

020/0267

15 May 2024

Subject: Management Discussion and Analysis for Quarter 1 2024

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 March 31, 2024 as reviewed by the authorized Company’s auditor as follows;

**Summary of Financial Performance for the three-month periods ended March 31, 2024 – Consolidated financial statements**

Financial Performance for the three months period ended March 31,2024 (Unit :Million Baht)	2024		2023		YoY	
	MB	%	MB	%	MB	%
Construction income	31.34	98.15	16.60	94.48	14.74	88.80
Service income	0.02	0.06	-	-	0.02	100.00
Other income	0.57	1.79	0.97	5.52	(0.40)	(41.24)
<b>Total Revenues</b>	<b>31.93</b>	<b>100.00</b>	<b>17.57</b>	<b>100.00</b>	<b>14.36</b>	<b>81.73</b>
Costs of construction	24.70	77.36	15.97	90.89	8.73	54.66
Costs of services	0.02	0.06	-	-	0.02	100.00
Administrative expenses	9.01	28.22	11.88	67.62	(2.87)	(24.16)
Finance Cost	2.58	8.08	2.32	13.20	0.26	11.21
<b>Total Expenses</b>	<b>36.31</b>	<b>113.72</b>	<b>30.17</b>	<b>171.71</b>	<b>6.14</b>	<b>20.35</b>
Share of Gain(Loss) on investment in JV	-	-	0.05	0.28	(0.05)	(100.00)
Income tax expenses	1.03	3.23	-	-	1.03	100.00
<b>Profit (Loss) for the period attributable to equity holders of the Company</b>	<b>(5.41)</b>	<b>(16.94)</b>	<b>(12.55)</b>	<b>(71.43)</b>	<b>7.14</b>	<b>(56.89)</b>

From the operating results for the three-month period Ending March 31, 2024, the Group has income from construction contracts from 2 construction projects of the Group and there was income from the index of changes in work costs at the time the Group opens the bidding envelope and compares it with the submission period. Work in each period in the quarter amounted to 31.35 million baht, causing construction income to increase from the first quarter of 2023 by 14.74 million baht or 88.80 percent.

In addition, construction costs increased by 8.73 million baht or 54.66 percent due to accelerating project work to construct and lay water pipes during the quarter in order to deliver work according to the group's plans. By ordering contractors and ordering materials and equipment for installation.

Administrative expenses decreased by 2.87 million baht or 24.16 percent due to the resignation of employees during the period and the provision for credit losses expected to occur in the project was decreased, resulting in administrative expenses was decreased from the aforementioned reasons.

Income tax expenses was increased by 1.03 million Baht, accounting for 100 percent, due to the group having income from the index of changes in work costs at the time the group opened the bidding envelope compared to the period of submitting work in each period during the period. The year resulted in a profit in Q1 2024, resulting in corporate income tax in the quarter.

**Summary of Financial Performance for the three-month periods ended March 31, 2024 - Separate financial statements.**

Financial Performance for the three months period ended March 31,2024 (Unit :Million Baht)	2024		2023		YoY	
	MB	%	MB	%	MB	%
Service income	0.02	1.06	-	-	0.02	100.00
Other income	1.86	98.94	2.54	100.00	(0.68)	(26.77)
<b>Total Revenues</b>	<b>1.88</b>	<b>100.00</b>	<b>2.54</b>	<b>100.00</b>	<b>(0.66)</b>	<b>(25.98)</b>
Costs of services	0.02	1.06	-	-	0.02	100.00
Administrative expenses	14.32	761.70	12.78	503.15	1.54	12.05
Finance Cost	2.60	138.30	2.34	92.13	0.26	11.11
<b>Total Expenses</b>	<b>16.94</b>	<b>901.06</b>	<b>15.12</b>	<b>595.28</b>	<b>1.82</b>	<b>12.04</b>
<b>Profit (Loss) for the period</b>	<b>(15.06)</b>	<b>(801.06)</b>	<b>(12.58)</b>	<b>(495.28)</b>	<b>(2.48)</b>	<b>19.71</b>

From the operating results for the three-month period ending March 31, 2024, Other income was decreased by 0.68 million Baht, accounting for 26.77 percent. There was due to project management income from the group of companies due to the fact that there are projects that are close to completion, causing collections from the group to decrease when compared to Quarter 1 2023.

**Summary of Financial Position as at 31 March 2024 - Consolidated Financial Statements**

Financial Position as at 31 March (Unit : Million Baht)	2024		2023		YoY	
	MB	%	MB	%	MB	%
Current assets	226.49	58.10	205.14	55.45	21.35	10.41
Non-current assets	163.31	41.90	164.84	44.55	(1.53)	(0.93)
<b>Total assets</b>	<b>389.80</b>	<b>100.00</b>	<b>369.98</b>	<b>100.00</b>	<b>19.82</b>	<b>5.36</b>
Current liabilities	305.48	78.37	328.54	88.80	(23.06)	(7.02)
Non-current liabilities	20.27	5.20	21.00	5.68	(0.73)	(3.48)
<b>Total liabilities</b>	<b>325.75</b>	<b>83.57</b>	<b>349.54</b>	<b>94.48</b>	<b>(23.79)</b>	<b>(6.81)</b>
Issued and paid-up share capital	360.94	92.60	311.93	84.31	49.01	15.71
Dificits	(296.89)	(76.16)	(291.48)	(78.78)	(5.41)	1.86
<b>Equity attributable to the owners of the company</b>	<b>64.05</b>	<b>16.43</b>	<b>20.45</b>	<b>5.53</b>	<b>43.60</b>	<b>213.20</b>

As of March 31, 2024, the group's total assets increased by 19.82 million baht or 5.36 percent. This was mainly due to an increase in cash and cash equivalents from a capital increase of 47.46 million baht, resulting in increased cash flow for use in the business. The Company has a short-term loan to Innotech Thai Corporation Co., Ltd., and a long-term loan to SUT Global Co., Ltd. in the amount of 0.50 million baht and 13.53 million baht, respectively, for which the full amount has been set aside for impairment. It is in the process of investigating the assets by the legal department in order to forcibly seize or attach them and auction them off to pay off the judgment debt.

Total liabilities decreased by 23.78 million baht or 6.80 percent due to trade and other payables was decreasing from the repayment of trade creditors due in the first quarter of 2024 and the repayment of loans from directors of 7.00 million Baht and Acme Energy Development Company Limited, which is a related business with joint directors, the amount of 4.95 million baht is due in the first quarter of 2024.

During 2023, the company borrowed a short-term loan from directors in the amount of 7.00 million baht at an interest rate of 4.00 percent to use as working capital in the company. The size of the transaction from receiving financial assistance is a small transaction, accounting for 0.05 percent of total assets according to the total value of consideration criteria. and is under the operational authority of the management department. The short-term loan from the said director is due for payment in the first quarter of 2024.

During 2023, the Company borrowed short-term loans from Acme Energy Development Company Limited, which is a related business. With joint directors, the amount is 4.95 million Baht, interest rate is 7.50 percent, to be used as working capital in the company. The size of the transaction from receiving financial assistance is a small transaction, accounting for 0.01 of the total assets according to the total value of consideration criteria. and is under the operational authority of the management department Short-term loans from related businesses are due for payment in the first quarter of 2024.

Total liabilities of the group include long-term loans from Yunnan Water (Hongkong) Company Limited in the amount of 125.65 million baht as investment for construction of a water production project in Chiang Mai Province, the amount of 108.60 million baht is the right under the concession agreement for 2 concessions in Construction of a tap water production plant and tap water distribution Currently, the construction and development of the said project does not go according to plan due to not receiving the full amount of investment according to the investment contract. Yunan Water (Hongkong) Company Limited has the right to change the loan to investment in a subsidiary. which is a company that will manage water when the project is completed at 49 percent of the company's registered capital. Due to a dispute between the group of companies with the company that has provided financial support for the project According to the Engineering, Procurement and Construction Contract (EPC Contract), Investment Agreement and Settlement Agreement, the Company and the contracting parties have filed lawsuits against each other. And on March 20, 2024, the Civil Court ordered the company to repay the money received by the company with interest of 7.50 percent

per year. The company is in the process of filing an appeal against the judgment with the Court of Appeal. This causes significant uncertainty regarding the concession project and how it will be resolved. And has there been an impact causing the said assets to become impaired or not? This event was limited in scope by the situation and affected the auditor's changed opinion.

Shareholders' equity was increased by 43.60 million Baht, accounting for 213.20 percent. The main reason was that the company increased capital in the amount of 47.46 million baht during the period, causing shareholder's equity to increase from the said cause.

**Summary of Financial Position as of 31 March 2024 – Separate Financial Statements**

Financial Position as at 31 March (Unit : Million Baht)	2024		2023		YoY	
	MB	%	MB	%	MB	%
Current assets	187.81	58.99	167.40	56.04	20.41	12.19
Non-current assets	130.56	41.01	131.30	43.96	(0.74)	(0.56)
<b>Total assets</b>	<b>318.37</b>	<b>100.00</b>	<b>298.70</b>	<b>100.00</b>	<b>19.67</b>	<b>6.59</b>
Current liabilities	269.53	84.66	282.97	94.73	(13.44)	(4.75)
Non-current liabilities	7.32	2.30	8.17	2.74	(0.85)	(10.40)
<b>Total liabilities</b>	<b>276.85</b>	<b>86.96</b>	<b>291.14</b>	<b>97.47</b>	<b>(14.29)</b>	<b>(4.91)</b>
Issued and paid-up share capital	360.94	113.37	311.93	104.43	49.01	15.71
Deficits	(319.42)	(100.33)	(304.37)	(101.90)	(15.05)	4.94
<b>Equity attributable to the owners of the company</b>	<b>41.52</b>	<b>13.04</b>	<b>7.56</b>	<b>2.53</b>	<b>33.96</b>	<b>449.21</b>

As of March 31, 2024, the company's total assets increased by 19.67 million baht or 6.59 percent. The main cause was an increase in cash and cash equivalents from a capital increase of 47.46 million baht, resulting in an increase in working capital for use in the business. The Company has a short-term loan to Innotech Thai Corporation Co., Ltd., and a long-term loan to SUT Global Co., Ltd. in the amount of 0.50 million baht and 13.53 million baht, respectively, for which the full amount has been set aside for impairment. It is in the process of investigating the assets by the legal department in order to forcibly seize or attach them and auction them off to pay off the judgment debt.

Total liabilities decreased by 14.29 million baht or 4.91 percent due to trade and other payables decreasing from repayment of trade creditors due in the first quarter of 2024 and repayment of loans from directors of 7.00 million baht and Acme Energy Development Company Limited, which is a related business with joint directors, the amount of 4.95 million baht is due in the first quarter of 2024.

During 2023, the company borrowed a short-term loan from directors in the amount of 7.00 million baht at an interest rate of 4.00 percent to use as working capital in the company. The size of the transaction from receiving financial assistance is a small transaction, accounting for 0.05 percent of total assets according to the total value of consideration criteria. and is under the operational authority of the management department. The short-term loan from the said director is due for payment in the first quarter of 2024.

During 2023, the Company borrowed short-term loans from Acme Energy Development Company Limited, which is a related business. With joint directors, the amount is 4.95 million Baht, interest rate is 7.50 percent, to be used as working capital in the company. The size of the transaction from receiving financial assistance is a small transaction, accounting for 0.01 of the total assets according to the total value of consideration criteria. and is under the operational authority of the management department Short-term loans from related businesses are due for payment in the first quarter of 2024.

Total liabilities of the group include long-term loans from Yunnan Water (Hongkong) Company Limited in the amount of 125.65 million baht as investment for construction of a water production project in Chiang Mai Province, the amount of 108.60 million baht is the right under the concession agreement for 2 concessions in Construction of a tap water production plant and tap water distribution Currently, the construction and development of the said project does not go according to plan due to not receiving the full amount of investment according to the investment contract. Yunan Water (Hongkong) Company Limited has the right to change the loan to investment in a subsidiary. which is a company that will manage water when the project is completed at 49 percent of the company's registered capital. Due to a dispute between the group of companies with the company that has provided financial support for the project According to the Engineering, Procurement and Construction Contract (EPC Contract), Investment Agreement and Settlement Agreement, the Company and the contracting parties have filed lawsuits against each other. And on March 20, 2024, the Civil Court ordered the company to repay the money received by the company with interest of 7.50 percent per year. The company is in the process of filing an appeal against the judgment with the Court of Appeal. This causes significant uncertainty regarding the concession project and how it will be resolved. And has there been an impact causing the said assets to become impaired or not? This event was limited in scope by the situation and affected the auditor's changed opinion.

**The Group has lawsuits that are being considered by the court as follows:**

1. In November 2016, 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 52.57 million baht and return the security deposit. According to the bank guarantee of 10.60 million baht to the company This is because the said contract party has breached the construction contract for the wastewater collection and treatment system by notifying the cancellation of the said contract without any fault or defect of the company. Later in March 2017, the said contract party filed an answer and a counterclaim with the Central Administrative Court, demanding damages from the company in the amount of 52.81 million baht plus interest at the rate of 7.50 percent per year, alleging that the company delayed construction work according to the contract. Therefore, I would like to cancel the contract and claim damages from the said company.

Later, on July 22, 2021, the Central Administrative Court ordered the contracting party to pay part of the work installments to the company. and have the company pay damages to the contracting party in net, the company must pay damages to the contracting party in the amount of 23.86 million baht, including interest at the rate of 7.50 percent per year.

However, the Company does not agree with the judgment of the Central Administrative Court on both factual and legal issues. The company filed an appeal with the Supreme Administrative Court.

The case is under consideration by the court. The management believes that the outcome of the appeal will be in the company's favor. Therefore, the Company has not recorded allowance for damages that may occur from the above matters in the financial statements.

2. In October 2016, the Company filed a lawsuit against a contracting party with the Arbitration Institute, demanding that the contracting party pay damages and opportunity costs from canceling the wastewater collection and treatment system 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 contractual party submitted an objection and counterclaim to the Arbitration Institute demanding that the company repay the advance payment in the amount of 9.87 million baht (presented as part of the contractual debt account) together with interest at the rate of 7.50 percent per annum. The reason being that the exercise of the right to terminate the contract by the said counterparty is not considered a breach of contract by the Company in any way.

Later in October 2019, the arbitrator ordered the contracting party to pay the company 3.84 million baht for the work and the company to repay the advance payment of 9.87 million baht with interest at the rate of 7.50 percent per year from the date of filing the lawsuit. The company has already recognized the damage incurred in the financial statements.

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

In August 2023, the Company received a notice demanding payment of a guaranteed obligation from a bank. which has paid on behalf of the company to the contract party in the amount of 8.53 million baht, with the bank deducting some of the bank deposits that were collateralized and there is still a remaining amount that must be paid to the bank in the amount of 4.62 million baht, which is recognized as a long-term loan in full.

3. During 2021, the company was sued in a case regarding breach of contract to hire a project consultant. The amount was approximately 2.62 million baht, along with an interest rate of 7.50 percent per year. Later, on November 7, 2022, the Civil Court ordered the company to pay the amount of 0.42 million baht, including interest. The company disagrees with the judgment. The case is in the process of being appealed to the Court of Appeal. The Civil Court ordered the enforcement officer to freeze the company's bank accounts. The company is in the process of submitting land as collateral to the Court of Appeal to consider the collateral and request permission to stay the execution of the case at the appeal level.

The management team believes that the outcome of the appeal will be in the company's favor. Therefore, the Company has not recorded allowance for damages that may occur from the above matters in the financial statements.

4. During 2023, the company and former company directors has been sued as a co-defendant To be jointly liable with the official for supporting the official in committing an offense against his or her official position under the Criminal Code before the Criminal Court for corruption cases. Since the company has entered a water purchase contract with Chedi Mae Krua Subdistrict Municipality, Nong Han Subdistrict Municipality and Nong Yaeng Subdistrict Municipality, San Sai District, Chiang Mai Province in 2012, the administration and legal advisors saw that the company has no intention of supporting officials to commit crimes under criminal law. Entering a water purchase contract is a common method in commercial business.

At present, the Criminal Court for Corruption and Misconduct, Region 5, has ruled that the company and its former directors are not guilty of the charges against them for trading tap water with Chedi Mae Krua Subdistrict Municipality. and Nong Han Subdistrict Municipality. However, the case regarding Nong Yaeng Municipality The case is under consideration by the Criminal Court for Corruption and Misconduct, Region 5.

5. The Company and Hydrotek Utility Co., Ltd., a subsidiary company (plaintiff), filed a lawsuit against Yunnan Water Investment Co., Ltd. and 3 persons (defendants), requesting dissolution. The general partnership is not registered and requests the appointment of the company and its subsidiaries as liquidators. Including filing a lawsuit to revoke the compromise agreement The defendant testified that the company and its subsidiaries breached the compromise agreement. Therefore demand payment of the money back. Later, Yunnan Investment Company Limited and 3 people (plaintiffs) filed a lawsuit against the company and 2 people (defendants), suing for breach of compromise agreement. and asked the company to repay the money with interest. In 2023, the Civil Court combined the two cases and on March 20, 2024, the Civil Court ruled that the company must repay the money received with interest at 7.50 percent per year. Currently, the company Currently in the process of submitting an appeal against the judgment to the Court of Appeal.

#### **Event after the report period**

According to the minutes of the 2024 Annual General Meeting of Shareholders on April 30, 2024, important resolutions were passed as follows.

1. It was resolved to approve the reduction of the company's registered capital in the amount 49,754,679.00 baht from the original registered capital 675,838,592.00 baht is the registered capital. 626,083,913.00 baht by eliminating 49,754,679 unsold registered common shares with a par value of 1.00 baht per share, which are shares allocated for sale to existing shareholders in proportion to the shareholding held by each shareholder. Holding (Right Offering) the amount of 207,950,336 shares which was approved by the Extraordinary General Meeting of Shareholders No. 1/2023 on December 14, 2023 and the amendment of the Company's memorandum of association. To be consistent with the reduction of the company's registered capital.
2. It was resolved to approve the increase in the registered capital of the company by General Mandate in the amount of 282,072,696.00 baht from the original registered capital. 626,083,913.00 baht is the new registered capital of 908,156,609.00 baht by issuing additional common shares of not more than 282,072,696 shares with a par value of 1.00 baht per share and amending the company's memorandum of association. To be consistent with the increase in the registered capital of the company.



3. Resolved to approve the allocation of additional common shares under the general mandate (General Mandate) in the amount of not more than 282,072,696 shares with a par value of 1.00 baht per share as follows.

Method 1: Allocate additional common shares in an amount not exceeding 141,036,348 shares, representing 30 percent of the paid-up capital. To be offered to shareholders in proportion to rights offering (RO)

Method 2: Allocate additional common shares in an amount not exceeding 94,024,232 shares, representing 20 percent of the paid-up capital. For sale to the public offering (PO)

Method 3: Allocate additional common shares in an amount not exceeding 47,012,116 shares, representing 10 percent of the paid-up capital to offer for sale to private placement (PP)

By allocating additional common shares according to Method 1, Method 2 and Method 3 above by any one or three methods, totaling not more than 30 percent of the paid-up capital. or calculated as an amount not exceeding 141,036,348 shares, but if allocated according to Method 2 and Method 3, the additional paid-up capital will not exceed 20 percent of the paid-up capital as of the date the Board of Directors resolved to increase capital or calculated as an amount not exceeding 141,036,348 shares. Not more than 94,024,232 shares

Please be informed.

yours truly

(Mr. Sukrit Jintanakosin)  
Chief Executive Officer