

KC 029/67

May 10, 2024

Subject: Management discussion and analysis (MD&A) of operating results for the first quarter ended March 31, 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 first quarter ended March 31, 2024, with details as follows:

Statements of Comprehensive Income	Consolidated Financial Statements			
	Q1 2024	Q1 2023	Inc. (Dec)	
			MB.	%
Revenue from sales and services	127.8	128.9	-1.2	-0.9%
Cost of sales and services	78.1	79.1	-1.0	-1.3%
Gross profit	49.7	49.8	-0.2	-0.3%
Other income	2.6	0.2	2.4	1118.2%
Distributions costs	11.7	9.4	2.3	23.9%
Administrative expenses	26.9	28.2	-1.3	-4.7%
EBITDA	21.3	20.1	1.2	6.2%
EBIT	13.7	12.4	1.3	10.7%
Finance costs	3.1	2.0	1.2	59.1%
EBT	10.6	10.4	0.2	1.7%
Income tax expense	2.0	1.9	0.2	9.5%
Net profit	8.6	8.6	-	0.0%

1. Revenues

The revenue structure of the company and its subsidiaries in the first quarter of 2024 and 2023 can be classified into product types as shown in the following table.



	Q1 2024		Q1 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	46.9	36.7%	37.5	29.1%	9.4	25.1%
Lightning System	73.5	57.5%	80.4	62.4%	- 6.9	-8.6%
Solution & Innovation	7.4	5.8%	11.1	8.6%	- 3.6	-33.0%
Total	127.8	100.0%	128.9	100.0%	- 1.2	-0.9%

In the first quarter of 2024, the company and the subsidiaries have total sales amount 46.9 million baht in grounding system. The number has increased 25.1 percent when compared to the same period of the previous year same. The sales of lightning protection systems have total sales amount 73.5 million baht declined 8.6 percent while the revenue from Solution & Innovation decreased from 11. million baht to 7.4 million baht when compared to the same period of the previous year.

	Q1 2024		Q1 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	114.1	89.3%	119.1	92.4%	- 5.0	-4.2%
Foreign	13.6	10.7%	9.9	7.6%	3.8	38.4%
Total	127.8	100.0%	128.9	100.0%	- 1.2	-0.9%

In the first quarter of 2024, domestic sales decreased 4.2 percent, mainly from the dealers, which was 119.1 million baht when compared to the same period of the previous year (2023). While the revenue from exportation was 13.6 million baht increased 38.4 percent when compared to the same period of the previous year. Because the company has participated in product and innovation exhibitions. For advertising, public relations, promoting and driving sales, more and more foreign countries.

2. Cost of Goods Sold (COGS)

The cost of goods and services in the first 2024 declined 1.3 percent when compared to the same period of the previous year, from 79.1 million baht to 78.1 million baht resulting in a decreased in gross profit as well, equal to 0.3 percent, the gross profit rate was similar 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 2024 increased 11.7 million baht or 23.9 percent, when compared to the same period of 2023 due to salary increases, travel expenditures-both in domestic to study job roles and marketing communication for both domestic and international markets aimed at boosting sales, including consulting fees for marketing abroad to enhance the sales potential of products and company innovation.

4. Administrative expenses

The company and the subsidiaries had administrative expenses in the first quarter of 2024, 26.9 million baht, declined 4.4% when compared to the same period of the previous year which was 28.2 million baht due to the Profit/loss from unrealized exchange rate fluctuations, as well as decreased depreciation expenses.

5. Net profit

In the first quarter of 2024, the company profit before interest and corporate income tax amounted to 13.7 million baht, an increase of 1.3 million baht from the same period of the previous year. After deducting interest and corporate income tax, the company's net profit is 8.6 million baht, which is close to the same period of the previous year. This is due to the increase in interest rates by financial institutions.



Statements of Financial Position

Consolidated Financial Statement						
Balance Sheet	Q1 2024		2023		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Cash and cash equivalents	26.6	3.0%	44.2	5.0%	(17.6)	-39.9%
A/R & Other Receivables	136.7	15.3%	120.2	13.6%	16.5	13.7%
Inventories	233.4	26.1%	222.4	25.1%	11.1	5.0%
Other current financial assets	8.7	1.0%	6.4	0.7%	2.4	37.3%
Total current assets	405.4	45.4%	393.1	44.5%	12.3	3.1%
Other non-current financial assets	12.0	1.3%	14.0	1.6%	(2.0)	-13.9%
Property, plant and equipment	458.4	51.3%	458.9	51.9%	(0.5)	-0.1%
Right-of-use assets	6.3	0.7%	6.6	0.8%	(0.4)	-5.8%
Non-current assets	11.1	1.4%	11.6	2.0%	(0.5)	-3.9%
Total non-current assets	487.8	54.6%	491.1	55.5%	(3.3)	-0.7%
Total assets	893.2	100.0%	884.2	100.0%	9.0	1.0%

Assets

On March 31, 2024, total assets of company and its subsidiaries were 893.2 million baht, increased 1.0 percent or 884.2 million baht when compared to December 31, 2023, mainly from the net effect as follows:

Current assets increased by 12.3 million baht or 3.1 percent mainly from the following:

- A/R & Other Receivables increased by 16.5 million baht or 13.7 percent due to expanding the customer base that has increased.
- Inventories increased by 11.1 million baht or 5.0 percent due to raw materials purchasing increase from 4.7 million baht in 2023 to accommodate the volume of customer orders. There was an increase in inventories of 6.7 million baht from production and delivery to customers.
- Other current assets increased 2.4 million baht or 37.3 percent from 6.4 million baht to 8.7 million baht.



Consolidated Financial Statement (Continued)						
Balance Sheet	Q1 2024		2023		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Bank overdraft and short-term loans	25.0	2.8%	35.0	4.0%	(10.0)	-28.6%
A/P & Other Payables	42.5	4.8%	19.2	2.2%	23.4	121.9%
Current portion of long-term loans	46.5	5.2%	49.2	5.6%	(2.8)	-5.6%
Current liabilities	14.6	1.6%	13.8	1.6%	0.8	5.9%
Total current liabilities	128.5	14.4%	117.1	13.2%	11.4	9.8%
Long-term loans from financial institutions	175.5	19.7%	185.0	20.9%	(9.5)	-5.1%
Lease liabilities	5.4	0.6%	6.5	0.7%	(1.2)	-17.7%
Provision for long-term employee benefits	16.7	1.9%	17.0	1.9%	(0.3)	-1.9%
Other non-current liabilities	-	0.0%	-	0.0%	-	0.0%
Total non-current liabilities	197.6	22.1%	208.6	23.6%	(11.0)	-5.3%
Total liabilities	326.1	36.5%	325.7	36.8%	0.4	0.1%
Paid-up share capital	215.0	24.1%	215.0	24.3%	-	0.0%
Premium on ordinary shares	519.7	58.2%	519.7	58.8%	-	0.0%
Deficit of business combination	- 460.9	-51.6%	- 460.9	-52.1%	-	0.0%
RE-Legal Reserved	21.5	2.4%	21.5	2.4%	-	0.0%
RE-Unappropriated	254.1	28.4%	245.5	27.8%	8.6	3.5%
Total shareholders' equity	567.0	63.5%	558.4	63.2%	8.6	1.5%
Total Liabilities and shareholder's equity	893.2	100.0%	884.2	100.0%	9.0	1.0%

Liabilities

As at 31 March 2024, company and its subsidiaries had total liabilities 326.1 million baht or 0.1 percent increased from 31 December 2023, was similar to the same period last year, as follows:

- Trade payables and other current payables increased by 23.4 million baht or 121.9 percent due to raw materials purchasing to accommodate the volume of customer orders increase in domestic trade creditors related to increased inventories.



Shareholders' equity

On March 31, 2024, the company and its subsidiaries had total shareholders' equity of 567.0 million baht, increased from December 31, 2023, 8.6 million baht or 1.5%.

Yours Sincerely,

Mr. Boonsak Kiatjaroonlert

Chief Executive Officer

Kumwell Corporation Public Company Limited

