



# Management Discussion and Analysis

Quarter 1 ended March 31, 2023

บริษัท ยูเรกา ดีไซน์ จำกัด (มหาชน)

Eureka Design (public) company

Subject Profit and loss reporting for the first quarter of 2023 and explanation of more than 20 percent fluctuation in profit and loss compared to that of last year

To Dear Directors and Managers  
Stock Exchange of Thailand

Eureka Design Public Company Limited and its subsidiaries (“UREKA” have) would like to inform the operating results for the first quarter of 2023 ending on March 31, 2023, details as follows:

Summary of UREKA's performance		EBIT	Net profit	Net profit margin	
		20.31 MB.	13.91 MB.	18%	
Income Statement Unit : thousand baht	Quarter 1 2023	Quarter 1 2022	Change (% yoy)	Quarter 1 2022*	Change (% yoy)
<b>Revenues</b>					
Revenue from sales and services	72,067	36,115	100%	28,314	155%
Other income	3,821	25,566	-85%	10,804	-65%
<b>Total revenue</b>	<b>75,888</b>	<b>61,681</b>	<b>23%</b>	<b>39,118</b>	<b>94%</b>
<b>Expenses</b>					
Cost of good sold	42,623	17,442	144%	17,442	144%
Selling costs	904	1,527	-41%	1,527	-41%
Administrative expenses	12,053	12,653	-5%	12,653	-5%
Interest expense	6,304	2,502	152%	2,502	152%
<b>Total expenses</b>	<b>61,884</b>	<b>34,124</b>	<b>81%</b>	<b>34,124</b>	<b>81%</b>
<b>Profit (loss) before income tax</b>	<b>14,004</b>	<b>27,557</b>	<b>49%</b>	<b>4,994</b>	<b>180%</b>
Income (expenses) income tax	-98	-367	73%	-367	-73%
<b>Net profit (loss)</b>	<b>13,906</b>	<b>27,190</b>	<b>49%</b>	<b>4,627</b>	<b>201%</b>

Note: The results of the first quarter of 2022\* reflect the results of the quarter after the adjustment of information arising from the recognition of revenue from tap water sales in 2021 in which the auditor expressed the opinion that revenue cannot be recognized within the year 2021, therefore, the revenue recognition must be adjusted to the 1st quarter of the year 2022, and the improvement of revenue recognition from the cancellation of assets and liabilities under the financial lease agreement. This aims to reflect the actual performance comparison between the 1st quarter of 2022 and the 1st quarter of 2023

## Business Overview for 2023

The overview of UREKA's consolidated profit and loss statement are as follows:

1. UREKA had revenue from sales and services for the first quarter of 2023 ended March 31, 2023 with sales and service income of 72.07 million baht, an increase of 35.95 million baht or an increase of 100% from the same period last year with sales and service income of 36.12 million baht. However, when comparing revenue from sales and services after adjusting information that is not relevant to the results of operations for the first quarter of 2022, which are the recognition of revenue from the sale of tap water in 2021 that the auditor expressed an opinion not to recognize revenue within the year 2021, therefore having to adjust the revenue recognition to the first quarter of the year 2022 instead, it can be seen that the revenue from sales and services increased by 43.75 million baht or representing an increase of 155% from the same period last year. The growth has driven by 4Rs strategy: Reform, Rebalance, Relation, Return. The strategy has allowed the company to shift its investments by focusing on investing in high growth potential businesses through holding and managing the business. Consequently, the main income of the current business consists of the recycled plastic resin business and the water supply business. The revenue from the production and distribution of recycled plastic pellets amounted to 50.61 million and revenue from the production and distribution of tap water to the Provincial Waterworks Authority according to the water purchase agreement to solve the water shortage problem at the Phan Thong water distribution station and Nong Ka Kha water distribution station was 21.46 million, resulting in a significant increase in revenue from the year of 2022
2. UREKA had other income for the first quarter of 2023 ended March 31, 2023, other income was 3.82 million baht, a decrease of 21.75 million baht or 85% decrease from the same period last year. with other income of 25.57 million baht due to a decrease in one-time income which is income from cancellation of assets and liabilities under finance lease agreements
3. UREKA had total revenue for the first quarter of 2023 ending March 31, 2023 with total revenue of 75.89 million baht, an increase of 14.20 million baht or an increase of 23 percent from the same period of the previous year which had total revenue of 61.69 million baht as a result of increasing sales and service income
4. UREKA had cost of sales and services for the first quarter of 2023 ended March 31, 2023 in the amount of 42.62 million baht, an increase of 25.18 million baht or an increase of 144% compared to the previous year with cost of sales and services of 17.44 million baht since the company has significantly expanded sales and service
5. UREKA had distribution costs and administrative expenses for the first quarter of 2023 ending March 31, 2023 in the amount of 12.96 million baht, a decrease of 1.23 million baht or a 9 percent reduction when

compared to last year. The cost of distribution and administrative expenses amounted to 14.19 million baht. The administrative expense has increased because of 2022 business expansion and investment plan. However, those expenses were efficiently spent and met all the set goals

6. UREKA had financial costs of the first quarter 2022 ending March 31, 2023 in the amount of 6.30 million baht, an increase of 3.80 million baht or an increase of 152% compared to the same period of the previous year with financial cost of 2.50 million baht. This was because the Company has used more credit lines and has issued more convertible debentures for business expansion and investment which has carefully been studied by taking into account the risk factors and returns that could be generated in the future, and continuously monitoring the performance
7. UREKA had net profit for the first quarter of 2023 ending March 31, 2023 which amounts to 13.91 million baht, a decrease of 13.28 million baht or a decrease of 49% compared to the same period of the previous year which had a profit of 27.19 million baht. Reasons for a significant decrease in operating results in the 1st quarter of 2022 were there was an improvement in the recognition of income from the cancellation of assets and liabilities under the finance lease and the improvement in the recognition of income from the sale of tap water in 2021 that was recognized as income in the quarter 1/2565. However, if considering the comparison of operating results after eliminating adjustments from the recognition of revenue from the sale of tap water in 2021 and from the cancellation of assets and liabilities under financial lease agreements It can be found that the actual performance The company's net profit increased by 9.28 million baht or decreased by 201% compared to the same period last year. The significant improvement in performance arose from the fact that the company could generate more profits from the growth and expansion of the recycled plastic resin business and expertise in managing the tap water production business, while the development of cost control was more efficient

Balance Sheet	Quarter 1	Quarter 1	Change
Unit : thousand baht	2023	2022	(% yoy)
Current assets	186,261	178,018	5%
Non-current assets	1,535,844	866,347	77%
<b>Total assets</b>	<b>1,722,105</b>	<b>1,044,365</b>	<b>65%</b>
Liability	340,914	253,606	34%
Equity	1,381,191	790,759	75%
<b>Liability and Equity</b>	<b>1,722,105</b>	<b>1,044,365</b>	<b>65%</b>

The overview of UREKA's consolidated financial statement are as follows:

1. UREKA had total assets as of March 31, 2023 of 1,722.11 million baht, divided into current assets of 186.26 million baht, of which the main components are cash and cash equivalents of 60.84 million baht and accrued receivables and accrued income totaling 64.94 million baht, and non-current assets of 1,535.85 million baht, of which the main components are property, buildings and equipment in the amount of 1,221.15 million baht. The Company had total assets as of March 31, 2023, increased from March 31, 2022 in the amount of 677.74 million baht or an increase of 65% arising from possessing additional land, buildings and equipment of 762.66 million baht which was a consequence of business expansion and business potential enhancement
2. UREKA had liabilities as of 31 March 2023 in the amount of 340.91 million baht, an increase of 87.31 million baht or 34% from liabilities as of 31 March 2022. This was mainly due to an increase in long-term loans from financial institutions which was a consequence of investing in expanding production capacity and raw material storage facility
3. Shareholders' equity increased from 2 main reasons: 1) the issuance of the convertible debentures "Convertible debentures granting the right to convert into ordinary shares of Eureka Design Public Company Limited No. 1/2022, maturing year 2025, unsubordinated type and uninsured" amounting to 35 million baht to AO Fund of 10 million baht and AO Fund 1 of 25 million baht. 2) The improved performance resulted in the company's retained earnings as of March 31, 2023 in the amount of 26.60 million baht, compared to the retained earnings as of December 31, 2022, with retained earnings in the amount of 8.55 million baht

Key financial ratios	2023
<b>Leverage Ratio</b>	
D/E	0.25
<b>Liquidity Ratio</b>	
Current Ratio	1.55
<b>Profitability Ratios</b>	
Net Profit Margin	18%
ROE	1%

Please be informed accordingly and publish to investors

Best regards,

(Sunisa Jirawuttikul)

Chief Executive Officer and Director