



# Management Discussion and Analysis

For the year ending December 31, 2023

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**Eureka Design Public Company  
Limited**

Subject Profit and loss reporting for the year of 2023 and explanation of more than 20 percent fluctuation in profit and loss compared to that of last year

To Dear Directors and Managers  
Stock Exchange of Thailand

Eureka Design Public Company Limited and its subsidiaries (“UREKA” have) would like to inform the operating results for the year of 2023 ending on December 31, 2023, details as follows:

Summary of UREKA's performance	EBIT 80.11 a.u.	Net profit 56.71 a.u.	Net profit margin 17.53%	After adjusting information 56.71 a.u.	Net profit margin 11.59%
<b>Income Statement</b>	<b>Q4</b>	<b>Q4</b>	<b>Change</b>	<b>Q4</b>	<b>Change</b>
<b>Unit: million baht</b>	<b>2023</b>	<b>2022</b>	<b>(% yoy)</b>	<b>2022*</b>	<b>(% yoy)</b>
<b>Revenues</b>					
Revenue from sales and services	318.07	256.21	24.14%	248.41	28.04%
Other income	5.36	42.27	-87.32%	9.05	-40.77%
<b>Total revenue</b>	<b>323.43</b>	<b>298.48</b>	<b>8.36%</b>	<b>257.46</b>	<b>25.62%</b>
<b>Expenses</b>					
Cost of good sold	181.44	119.98	51.23%	119.98	51.23%
Selling costs	3.22	8.20	-60.73%	8.20	-60.73%
Administrative expenses	58.66	59.84	-1.97%	59.84	-1.97%
Interest expense	22.42	38.05	-41.08%	38.05	-41.08%
<b>Total expenses</b>	<b>265.74</b>	<b>226.07</b>	<b>17.55%</b>	<b>226.07</b>	<b>17.55%</b>
<b>Profit (loss) before income tax</b>	<b>57.69</b>	<b>72.41</b>	<b>-20.33%</b>	<b>31.39</b>	<b>83.78%</b>
Income (expenses) income tax	(0.98)	(154)	-36.36%	(154)	-36.36%
<b>Net profit (loss)</b>	<b>56.71</b>	<b>70.87</b>	<b>-19.98%</b>	<b>29.85</b>	<b>89.98%</b>

Note: The results of the year of 2022\* reflect the results of the quarter after the adjustment of information arising from the recognition of revenue from tap water sales in 2021 in which the auditor expressed the opinion that revenue cannot be recognized within the year 2021, therefore, the revenue recognition must be adjusted to the 1st quarter of the year 2022, and the improvement of revenue recognition from the cancellation of assets and liabilities under the financial lease agreement. This aims to reflect the actual performance comparison between the year of 2022 and the year of 2023

## Business Overview for the year of 2023

The overview of UREKA's consolidated profit and loss statement are as follows:

1. UREKA had revenue from sales and services for the year of 2023, ending December 31, 2023, with sales and service income of 318.07 million baht, an increase of 61.86 million baht or an increase of 24.14% from the same period last year with sales and service income of 256.21 million baht. However, when comparing revenue from sales and services after adjusting information that is not relevant to the results of operations for the year of 2022, which are the recognition of revenue from the sale of tap water in 2021 that the auditor expressed an opinion not to recognize revenue within the year 2021, therefore having to adjust the revenue recognition to the year 2022 instead. The Revenue from sales and services increased by 69.66 million baht, or an increase of 28.04 percent from the same period last year. The growth has driven by 4Rs strategy: Reform, Rebalance, Relation, Return. The strategy has allowed the company to shift its investments by focusing on investing in high growth potential businesses through holding and managing the business. Consequently, the main income of the current business consists of the recycled plastic resin business and the water supply business. The revenue from the production and distribution of recycled plastic pellets amounted to 235.59 million and revenue from the production and distribution of tap water to the Provincial Waterworks Authority according to the water purchase agreement to solve the water shortage problem at the Phan Thong water distribution station and Nong Ka Kha water distribution station was 82.48 million, resulting in a significant increase in revenue from the year of 2022. As the company had prepared for the expansion of demand for recycled plastic pellets from positive external factors such as the circular economy concept and environmental conservation. In addition, the economy after Covid has recovered more. As a result, the company was able to sell large quantities of products and gained higher sales volumes. The water supply business was able to increase the water supply rate when compared to the previous year
2. UREKA had other income for the year of 2023 ended December 31, 2023, other income was 5.36 million baht, a decrease of 36.91 million baht or 87.32 % decrease from the same period last year. with other income of 42.27 million baht due to a decrease in one-time income which is income from cancellation of assets and liabilities under finance lease agreements
3. UREKA had total revenue for the year of 2023 ending December 31, 2023 with total revenue of 323.43 million baht, an increase of 24.95 million baht or an increase of 8.36 percent from the same period of the previous year which had total revenue of 298.48 million baht as a result of increasing sales and service income.

4. UREKA had cost of sales and services for the year of 2023 ending December 31, in the amount of 181.44 million baht, an increase of 61.46 million baht or an increase of 51.23 % compared to the previous year with cost of sales and services of 119.98 million baht. Although the income from recycled plastic pellets and tap water businesses increased, cost of sales increased as well. The increased cost of sales of the recycled plastic pellet business primarily came from higher raw material costs. Meanwhile, the cost of sales and services of the tap water business mainly comes from electricity and chemical costs. The company has reviewed the cost control of sales and services and has identified important issues that can make cost management more efficient.
5. UREKA had distribution costs for the year of 2023 ending December 31, 2023 in the amount of 3.22 million baht, a decrease of 4.98 million baht or a 60.73 percent reduction when compared to last year. The cost of distribution amounted to 8.20 million baht. The subsidiary company has changed the conditions for selling products to some foreign customers from CNF export conditions to FOB, resulting in a decrease in expenses for exporting abroad
6. UREKA had administrative expenses for the year of 2023 ending December 31, 2023 in the amount of 58.66 million baht, an increase of 1.18 million baht or an increase of 1.97 percent reduction when compared to last year. The administrative expenses amounted to 59.84 million baht. This is because the cost of managing water resource allocation of the subsidiaries has increased. which is a result of drought conditions due to reduced rainfall. However, the costs of managing and allocating water resources are likely to be better controlled. The subsidiary has prepared to deal with drought conditions by reducing reliance on such natural water resources.
7. UREKA had net profit for the year of 2023 ending December 31, 2023 which amounts to 56.71 million baht, a decrease of 14.16 million baht or a decrease of 19.98% compared to the same period of the previous year which had a profit of 70.87 million baht. Reasons for a significant were, first, in 2022, there was an improvement in the recognition of income from the cancellation of assets and liabilities under the finance lease and the improvement in the recognition of income from the sale of tap water in 2021 that was recognized as income in the 1st quarter of 2022, second, there was an improvement in leasehold's right income recognition in the 2nd quarter of 2022. However, after compared net operating income without the improvement in the sale of tap water income recognition in 2021, and without an improvement in the recognition of income from the cancellation of assets and liabilities under the finance lease, the company has an increase in net profit of 26.86 million baht, or an increase of 89.98% comparing to the same period last year. The increase is from the growth in operating income and profit, the growth in plastic pellets production business, and the expertise to operate tap water production business. Meanwhile, operating costs and expenses are also being managed more effectively.

Unit: million baht	Year	Year	Change
Current assets	2023	2022	(% yoy)
Non-current assets	209.75	184.17	14%
Total assets	1,566.81	1,507.67	4%
<b>Liability</b>	<b>1,776.56</b>	<b>1,691.84</b>	<b>5%</b>
Equity	337.54	363.52	-7%
Liability and Equity	1,439.02	1,328.32	8%
<b>Total Liability and Equity</b>	<b>1,776.56</b>	<b>1,691.84</b>	<b>65%</b>

The overview of UREKA's consolidated financial statement are as follows:

1. UREKA had total assets as of December 31, 2023 of 1,776.56 million baht, divided into current assets of 209.75 million baht, of which the main components are cash and cash equivalents of 46.60 million baht and accrued receivables and accrued income totaling 163.15 million baht, and non-current assets of 1,566.82 million baht, of which the main components are property, buildings and equipment in the amount of 1,211.41 million baht. The Company had total assets as of December 31, 2023, increased from December 31, 2022 in the amount of 84.72 million baht or an increase of 5.01 % which was a consequence of business expansion and business potential enhancement
2. UREKA had liabilities as of December 31, 2023 in the amount of 337.54 million baht, an decrease of 25.98 million baht or 7.15% from liabilities as of December 31, 2022. This was mainly due to an increase in long-term loans from financial institutions which was a consequence of investing in expanding production capacity and raw material storage facility
3. Shareholders' equity increased from 2 main reasons: 1) the issuance of the convertible debentures "Convertible debentures granting the right to convert into ordinary shares of Eureka Design Public 2) The improved performance resulted in the company's retained earnings as of December 31, 2023 in the amount of 72.40 million baht, compared to the retained earnings as of December 31, 2022, with retained earnings in the amount of 8.55 million baht

Key financial ratios	YE2023	YE2022
<b>Leverage Ratio</b>		
D/E	0.23	0.27
<b>Liquidity Ratio</b>		
Current Ratio	1.63	1.62
<b>Profitability Ratios</b>		
Net Profit Margin	18%	24%
ROE	4%	5%

Please be informed accordingly and publish to investors

Best regards,

(Rinnatha Akeassavapirom)  
Chief Executive Officer and Director