

KC 029/66

May 10, 2023

Subject: Management discussion and analysis (MD&A) of operating results for the first quarter ended March 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 first quarter ended March 31, 2023, with details as follows:

1. Revenues

The revenue structure of the company and its subsidiaries in the first quarter of 2023 and 2022 can be classified into product types as shown in the following table.

	Q1 2023		Q1 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	37.5	29.1%	46.1	32.8%	- 8.6	-18.7%
Lightning System	80.4	62.4%	84.4	60.1%	- 4.0	-4.7%
Solution & Innovation	11.1	8.6%	10.0	7.1%	1.0	10.4%
Total	128.9	100.0%	140.5	100.0%	- 11.5	-8.2%

In the first quarter of 2023, the company and the subsidiaries have total sales amount 37.5 million baht in grounding system. The number has declined 18.7 percent when compared to the same period of the previous year same. The sales of lightning protection systems have total sales amount 80.4 million baht declined 4.7 percent while the revenue from Solution & Innovation increased 10.4 percent; from 10.0 million baht to 11.1 million baht when compared to the same period of the previous year.

	Q1 2023		Q1 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	119.1	92.4%	114.5	81.5%	4.5	4.0%
Foreign	9.9	7.6%	25.9	18.5%	- 16.1	-62.0%
Total	128.9	100.0%	140.5	100.0%	- 11.5	-8.2%

In the first quarter of 2023, domestic sales increased 4.0 percent, mainly from the dealers, which was 119.1 million baht when compared to the same period of the previous year (2022). While the revenue from exportation was 9.9 million baht declined 62.0 percent when compared to the same period of the previous year. Because the company had decreased sale for project in foreign. To compared the first quarter of 2022.

2. Cost of Goods Sold (COGS)

The cost of goods and services in the first 2023 declined 8.1 percent when compared to the same period of the previous year, from 86.1 million baht to 79.1 million baht due to the process adjustment so the cost of production per unit was reduced related to sales decreased. The gross profit margin decreased from 8.3 when compared to the same period of the previous year.

3. Cost of distribution

The cost of company distribution and its subsidiaries in the first quarter of 2023 increased 9.4 million baht or 7.7% when compared to the same period of 2022 due to salary increases, travel expenditures—both in domestic and international and product testing and analysis.

4. Administrative expenses

The company and the subsidiaries had administrative expenses in the first quarter of 2023, 28.2 million baht, increase 4.4% when compared to the same period of the previous year which was 27.0 million baht due to the depreciation and employee benefits increased.

5. Net profit

In the first quarter of 2023, the company had a net profit of 8.6 million baht which decreased 44.1 percent when compared to the same period to the year 2022, the net profit was 15.4 million baht.

Statements of Financial Position

Consolidated Financial Statement						
Balance Sheet	Q1 2023		2022		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Cash and cash equivalents	24.5	2.6%	26.2	2.9%	(1.8)	-6.8%
A/R & Other Receivables	134.5	14.2%	147.6	16.1%	(13.1)	-8.9%
Inventories	263.1	27.8%	234.7	25.6%	28.4	12.1%
Other current financial assets	15.1	1.6%	10.6	1.2%	4.5	42.6%
Total current assets	437.1	46.3%	419.1	45.8%	18.0	4.3%
Other non-current financial assets	13.8	1.5%	20.2	2.2%	(6.4)	-31.6%
Property, plant and equipment	470.6	49.8%	450.6	49.2%	20.1	4.4%
Right-of-use assets	10.8	1.1%	11.7	1.3%	(0.9)	-7.6%
non-current assets	12.4	1.4%	13.6	2.0%	(1.2)	-8.6%
Total non-current assets	507.7	53.7%	496.1	54.2%	11.6	2.3%
Total assets	944.8	100.0%	915.2	100.0%	29.6	3.2%

Assets

On March 31, 2023, total assets of company and its subsidiaries were 944.8 million baht, increasing 3.2 percent or 915.5 million baht when compared to December 31, 2022, mainly from the net effect as follows:

Current assets increased by 18.0 million baht or 4.3 percent mainly from the following:

- Inventories increased by 28.4 million baht or 12.1 percent due to raw materials purchasing increase from 18.2 million baht in 2022 to accommodate the volume of customer orders. There was an increase in inventories of 9.1 million baht from production and delivery to customers.
- Other current assets increased 4.5 million baht or 42.6 percent from 10.6 million baht to 15.1 million baht.

Non-current assets increased by 11.6 million baht or 2.3 percent mainly from the following:

- Property, building, and equipment increased by 20.1 million baht or 4.4 percent mainly from machinery, equipment, and construction of the new head office buildings.

Consolidated Financial Statement (Continued)						
Balance Sheet	Q1 2023		2022		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Bank overdraft and short-term loans	20.0	2.1%	19.1	2.1%	0.9	4.6%
A/P & Other Payables	58.3	6.2%	83.8	9.2%	(25.5)	-30.5%
Current portion of long-term loans	41.8	4.4%	41.7	4.6%	0.1	0.2%
current liabilities	17.1	1.8%	15.7	1.7%	1.4	8.6%
Total current liabilities	137.1	14.5%	160.3	17.5%	(23.2)	-14.5%
Long-term loans	220.6	23.3%	175.9	19.2%	44.6	25.4%
Lease liabilities	8.9	0.9%	9.8	1.1%	(0.9)	-9.5%
Total non-current liabilities	245.1	25.9%	200.9	21.9%	44.3	22.0%
Total liabilities	382.2	40.5%	361.2	39.5%	21.0	5.8%
Paid-up share capital	215.0	22.8%	215.0	23.5%	-	0.0%
Premium on ordinary shares	519.7	55.0%	519.7	56.8%	-	0.0%
Deficit of business combination	- 460.9	-48.8%	- 460.9	-50.4%	-	0.0%
RE-Legal Reserved	21.5	2.3%	21.5	2.3%	-	0.0%
RE-Unappropriated	249.7	26.4%	241.1	26.3%	8.6	3.6%
Total shareholders' equity	562.6	59.5%	554.0	60.5%	8.6	1.5%
Total Liabilities and shareholder's equity	944.8	100.0%	915.2	100.0%	29.6	3.2%

Liabilities

As at 31 March 2023, company and its subsidiaries had total liabilities 382.2 million baht, increasing 5.8 percent or 21.0 million baht from 31 December 2022, mainly from the net effect as follows:

- As the company has paid for products and raw materials, trade and other payables declined 25.5 million baht or 30.5 percent because the company have paid for raw materials and service.

- Loans from financial institutions increased 44.6 million baht or 25.4 percent due to the first quarter of 2023 received long-term loans 51 million baht and made repayment 6.3 million baht for the construction of a new head office building.

Shareholders' equity

On March 31, 2023, the company and its subsidiaries had total shareholders' equity of 562.6 million baht, increased from December 31, 2022, 8.6 million baht or 1.5%.

Yours Sincerely,

Mr. Boonsak Kiatjaroonlert

Chief Executive Officer

Kumwell Corporation Public Company Limited