



15 May 2023

Subject: Management Discussion and Analysis of the Operating Performance for the three-month period ended March 31, 2023 (Additional)

To: The President
The Stock Exchange of Thailand

Quarterly Summary

(Unit : Million Baht)

Statement of comprehensive income	Q1/2023	Q4/2022	Q1/2022	% QoQ	% YoY
Revenue from contracts with customers	1,050	1,318	1,835	(20)	(43)
Cost of Sales and services	1,135	1,315	1,824	(14)	(38)
Gross Profit	(85)	4	11	(2337)	(859)
Selling and distribution expenses	17	16	19	5	(11)
Administrative expenses	161	167	95	(3)	69
Profit (Loss) on exchange	(1)	4	42	(123)	(102)
Finance Cost	63	58	47	9	33
Profit (Loss) for the period	(185)	(247)	(105)	25	(76)

Operating Performance for the three months ended March 31, 2023

- Revenue from contracts with customers of Baht 1,050 million a decrease of 20% QoQ or Baht 268 million and 43% YoY or Baht 785 million, respectively, due to part shortages and delays.
- Cost of sales and services of Baht 1,135 million which is 108% of revenue. This was a, there was increase from the previous quarter and the prior which was 100% and 99% of revenue, respectively,
- Gross profit of Baht negative 85 million. The quarter the Gross profit was Baht 4 million and the prior year Q on Q it was Baht 11 million. This was impacted by higher depreciation cost as a percent of sales on the lower production volume.
- Selling and distribution expenses of Baht 17 million increased by 5% QoQ or Baht 1 million. However, this decreased by 11% YoY or Baht 2 million. The company has tried to manage the selling expenses effectively and continuously.
- Administrative expenses of Baht 161 million a decrease of 3.0% QoQ or Baht 6 million but increased by 69% YoY or Baht 66 million. This was impacted by the audit reclassification of some depreciation cost into administrative expenses. However, the company has tried to manage the administrative expenses fully and continuously.
- Financial cost of Baht 63 million an increase of 9% QoQ or Baht 5 million. When compared to YoY this increased by 33% YoY or Baht 16 million, respectively, as a result of the increasing interest market rate.
- Net Loss of Baht 185 million decreased by 25% QoQ but decreased by 76% YoY respectively. As the Group is in the process of implementing operational plans to change its strategies and future business model, the loss continuously declines.

Statement of Financial Position

(Unit : Million Baht)

	31 March 2023		31 December 2022		Change	
	Amount	%	Amount	%	Amount	%
Current Assets	1,843	28	1,955	28	(112)	(6)
Non-current assets	4,767	72	5,097	72	(330)	(6)
Total Assets	6,610	100	7,052	100	(442)	(6)
Current liabilities	5,248	79	5,506	78	(258)	(5)
Non-current liabilities	632	10	635	9	(3)	(1)
Total liabilities	5,880	89	6,141	87	(261)	(4)
Total shareholders' equity	730	11	911	13	(181)	(20)
Total liabilities and shareholders' equity	6,610	100	7,052	100	(442)	(6)

- Total assets as of 31 March 2023 decreased by Baht 442 million from 31 December 2022 from the fourth quarter. This was a combination of a decrease of Baht 146 million in the inventory and a decrease in Noncurrent assets, including 314 MB in the PPE.
- Total liabilities as of 31 March 2023 decreased by Baht 261 million from 31 December 2022. This includes a Baht 298 million decrease in Short-Term Loans, Baht 54 million in Payables and Baht 31 million in Long-term Liabilities.
- Total shareholders' equity as of 31 March 2023 of Baht 730 million decreased from 31 December 2022.

The Group was unable to maintain interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio 5:1 and debt to equity ratio 2.75:1, as specified in the Credit Facility Agreement.

As disclosed in Note 1.2 to the consolidated financial statements, regarding the Group's ability to continue its operations as a going concern, The Group had net loss from operation in the consolidated statements of comprehensive income for the three-month period ended 31 March 2023 of Baht 185 million (the Company only: Baht 201 million). As at 31 March 2023, the Group's total current liabilities exceeded its total current assets by Baht 3,405 million (the Company only: Baht 4,030 million) and the Group had deficit of Baht 3,586 million (the Company only: Baht 2,762 million). The major current liabilities of the Group consisted of the bank overdraft and short-term loans from financial institutions amounting to Baht 3,499 million (the Company only: Baht 2,179 million), trade and other payables amounting to Baht 612 million (the Company only: Baht 917 million), and current portion of long-term loans from financial institutions amounting to Baht 1,091 million (the Company only: Baht 1,080 million), which became payable on demand since the Group was unable to maintain certain financial ratios as specified in the Credit Facility Agreement, as described in Note 11.

In addition, the Group's equity was less than 50% of paid-up capital, which causes the Company's securities will be marked with "C" (Caution) sign.

Management approach

The Group's management has implemented various plans, including negotiating with financial institutions to obtain additional working capital and planning to dispose of assets that are not core assets in its operations. In addition, the Group is adjusting the production and distribution strategies and reducing manufacturing costs and other expenses to increase the Group's liquidity. Currently, these plans are still in progress.

Management approach long term

The Group is working on strategic plans and distribution plans, that will reduce production costs and other expenses. In addition the Group is working to accelerate the delivery of products to customers to generate additional revenue and profits for the company.

Yours Sincerely,

Kulthorn Kirby Public Company Limited

(Mr. Sutee Simakulthorn)
Executive Vice President Finance