

KC 016/67

February 27, 2024

Subject: Management discussion and analysis (MD&A) of operating results for the fourth quarter ended December 31, 2023

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, 2023, with details as follows:

Statements of Comprehensive Income	Consolidated Financial Statements			
	2023	2022	Inc. (Dec)	
			MB.	%
Revenue from sales and services	526.7	559.5	- 32.8	-5.9%
Cost of sales and services	322.5	339.4	- 16.9	-5.0%
Gross profit	204.2	220.1	- 15.9	-7.2%
Other income	1.7	2.3	- 0.6	-25.5%
Distributions costs	40.3	36.4	3.9	10.7%
Administrative expenses	108.9	105.8	3.0	2.9%
EBITDA	64.5	102.0	- 37.5	-36.7%
EBIT	56.8	80.2	- 23.4	-29.2%
Finance costs	12.7	4.5	8.3	185.9%
EBT	44.1	75.8	- 31.6	-41.8%
Income tax expense	9.6	14.0	- 4.4	-31.3%
Net profit	34.5	61.8	- 27.3	-44.1%

Revenues

The revenue structure of company and its subsidiaries for the fourth quarter of the year 2023 and the year 2022 divided by types of products was as shown in the following table;



1. Revenue of Sales and services

For 2023, the Company and subsidiaries had sales and service revenue of 526.7 million baht, decreased from the same period last year, decreased by 5.9 percent from export sales. Because in the 1st quarter of 2022, the company sold products for project work abroad. In the 1st quarter of 2023, there were no sales for large project work. The revenue structure of the company and subsidiaries is divided according to the type of products as shown in the following table.

	Q4 2023		Q4 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	37.0	30.3%	60.2	35.7%	- 23.2	-38.5%
Lightning System	76.2	62.4%	96.9	57.5%	- 20.7	-21.3%
Solution & Innovation	8.9	7.3%	11.4	6.8%	- 2.5	-21.8%
Total	122.1	100.0%	168.4	100.0%	- 46.3	-27.5%

The company and its subsidiaries had sales revenues of grounding system worth 37.0 million baht in the (Q4'2023), decreased 38.5 percent compared to the same period of the year. Sales of lightning system were decreased 21.3 percent while the revenue from Solution & Innovation decreased from 11.4 million baht to 8.9 million baht when compared to the same period of the previous year.

	Q4 2023		Q4 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	105.2	86.2%	150.2	89.2%	- 45.0	-29.9%
Foreign	16.9	13.8%	18.2	10.8%	- 1.3	-7.3%
Total	122.1	100.0%	168.4	100.0%	- 46.3	-27.5%

Domestic sales for (Q4'2023) which was 105.2 million baht, decreased 29.9 percent from the same period last year. While the total sales in foreign countries were 16.9 million baht, decreased 7.3 percent. While the total sales decreased from 168.4 million baht to 122.1 million baht.



	2023		2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	160.4	30.5%	184.1	32.9%	- 23.7	-12.8%
Lightning System	331.9	63.0%	336.9	60.2%	- 5.0	-1.5%
Solution & Innovation	34.3	6.5%	38.6	6.9%	- 4.3	-11.0%
Total	526.6	100.0%	559.6	100.0%	- 33.0	-5.9%

In 2023, the sales of grounding systems were 160.4 million baht, decreased 12.8 percent compared to the same period in 2022. While sales of lightning protection systems were 331.9 million baht or 1.5 percent decreased and the revenue from Solution & Innovation decreased 11.0 percent compared to the same period of the previous year.

	2023		2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	474.8	90.2%	478.5	85.5%	- 3.7	-0.8%
Foreign	51.9	9.8%	81.0	14.5%	- 29.1	-36.0%
Total	526.7	100.0%	559.5	100.0%	- 32.8	-5.9%

The total amount of domestic sales in 2023 were 474.8 million baht, decreased 0.8 percent and the export sales was 51.9 million baht, decreased 36.0percent compared to the same period of the previous year. The total sales of 2023 decreased 5.9 percent which was 526.7 million baht from the same period of the previous year. Meanwhile the company plans to increase collaboration with distributors and expand marketing efforts both domestically and internationally.

2. Cost of Goods Sold (COGS)

Cost of goods sold in the 4th quarter of 2023 was 74.6 million baht, a decrease of 26.5 percent from the same period of the previous year at 101.5 million baht. In 2023, the amount was 322.5 million baht, a decrease of 16.9 million baht or 5.0 percent from the same period of 2023. Due to the upward adjustment in raw material prices, as well as increased labor costs in 2023, which correlated with decreased sales, resulting in a initial profit reduction of 7.2 percent from the same period in the previous year.



3. Cost of distribution

During the 4th quarter of 2023, the Company and subsidiaries had distribution costs of 10.7 million baht, an increase of 44.0 percent compared to the same period in 2022. In 2023, distribution costs were 40.3 million baht. An increase of 44.0 percent. 10.7 from the same period last year at 36.4 million baht from an increase in salary and benefits for the sales department. To facilitate marketing efforts both domestically and internationally, as well as product testing and analysis costs, including initiatives aimed at expanding market opportunities.

4. Administrative expense

The company and subsidiaries had administrative expenses in the 4th quarter of 2023 equal to 25.6 million baht, a decrease of 2.5 percent. Compared to the same period of 2022, it was equal to 26.2 million baht, in 2023 it was equal to 108.9 million baht, an increase of 2.9 percent from the same period of the previous year. From the recognition of depreciation - new head office and compensation for executives and employees.

5. Net profit

In the fourth quarter of 2023, the company had a net profit of 4.1 million baht which decreased 0.8 percent when compared to the same period last year. While the net profit in 2023 has 44.1 percent decreased from the previous year, was 34.5 million baht.



Statements of Financial Position

Consolidated Financial Statement						
Balance Sheet	2023		2022		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Cash and cash equivalents	44.2	5.0%	26.2	2.9%	17.9	68.3%
A/R & Other Receivables	120.2	13.6%	147.6	16.1%	(27.3)	-18.5%
Inventories	222.4	25.1%	236.2	25.8%	(13.8)	-5.9%
Other current financial assets	6.4	0.7%	7.2	0.8%	(0.8)	-11.3%
Total current assets	393.1	44.5%	417.1	45.6%	(24.0)	-5.8%
Other non-current financial assets	14.0	1.6%	20.2	2.2%	(6.2)	-30.9%
Property, plant and equipment	458.9	51.9%	452.5	49.4%	6.4	1.4%
Right-of-use assets	6.6	0.8%	11.7	1.3%	(5.1)	-43.2%
Non-current assets	11.6	1.4%	13.6	2.0%	(2.0)	-15.0%
Total non-current assets	491.1	55.5%	498.0	54.4%	(7.0)	-1.4%
Total assets	884.2	100.0%	915.2	100.0%	(31.0)	-3.4%

Assets

As of 31 December 2023, total assets of company and its subsidiaries were 884.2 million baht, decreased by 31.0 million baht or 3.4 percent compared with 31 December 2022, mainly from the net effect as follows:

Current assets decreased 21.5 million baht or 6.0 percent mainly from the following:

- A/R & Other Receivables decreased by 27.3 million baht or 18.5 percent due to improved trade account receivable debt collection management.
- Inventories decreased by 13.8 million baht or 5.9 percent due to finished goods decreased by 12.0 million baht from sales transaction Inventory turnover during to the third quarter of 2023, and products were sold In 2023



Non-current assets decreased 5.9 million baht or 1.2 percent mainly from the following:

- Right-of-use assets decreased by 5.1 million baht or 43.2 percent from 11.7 million baht to 6.6 million baht and Other non-current financial assets decreased by 6.2 million baht or 30.9 percent.

Consolidated Financial Statement (Continued)						
Balance Sheet	2023		2022		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Bank overdraft and short-term loans	35.0	4.0%	19.1	2.1%	15.9	83.0%
A/P & Other Payables	19.2	2.2%	83.8	9.2%	(64.6)	-77.1%
Current portion of long-term loans	49.2	5.6%	41.7	4.6%	7.5	18.1%
Current liabilities	13.8	1.6%	15.7	1.7%	(2.0)	-12.5%
Total current liabilities	117.1	13.2%	160.3	17.5%	(43.2)	-26.9%
Long-term loans from financial institutions	185.0	20.9%	175.9	19.2%	9.1	5.2%
Lease liabilities	6.5	0.7%	9.8	1.1%	(3.3)	-33.4%
Provision for long-term employee benefits	17.0	1.9%	15.0	1.6%	2.0	13.3%
Other non-current liabilities	-	0.0%	0.1	0.0%	(0.1)	-100.0%
Total non-current liabilities	208.6	23.6%	200.9	21.9%	7.7	3.9%
Total liabilities	325.7	36.8%	361.2	39.5%	(35.5)	-9.8%
Paid-up share capital	215.0	24.3%	215.0	23.5%	-	0.0%
Premium on ordinary shares	519.7	58.8%	519.7	56.8%	-	0.0%
Deficit of business combination	- 460.9	-52.1%	- 460.9	-50.4%	-	0.0%
RE-Legal Reserved	21.5	2.4%	21.5	2.3%	-	0.0%
RE-Unappropriated	245.5	27.8%	241.1	26.3%	4.4	1.8%
Total shareholders' equity	558.4	63.2%	554.0	60.5%	4.4	0.8%
Total Liabilities and shareholder's equity	884.2	100.0%	915.2	100.0%	(31.0)	-3.4%

Liabilities

As of 30 December 2023, company and its subsidiaries had total liabilities 325.7 million baht, decreased by 35.5 million baht or 9.8 percent from 31 December 2022, mainly from the net effect as follows:

- Trade payables and other current payables decreased by 64.6 million baht or 77.1 percent.
The reason is that in 2022 there are creditors for construction of a new headquarters building, which will be paid in 2023 in the amount of 56.0 million baht and from the payment of debts to trade creditors that are due for payment.



- Liabilities under the lease contract decreased by 3.3 million baht or 33.4 percent from the lease agreement for the head office space of K.M.L. International Company. The rental contract has been canceled since 30 April 2023.

Shareholders' equity

As of 31 December 2023, company and its subsidiaries had total shareholders' equity 588.4 million baht, by 4.4 million baht or 0.8 percent from 31 December 2022, due to during 2023, the company has paid dividend at the rate of 0.07 baht per share, totaling 30.1 million baht, while the of 2023, net profit according to the financial statement was 34.5 million baht.

Yours Sincerely,

Mr. Boonsak Kiatjaroonlert

Chief Executive Officer

Kumwell Corporation Public Company Limited

