



Management Discussion and Analysis for the operating results for 3Q2023 Ekarat Engineering Public Company Limited and its subsidiaries

Ekarat Engineering Public Company Limited (the Company) would like to clarify the performance of the Company and its subsidiaries for the third quarter ended September 30, 2023. It can be summarized as follows:

Summary of operating results

Even though Thailand's economic situation has begun to recover after the country has fully opened, it still faces high uncertainty. The Company has planned to try to maintain its customer base with our strengths, “Good quality transformers”. Seeking new markets both domestically and abroad, the potential customer groups especially the real estate sector who have plans to invest in high-rise buildings and condominiums, including participating in auctions for government agencies. Meanwhile, the solar panel design and installation contractor work tends to grow continuously. As a result, the Company's net profit in 3Q2023 increased 84% from the same period last year and increased 49% from the same period of last year in 9M2023.

Unit : Baht million	Consolidated for the three-month period ended 30 September			Consolidated for the nine-month period ended 30 September		
	2023	2022	Change	2023	2022	Change
Revenues	510.91	468.07	9.15%	1,544.05	1,337.19	15.47%
Costs	373.20	353.28	5.64%	1,158.78	1,029.46	12.56%
Gross Profit	137.71	114.79	19.97%	385.27	307.73	25.20%
Other income	5.05	3.38	49.41%	9.19	13.11	-29.90%
Distribution costs	22.70	25.43	-10.74%	78.26	71.35	9.68%
Administrative expenses	42.30	48.14	-12.13%	131.32	128.01	2.59%
Profit from operating activities	77.76	44.60	74.35%	184.88	121.48	52.19%
Financial cost	7.32	5.72	27.97%	21.37	15.42	38.59%
Profit before income tax expenses	70.44	38.88	81.17%	163.51	106.06	54.17%
Income tax expenses	13.56	8.02	69.08%	34.14	19.23	77.54%
Net profit	56.88	30.86	84.32%	129.37	86.83	48.99%
Profit of equity holders of the parent	56.88	30.87	84.26%	129.39	86.86	48.96%
Basic earnings per share (Baht)	0.039	0.021	85.71%	0.088	0.059	49.15%

Revenue is divided into :

Unit : Baht million	Consolidated for the three-month period ended 30 September			Consolidated for the nine-month period ended 30 September		
	2023	2022	Change	2023	2022	Change
Revenue from the sales of goods	398.87	391.48	1.89%	1,219.17	1,021.78	19.32%
Revenue from services and maintenance	53.14	52.14	1.92%	220.41	159.91	37.83%
Revenue from service of installing a solar panel	49.60	16.28	204.67%	76.96	128.74	-40.22%
Revenue from sales of electricity	9.30	8.17	13.83%	27.51	26.76	2.80%
Total Revenue	510.91	468.07	9.15%	1,544.05	1,337.19	15.47%

Analysis of Revenues

The company had total revenues of 510.91 million baht, increased of 42.84 million baht or 9.15% when compared to the same period last year, the details are as follows;

- Revenue from sales of goods has increased by 7.39 million baht or about 1.89% from the delivery of transformers to major private clients and government agencies.
- Revenue from services and maintenance has increased by 1.00 million baht or about 1.92%. The majority increased from transformer maintenance work and general contract services, but contract work decreased.
- Revenue from service of installing a solar panel has increased by 33.32 million baht or about 204.67%, there was revenue recognition for solar power plant installation projects of private customers in 3Q2023 period.
- Revenue from sales of electricity has increased by 1.13 million baht or about 13.83% because the amount of electricity produced from Solar Farm Phase 3 at Nonthaburi has increased.

Costs :

Unit : Baht million	Consolidated for the three-month period ended 30 September			Consolidated for the nine-month period ended 30 September		
	2023	2022	Change	2023	2022	Change
Cost of goods sold	292.76	300.89	-2.70%	941.28	808.32	16.45%
Cost of services and maintenance	27.63	28.60	-3.39%	140.41	84.55	66.07%
Cost from service of installing a solar panel	43.83	16.77	161.36%	67.62	122.71	-44.89%
Cost of electricity solds	5.85	4.84	20.87%	15.45	14.54	6.26%
Reversal (loss) on devaluation of goods	3.13	2.18	43.58%	-5.98	-0.66	N/A
Total Cost	373.20	353.28	5.64%	1,158.78	1,029.46	12.56%

Analysis of Costs

The total costs from operation of the Company were 373.20 million baht, increased by 19.92 million baht or about 5.64% compared to the same quarter of last year, the details are as follows;

- Cost of goods sold has decreased by 8.13 million baht or about 2.70%, The Company was able to manage costs better and raw material prices were adjusted down, resulting in lower costs.
- Cost of services and maintenance has decreased by 0.97 million baht or about 3.39%, mainly due to the decrease in the cost of contracting services, in line with the decrease in contracting services income.
- Cost from service of installing a solar panel has increased by 27.06 million baht or about 161.36%, from the cost recognition in the 3Q2023 period of solar panel installation work of two large private customers.
- Cost of electricity sold has increased by 1.01 million baht or about 20.87%, most of it were the cost of repairs to the solar panels at Solar Farm Phase 3.

In addition, the loss on devaluation of goods was 3.13 million baht, it was the allowance for impairment of raw materials used in the production of transformers.

Distribution Costs :

Distribution Cost of the Company was 22.71 million baht, decreased by 2.73 million baht or about 10.73% compared to the same quarter of last year. Most of them are expenses related to increased transformer sales.

Administrative Expenses :

Administrative Expenses of the Company was 42.30 million baht, decreased by 5.84 million baht or about 12.13% compared to the same quarter of last year. Because the Company has converted trust receipt creditors from foreign currencies into baht, it has gained from foreign exchange and has made more trust receipt loans in baht than foreign currency, thus reducing losses from exchange rates.

Financial Cost :

Financial Cost of the Company was 7.32 million baht, increased by 1.61 million baht or about 28.09% compared to the same quarter of last year. This mainly increased from interest on promissory notes and trust receipts for purchasing raw materials from abroad.

Please be informed accordingly,

Sincerely yours,

(Miss Rompissri Noichai boon)

Managing Director