

Management Analysis for Q1/2025 Performance

DEMCO Public Company Limited would like to report on the performance of Q1/2025 and for the period 3-months 2025 according to the Company's consolidated financial statements ending March 31, 2025. The analysis below is an overview of the Company's performance and the information of the factors affecting the consolidated financial statements as follows:

Summary of Q1/2025 operating results

Consolidated Profit and Loss

Unit: Baht Million	Q1 25	Q1 24	Q4 24	Change	%YoY	Change	%QoQ	24 12M
Revenues from sales and service	128.0	122.8	236.4	5.2	4.2%	(108.4)	-45.9%	851.4
Revenues from construction service	429.6	367.9	707.4	61.7	16.8%	(277.8)	-39.3%	2,124.2
Other income	9.2	33.6	29.7	(24.4)	-72.6%	(20.5)	-69.0%	104.7
Reversal of Impairment Loss	-	-	131.9	-	na	(131.9)	-100.0%	131.9
Total revenues	566.8	524.4	1,105.4	42.4	8.1%	(538.6)	-48.7%	3,212.2
Total costs	498.5	475.5	934.5	23.0	4.8%	(436.0)	-46.7%	2,752.7
Gross Profit	59.1	15.2	9.3	43.9	288.8%	49.8	535.5%	222.9
Gross Profit Margin	10.6%	3.1%	1.0%	7.5%	242.2%	9.6%	975.6%	7.5%
Selling and Administrative expenses	68.4	72.7	84.3	(4.3)	-5.9%	(15.9)	-18.9%	310.1
Total expenses	566.9	548.2	1,018.8	18.7	3.4%	(451.9)	-44.4%	3,062.8
Profit (loss) from operations activities	(0.1)	(23.8)	86.6	23.7	-99.6%	(86.7)	-100.1%	149.5
Finance costs	14.7	12.6	20.3	2.1	16.7%	(5.6)	-27.6%	69.1
Impairment loss determined in accordance with TFRS9	38.8	-	162.5	38.8	na	(123.7)	-76.1%	162.5
Share of profit (loss) of associates and joint ventures accounted for using the equity method	-	-	-	-	0.0%	-	0.0%	-
Profit (loss) before income tax expense	13.9	(4.5)	23.9	18.4	-408.9%	(10.0)	-41.8%	26.3
Tax expenses (income)	(39.8)	(40.9)	(72.3)	1.1	-2.7%	32.5	-45.0%	(55.8)
Profit (loss) for the period	(8.4)	(5.4)	10.9	(3.0)	55.6%	(19.3)	-177.1%	6.8
	(31.4)	(35.5)	(83.2)	4.1	-11.5%	51.8	-62.3%	(62.7)

Revenue

In Q1/2025, the Company reported total revenue of THB 566.8 million, representing an increase of THB 42.4 million or 8.1% year-over-year (YoY) compared to THB 524.4 million in Q1/2024. The growth was mainly driven by higher construction service revenue.

On a quarter-over-quarter (QoQ) basis, total revenue declined by THB 538.6 million or 48.7% from THB 1,105.4 million in Q4/2024. The decline was primarily due to the reduction in core operating income. Notably, Q4/2024 included a one-time reversal of impairment loss on concession assets of a subsidiary amounting to THB 131.9 million, which

Revenue from sales of goods and services

In Q1/ 2025, the Company recorded total revenue of THB 128.0 million, representing a year-over-year (YoY) increase of THB 5.2 million or 4.2% compared to THB 122.8 million in Q1/2024. The revenue growth was primarily attributable to an increase in water supply sales, supported by adjustments in selling prices, a rise in consumption volume, and the expansion of service coverage in newly developed areas. Additional revenue was also generated from the sales of steel tower structures.

Compared to Q4/2024, revenue declined significantly by THB 108.4 million or 45.9% from THB 236.4 million. The decrease was mainly due to the accelerated delivery of steel tower structure orders during Q4/2024, which led to an exceptionally high revenue base in that period. Consequently, revenue in Q1/2025 returned to a more normalized level following the completion of those large-scale deliveries.

significantly contributed to the higher revenue base in that quarter.

Revenue from construction service works

In Q1/2025, the Company recorded total revenue of THB 429.6 million, representing an increase of THB 61.7 million or 16.8% year-over-year (YoY) compared to THB 367.9 million in Q1/2024. The revenue growth was primarily driven by higher income from substation construction projects.

Compared to Q4/2024, revenue declined by THB 277.8 million or 39.3% from THB 707.4 million in Q4/2024. The decline was mainly attributable to a reduction in revenue from transmission line and distribution system construction work.

Other Income

In Q1/2025, the Company recorded other income of THB 9.2 million, representing a decrease of THB 24.4 million or 72.6% year-over-year (YoY) from THB 33.6 million in Q1/2024. The YoY decline was primarily due to lower dividend income from investments in the renewable energy business.

Compared to Q4/2024, other income dropped significantly by THB 152.4 million or 94.3% from THB 161.6 million reported in Q4/2024. This was mainly due to higher dividend income recognized in Q4/2024, along with a reversal of impairment loss on a subsidiary's concession assets amounting to THB 131.9 million recorded during that period.

Cost and expenses of selling and administrative

In Q1/2025, the Company recorded total expenses of THB 566.9 million, representing an increase of THB 18.7 million or 3.4% compared to THB 548.2 million in Q1/2024.

On a quarter-over-quarter (QoQ) basis, total expenses decreased significantly by THB 451.9 million or 44.4% from THB 1,018.8 million. The decline was mainly driven by a lower recognition of expected credit losses on trade receivables and contract assets.

In Q1/2025, expected credit losses were recorded at THB 38.8 million, representing a decrease of THB 123.7 million or 76.1% from THB 162.5 million recognized in Q4/2024.

Cost of sales goods and services

In Q1/2025, the Company reported total costs of THB 143.9 million, an increase of THB 19.9 million or 16.0% compared to THB 124.0 million in Q1/2024. The cost increase was primarily attributed to variable costs associated with higher revenue from the production and sales of steel tower structures.

Compared to Q4/2024, which recorded total costs of THB 257.9 million, costs in Q1/2025 decreased by THB 114.0 million or 44.2%. This was mainly due to a significant decline in revenue during the quarter, following an exceptionally high revenue base in Q4/2024.

Cost of construction services

In Q1/2025, the Company reported total costs of THB 354.6 million, representing a slight increase of THB 3.1 million or 0.9% compared to THB 351.5 million in Q1/2024. The increase was in line with a modest rise in revenue during the same period.

Compared to Q4/2024, which recorded total costs of THB 676.6 million, Q1/2025 costs decreased significantly by THB 322.0 million or 47.6%. This decline was primarily driven by a substantial reduction in revenue during the quarter.

Selling and Administrative

In Q1/2025, the Company reported total expenses of THB 66.5 million, representing a decrease of THB 5.9 million or 8.1% compared to Q1/2024, and a decrease of THB 16.6 million or 20.0% compared to Q4/2024.

During the quarter, the Company recognized expected credit losses in accordance with Thai Financial Reporting Standard No. 9 (TFRS 9) totaling THB 38.8 million. In addition, a fair value loss of THB 1.9 million was recorded on financial assets measured at fair value through profit or loss (FVTPL).

Gross Profit

In Q1/2025, the Company reported a gross profit of THB 59.1 million, representing a gross profit margin of 10.6%. This reflects an increase of THB 43.9 million and an improvement of 7.5 percentage points compared to Q1/2024.

On a quarter-over-quarter (QoQ) basis, gross profit increased by THB 49.8 million, while the gross profit margin improved by 9.6 percentage points from Q4/2024. The improvement was primarily driven by stronger performance in the construction contracting business.

Gross profit from sales of goods and services

In Q1/2025, the Company recorded a gross loss of THB 15.9 million, representing a gross loss margin of 12.4%. This reflects an increase in gross loss of THB 14.7 million and a deterioration in the gross margin by 11.4 percentage points compared to Q1/2024. The primary reason was the performance of the steel tower manufacturing business, where the increase in revenue was insufficient to offset higher production costs.

Compared to Q4/2024, the gross loss decreased by THB 5.6 million, mainly due to a one-time provision of approximately THB 8.0 million in the previous quarter related to penalties for late delivery. However, the gross loss margin worsened by 15.4 percentage points, reflecting the continued burden of high fixed costs relative to the lower revenue base.

Gross profit from construction service works

In Q1/2025, the Company reported a gross profit of THB 74.9 million, representing a gross profit margin of 17.4%. This marks an increase of THB 58.5 million, or an improvement of 13.0 percentage points in gross margin compared to Q1/2024, mainly due to more effective cost management at the project execution level.

Compared to Q4/2024, gross profit increased by THB 44.1 million, with a gross profit margin improvement of 13.1 percentage points. This improvement was driven by a revision of project cost estimates, which enabled the Company to recognize revenue more accurately in line with the actual progress of construction work.

Financial Costs

In Q1/2025, the Company recorded finance costs of THB 14.7 million, representing an increase of THB 2.1 million or 16.7% compared to Q1/2024. The increase was mainly due to a higher volume of completed projects pending billing, which led to increased short-term borrowings to support working capital requirements.

Compared to Q4/2024, finance costs decreased by THB 5.6 million or 27.6%. This was driven by improved cash inflows from completed and billed projects in Q1/2025, enabling the Company to repay a portion of high-interest debt.

Net Profit and Loss

In Q1/2025, the Company reported a net loss of THB 31.4 million. However, this represented an improvement of THB 4.1 million or 11.5% compared to the net loss in Q1/2024.

Compared to Q4/2024, net loss decreased significantly by THB 51.8 million or 62.3% from Q4/2024. The improvement was primarily driven by enhanced efficiency in project management. It is also worth noting that Q4/2024 included a one-time recognition of expected credit losses in accordance with Thai Financial Reporting Standard No. 9 (TFRS 9), totaling THB 162.5 million.

Under Construction Projects

The projects still being under construction (not yet delivered to the owner) at May 8, 2025 are as follows;

Segments	<u>Quantity (Projects)</u>	<u>Amount (Baht Million)</u>
Power Electrical Engineering System	53	3,334
Telecommunication & Signaling	27	73
Renewable Energy Project	2	1
Total	82	3,408

Summary Financial Position as of Q1/2025

Consolidated Financial Position

Unit: Baht Million	31 Mar 2025		31 Dec 2024		Change	%YoY
Trade and other current receivables	849.5	13.3%	1,035.1	15.5%	(185.6)	-17.93%
Current contract assets	433.5	6.8%	390.1	5.8%	43.4	11.13%
Inventories	277.7	4.4%	350.9	5.2%	(73.2)	-20.85%
Others current assets	129.5	2.0%	224.4	3.4%	(94.9)	-42.29%
Total current assets	1,690.2	26.5%	2,000.4	29.9%	(310.2)	-15.51%
Other non-current financial assets	2,382.7	37.4%	2,367.7	35.4%	15.0	0.63%
Investments in associates	1,430.5	22.4%	1,439.6	21.5%	(9.1)	-0.63%
Investments in joint ventures	72.6	1.1%	72.7	1.1%	(0.1)	-0.18%
Intangible assets	303.6	4.8%	306.5	4.6%	(2.9)	-0.94%
Others non-current assets	571.0	9.0%	581.0	8.7%	(10.0)	-1.73%
Total non-current assets	4,687.8	73.5%	4,694.8	70.1%	(7.0)	-0.15%
Total assets	6,378.0	100.0%	6,695.3	100.0%	(317.2)	-4.74%
OD and short-term loans from financial institutions	1,202.5	18.9%	1,251.8	18.7%	(49.3)	-3.94%
Trade and other current payables	684.2	10.7%	918.5	13.7%	(234.3)	-25.51%
Current contract liabilities	370.8	5.8%	369.9	5.5%	1.0	0.26%
Others current liabilities	97.4	1.5%	107.9	1.6%	(10.5)	-9.70%
Total current liabilities	2,354.9	36.9%	2,648.0	39.6%	(293.1)	-11.07%
Long-term borrowings	70.2	1.1%	72.8	1.1%	(2.6)	-3.62%
Others non-current liabilities	314.7	4.9%	319.2	4.8%	(4.5)	-1.40%
Total non-current liabilities	384.9	6.0%	392.0	5.9%	(7.1)	-1.82%
Total liabilities	2,739.8	43.0%	3,040.1	45.4%	(300.2)	-9.88%
Issued and paid-up share capital	751.0	11.8%	751.0	11.2%	-	0.00%
Premium on common share	1,967.6	30.9%	1,967.6	29.4%	-	0.00%
Retained earnings - Unappropriated	(350.7)	-5.5%	(319.3)	-4.8%	(31.4)	9.83%
Other components of shareholders' equity	1,023.2	16.0%	1,008.8	15.1%	14.4	1.43%
Others equities	247.1	3.9%	247.1	3.7%	-	0.00%
Total shareholders' equity	3,638.2	57.0%	3,655.2	54.6%	(17.0)	-0.47%

Total assets: As of March 31, 2025, total assets amounted to THB 6,695.3 million, representing a decrease of THB 317.2 million or 4.74% from December 31, 2024. The decline was primarily driven by a decrease in current assets, which dropped by THB 310.2 million or 15.51% compared to year-end 2024. This was mainly due to the collection of trade receivables and the recognition of expected credit losses on trade receivables and contract assets.

Non-current assets decreased by THB 7.0 million, mainly due to the settlement of non-current receivables and the recognition of expected credit losses, partially offset by a THB 16.8 million increase in the fair value of investments in renewable energy businesses.

Total liabilities: As of March 31, 2025, the Company reported total liabilities of THB 2,739.8 million, representing a decrease of THB 300.2 million or 9.88% from December 31, 2024. The decrease was primarily attributable to a reduction in current liabilities, which declined by THB 293.1 million or 11.07% to THB 2,354.9 million. This was driven by the receipt of payments from customers during early 2025, enabling the Company to repay short-term borrowings from financial institutions and settle trade payables.

Non-current liabilities stood at THB 384.9 million, decreasing by THB 7.1 million or 1.82% compared to year-end 2024.

Shareholders' equity: As of March 31, 2025, the Company reported shareholders' equity of THB 3,638.2 million, representing a decrease of THB 17.0 million or 0.47% from December 31, 2024. The decline was mainly due to the net loss incurred during Q1/2025. This was partially offset by a gain of approximately THB 14.4 million, net of tax, recognized in other comprehensive income from the revaluation of investments in renewable energy businesses.

Please be informed accordingly,

Yours sincerely,

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MR. Chokchawan Yangthaworntrakul

(Chief Financial Officer)