



# Management Discussion and Analysis

Quarter 2 ended June 30, 2023

บริษัท ยูเรกา ดีไซน์ จำกัด (มหาชน)

Eureka Design Public Company Limited

Subject Profit and loss reporting for the second 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 second quarter of 2023 ending on June 30, 2023, details as follows:

Summary of UREKA's performance		EBIT	Net profit	Net profit margin	
		57.2 MB.	45.38 MB.	25%	
Income Statement	Quarter 2	Quarter 2	Change	Quarter 2	Change
Unit : thousand baht	2023	2022	(% yoy)	2022*	(% yoy)
<b>Revenues</b>					
Revenue from sales and services	172,135	94,013	83%	86,212	100%
Other income	7,745	43,896	-82%	10,676	-27%
<b>Total revenue</b>	<b>179,880</b>	<b>137,909</b>	<b>30%</b>	<b>96,888</b>	<b>86%</b>
<b>Expenses</b>					
Cost of good sold	100,244	45,076	122%	45,076	122%
Selling costs	1,745	5,093	-66%	5,093	-66%
Administrative expenses	20,698	27,200	-24%	27,200	-24%
Interest expense	11,249	7,263	55%	7,263	55%
<b>Total expenses</b>	<b>133,936</b>	<b>84,632</b>	<b>58%</b>	<b>84,632</b>	<b>58%</b>
<b>Profit (loss) before income tax</b>	<b>45,944</b>	<b>53,277</b>	<b>14%</b>	<b>12,256</b>	<b>275%</b>
Income (expenses) income tax	-570	-344	-66%	-344	66%
<b>Net profit (loss)</b>	<b>45,374</b>	<b>52,933</b>	<b>14%</b>	<b>11,912</b>	<b>281%</b>

Note: The results of the second 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 2nd quarter of 2022 and the 2nd 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 second quarter of 2023 ended June 30, 2023 with sales and service income of 172.14 million baht, an increase of 78.12 million baht or an increase of 83% from the same period last year with sales and service income of 94.01 million baht. However, when comparing revenue from sales and services after adjusting information that is not relevant to the results of operations for the second 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 year 2022 instead, it can be seen that the revenue from sales and services increased by 85.92 million baht or representing an increase of 100% 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 129.32 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 42.82 million, resulting in a significant increase in revenue from the year of 2022
2. UREKA had other income for the second quarter of 2023 ended June 30, 2023, other income was 7.75 million baht, a decrease of 36.15 million baht or 82 % decrease from the same period last year. with other income of 43.90 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 second quarter of 2023 ending June 30, 2023 with total revenue of 179.88 million baht, an increase of 41.97 million baht or an increase of 30 percent from the same period of the previous year which had total revenue of 137.91 million baht as a result of increasing sales and service income
4. UREKA had cost of sales and services for the second quarter of 2023 ended June 30, 2023 in the amount of 100.24 million baht, an increase of 55.17 million baht or an increase of 122 % 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 second quarter of 2023 ending June 30, 2023 in the amount of 22.44 million baht, a decrease of 9.85 million baht or a 30.50 percent reduction

when compared to last year. The cost of distribution and administrative expenses amounted to 32.29 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 second quarter 2022 ending June 30, 2023 in the amount of 11.25 million baht, an increase of 3.99 million baht or an increase of 55% compared to the same period of the previous year with financial cost of 7.26 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 second quarter of 2023 ending June 30, 2023 which amounts to 45.37 million baht, a decrease of 7.56 million baht or a decrease of 14% compared to the same period of the previous year which had a profit of 52.93 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 2/2565. 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 33.46 million baht or decreased by 281% 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.

Unit : thousand baht	Q2	Q2	Change
Current assets	2023	2022	(% yoy)
Non-current assets	208,482.00	184,170.00	13%
Total assets	1,541,532.00	1,507,678.00	2%
<b>Liability</b>	<b>1,750,014.00</b>	<b>1,691,848.00</b>	<b>3%</b>
Equity	322,321.00	363,519.00	-11%
Liability and Equity	1,427,693.00	1,328,329.00	7%
<b>Total Liability and Equity</b>	<b>1,750,014.00</b>	<b>1,691,848.00</b>	<b>65%</b>

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

1. UREKA had total assets as of June 30, 2023 of 1,750.01 million baht, divided into current assets of 208.48 million baht, of which the main components are cash and cash equivalents of 37.73 million baht and accrued receivables and accrued income totaling 170.75 million baht, and non-current assets of 1,541.53 million baht, of which the main components are property, buildings and equipment in the amount of 1,227.41 million baht. The Company had total assets as of June 30, 2023, increased from June 30, 2022 in the amount of 36.37 million baht or an increase of 3% which was a consequence of business expansion and business potential enhancement
2. UREKA had liabilities as of June 30, 2023 in the amount of 322.32 million baht, a decrease of 41.20 million baht or 13% from liabilities as of June 30, 2023. 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 2) The improved performance resulted in the company's retained earnings as of June 30, 2023 in the amount of 58.40 million baht, compared to the retained earnings as of December 31, 2022, with retained earnings in the amount of 8.55 million baht

<b>Key financial ratios</b>	<b>2023</b>
<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