

ETE- 66/034

November 9, 2023

Subject Management's Discussion and Analysis for the Third Quarter and Nine-Month Period Ending September 30, 2023

To Board of Directors and Management
Stock Exchange of Thailand

Eastern Technical Engineering Public Co., Ltd. (“the Company”) would like to provide an overview of the consolidated performance of the Company and its subsidiaries for the third quarter and the nine-month period ending September 30, 2023. This information was approved during the 5th/2023 board meeting held on November 9, 2023. The details are as follows.

Performance results for the 3-month period and for the 9-month period ending on September 30, 2023

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
	2023	2022			2023	2022		
Revenue from construction service	126.03	84.85	41.18	48.53%	453.74	180.18	273.55	151.82%
Revenue from management service	175.24	173.74	1.49	0.86%	511.53	529.54	(18.02)	-3.40%
Revenue from alternative energy	37.71	28.28	9.44	33.37%	126.58	97.09	29.49	30.37%
Revenue from sale of goods and other services	0.84	13.10	(12.26)	-93.58%	3.04	13.18	(10.14)	-76.95%
Revenue	339.82	299.97	39.85	13.29%	1,094.88	820.00	274.88	33.52%
Cost	291.96	267.52	24.45	9.14%	948.04	718.94	229.09	31.87%
Gross profit	47.86	32.45	15.40	47.46%	146.84	101.06	45.79	45.31%
Other income	0.89	0.39	0.51	131.29%	2.00	3.14	(1.14)	-36.36%
Selling & Admin expenses	26.87	26.18	0.69	2.65%	82.04	86.14	(4.11)	-4.77%
Finance costs	13.91	5.83	8.08	138.73%	37.80	18.35	19.45	105.98%
Share of loss from associate	0.01	0.04	(0.03)	-66.29%	0.05	0.38	(0.33)	-87.01%
Income(Revenue) tax expense	0.61	(0.16)	0.77	475.45%	1.83	0.38	1.45	384.07%
Profit for the period	7.34	0.95	6.39	670.01%	27.13	(1.06)	28.18	2660.06%

The company and its subsidiaries reported a net profit for the third quarter ending September 30, 2023, of 7.34 million Baht, an increase of 6.39 million Baht or an increase of 670.01 percent compared to the same period last year, which had a net profit of 0.95 million Baht. Furthermore, for the 9-month period ending on September 30, 2023, the net profit was 27.13 million Baht, an increase of 28.18 million Baht or an increase of 2,660.06 percent compared to the same period last year, which had a net loss of 1.06 million Baht due to the following reasons.



Revenue

The company and its subsidiaries reported total revenue for the third quarter ending September 30, 2023, of 339.82 million Baht, an increase of 39.85 million Baht or an increase of 13.29 percent compared to the same period last year, which had total revenue of 299.97 million Baht. Additionally, the total revenue for the 9-month period ending on September 30, 2023, was 1,094.88 million Baht, an increase of 274.88 million Baht or an increase of 33.52 percent compared to the same period last year, which had total revenue of 820.00 million Baht, while the gross profit for the 9-month period amounted to 146.84 million Baht, an increase of 45.79 million Baht or an increase of 45.31 percent compared to the same period last year, due to the following primary reasons.

1. Revenue from engineering services for the third quarter ending September 30, 2023, amounted to 126.03 million Baht, an increase of 41.18 million Baht or an increase of 48.53 percent compared to the same period last year, which had revenue of 84.85 million Baht. For the 9-month period ending on September 30, 2023, the revenue amounted to 453.74 million Baht, an increase of 273.55 million Baht or an increase of 151.82 percent compared to the same period last year, which had revenue of 180.18 million Baht. This increase is due to a higher number of projects delivery compared to the previous year.
2. Revenue from management services for the third quarter ending on September 30, 2023, amounted to 175.24 million Baht, an increase of 1.49 million Baht or an increase of 0.86 percent compared to the same period last year, which had revenue of 173.74 million Baht. However, for the 9-month period ending on September 30, 2023, the revenue amounted to 511.53 million Baht, a decrease of 18.02 million Baht or a decrease of 3.40 percent compared to the same period last year, which had revenue of 529.54 million Baht. This reduction is due to the management's consideration of accepting projects that pose no risk of being delayed or having their budget cancelled in the future.
3. Revenue from renewable energy power generation for the third quarter ending on September 30, 2023, amounted to 37.71 million Baht, an increase of 9.44 million Baht or an increase of 33.37 percent compared to the same period last year, which had revenue of 28.28 million Baht. For the 9-month period ending on September 30, 2023, the revenue amounted to 126.58 million Baht, an increase of 29.49 million Baht or an increase of 30.37 percent compared to the same period last year, which had revenue of 97.09 million Baht. This increase is due to the company recognizing revenue from biomass power generation, which achieved Commercial Operation Date (COD) on November 14, 2022, during the current 9-month period of 2023, while in the same period of the previous year, the revenue from this business was not recognized.



Selling and Administrative Expenses

Selling and administrative expenses for the third quarter ending on September 30, 2023, amounted to 26.87 million Baht, an increase of 0.69 million Baht or an increase of 2.65 percent compared to the same period last year, which had selling and administrative expenses of 26.18 million Baht. However, for the 9-month period ending on September 30, 2023, the expenses amounted to 82.04 million Baht, a decrease of 4.11 million Baht or a decrease of 4.77 percent compared to the same period last year, which had selling and administrative expenses of 86.14 million Baht. This reduction is due to losses incurred in the first quarter of 2022 from inventory write-downs and exchange rate losses, while there were no such losses in the first quarter of 2023. The company has implemented measures to reduce and control various expenses in the office, leading to an overall decrease in administrative expenses.

Financial Costs

The financial costs for the third quarter ending on September 30, 2023, amounted to 13.91 million Baht, an increase of 8.08 million Baht or an increase of 138.73 percent compared to the same period last year, which had financial costs of 5.83 million Baht. Also, for the 9-month period ending on September 30, 2023, the costs amounted to 37.80 million Baht, an increase of 19.45 million Baht or an increase of 105.98 percent compared to the same period last year, which had financial costs of 18.35 million Baht. This increase is due to higher borrowings for working capital purposes in the business and an upward adjustment in the interest rate for revolving capital by commercial banks in accordance with the revised interest rate policy.

Financial Position as of September 30, 2023

	Consolidated financial information (Unit : Million Baht)		
	September 30	December 31	Change
	2023	2022	
Current assets	1,173.25	844.96	328.29
Non-current assets	1,267.66	1,293.46	(25.80)
Total assets	2,440.91	2,138.42	302.50
Current liabilities	1,147.37	821.26	326.11
Non-current liabilities	359.51	410.25	(50.74)
Total liabilities	1,506.88	1,231.51	275.37
Equity	934.03	906.91	27.13



Total Assets

The company and its subsidiaries had total assets as of September 30, 2023, amounting to 2,440.91 million baht, an increase from the end of 2022 by 302.50 million baht due to the following main reasons.

- Trade and other receivables amounting to 637.28 million baht increased from the end of 2022 by 329.28 million baht due to an increase in trade receivables from engineering service jobs that could be invoiced.
- Inventories amounting to 166.51 million baht increased from the end of 2022 by 105.67 million baht. This consists of products awaiting installation in engineering service business projects.
- Contract assets amounting to 200.39 million baht decreased from the end of 2022 by 146.36 million baht due to an increase in invoicable engineering service projects.
- Property, plant, and equipment amounting to 1,062.81 million baht decreased from the end of 2022 by 30.74 million baht, declining during the period due to the calculation of depreciation.

Total Liabilities

The company and its subsidiaries had total liabilities as of September 30, 2023, amounting to 1,506.88 million baht, an increase from the end of 2022 by 275.37 million baht due to the following main reasons.

- Bank overdrafts and short-term borrowings from financial institutions amounting to 705.84 million baht increased from the end of 2022 by 230.53 million baht due to withdrawals for working capital in the business.
- Trade and other payables amounting to 316.02 million baht increased from the end of 2022 by 92.57 million baht, stemming from the rise in trade payables and accrued construction costs.
- Long-term borrowings from financial institutions amounting to 350.81 million baht decreased from the end of 2022 by 64.94 million baht due to the repayment of long-term debts as scheduled between periods, according to normal conditions.



Shareholder's Equity

The company and its subsidiaries had shareholders' equity as of September 30, 2023, amounting to 934.03 million baht, an increase from December 31, 2022, by 27.13 million baht due to the increase in net profits during the period, amounting to 27.13 million baht, resulting in the rise in shareholders' equity as mentioned.

Please be informed accordingly.

Sincerely,

(Raivin Lekavorranan)

Chief Executive Officer

Bangkok Office

Surat Thani Office

