



บริษัท กุลธอร์นคิรบี จำกัด (มหาชน)

KULTHORN KIRBY PUBLIC COMPANY LIMITED

ทะเบียนเลขที่ 0107537002150
สำนักงานใหญ่ 126 ซอยชลองกรุง 31 ถนนชลองกรุง
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126 SOI CHALONG KRUNG 31, CHALONG KRUNG ROAD, KHWAENG LAM PLA THIO, KHET LAT KRABANG, BANGKOK 10520 THAILAND

LEADING MANUFACTURER IN HERMETIC COMPRESSOR FOR REFRIGERATION & AIR CONDITIONING SINCE 1980

24 February 2021

Subject: Management Discussion and Analysis of the Operating Performance for the three-month period ended December 31, 2020

To: The President
The Stock Exchange of Thailand

Quarterly Summary

(Unit: Million Baht)

Statement of comprehensive income	Q4/2020	Q3/2020	Q4/2019	% QoQ	% YoY
Revenue from contracts with customers	1,526.0	1,292.5	1,208.5	18.1	26.3
Cost of Sales and services	1,477.6	1,286.1	1,298.9	14.9	13.8
Gross Profit	48.4	6.3	-90.3	669.0	153.6
Selling and distribution expenses	25.7	17.1	17.8	50.4	44.6
Administrative expenses	115.6	97.8	123.7	18.2	(6.5)
Profit (Loss) on exchange	-0.1	0.1	7.1	(164.7)	(100.9)
Finance Cost	41.1	48.5	51.5	(15.2)	(20.1)
Loss for the period	136.5	162.6	321.4	(16.1)	(57.5)

Operating Performance for the three months ended December 31, 2020

- **Revenue from contracts with customers** of Baht 1,526.0 million slightly increased by 18.1% QoQ or Bath 233.5 million and 26.3% YoY or Bath 317.5 million, respectively, due to the higher sales of compressors and parts since the third quarter especially from the air conditioner market.
- **Cost of sales and services** of Baht 1,477.6 million which is 96.8% of revenue, there was a decline from the previous quarter as well as the same quarter in last year which was 99.5% and 107.5% of revenue, respectively, due to strict control measure and more effective cost management.
- **Gross profit** of Bath 48.4 million increased by 699.0% QoQ and 153.6% YoY due to more effective cost management.
- **Selling and distribution expenses** of Baht 25.7 million increased by 50.4% QoQ or Baht 8.6 million and 44.6% YoY or Baht 7.9 million, respectively, as a result of not only the number of sale orders was increased but also higher international shipping cost during the Covid-19 pandemic.
- **Administrative expenses** of Baht 115.6 million increased by 18.2% QoQ or Baht 17.8 million since Bristol project has begun.



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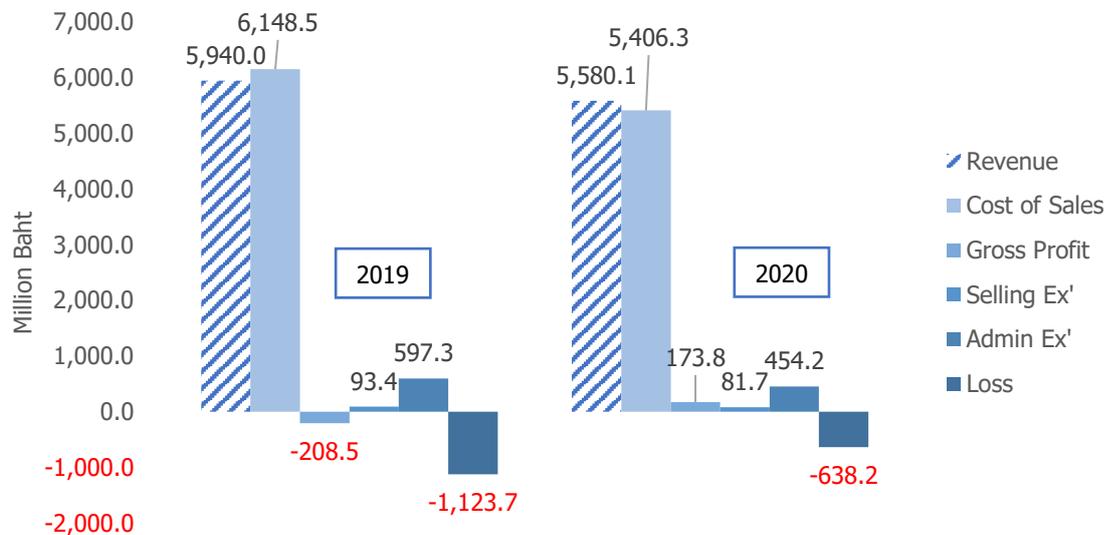
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- **Financial cost** of Baht 41.1 million decreased by 15.2% QoQ or Baht 7.4 million and 20.1% YoY or Baht 10.4 million, respectively, as a result of the decline in interest rates.
- **Net Loss** of Baht 136.5 million decreased by 16.1% QoQ and 57.5% YoY respectively. As the Group is in the process of implementing operational plans to change its strategies and future business model, the loss continuously declines.

Business overview in 2020



In 2020, the company has been continuously improving the implementation of the business operational plan to generate more sales and profits and also enhance production efficiency while reducing costs and operating expense with the aim to increase competitiveness and profitability by beginning Bristol project which officially grand opened on September 10, 2020 and is ready to serve the world market demand.

Although revenue from contracts with customers of Bath 5,580.1 million slightly decreases by 6.1% YoY or Baht 359.9 Million due to the reducing sales volume of compressors for refrigerator/freezer while sales volume of air-conditioning compressor was increased. In the first quarter of 2020, the Company was also affected by the outbreak of the COVID-19 virus, in terms of sales, operations and the supply chain of raw materials and components. Subsidiaries' sales consisting of enameled wire, steel sheet and steel coil center also declined as many customers have been affected from the situation of Coronavirus disease (COVID-19) outbreak. However, the cost of sales and services of Bath 5,406.3 million which was 96.9% of revenue shows a continuously improvement comparing to 103.5% of revenue in the last year due to more effective cost management, although raw materials' price including copper, iron and etc. in the market rose sharply since the second quarter. However, gross profit has been continually profitable in the past year.



For selling expenses of Bath 81.7 million decreased from last year by 12.6% or Baht 11.8 million as a result of not only the reduction of sales volume but also effective control of selling and distribution expense. As well as administrative expenses of Bath 454.2 million decreased from last year by 24.0% or Baht 143.1million. Last year's expense was relatively high due to the company has sent employees to work on the Bristol Project in the U.S. for 4 months in the first quarter. The loss on exchange rate of Bath 20.5 million was caused by the fluctuation of exchange rates at the beginning of 2020 while in 2019 this issue was not in concern.

However, in 2020 the group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are TFRS 7 (Financial Instruments: Disclosures) and TFRS 9 (Financial Instruments) TAS 32 (Financial Instruments: Presentation) and TFRS 16 (Hedges of a Net Investment in a Foreign Operation) and TFRS 19 (Extinguishing Financial Liabilities with Equity Instruments). The cumulative effect is recognized as an adjustment to the retained earnings as of 1 January 2020, and the financial statement of the previous year was not restated.

In addition, the company reviewed the suitability and impacts from the change of Thai Accounting Standard No. 16 (Revised 2018) which is about Property, Plant, and Equipment in order to make the financial statements of the company reflects the fair value of land, land improvement, building, and building improvement. the company has considered the suitability of the change of accounting policy for recording the value of land, land improvement, building, and building improvement in the company's consolidated financial statements from the using of costing method to fair value method. As a result, the company has an allowance for impairment of assets in the amount of Baht 65.9 million for the year 2020.

The loss in 2020 reduced by Baht 485.5 million or 43.2% YoY indicating the effectiveness of the company's business plan and strategy.

Statement of Financial Position

(Unit: Million Baht)

	31 December 2020		31 December 2019		Change	
	Amount	%	Amount	%	Amount	%
Current Assets	2,495.2	37.1	2,771.9	44.3	(276.7)	(10.0)
Non-current assets	4,237.9	62.9	3,490.9	55.7	747.0	21.4
Total Assets	6,733.1	100.0	6,262.8	100	470.3	7.5
Current liabilities	4,747.5	70.5	5,225.8	83.4	(478.3)	(9.2)
Non-current liabilities	994.5	14.8	297.9	4.8	696.6	233.8
Total liabilities	5,742.0	85.3	5,523.7	88.2	218.3	4.0
Total shareholders' equity	991.1	14.7	739.1	11.8	252.0	34.1
Total liabilities and shareholders' equity	6,733.1	100.0	6,262.8	100	470.3	7.5



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- Total assets as of 31 December 2020 increased by Bath 470.3 million from 31 December 2019 due to the change in Thai Accounting Standard No. 16 (Revised 2018), Property, Plant, and Equipment. This has resulted in the value of land stated at the revalued amount as well as building and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets. This was led to the increase of the land value, buildings, and equipment by Bath 975 million while the valuation of these assets results in a decrease of Baht 189 million in deferred tax assets.
- Total liabilities as of 31 December 2020 increased by Bath 218.3 million from 31 December 2019, due to the application of TFRS 16, lease liabilities presented as an increasing amount.
- Total shareholders' equity as of 31 December 2020 of Bath 991.1 million increased from 31 December 2019 by Bath 252.0 million as a result of a change in Thai Accounting Standard No. 16 (Revised 2018), Property, Plant, and Equipment. This caused an increase in total shareholders' equity.

Yours Sincerely,

Kulthorn Kirby Public Company Limited

(Mr. Surath Pralongsil)

Executive Vice President Finance