

August 14, 2024

Subject: Management discussion and analysis (MD&A) of operating results for the second quarter ended June 30, 2024

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 second quarter ended 30 June 2024, with details as follows:

Consolidated Financial Statements										
Statements of Comprehensive Income	For the two quarter				For the period of Six months					
	2024	2023	Inc. (Dec)		2024	2023	Inc. (Dec)			
			MB.	%			MB.	%		
Revenue from sales and services	141.2	133.0	8.2	0.0%	269.0	261.9	7.1	0.0%		
Cost of sales and services	83.2	80.7	2.5	-1.8%	161.2	159.8	1.5	-1.1%		
Gross profit	58.0	52.3	5.8	1.8%	107.7	102.1	5.6	1.1%		
Other income	1.1	1.8	-	0.7	-0.5%	3.7	1.7	2.0	0.7%	
Distributions costs	11.2	9.6	1.6	0.7%	22.9	19.0	3.9	1.2%		
Administrative expenses	27.5	27.6	-	0.0	-1.2%	54.4	55.5	-	1.1	-1.0%
EBITDA	28.0	24.6	3.4	1.3%	49.3	44.6	4.7	1.3%		
EBIT	20.4	16.9	3.5	1.7%	34.1	29.3	4.9	1.5%		
Finance costs	3.7	3.5	0.2	0.0%	6.8	5.5	1.3	0.4%		
EBT	16.8	13.4	3.4	1.8%	27.4	23.9	3.5	1.1%		
Income tax expense	3.6	3.1	0.5	0.2%	5.6	5.0	0.7	0.2%		
Net profit	13.2	10.3	2.9	1.6%	21.8	18.9	2.9	0.9%		

1. Revenue from sales and services

In the second quarter of 2024, The company’s total revenue were 141.2 million baht, increase by 6.2 percent compared the same quarter of last year. For six months of 2024, revenues from sales and services were 269 million baht, increase by 2.7 percent compared to the same period of the year before. The revenue structure of the company and its subsidiaries divided by types of products was as shown in the following table.

	Q2 2024		Q2 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	42.4	30.0%	41.6	31.3%	0.8	1.9%
Lightning System	92.4	65.4%	82.8	62.3%	9.5	11.5%
Solution & Innovation	6.5	4.6%	8.6	6.4%	- 2.1	-24.3%
Total	141.2	100.0%	133.0	100.0%	8.2	6.2%

In the second quarter of 2024, the company and the subsidiaries had sales revenues growth 6.2 percent compared to the same period of previous year. Mainly came from lightning protection sales were 92.4 million baht or 11.5%, Grounding system sales 42.4 million baht or 1.9% and Solution & Innovation sales were 6.5 million baht. Decrease by 24.3% compared to the previous year. As a result of company's has not yet started a new project this quarter.

	Q2 2024		Q2 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	123.3	87.4%	121.8	91.6%	1.6	1.3%
Foreign	17.9	12.6%	11.2	8.4%	6.7	59.6%
Total	141.2	100.0%	133.0	100.0%	8.2	6.2%

The export sales increased by 6.7 million from 11.2 to 17.9 million baht due to high demand in oversea market and the company were visited our customer in many countries to build a strong relationship with the dealers. While the domestic demand rose to 123.3 million baht or 1.3 percent compared to Q2 previous year.

	Six months of 2024		Six months of 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	89.2	33.2%	79.0	30.2%	10.2	12.9%
Lightning System	165.9	61.7%	163.2	62.3%	2.6	1.6%
Solution & Innovation	13.9	5.2%	19.6	7.5%	- 5.7	-29.2%
Total	269.0	100.0%	261.9	100.0%	7.0	2.7%

For six months of 2024, the company and the subsidiaries have total sales amount 165.9 million baht in lightning system. Increased by 2.6 million baht or 1.6% compared to the same period of the previous year. Grounding system have total sales amount 89.2 million baht which growth 10.2 million baht or 12.9 percent. while the revenues from solution & innovation worth 13.9 million baht, decreased 5.7 million baht or 29% compared to the same period previous year.

	Six months of 2024		Six months of 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	237.5	88.3%	237.2	90.6%	0.2	0.1%
Foreign	31.5	11.7%	24.7	9.4%	6.8	27.7%
Total	269.0	100.0%	261.9	100.0%	7.1	2.7%

For six months of 2024, Domestic sales equal with the same period of last year at 237.5 million baht. While the foreign sales were significantly increasing 6.8 million baht or 27.7%. Due to the expanding for promotion for potential market, we provide more marketing communication through sales representatives and plan for sales forecasting with customers the best condition for maximized sales volume. All activities were impacted to total sales growth by 7.1 million baht or 2.7 percent.

2. Cost of Goods Sold (COGS)

The cost of goods and services Q2 2024 was increased 2.5 million baht While sales increased by 8.2 million baht. The sales increase higher than cost of goods increasing impacted to the gross profit increased 5.8 million baht or 1.8 percent. While six months of the year, Gross profit increased by 5.6 million or 1.1 percent. Due to cost saving as the results of product cost negotiations and purchasing planning.

3. Cost of distribution

The cost of company distribution and its subsidiaries in the second quarter of 2024 increased 1.6 million baht or 0.7 percent. While six months of the year, Cost of distribution was increased 3.9 million baht or 1.2% when compared to the same period last year. due to salary increases, travel expenditures-both in domestic and oversea trip to study job roles and marketing communication aimed at boosting sales, including consulting fees for marketing abroad to enhance the sales potential market.

4. Administrative expenses

The company and the subsidiaries had administrative expenses in the second quarter of 2024, 27.5 million baht equal with the same period in previous year. However, the administrative expenses proportion declined 1.2% compared to sales. Same as the direction for six months which the administrative expenses declined 1% compared to sales.

5. Net profit

In the second quarter of 2024, the company profit before interest and corporate income tax amounted to 20.4 million baht, an increase of 3.5 million baht from the same period of the previous year. After deducting interest and corporate income tax, the company's net profit will be 13.2 million baht. For six months the net profit increased 2.9 million baht when comparing the net profit margin in the same period, it grew by 0.9% from the reduction in the cost of goods and administrative expenses.

Statements of Financial Position

Consolidated Financial Statement						
Balance Sheet	Q2 2024		2023		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Cash and cash equivalents	33.0	3.7%	44.2	5.0%	(11.2)	-1.3%
A/R & Other Receivables	146.4	16.3%	120.2	13.6%	26.2	2.7%
Inventories	224.9	25.1%	222.4	25.1%	2.5	-0.1%
Other current financial assets	9.2	1.0%	6.4	0.7%	2.8	0.3%
Total current assets	413.5	46.1%	393.1	44.5%	20.4	1.6%
Other non-current financial assets	12.1	1.3%	14.0	1.6%	(1.9)	-0.2%
Property, plant and equipment	453.8	50.6%	458.9	51.9%	(5.1)	-1.3%
Right-of-use assets	5.9	0.7%	6.6	0.8%	(0.7)	-0.1%
Non-current assets	12.2	1.4%	11.6	2.0%	0.6	-0.6%
Total non-current assets	483.9	53.9%	491.1	55.5%	(7.2)	-1.6%
Total assets	897.3	100.0%	884.2	100.0%	13.2	1.5%

Assets

On June 30, 2024, total assets of the company and its subsidiaries were 897.3 million baht, increased 13.2 million baht or 1.5 percent in total when compared to December 31, 2023 due to:

Current assets increased 20.4 million baht or 1.6% by the reasons of

- The sales promotions strategy for dealers affected sales and A/R increasing in the same direction. A/R increased 26 million baht or 2.7 proportion raised compared total assets.
- Other current assets increased 2.8 million baht or 0.3% due to advanced payment for goods both domestic and overseas to buffer production material which supports sales growth.



Consolidated Financial Statement (Continued)						
Balance Sheet	Q2 2024		2023		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Bank overdraft and short-term loans	55.0	6.1%	35.0	4.0%	20.0	2.2%
A/P & Other Payables	37.8	4.2%	19.2	2.2%	18.6	2.0%
Current portion of long-term loans	43.1	4.8%	49.2	5.6%	(6.1)	-0.8%
Current liabilities	14.4	1.6%	13.8	1.6%	0.6	0.0%
Total current liabilities	150.2	16.7%	117.1	13.2%	33.1	3.5%
Long-term loans from financial institutions	166.1	18.5%	185.0	20.9%	(18.9)	-2.4%
Lease liabilities	5.0	0.6%	6.5	0.7%	(1.5)	-0.2%
Provision for long-term employee benefits	17.3	1.9%	17.0	1.9%	0.2	0.0%
Other non-current liabilities	-	0.0%	-	0.0%	-	0.0%
Total non-current liabilities	188.4	21.0%	208.6	23.6%	(20.2)	-2.6%
Total liabilities	338.6	37.7%	325.7	36.8%	12.9	0.9%
Paid-up share capital	215.0	24.0%	215.0	24.3%	-	-0.4%
Premium on ordinary shares	519.7	57.9%	519.7	58.8%	-	-0.9%
Deficit of business combination	- 460.9	-51.4%	- 460.9	-52.1%	-	0.8%
RE-Legal Reserved	21.5	2.4%	21.5	2.4%	-	0.0%
RE-Unappropriated	245.8	27.4%	245.5	27.8%	0.3	-0.4%
Total shareholders' equity	558.7	62.3%	558.4	63.2%	0.3	-0.9%
Total Liabilities and shareholder's equity	897.3	100.0%	884.2	100.0%	13.2	1.5%

Liabilities

As of 30 June 2024, company and its subsidiaries had total liabilities 338.6 million baht or 0.9 percent increased from 31 December 2023, due to:

- Short term loan increasing 20 million baht due to raw material advanced payment to support sales volume increase and reserve for the continuity of customers projects.
- Trade payables and other current payables increased by 18.6 million baht or 2 percent portion increased due to raw materials buying to accommodate the volume of customer orders increase.



Shareholders' equity

On 30 June 2024, the company and its subsidiaries had total shareholders' equity of 558.7 million baht, closely with 31 December 2023 by 558.4 million baht which paying the dividend 0.05 per shares by totally paying to shareholders 21.5 million baht. Conclusion of net profit for six months were 21.8 million baht.

Yours Sincerely,

Mr. Boonsak Kiatjaroonlert

Chief Executive Officer

Kumwell Corporation Public Company Limited

