



10 May 2024

Subject: Management Discussion and Analysis of the Operating Performance for the three-month period
Ended December 31, 2023

To: The President
The Stock Exchange of Thailand

Quarterly Summary

(Unit : Million Baht)

Statement of comprehensive income	Q4/2023	Q3/2023	Q4/2022	% QoQ	% YoY
Revenue from contracts with customers	613.8	680.0	1,318.4	(10)	(53)
Cost of Sales and services	496.2	629.0	1,314.6	(21)	(62)
Gross Profit	117.6	51.0	3.8	131	2,995
Selling and distribution expenses	8.0	14.0	16.2	(43)	(51)
Administrative expenses	384.9	292.0	166.6	32	131
Profit (Loss) on exchange	5.1	(2.0)	4.4	355	16
Finance Cost	80.8	73.0	57.6	11	40
Profit (Loss) for the period	(434.7)	(347.0)	(246.7)	(25)	(76)

Operating Performance for the three months ended December 31, 2023

- Revenue from contracts with customers of Baht 613.8 million which was a decrease of 10% QoQ or Baht 66.2 million and 53% YoY or Baht 704.6 million, respectively, this was due to part shortages and delays.
- Cost of sales and services of Baht 496.2 million which is 80.8% of revenue. This was a decrease from the previous quarter and the prior year quarter, which was 92.5% and 99.7% of revenue, respectively, the company continues to impose strict control measures and effective cost management.
- Gross profit of Baht 117.6 million which is 19.2% of revenue increased by 131% QoQ, and 2995% YoY.
- Selling and distribution expenses of Baht 8.0 million decreased by 43% QoQ or Baht 6.0 million and decreased 51% YoY or Baht 8.2 million. The company has tried to manage the selling expenses effectively and continuously.
- Administrative expenses of Baht 384.9 million an increase of 32.0% QoQ or Baht 92.9 million this increased by 131% YoY or Baht 218.3 million respectively. This was due to the adjustment of the price of machinery assets using the Market Approach in 2022, the result is increased depreciation of assets in the following years, along with the group's inability to produce products as usual and this was impacted by the reclassification of some deprecation cost in to administrative expenses. However, the company has tried to manage the administrative expenses.
- Financial cost of Baht was 80.8 million an increase of 11% QoQ or Baht 7.8 million. When compared to YoY this increased by 40% YoY or Baht 23.2 million, respectively, as a result of the increasing interest market rate.
- Net Loss of Baht 434.7 million increased by 25% QoQ and increased by 76% YoY respectively. In this regard, the company is in the process of coordinating with the banks, major creditors, and relevant parties to ensure Source of funds. 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 December 2023		31 December 2022		Change	
	Amount	%	Amount	%	Amount	%
Current Assets	1,233.5	24	1,954.8	28	(721.3)	(37)
Non-current assets	3,883.1	76	5,097.3	72	(1,214.2)	(24)
Total Assets	5,116.3	100	7,052.1	100	(1,935.8)	(27)
Current liabilities	5,174.9	101	5,505.5	78	(330.6)	(6)
Non-current liabilities	617.5	12	635.3	9	(17.8)	(3)
Total liabilities	5,792.4	113	6,140.8	87	(348.4)	(6)
Total shareholders' equity	(676.1)	(13)	911.3	13	(1,587.4)	(174)
Total liabilities and shareholders' equity	5,116.3	100	7,052.1	100	(1,935.8)	(27)

- Total assets as of 31 December 2023 decreased by Baht 1,935.8 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 31 December 2023 decreased by Baht 348.4 million from 31 December 2022. This includes in Short-Term Loans, in Payables and Baht 20.7 million in Long-term Liabilities.
- Total shareholders' equity loss as of 31 December 2023 of Baht -676.1 million a decrease from 31 December 2022 due to the operating loss.

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 year period ended 31 December 2023 of Baht 1,281 million (the Company only: Baht 1,589 million). As at 31 December 2023, the Group's total current liabilities exceeded its total current assets by Baht 3,942 million (the Company only: Baht 4,457 million) and the Group had deficit of Baht 4,442 million (the Company only: Baht 4,008 million). And equity deficit of Baht 676 million (the Company only: Baht 934 million). The major current liabilities of the Group consisted of the bank overdraft and short-term loans from financial institutions amounting to Baht 3,453 million (the Company only: Baht 2,166 million), trade and other payables amounting to Baht 623 million (the Company only: Baht 1,034 million), and current portion of long-term loans from financial institutions amounting to Baht 1,066 million (the Company only: Baht 1,055 million), which mainly became payable on demand since the Group was unable to repay the long-term loans and unable to maintain certain financial ratios as specified in the Credit Facility Agreement, as described in Note 18.

In addition, as at 31 December 2023, the Group's shareholders' equity was lower than zero. However, the Company's Securities have been marked with "CB" (Business) sign since May 2023, as a result of the Group's shareholders' equity was less than 50% of paid-up share capital.

Management approach

The Group's management has implemented various plans, including negotiating with financial institutions to restructure debts, and to obtain new credit facilities from both financial institutions and directors/ shareholders. In addition, the Group has adjusted the production and distribution strategies and reducing manufacturing costs and other expenses to increase the Group's liquidity.

Management approach long term

The Group is working on strategic plans and distribution plans, that will reduce production costs and other expenses. In additional 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

