

KC 046/66

August 10, 2023

Subject: Management discussion and analysis (MD&A) of operating results for the second quarter ended June 30, 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 second quarter ended June 30, 2023, with details as follows:

1. Revenues

The revenue structure of the company and its subsidiaries in the second quarter ended June 30, 2023 can be classified into product types are as follows:

Consolidated Financial Statements								
Statements of Comprehensive Income	Statements				For the period of Six months			
	2023	2022	Inc. (Dec)		2023	2022	Inc. (Dec)	
			MB.	%			MB.	%
Revenue from sales and services	133.0	131.8	1.2	0.9%	261.9	272.2	- 10.3	-3.8%
Cost of sales and services	80.7	82.9	- 2.2	-2.7%	159.8	169.0	- 9.2	-5.5%
Gross profit	52.3	48.9	3.4	7.0%	102.1	103.2	- 1.1	-1.1%
Other income	1.8	1.3	0.5	35.3%	1.7	2.9	- 1.2	-41.9%
Distributions costs	9.6	9.4	0.2	1.9%	19.0	18.2	0.9	4.7%
Administrative expenses	27.6	27.1	0.5	1.9%	55.5	54.1	1.4	2.6%
EBITDA	24.6	19.1	5.5	28.8%	44.6	44.6	- 0.0	-0.1%
EBIT	16.9	13.7	3.2	23.2%	29.3	33.9	- 4.6	-13.6%
Finance costs	3.5	1.2	2.3	203.0%	5.5	2.2	3.3	151.6%
EBT	13.4	12.6	0.9	6.8%	23.9	31.8	- 7.9	-24.9%
Income tax expense	3.1	2.7	0.4	13.1%	5.0	6.6	- 1.6	-24.8%
Net profit	10.3	9.8	0.5	5.1%	18.9	25.2	- 6.3	-24.9%

1. **Revenue from sales and services**

In the (Q2'2023), The Company and its subsidiaries had revenue from sales and services worth 133.0 million baht, it has an increased 0.9 percent compared to the same period of the year. For six months of 2023, had revenue from sales and services worth 261.9 million baht, decreased 3.8 compared to the same period of the year. The revenue structure of the company and its subsidiaries divided by types of products was as follows:



	Q2 2023		Q2 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	41.6	31.3%	40.6	30.8%	0.9	2.3%
Lightning System	82.8	62.3%	80.2	60.9%	2.6	3.3%
Solution & Innovation	8.6	6.4%	11.0	8.3%	- 2.4	-21.9%
Total	133.0	100.0%	131.8	100.0%	1.2	0.9%

The company and its subsidiaries had sales revenues of grounding system worth 41.6 million baht in the (Q2'2023), increased 2.3 percent compared to the same period of the year. Sales of lightning system were 82.8 million baht, increased 3.3 percent while the revenue from Solution & Innovation decreased from 11.0 million baht to 8.6 million baht when compared to the same period of the previous year.

	Q2 2023		Q2 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	121.8	91.6%	109.0	82.7%	12.8	11.7%
Foreign	11.2	8.4%	22.8	17.3%	- 11.6	-50.9%
Total	133.0	100.0%	131.8	100.0%	1.2	0.9%

The demand for products increased from the dealer led to 11.7 percent domestic sales increased in the (Q2'2023), which was 121.8 million baht, from the same period last year. While the total sales in foreign countries were 11.2 million baht, decreased 50.9 percent.

	Six months of 2023		Six months of 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	79.0	30.2%	86.7	31.8%	- 7.7	-8.8%
Lightning System	163.2	62.3%	164.6	60.4%	- 1.3	-0.8%
Solution & Innovation	19.6	7.5%	21.0	7.7%	- 1.4	-6.4%
Total	261.9	100.0%	272.2	100.0%	- 10.3	-3.8%

For six months of 2023, the company and the subsidiaries have total sales amount 79.0 million baht in grounding system. decreased 8.8 percent when compared to the same period of the previous year. The sales of lightning system have total sales amount 163.2 million baht decreased 0.8 percent while the revenues from Solution & Innovation countries were 19.6 million baht, decreased 6.4 percent. when compared to the same period of the previous year.



	Six months of 2023		Six months of 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	237.2	90.6%	223.5	82.1%	13.7	6.1%
Foreign	24.7	9.4%	48.7	17.9%	- 24.1	-49.4%
Total	261.9	100.0%	272.2	100.0%	- 10.3	-3.8%

For six months of 2023, domestic sales increased 6.1 percent, mainly from the dealers has increased due to project various projects have started to increase their product procurement order, which was 237.2 million baht when compared to the same period of the previous year. While the revenue from exportation was 24.7 million baht decreased 49.4 percent. Because period of 2022 the company has sale for project in foreign Pakistan. In the year 2023, the focus for international sales will be on increasing sales through dealers and implementing promotions to significantly boost sales volume in foreign markets.

2. Cost of goods and services

The cost of goods and services in the (Q2'2023), decreased 2.7 percent when compared to the same period of the previous year, from 82.9 million baht to 80.7 million baht due to the raw materials have undergone a price adjustment and decreased, resulting gross profit margin increased from 37.1 percent to 39.3 percent. For six months of 2023, cost of goods and services was 159.8 million baht, decreased 5.5 percent from the same period of last year, due to the raw materials have undergone a price adjustment and decreased was reduced related to sales decreased, resulting in a lower gross profit margin of 1.1 percent from the same period of last year.

3. Cost of distribution

The cost of company distribution and its subsidiaries in the (Q2'2023), was 9.6 million baht or 1.9 percent when compared to the same period of 2022. For six months of 2023, cost of distribution was 19.0 million baht increased 4.7 percent. Which increased from cost of advertising, public relations and sales promotion, 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 (Q2'2023), was 27.6 million baht, from the same period of the previous year with 27.1 million baht. For six months of 2023, The Company and the subsidiaries had administrative at the total of 55.5 million baht, increased 2.6 percent from the same period of last year due to increased from of new head office.



5. Net profit

Net profit for the (Q2'2023), was worth 10.3 million baht, increased 5.1 percent from 9.8 million baht of the same period of last year. For six months of 2023, net profit was 18.9 million baht, decreasing 24.9 percent from the same period of last year.

Statements of Financial Position

Consolidated Financial Statement						
Balance Sheet	As of 30 June 2023		2022		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Cash and cash equivalents	41.0	4.4%	26.2	2.9%	14.8	56.4%
A/R & Other Receivables	129.5	13.8%	147.6	16.1%	(18.1)	-12.2%
Inventories	255.7	27.3%	236.2	25.8%	19.5	8.3%
Other current financial assets	5.0	0.5%	7.2	0.8%	(2.2)	-30.3%
Total current assets	431.2	46.0%	417.1	45.6%	14.1	3.4%
Other non-current financial assets	13.9	1.5%	20.2	2.2%	(6.4)	-31.5%
Property, plant and equipment	472.2	50.4%	452.5	49.4%	19.7	4.3%
Right-of-use assets	7.4	0.8%	11.7	1.3%	(4.3)	-36.6%
non-current assets	12.3	1.4%	13.6	2.0%	(1.3)	-9.7%
Total non-current assets	505.7	54.0%	498.0	54.4%	7.7	1.5%
Total assets	937.0	100.0%	915.2	100.0%	21.8	2.4%

Assets

On June 30, 2023, total assets of The Company and its subsidiaries were 937.0 million baht, increased 2.4 percent or 21.8 million baht when compared to December 31, 2022, mainly from the net effect as follows:

Current assets increased 14.1 million baht or 3.4 percent mainly from the following:

- Cash and cash equivalents increased 14.8 million baht or 56.4 percent due to improved trade account receivable debt collection management.
- Inventories increased 19.5 million baht or 8.3 percent due to higher materials and finished goods to support increased sales.

Non-current assets increased 7.7 million baht or 1.5 percent mainly from the following:

- Property, plant and equipment increased 19.7 million baht or 4.3 percent due to acquisition of assets increased by 33.9 million baht. Depreciation for the year 2023 amounted to 13.17 million baht, and there were asset disposals totaling 1.1 million baht.



Consolidated Financial Statement (Continued)						
Balance Sheet	As of 30 June 2023		2022		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Bank overdraft and short-term loans	64.0	6.8%	19.1	2.1%	44.9	234.7%
A/P & Other Payables	38.9	4.2%	83.8	9.2%	(44.9)	-53.6%
Current portion of long-term loans	47.8	5.1%	41.7	4.6%	6.1	14.6%
Current liabilities	13.1	1.4%	15.7	1.7%	(2.6)	-16.3%
Total current liabilities	163.8	17.5%	160.3	17.5%	3.5	2.2%
Long-term loans	210.1	22.4%	175.9	19.2%	34.2	19.4%
Lease liabilities	4.0	0.4%	9.8	1.1%	(5.8)	-59.4%
Provision for long-term employee benefits	16.1	1.7%	15.0	1.6%	1.1	7.3%
Other non-current liabilities	0.1	0.0%	0.1	0.0%	0.0	20.8%
Total non-current liabilities	230.3	24.6%	200.9	21.9%	29.5	14.7%
Total liabilities	394.1	42.1%	361.2	39.5%	33.0	9.1%
Paid-up share capital	215.0	22.9%	215.0	23.5%	-	0.0%
Premium on ordinary shares	519.7	55.5%	519.7	56.8%	-	0.0%
Deficit of business combination	- 460.9	-49.2%	- 460.9	-50.4%	-	0.0%
RE-Legal Reserved	21.5	2.3%	21.5	2.3%	-	0.0%
RE-Unappropriated	229.9	24.5%	241.1	26.3%	(11.2)	-4.6%
Total shareholders' equity	542.8	57.9%	554.0	60.5%	(11.2)	-2.0%
Total Liabilities and shareholder's equity	937.0	100.0%	915.2	100.0%	21.8	2.4%

Liabilities

As of 30 June 2023, company and its subsidiaries had total liabilities 394.1 million baht, increasing by 33.0 million baht or 9.1 percent from 31 December 2022, are as follows:

- Bank overdraft and short-term loans increased 44.9 million baht, due to have received short-term loans use paid for products and raw materials, resulting to the trade and other payables decreased 44.9 million baht or 53.6 percent.
- Loans from financial institutions increased by 40.3 million baht or 18.5 percent due to received long-term loans 64.4 million baht for the purpose of paid the construction cost of a new head office and made repayment long-term loans 24.4 million baht.



Shareholders' equity

On June 30, 2023, The Company and its subsidiaries had total shareholders' equity of 542.8 million baht, decreased 11.2 million baht or 2.0 percent from 31 December 2022, due to during 2023, the company has paid dividend at the rate of 0.07 baht per share, totaling 30.10 million baht, while the six months of 2023, net profit according to the financial statement was 18.9 million baht.

Yours Sincerely,

Mr. Boonsak Kiatjaroonlert

Chief Executive Officer

Kumwell Corporation Public Company Limited

