



EE 02/2567/095

Management Discussion and Analysis for the operating results for the year 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 year ended 31 December 2023, details are as follows:

- Total Revenue 2,300.96 MB increased by 8.49%, compared to year 2022
- Gross Profit 583.55 MB increased by 22.70%, compared to year 2022
- Net Profit of Equity holders of the parent 220.51 MB increased by 38.29%, compared to year 2022

Key financial figures

	2023		2022		Variance	
	MB	%	MB	%	MB	%
Revenues	2,284.08	99.27%	2,104.65	99.23%	179.43	8.53%
Costs	1,700.53	73.91%	1,629.07	76.81%	71.46	4.39%
Gross Profit	583.55	25.55%	475.58	22.60%	107.97	22.70%
Other income	16.88	0.73%	16.31	0.77%	0.57	3.49%
Total revenues	2,300.96	100.00%	2,120.96	100.00%	180.00	8.49%
Distribution costs	107.68	4.68%	109.48	5.16%	-1.80	-1.64%
Administrative expenses	186.61	8.11%	160.75	7.58%	25.86	16.09%
Profit from operating activities	309.77	13.46%	221.53	10.44%	88.24	39.83%
Financial cost	28.31	1.23%	22.52	1.06%	5.79	25.71%
Profit before income tax expenses	281.46	12.23%	199.01	9.38%	82.45	41.43%
Income tax expenses	60.78	2.64%	39.58	1.87%	21.20	53.56%
Net profit	220.68	9.59%	159.43	7.52%	61.25	38.42%
Profit of equity holders of the parent	220.51	9.58%	159.46	7.52%	61.05	38.29%

Analysis of operating results in 2023

Revenue:

The total revenues from operation were 2,284.08 million baht, increasing from the previous year by 179.43 million baht or about 8.53%. The economy starting to recover and there is more investment movement. As a result, the sales of transformers to government agencies and the private sector increased from the previous year. Including being able to provide repair and maintenance services for transformers in the customers' areas conveniently and quickly. As a result, service revenues have increased markedly. In the solar energy business, This is because the installation of solar

power generation system, which has been major ongoing projects since 2022 is nearly completed and new project work in 2023 will gradually recognize income on a periodic basis in the future.

The Company's revenue comes from four types of operations: 1) Revenue from the sales of goods in the proportion of 80.09% 2) Revenue from services and maintenance is 11.99% 3) Revenue from service of installing a solar panel is 6.38% 4) Revenue from sales of electricity is 1.54%.

Analysis of Revenues

- **Revenue from sales of goods** has increased 224.36 million baht or about 13.98%, mainly due to the delivery of transformers of several major private customers, including delivering transformers to government agencies.
- **Revenue from services and maintenance** has increased 48.54 million baht or about 21.55%. Most of this increased from transformer maintenance services after the Covid-19 situation resolved.
- **Revenue from service of installing a solar panel** has decreased 93.23 million baht about 39.01%. Due to the project to install a solar power generation system for a large private customer, which has been a continuous work since 2021, is almost completed.
- **Revenue from sales of electricity** has decreased 0.23 million baht or about 0.64% because the amount of electricity generated from Solar Farm Phase 2 and Phase 3 decreased.

Costs:

The total costs from operation were 1,700.53 million baht, increased by 71.46 million baht or about 4.39% compared to the same quarter of last year. When comparing the proportion of costs with operating income, it was found that it decreased from last year by 2.9%. The Company has adjusted its strategy by controlling other production costs to be lower but maintaining the quality standards.

Analysis of Costs

- **Cost of goods sold** has increased 133.11 million baht or about 10.61%, consistent with increased sales.
- **Cost of services and maintenance** has increased 50.49 million baht or about 41.25%. Most of this increased from the perception of service costs by private sector customers, in line with the increase in revenue.
- **Cost from service of installing a solar panel** has decreased 103.97 million baht or about 45.06% from the recognition of the cost of solar panel installation project by private customer decreased from last year.
- **Cost of electricity sold** has slightly increased 1.32 million baht or about 6.82%, It is the cost of repairing solar panels of Solar Farm Phase 3.

Distribution Cost:

The distribution cost was 107.68 million baht, decreasing from the previous year by 1.80 million baht or about 1.65%. Most of these expenses are related to solar panel testing and rental costs and other expenses decreased due to cost control.

Administrative Expenses:

Administrative expenses of the Company were 186.61 million baht, increasing from the previous year by 25.86 million baht or about 16.09%. Most of the increase in computer expenses was due to the computer system change from the QAD system to the SAP system.

Financial Cost:

Financial Cost of the Company was 28.31 million baht, increasing from the previous year by 5.79 million baht or about 25.71%. The mainly increased was the interest on promissory notes and trust receipt from purchases of raw materials from overseas by increasing the interest rate during the year.

Analysis of statement of financial position

Analysis of assets

As at December 31, 2023, the total assets were 2,247.13 million baht, increasing by 51.10 million baht or 2.33% from the previous year. The details were as follows:

	Dec 31,2023	Dec 31,2022	Variance	%
Current assets	1,440.08	1,454.78	-14.71	-1.01
Non-current assets	807.05	741.24	65.81	8.88
Total Assets	2,247.13	2,196.03	51.10	2.33

Most of them were cash and cash equivalents increased by 172.29 or 193.38% It increased from operations and received short-term loans from financial institutions. The property, plant and equipment increased by 84.53 million baht or 15.25%, compared to the previous year. Due to the purchase of land, machinery, computers to support the use of the SAP system, including work during construction and installation of solar rooftops for many customers.

Analysis of liabilities and equity

As at December 31, 2023, the total liabilities and equity were 2,247.13 million baht, increasing by 51.10 million baht or 2.33% from the previous year. The details were as follows:

	Dec 31,2023	Dec 31,2022	Variance	%
Liabilities	751.87	833.60	-81.73	-9.80
Equity	1,495.26	1,375.37	132.83	9.75
Total Liabilities and Equity	2,247.13	2,208.97	51.10	2.33

- **Liabilities** decreased by 81.73 million baht or 9.80% compared to the previous year. The main reason is from repaying debts to domestic and foreign trade creditors by paying according to credit terms.
- **Equity** increased in the amount of 132.83 million baht or 9.75%, due to the recognition of profit for the year 2023 after legal reserve deduction.

Significant financial ratios

Ratios		2023	2022
Current Ratio	times	2.38	2.18
Gross Profit Margin Ratio	%	25.55	22.60
Profit Ratio	%	9.59	7.52
ROE	%	23.76	12.12
ROA	%	13.94	10.40
Debt to Equity Ratio	times	0.51	0.61

Please be informed accordingly,

Sincerely yours,

(Miss Rompissri Noichaiboon)

Managing Director