



14 November 2023

Subject: Management Discussion and Analysis of the Operating Performance for the nine-month period ended September 30, 2023 (Edited)

To: The President
The Stock Exchange of Thailand

Quarterly Summary

(Unit : Million Baht)

| Statement of comprehensive income | Q3/2023 | Q2/2023 | Q3/2022 | % QoQ | % YoY |
|---------------------------------------|---------|---------|---------|-------|-------|
| Revenue from contracts with customers | 680 | 832 | 1,433 | (18) | (53) |
| Cost of Sales and services | 629 | 856 | 1,451 | (27) | (57) |
| Gross Profit | 51 | (24) | (18) | 313 | 383 |
| Selling and distribution expenses | 14 | 13 | 21 | 8 | (33) |
| Administrative expenses | 104 | 100 | 114 | 4 | (9) |
| Other expenses | 188 | 111 | - | 69 | - |
| Profit (Loss) on exchange | (2) | (2) | (5) | - | 60 |
| Finance Cost | 73 | 68 | 54 | 7 | 35 |
| Profit (Loss) for the period | (347) | (315) | (218) | (10) | (59) |

Operating Performance for the three months ended September 30, 2023

- Revenue from contracts with customers of Baht 680 million a decrease of 18% QoQ or Baht 152 million and 53% YoY or Baht 753 million, respectively, due to part shortages and delays.
- Cost of sales and services of Baht 629 million which is 92.5% of revenue. This was a, there was decrease from the previous quarter and the prior which was 102.8% and 101.3% of revenue, respectively, the company continues to impose strict control measures and effective cost management.
- Gross profit of Baht 51 million which is 7.5% of revenue increased by -2.8% QoQ, and -1.3% YoY.
- Selling and distribution expenses of Baht 14 million increased by 8% QoQ or Baht 1 million and decreased 33% YoY or Baht 7 million. however, The company has tried to manage the selling expenses effectively and continuously.
- Administrative expenses of Baht 104 million as increase of 4.0% QoQ or Baht 4 million and decreased by 9% YoY or Baht 10 million respectively.
- Other expenses of Baht 188 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 73 million an increase of 7% QoQ or Baht 5 million. When compared to YoY this increased by 35% YoY or Baht 19 million, respectively, as a result of the increasing interest market rate.
- Net Loss of Baht 347 million increased by 10% QoQ and increased by 59% 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)

| | 30 September 2023 | | 31 December 2022 | | Change | |
|---|-------------------|-----|------------------|-----|---------|------|
| | Amount | % | Amount | % | Amount | % |
| Current Assets | 1,426 | 24 | 1,955 | 28 | (529) | (27) |
| Non-current assets | 4,458 | 76 | 5,097 | 72 | (639) | (13) |
| Total Assets | 5,884 | 100 | 7,052 | 100 | (1,168) | (17) |
| Current liabilities | 5,184 | 88 | 5,506 | 78 | (322) | (6) |
| Non-current liabilities | 631 | 11 | 635 | 9 | (4) | (1) |
| Total liabilities | 5,815 | 99 | 6,141 | 87 | (326) | (5) |
| Total shareholders' equity | 69 | 1 | 911 | 13 | (842) | (92) |
| Total liabilities and shareholders' equity | 5,884 | 100 | 7,052 | 100 | (1,168) | (17) |

- Total assets as of 30 September 2023 decreased by Baht 1,168 million from 31 December 2022 from the fourth quarter. This was a combination of a decrease in the inventory, a decrease in the trade and other receivables and a decrease in Noncurrent assets.
- Total liabilities as of 30 September 2023 decreased by Baht 326 million from 31 December 2022. This includes in Short-Term Loans, in Payables and Baht 20 million in Long-term Liabilities.
- Total shareholders' equity as of 30 September 2023 of Baht 69 million a decreased of Baht 842 million 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 nine-month period ended 30 September 2023 of Baht 846 million (the Company only: Baht 656 million). As at 30 September 2023, the Group's total current liabilities exceeded its total current assets by Baht 3,758 million (the Company only: Baht 4,322 million) and the Group had deficit of Baht 4,092 million (the Company only: Baht 3,132 million). The major current liabilities of the Group consisted of the bank overdraft and short-term loans from financial institutions amounting to Baht 3,500 million (the Company only: Baht 2,166 million), trade and other payables amounting to Baht 576 million (the Company only: Baht 979million), and current portion of long-term loans from financial institutions amounting to Baht 1,066 million (the Company only: Baht 1,055 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 to the interim consolidated financial statements.

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