



EE 03/2566/085

Management Discussion and Analysis for the operating results for the year 2022 Ekarat Engineering Public Company Limited and the subsidiaries

Summary of operating results

Ekarat Engineering Public Company Limited (the Company) would like to clarify the performance of the Company and the subsidiaries for the year ended 31 December 2022, details are as follows:

- Total Revenue 2,120.96 MB increased by 48.78%, compared to year 2021
- Gross Profit 476.91 MB increased by 37.99%, compared to year 2021
- Net Profit of Equity holders of the parent 160.52 MB increased by 78.57%, compared to year 2021

Key financial figures

	2022		2021		Variance	
	MB	%	MB	%	MB	%
Revenues	2,104.65	99.23%	1,414.26	99.21%	690.39	48.82%
Costs	1,627.74	76.75%	1,068.64	74.96%	559.10	52.32%
Gross Profit	476.91	22.49%	345.62	24.24%	131.29	37.99%
Other income	16.31	0.77%	11.30	0.79%	5.01	44.34%
Total revenues	2,120.96	100.00%	1,425.56	100.00%	695.40	48.78%
Distribution costs	109.48	5.16%	88.55	6.21%	20.93	23.64%
Administrative expenses	160.75	7.58%	140.54	9.86%	20.21	14.38%
Profit from operating activities	222.86	10.51%	121.85	8.55%	101.01	82.90%
Financial cost	22.52	1.06%	12.77	0.90%	9.75	76.35%
Profit before income tax expenses	200.34	9.45%	109.08	7.65%	91.26	83.66%
Income tax expenses	39.85	1.88%	19.27	1.35%	20.58	106.80%
Net profit	160.49	7.57%	89.81	6.30%	70.68	78.70%
Profit of equity holders of the parent	160.52	7.57%	89.89	6.31%	70.63	78.57%

Analysis of operating results in 2022

Revenue:

The total revenues from operation were 2,104.65 million baht, increasing from the previous year by 690.39 million baht or about 48.82%. The Covid-19 situation is getting better and the measures to control the spread of COVID-19 have eased. Then, the economy starting to recover and there is more investment movement. As a result, the Company's sales of transformers to government agencies and the private sector increased from the previous year. Including being

able to provide repair and maintenance services for transformers in the customers' areas conveniently and quickly. As a result, service revenues have increased markedly. In the solar energy business, there's still high price competition. The Company's revenue comes from four types of operations: 1) Revenue from the sales of goods in the proportion of 76.25% 2) Revenue from services and maintenance is 10.70% 3) Revenue from service of installing a solar panel is 11.36% 4) Revenue from sales of electricity is 1.69%.

Analysis of Revenues

- ***Revenue from sales of goods*** has increased 524.80 million baht or about 48.59%, mainly due to the delivery of transformers of several major private customers.
- ***Revenue from services and maintenance*** has increased 37.41 million baht or about 19.92%. Most of them increased from the contracting services. Due to the situation of Covid-19 getting better, the Company could provide more transformer maintenance services to the customers.
- ***Revenue from service of installing a solar panel*** has increased 130.47 million baht about 120.17% from the recognition of revenue from the major project of installation of solar power generation system of a private customer as continuous work since 2021.
- ***Revenue from sales of electricity*** has decreased 2.29 million baht or about 6.06% because the amount of electricity generated from Solar Farm Phase 2 and Phase 3 decreased.

Costs:

The total costs from operation were 1,627.74 million baht, increased by 559.10 million baht or about 52.32% compared to the same quarter of last year, The main reason is the price of raw materials has increased and the appreciation of the US dollar caused the Company had more expenses in purchasing those raw materials. The Company has adjusted its strategy by controlling other production costs to be lower but maintaining the quality standards.

Analysis of Costs

- ***Cost of goods sold*** has increased 420.39 million baht or about 50.46%, due to higher raw material prices.
- ***Cost of services and maintenance*** has increased 20.62 million baht or about 20.26%. Most of them were from the cost of contracting services in line with the increase in revenue.
- ***Cost from service of installing a solar panel*** has increased 125.28 million baht or about 118.77% from the recognition of the cost of solar panel installation project by private customer.
- ***Cost of electricity sold*** has slightly increased 0.54 million baht or about 2.88%, It was relatively stable depreciation of solar panels.

Distribution Cost:

The distribution cost was 109.48 million baht, increasing from the previous year by 20.93 million baht or about 23.64%. Most of the expenses are related to sales and transportation of transformers.

Administrative Expenses:

Administrative expenses of the Company were 160.75 million baht, increasing from the previous year by 20.21 million baht or about 14.38%. The increase was mainly due to foreign exchange losses and trust receipts arising from conversion at the end of the period, bonus payments, utility expenses.

Financial Cost:

Financial Cost of the Company was 22.52 million baht, increasing from the previous year by 9.75 million baht or about 76.35%. The mainly increased was the interest on promissory notes and trust receipt from purchases of raw materials from overseas during the year.

Analysis of statement of financial position

Analysis of assets

As at December 31, 2022, the total assets were 2,208.97 million baht, increasing by 132.48 million baht or 6.38% from the previous year. The details were as follows:

	Dec 31,2022	Dec 31,2021	Variance	%
Current assets	1,470.96	1,338.85	132.12	9.87
Non-current assets	738.01	737.65	0.36	0.05
Total Assets	2,208.97	2,076.49	132.48	6.38

Most of them were trade accounts receivable and other current receivables increased by 105.86 or 36.62% from domestic transformer receivables and inventories increased by 77.18 million baht or 8.69%, compared to the previous year. Most of them are raw materials used in the production of transformers.

Analysis of liabilities and equity

As at December 31, 2022, the total liabilities and equity were 2,208.97 million baht, increasing by 132.48 million baht or 6.38% from the previous year. The details were as follows:

	Dec 31,2022	Dec 31,2021	Variance	%
Liabilities	833.60	795.40	38.20	4.80
Equity	1,375.37	1,281.09	94.28	7.36
Total Liabilities and Equity	2,208.97	2,076.49	132.48	6.38

- Liabilities increased by 38.20 million baht or 4.80% compared to the previous year. The main reason was an increase in accrued expenses of 34.94 million baht, corporate tax payable increased by 15.91 million baht and other current liabilities increased by 15.66 million baht.
- Equity increased in the amount of 94.28 million baht or 7.36%, due to the recognition of profit for the year 2022 after legal reserve deduction.

Significant financial ratios

Ratios		2022	2021
Current Ratio	times	2.21	2.16
Gross Profit Margin Ratio	%	22.75	25.11
Profit Ratio	%	7.57	6.30
ROE	%	12.09	7.67
ROA	%	10.40	6.76
Debt to Equity Ratio	times	0.61	0.62

Please be informed accordingly,

Sincerely yours,

(Miss Rompissri Noichaiboon)

Managing Director