

KC021/65

February 23, 2021

Subject: Management discussion and analysis (MD&A) of operating results for the fourth quarter ended December 31, 2021

To President

The Market for Alternative Investment (MAI)

Kumwell Corporation Public Company Limited (“company”) would like to submit MD&A of operating results for the fourth quarter ended December 31, 2021, with details as follows:

Revenues

The revenue structure of company and its subsidiaries for the fourth quarter of the year 2021 and the year 2020 divided by types of products was as shown in the following table;

	Q4 2021		Q4 2020		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	29.69	20.95%	34.04	30.21%	(4.35)	-12.78%
Lightnin System	88.74	62.61%	66.95	59.43%	21.79	32.55%
Solution&Innovation	23.31	16.45%	11.67	10.36%	11.64	99.74%
Total	141.74	100.00%	112.66	100.00%	29.08	25.81%

Company and its subsidiaries had sales revenues of grounding system worth 29.69 million baht in the fourth quarter of 2021, decreasing 12.78 percent compared to the same period of the year before. Sales of lightning system were 88.74 million baht, up 32.55 percent compared to the same period of the year before and revenues from Solution & Innovation increasing 99.74 percent thanks to easing up of COVID-19 situation resulting in project sites could be accessed for installations as planned.

	Q4 2021		Q4 2020		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	124.37	87.75%	105.67	93.80%	18.70	17.70%
Foreign	17.37	12.25%	6.99	6.20%	10.38	148.50%
Total	141.74	100.00%	112.66	100.00%	29.08	25.81%

Domestic sales were 124.37 million baht in the fourth quarter of 2021, up 17.70 percent from the same period last year as demand from main dealers resumed. Foreign sales were 17.37 million baht in the quarter, increasing 148.50 percent, reflecting a lower base of comparison from the same quarter of last year from severe Covid-19 situation. Total sales were 141.74 million baht, 25.81 percent higher than the same quarter of last year.

	2021		2020		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	152.74	32.81%	154.06	35.21%	(1.32)	-0.86%
Lightnin System	264.30	56.77%	261.09	59.68%	3.21	1.23%
Solution&Innovation	48.53	10.42%	22.35	5.11%	26.18	117.14%
Total	465.57	100.00%	437.50	100.00%	28.07	6.42%

For the full year 2021, sales revenues of grounding system were worth 152.74 million baht, down 0.86 percent compared to the same period of the year before. Sales of lightning system products were 264.30 million baht, up 1.23 percent compared to the last year before while revenues from Solution & Innovation jumped 117.14 percent to 48.53 million baht.

	2021		2020		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	393.67	84.56%	368.76	84.29%	24.91	6.76%
Foreign	71.90	15.44%	68.74	15.71%	3.16	4.60%
Total	465.57	100.00%	437.50	100.00%	28.07	6.42%

Domestic sales were 393.67 million baht in the year 2021, up 6.76 percent compared to the year before thanks to increasing demand from main dealers. Foreign sales were 71.90 million baht in the year 2021, up 4.60 percent from the last year as the spread of COVID-19. Total sales were 465.57 million baht, up 6.42 percent from the last year.

Cost of goods and services

Cost of goods and services in the fourth quarter of 2021 was 81.44 million baht, up 34.09 percent from 60.74 million baht of the same quarter of last year. Gross Profit margin in the fourth quarter was 42.54 percent, lower than 46.09 percent of the same quarter of last year as rising raw material cost and depreciation while inventory impairment was little changed.

For the year 2021, cost of goods and services was 265.62 million baht, up 5.46 percent from the same period of last year. Gross Profit margin of the year 2021 was 42.95 percent, higher than 42.43 percent of the year 2020 thanks to cost reduction process and a decrease in inventory impairment contributed to the higher gross profit margin despite rising material costs and depreciation.

Cost of distribution

Cost of distribution of company and its subsidiaries in the fourth quarter of 2021 was 6.14 million baht, down 32.52 percent from the same period of last year as a declining of product testing and advertising expense and adjusted accounting entry of freight expense to be recorded as cost of goods and services. For the full year 2021, cost of distribution of company and its subsidiaries was 27.73 million baht slightly increase from that of last year.

Administrative expenses

Company and its subsidiaries had administrative expenses of 27.79 million baht in the fourth quarter of 2021, up 8.96 percent from the same period last year. Salary and employee benefits and loss from disposal of assets increased in the quarter while gain from bad debt collection. For the year 2021 administrative expenses of company and its subsidiaries was 105.40 million baht, up 6.45 percent from the last year due to employee benefits increased and allowances for expected credit loss incurred.

Net profit

Net profit for the fourth quarter of 2021 was worth 22.01 million baht, up 67.12 percent from the same period of last year. For the year 2021, net profit was 57.70 million baht, up 23.56 percent from the year 2020.

Yours Sincerely,

Mr. Boonsak Kiatjaroonlert
Chief Executive Officer
Kumwell Corporation Public Company Limited