

**EKARAT ENGINEERING PUBLIC COMPANY LIMITED**

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## Management Discussion and Analysis for the operating results for Q1/2023 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 first quarter ending 31 March 2023, as follow:

- Total Revenue 660.26 MB increased by 86.36%, compared to Q1/2022
- Gross Profit 132.07 MB increased by 61.63%, compared to Q1/2022
- Net Profit of Equity holders of the parent 53.62 MB increased by 165.45%, compared to Q1/2022

### Key financial figures

	Q1/2023		Q1/2022		Variance	
	MB	%	MB	%	MB	%
<b>Revenues</b>	658.24	99.69%	352.25	99.42%	305.99	86.87%
<b>Costs</b>	526.17	79.69%	270.54	76.36%	255.63	94.49%
<b>Gross Profit</b>	132.07	20.00%	81.71	23.06%	50.36	61.63%
<b>Other income</b>	2.02	0.31%	2.05	0.58%	-0.03	-1.46%
<b>Total revenues</b>	660.26	100.00%	354.30	100.00%	305.96	86.36%
<b>Distribution costs</b>	28.14	4.26%	19.78	5.58%	8.36	42.26%
<b>Administrative expenses</b>	33.23	5.03%	34.55	9.75%	-1.32	-3.82%
<b>Profit from operating activities</b>	72.72	11.01%	29.43	8.31%	43.29	147.09%
<b>Financial cost</b>	6.29	0.95%	5.12	1.45%	1.17	22.85%
<b>Profit before income tax expenses</b>	66.43	10.06%	24.31	6.86%	42.12	173.26%
<b>Income tax expenses</b>	12.82	1.94%	4.12	1.16%	8.70	211.17%
<b>Net profit</b>	53.61	8.12%	20.19	5.70%	33.42	165.53%
<b>Profit of equity holders of the parent</b>	53.62	8.12%	20.20	5.70%	33.42	165.45%

### Analysis of operating results in Quarter 1 Year 2023

#### Revenue :

The total revenues from operation of the Company were 658.24 million baht, increased by 305.99 million baht or about 86.87% compared to the same quarter of last year.

The Company's revenue came from four types of operations: 1) Revenue from the sales of goods in the proportion of 78.99% 2) Revenue from services and maintenance was 17.59% 3) Revenue from service of installing a solar panel was 1.98% 4) Revenue from sales of electricity was 1.44%.

### ***Analysis of Revenues***

- Revenue from sales of goods has increased by 308.20 million baht or about 145.58%, most of the increase came from the delivery of transformers to private customers in domestic for many large projects and government agencies too.
- Revenue from services and maintenance has increased by 71.79 million baht or about 163.17% from the recognition of revenue from power station construction projects of major private customers, other contract work and annual maintenance of large private customers.
- Revenue from sales of electricity has increased by 0.45 million baht or about 4.98% because the amount of electricity produced from solar farm increases with the amount of sunshine in summer.
- Revenue from service of installing a solar panel has decreased by 74.45 million baht or about 85.08%. Due to Q1/2022, there was revenue recognition for solar power plant installation projects of private customers, which were ongoing and high-value projects, but in Q1/2023, the Company did not have any large project works, thus reducing revenue.

### **Costs :**

The total costs from operation of the Company were 526.17 million baht, increased by 255.63 million baht or about 94.49% compared to the same quarter of last year.

### ***Analysis of Costs***

- Cost of goods sold has increased by 262.88 million baht or about 163.70%, in accordance with the increase in revenue.
- Cost of services and maintenance has increased by 67.71 million baht or about 297.79%. The increase was mainly from the recognition of the cost of power station construction projects from private customers, in line with the increase in revenue.
- Cost of electricity sold has increased by 0.04 million baht or about 0.79%, caused by the depreciation of solar panels at the Solar Farm which was relatively stable.
- Cost from service of installing a solar panel has decreased by 70.13 million baht or about 85.11%, in accordance with the decrease in revenue.

In addition, the reversal of loss on devaluation of goods was 4.83 million baht, it was the reversal of reserve for the deterioration of finished transformers sold in this quarter.

### **Distribution Costs :**

Distribution Cost of the Company was 28.14 million baht, increased by 8.36 million baht or about 42.26% compared to the same quarter of last year. Most of them are expenses related to transformer sales and transportation expenses. But when comparing the ratio of distribution costs to total revenue, it was found that it decreased by 1.32% from the same quarter last year.

### **Administrative Expenses :**

Administrative Expenses of the Company was 33.23 million baht, decreased by 1.32 million baht or about 3.82% compared to the same quarter of last year. Most of the expenses came from increased entertainment and staff expenses. However, the Company had actual foreign exchange gains by paying less than recorded trust receipts, resulting in lower administrative expenses. When comparing the proportion of administrative expenses with total revenue, it was found that it decreased by 4.76% from the same quarter last year.

**Financial Cost :**

Financial Cost of the Company was 6.29 million baht, increased by 1.17 million baht or about 22.85% compared to the same quarter of last year. This was due to increased interest on trust receipts from purchases of raw materials from overseas and interest expenses on hire purchase of new machinery.

Please be informed accordingly,

Sincerely yours,

(Miss Rompissri Noichai boon)

Managing Director