



Management Discussion and Analysis

For the year ending December 31, 2025

**Eureka Design Public Company
Limited**

Subject Management Discussion and Analysis (MD&A) to Explain the Company's Net Profit (Loss) for Fiscal Year 2025

To Dear Directors and Managers
Stock Exchange of Thailand

Eureka Design Public Company Limited and its subsidiaries (the "Company") hereby provides an explanation of the operating results and financial position of the Company for the year ended 31 December 2025, to be considered in conjunction with the annual financial statements. Details are as follows:

1) Business Overview and Thailand's Industrial and Economic Conditions in 2025

The Company operates under an investment approach of "balancing stability and growth" by diversifying risk across two core businesses: (i) the water utility business under long-term concession agreements, which provides stable revenue and helps mitigate overall economic volatility; and (ii) the recycled plastic resin business, which has strong growth potential and a clear market trajectory aligned with circular economy policies.

In 2025, the Company conducted its business amid global economic volatility and multi-dimensional uncertainty. Thailand's industrial sector also remained under pressure from various factors, including changing international trade policies, import tariff restructuring, price competition in industrial product markets, the slowdown of China's economy, as well as climate variability and global warming, which affected production costs and business continuity in certain industries.

2) Key Events and Developments in 2025

The Company closely monitored economic and industry factors and adjusted its operating plan to remain appropriate to the evolving environment. The Company prioritized maintaining the stability of its revenue base from the water business, enhancing the competitiveness of its recycling business through cost and product quality management, and proactively managing risks to address volatility in demand, costs, and foreign exchange rates.

In 2025, key events and developments that materially affected the Company's operating performance included the following:

1. The water utility business continued to generate steady revenue under water purchase agreements. Revenue from the water business remained stable and continued to provide meaningful support to the Company's overall revenue structure. The Company managed water resources and production efficiency prudently under constraints on available raw water supply, resulting in improved overall operating efficiency. The water business within the Company's portfolio continues to demonstrate a sustained growth trajectory.
2. The Company reviewed and optimized its raw material and product portfolio, with a focus on selling products with appropriate quality and profit margins. The Company also applied more rigorous customer and purchase order selection to enhance the long-term quality of revenue. While this approach led to a short-term decline in certain sales volumes, it is expected to strengthen business stability and competitiveness going forward.
3. Foreign exchange volatility during the year affected the Company's results, particularly realized and unrealized foreign exchange gains or losses. The Company closely monitored developments and considered appropriate foreign exchange risk management measures in line with its business structure.

3) Operating Results

Summary of UREKA's performance	EBIT 29.66 M.	Net profit 16.05 M.	Change -47.57 M.	Net profit margin 7.30%
Income Statement Unit: million baht	Year 2025	Year 2024	Change Million	Change (% yoy)
Revenues				
Revenue from sales and services	211.84	268.29	(56.45)	-21.04%
Other income	7.94	6.26	1.68	26.84%
Total revenue	219.78	274.55	(54.77)	-19.95%
Expenses				
Cost of good sold	147.14	156.48	(9.34)	-5.97%
Selling costs	0.23	1.42	(1.19)	-83.80%
Administrative expenses	42.75	31.76	10.99	34.60%
Interest expense	18.36	20.58	(2.22)	-10.79%
Total expenses	208.48	210.24	(1.76)	-0.84%
Profit (loss) before income tax	11.30	64.31	(53.01)	-82.43%
Income (expenses) income tax	4.75	(0.69)	5.44	-788.41%
Net profit (loss)	16.05	63.62	(47.57)	-74.77%
<i>Net profit margin</i>	<i>7.30%</i>	<i>23.17%</i>		

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

1. Revenue

UREKA had revenue from sales and services for the year of 2025 ended December 31, 2025, with sales and service income of 211.84 million baht, a decrease of 56.45 million baht or 21.04% from the same period last year with sales and service income of 268.29 million baht. However, the revenue from the production and distribution of recycled plastic pellets amounted to 104.34 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 107.50 million baht. The decrease in revenue from sales and services primarily stems from weakened global economic conditions. Contributing external factors include trade policy uncertainty, U.S. import tariff hikes, decelerating economic growth in China, and intensifying competition in the plastics market. However, the Company continues to proactively manage risks and diversify its revenue streams to enhance the resilience and flexibility of its business portfolio.

UREKA had other income for the year of 2025 ended December 31, 2025, other income was 7.94 million baht, an increase of 1.68 million baht or an increase of 26.84% from the same period last year. with other income of 6.26 million baht. The improvement was mainly attributable to favorable foreign exchange differentials.

UREKA had total revenue for the year of 2025 ended December 31, 2025, with total revenue of 219.78 million baht, a decrease of 54.77 million baht or a decrease of 19.95% from the same period of the previous year which had total revenue of 274.55 million baht

2. Costs

UREKA had cost of sales and services for the year of 2025 ended December 31, 2025, in the amount of 147.14 million baht, a decrease of 9.34 million baht or a decrease of 5.97% compared to the previous year with cost of sales and services of 156.48 million baht. This is a result of the increase in the cost of raw materials for production, but the company plans to continue improving its efficiency in controlling the cost of sales and services.

UREKA had distribution costs for the year of 2025 ended December 31, 2025, in the amount of 0.23 million baht, a decrease of 1.19 million baht or a 83.80% reduction when compared to last year. The cost of distribution amounted to 1.42 million baht. The significant pressure on costs is attributed to the fragile global economic landscape and rising import-export tariffs across multiple markets, which have elevated raw material and production costs. Nonetheless, the Company continues to actively implement efficiency-enhancing measures to maintain a lean cost structure and enhance long-term competitiveness.

UREKA had administrative expenses for the year of 2025 ended December 31, 2025, were 42.75 million baht, an increase of 10.99 million baht or an increase of 34.60% compared to the previous year's administrative expenses of 31.76 million baht due to Unrealized gain loss on exchange rate.

3. Financial Costs

UREKA had financial costs for the year of 2025 ended December 31, 2025, in the amount of 18.36 million baht, a decrease of 2.22 million baht or an increase of 10.79% compared to the same period of the previous year with financial cost of 20.58 million baht. This reflects more efficient debt and loan management, in line with the Company's prudent capital structure policy and long-term commitment to financial sustainability.

4. Net Profit

UREKA had net profit for the year of 2025 ended December 31, 2025, which amounts to 16.05 million baht, a decrease of 47.57 million baht or a decrease of 74.77% compared to the same period last year when the net profit was 63.62 million baht. This quarter's steep decline in net profit results from numerous challenges confronting the business environment. These include a significant contraction in key

market demand due to global economic instability and commodity market volatility, which severely impacted sales. Concurrently, rising raw material costs created clear upward pressure on the cost of sales. Import-export tariff increases and ongoing trade policy uncertainty further complicated cost management. Another critical factor dampening performance is volatile foreign exchange rates, which led to both realized and unrealized foreign exchange losses. Despite these obstacles, the Company has developed and is executing strategic measures to bolster operating stability and long-term business resilience.

Unit: million baht	Year	Year	Change	Change
Current assets	2025	2024	Million	(% yoy)
Non-current assets	183.31	189.43	(6.12)	-3.23%
Total assets	1,692.02	1,679.65	12.37	0.74%
Liability	1,875.33	1,869.08	6.25	0.33%
Equity	305.79	369.68	(63.89)	-17.28%
Liability and Equity	1,569.54	1,499.40	70.14	4.68%
Total Liability and Equity	1,875.33	1,869.08	6.25	0.33%

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

1. Assets

UREKA had total assets as of December 31, 2025 of 1,875.33 million baht, divided into current assets of 183.31 million baht, of which the main components are cash and cash equivalents of 12.53 million baht and accrued receivables and accrued income totaling 123.18 million baht, and non-current assets of 1,686.27 million baht, of which the main components are property, buildings and equipment in the amount of 1,329.57 million baht. The Company had total assets as of December 31, 2025, an increase from December 31, 2024 in the amount of 6.25 million baht or an increase of 0.33% The main reason is the increase in debtors.

2. Liabilities

UREKA had liabilities as of December 31, 2025 in the amount of 305.79 million baht, a decrease of 63.89 million baht or 17.28% from liabilities as of December 31, 2024. The decline was primarily driven by a reduction in long-term borrowings from financial institutions, in line with the Company's strategic focus on deleveraging and strengthening its financial structure.

3. Equity

Shareholders' equity increased as a result of continued profitability. As of December 31, 2025, retained earnings stood at THB 150.02 million, up THB 13.88 million from THB 136.14 million as of December 31, 2024. This growth in retained earnings reflects the Company's sustained profit-generating capability, even amidst challenging economic conditions, and highlights its stable financial position.

Other key financial ratios as follows:

Key financial ratios	Year 2025	Year 2024
Leverage Ratio		
D/E	0.19	0.25
Liquidity Ratio		
Current Ratio	1.05	1.47
Profitability Ratios		
Net Profit Margin	7%	23%

4) Risk Management

In conducting its business, the Company is exposed to various risks and uncertainties that may affect its revenues, profitability, assets, liquidity, and overall corporate value, both in the present and in the future. In addition to the risks identified herein, the Company may also face other risks that are currently unforeseeable. Accordingly, the Company places strong emphasis on continuous monitoring, impact assessment, and the implementation of appropriate mitigation measures to ensure operational flexibility and timely adaptation to changing circumstances.

The Company has categorized its key risk factors and summarized its risk management approaches as follows:

1. Human Capital Risk

Risk Description:

Business continuity may be affected by the loss of key personnel or the inability to recruit qualified replacements in a timely manner.

Potential Impact:

May affect management effectiveness, strategic execution, and the Company's ability to generate future revenue.

Risk Mitigation Measures:

The Company has implemented a Succession Plan and personnel development framework through KPI systems, appropriate compensation and benefits reviews, knowledge management initiatives, and upskilling programs aligned with evolving business directions.

2. Climate Change and Disaster Risk

Risk Description:

The Company's offices and facilities are located in areas exposed to potential flooding, which may disrupt transportation, logistics, and operations.

Potential Impact:

Operational interruptions, temporary relocation, and additional administrative costs.

Risk Mitigation Measures:

Implementation of paperless/online data systems, flood contingency planning, and annual plan reviews to enhance preparedness for unforeseen events.

3. Risks Related to the Water Utility Business (Modern Synergy)

3.1 Water Scarcity Risk

Risk Description:

Climate variability may affect the quantity and quality of raw water, a key production input.

Potential Impact:

May affect the Company's ability to produce and supply water in accordance with contractual requirements.

Risk Mitigation Measures:

Prudent raw water resource management and exploration of alternative nearby water sources to mitigate supply reduction risks.

3.2 Continuity of Supply Risk

Risk Description:

Water supply must operate 24 hours continuously and may be disrupted by accidents, nearby construction activities, vibration, or pipeline corrosion.

Potential Impact:

Supply interruptions, contractual non-compliance, and reputational risk.

Risk Mitigation Measures:

Continuous monitoring of raw and treated water volumes, transmission loss assessments, and system control oversight.

3.3 Water Quality Risk

Risk Description:

The service area includes numerous industrial users, making water quality a critical factor.

Potential Impact:

Higher treatment costs, complaints, and reputational impact.

Risk Mitigation Measures:

Ongoing monthly water quality monitoring to ensure compliance with contractual water quality standards.

3.4 Cost Efficiency Risk

Risk Description:

Electricity and chemical costs are major cost components; ineffective control may affect liquidity.

Potential Impact:

Reduced profitability and cash flow pressure.

Risk Mitigation Measures:

Utilization of technology to optimize energy consumption and system operations, prudent chemical usage control, and regular cost evaluation for timely adjustments.

3.5 Capital Structure and Opportunity Cost Risk

Risk Description:

The water business requires significant long-term capital investment, potentially limiting flexibility for other investments.

Potential Impact:

Foregone opportunities for higher-return investments.

Risk Mitigation Measures:

Long-term financial planning and balanced cash flow allocation among new investments, debt repayment, and contingency reserves.

4. Risks Related to the Recycled Plastic Resin Business (APW International)

4.1 Raw Material Price Volatility Risk

Risk Description:

Raw material prices are linked to oil and petrochemical markets, resulting in cost volatility.

Risk Mitigation Measures:

Close market monitoring, flexible procurement and sales planning, appropriate purchasing volumes, and prudent pricing adjustments.

4.2 Market Concentration Risk (China Market Dependence)

Risk Description:

Changes in trade policies, tariffs, or economic conditions in China may affect revenue stability.

Risk Mitigation Measures:

Expansion into additional countries and regions to diversify revenue sources.

4.3 Trade Receivable Collection Risk

Risk Description:

Customer payment defaults may reduce cash flow and affect liquidity.

Risk Mitigation Measures:

Clear credit screening policies, close monitoring of receivables, and use of appropriate risk protection instruments where necessary.

5. Compliance Risk

Risk Description:

Changes in laws and regulations may affect costs, operational processes, or business opportunities.

Risk Mitigation Measures:

Continuous monitoring of regulatory developments, alignment of internal processes, and strengthened governance oversight.

6. Pandemic and Public Health Emergency Risk

Risk Description:

Disease control measures may affect operations and logistics.

Risk Mitigation Measures:

Preventive and monitoring measures to maintain business continuity, while recognizing that core products remain essential goods.

7. M&A / Investment Risk

Risk Description:

Risks related to business selection, valuation, incomplete due diligence, and post-investment integration.

Risk Mitigation Measures:

Careful execution in collaboration with legal, accounting, and financial experts; establishment of structured frameworks and risk mitigation measures; and periodic progress monitoring aligned with long-term value creation objectives.

8. Key Financial Risks

8.1 Foreign Exchange Risk

The Company engages in foreign currency transactions, and exchange rate volatility may affect operating results.

Mitigation Measures:

Continuous monitoring and consideration of natural hedging strategies or forward contracts where appropriate.

8.2 Covenant Risk

Failure to comply with loan covenants may affect credit confidence and access to financing.

Mitigation Measures:

Ongoing covenant monitoring and prudent liquidity management.

9. ESG and Sustainability Risks

The Company recognizes ESG-related risks, including human rights, occupational health and safety, PDPA and cybersecurity compliance, greenhouse gas reduction regulations, and climate-related phenomena such as El Niño, which may impact the water business.

The Company is preparing governance structures and operational frameworks aligned with national regulations and relevant standards to support long-term sustainable growth.

5) Future Outlook

Looking ahead, the Company remains committed to sustainable growth through four key strategic pillars:

1. Strengthening the Foundation: Maintaining revenue stability and service excellence in the water business.
2. Enhancing Competitiveness: Improving cost efficiency, quality control, and market expansion in the recycling business.
3. Proactive Risk Management: Closely managing liquidity and foreign exchange exposure.
4. Strengthening Corporate Governance: Reinforcing compliance systems as a foundation for stable and sustainable growth of the Group.

Please be informed accordingly and publish to investors

Best regards,

(Rinnatha Akeassavapirom)
Chief Executive Officer and Director