



Management Discussion and Analysis for the operating results for Q2/2023

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 second quarter ended June 30, 2023. The financial statements for the 3 month and 6 month periods ended June 30, 2022 were adjusted according to the change in accounting policy on the calculation of cost of inventories. (Details are shown in Note 4 to the financial statements.)

	Q2/2023		Q2/2022 (Restated)		CHANGE	
	MB	%	MB	%	MB	YoY%
Revenues	374.90	99.44%	516.86	98.53%	(141.96)	-27.47%
Costs	270.27	71.69%	406.48	77.49%	(136.21)	-33.51%
Gross Profit	104.63	27.75%	110.38	21.04%	(5.75)	-5.21%
Other income	2.11	0.56%	7.69	1.47%	(5.58)	-72.56%
Total revenues	377.01	100.00%	524.55	100.00%	(147.54)	-28.13%
Distribution costs	27.41	7.27%	26.14	4.98%	1.27	4.86%
Administrative expenses	55.79	14.80%	45.32	8.64%	10.47	23.10%
Profit from operating activities	23.54	6.24%	46.61	8.89%	(23.07)	-49.50%
Financial cost	7.76	2.06%	4.59	0.88%	3.17	69.06%
Profit before income tax expenses	15.78	4.19%	42.02	8.01%	(26.24)	-62.45%
Income tax expenses	5.59	1.48%	6.92	1.32%	(1.33)	-19.22%
Net profit	10.19	2.70%	35.10	6.69%	(24.91)	-70.97%
Profit of equity holders of the parent	10.20	2.71%	35.11	6.69%	(24.91)	-70.95%

Revenue is divided into :

	Q2/2023		Q2/2022 (Restated)		CHANGE	
	MB	%	MB	%	MB	YoY%
Revenue from the sales of goods	300.40	80.13%	418.59	80.99%	(118.19)	-28.24%
Revenue from services and maintenance	51.48	13.74%	63.77	12.34%	(12.29)	-19.26%
Revenue from service of installing a solar panel	14.30	3.81%	24.95	4.82%	(10.65)	-42.67%
Revenue from sales of electricity	8.71	2.32%	9.55	1.85%	(0.84)	8.74%
Total	374.89	100.00%	516.86	100.00%	(141.97)	-27.47%

Analysis of Revenues

- Revenue from sales of goods has decreased by 118.20 million baht or about 28.24%, due to the decrease in transformer sales from private customers.
- Revenue from services and maintenance has decreased by 12.28 million baht or about 19.26% from the decrease of contracting services.
- Revenue from service of installing a solar panel has decreased by 10.65 million baht or about 42.67%. Due to Q2/2022, there was revenue recognition for solar power plant installation projects of private customers, which were ongoing and high-value projects, but in Q2/2023, the Company did not have any large project works, thus reducing revenue.
- Revenue from sales of electricity has decreased by 0.83 million baht or about 8.74% because the amount of electricity produced from solar farm decreases with the amount of sunlight during the rainy season.

Costs :

The total costs from operation of the Company were 270.27 million baht, decreased by 136.21 million baht or about 33.51% compared to the same quarter of last year.

Analysis of Costs

- Cost of goods sold has decreased by 111.78 million baht or about 32.15%, in accordance with the decrease in revenue.
- Cost of services and maintenance has decreased by 10.88 million baht or about 32.75%, mainly due to the decrease in the cost of contracting services.
- Cost from service of installing a solar panel has decreased by 12.02 million baht or about 51.07%, most of the costs were from solar panel installation work of small private customers.
- Cost of electricity sold has decreased by 0.13 million baht or about 2.67%, caused by the depreciation of solar panels at the Solar Farm (Phase 1) that have been fully depreciated.

In addition, the reversal of loss on devaluation of goods was 4.28 million baht, it was a reversal of the allowance for impairment of finished goods of solar panels due to the use of the panels.

Distribution Costs :

Distribution Cost of the Company was 27.41 million baht, increased by 1.27 million baht or about 4.87% compared to the same quarter of last year. Most of them are expenses related to the cost of solar panel testing in preparation for use.

Administrative Expenses :

Administrative Expenses of the Company was 55.79 million baht, increased by 10.47 million baht or about 23.10% compared to the same quarter of last year. Most of the expenses came foreign exchange losses and bonus payments to the Board of Directors.

Financial Cost :

Financial Cost of the Company was 7.76 million baht, increased by 3.17 million baht or about 69.25% compared to the same quarter of last year. This was due to increased interest on trust receipts and promissory notes from purchases of raw materials from overseas.

Summary of operating results for 6 month period ended June 30, 2023

	6M2023		6M2022 (Restated)		Change	
	MB	%	MB	%	MB	YoY%
Revenues	1,033.13	99.60%	869.12	98.89%	164.01	18.87%
Costs	785.58	75.74%	676.18	76.94%	109.40	16.18%
Gross Profit	247.55	23.87%	192.94	21.95%	54.61	28.30%
Other income	4.14	0.40%	9.73	1.11%	(5.59)	-57.45%
Total revenues	1,037.27	100.00%	878.85	100.00%	158.42	18.03%
Distribution costs	55.55	5.36%	45.92	5.23%	9.63	20.97%
Administrative expenses	89.02	8.58%	79.87	9.09%	9.15	11.46%
Profit from operating activities	107.12	10.33%	76.88	8.75%	30.24	39.33%
Financial cost	14.05	1.35%	9.70	1.10%	4.35	44.85%
Profit before income tax expenses	93.07	8.97%	67.18	7.64%	25.89	38.54%
Income tax expenses	20.58	1.98%	11.21	1.28%	9.37	83.59%
Net profit	72.49	6.99%	55.97	6.37%	16.52	29.51%
Profit of equity holders of the parent	72.51	6.99%	55.99	6.37%	16.52	29.51%

The performance of the Company and its subsidiaries for 6 month ended June 30, 2023, the net profit of equity holders of the parent was 72.51 million baht, increased by 16.52 million baht or 29.51% compared to the same period last year.

Please be informed accordingly,

Sincerely yours,

(Miss Rompissri Noichai boon)

Managing Director