

May 16, 2022

Subject Comparative analysis and explanations of operating results for the first quarter ended 31 March 2022 versus the same period of 2021

To Dear Directors and Managers
Stock Exchange of Thailand

Eureka Design Public Company Limited (the Company) and its subsidiaries reported consolidated operating results for the first quarter 2022 compare with the same period of last year as shown in details below:

Unit : thousand baht	Quarter	Quarter	Change	Quarter	Change
	1/2565	4/2564	(% qoq)	1/2564	(% yoy)
Revenue					
Revenue from sales and services	37,115	19,438	91%	1,636	2,169%
interest income	264	10	2540%	4	6,500%
Net exchange gain	-	-55	-100%	-	-
Gain on disposal of investment	-	49,093	-100%	-	-
other income	24,302	6,509	273%	2,367	927%
Total revenue	61,681	74,995	-18%	4,007	1,439%
Expenses					
Cost of sales and services	17,442	21,348	18%	646	2,600%
Distribution costs	1,527	372	310%	162	843%
Administrative expenses	12,653	16,872	25%	19,401	-35%
Allowance for credit losses (reversal)	-	-81	-100%	-	-
Allowance for decreased product value (reversal)	-	-151	-100%	-	-
Financial cost	2,502	2,492	1%	2,301	9%
Total expenses	34,124	41,154	-17%	22,510	52%
Profit (loss) before income tax	27,557	33,842	-19%	-18,503	-249%

Income (expenses) income tax	-367	-4,705	-92%	2,275	-116%
Profit (loss) for the period	27,190	29,136	-7%	-16,228	-268%
<i>Profit (loss) margin for the period (%)</i>	<i>73%</i>	<i>150%</i>		<i>-992%</i>	

Analysis and explanations:

1. The Company and its subsidiaries reported total revenue of Baht 61.68 million represent an increase of Baht 57.68 million Year on Year (YoY). Reasons for this are due mainly to the recognitions of revenue of Baht 17.74 million from selling tap water to the Public Water Work Authority, District 1 in Cholburi Province (the Buyer) of one of the Company subsidiaries, and the recognition of plastic recycle revenue of another subsidiary, acquired during the fourth quarter of 2021, of the Company of Baht 17.04 million.
2. The Company reported net profit for the period of first quarter of Baht 27.19 million, which represents an increase in net operating profits of 43.42 million YoY. Surge in total revenue for the period is the main reason for increase in net operating of the Company.
3. The Company reported total cost of sales and services of Baht 17.44 million, this is in line with growth in total revenues for the period.
4. The Company reported total administrative expenses for the period of Baht 14.18 million represent a decrease of Baht 5.38 million YoY. This is due mainly to lower amount of salary expenses caused by decrease in number of headcounts, less provision of doubtful accounts and related bad debt expenses.
5. The Company reported total finance costs of Baht 2.50 million, slightly increases YoY to finance necessary business investment in capital expenditure.
6. During the first quarter 2022, the Company recorded revenue from selling of tap water 17.47 million baht. This is the revenue recognition of the subsidiary from selling tap water to Provincial Waterworks Authority District 1, Chonburi Province (“buyer”). The Company would like to inform the Stock Exchange and investors about the progress of the fine from the water supply project and the consideration of the determination of the rate of fines at a rate of 0% to the contracts no. FOMC. 8/2020 and FOMC.9/2020 dated June 25, 2020 by referring to the letter of the Commission on Procurement and Supplies Administration, the Comptroller General's Department, most urgently, kok (guaj) 0405.2/w693dated August 6, 2021, entitled measures to assist operators during the coronavirus 2019 pandemic, which has the content that “The powers under the Government Procurement and Supplies Administration Act, B.E. 2560 (2017), Section 29, paragraph one (4) approves exemption from compliance with the Ministry of Finance regulations on public procurement and supplies management. B.E. 2560, Article 162, by specifying the rate of fines at a rate of 0 percent”. The Comptroller General's Department by the "Public Procurement and Procurement

Management Committee" has made a decision to interpret the matter on August 6, 2021 that the subsidiary has attributes to be assigned a 0% penalty rate in accordance with the referred letter. Therefore, the Buyer's Parcel Inspection Committee resolved to accept the Subsidiary's tap water delivery, while the buyer's legal department is in the process of making a letter to the Provincial Waterworks Authority, central office, Bangkok regarding "Memorandum of agreement attached to the contract to determine the penalty rate of 0%" for the subsidiary in order to continue to pay the water supply received under the contract to the subsidiary

Best regards

(Sunisa Jirawuttikul)

Chief Executive Officer and Director