

Subject: Management discussion and analysis (MD&A) of operating results for the second quarter ended September 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 Q3/24 ended September 30, 2024, with details as follows:

**Revenue**

Consolidated Financial Statements								
Statements of Comprehensive Income	For the third quarter				For the period of Nine months			
	2024	2023	Inc. (Dec)		2024	2023	Inc. (Dec)	
			MB.	%			MB.	%
Revenue from sales and services	156.6	142.7	13.9	9.7%	425.5	404.6	20.9	5.2%
Cost of sales and services	95.1	88.1	7.0	8.0%	256.4	247.9	8.5	3.4%
Gross profit	61.4	54.6	6.9	12.6%	169.1	156.7	12.5	8.0%
Other income	- 3.6	1.2	- 4.9	-398.6%	0.1	2.9	- 2.8	-96.8%
Distributions costs	14.1	10.6	3.5	33.4%	37.0	29.6	7.4	25.0%
Administrative expenses	27.9	27.2	0.7	2.4%	82.3	82.7	- 0.4	-0.5%
EBITDA	23.4	25.7	- 2.2	-8.7%	72.8	70.3	2.5	3.6%
EBIT	15.8	18.0	- 2.2	-12.1%	50.0	47.3	2.7	5.6%
Finance costs	3.6	3.7	- 0.1	-3.4%	10.3	9.1	1.2	13.2%
EBT	12.3	14.4	- 2.0	-14.3%	39.7	38.2	1.5	3.9%
Income tax expense	2.9	2.9	- 0.0	-0.9%	8.5	7.8	0.6	8.2%
<b>Net profit</b>	<b>9.5</b>	<b>11.5</b>	<b>- 2.0</b>	<b>-17.6%</b>	<b>31.2</b>	<b>30.4</b>	<b>0.8</b>	<b>2.8%</b>

**1. Revenue from sales and services**

In the third quarter of 2024, the company and its subsidiaries had revenue from sales and services worth 156.6 million baht, an increase by 13.9 million baht or 9.7% percent compared to the same quarter last year. For nine months of 2024, revenues from sales and services were 425.5 million baht, an increase of 20.9 million baht or 5.2 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.

	Q3 2024		Q3 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	51.1	32.7%	44.0	30.8%	7.1	16.2%
Lightning System	99.8	63.8%	92.3	64.7%	7.5	8.2%
Innovation	5.6	3.6%	6.4	4.5%	- 0.8	-12.1%
<b>Total</b>	<b>156.6</b>	<b>100.0%</b>	<b>142.7</b>	<b>100.0%</b>	<b>13.9</b>	<b>9.7%</b>

Focusing on the results of sales by product group. The mainly sales growing up came from lightning protection which sales 99.8 million baht or 8.2 percent growths, Grounding protection system sales 51.1 million baht or 16.2 percent growths rate and Solution & Innovation sales 5.6 million baht which this product line was decrease by 12.1 percent compared to the previous year. Caused from the innovation sales segment have down from the postponing of the government project to next year and some project also postponed to Q4.

	Q3 2024		Q3 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	123.6	78.9%	105.1	73.7%	18.5	17.6%
Foreign	21.0	13.4%	18.6	13.0%	2.4	12.7%
Services	12.0	7.7%	19.0	13.3%	- 7.0	-36.7%
<b>Total</b>	<b>156.6</b>	<b>100.0%</b>	<b>142.7</b>	<b>100.0%</b>	<b>13.9</b>	<b>9.7%</b>

Regarding domestic customers and overseas customers has increased impacted to sales growth in this quarter. Domestic sales shifted up 18.5 million baht or 17.6% from 105 million baht in that period last year to be 123.6 million in this year and the export sales have the same growths direction which sales increasing 2.4 million or 12.7 percent. The mainly caused by the agent sales growth and stock promotion campaign to encourage dealers and customers to plan the ordering to be reserved a stock for the project in last quarter this year. While the revenues from solution & innovation worth 12 million baht, decreased 7 million baht or 36.7% compared to the same period of Y2023 mainly caused by the postponing of the innovation project to be last quarter and next year.



	Nine months of 2024		Nine months of 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Grounding System	145.3	34.1%	122.5	30.3%	22.8	18.6%
Lightning System	261.5	61.4%	255.2	63.1%	6.3	2.5%
Innovation	18.8	4.4%	26.9	6.7%	- 8.1	-30.2%
<b>Total</b>	<b>425.5</b>	<b>100.0%</b>	<b>404.6</b>	<b>100.0%</b>	<b>20.9</b>	<b>5.2%</b>

For nine months 2024, Sales growth of grounding system product was shifted up from 122.5 million baht to 145.3 million baht or 18.6%, Lightning protection product sales was rise 7.1 million from 255.2 in the last year to 261.5 million baht this year. The mainly cause from launching the “Ground D Mee Choke” Campaign to promote Ground Rod TIS. Which the campaign was started from June – December 2024.

	Nine months of 2024		Nine months of 2023		Change	
	Mn. Baht	Portion	Mn. Baht	Portion	Mn. Baht	%
Domestic	343.8	80.8%	319.7	79.0%	24.1	7.5%
Foreign	57.3	13.5%	43.2	10.7%	14.1	32.6%
Services	24.4	5.7%	41.6	10.3%	- 17.2	-41.4%
<b>Total</b>	<b>425.5</b>	<b>100.0%</b>	<b>404.6</b>	<b>100.0%</b>	<b>20.9</b>	<b>5.2%</b>

For nine months of 2024, Domestic sales grew significantly at 24 million baht or 7.5% growth from 319.7 to be 343.8 million baht. While the export sales were significantly increasing by 14.1 million baht or 32.6%. Due to the expanding and launching the promotion to potential market, we provide more marketing communication through sales representatives and plan for sales forecasting with customers the best condition for maximized sales volume. On the other hand, the sales from services were under sales 2023 by 17.2 million baht as per this year Mainly cause from the project postponing to Q4 and next year.

## 2. Cost of Goods Sold (COGS)

The cost of goods and services Q3'2024 had increase in the same direction as sales growth. For three months, Cost of goods raised from 88.1 to 95.1 million baht or 8%. While for nine months. The cost of goods has increased from the same period last year by 8.5 million or 3.4 percent. However, for nine months, sales increasing higher than cost of goods impacted to gross profit raised by 12.6 percent. While nine months of the year, Gross profit increased by 12.5 million or 8 percent.

### **3. Cost of selling & distribution**

The cost of company distribution in the third quarter of 2024 increased 3.5 million baht or 33.4% percent. While nine months of the year, Cost of distribution was increased 7.4 million baht or 25% when compared to the same period last year. Because we have a big special event, "25 Years anniversary" and we have more events in this quarter. Thus, the travel expenditures-both in domestic and oversea trip was increased from that event. And we also have marketing communication aimed at boosting sales,

### **4. Administrative expenses**

The company and the subsidiaries had administrative expenses in the third quarter of 2024, 27.9 million baht. Closely with the same period in previous year. And for the nine months the administrative expenses declined by 0.5%. However, when compared to sales 2024. The portion of administrative expenses decreased by 1% compared to the same period last year.

### **5. Net profit**

In the third quarter of 2024, the company profit before interest and corporate income tax amounted is 15.8 million baht, decreasing by 2.2 million baht compared with the same period of the previous year. As the reason of selling & distribution cost increasing. After deducting interest and corporate income tax, the company's net profit will be 9.5 million baht. For nine months the net profit increased 2.8% from 30.4 to 31.2 million baht.

## Statement of Financial Position

Consolidated Financial Statement						
Balance Sheet	Q3 2024		2023		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Cash and cash equivalents	65.2	7.1%	44.2	5.0%	21.1	47.7%
A/R & Other Receivables	148.9	16.3%	120.2	13.6%	28.7	23.9%
Inventories	216.2	23.6%	222.4	25.1%	(6.1)	-2.8%
Other current financial assets	6.3	0.7%	6.4	0.7%	(0.1)	-1.8%
<b>Total current assets</b>	<b>436.6</b>	<b>47.6%</b>	<b>393.1</b>	<b>44.5%</b>	<b>43.5</b>	<b>11.1%</b>
Other non-current financial assets	10.1	1.1%	14.0	1.6%	(3.9)	-27.6%
Property, plant and equipment	450.2	49.1%	458.9	51.9%	(8.7)	-1.9%
Right-of-use assets	7.1	0.8%	6.6	0.8%	0.5	6.9%
non-current assets	12.3	1.4%	11.6	2.0%	0.7	6.3%
<b>Total non-current assets</b>	<b>479.7</b>	<b>52.4%</b>	<b>491.1</b>	<b>55.5%</b>	<b>(11.4)</b>	<b>-2.3%</b>
<b>Total assets</b>	<b>916.3</b>	<b>100.0%</b>	<b>884.2</b>	<b>100.0%</b>	<b>32.1</b>	<b>3.6%</b>

### Assets

On Sep 30, 2024, total assets of the company and its subsidiaries were 916.3 million baht, increased 32.1 million baht or 3.6 percent in total when compared to December 31, 2023 due to:

Current assets increased 43.5 million baht or 11.1% by the reasons of

- Cash & cash equivalents increased by 21.1 million baht. The Increasing of cash & cash equivalents goes the same direction as sales growth and also came from the improvement of account receivables efficiency.
- The sales promotions strategy for dealers affected account receivables increased 28.7 million baht or 23.9%, Shifted from 120.2 to 148.9 million baht. Mainly factor of growth came from the expanding the market in the ASEAN and the increasing of sales for exiting dealer & new customers.
- Total inventory decreasing from 222 to 216 million mainly due to sales increasing and more efficiency of the reduction of inventory aging policy.



Consolidated Financial Statement (Continued)						
Balance Sheet	Q3 2024		2023		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Short-term loans from financial institutions	50.0	5.5%	35.0	4.0%	15.0	42.9%
A/P & Other Payables	61.9	6.8%	19.2	2.2%	42.8	223.0%
Current portion of long-term loans	40.2	4.4%	49.2	5.6%	(9.0)	-18.3%
Current liabilities	16.1	1.8%	13.8	1.6%	2.3	16.8%
<b>Total current liabilities</b>	<b>168.2</b>	<b>18.4%</b>	<b>117.1</b>	<b>13.2%</b>	<b>51.0</b>	<b>43.6%</b>
Long-term loans from financial institutions	156.5	17.1%	185.0	20.9%	(28.5)	-15.4%
Lease liabilities	5.8	0.6%	6.5	0.7%	(0.8)	-12.0%
Provision for long-term employee benefits	17.7	1.9%	17.0	1.9%	0.6	3.8%
Other non-current liabilities	-	0.0%	-	0.0%	-	0.0%
<b>Total non-current liabilities</b>	<b>179.9</b>	<b>19.6%</b>	<b>208.6</b>	<b>23.6%</b>	<b>(28.7)</b>	<b>-13.7%</b>
<b>Total liabilities</b>	<b>348.1</b>	<b>38.0%</b>	<b>325.7</b>	<b>36.8%</b>	<b>22.4</b>	<b>6.9%</b>
Paid-up share capital	215.0	23.5%	215.0	24.3%	-	0.0%
Premium on ordinary shares	519.7	56.7%	519.7	58.8%	-	0.0%
Deficit of business combination	- 460.9	-50.3%	- 460.9	-52.1%	-	0.0%
Share-based payment reserve	17.7	1.9%	17.7	2.0%	-	0.0%
RE-Legal Reserved	21.5	2.3%	21.5	2.4%	-	0.0%
RE-Unappropriated	255.2	27.9%	245.5	27.8%	9.7	4.0%
<b>Total shareholders' equity</b>	<b>568.2</b>	<b>62.0%</b>	<b>558.4</b>	<b>63.2%</b>	<b>9.7</b>	<b>1.7%</b>
<b>Total Liabilities and shareholder's equity</b>	<b>916.3</b>	<b>100.0%</b>	<b>884.2</b>	<b>100.0%</b>	<b>32.1</b>	<b>3.6%</b>

### Liabilities

As of 30 September 2024, company and its subsidiaries had total liabilities 348.1 million baht, increasing from the same period last year 22.4 million baht or 6.9 percent due to:

- Short term loan increasing 15 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 43 million baht or 223 percent as the results of the cash cycle improvement project. All ordering to supplier has the deeply planning and do the





maximized volume and negotiate to expand credit term with suppliers to align with our sales growth.

For the overall picture, our cash cycle & liquidity ratio has improved better than December 2023.

### **Shareholders' equity**

On 30 September 2024, the company and its subsidiaries had total shareholders' equity of 568.2 million baht, growing up 9.7 million baht or 1.7% growth from 31 December 2023 baht which paying the dividend 0.05 per shares by totally paying to shareholders 21.5 million baht. The conclusion of net profit for nine months was 31.2 million baht.

Yours Sincerely,

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Mr. Boonsak Kiatjaroonlert

Chief Executive Officer

Kumwell Corporation Public Company Limited

