

KC 069/66

November 10, 2023

Subject: Management discussion and analysis (MD&A) of operating results for the Q3/23 ended September 30, 2023 (Edit)

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 Q3/23 ended September 30, 2023, with details as follows:

1. Revenues

The revenue structure of the company and its subsidiaries in the Q3/23 ended September 30, 2023 can be classified into product types are as follows:

Consolidated Financial Statements								
Statements of Comprehensive Income	For the third quarter				For the period of Nine months			
	2023	2022	Inc. (Dec)		2023	2022	Inc. (Dec)	
			MB.	%			MB.	%
Revenue from sales and services	142.7	117.7	25.0	21.2%	404.6	390.6	14.0	3.6%
Cost of sales and services	88.1	69.7	18.4	26.5%	247.9	238.6	9.2	3.9%
Gross profit	54.6	48.1	6.5	13.6%	156.7	151.9	4.8	3.1%
Other income	1.2	1.8	- 0.5	-30.6%	2.9	4.1	- 1.1	-27.8%
Distributions costs	10.6	10.8	- 0.2	-2.1%	29.6	29.0	0.6	2.1%
Administrative expenses	27.2	26.1	1.1	4.3%	82.7	80.2	2.6	3.2%
EBITDA	25.7	18.3	7.4	40.4%	70.3	62.9	7.4	11.7%
EBIT	18.0	12.9	5.1	39.2%	47.3	46.8	0.5	1.0%
Finance costs	3.7	1.3	2.4	188.1%	9.1	3.5	5.7	165.1%
EBT	14.4	11.7	2.7	23.1%	38.2	43.4	- 5.2	-12.0%
Income tax expense	2.9	2.4	0.4	18.0%	7.8	9.0	- 1.2	-13.2%
Net profit	11.5	9.2	2.3	24.4%	30.4	34.4	- 4.0	-11.7%

1. **Revenue from sales and services**

In the (Q3'2023), The Company and its subsidiaries had revenue from sales and services worth 142.7 million baht, it has an increased 21.2 percent compared to the same period of the year. For nine months of 2023, had revenue from sales and services worth 404.6 million baht, increased 3.6 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:



	Q3 2023		Q3 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	44.4	31.1%	37.3	31.7%	7.1	19.0%
Lightning System	92.5	64.8%	74.2	63.0%	18.3	24.7%
Solution & Innovation	5.8	4.1%	6.2	5.3%	- 0.4	-6.5%
Total	142.7	100.0%	117.7	100.0%	25.0	21.3%

The company and its subsidiaries had sales revenues of grounding system worth 44.4 million baht in the (Q3'2023), increased 19.0 percent compared to the same period of the year. Sales of lightning system were 92.5 million baht, increased 24.7 percent while the revenue from Solution & Innovation decreased from 6.2 million baht to 5.8 million baht when compared to the same period of the previous year.

	Q3 2023		Q3 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	128.7	90.2%	102.3	87.0%	26.4	25.8%
Foreign	14.0	9.8%	15.4	13.0%	- 1.4	-9.0%
Total	142.7	100.0%	117.7	100.0%	25.0	21.3%

The demand for products increased from the dealer led to 25.8 percent domestic sales increased in the (Q3'2023), which was 128.7 million baht, from the same period last year. While the total sales in foreign countries were 14.0 million baht, decreased 9. percent.

	Nine months of 2023		Nine months of 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	123.4	30.5%	124.7	31.9%	- 1.3	-1.0%
Lightning System	255.7	63.2%	238.7	61.1%	17.0	7.1%
Solution & Innovation	25.4	6.3%	27.2	7.0%	- 1.7	-6.4%
Total	404.6	100.0%	390.6	100.0%	14.0	3.6%

For nine months of 2023, the company and the subsidiaries have total sales amount 123.4 million baht in grounding system. decreased 1.0 percent when compared to the same period of the previous year. The sales of lightning system have total sales amount 255.7 million baht increased 7.1 percent while the revenues from Solution & Innovation countries were 25.4 million baht, decreased 6.4 percent. when compared to the same period of the previous year.



	Nine months of 2023		Nine months of 2022		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	369.6	91.3%	327.8	83.9%	41.8	12.7%
Foreign	35.0	8.7%	62.8	16.1%	- 27.8	-44.3%
Total	404.6	100.0%	390.6	100.0%	13.9	3.6%

Domestic sales for the 9 months of 2023 were 369.6 million baht, an increase of 12.7 percent compared to the same period last year. From the growth of sales through increased distributors. In addition, various project work starting to order more products. And the export sales were 35.0 million baht, a decrease of 44.3percent because during 2022 the company sold products with projects in Pakistan. In 2023, for export sales, there will be more emphasis on selling through agents and doing promotions to be used to drive export sales to increase.

2. Cost of goods and services

Cost of sales and services in the 3rd quarter of 2023 amounted to 88.1 million baht, an increase from Q3'65 (3 months) of 18.4million baht, 26.5 percent from the same period of the year. From raw materials, prices have increased. As a result, the gross profit margin decreased by 7.2 million baht due to the increase in raw material prices, while in the 9 months of 2023, sales and service costs increased by 3.9 percent from the same period last year at 238.6 million baht to 247.9 million baht, which is still not related to sales that increased 3.9 percent from raw materials that increased, and depreciation is the main. As a result, gross profit increased by 4.0 percent with increased sales. and raw materials that have increased, But the gross profit margin was similar to the same period last year.

3. Cost of distribution

During to the third quarter of 2023, the Company and its subsidiaries had distribution costs of 10.6 million baht, a decrease of 2.9 percent from a reduction in advertising, public relations, promotional expenses, product testing and analysis costs. While in the 9 months of 2023 it was equal to 29.6 million baht, an increase of 2.1 percent from an increase in product testing and analysis costs. Including domestic and international travel expenses for the observe activities.

4. Administrative expenses

The company and its subsidiaries had administrative expenses in the 3rd quarter of 2023, increasing by 4.3 percent from depreciation - office building improvements equal to 27.6 million baht. And in the 9 months of 2023 equal to 82.7 million baht, an increase of 3.2 percent from the same period last year. From the recognition of depreciation - new head office.



5. Net profit

Net profit in the third quarter of 2023 was 11.5 million baht, an increase of 24.4 percent compared to 9.2 million baht in the same period of the year, and in the 9 months of 2023, there was a net profit of 30.4 million baht, a decrease of 11.7 percent from the same period of the previous year.

Statements of Financial Position

Consolidated Financial Statement						
Balance Sheet	As of 30 Sep 2023		2022		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Cash and cash equivalents	46.3	5.0%	26.2	2.9%	20.1	76.5%
A/R & Other Receivables	137.8	14.9%	147.6	16.1%	(9.8)	-6.6%
Inventories	235.2	25.5%	236.2	25.8%	(1.0)	-0.4%
Other current financial assets	3.6	0.4%	7.2	0.8%	(3.6)	-49.9%
Total current assets	422.9	45.9%	417.1	45.6%	5.7	1.4%
Other non-current financial assets	13.9	1.5%	20.2	2.2%	(6.3)	-31.2%
Property, plant and equipment	465.7	50.5%	452.5	49.4%	13.2	2.9%
Right-of-use assets	7.1	0.8%	11.7	1.3%	(4.6)	-39.4%
non-current assets	12.4	1.4%	13.6	2.0%	(1.2)	-9.1%
Total non-current assets	499.1	54.1%	498.0	54.4%	1.0	0.2%
Total assets	922.0	100.0%	915.2	100.0%	6.8	0.7%

Assets

On September 30, 2023, total assets of The Company and its subsidiaries were 922.0 million baht, increased 0.7 percent or 6.8 million baht when compared to December 31, 2022, mainly from the net effect as follows:

Current assets increased 5.7 million baht or 1.4 percent mainly from the following:

- Cash and cash equivalents increased 20.1 million baht or 76.5 percent due to improved trade account receivable debt collection management.

Non-current assets increased 1.0 million baht or 0.2 percent mainly from the following:

- Property, plant and equipment increased 13.2 million baht or 2.9 percent due to acquisition of assets increased by 34.5 million baht. Depreciation for the year 2023 amounted to 20.1 million baht, and there were asset disposals totaling 1.2 million baht.



Consolidated Financial Statement (Continued)						
Balance Sheet	As of 30 Sep 2023		2022		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Bank overdraft and short-term loans	45.0	4.9%	19.1	2.1%	25.9	135.3%
A/P & Other Payables	39.5	4.3%	83.8	9.2%	(44.3)	-52.9%
Current portion of long-term loans	48.7	5.3%	41.7	4.6%	7.1	17.0%
Current liabilities	13.3	1.4%	15.7	1.7%	(2.4)	-15.4%
Total current liabilities	146.5	15.9%	160.3	17.5%	(13.8)	-8.6%
Long-term loans from financial institutions	197.4	21.4%	175.9	19.2%	21.5	12.2%
Lease liabilities	6.9	0.8%	9.8	1.1%	(2.9)	-29.5%
Provision for long-term employee benefits	16.7	1.8%	15.0	1.6%	1.7	11.0%
Other non-current liabilities	0.1	0.0%	0.1	0.0%	(0.0)	-8.9%
Total non-current liabilities	221.1	24.0%	200.9	21.9%	20.3	10.1%
Total liabilities	367.7	39.9%	361.2	39.5%	6.5	1.8%
Paid-up share capital	215.0	23.3%	215.0	23.5%	-	0.0%
Premium on ordinary shares	519.7	56.4%	519.7	56.8%	-	0.0%
Deficit of business combination	- 460.9	-50.0%	- 460.9	-50.4%	-	0.0%
RE-Legal Reserved	21.5	2.3%	21.5	2.3%	-	0.0%
RE-Unappropriated	241.4	26.2%	241.1	26.3%	0.3	0.1%
Total shareholders' equity	554.3	60.1%	554.0	60.5%	0.3	0.1%
Total Liabilities and shareholder's equity	922.0	100.0%	915.2	100.0%	6.8	0.7%

Liabilities

As of 30 September 2023, company and its subsidiaries had total liabilities 367.7 million baht, increasing by 6.5 million baht or 1.8 percent from 31 December 2022, are as follows:

- Bank overdraft and short-term loans increased 25.9 million baht or 135.3 percent
- Loans from financial institutions increased by 28.6 million baht or 13.1 percent due to received long-term loans 51 million baht for the purpose of paid the construction cost of a new head office and made repayment long-term loans 22.4 million baht.



Shareholders' equity

On September 30, 2023, The Company and its subsidiaries had total shareholders' equity of 544.3 million baht, increased 0.3 million baht or 0.1 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 nine months of 2023, net profit according to the financial statement was 30.4 million baht.

Yours Sincerely,

Mr. Boonsak Kiatjaroonlert

Chief Executive Officer

Kumwell Corporation Public Company Limited

