

**EKARAT ENGINEERING PUBLIC COMPANY LIMITED**

U.M. Tower Bldg., 28th Floor, 9/291 Ramkhamhaeng Rd.,
Suanluang Sub-Dis., Suanluang Dis., Bangkok 10250, Thailand
Tel : (662) 719-8777 Fax : (662) 719-8760
Public Company Registration No. 518 <https://www.ekarat.co.th>



EE 06/2026/231

Management Discussion and Analysis for the operating results for Q1/2026

Ekarat Engineering Public Company Limited and the subsidiaries

Operational Overview

The Company hereby reports its operating results and significant changes of the Company and its subsidiaries for the first quarter of 2026, ended March 31, 2026, summarized as follows:

- **Total Revenue:** amounted to THB 334.31 million, representing a decrease of 41.28% compared to the same period of the previous year. The decline was mainly attributable to lower revenue from transformer sales to government agencies and private-sector customers. The Company was affected by geopolitical conflicts, which led to a slowdown in the domestic economy and investment activities, as well as intensified price competition in the market.
- **Gross Profit:** amounted to THB 75.37 million, representing a decreased of 57.01% compared to the same period last year, with gross profit margin of 22.62%. The decrease was primarily due to the Company having secured large purchase orders and managed costs efficiently during the first quarter of 2025, resulting in a relatively high gross profit base. In contrast, during the first quarter of 2026, the Company received several large purchase orders during the period, with deliveries scheduled for the second and third quarters. Accordingly, the Company expects gross profit to improve during those periods.
- **Net Profit:** amounted to THB 7.29 million, representing a decreased of 92.04% compared to the same period last year, with net profit margin of 2.18%.
- **Total Assets** as of March 31, 2026: totaled THB 2,295 million, increasing by THB 106.58 million or 4.87%. The increase was mainly attributable to inventories, which increased by THB 143.55 million, primarily consisting of transformers under production amounting to THB 89.02 million, scheduled for delivery to several customers during the second and third quarters. In addition, the Company increased raw material purchases for transformer production by THB 64.38 million, particularly copper, which experienced significant price increases due to the war situation. Property, plant, and equipment also increased by THB 30.69 million, mainly from construction in progress, including the construction of a new warehouse, as well as purchases of machinery and equipment.
- **Total Liabilities** as of March 31, 2026: totaled THB 585.80 million, increasing by THB 99.29 million or 20.41%. The increase was mainly attributable to trade and other current payables amounting to THB 124.16 million, resulting from increased raw material purchases during the period. Consequently, domestic trade payables increased by THB 95.62 million. In addition, short-term borrowings from financial institutions increased, primarily due to higher trust receipt payables arising from imported raw material purchases, such as silicon steel and copper sheets.
- **Shareholders' Equity** as of March 31, 2026: amounted to THB 1,709.20 million, increasing by 0.43%. The increase was attributable to higher unappropriated retained earnings resulting from net profit of THB 7.29 million, partially offset by an increase in legal reserve appropriations of THB 0.37 million.

	1Q2026		1Q2025		Variance	
	MB	%	MB	%	MB	YoY%
Revenues	333.24	99.68%	512.90	90.09%	-179.66	-35.03%
Costs	257.87	77.13%	337.58	59.29%	-79.71	-23.61%
Gross Profit	75.37	22.62%	175.32	34.19%	-99.95	-57.01%
Other income	1.07	0.32%	56.45	9.91%	-55.38	-98.10%
Total revenues	334.31	100.00%	569.35	100.00%	-235.04	-41.28%
Gain on exchange rate	2.93	0.88%	0.41	0.07%	2.52	612.63%
Distribution costs	29.76	8.90%	61.17	10.74%	-31.41	-51.35%
Administrative expenses	39.01	11.67%	47.18	8.29%	-8.17	-17.32%
Profit from operating activities	10.59	3.17%	123.83	21.75%	-113.24	-91.45%
Financial cost	1.62	0.48%	2.33	0.41%	-0.71	-30.35%
Reversal of impairment loss	2.18	0.65%	0.83	0.15%	1.35	163.94%
Profit before income tax expenses	11.14	3.33%	122.32	21.48%	-111.18	-90.89%
Income tax expenses	3.86	1.15%	30.83	5.41%	-26.97	-87.48%
Net profit	7.29	2.18%	91.49	16.07%	-84.20	-92.04%
Profit of equity holders of the parent	7.29	2.18%	91.51	16.07%	-84.22	-92.03%

Analyze the performance results in Q1/2026

Revenue:

The total revenues from operation of the Company were THB 333.24 million, decreased by THB 179.66 million or about 35.03% compared to the same quarter of last year.

Item	Proportion	Revenues from operation (MB)			Gross Profit Margin (%)	
	1Q2026	1Q2026	1Q2025	YoY%	1Q2026	1Q2025
Sales of goods	80.53%	268.35	432.02	-37.88%	24.43%	36.40%
Services and maintenance	9.35%	31.16	37.42	-16.73%	34.02%	35.53%
Service of installing a solar panel	7.68%	25.59	35.57	-28.06%	17.93%	15.10%
Sales of electricity	2.44%	8.14	7.88	3.20%	40.00%	34.43%
Total revenues from operation	100%	333.24	512.90	-35.03%	22.62%	34.18%

- **Revenue from sales of goods**, which represents the Company's core revenue, decreased by THB 163.67 million or 37.88%. The decrease was mainly attributable to lower deliveries of large transformer orders in Q1/2026 compared to Q1/2025, resulting in lower revenue recognition. In addition, the economic slowdown affected domestic investment activities, while market price competition intensified.
- **Revenue from services and maintenance** decreased by THB 6.26 million or 16.73%, particularly from transformer repair services, which declined significantly compared to Q1/2025. In addition, contract service

revenue and general service income decreased slightly, as customers opted to purchase new transformers instead of repairing damaged ones.

- **Revenue from service of installing a solar panel** decreased by THB 9.98 million or 28.07%, due to lower revenue recognition based on the stage of completion of several private-sector solar power installation projects, which had lower project values compared to the same period last year.
- **Revenue from sales of electricity** increased by THB 0.25 million or 3.20%, mainly from the recognition of interest income related to electricity sales to three private-sector customers. However, revenue from the power generation plant in Nonthaburi decreased due to weather conditions, including high levels of PM2.5 dust and cloudy conditions, which reduced electricity generation efficiency.

Costs:

The total costs from operation of the Company were THB 257.87 million, decreasing by THB 79.71 million or 23.61% compared to the same period last year.

Item	1Q2026		1Q2025		Variance	
	MB	%	MB	%	MB	%
Sales of goods	202.79	78.64%	274.76	81.39%	-71.97	-26.20%
Services and maintenance	20.56	7.97%	24.13	7.15%	-3.57	-14.79%
Service of installing a solar panel	21.00	8.14%	30.20	8.95%	-9.20	-30.46%
Sales of electricity	4.88	1.89%	5.17	1.53%	-0.29	-5.58%
Loss on devaluation of goods	8.64	3.35%	3.32	0.98%	5.32	160.57%
Total Costs	257.87	100%	337.58	100%	-79.71	-23.61%

- **Cost of goods sold:** decreased by THB 71.97 million or 26.20%, mainly due to lower transformer sales costs, in line with the decrease in revenue.
- **Cost of services and maintenance:** decreased by THB 3.57 million or 14.79%, primarily due to lower repair costs, contract service costs, and general service costs, in line with the decline in related revenue.
- **Cost from service of installing a solar panel:** decreased by THB 9.20 million or 30.46%, reflecting cost recognition based on the stage of completion of several solar panel installation projects, which had lower project values compared to the same period last year.
- **Cost of electricity sold:** decreased by THB 0.29 million or 5.58%, mainly due to a reduction in depreciation expenses for solar panels amounting to THB 0.32 million.

Additionally, loss from inventory devaluation amounted to THB 8.64 million, increasing by THB 5.32 million or 160.57%, due to the provision for impairment of raw materials, work in progress, and finished goods.

Other income: amounted to THB 1.07 million, decreased of THB 55.39 million or 98.11% compared to the same period last year. This was because, in Q1/2025, the Company recognized a gain of THB 52.60 million from the disposal of assets located at its Rayong factory, whereas in Q1/2026, there was no asset disposal transaction generating such gains.

Gains on Exchange Rate: amounted to THB 2.93 million, increasing by THB 2.52 million or 612.63% compared to the same period last year. The increase was mainly attributable to unrealized gains from foreign exchange risk management of approximately THB 3.31 million, resulting from the Company entering into forward foreign currency contracts to hedge against foreign currency payment obligations.

Distribution Costs: amounted to THB 29.76 million, decreasing by THB 31.41 million or 51.35% compared to the same period last year. The decrease was mainly due to lower sales-related expenses and reduced promotional and marketing expenses, as the Company did not participate in exhibition events during Q1/2026.

Administrative Expenses: amounted to THB 39.01 million, decreasing by THB 8.17 million or 17.32% compared to the same period last year. The decrease was mainly attributable to lower office expenses of approximately THB 3.31 million, as well as a reduction in tax-related expenses of approximately THB 3.01 million, since in Q1/2025 the Company incurred specific business tax expenses related to the sale of land in Rayong Province.

Financial Cost: Amounted to THB 1.63 million, decreasing by THB 0.71 million or 30.35% compared to the same period last year. The decrease was mainly attributable to lower interest expenses on trust receipt payables, as the Company's utilization of trust receipts declined by approximately THB 124.86 million compared to the same period last year.

Income tax expense was THB 3.86 million, decreasing by THB 26.98 million or 87.49% compared to the same period last year. The decrease was mainly attributable to the deferred income tax expense of THB 32.08 million recognized in the prior year in relation to the sale of the Rayong factory in Q1/2025, for which the Company had recorded a deferred tax asset (DTA). As a result, income tax expenses in the current period decreased compared to the previous year.

The volatility in the economic environment, resulting from geopolitical tensions between the United States and Iran, has caused continuous increases in the prices of key raw materials used in transformer production. Nevertheless, the Company has implemented prudent management measures by carefully planning raw material procurement to mitigate the risk of raw material shortages and maintain production costs at an appropriate level. Such measures are intended to support transformer production for both private-sector customers and government agencies, with several project deliveries scheduled during the second and third quarters of 2026.

Please be informed accordingly,

Sincerely yours,

(Miss Rompissri Noichai boon)
Managing Director