

KC043/65

May 11, 2022

Subject: Management discussion and analysis (MD&A) of operating results for the first quarter ended March 31, 2022

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 first quarter ended March 31, 2022, with details as follows:

### Revenues

The revenue structure of company and its subsidiaries for the first quarter of the year 2022 and the year 2021 divided by types of products was as shown in the following table;

	Q1 2022		Q1 2021		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	46.06	32.80%	37.17	32.61%	8.90	23.93%
Lightnin System	84.37	60.07%	62.62	54.95%	21.75	34.73%
Solution & Innovation	10.02	7.13%	14.18	12.44%	(4.16)	-29.32%
Total	140.45	100.00%	113.97	100.00%	26.49	23.24%

Company and its subsidiaries had sales revenues of grounding system worth 46.06 million baht in the first quarter of 2022, increasing 23.93 percent compared to the same period of the year before. Sales of lightning system were 84.37 million baht, up 34.73 percent from the same quarter last year, mainly due to the company's proactive marketing policy that focuses on generating sales to grow continuously. Revenue from Solution & Innovation were 10.02 million baht, decreasing 29.32 percent as the impact of the COVID-19 situation resulting in project sites could not be accessed for installations as planned.

	Q1 2022		Q1 2021		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	114.54	81.55%	93.65	82.18%	20.88	22.30%
Foreign	25.92	18.45%	20.31	17.82%	5.60	27.59%
Total	140.45	100.00%	113.97	100.00%	26.49	23.24%

Domestic sales were 114.54 million baht in the first quarter of 2022, increasing 22.30 percent from the same period of the year before mainly from sales growth through dealers. In addition, the growth rate of foreign sales improved, rising 27.59 percent from the same period of the year before to 25.92 million baht as the COVID-19 situation continued to improve.

## **Cost of goods and services**

Cost of goods and services in the first quarter of 2022 was 86.09 million baht, up 38.48 percent from 62.17 million baht of the same quarter of last year mainly due to rising raw material prices resulting in lower gross profit margin. In addition, products which had gross profit margin lower than average contributed higher portion to sale in the quarter, another factor reflecting the decline in the gross margins.

## **Cost of distribution**

Cost of distribution of company and its subsidiaries in the first quarter of 2022 was 8.74 million baht, up 21.15 percent from 7.22 million baht of the same period of last year as employee compensation increased.

## **Administrative expenses**

Company and its subsidiaries had administrative expenses of 27.04 million baht in the first quarter of 2022 compared with 25.24 million baht of the same period of last year, up 7.14 percent, due to consultant expenses and a steel rolling machine impairment of grounding system production, which was a one-time expense.

## **Net profit**

Although sales rose due to company's proactive marketing policy, the sales growth in products with lower than average margins, increasing raw material costs and the machinery impairment resulted in net profit for the first quarter of 2022 worth 15.35 million baht, a slight decrease compared with 15.76 million baht of the same period of last year.

Yours Sincerely,

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Mr. Boonsak Kiatjaroonlert  
Chief Executive Officer

Kumwell Corporation Public Company Limited

