

Date: February 28, 2025

Subject: Management Discussion and Analysis (MD&A) for the year 2024

To: Board of Directors and Managers

The Stock Exchange of Thailand, MAI

Kumwell Corporation Public Company Limited is pleased to submit the Management Discussion and Analysis (MD&A) for the full-year results ending December 31, 2024. The details are as follows:

- 1. Executive Summary**
- 2. Analysis of the Profit and Loss yearly ending 31 December 2024**
- 3. Analysis of the Financial Position yearly ending 31 December 2024**

In 2024, Kumwell Corporation Public Company Limited faced various challenges due to the economic impact, with the economy growing by 2.5% compared to the previous year, which was lower than the anticipated growth rate. The prices of goods and costs increased, contrary to the lower-than-expected economic growth. Rapid technological changes also presented significant challenges.

In response to these challenges, Kumwell Corporation focused on elevating its management practices towards excellence by implementing the principles and concepts of TQA (Thailand Quality Award) throughout the organization. This approach was adopted to ensure that the company keeps pace with change and economic fluctuations. The idea of improving and elevating the organization was analyzed and strategically planned for implementation in all departments.

The company organized its management structure into four key systems: the operational system, the support system, the inspection system, and the evaluation system. All departments were involved in the improvement process, fostering cross-functional collaboration. This led to improvements and the joint setting of goals. These mechanisms played a crucial role in the growth of the product portfolio, focusing on research and development and innovation within the framework of "Creating Shared Value" (CSV). The company worked collaboratively with all stakeholders to create value for society, ensuring safety for the community.

The continuous improvement process resulted in increased sales, more efficient production processes, better cost management, and a commitment to sustainable organizational development in line with the ESG (Environmental, Social, and Governance) framework. As a result, the company was able to navigate the economic challenges and maintain growth in 2024.

2. Analysis of the Profit and Loss yearly ending 31 December 2024



The revenue structure of the company and its subsidiaries for the years 2024 and 2023 is as follows:

1. Sales and Service Revenue

For the year 2024, the company's sales and service revenue amounted to 582.8 million Baht, an increase of 56.2 million Baht compared to 2023, representing a growth of 10.7%. This figure is higher than the sales recorded in the years 2021 to 2023, as shown in the sales chart.

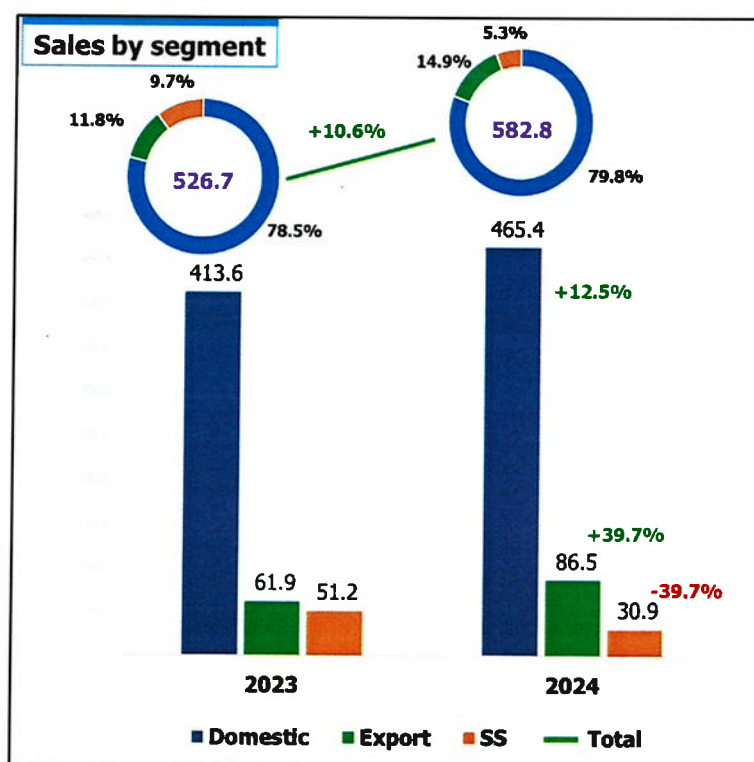


Statements of Comprehensive Income	Consolidated Financial Statements			
	2024	2023	Inc. (Dec)	
			MB.	%
Revenue from sales and services	582.8	526.7	56.2	10.7%
Cost of sales and services	348.5	322.5	26.0	8.1%
Gross profit	234.4	204.2	30.2	14.8%
Other income	3.0	1.7	1.3	73.9%
Distributions costs	47.8	40.3	7.5	18.5%
Administrative expenses	109.6	108.9	0.8	0.7%
EBITDA	110.5	87.4	23.1	26.4%
EBIT	80.0	56.8	23.2	40.9%
Finance costs	13.5	12.7	0.8	6.3%
EBT	66.6	44.1	22.4	50.9%
Income tax expense	13.3	9.6	3.7	38.4%
Net profit	53.3	34.5	18.8	54.3%

○ Sales by Customer Group

In 2024, total sales amounted to 582.8 million Baht, an increase of 56.2 million Baht or 10.7% compared to the same period last year. The growth came from both domestic and international customer groups. Domestic sales increased by 51.4 million Baht, from 413.6 million Baht in 2023 to 465.4 million Baht in 2024. International sales rose by 24.6 million Baht, or 39.7%, in line with the company's business development and expansion strategy, as well as the creation of new service standards and products that meet customer needs to drive sales.

However, service revenue decreased by 20.3 million Baht, from 51.2 million Baht to 30.9 million Baht. This decrease was due to delays in some 2024 projects, particularly government projects that are still awaiting inspection and acceptance. These projects were postponed to the first and second quarters of 2025. For example, the weight station project in Kalasin Province was rescheduled to be delivered in the first quarter, or the lightning protection system installation project where the customer changed the roof structure, affecting the installation. This could lead to an increase in project value. Additionally, the Smart Lightning system project is waiting for the customer to schedule training before project delivery.

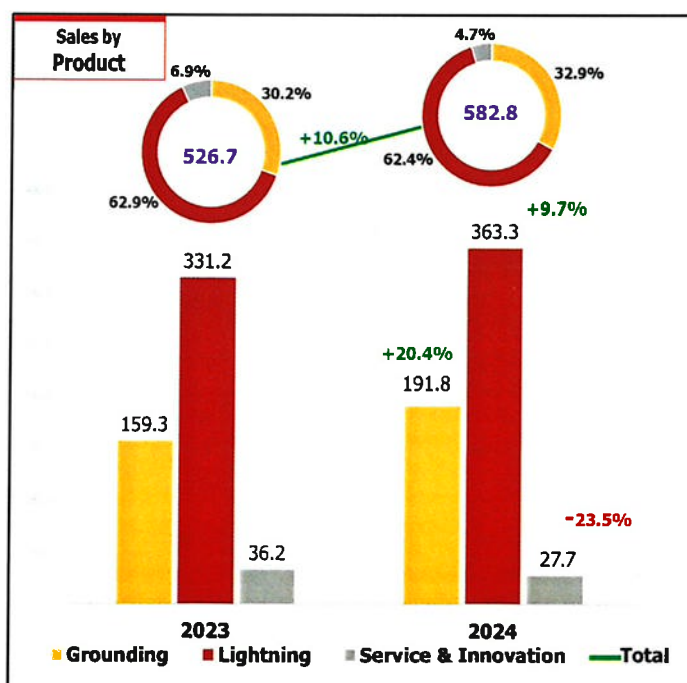


○ Sales by Product Group

The sales of the earthing system product group amounted to 191.8 million Baht, an increase of 32.1 million Baht or 20.4% compared to the same period last year. The growth primarily came from products such as Ground Rod, Powder, and One Time, driven by marketing campaigns and booth exhibitions like the "Ground D Has Luck" campaign. The sales strategy involved working closely with distributors, managing promotions, and ensuring adequate stock to support the growth of the distributor group. Additionally, product orders for various projects were placed in line with the sales plan.

The lightning protection system product group achieved sales of 363.6 million Baht, an increase of 32.1 million Baht. Sales growth in this category was mainly from brass and copper products. The sales growth was driven by an increase in distributors, with a 9.7% rise in the number of distributors.

Meanwhile, service and innovation revenues decreased by 8.1 million Baht, a decline of 22.4%. This decrease was partly due to government projects with longer implementation periods, where work was delivered in phases or was still awaiting inspection. Additionally, the process of scheduling training for users contributed to the delay. Another factor was large-scale projects that were under revision in terms of construction design, causing delays in the execution of these projects, which have now been postponed to 2025.



2. Cost of Sales and Services

In 2024, the cost of sales and services increased by 26 million Baht, or 8.1%, from 322.5 million Baht in 2023 to 348.5 million Baht. Meanwhile, gross profit increased by 14.8% compared to the same period last year. This increase in profit is aligned with the rise in sales and the improved sales ratio. Part of the increase in profit came from ongoing improvements in equipment and production processes to reduce costs across several product groups.

For example, the company developed software systems to control production times, replacing manual labor, which helped reduce costs and increase production efficiency. Additionally, design modifications or changes in raw materials were made to maintain stable selling prices. As a result, the gross profit margin increased from 38.8% to 40.2%.

3. Administrative Expenses

In 2024, administrative expenses amounted to 109.6 million Baht, which is likely to the same period last year when it was 108.8 million Baht. The increase was due to the regular salary adjustments. However, when compared to sales, administrative expenses in 2024 accounted for 18.8% of sales, while in 2023, it was 20.7%. Overall, this represents a decrease of 1.9%.

4. Net Profit

Net profit for 2024 was 53.3 million Baht, an increase of 54.3% compared to 34.4 million Baht in the same period last year. The overall increase was due to higher sales, effective management of products, efficient planning and control of orders, and improvements in production processes to control costs.

Consolidated Financial Statement						
Balance Sheet	2024		2023		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Cash and cash equivalents	57.6	6.7%	44.2	5.0%	13.4	30.4%
A/R & Other Receivables	135.3	15.6%	120.2	13.6%	15.0	12.5%
Inventories	192.6	22.3%	222.4	25.1%	(29.7)	-13.4%
Other current financial assets	4.8	0.6%	6.4	0.7%	(1.6)	-25.2%
Total current assets	390.2	45.1%	393.1	44.5%	(2.9)	-0.7%
Other non-current financial assets	10.2	1.2%	14.0	1.6%	(3.8)	-27.2%
Property, plant and equipment	444.8	51.5%	458.9	51.9%	(14.1)	-3.1%
Right-of-use assets	6.7	0.8%	6.6	0.8%	0.1	0.9%
Non-current assets	12.5	1.4%	11.6	2.0%	0.9	8.2%
Total non-current assets	474.1	54.9%	491.1	55.5%	(16.9)	-3.4%
Total assets	864.3	100.0%	884.2	100.0%	(19.8)	-2.2%

Assets

As of December 31, 2024, the company and its subsidiaries had total assets amounting to 864.3 million Baht, a decrease of 19.8 million Baht or 2.2% from December 31, 2023. This was mainly due to:

Current Assets decreased by 2.9 million Baht or 0.7%, primarily due to:

- The company had a reduction in **inventory** of 29.7 million Baht or 13.4%. Finished goods decreased by 48.8 million Baht due to improved inventory management. The company implemented a Just-in-Time inventory system for order fulfillment and stock management, which led to more efficient cost management of goods and better handling of aging products.
- **Other current assets** decreased by 1.6 million Baht, from 6.4 million Baht to approximately 4.8 million Baht, due to a reduction in prepaid expenses for international goods.

Non-Current Assets decreased by 16.9 million Baht or 3.4%, primarily due to:

- **Other Non-Current Financial Assets** decreased by 3.8 million Baht or 27.2%, from 14.0 million Baht to 10.2 million Baht, due to the sale of investments to purchase laboratory testing equipment.
- **Land, Buildings, and Equipment** decreased by 14.1 million Baht or 3.1% due to accumulated depreciation.

Consolidated Financial Statement (Continued)						
Balance Sheet	2024		2023		Growth	
	MB.	% of TA	MB.	% of TA	MB.	%
Bank overdraft and short-term loans	20.6	2.4%	35.0	4.0%	(14.4)	-41.1%
A/P & Other Payables	28.7	3.3%	19.2	2.2%	9.5	49.7%
Current portion of long-term loans	39.0	4.5%	49.2	5.6%	(10.2)	-20.8%
Current liabilities	15.2	1.8%	13.8	1.6%	1.5	10.8%
Total current liabilities	103.5	12.0%	117.1	13.2%	(13.6)	-11.6%
Long-term loans from financial institutions	146.5	16.9%	185.0	20.9%	(38.6)	-20.9%
Lease liabilities	6.2	0.7%	6.5	0.7%	(0.4)	-5.8%
Provision for long-term employee benefits	18.0	2.1%	17.0	1.9%	0.9	5.6%
Other non-current liabilities	-	0.0%	-	0.0%	-	0.0%
Total non-current liabilities	170.6	19.7%	208.6	23.6%	(38.0)	-18.2%
Total liabilities	274.1	31.7%	325.7	36.8%	(51.6)	-15.8%
Paid-up share capital	215.0	24.9%	215.0	24.3%	-	0.0%
Premium on ordinary shares	519.7	60.1%	519.7	58.8%	-	0.0%
Deficit of business combination	- 460.9	-53.3%	- 460.9	-52.1%	-	0.0%
Share-based payment reserve	17.7	2.0%	17.7	2.0%	-	0.0%
RE-Legal Reserved	21.5	2.5%	21.5	2.4%	-	0.0%
RE-Unappropriated	277.3	32.1%	245.5	27.8%	31.8	12.9%
Total shareholders' equity	590.2	68.3%	558.4	63.2%	31.8	5.7%
Total Liabilities and shareholder's equity	864.3	100.0%	884.2	100.0%	(19.8)	-2.2%

Liabilities

As of December 31, 2024, the company and its subsidiaries had total liabilities amounting to 274.1 million Baht, a decrease of 51.6 million Baht or 15.8% from December 31, 2023. This was mainly due to:

- **Overdraft and short-term borrowings** decreased by 14.4 million Baht or 41.1%, as the company reduced its reliance on short-term loans from financial institutions by managing its cash flow more effectively to maintain continuous operations.



- **Long-term borrowings** from financial institutions decreased by 38.6 million Baht or 20.9% from 185.0 million Baht to 146.5 million Baht, as the company repaid 49 million Baht in long-term loans in 2024, following its strategy of gradually repaying loans without taking on additional debt from financial institutions.
- **Lease liabilities** decreased by 5.8% from 6.2 million Baht to 6.5 million Baht, due to the gradual settlement of finance lease payables.

Shareholders' Equity

As of December 31, 2024, the company and its subsidiaries had total shareholders' equity of 590.2 million Baht, an increase of 31.8 million Baht or 5.7% from December 31, 2023. This increase was primarily due to retained earnings, which grew by 31.8 million Baht or 12.9%. As a result, earnings per share increased from 0.08 Baht per share in 2023 to 0.12 Baht per share in 2024.

Please be informed accordingly.

Sincerely,

Mr. Boonsak Kiatjaroonlert
Chief Executive Officer
Kumwell Corporation Public Company
Limited