	5.63
Total liabilities	287.45	89.69	267.04	78.64	20.41	7.64
Issued and paid-up share capital	311.93	97.33	311.93	91.86	-	-
Dificits	(278.89)	(87.02)	(239.39)	(70.50)	(39.50)	16.50
Equity attributable to the owners of the company	33.04	10.31	72.54	21.36	(39.50)	(54.45)

The Group's financial position as at 30 September 2023, the total assets has decreased Baht 19.09 million from 2022 due to Cash and cash equivalents was decreased from payment to payable and this Quarter, a bank settlement of the Company's bank deposit for offset debt that the bank is the guarantor of contract in the end of Quarter 3, resulting in Cash and cash equivalents was decreased.

The liabilities were increased 20.41 million or 7.64% due to long-term loan from financial institution from bank which guarantee the contract paid debt to a Municipality in Quarter 3.

Total liabilities of the Company has a long-term loan from Yunnan 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 has filed a lawsuit to the Cental Administrative Court against a contractual party to claims for Baht 52.57 million of construction service fees to be paid to the Company and a release of the guarantee money in accordance to the bank's letter of guarantee at Baht 10.60 million to the Company. The said contractual party has breached the contract for the construction of waste collection and wastewater treatment systems by notifying the termination of the said contract without any default or defect created by the Company. In March 2017, the said counter party has filed a counterclaim to the Cental Administrative Court demanding compensation of Baht 52.81 million plus interest at 7.50% per annum from the Company alleging that the construction performed by the Company has been delayed so the counter party has terminated the contract and demanded compensation from the 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% per annum.

However, the Company disagreed with the Central Administrative Court's judgement on both in terms of facts and legal regulation. The Company appeal to the Supreme Administrative Court.

2. The Company has filed a claim to the Arbitration Institute against a contractual party to claim for a compensation of damages and opportunity losses incurred from the irrational termination of the waste collection and wastewater treatment systems contracts amount of Baht 15.77 million plus interest at 7.50% per annum and release of the bank's letter of guarantee amount of Baht 10.07 million to the Company. The said counter party has filed an objection and counter-claim by demanding the Company to repay advance received amount of Baht 9.87 million (shown as a portion of Advances received from customers under construction contracts) plus interest at 7.50% per annum. The counter party defened by reasoning that an exercise of the right to terminate the contract did not consider to be breach of contract.

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.

In 2023, the Company received a notice from bank of demanding repayment of bank guarantee obligation from the event that a bank has paid to the counterparty on behalf of the Company amount of Baht 8.53 million. The bank has already forfeit the Company's all bank deposited that were pledge as collateral and there is still the remaining amount which will repay to the bank in amount of Baht 4.62 million

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.

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.

Presently, The Criminal Court for Corruption and Misconduct Cases, Region 5 has ordered that the Company and its former directors were not guilty 2 cases. However, the plaintiff has request to extend the period for filing appeals and the Court issued an order allowing the plaintiff to extend the period for filing an appeal. And The lawsuit was under considering by The Criminal Court for Corruption and Misconduct Cases, Region 5.

5. The Company and a subsidiary, filed a lawsuit against a company by suing for dissolution of an unregistered ordinary partnership and request to appointment of the Company and its subsidiary as liquidators. Including filing a lawsuit to revoke the compromise agreement. The defendant testified that the Company and its subsidiary breached the compromise agreement, therefore, they call for reimbursement. The lawsuit is being considered by the Civil Court.



บริษัท ไฮโดรเทค จำกัด (มหาชน)
HYDROTEK PUBLIC COMPANY LIMITED

Significant Event

The Board of directors Meeting No.11/2023 on 2 November 2023 has resolved to propose to the Extraordinary General Meeting of Shareholders No. 1/2023 on 14 December 2023 to approve the allotment of capital increase shares in the number of 363,913,088 shares with a par value of 1.00 baht per share to be offered for sale to existing shareholders in proportion to the shareholding that each shareholder holds (Rights Offering), amounting to 207,950,336 shares at a ratio of 1.5 existing common shares to 1 new share (if there is a fraction arising from the calculation, the said fraction must be rounded off the whole amount) the offering price will be equal to 0.30 baht and to accommodate the warrant to purchase the company's common shares No. 2 (HYDRO -W2) Not exceeding 155,962,752 units to the existing shareholders of the company in proportion to their shareholding (Right Offering) in the ratio of 2 existing common shares to 1 unit of warrant. (If there is a fraction of the warrant arising from the calculation, the said fraction must be rounded off the whole amount.) The offering price per unit is equal to 0.01 baht (one satang). The term of the warrant is 3 years from the date of the calculation. From the date of issuance of the warrant and the exercise price will be equal to 0.40 baht (forty satang) to enhance the company's liquidity.

Please kindly be informed accordingly.

Yours faithfully,

(Mr. Sukrit Jintanakosin)
Chief Executive Officer