

No. WH/ACC/24/05/LT158

14 May 2024

Subject: Management Discussion and Analysis for the three months ended 31 March 2024

To Director and Manager
The Stock Exchange of Thailand

Referring to the submission of the reviewed financial statements for quarter 1/2024 of WIik Public Company Limited (“the Company”), the management would like to clarify the operating results for the three months ended 31 March 2024 as follows;

Summarized of the Statement of income

Unit: million Baht	Jan-Mar 2024	Jan-Mar 2023	Changed (%)
Income from pipe sale and installation	249.46	273.20	(8.69)
Incomes from the water management business	63.85	89.15	(28.38)
Other income	4.83	9.05	(46.63)
Total revenues	318.14	371.40	(14.34)
Cost from sale pipe and installation	219.46	250.19	(12.28)
Cost from the water management business	39.81	65.15	(38.89)
Selling and distribution expenses	14.90	11.44	30.24
Administrative expenses	26.76	24.20	10.62
Finance cost	2.60	2.39	8.79
Profit before income tax expenses	14.61	18.03	(19.01)
Income tax expenses	(2.40)	(1.94)	23.71
Profit for the year	12.21	16.09	(24.11)
Profit attributable to:			
Equity holders of the Company	11.17	15.93	
Non-controlling interests of the subsidiary	1.04	0.16	
	12.21	16.09	

In overview, the Company and its subsidiaries' operating results have changed by more than 20% from Q1/2023. In Q1/2024, the net profit was 12.21 million Baht, compared to the net profit of 16.09 million Baht in Q1/2023, a decrease of 3.88 million Baht or 24.11% from the same quarter of the previous year. The important reasons are as follows.

1. In Q1/2024, the Company and its subsidiaries had a gross profit from sales and services of 54.04 million Baht, compared to the gross profit of 47.01 million Baht in Q1/2023, an increase of 7.03 million Baht or 14.95% from the following reasons;

1.1. The sale and installation business

1.1.1. Income from PE pipe sales decreased by 20.53% compared to Q1/2023. While the cost of selling PE pipes decreased by 23.79% compared to Q1/2023. This is because the price of plastic resin, the main raw material for production, decreased 5.65% in average. As a result, gross profit increased by 4.30 million Baht.

1.1.2. Income from sales of PVC and PPR pipes increased by 37.02% compared to Q1/2023. While the cost of selling PVC and PPR pipes increased by 58.81% compared to Q1/2023. This is because competition was more intensive. As a result, gross profit decreased by 0.42 million Baht.

1.1.3. Income from pipe installation services increased by 45.49% compared to Q1/2023 from the work progress of existing contracts. As a result, gross profit increased by 3.11 million Baht.

1.2. The water management business

1.2.1. Income from selling water increased by 13.18% compared to Q1/2023. As a result, gross profit increased by 1.66 million Baht.

1.2.2. Revenue from turnkey installation services decreased by 72.51%. While the turnkey installation costs decreased by 78.81% compared to Q1/2023. As a result, gross profit decreased by 1.62 million Baht.

2. Other income in Q1/2024 decreased from Q1/2023 by 4.22 million Baht. The decrease are mostly from adjusting the performance retention money from sub-contractors who breached the contract and allowed the Company to deduct the performance retention payment as compensation for damages of 3.27 million Baht in the previous year, and from others decrease by 0.95 million Baht.

3. Sales and distribution expenses in Q1/2024 increased from Q1/2023 by 3.46 million Baht or 30.24%. It was mostly caused by increase of transportation costs 1.40 million Baht, increase of Weholite royalty fee 0.75 million Baht, increase of marketing and promotion expenses for PVC products 0.71 million Baht, and increase of other expenses 0.60 million Baht.

4. Administrative expenses in Q1/2024 increased from Q1/2023 by 2.56 million Baht or 10.6%. It was mostly caused by increase of employee expenses 1.09 million Baht, increase of doubtful debts 0.84 million Baht, increase of bad debts 0.75 million Baht, and decrease of other expenses 0.12 million Baht.

5. Financial expenses in Q1/2024 increased from Q1/2023 by 0.21 million Baht or 8.79% because the interest rates on loans from financial institutions of the subsidiary increased. Bank interest rates increase following the interest rate policy of the Bank of Thailand.

6. Income tax expenses in Q1/2024 increased from Q1/2023 by 0.46 million Baht. In Q1/2023, most of subsidiary's profits came from the project which had tax income exempt from BOI promotion.

Please be informed accordingly,

Yours truly,

(Mr. Wiboon Sangwithayanon)

Chief Executive Officer