



บริษัท กุลธรรดอร์บี จำกัด (มหาชน)  
KULTHORN KIRBY PUBLIC COMPANY LIMITED

# One Report 2022

*Compressor solutions  
that exceed expectations.*



## **Vision :**

To be the leader in the reciprocating motor compressor and related businesses in responding the world demand.

## **Mission :**

1. To manufacture quality motor compressors with on time delivery at a competitive price.
2. To strengthen and improve partner's relationship and satisfaction.
3. To increase product development capability in order to serve and fulfill customers' needs.
4. To enhance the knowledge and improve the quality of life of the company's staff at all levels.
5. To conduct its business under the good corporate governance and commit to the social and environmental responsibility principles.

## **Values “KK – BEST” :**

1. Quality First – Doing it right the first time
2. Continued Learning and self-improvement
3. Participative management and Team working
4. Social awareness and environmental responsibility



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## Message from Chairman



The year 2022 witnessed the recovery from the COVID-19 pandemic and the return to normalcy as many countries reopened and moved towards the COVID-19 endemic. The overall economic factors began to recover both domestically and globally. Nevertheless, consumers and businesses still need to adjust and cope with economic volatility such as inflation and higher cost of living, resulting from higher energy prices and transportation costs.

The Air Conditioning and Refrigeration Industry have not yet recovered from the rising prices of raw materials worldwide, especially steel and copper. The Russia–Ukraine war has augmented an energy crisis that directly affects the costs of heating, cooling, lighting and mobility, and indirectly pushed up the costs of other goods and services throughout global supply chains. The Company survives at its best to gradually raise our prices to correctly reflect the increasing cost of production.

The current state of the global economy and the rising material cost mentioned earlier have been challenging for the Company. The Company responded to the challenge by adapting our business strategies and models in accordance with changing markets. We incessantly improve and develop our Bristol products to meet our customers' demands. In addition, we continue to refine our production facilities with cutting-edge technologies to decrease production costs and increase the quantity of our production. This is all made possible by the cooperation of our employees, stakeholders, and the support from our customers.

On behalf of the Board of Directors and the Management, I would like to thank our shareholders, business partners, customers, financial institutes, and all stakeholders for their continued trust and support. I would like to personally extend my gratitude to our executives and employees for their effort and dedication so that we are thriving through this challenging time together. I firmly believe that our Company will continue to grow in the best interest of shareholders and stakeholders in order to attain sustainable growth and performance in the future.

Sutee Simakulthorn  
Chairman

## Summary of the company's financial information

### Consolidated Financial Statements (Thousand Baht)

	2022	2021	2020	2019	2018
Total assets	7,052,147	6,721,698	6,733,081	6,262,741	7,142,111
Total liabilities	6,140,827	6,220,079	5,741,983	5,523,693	5,573,815
Shareholder's equity	911,321	501,619	991,098	739,048	1,568,296
Sales and services income	6,085,181	6,670,331	5,580,113	5,939,976	7,455,852
Total revenues	6,133,737	6,714,359	5,599,476	5,961,300	7,482,715
Gross income (loss)	(65,846)	154,481	173,818	(208,527)	65,861
Net income (loss)	(807,678)	(521,325)	(638,202)	(1,123,729)	(605,795)
<b>Financial Ratio (%)</b>					
Net profit margin	(13.17)	(7.76)	(11.04)	(18.85)	(8.10)
Return on equity	(88.69)	(103.78)	(64.39)	(152.05)	(38.63)
Return on total assets	(11.46)	(7.75)	(9.48)	(17.94)	(8.48)
<b>Per share data (Baht)</b>					
Net income (loss)	(0.538)	(0.348)	(0.425)	(0.875)	(0.505)
Dividend	*	—	—	—	—
Book value	0.61	0.33	0.66	0.49	1.31

\* The Board of Directors Meeting No. 1/2023, held on 22 February 2023 resolved to propose the Ordinary Shareholders meeting No. 44/2023, to be held on 26 April 2023 approving the dividend omission for 2022's operational results.



# Part 1 Business Operations and Overall Result

## 1. Business Structure and Operation

### Business Overview and Policy

Kulthorn Kirby Company Limited (“the Company”) was established on 24 March 1980 by the cooperation between Simakulthorn Group, Kirby Group Australia, refrigerator producers in Thailand, and the Industrial Finance Corporation of Thailand to operate as a manufacturer and seller of the motor compressor, reciprocating type for refrigeration products i.e., refrigerators, freezers, water coolers, and commercial refrigerators. The Company is the first motor compressor manufacturer in Thailand.

The Company was listed on the Stock Exchange of Thailand on 22 February 1991 and later expanded its production to the motor compressor for air conditioning products. Furthermore, the Company and other investors invested and established new companies to produce major parts of compressors to replace imported parts in order to reduce production costs and improve product quality. The company has continuously grown its business and reached its 40<sup>th</sup> anniversary on 13 January 2022.

To become the leader in motor compressor manufacturing, the company sets up a business to operate the process as follows.

**Vision:** To be the leader in the reciprocating motor compressor and related businesses in response to World demand.

**Mission:**

1. To manufacture quality motor compressors with on-time delivery at a competitive price.
2. To strengthen and improve the partner's relationship and satisfaction.
3. To increase product development capability in order to serve and fulfill customers' needs.
4. To enhance the knowledge and improve the quality of life of the company's staff at all levels.
5. To conduct its business under good corporate governance and commit to social and environmental responsibility principles.

**Values “  BEST ”**

1. Quality First - Doing it right the first time
2. Continued Learning and self-improvement
3. Participative management and Team working
4. Social awareness and environmental responsibility

**Business Strategies:**

1. Reduce cost to maintain competitive ability.
2. Develop products conforming to market demands.
3. Focus on innovation with environmentally friendly solutions.
4. Reinforce the knowledge and ability of the staff.
5. Expand existing markets and penetrate new markets.
6. Invest and acquire the business through M&A.
7. Increase the advantage networks of Backward Vertical Integration.
8. Support activities that fortify responsibility in society and the environment.
9. Increase competitive advantages by increasing production capacities.
10. Apply information technology for operating data to increase efficient business management.
11. Develop a management system to be Quality Management System by TQM.

## Change and Main Development

Besides, the production and selling of “Hermetic Reciprocating Compressor”, the Company is also investing in new companies for producing raw materials and some parts of the compressor motor, instead of importing from another country or purchasing from other companies domestically. Setting up new companies will help strengthen the competitive advantages by lowering production costs, and enhancing product’s efficiency as follows.

24 November 1989, established Kulthorn Kirby Foundry Co., Ltd. (KKF) for producing “Quality Casting Parts” for motor compressors, automotive, and other related industries. At present, the Company holds 100% share of KKF.

31 August 1990, established Kulthorn Control Co., Ltd. for producing “Gas Pressure Thermostats” for refrigerators and air-conditioning systems. In 1997, it started to produce “Enameled Copper Wire” which is a major raw material for making motor compressors. In addition, the effects of economic recession in Thailand had forced the company to go under debt restructuring and sell off its shares in December 2000. In 2003, the company’s name changed to Kulthorn Material and Control Co., Ltd., and then on 2 July 2010, the Company owns all 100% shares of Kulthorn Material and Control Co.,Ltd. (KMC). Additionally, Kulthorn Material and Control Co., Ltd. also owned all the shares of Kulthorn Metal Products Co., Ltd. (KMP) which produces forging and heat treatment for metal parts and components. Also, KMC owned 100% of indirect holding shares in Suzhou Kulthorn Magnet Wire Co., Ltd. (SKMC) which produces “Enameled Copper Wire” at the factory located in Suzhou, China.

15 July 2004, the Company took over 80% shares of Chachoengsao Casting Work Co., Ltd. which manufactures “Steel pipe parts”. Moreover, Chachoengsao Casting Work Co., Ltd., took over the motor compressor section from Sanyo Universal Electric Co., Ltd. then, later on, changed the name to Kulthorn Premier Co.,Ltd. (KPC). On 29 September 2006, the Company own all 100 % shares of KPC.

20 June 2007, set up Kulthorn Steel Co., Ltd. for cutting and processing of sheet metal (Coil Center) which use significantly in manufacturing motor compressors, electric motors, and other industries. The Company also owns 100% shares of this company.

25 December 2013, Kulthorn Kirby Foundry Co., Ltd. (KKF), took over a casting division of Kulthorn Premier Co., Ltd. for business integration to reduce management burden as these companies are sharing similarities which will help reduce the cost and increase the potential to compete in the market.

13 January 2017, set up Kulthorn Research and Development Co., Ltd., which the Company owns 100% shares, for research and development of products in manufacturing motor compressors, electric motors, and other innovations that started to operate in 2018.

30 September 2018, Kulthorn Steel Co., Ltd. (KSC) is a subsidiary company, that operates for cutting and transforming metal sheets, buying assets, and transferring employees from Kulthorn Metal Product Co.,Ltd. which produce smashed metal, metal hardened, and metal lathe. The purpose is to reduce operating costs, enhance efficiency, and potential to compete with other manufacturers under the name of Kulthorn Kirby Public Co., Ltd. (KKC).

13 October 2018, Kulthorn Kirby Public Co., Ltd. (KKC) has signed an asset purchase agreement with BRISTOL COMPRESSORS INTERNATIONAL, LLC with the contract amount of USD 4 million. The purchase consists of machines, production facilities including brand, patents, know-how and crucial staff. The production lines were relocated from the United State of America to Thailand. This will extend our compressor capacity from the maximum range of 10HP to 25HP. This will focus on commercial and residential air conditioners and the commercial refrigeration market.

In 2019, the Company renovated plants and facilities to support Bristol production lines. All machines were shipped from the United State of America to Thailand and completely installed. In addition, the majority of machines have been calibrated and tested up to Bristol's standards.

#### **BRISTOL COMPRESSORS – AMERICAN BRAND MADE IN THAILAND**

On 10 September 2020, Kulthorn Kirby Public Company Limited officially commenced production of Bristol Compressors using processes replicated from the Virginia plant in the USA. The compressor's products range from 1.5HP to 25HP for air-conditioning, from 9,000 to 287,400 Btu/hr for heat pump applications, and from 5,200 to 40,100 Btu/hr for commercial refrigeration products.

Kulthorn Kirby Public Company Limited is committed to fully supporting Bristol's worldwide customers throughout the transition. This will include not only ramping up production and reintroducing the new Bristol brand to the market, but also re-establishing and reinforcing the existing supply chain.

### **Sustainable Growth**

- 1980 : Kulthorn Kirby Co., Ltd. (KKC) was established on March 24
- 1981 : Production of AE compressors commenced on August 8
- 1982 : Grand opening on January 13 and starting the production
- 1989 : Starting the production of AZ small refrigerator compressors
  - : Kulthorn Kirby Foundry Co., Ltd. (KKF) was established on November 24
- 1990 : Kulthorn Controls Co., Ltd. was established on August 31
- 1991 : Registered on the Stock Exchange of Thailand's list on February 22
- 1993 : Starting the production of non-CFC and AW (12.5 HP) compressors
- 1998 : CE mark, CB, and ISO 9002: 1994 certified
- 2000 : ISO 14001:1996 certified
- 2001 : Starting the production of WJ compressor, the company's proud invention
  - : ISO 9001:2000 certified and UL approved
- 2002 : OHSAS 18001:1999 certified
- 2004 : Hold the share of 80% of Kulthorn Premier Co., Ltd. (KPC). Producing and selling small hermetic compressors under the license of Sanyo Universal Electric Co., Ltd. Japan
- 2005 : ISO 17025:1999 and ISO 14001:2004 certified
- 2006 : 20th million compressors were produced.
  - : Hold the share 100% of Kulthorn Premier Co., Ltd. (KPC) on 29 September 2006.
- 2007 : Kulthorn Steels Co., Ltd. was established for steels coil center
- 2008 : Starting the production of KA and LA compressors for large air conditioners
- 2009 : Starting the production of CA compressors for large refrigerators
  - : Thailand Kaizen awards (Excellence Technique - Automation) from Technology Promotion Association (TPA) – Thai Japan
- 2010 : 30th million compressor and 5th million AW compressor were produced.
  - : Golden Award (Thailand 5S Award) from the Technology Promotion Association (TPA) – Thai Japan
  - : Thailand Kaizen awards (Excellence Technique - Automation) from Technology Promotion Association (TPA) – Thai Japan
  - : Hold the share 100% of Kulthorn Materials and Controls Co., Ltd. and its subsidiaries (Kulthorn Metal Products Co., Ltd. and Suzhou Kulthorn Magnet Wire Co., Ltd.)



- 2011 : ISO/IEC 26000 Certificate
- 2012 : KKC celebrated its 30<sup>th</sup> anniversary on January 13
- 2013 : Non-CFC awards of Thailand from the Government Department of Industrial Works
  - : Thailand Kaizen awards (Golden awards - Automation) from Technology Promotion Association (TPA) – Thai Japan
  - : ISO/IEC 17025:2005 Certificate from Thai Industrial standard institute ministry of industry
  - : Our Skills Our Future awards of Thailand from the Department of Skill Development
  - : Hearing Conservation in the Establishment awards (Level 2) from the Ministry of public health
- 2014 : Thailand Kaizen awards (Bronze awards - Office) from Technology Promotion Association (TPA)
  - Thai Japan
  - : 40th million compressors were produced.
- 2015 : Thaipat Institute granted a Certificate of ESG 100 COMPANY to certify KKC as one of the 100 Public Company Limited of Environmental, Social, and Governance Carefulness on 27 May 2015.
  - : Thailand Kaizen Silver awards and Golden awards from Technology Promotion Association (TPA) – Thai Japan
- 2016 : Thailand Kaizen Silver awards from Technology Promotion Association (TPA)
  - Thai Japan
  - : 46th million compressors were produced.
- 2017 : Kulthorn Research and Development Co., Ltd. was established as Research and development center on 13 January 2017.
  - : Thailand Kaizen Golden awards from Technology Promotion Association (TPA) – Thai Japan
  - : 48th million compressors were produced.
- 2018 : Thailand Kaizen Silver awards from Technology Promotion Association (TPA)
  - Thai Japan
  - KKC signed an asset purchase agreement with BRISTOL COMPRESSORS INTERNATIONAL, LLC
- 2020 : KKC Officially commenced the production of Bristol Compressors on 10 September 2020

## The Company's information

### Kulthorn Kirby Public Company Limited

Head Office / Factory	:	126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520 Tel: +66 (0)2326 0831, +66 (0)2739 4893 Fax: +66 (0)2326 0837, +66 (0)2739 4892 E-mail: kkc@kulthorn.com http: //www.Kulthorn.com
Nature of Business	:	Manufacturer of Reciprocating Compressors for Refrigeration and Air Conditioning Products
Registered No.	:	0107537002150
Registered Capital	:	Baht 1,500 Million
Paid up Capital	:	Baht 1,500 Million
Issued Shares	:	Ordinary 1,500,000,000 Shares, Par Value at Baht 1/share

### Subsidiary Companies

#### 1. Kulthorn Premier Company Limited

Head Office/Factory	:	446/3 Moo 9, Nong Kee, Kabin Buri, Prachin Buri 25110 Tel: +66(0)3720 4835-41 Fax: +66(0)3720 4844
Branch	:	129 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520 Tel: +66(0)2326 0612 Fax: +66(0)2326 0802
Nature of Business	:	Manufacturer of Reciprocating Compressor
Issued Shares	:	Ordinary 12,600,000 shares, Par Value at Baht 100/share
Shareholding by KKC	:	100%

#### 2. Kulthron Kirby Foundry Company Limited

Head Office/Factory	:	1 Moo 22 Suwintawong Road, Saladaeng, Bang Nam Priao, Chachoengsao 24000 Tel: +66(0)3859 3016-9 Fax: +66(0)3859 3015
Branch	:	42/2 Moo 1, Suwintawong Road, Klong Udom Cholajorn, Amphur Muang, Chachoengsao 24000 Tel: + 66(0)3884 6072-4 Fax: +66(0)3884 5677
Nature of Business	:	Manufacturer of Quality Iron Casting
Issued Shares	:	Ordinary 5,750,000 shares, Par Value at Baht 100/share
Shareholding by KKC	:	100%

3. Kulthorn Steel Company Limited
 

Head Office/Factory : 124 Soi Chalong Krung 31, Chalong Krung Road,  
Khwaeng Lam Pla Thio, Khet Lat Krabang,  
Bangkok 10520,  
Tel: +66(0)2326 0851 Fax: +66(0)2326 0766

Nature of Business : Steel Coil Center

Issued Shares : Ordinary 4,000,000 shares, Par Value at Bath 100/share

Shareholding by KKC : 100%
4. Kulthorn Materials and Controls Company Limited
 

Head Office/Factory : 1/2 Moo 22 Suwintawong Road. Saladang,  
Bangnumpreaw, Chachoengsao 24000  
Tel: +66(0)3859 3030-3 Fax: +66(0)3859 3028

Nature of Business : Manufacturer of Enameled Copper Wire

Issued Shares : Ordinary 6,500,000 shares, Par Value at Bath 100/share

Shareholding by KKC : 100%
5. Kulthorn Metal Products Company Limited
 

Head Office/Factory : 60 Moo 6 Lam Pakchee, Nong Jork, Bangkok 10530  
Tel: +66(0)2739 6638-9, +66(0)2326 0314-7  
Fax: +66(0)2739 6643, +66(0)2326 0318

Issued Shares : Ordinary 1,500,000 shares, Par Value at Bath 100/share

Shareholding : 100% by Kulthorn Materials and Controls Co., Ltd
6. Suzhou Kulthorn Magnet Wire Company Limited
 

Head Office/Factory : 18 Long Pu Road, SIP, Jiangsu Province, 215126 China  
Tel: 86 (512) 6283 3750 / 86 (512) 6265 0058  
Fax: 86 (512) 6283 3763a

Nature of Business : Manufacturer of Enameled Copper Wire

Issued Shares : Ordinary 347 shares, Total Capital USD 24,185,000

Shareholding : 100% indirectly held by Kulthorn Materials & Controls Co., Ltd.
7. Kulthorn Research and development Company Limited
 

Head Office / Factory : 126 Soi Chalong Krung 31, Chalong Krung Road,  
Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520  
Tel: +66 (0)2326 0831, +66 (0)2739 4893  
Fax: +66 (0)2326 0837, +66 (0)2739 4892

Nature of Business : Research & Development for motor compressors and related products

Issued Shares : Ordinary 500,000 shares, Par Value at Bath 100/share,  
and 25% paid up

Shareholding by KKC : 100%

## Group of Company's Shareholding Structure

At present, the company has 7 subsidiary companies

- Kulthorn Premier Company Limited (KPC)
- Kulthorn Kirby Foundry Company Limited (KKF)
- Kulthorn Steel Company Limited (KSC)
- Kulthorn Materials and Controls Company Limited (KMC)
- Kulthorn Metal Products Company Limited (KMP) (Operation closed)
- Suzhou Kulthorn Magnet Wire Company Limited (SKMC)
- Kulthorn Research and Development Company Limited (KRD)

The structure of the company and its subsidiary is as follow.



## Shareholders

### Major Shareholders

List of major shareholders (shareholding in excess of 0.50%)

As of the record date for shareholders registered on 14 March 2022

	Number of Shareholding	%
1. Simakulthorn Company	970,568,641	64.724
2. Heatcraft Subco Pty Ltd.	65,255,000	4.350
3. State Street Europe Limited	52,800,800	3.520
4. Ms. U-rai Khemumnaj	50,104,332	3.340
5. 1st Lt Supakorn Chantasasawat	43,349,618	2.890
6. UBS AG Singapore Branch	26,523,929	1.768
7. Ms. Pojanee Khemumnaj	18,539,241	1.236
8. Mr. Thaweechat Jurangkul	13,231,600	0.882
9. Mr. Danaisak Somprasong	9,206,600	0.614
10. Mr. Wiboon Sereeyothin	7,540,000	0.503
11. Others	242,593,539	16.173
<b>Total</b>	<b>1,500,000,000</b>	<b>100.000</b>

### Dividend Payment Policy

By the dividend policy of the company, in the normal case, the Board of Directors may propose the shareholder meeting to consider the dividend payment of the year at the rate of approximately 60 percent of the net profits after tax of the company statements.

For subsidiary companies, Board of Directors of each company may propose the shareholder meeting to consider the dividend payment of the year of the net profits after tax of the company statements.

Company paid the dividend in the current 5 years as follows

	2022	2021	2020	2019	2018
Net profit per share (Baht)	(0.54)	(0.35)	(0.30)	(0.95)	(0.53)
Dividend per share (Baht)	-	-	-	-	-
Dividend payment/net profit (%)	-	-	-	-	-

## Business Overview of the Company and its Subsidiaries.

The Company is the manufacturer and seller of reciprocating compressors for refrigeration and air conditioning products, and the subsidiaries are the manufacturers and sellers of related materials and parts and the research & development provider for reciprocating compressors, details are as follows:

- **Kulthorn Kirby Public Company Limited** is the manufacturer and seller of motor compressor, reciprocating type for refrigeration products i.e. refrigerators, freezers, water coolers, commercial refrigerators, and air conditioners. The reciprocating compressor can be used with many types of refrigerants including Ozone Friendly Substance such as R290, R134a, R404A, R407C, R410A, R507, R600a, R448, R1234yf and R32 with the sizes from 1/20 horsepower to 10 horsepower. The Company also produces Condensing Unit which is the component of refrigeration products, electrical motor parts, and other motor compressor parts.
- **Kulthorn Premier Company Limited** is the manufacturer of the motor compressors.
- **Kulthorn Kirby Foundry Company Limited** is the manufacturer of the quality iron casting for motor compressor and automotive parts.
- **Kulthorn Steel Company Limited** is the Steel Coil Center for the manufacturer of motor compressor, electrical motor, and other parts and the manufacturer of the forging, Heat Treatment metal parts.
- **Kulthorn Materials and Controls Company Limited** is the manufacturer of the enameled copper wire.
- **Kulthorn Metal Products Company Limited** (Operation closed)
- **Suzhou Kulthorn Magnet Wire Company Limited** is the manufacturer of the enameled copper wire and motor parts of compressor.
- **Kulthorn Research and Development Company Limited** is the research and development provider for motor compressor and related parts.

The Company and all subsidiary companies are in sole business activity is to manufacture and then sell the components and parts for refrigeration and air conditioning products.



## Major income from sales of motor compressors by company and subsidiary

### 1. Sales of motor compressors by Kulthorn Kirby Public Company Limited

– Sales quantity (sets)

Motor Compressors for	Cooling Capacity (B.T.U. / Hrs)	Sales quantity (sets)					
		2022		2021		2020	
Refrigerator, Freezer, Water Cooler	160 - 900	30,917	4.44%	39,275	4.73%	15,369	1.64%
Refrigerator, Commercial Refrigerator	900 – 5,000	164,538	23.61%	254,085	30.59%	316,040	33.68%
Commercial Refrigerator, Air Conditioners	5,000 – 35,000	485,556	69.66%	536,078	64.55%	606,236	64.60%
Large Size Air Conditioner	37,000 – 120,000	15,981	2.29%	1,111	0.13%	816	0.09%
Total		696,992	100%	830,549	100%	938,461	100%

– Sales amount (Thousand Baht)

Motor Compressors for	Cooling Capacity (B.T.U. / Hrs)	Sales amount (Thousand Baht)					
		2022		2021		2020	
Refrigerator, Freezer, Water Cooler	160 – 900	41,056	1.38%	45,476	1.85%	15,628	0.61%
Refrigerator, Commercial Refrigerator	900 – 5,000	925,415	31.02%	528,509	21.47%	636,120	24.88%
Commercial Refrigerator, Air Conditioner	5,000 – 35,000	1,887,626	63.26%	1,876,439	76.21%	1,896,178	74.17%
Large Size Air Conditioner	37,000 – 120,000	129,484	4.34%	11,706	0.48%	8,494	0.33%
Total		2,983,218	100%	2,462,130	100%	2,556,420	100%

### 2. Sales of motor compressors by Kulthorn Premier Company Limited (Subsidiary)

Motor Compressors for Refrigerator, Freezer, Water Coolers (Sizes 106-1775 B.T.U. / Hrs)	Sales transaction		
	2022	2021	2020
Sales quantity (sets)	159,273	220,123	190,518
Sales amount (Thousand Baht)	219,704	242,655	205,414

## Revenue structure by products of the Company and Subsidiaries

Products	Operate by	% of holding shares	2022 Revenue (Million Baht)	%	2021 Revenue (Million Baht)	%	2020 Revenue (Million Baht)	%
1 Compressors and parts	KKC KPC KRD	100	3,158.64	52	3,457.83	52	3,277.24	59
2 Enameled wires	KMC SKMC	100	1,264.25	21	1,396.82	21	1,017.56	18
3 Steels sheets and forming	KSC	100	1,007.42	17	1,194.66	18	765.95	14
4 Casting parts	KKF	100	654.85	11	621.02	9	519.36	9
5 Metal parts	KMP	100	-	-	-	-	-	-
Total			6,085.18	100	6,670.33	100	5,580.11	100

KKC: Kulthorn Kirby Public Company Limited

KPC: Kulthorn Premier Company Limited

KKF: Kulthorn Kirby Foundry Company Limited

KSC: Kulthorn Steel Company Limited

KMC: Kulthorn Materials and Controls Company Limited

KMP: Kulthorn Metal Products Company Limited

SKMC: Suzhou Kulthorn Magnet Wire Company Limited

KRD: Kulthorn Research and Development Company Limited

## Revenue from external customers by locations (Thousand Baht)

	2022	2021	2020
Thailand	4,015,956	4,268,358	3,233,025
Hong Kong	1,095,335	1,354,897	1,448,091
China	241,807	304,349	211,406
Indonesia	16,776	29,563	33,134
Saudi Arabia	46,850	81,272	114,740
Others	668,457	631,892	539,717
Total	6,085,181	6,670,331	5,580,113

## Characteristics of Business

Motor compressors available around the world consist of many designed types but it's recommended the 3 types of widely use for the household market by cooling capability (horse power), characteristics of products, and product applications as follows:

Type	Reciprocating (RE)	Rotary (RO)	Scroll (SL)
Size	1/20 HP to 25 HP	1 HP to 7 HP	1.5 HP to 30 HP
Application	Household refrigerator, Freezer, commercial Refrigerator, ice machine, water cooler, air condition and heat pumps	Small tonnage air conditioner, Room air conditioner, Package air conditioner and heat pumps	Air conditioner and heat pumps
Strength	Machine efficiency, reliability, and durability in high-ambient temperatures. Wide range of HP to be chosen from to suit with various applications	Energy saving and low cost, Twin Rotary types (Similar to Scroll)	Energy saving and high efficiency
Weakness	Noisy and more expensive than rotary type	Moderate cooling efficiency, and unreliable.	Costly and a few manufacturers

Reciprocating and rotary compressors are widely used in household refrigerators, freezer, commercial refrigerator, ice machine, water cooler, and air conditioner.

### **- Industrial Overview of Reciprocating Compressors**

Reciprocating compressor is the first type of compressors that has been used for a longer period of time when compared to other types of compressors. Reciprocating compressors offer a wide range of horse power, enabling users to select compressors with appropriate horse power that is suitable with various applications of refrigerators and air-conditioners. It also has been developed to be more energy-saving and environmentally-conscious products.

Reciprocating compressors can be divided into hermetic, semi-hermetic, and open types. Hermetic types are mainly used in household refrigerators, commercial refrigerators and freezers, while semi-hermetic, and open types are mainly used in commercial refrigeration and air conditioning applications.

Hermetic types dominate the entire reciprocating compressor market. Most hermetic reciprocating compressors are less than 0.5 kW and are used in household refrigerators, freezers, and light commercial refrigeration systems. All major producers now have product portfolios compatible with various refrigerants such as R290, R134a, R404A, R407C, R410A, R507, R600a, R448, R1234yf, and R32

The effects from Global Warming Potential and Worldwide energy saving project reflect to have some changing of the designed parts of motor compressor in order to serve high efficiency for energy saving and using the environment friendly refrigerants.

However, competitions among manufacturers are very intense. There are significant on going challenges from Chinese manufacturers. They are the biggest players who hold competitive advantages due to their production capacity and their use of mergers and acquisitions in expanding the capacities.

## **- Market Overview of Reciprocating Compressors**

Use of reciprocating compressors has been gradually decreased in the air conditioning industry while the usage of scroll, screw, and even rotary compressors has been increasing. Reciprocating compressors have a large number of parts, which upturns their initial cost as well as production expenses. This is another factor behind the declining numbers of reciprocating compressors used in air conditioning equipment. As a result, the lower number of hermetic-type reciprocating compressors are used in the global air conditioner market today. Most of these units are produced in the United States of America by only major manufacturers such as Tecumseh, Copeland (Emerson), Bristol, and by Kulthorn Kirby from Thailand manufacturer.

Reciprocating compressors are still expectable as a standard in the refrigeration sector due to their high reliability and performance under harsh working conditions. Reciprocating compressors also dominate the household refrigerator market. In the commercial and industrial sectors, the main applications are the refrigerations for food and perishables, cold storage chains, and process cooling. In fact, the rising income levels in emerging countries and also the effects of the rising climate worldwide, it appears that there are higher demands of buying household refrigerators and room air conditioners. However, the unclear world economic situation and a slightly turndown of China economic growth has slowed the demands.

### **World's Major Hermetic Compressor Manufacturers**

Embraco (Nidec)	Brazil, China, Italy, Slovakia
Donper	China
Panasonic	Singapore, China
LG	Korea, China
Tecumseh	Brazil, France, India
Jiaxipera/Huayi/Cubigol	China, Spain
Samsung	Korea, China
Secop	Slovenia, China, Germany, Austria
Kulthorn Kirby	Thailand

Compressor manufacturing industry has a relatively high competition in both domestic and international markets. During 2022, even though the continued risings of production cost including raw materials were highly unstable but the effects from excessive production capacity in China manufacturers led to remain a competition of price discounts. As a result, most of manufacturers including the Company applied strategies to reduce cost and to maintain a competitive advantage including keeping close customer relationship, new models offering, and improving production efficiency to respond customers' demand of higher quality products at the cheaper prices.

## Marketing and Competitions

Customers of the Company are divided into 3 types, as follows:

(1) Large industrial Original Equipment Manufacturers (OEM) for refrigerators, commercial refrigerators, and air conditioners. The Company supplies products directly to both local and international markets excluding markets in Australia and New Zealand.

(2) Small manufacturers of air conditioners and refrigerators. The Company appoints local distributors to supply its products to local manufacturers and exports directly to the other international manufacturers.

(3) Spare parts traders for an aftermarket business.

The Company's key marketing strategy is clearly differentiated among other manufacturers since the Company does not manufacture finished products, as such refrigerators, water coolers, freezers or air-conditioners to compete with its customers. The Company sells its products domestically and internationally, where the domestic sales and international sales is approximately 35% and 65% of total revenues from sales respectively. The Company determines its products prices by considering various factors as important as competitions and customers' demands.

### Motor compressor of Kulthorn Kirby in the market

Products of Kulthorn Kirby are Hermetic Reciprocation Compressor with widely ranges of displacement to cover all requirements of the market as follows.

Company	Model	Horse Power (HP)	Application	Refrigerant
Kulthorn Premier Company Limited	C-Q	1/8	Refrigeration & Freezer	R134a, R600a
	C-B	1/3	Refrigeration & Freezer	R134a, R600a, R404a, R290
Kulthorn Kirby Public Company Limited	AZ	1/20 – 1/5	Refrigeration & Freezer	R134a
	AZA	1/20 – 1/5	Refrigeration & Freezer	R134a, R600a, R404a, R290, R507
	AE	1/20 – 5/8	Refrigeration & Freezer	R134a, R600a, R404a, R290, R507, R1234yf, R22
	AEL	1/3 – 5/8	Commercial Refrigeration	R134a, R600a, R404a, R290, R507, R22
	BA	1/3 – 5/8	Commercial Refrigeration	R134a, R600a, R404a, R290, R507
	CA	1/3 – 5/8	Commercial Refrigeration	R134a, R404a, R290, R507
	WJ	5/8 – 1	Commercial Refrigeration	R134a, R404a, R290, R407c, R22
	AW	1 – 2.5	Residential & Commercial AC	R134a, R404a, R410a, R407c, R22, R32, R448A, R449A
	KA	3 – 5	Residential & Commercial AC	R22, R404a, R134a
	LA	8 – 10	Residential & Commercial AC	R22, R404A
	Bristol J	3/4 – 4 1/4	Residential & Commercial AC	R22, R407C, R404A, R410A, R448A, R449A, R454B
	Bristol B	1 - 3	Residential & Commercial AC	R22, R407C, R404A, R410A, R448A, R449A, R454B
	Bristol B, A	1-5	Residential & Commercial AC	R404A, R448A, R449A
	Bristol A	2 1/2 – 6	Residential & Commercial AC	R22, R407C, R404A, R410A, R448A, R449A, R454B

The compressor business has been intense competition both locally and internationally. This has been affected by the excessive production capacity of Chinese manufacturers prominent the competition over the discounted prices. Under such circumstance, the Company has engaged many strategies to respond to customers' needs and pricing requirement, develop strong relationship with its customers, improve productivity, offer new features products, as well as lower the product costs. Pricing program of the Company is determined by various factors such as changing production costs and methods which can be impacted by the fluctuation of material costs including steel and copper to aluminum, competitive landscape, and customer order quantity. The Company still faced extreme competition when compared with sales prices of China manufacturer, and which caused to decrease sales of the company in 2022.

## Promotional privileges

The Company has been granted certain promotional privileges according to the Investment Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No. 58-2173-0-00-1-0	Certificate No. 60-1261-1-05-1-0
1. Promotional privileges for	Manufacturing of compressors for electrical appliances	Manufacturing of compressors and/or motors for electrical appliances
2. The significant privileges are		
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 5 years, commencing as from the date of earning operating income.  In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 31 January 2020 until 30 January 2025	-



	Certificate No. 58-2173-0-00-1-0	Certificate No. 60-1261-1-05-1-0
<p>2.2 Exemption of corporate income tax on net profit from promotional operation which does not exceed 50 percent of investment for productivity improvement, excluding land and working capital for a period of 3 years, commencing as from the date of earning operating income.</p> <p>In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.</p> <p>2.3 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year as from the date of first import.</p> <p>2.4 Exemption from import duty on imported machinery as approved by the Board.</p> <p>2.5 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.</p> <p>3. Date of first earning operating income.</p>	<p>-</p> <p>Granted</p> <p>Granted</p> <p>Granted</p> <p>31 January 2020</p>	<p>Not yet commenced</p> <p>Granted</p> <p>Granted</p> <p>Granted</p> <p>Not yet commenced</p>

The Company has to comply with certain conditions and restrictions specified under the promotion certificates.

Sales of the Company amounting to approximately Baht 2,993 million for the year ended 31 December 2022 (2021: Baht 3,378 million) included revenue from manufacturing and sales derived from promoted operations of approximately Baht 928 million (2021: Baht 876 million).

## 2. Risk Management

### - Risks associated with costs of raw materials by fluctuation of world trade prices

The Company engages in the manufacture of motor compressor business, of which major raw materials for production are copper and steel. The prices of major raw materials of the Company and its subsidiaries impact the costs of product. This affects stride any changing in the trading market prices of copper or steel will direct the cost of products and the gross profit ratio of the Company.

To prevent the Company from materials procurement problems, the Company has been sourcing materials from various suppliers, who are able to supply substitute products with the most comparable quality. Sourcing from a choice of suppliers provide the Company with several significantly positives, including maintaining its competitiveness, enhancing the success of its business operation, reducing a chance of a supply shortage of raw materials, as well as fulfilling the needs of customers. Furthermore, the Company deploys efficient inventory control and closely monitors impacts from the varying market prices.

### - Risks associated with technology

Motor compressors in the world market are available in many types and designs. The top recommended technologies are three types of designs mainly reciprocating, rotary, scroll. Reciprocating and rotary compressors are widely used in household refrigerators, freezer, water cooler, commercial refrigerator and room air conditioners.

Reciprocating compressor is the first type of compressors that have been used for the longest period of time. The reciprocating technology has been developed and updated to run with environmentally-friendly refrigerants. Although the reciprocating type has disadvantage for less energy saving capabilities, as well as higher manufacturing costs compared to both rotary and scroll types. The reciprocating type of compressor is at superior when compared to rotary and scroll types in terms of cooling efficiency and durability especially in high ambient temperatures. The reciprocating compressors are well-accepted in a certain niche market such the Middle East customers. The Company aims to make efficient product technology and production of motor compressor corresponding with market needs and to comply with the rules and regulation of refrigerants in relation to environmental concerns. The company established an in-house R&D working team focusing on the product development that can be served to customers' demand relatively compared with other world's leading compressor manufactures.

### - Risks associated with major customers

For the year 2022, the Company has revenue from two major customers in amount of Baht 1,078 million and Baht 961 million, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment (2021: Baht 1,336 million and Baht 1,290 million derived from two major customers, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment).

However, the company is well aware of the risk of reliance on major customers, the impact on the results of operations, and the financial position of the Company. The Company has tried to expand its customer base to reduce those risks, gain more customer base in various countries as well as improve the after-sale service to build a strong relationship with customers. The Company has launched the production process of the new brand named "Bristol" with leading U.S. technology and "Made in Thailand. The Company purchased all machines and equipment, the intellectual property and copyrights of Bristol Compressor Company International. LLC. Then relocated all production bases and the team of technicians to Thailand. As a result, the company has a comprehensive production lines of a large compressor models from the original maximum of 10 horsepower to the maximum of 25 horsepower focusing on the household air conditioner market Commercial air conditioner and the refrigerator market, commercial freezer.

#### **- Risks associated with trade receivables**

The Company manages the risk by adopting appropriate credit control policies and procedures, and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Company does not have high concentrations of credit risk since it maintains a large customer base.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Company classifies customer segments by customer type and rating, and coverage by letters of credit and other forms of credit insurance. Letters of credit and other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information. The information is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 210 days and not subject to any enforcement activity.

#### **- Risks associated with a continued loss of the group**

The Company had continuously lost since 2017 due to the changes in the industry structure and the intense competition of free trade. This caused a high pressure on the refrigeration, air conditioners, and freezers industries continuously, and also had led to a decrease in sales volume. Thus, the company is unable to maintain the financial ratio according to the conditions of the financial institution. The Company would like to clarify each concerned topic and the solutions as following:

##### Problems in the air conditioner, refrigerators, freezers, and compressors industries in Thailand

The Ministry of Finance announced the imported duty reduction and exemption of customs duties under Section 12 of the Customs Tariff Decree in 1987. The announcements were compulsory on 13 Nov. 2017 including a reduction in the tax rate on products derived from importing raw materials into the production, mixing, assembly, packaging, or any other operation in the manner of the industry in the free zone in accordance with the law on Thai customs. The industry who is in the free trade zone under the law of the industrial estate authority of Thailand which is sold or consumed in the country to reduce the customs duty rate down to 0 percent.

Manufacturing of refrigerators, air conditioners, freezers, spare parts, refrigeration equipment, and also compressor industry in Thailand has been particularly affected due to products imported from some countries especially from China. With a high capacity of resources as well as the Chinese government that supports and subsidizes exports, China was able to reduce their costs less than their actual costs resulting in a huge number of products at a much lower price. In consequence, Thailand has signed Bi-Lateral Free Trade Agreement with China due to Thai manufacturers have lost their competitiveness. This arrangement helped reducing the import tax between Thailand and China from 60% to 5% which causing Thai air conditioner/refrigerator manufacturers to import ready-made air conditioners from China instead of doing their own manufacturing. The manufacturers also wind-down their factories causing the compressor manufacturers in Thailand losing their customers.

The market declined position as concern above, the number of compressor manufacturer in Thailand significantly decrease to less than 9 factories which means the active manufacturers have produced the products below the actual production capacity with an inability to expand their capacity to create an economic scale compared to China. Also the improvement to the automatic production processes is not worth to invest based on industry's current situation.

Although, the Company realized this disadvantage and well understand of their business situation. The Company is currently in the process of adjusting and improving its performance. The Company has a business plan and holistic management measures as follows:

- Bristol's project in lately 2018, makes the Company's product line wider compressors ranges with a highly efficient from 10 hp to 25 hp which can increase the Company's gross profit margins, and the Company also acquired intellectual property from Bristol Compressor International, LLC, a company in the United States which results in a significant cost reduction in research and development processes. In consequence, this new line of compressors allows the Company to expand into the new markets included the United States, Europe and etc., mainly in packaged air conditioner segment. The new markets will increase the total sales and profits of the Company. Even in the state of loss, the company still invested more than 600 million baht to be able to enter the new markets in the United States. Due to in the United States has a higher compressor standard and not a Chinese's manufacturers main target. The project will be ready to distribute in 2021.
- For current products, the Company focuses on research and development to obtain a compressor model that can meet the market demand, respond to changes in legal requirements as well as environmental regulations related to refrigerants, and increasing efficiency in terms of energy-saving to make the Company's products more competitive in the market by the establishment of Kulthorn Research and Development Co., Ltd., (KRD)
- The Company has a short-term policy for production's cost reduction by reducing the cost of raw materials, waste, and consumables used in the factory and other production expenses to improve the operating result.

### Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2022, the balances of financial assets and liabilities denominated in foreign currencies are summarized below.

Foreign currency	As at 31 December 2022					
	Consolidated		Separate		Exchange rate	
	financial statements		financial statements			
	Financial	Financial	Financial	Financial	Buying	Selling
	assets	liabilities	assets	liabilities	(Baht per one foreign currency unit)	
	(Million)	(Million)	(Million)	(Million)		
US dollar	2	4	2	2	34.3913	34.7335
Japanese yen	-	9	-	7	0.2573	0.2645
Euro	-	0.1	-	-	36.4494	37.2153
RMB	2	0.3	-	0.3	4.8953	5.0375

## Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Company's loss before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Company's loss before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2022. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency	2022	
	Change in	Effect on profit
	FX rate	before tax
	(%)	(Thousand Baht)
US dollar	+5	(3,104)
	- 5	3,104

## Interest rate risk

The Company's exposure to interest rate risk relates primarily to its long-term loans from financial institutions. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

As at 31 December 2022, significant financial assets and liabilities classified by type of interest rate are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2022						
	Fixed interest rates		Floating	Non-		Effective
	Within		Interest	interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
	( % per annum)					
<u>Financial assets</u>						
Cash and cash equivalents	-	-	15	6	21	0.05 - 0.88
Trade and other receivables	-	-	-	609	609	-
	-	-	15	615	630	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from financial institutions	3,581	-	125	-	3,706	4.20 – 6.65
Trade and other payables	-	-	-	666	666	-
Lease liabilities	19	18	-	-	37	5.50 - 6.85
Long-term loans	5	22	1,083	-	1,110	THBFIX+3%,6.27
	3,605	40	1,208	666	5,519	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2022

	Fixed interest rates		Floating			Effective
	Within		Interest	Non-interest		interest
	1 year	1 - 5 years	rate	bearing	Total	rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	-	4	4	-
Trade and other receivables	-	-	-	205	205	-
Short-term loans to related parties	-	-	-	61	61	-
	-	-	-	270	270	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from						
financial institutions	2,166	-	31	-	2,197	4.20 – 6.65
Trade and other payables	-	-	-	890	890	-
Short-term loans from related parties	766	-	-	-	766	4.60 - 6.50
Lease liabilities	2	3	-	-	5	6.85
Long-term loans	-	-	1,083	-	1,083	THBFIX+3%
	2,934	3	1,114	890	4,941	

**Interest rate sensitivity**

The following table demonstrates the sensitivity of the Company's loss before tax to a reasonably possible change in interest rates on that portion of floating rate loans from financial institutions affected as of 31 December 2022.

Currency	2022	
	Change in	Effect on profit
	FX rate	before tax
	(%)	(Thousand Baht)
Baht	+1	(10,828)
	- 1	10,828

The above analysis has been prepared assuming that the amounts of the floating rate loans from financial institutions and all other variables remain constant over one year. Moreover, the floating sides of these loans are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest payable for the full 12-month period of the sensitivity calculation.

**Commodity price risk**

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of electronic parts and therefore require a continuous supply of copper. The Group is exposed to changes in the price of copper on its forecast copper purchases.



## Liquidity risk

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans, and lease contracts. Approximately 99% of the Group's debt will mature in less than one year on 31 December 2022 (2021: 88%) (the Company only: 99.9% 2021: 87%) based on the carrying value of borrowings reflected in the financial statements.

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)			
Consolidated financial statements			
As at 31 December 2022			
	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	3,706,319	-	3,706,319
Trade and other payables	666,177	-	666,177
Lease liabilities	20,463	19,340	39,803
Long-term loans	1,088,148	21,576	1,109,724
<b>Total non-derivatives</b>	<b>5,481,107</b>	<b>40,916</b>	<b>5,522,023</b>

(Unit: Thousand Baht)			
Separate financial statements			
As at 31 December 2022			
	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	2,196,868	-	2,196,868
Trade and other payables	890,144	-	890,144
Short-term loans from related parties	766,000	-	766,000
Lease liabilities	1,914	3,696	5,610
Long-term loans	1,082,803	-	1,082,803
<b>Total non-derivatives</b>	<b>4,937,729</b>	<b>3,696</b>	<b>4,941,425</b>

### 3. Kulthorn Kirby's Sustainability

#### 3.1 Sustainability Policy

Kulthorn Kirby Public Company Limited (Kulthorn Kirby) is determined to operate, enhance our performance, and develop our products for sustainability along with underlining to improve our personnel, and also maintain the best relationship with our suppliers under good corporate governance while taking into consideration the impact on stakeholders, environment, and society.

#### 3.2 Sustainability Approach

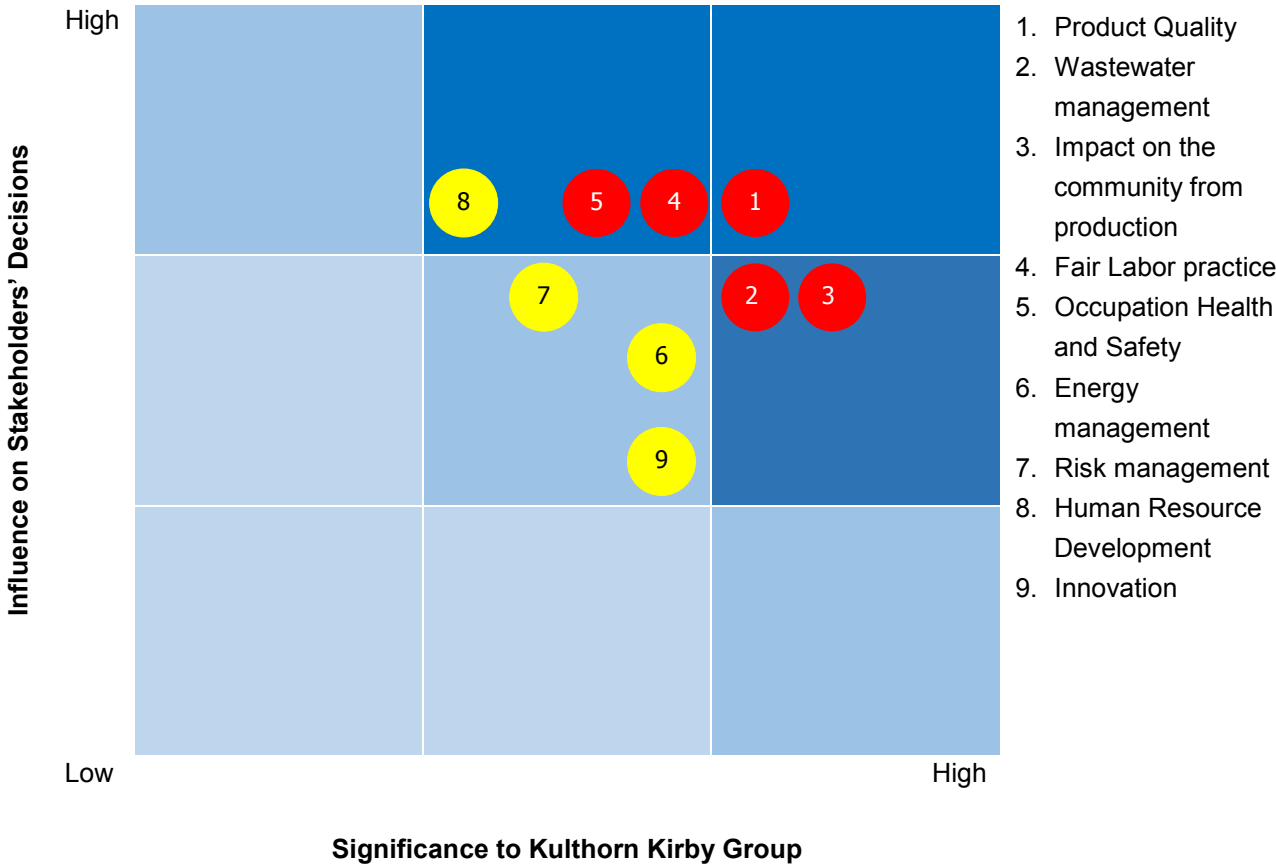
Kulthorn Kirby has adopted the sustainable development strategy to achieve the company's sustainable business goal that extends to the economy, environment, and society by focusing on developing the products and bringing innovation to respond to customers' needs. In addition, Kulthorn Kirby is seeking to use alternative power sources and dispose of waste and recycle when possible to lessen the impact on communities and improve the quality of life of personnel and surrounding communities.

Environmental	Social	Governance
Reducing GHG emission from solar cell usage by 1,697,117 tCO <sub>2</sub> e/year equals to planting 123,979 trees.	- no case on human rights. - no fatal accidents	- no operations that go against good corporate Governance

#### Sustainable Development Goals: SDGs

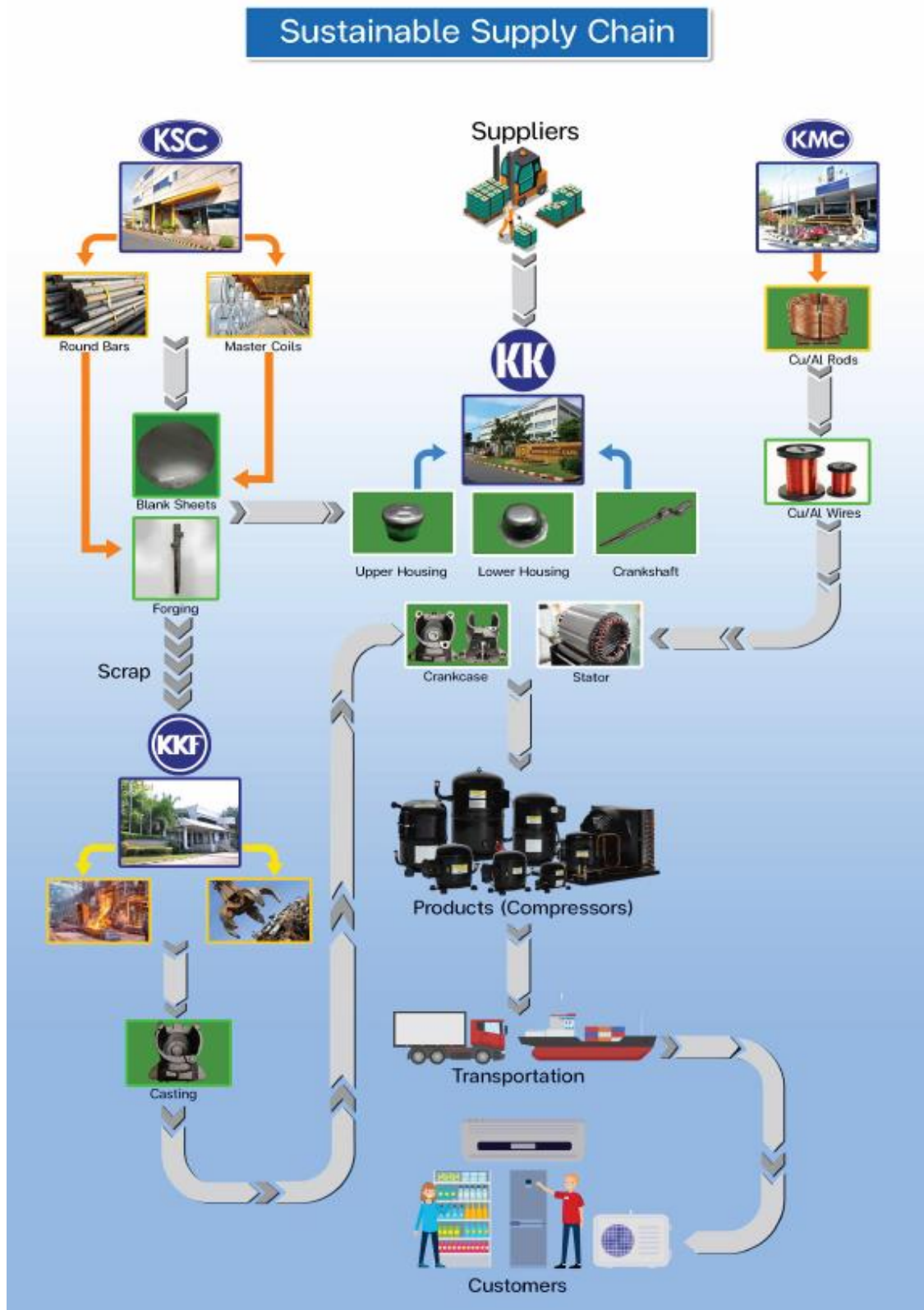
Environmental				
Social				
Governance				
				

3.3 Identifying Materiality of Kulthorn Kirby Group



Low Significance and influence	Moderate Significance and influence	High Significance and influence
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### 3.4 Sustainable Supply Chain



## 4. Management Discussion and Analysis: MD & A

### 4.1 Summarized financial information

#### - Statements of comprehensive income for the year ended 31 December 2022 2021 and 2020

	(Unit : Baht )		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>			
Revenue from contracts with customers	6,085,180,568	6,670,327,521	5,580,112,810
Other income			
Gain on exchange	-	-	-
Interest income	-	52,307	76,606
Others	48,556,415	41,322,021	19,363,593
<b>Total revenues</b>	<b>6,133,736,983</b>	<b>6,711,701,849</b>	<b>5,599,553,009</b>
<b>Cost of sales and services</b>	<b>6,151,026,848</b>	<b>6,515,850,134</b>	<b>5,406,294,538</b>
<b>Gross profit</b>	<b>(65,846,280)</b>	<b>195,851,715</b>	<b>173,818,272</b>
<b>Gross profit margin</b>	<b>(1.07%)</b>	<b>2.31%</b>	<b>3.11%</b>
<b>Operating expenses</b>			
Selling and distribution expenses	75,891,558	81,742,741	81,653,334
Administrative expenses	485,773,738	411,121,743	454,242,533
Loss on exchange	-	35,024,909	20,489,681
Impairment loss on assets	-	-	65,941,611
<b>Total expenses</b>	<b>561,665,296</b>	<b>527,889,393</b>	<b>622,327,159</b>
<b>Loss before finance cost and income tax</b>	<b>(579,955,161)</b>	<b>(329,380,612)</b>	<b>(429,145,294)</b>
Finance cost	(209,554,881)	(183,856,878)	(202,091,391)
<b>Loss before income tax</b>	<b>(788,473,180)</b>	<b>(513,185,183)</b>	<b>(631,236,685)</b>
Income tax	(19,204,837)	(8,139,461)	(6,965,299)
<b>Loss for the year</b>	<b>(807,678,017)</b>	<b>(521,324,644)</b>	<b>(638,201,984)</b>
<b>Other comprehensive income:</b>			
Exchange differences on translation of financial statements in foreign currency	(20,409,061)	9,286,670	1,918,405
Other comprehensive income not to be reclassified		22,558,506	1,129,373,578
Revaluation surplus on assets	1,547,236,154		-
Less: Income tax effect	(309,447,231)	-	(229,242,911)
<b>Other comprehensive income for the year</b>	<b>1,217,379,862</b>	<b>31,845,176</b>	<b>902,049,072</b>
<b>Total comprehensive income for the year</b>	<b>409,701,845</b>	<b>(489,479,468)</b>	<b>263,847,088</b>
<b>Earning per share (Baht per share)</b>	<b>(0.54)</b>	<b>(0.35)</b>	<b>(0.425)</b>
Weighted average number of ordinary shares	1,500,000,000	1,500,000,000	1,500,000,000

**- Statements of financial position (Consolidated) as of 31 December 2022 2021 and 2020**

Unit : Baht

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	21,436,263	19,314,611	28,864,272
Trade and other receivables	608,974,101	1,062,210,082	1,095,835,595
Inventories	1,162,837,827	1,565,871,148	1,239,335,329
Current tax assets	8,075,480	13,398,796	6,547,822
VAT receivable	72,949,745	42,047,137	33,293,709
Other current assets	80,590,026	85,720,477	91,346,952
<b>Total current assets</b>	<b>1,954,863,442</b>	<b>2,788,562,251</b>	<b>2,495,223,679</b>
<b>Non-current assets</b>			
Property, plant and equipment	4,959,882,068	3,766,776,239	4,047,319,499
Right-of-use assets	65,998,800	64,858,273	80,796,211
Other intangible assets	53,239,936	67,007,870	80,117,860
Advance payment for purchase of fixed assets	-	-	-
Deferred tax assets	17,065,941	33,439,404	28,561,969
Other non-current assets	1,096,922	1,054,144	1,061,492
<b>Total non-current assets</b>	<b>5,097,283,667</b>	<b>3,933,135,930</b>	<b>4,237,857,031</b>
<b>Total assets</b>	<b>7,052,147,109</b>	<b>6,721,698,181</b>	<b>6,733,080,710</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts and short-term loans from financial institutions	3,706,319,566	3,670,903,296	3,550,847,254
Trade and other payables	666,177,244	1,095,919,790	751,506,914
Current portion of long-term loans	1,088,148,369	420,000,000	400,000,000
Current portion of liabilities under financial lease agreements	-	-	-
Current portion of lease liabilities	18,623,683	15,947,404	21,362,459
Other current liabilities	26,192,912	32,642,215	23,755,515
<b>Total current liabilities</b>	<b>5,505,461,774</b>	<b>5,235,412,705</b>	<b>4,747,472,142</b>
<b>Non-current liabilities</b>			
Long-term loans, net of current portion	21,576,093	682,850,488	675,300,000
Liabilities under financial lease agreements, net of current portion	-	-	-
Lease liabilities, net of current portion	18,468,763	20,092,788	31,055,302
Deferred tax liabilities	373,911,852	61,633,247	43,820,015
Provision for long-term employee benefits	221,408,041	220,090,212	244,335,042
<b>Total non-current liabilities</b>	<b>635,364,749</b>	<b>984,666,735</b>	<b>994,510,359</b>
<b>Total liabilities</b>	<b>6,140,826,523</b>	<b>6,220,079,440</b>	<b>5,741,982,501</b>
<b>Shareholders' equity</b>			
Registered 1,500,000,000 ordinary shares of Baht 1 each (2561-2560 : Registered 1,200,000,000 ordinary shares of Baht 1 each)			
Issued and fully paid up 1,500,000,000 ordinary shares of Baht 1 each (2561-2560 : Registered 1,200,000,000 ordinary shares of Baht 1 each)	1,500,000,000	1,500,000,000	1,500,000,000
Share premium	700,000,000	700,000,000	700,000,000
Surplus from business combination under common control	207,897,949	207,897,949	207,897,949
Retained earnings (deficits)			
Appropriated - statutory reserve	120,000,000	120,000,000	120,000,000
Unappropriated	(3,638,575,108)	(2,913,838,887)	(2,431,900,639)
Other components of shareholders' equity	2,021,997,745	887,559,679	895,100,899
<b>Total shareholders' equity</b>	<b>911,320,586</b>	<b>501,618,741</b>	<b>991,098,209</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,052,147,109</b>	<b>6,721,698,181</b>	<b>6,733,080,710</b>



**- Statements of cash flow (Consolidated) 31 December 2022 2021 and 2020**

Unit : Baht

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b><u>Cash flows from operating activities</u></b>			
<b>Loss before tax</b>	<b>(788,473,180)</b>	<b>(513,185,183)</b>	<b>(631,236,685)</b>
<b>Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:</b>			
Depreciation and amortisation	367,060,648	383,785,693	351,026,612
Allowance for impairment loss on property plant and equipment (reversal)	-	(150,415)	65,941,611
Depreciation of right-of-use assets	17,542,216	19,676,663	21,645,095
Loss on modification and termination of lease contracts	-	96,233	15,868,317
Allowance for expected credit losses (reversal)	(1,168,112)	(2,617,921)	2,618,746
Write-off of lease liabilities	(1,000,000)	-	-
Reduction of inventory to net realisable value (reversal)	5,147,594	(4,298,680)	(50,247,830)
Loss (gain) on sales of property, plant and equipment	(396,114)	3,144,101	(3,095,661)
Loss on write-off property, plant and equipment	752,117	2,431,726	404
Transfer machine under installation to expense	-	-	6,976,285
Write-off withholding tax	1,064,496	1,796,170	2,415,291
Amortize deferred revenue from sales and lease back	(51,735)	(222,014)	(222,014)
Dividend income	(4,165)	(6,729)	(3,805)
Provision for long-term employee benefits	19,986,939	26,671,855	26,442,227
Subsidies income from Government grants	(1,833,565)	(1,375,174)	(3,859,308)
Loss on fair value adjustments of financial instruments	(3,032,613)	2,622,922	809,508
Interest income	(36,862)	(52,307)	(76,606)
Unrealized loss (gain) on exchange	(21,428,951)	20,981,465	3,269,485
Finance cost	209,551,978	183,856,878	202,167,997
<b>Loss from operating activities before changes in operating assets and liabilities</b>	<b>(196,319,309)</b>	<b>123,059,050</b>	<b>(5,428,648)</b>
<b>Operating assets (increase) decrease</b>			
Trade and other receivables	454,548,731	37,964,778	(166,884,522)
Inventories	397,885,728	(322,237,139)	384,501,006
Other current assets	(16,659,928)	285,529	(28,209,458)
Other non-current assets	(42,778)	7,348	301,701
<b>Operating liabilities increase (decrease)</b>			
Trade and other payables	(411,250,202)	338,096,192	148,877,582)
Other current liabilities	(1,531,390)	7,860,966	(4,902,807)
<b>Cash flows from (used in) operating activities</b>	<b>226,630,852</b>	<b>185,036,724</b>	<b>328,254,854</b>
Cash paid for long-term employee benefits	(18,669,110)	(22,360,942)	(43,267,867)
Cash received from interest income	36,863	52,307	76,606
Tax refund received	4,286,567	3,127,607	18,201,411
Cash paid for interest expenses	(210,273,330)	(183,969,007)	(206,071,757)
Cash paid for income tax	(8,075,481)	(14,124,963)	(7,297,863)
<b>Net cash flows from (used in) operating activities</b>	<b>(6,063,639)</b>	<b>(32,142,041)</b>	<b>89,895,384</b>

- Statements of cash flow (Consolidated) 31 December 2022 2021 and 2020 (continued)

	Unit : Baht		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b><u>Cash flows from investing activities</u></b>			
Acquisition of property, plant and equipment and intangible assets	(7,500,087)	(90,682,156)	(469,134,522)
Proceeds from sales of property, plant and equipment and intangible assets	401,337	6,294,926	3,864,615
Cash receipt from Government grants	4,165	6,729	3,805
Dividend income	-	-	-
<b>Net cash flows used in investing activities</b>	<b>(7,094,585)</b>	<b>(84,380,501)</b>	<b>(465,266,102)</b>
<b><u>Cash flows from financing activities</u></b>			
Increase in bank overdrafts and short-term loans			
from financial institutions	39,107,490	156,165,316	303,791,189
Repayment of long-term loans	(22,726,026)	(12,449,512)	-
Cash received from long-term loan (sales and leaseback)	29,600,000	-	-
Proceed from increase share capital	-	-	-
Cash paid for liabilities under financial lease agreements	(20,192,351)	(21,789,473)	(43,750,294)
Proceed from sales and lease back	-	-	-
Dividend paid	-	-	(38)
<b>Net cash flows from financing activities</b>	<b>25,789,113</b>	<b>121,926,331</b>	<b>260,040,857</b>
<b>Increase in translation adjustments</b>	<b>(10,509,237)</b>	<b>(14,953,450)</b>	<b>(9,590,544)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,121,652)</b>	<b>(9,549,661)</b>	<b>(109,052,088)</b>
Cash and cash equivalents at beginning of year	19,314,611	28,864,272	137,916,360
<b>Cash and cash equivalents at end of the year</b>	<b>21,436,263</b>	<b>19,314,611</b>	<b>28,864,272</b>

## 4.2 Financial Ratio

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Liquidity Ratio</u>			
Current Ratio	0.35 Times	0.53 Times	0.53 Times
Quick Ratio	0.11 Times	0.21 Times	0.24 Times
Cash Ratio	- Times	- Times	0.03 Times
Account Receivable Turnover	9.99 Times	6.19 Times	5.48 Times
Average Collection Period	36 Days	58 Days	66 Days
Inventory Turnover	4.51 Times	6.97 Times	5.77 Times
Inventory Cycle	80 Days	52 Days	62 Days
Payable Turnover	9.24 Times	7.05 Times	7.9 Times
Payable Cycle	39 Days	51 Days	46 Days
Cash Cycle	77 Days	59 Days	83 Days

### Profitability Ratio

Gross Profit	(1.08) %	2.31 %	3.11 %
Net Profit	(13.17) %	(7.81) %	(11.40) %
Return on Equity	(88.69) %	(103.78) %	(64.39) %

### Efficiency Ratio

Return on Assets	(11.46) %	(7.75) %	(9.48) %
Return on Fixed Assets	(8.89) %	(13.25) %	(17.56) %
Assets Turnover	0.87 Times	1.72 Times	1.55 Times

### Financial Policy Ratio

Debt to Equity Ratio	6.74 Times	12.39 Times	5.79 Times
Interest Coverage Ratio	1.01 Times	1.79 Times	(2.12 Times
Dividend Payout	* %	** %	*** %

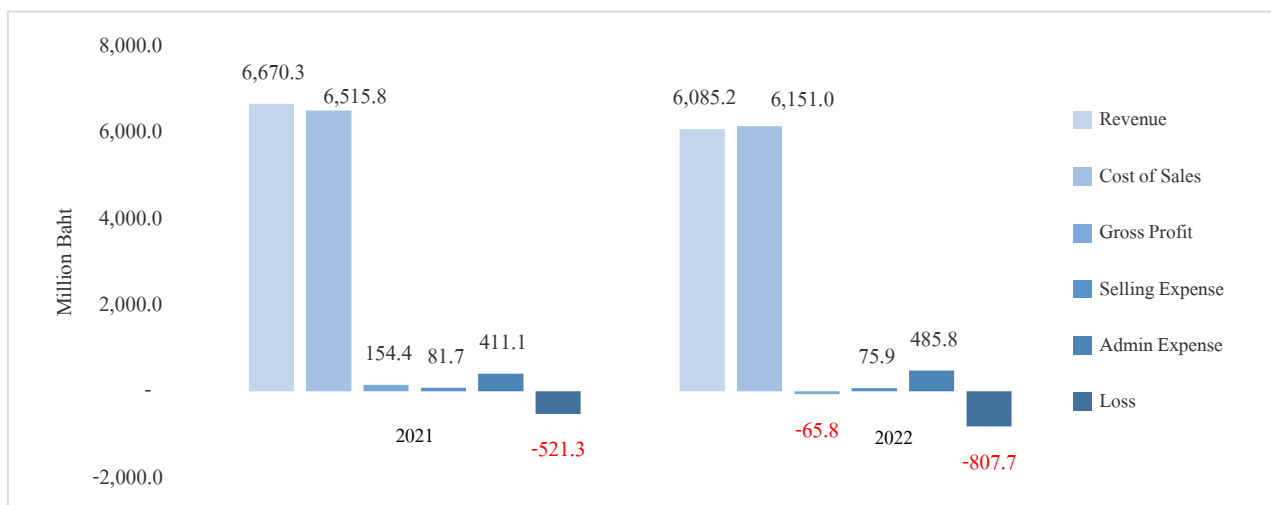
\* In 2023, the Board of Directors Meeting No. 1/2023, held on 22 February 2023 unanimously proposed to the Shareholders meeting No. 44/2023 which will be held on 26 April 2023 to approve the dividend omission for 2022's operational results.

\*\* In 2022, the Shareholders meeting No. 43/2022, held on 20 April 2022 unanimously approve the dividend omission for 2021's operational results.

\*\*\*In 2021, the Shareholders meeting No. 42/2020, held on 28 April 2021 unanimously approve the dividend omission for 2020's operational results.

## 4.3 Management Discussion and analysis

### Business overall



- Revenue from contracts with customers for the year 2022 amounted to 6,085.2 million baht, a decrease of 585.1 million baht or 8.8% from the same period last year.
- Cost of sales and services for the year 2022 was 6,151.0 million baht, representing 101.1% as a percent of revenue. In the prior year the cost of sales and services was 97.7% of revenue. The Group is adjusting its distribution strategy as well as reducing production costs and other expenses.
- Gross profit for the year 2022 amounted to (65.8) million baht or (1.1%) of sales revenue. During the same period last year, there was a gross profit of 2.31%. The company has negotiated to increase the selling price with customers.
- Selling expenses for the year 2022 amounted to 75.1 million baht, representing a rate of 1.24% compared to sales revenue. Increased from the same period of the previous year by 1.22% compared to revenue from sales, respectively. However, the Group has a policy to continuously manage selling expenses.
- Administrative expenses for the year 2022 amounted to 485.8 million baht, representing a rate of 7.98 percent compared to sales revenue. An increase of 26.1% from the same period last year.
- Financial expenses for the year 2022 amounted to 210.0 million baht, representing a rate of 3.45 percent, an increase of 26.1 million baht from the same period last year.
- The company had a net loss for the year 2022 in the amount of (807.7) million baht, representing (13.3%) of sales revenue. The loss increased from the same period last year, representing (7.82%). The Group is in the process of changing strategies and operating models. Including various measures and management policies to be more effective.

## Statement of Financial Position

(Unit: Million Baht)

	31 December 2022		31 December 2021		Change	
	Amount	%	Amount	%	Amount	%
<b>Current Assets</b>	1,954.9	27.7	2,788.6	41.5	-833.74	-29.9
<b>Non-current assets</b>	5,097.3	72.3	3,933.1	58.5	1,164.18	29.6
<b>Total Assets</b>	<b>7,052.1</b>	<b>100</b>	<b>6,721.7</b>	<b>100</b>	<b>330.45</b>	<b>4.9</b>
<b>Current liabilities</b>	5,505.5	78.1	5,235.4	77.9	270.06	5.2
<b>Non-current liabilities</b>	635.4	9.0	984.7	14.6	-349.34	-35.5
<b>Total liabilities</b>	<b>6,140.8</b>	<b>87.1</b>	<b>6,220.1</b>	<b>92.5</b>	<b>-79.27</b>	<b>-1.3</b>
<b>Total shareholders' equity</b>	<b>911.3</b>	<b>12.9</b>	<b>501.6</b>	<b>7.5</b>	<b>409.72</b>	<b>81.7</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,052.1</b>	<b>100</b>	<b>6,721.7</b>	<b>100</b>	<b>330.45</b>	<b>4.9</b>

- Total assets as of 31 December 2022 increased by Baht 330.4 million from 31 December 2021. This increase was due to a fixed assets revaluation.
- Total liabilities as of 31 December 2022 decreased by Baht 79.3 million from 31 December 2021, due to changing the purchase conditions.
- Total shareholders' equity as of 31 December 2022 of Baht 911.3 million an increase from 31 December 2021 due to the revaluation of assets during the period.

The Group was unable to maintain interest-bearing debt to EBITDA plus extraordinary item and non-cash items ratio 5:1 and debt-to-equity ratio 2.75:1, as specified in the Credit Facility Agreement.

As disclosed in Note 1.2 to the consolidated financial statements, regarding the Group's ability to continue its operations as a going concern, the Group has sustained operating losses for several consecutive years. The Group had a net a loss from operation in the consolidated statements of comprehensive income for the year ended 31 December 2022 of Baht 808 million (the Company only: Baht 682 million). As of 31 December 2022, the Group's total current liabilities exceeded its total current assets by Baht 3,551 million (the Company only: Baht 3,905 million) and the Group had deficit of Baht 3,519 million (the Company only: Baht 2,603 million), which mainly became payable on demand since the Group was unable to maintain certain financial ratios as specified in the Credit Facility Agreement, as described in Note 18 to the consolidated financial statements.

### Management approach

The Group's management has implemented various plans, including negotiating with financial institutions to obtain additional working capital and planning to dispose of assets that are not core assets in its operations. In addition, the Group is considering adjusting the production and distribution strategies and reducing manufacturing costs and other expenses to increase the Group's liquidity. Currently, these plans are still in progress.

### Management approach long term

The Group is working on strategic plans and distribution plans, that will reduce production costs and other expenses. In addition, the Group is working to accelerate the delivery of products to customers to generate additional revenue and profits for the company.

## **Liquidity and sufficiency of capital**

### Liquidity ratios

On 31 December 2022, the Company had a similar liquidity ratio, 0.35 times, as the last year. The Company has made credit facility agreements with 2 financial institutions which are the same financial institutions that provide long-term loans which the Company has used financial services from both financial institutions for many years. Due to a good relationship and both financial institutions have well knowledge and understanding of the compressor industry. Both financial institutions continue to support the Company in using credit as working capital for their continued business operations.

### Average inventory turnover and average inventory period

On 31 December 2022, the average inventory turnover of the Company is 4.51 times which worse than last year. The average inventory period was 80 days.

### Gross Profit Margin

On 31 December 2022, the gross profit margin of the Company is (1.08%) which worse than last year which was 2.31%. This was due to continuously increasing cost of raw materials.

### Net Profit Margin

On 31 December 2022, the net profit margin of the Company is (13.17%) which was worse than last year at (7.81%). The Company is in the process of adjusting the strategy and future operating plans and looking for a new opportunity for additional funding sources.

### Debt to Equity ratio

On 31 December 2022, the debt-to-equity ratio of the Company is 6.74 times compared to the last years which was 12.39 times. The Company has higher current liabilities compare to current assets at Bath 3,551 million (subsidiaries: Bath 3,905 million) and total accumulated loss at Bath 3,519 million (subsidiaries: Bath 2,603 million).

## **Credit Policy**

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Company does not have high concentrations of credit risk since it has a large customer base.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for Company's various customer segments with similar credit risks. The Company classifies customer segments by customer type and rating, and coverage by letters of credit and other forms of credit insurance. Letters of credit and other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than 210 days and not subject to enforcement activity.

## **Allowance for diminution in inventory value**

The management needs to exercise judgment and make estimates determining the allowance for diminution in inventory value for the products that their net value is lower than the cost and obsolete or aging goods. This depends on a detailed analysis of the life cycle of the product, fluctuation of raw material prices, market competition, economic conditions, and industrial conditions. This may create a risk to the allowance for diminution in inventory value. Methods and assumptions used by management in determining the allowance for diminution in inventory are as follows:

- Comparing the holding period and the movement of inventories to identify Company' s products that indicate slower turnover
- Analyzing the net amount proceeds received from the sales of goods after the date record in the financial statements with the cost of the inventories
- Consider the actual loss from sales and write-off of inventories from the account incurred during the year compared with the allowance for diminution in the inventory value recorded at the end of the preceding year

#### Investments in subsidiaries

The Company recorded an allowance for impairment of investments in subsidiaries amounting to Baht 1,613 million in the separate financial statements (More details described in the notes to the financial statements no. 12). The determination of the allowance for impairment of investments is a critical accounting estimate. Which management team has to use high discretion to forecasting the future performance of subsidiaries including determining the discount rate and important assumptions. This will cause a risk associated with the value of investments in subsidiaries.

### Assets and liabilities management

#### 1. Trade and other receivables

	2022		2021		(Unit: Thousand Baht) 2020	
<u>Trade receivables - related parties</u>						
Not yet due	71,274	11.70 %	127,516	12.00 %	99,889	9.12 %
Overdue						
Less than 3 months	15,784	2.59 %	15,403	1.45 %	28,198	2.57 %
3 - 6 months	63	0.01 %	-	-	223	0.02 %
Over 6 months	-	-	-	-	1,037	0.09 %
Total trade receivables - related parties	87,121	14.31 %	142,919	13.45 %	129,347	11.80 %
<u>Trade receivables - unrelated parties</u>						
Not yet due	383,395	62.96 %	754,229	71.01 %	837,808	76.45 %
Overdue						
Less than 3 months	136,371	22.39 %	160,015	15.06 %	128,124	11.69 %
3 - 6 months	-	-	787	0.07 %	750	0.07 %
Over 6 months	15,533	2.55 %	13,543	1.27 %	11,855	1.08 %
Total	535,299	87.90 %	928,574	87.42 %	978,537	89.30 %
Less: Allowance for doubtful debts	(14,649)	(2.41 %)	(15,817)	(1.49 %)	(18,435)	(1.68 %)
Total trade receivables - unrelated parties	520,650	85.50 %	912,757	85.93 %	960,102	87.61 %
Total trade receivables - net	607,771	99.80 %	1,055,676	99.38 %	1,089,449	99.42 %
<u>Other receivables</u>						
Other receivables - related parties	122	0.02 %	2,861	0.27 %	4,993	0.46 %
Other receivables – unrelated parties	1,081	0.18 %	3,673	0.35 %	1,394	0.13 %
Total other receivables	1,203	0.20 %	6,534	0.62 %	6,387	0.58 %
Total trade and other receivables - net	608,974	100.00 %	1,062,210	100.00 %	1,095,836	100.00 %

#### 2. Inventories

	2022		2021		(Unit: Thousand Baht) 2020	
<b>Costs</b>						
Finished goods	253,220	19.00 %	412,394	23.83 %	470,195	26.23 %
Work in process	329,640	24.74 %	357,501	20.66 %	343,439	19.16 %
Raw materials	749,597	56.25 %	889,766	51.42 %	923,364	51.51 %
Goods in transit	126	0.01 %	70,807	4.09 %	55,734	3.10 %
Total	1,332,583	100 %	1,730,468	100 %	1,792,732	100 %
<b>Allowance for Impairment Losses</b>	(169,745)	12.74 %	(164,597)	10.51 %	(219,143)	12.22 %
<b>Net inventories</b>	1,162,838		1,565,871		1,573,589	

### 3. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Revaluation basis		Cost basis					Total
	Land	Land improvement and plant	Machineries	Plant equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machine under installation	
<b>Cost/ Revalued amount</b>								
As at 1 January 2021	952,142	2,654,335	8,299,600	1,327,348	207,022	120,891	781,492	14,342,830
Additions	-	-	2,363	353	716	561	72,990	76,983
Reclassify	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
Capitalised interest	-	-	-	-	-	-	-	-
Transfer in (out)	-	87,708	467,261	9,321	3,704	-	(567,994)	-
Transfer from right-of-use assets (Note 19)	-	-	1,829	-	-	26	-	1,855
Disposals/write-off	-	-	(38,530)	(1,858)	(566)	(3,238)	(2,712)	(46,904)
Translation adjustment	-	37,422	34,134	-	1,080	851	-	73,487
As at 31 December 2021	952,142	2,779,465	8,866,657	1,335,164	211,956	119,091	283,776	14,448,251
Additions	-	-	717	567	251	-	3,960	5,495
Revaluations	-	-	1,547,236	-	-	-	-	1,547,236
Transfer in (out)	-	12,506	11,978	3,051	293	-	(27,828)	-
Transfer from right-of-use assets (Note 19)	-	-	3,441	-	-	-	-	3,441
Disposals/write-off	-	-	(328)	(41,905)	(1,002)	-	(767)	(44,002)
Translation adjustment	-	(16,832)	(14,653)	-	(486)	(297)	-	(32,268)
As at 31 December 2022	952,142	2,775,139	10,315,048	1,296,877	211,012	118,794	259,141	15,928,153
<b>Accumulated depreciation</b>								
As at 1 January 2021	-	1,498,588	7,159,184	1,264,044	182,478	115,766	-	10,220,060
Depreciation for the year	-	104,136	233,325	21,796	8,981	1,950	-	370,188
Disposals/ write-off	-	-	(28,750)	(1,856)	(566)	(2,928)	-	(34,100)
Translation adjustment	-	20,005	27,905	-	989	691	-	49,590
As at 31 December 2021	-	1,622,729	7,391,664	1,283,984	191,882	115,479	-	10,605,738
Depreciation for the year	-	105,742	220,708	17,180	8,206	1,261	-	353,097
Disposals/ write-off	-	-	(314)	(41,905)	(995)	-	-	(43,214)
Translation adjustment	-	(9,411)	(12,773)	-	(445)	(269)	-	(22,898)
As at 31 December 2022	-	1,719,060	7,599,285	1,259,259	198,648	116,471	-	10,892,723
<b>Allowance for impairment loss</b>								
As at 1 January 2021	-	(62,948)	(11,239)	-	(653)	(611)	-	(75,451)
Decrease (increase) during the year	-	-	(7)	-	-	158	-	151
Translation adjustment	-	-	(264)	-	(90)	(83)	-	(437)
As at 31 December 2021	-	(62,948)	(11,510)	-	(743)	(536)	-	(75,737)
Decrease (increase) during the year	-	-	-	-	-	-	-	-
Translation adjustment	-	-	119	-	40	-30	-	189
As at 31 December 2022	-	(62,948)	(11,391)	-	(703)	(506)	-	(75,548)
<b>Net book value</b>								
As at 31 December 2021	952,142	1,093,788	1,363,483	51,180	19,331	3,076	283,776	3,766,776
As at 31 December 2022	952,142	993,131	2,704,378	37,618	11,661	1,817	259,141	4,959,882
<b>Depreciation for the year</b>								
2021 (Baht 341 million included in manufacturing cost, and the balance in administrative expenses)								370,188
2022 (Baht 242 million included in manufacturing cost, and the balance in administrative expenses)								353,097

During the current year, the Company reversed the write-down of cost of inventories by Baht 4.3 million (2020: Baht 50.2 million) (Only parent company: Baht 14.5 million). By deducted from the value of inventories recognized as an expense during the year.



The Company arranged for an independent professional value appraisal to evaluate the value of its land and buildings in 2020 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the market approach.
- Land improvement and buildings were revalued using the depreciated replacement cost approach.

The result of the revaluations showed increases of Baht 599.2 million and Baht 530.2 million (the Company only: Baht 517.2 million and Baht 201.9 million) in the net book value of the Company's Land and Land improvement and building, respectively. The Company recorded the revaluation increase in other comprehensive income and the cumulative increase is recognized as the "Revaluation surplus on assets" in the shareholders' equity.

During the year ended 31 December 2020, borrowing cost totaling approximately Baht 1.5 million (2019: Baht 11.1 million) were capitalized as part of machine under construction. The weighted average rate used to determine the amount of borrowing cost eligible for capitalization was 4.20 - 4.64 percent per annum. (2019: 4.20 - 4.56 percent per annum)

As at 31 December 2020, certain items of plant and equipment of the Company were fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to Baht 6,188 million (The Company only: Baht 3,777 million) (2019: Baht 6,776.3 million in the consolidated financial statements and Baht 3,881.4 million in the separate financial statements).

The Company pledged their land and buildings thereon, of which net book value amounted to approximately Baht 1,188 million (2019: Baht 392 million) (The Company's: Baht 741 million 2019: Baht 221 million), with financial institutions as collateral to secure loans as discussed in Note 19.

In addition, the Company has entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under these memorandums, the Company is not allowed to dispose, transfer, mortgage or provide any lien on their land and buildings thereon and machinery, except to use as collateral for the syndicated loans to pay off the debts to those financial institutions as discussed in Note 17.

Land is stated at revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land and buildings are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognized in equity under the heading of "Revaluation surplus". However, a revaluation increase is recognized as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognized as an expense.

When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognized in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

Land improvement and plant	-	10, 20, 30, 35, 40, 45	years
Machineries	-	5, 8, 10, 15	years
Plant equipment	-	5	years
Furniture, fixtures and office equipment	-	3, 5, 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress and machine under installation.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognized.

#### 4. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2022	2021	2022	2021	2022	2021	2022	2021
			(%)	(%)				
Kulthorn Kirby Foundry Company Limited	575,000	575,000	100	100	739,999	739,999	-	-
Kulthorn Premier Company Limited	1,260,000	1,260,000	100	100	1,936,751	1,936,751	-	-
Kulthorn Steel Company Limited	400,000	400,000	100	100	399,999	399,999	-	-
Kulthorn Materials and Controls Company Limited	650,000	650,000	100	100	540,630	540,630	-	-
Kulthorn Research and Development Company Limited	12,500	12,500	100	100	12,500	12,500	-	-
Total					3,629,879	3,629,879	-	-
Less: Allowance for impairment loss on investments in subsidiaries					(1,612,646)	(1,543,007)	-	-
Total investments in subsidiaries - net					2,017,233	2,086,872	-	-

The company did not receive dividend during the year ended 31 December 2021 and 2020.

## 5. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	2022	2021	2020
Bank overdrafts	6.34 – 6.35	124,968	137,101	124,682
Short-term loans	4.20 – 6.65	1,120,000	1,045,000	1,085,000
Trust receipts	4.25 – 5.85	1,321,700	1,596,541	1,257,847
Packing credit	3.25 – 5.65	1,139,652	892,261	1,083,318
Total		3,706,320	3,670,903	3,550,847

The Company has entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under the agreements, the Company is required to comply with certain conditions including maintaining interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio not exceeding 5:1 for the consolidated financial statements and debt to equity ratio for the consolidated financial statements not exceeding 2.75:1. The Company is not allowed to dispose, transfer, mortgage or provide any lien on their assets, both existing and to be acquired in the future, except to use as collateral for the syndicated loan to pay off the debt to those financial institutions.

## 6. Trade and other payables

(Unit: Thousand Baht)

	2022	2021	2020
Trade payables - related parties	5,401	2,971	10,936
Trade payables - unrelated parties	420,639	588,978	478,739
Other payables - related parties	3,406	3,470	2,404
Other payables - unrelated parties	148,222	406,436	176,498
Accrued interest expenses to related parties	-	-	-
Accrued interest expenses to unrelated parties	1,423	1,736	1,894
Accrued expenses - unrelated parties	87,086	92,329	81,036
Total trade and other payables	666,177	1,095,920	751,507

## 7. Long-term loans

(Unit: Thousand Baht)

	2022	2021	2020
Long-term loans	1,109,724	1,102,850	1,075,300
Less: current portion	(1,088,148)	(420,000)	(400,000)
Long- loans, net of current portion	21,576	682,850	675,300

In December 2016, the Company entered into a Credit Facility Agreement with three financial institutions to obtain long-term syndicated loans facility amounting to Baht 2,000 million.

During the year 2020, the Company entered into the Second Amendment Agreement to the Credit Facility Agreement to extend the repayment period of the outstanding principal for one year, starting from 31 March 2020.

Subsequently, in March 2022, the Company received a waiver letter from three financial institutions, approving an extension of the principal repayment period for additional one year, starting from 31 March 2021. The Company executed the Third Amendment Agreement to the Credit Facility Agreement for such loan repayment extension with the three financial institutions on 30 April 2021.

In March 2022, the Group received a waiver letter from three financial institutions, approving an extension of the principal repayment period for additional one year, starting from 31 March 2022. The Group executed the Fourth Amendment Agreement to the Credit Facility Agreement for such loan repayment extension with the three financial institutions on 29 April 2022.

The loan is subject to interest at the rate with reference to THBFIX+3%, and interest is to be paid on a monthly basis.

Under the loan agreement, the Group has to comply with certain conditions including maintaining interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio for the consolidated financial statements not exceeding 5:1 and debt to equity ratio for the consolidated financial statements not exceeding 2.75:1, based on the financial statements as at 30 June and 31 December.

In December 2021 and June 2022, the Group received waiver letters from three financial institutions, approving a waiver for certain financial conditions including a waiver maintenance of the interest bearing debt to EBITDA plus extraordinary items and non-cash items ratio and debt to equity ratio as at 31 December 2021 and 30 June 2022.

As at 31 December 2021 and 30 June 2022, the Group was able to comply with all conditions as specified in the waiver letters and the loan agreement.

However, as at 31 December 2022 the Group was unable to maintain interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio and debt to equity ratio, as specified in the Credit Facility Agreement, resulting in the long-term becoming payable on demand. The Group therefore classified total balance of loan as current portion due within one year. The classification of such liabilities to current liabilities is in accordance with Thai Financial Reporting Standards.

The above long-term loans from financial institutions are secured by mortgage of the Group's properties and plant thereon.

In addition, during the year 2021, the Company entered into debt restructuring agreements with a financial institution to convert the outstanding principal and interest obligations under the promissory notes that were due totaling Baht 40 million into 24 monthly installment payments. The debt is divided into 2 parts whereby the first half totaling Baht 20 million shall be paid in the first installment on 20 January 2021 and the latter half totaling Baht 20 million shall be paid in the first installment on 20 October 2021. The loan is subject to interest at a prime rate of 1.5% per annum.

During the year 2022, Kulthorn Steel Co., Ltd. (a subsidiary) entered into machines sales and leaseback agreement with a financial institution, which was deemed to be a financing transaction and is not true sell. The agreement has principle of Baht 29.6 million and monthly repayment for 60 periods. The first payment was in July 2022 and it is subject to interest at 3.25% per annum.

## 8. Liabilities under lease agreements

### 8.1 The Company as a lessee

The Company has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 2 - 6 years and 33 years.

#### 8.1.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2021 are summarised below:

	Consolidated financial statements				
	Land and land improvement	Machinery and equipment	Office equipment	Motor vehicles	Total
1 January 2021	15,794	62,028	2,240	734	80,796
Additions	5,412	-	-	-	5,412
Decrease from lease termination during the year	-	-	(96)	-	(96)
Transfer to fixed assets (Note 13)	-	(1,829)	-	(26)	(1,855)
Depreciation for the year	(6,786)	(10,967)	(1,216)	(708)	(19,677)
Translation adjustment	278	-	-	-	278
31 December 2021	14,698	49,232	928	-	64,858
Additions	15,625	5,128	-	1,492	22,245
Transfer to fixed assets (Note 13)	-	(3,441)	-	-	(3,441)
Depreciation for the year	(6,631)	(9,822)	(928)	(161)	(17,542)
Translation adjustment	(121)	-	-	-	(121)
31 December 2022	23,571	41,097	-	1,331	65,999

### 8.1.2 Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Lease payments	39,803	39,038	5,609	3,651
Less: Deferred interest expenses	(2,710)	(2,998)	(583)	(143)
Total	37,093	36,040	5,026	3,508
Less: Portion due within one year	(18,624)	(15,947)	(1,620)	(2,819)
Lease liabilities - net of current portion	18,469	20,093	3,406	689

A maturity analysis of lease payments is disclosed in Note 34.2 under the liquidity risk.

### 8.1.3 Expenses relating to leases that are recognized in profit or loss

	(Unit: Thousand Baht)	
	For the year ended 31 December 2022	
	Consolidated	Separate
	financial statements	financial statements
Depreciation expense of right-of-use assets	17,542	2,321
Interest expense on lease liabilities	2,780	312
Expense relating to short-term leases	4,946	2,115
Expense relating to leases of low-value assets	392	10

### 8.1.4 Others

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 28.3 million, (2021: Baht 30.5 million) (the Company only: Baht 5.0 million, 2021: Baht 5.2 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

## 9. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees' retirement and long service awards, was as follows:

(Unit: Thousand Baht)					
Consolidated financial statements					
	Retirement benefits		Long service awards		Total
	plan		plan		
	2022	2021	2022	2021	2022 2021
<b>Provision for long-term employee</b>					
<b>benefits at beginning of year</b>	216,591	239,439	3,499	4,896	220,090 244,335
Included in profit or loss:					
Current service cost	16,181	19,912	326	387	16,507 20,299
Interest cost	3,425	6,953	55	98	3,480 7,051
Past service costs	-	-	-	-	- -
Actuarial loss arising from					
Financial assumptions changes	-	-	-	82	- 82
Demographic assumptions					
changes	-	-	-	34	- 34
Experience adjustments	-	-	-	(794)	- (794)
Included in other comprehensive					
income:					
Actuarial loss arising from					
Financial assumptions changes	-	4,304	-	-	- 4,304
Demographic assumptions					
changes	-	2,149	-	-	- 2,149
Experience adjustments	-	(34,542)	-	-	- (34,542)
Benefits paid during the year	(18,501)	(21,624)	(168)	(737)	(18,669) (22,361)
Reclassify the portion due to accrued					
expenses	-	-	-	(467)	- (467)
<b>Provision for long-term employee</b>					
<b>benefits at end of year</b>	217,696	216,591	3,712	3,499	221,408 220,090

(Unit: Thousand Baht)

	Separate financial statements					
	Retirement benefits		Long service awards			
	plan		plan		Total	
	2022	2021	2022	2021	2022	2021
Provision for long-term employee						
benefits at beginning of year	103,648	103,306	2,720	3,688	106,368	106,994
Included in profit or loss:						
Current service cost	7,188	7,717	269	303	7,457	8,020
Interest cost	1,637	3,222	43	75	1,680	3,297
Past service costs	-	-	-	-	-	-
Actuarial loss arising from						
Financial assumptions changes	-	-	-	43	-	43
Demographic assumptions						
changes	-	-	-	15	-	15
Experience adjustments	-	-	-	(347)	-	(347)
Included in other comprehensive						
income:						
Actuarial loss arising from						
Financial assumptions changes	-	1,383	-	-	-	1,383
Demographic assumptions						
changes	-	533	-	-	-	533
Experience adjustments	-	(4,642)	-	-	-	(4,642)
Benefits paid during the year	(7,508)	(7,871)	-	(590)	(7,508)	(8,461)
Reclassify the portion due to accrued						
expenses	-	-	-	(467)	-	(467)
Provision for long-term employee						
benefits at end of year	104,965	103,648	3,032	2,720	107,997	106,368

The Company expects to pay Baht 15.6 million of long-term employee benefits during the next year (Separate financial statements: Baht 7.7 million) (2020: Baht 20.3 million, separate financial statements: Baht 7.3 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 8 years (Separate financial statements: 8 years) (2020: 13 years, separate financial statements: 13 years).



## Management's Point of View

In 2022, the covid-19 pandemic had slowed down and its life threatening effect has eased off due to the increasing number of world population with covid-19 vaccinations. This improving trend had led many countries, around the world, to lift the restrictions on covid-19 pandemic in order to revive their own economy and boost tourism.

For Kulthorn Kirby, the company received high demand for the AW compressors (for the air conditioning in the Middle East market) and also for the Bristol compressors (for the U.S. market, Middle East, and Europe). The company's sales orders increased more than that of 2021 but due to the effect of external circumstances all orders cannot be fulfilled in this year:

- The company still suffered from in-sufficient cash flow and working capital in 2022 which restricted the production volume to reach the breakeven point.
- Prices for raw materials such as copper, steel continued to fluctuate and still remain at high level in 2022.
- The company continued to increase our selling prices to all customers to reflect the high cost of raw material in 2022.

The management of the company remains confident and determine that these business strategies can help turn around the company's fortune and continue stable growth for the future.

1. Finalize additional working capital agreement and manage all financial transactions of the company and subsidiaries to allied with all conditions of the signed credit facilities agreement with Kasikorn Bank Public Company Limited, Bangkok Bank Public Company Limited, and ICBC (Thai) Bank Public Company Limited.
2. Liquidating the company's unused assets and non-core businesses.
3. Continue to develop lower cost yet still maintaining high-efficiency motor compressors such as the Aluminum motor compressor project which replaces copper with lower-cost aluminum.
4. Continue with improving production process efficiency and decreasing all costs/expenses in the company
5. Continue to develop local suppliers for Bristol compressors to shorten delivery time and decrease raw material cost
6. Manage the effects of foreign exchange rate and minimize exposures on the foreign currency by entering into forward exchange contracts.

With the above business strategies and the growth of air conditioning compressors sales in the Middle East and US market, after the covid-19 pandemic, the company remains confident that the sales of AW and Bristol compressors can continue to expand and support the company's business for the future.

## 5. Other References

### Registrar:

Thailand Securities Depository Co., Ltd.  
93 The Stock Exchange of Thailand Building,  
Ratchadaphisek Road, Dindeang, Bangkok 10400  
Tel. +66 (0)2009 9000 Fax. +66 (0)2009 9001

### Auditor:

Ms. Natteera Pongpinitpinyo	Certified public accountant no. 7362 and/or
Mrs. Sarinda Hirunprasurtwutti	Certified Public Accountant no. 4799 and/or
Ms Siriwan Suratepin	Certified Public Accountant no. 4604

EY Office Limited  
33<sup>rd</sup> Floor, Lake Rajada Office Complex  
193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110  
Tel. +66 (0)2264 0777 Fax. +66 (0)2264 0789-90

### Law Consultant:

Chor. Chanasongkram Advocates & Solicitors  
52/3 Phrasumene Road, Khwaeng Chana Songkram,  
Khet Phra Nakhon, Bangkok 10200  
Tel. +66 (0)2282 2955-6 Fax. +66 (0)2281 3008

## Part 2 Corporate Governance

### 6. Corporate Governance Policy

Kulthorn Kirby Public Company Limited (“KKC” or “the Company”) is aware of the importance of Good Corporate Governance, which leads to a transparent management system that is able to be audited in order to maintain the confidence of shareholders, investors, stakeholders and related persons.

The Board of Directors (BOD) of the Company has prepared the Corporate Governance Policy and Business Ethics as guidance for the operation of the business and to provide guidelines for management and employees, as follows:

#### 1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably. The rights that the Company provides for its shareholders as fundamental are as follows:

- **Rights to get share certificate, sell, purchase or transfer the Company’s shares**

Thailand Securities Depository Co., Ltd. (“TSD”) has been appointed as the Company’s registrar to provide all services for all transactions related to registration of the Company’s shares

- **Rights to propose agenda and enquiries for the Shareholders’ Meeting**

The Company is aware of the shareholders’ rights and equitable treatment to the shareholders under the good corporate governance. It’s the Company policy to allow the shareholders to propose matter(s) for consideration of the Board of Directors as agenda of the shareholders’ meeting. The shareholders are allowed to submit any enquiries prior to the Annual General meeting of shareholders. Shareholders who would like to propose the agenda have to comply with the Company’s procedures and criteria of the above matter. The Company allow the shareholders to propose the matter for consideration as agenda or submit the enquiries in advance since October of the current year to January of the next year and has specified the shareholding proportion of the shareholders entitled to propose the agenda must not be less than 0.5 percent of total number of the voting rights. The Company will notify and disclose contact channels and period for proposing agenda and enquiries via SET and also provide details of the procedures on the company’ website ([www.kulthorn.com](http://www.kulthorn.com)).

- **Participation in the Shareholders’ Meeting.**

The Company is aware of the shareholders’ rights and equitable treatment to participate in the shareholder’s meeting, be informed conditions and procedures of meeting as well as having proxy to vote and comment in the meeting on behalf of the shareholders. The date, time and place of meeting will be set by consideration of Shareholders’ convenience with the following process of meeting:

#### **Before the Meeting Date**

The shareholders will be informed on the date and agenda of the meeting via SET’s communication system prior to the meeting date which been complied with SET’s regulations. At the same time, the Company will also disclose the invitation letter as well as related documents in both languages, Thai and English, on the Company’s website no less than 30 days before meeting date for the shareholders to have sufficient time for consideration. Same documents will be directly delivered to the shareholders by TSD, the Company’s registrar, at least 7 days or 14 days before the meeting date depends on consideration matter that required by law and regulations. The invitation letter will contain facts, rationales, opinion from the Board of Directors for each agenda, conditions and procedures of meeting as well as other related document with sufficient information for shareholders’ consideration. Moreover, the invitation letter will be 3 days continually published on the newspaper at least 3 days prior to the meeting date to be in line with law.

### **On the Meeting Date**

Meeting procedures has been set to conform to regulations and considering on shareholders' convenience. The Company is aware of the equitable of shareholders' right and their comfort to participate in the shareholders' meeting. Appropriated methodology and equipment are sufficient for registration reviewed on required documents prior to commencement of the meeting.

In every Shareholders' Meeting, the Board of Directors, Chairman of all committees, the Company's management and external auditors will also present in the meeting. Chairman of the Board of Directors who is Chairman of the meeting will introduce all Board members and the management to the shareholders. The Chairman will also declare to the shareholders how to exercise their right and vote before commencement and conducts the meeting to be in line with the agenda without any additional topic from what have been expressed in the invitation letter. Voting cards will be provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda will be transparently presented to the meeting. The shareholders will be encouraged to express their opinions and raise any questions, either in the agenda or any other questions related to the Company's business, at the meeting. All questions will be answered and taken in the minutes of meeting as well as the opinions from the shareholders.

### **After the Shareholders' Meeting**

Resolutions of the meeting will be disclosed to SET on the next day after the meeting date. Full minutes of meeting of which contained the attendance record of the directors, summary of questions and answers during the meeting with voting details, approved, disapproved and sustained, of each agenda in both Thai & English will be sent to SET and related parties within 14 days after the meeting date as well as posed on the Company's website ([www.kulthorn.com](http://www.kulthorn.com)) for verification.

#### **• Appointment / Dismission of Directors of the Company and Approve their Remuneration**

According to the Company's Articles of Association, at the Annual General Meeting of Shareholders, one third (1/3) of the Directors has to be retired by rotation. Election for replacement is required. The retired directors are eligible to be re-elected for another term. And the shareholders have the rights to consider and approve the remuneration for all directors and members of sub-committees. Adequate Information of all candidates for being considered and appointed as directors or members of sub-committees was also delivered for shareholders' consideration.

The election of the Board of Directors shall be in accordance with the rules and procedures as follows:

- Each shareholder shall have one vote on each share.
- In voting, a shareholder shall vote in accordance with the number of votes each shareholder has under (1) for one or several directors. The said shareholder may not allot any number of his votes to any person.
- The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the chairman of the meeting shall have a casting vote.

Apart from the appointment of Directors, the shareholders also have rights to remove any director from the office before the expiration of his term of office by having votes of no less than three quarters (3/4) of the number of shareholders attending the meeting and having the rights to vote and the aggregate number of shares shall be no less than one half (1/2) of the shares held by all the shareholders attending the meeting and having the rights to vote.

- **Appointment of Auditors and approval of their remuneration**

In every Annual General Meeting of Shareholders, one of the agenda is the appointment of Company's auditors and consideration of their remuneration. The Company will propose name of the auditors with sufficient details and remuneration for consideration of the shareholders

- **Regularly and timely obtained adequate information, business performance and management policy.**

The Company concerns on Shareholders' rights and not only disclosed Company's information via SET's communication system but also posed all significant and updated information on the Company's website ([www.kulthorn.com](http://www.kulthorn.com)).

- **Getting profit.**

The Company will return profit to its shareholders by way of dividend payment. The Board of Directors of company will propose dividend payment is "no less than 60% of its separated net profit after corporate income tax subject to need for future investment and business plan, future necessity and appropriation. The Company's subsidiary companies have to pay dividend based on the resolution of its Board of Director meeting.

## **2. Equitable Treatment of Shareholders**

The Company realizes to protect and due care for the interests of all major and minor shareholders as fairly basis. In addition, the Company sets policy for equitably treatment to all shareholders for attending and vote in the shareholders' meetings, sharing in profits, obtained adequate information, business performance and management policy. In the shareholders' meeting, each shareholder shall have one vote on each share. Proxy form requiring documents were delivered together with the invitation letter for shareholders who would like to appoint a proxy. Proxy form, which contains detail of voting as approve, disapprove or abstain, as well as details of 2 independent directors also are attached for shareholders consideration as alternative proxy. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. In every shareholders meeting, the meetings were conducted to be in line with the agenda without any additional topic from what have been expressed in the invitation letter otherwise rights of the shareholders who could not participate in the meeting by themselves will be deprived.

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. It was also set forth in the Company's Corporate Governance Policy to refuse directors, management and employees of the Company to use Company's inside information for personal benefits. The Directors and management of the Company had been informed on their duties and punishment regarding to report on securities holdings of themselves, their spouse and any minor children to the Stock Exchange of Thailand (SET) within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. Any change in securities holdings, such directors and managements have to report the Company Secretary for coordination and preparing report submit to the Securities and Exchange Commission (SEC). In addition, the Company has set as a policy to report on securities holdings of directors in every meeting of the Board of Directors.

In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction to be complied to SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors or the shareholders. The directors who have conflict of interest will not participate in any agenda that they have conflict of interest. Moreover, any conflict of interest transactions with the connected persons will be disclosed in the Company's 56-1 One Report.

General practices for conflict of interest protection have been set in the Company's Business Ethics. Such practices have been delivered to all directors, management and employees.

### **3. Roles to Stakeholders**

The support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term succession. The Company realized the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, lenders, societies and environment. Thus, general rules and practices have been set for directors, management and employees in the Company's Business Ethics for directors, managements, and employees to perform and disclosed on the Company's website ([www.kulthorn.com](http://www.kulthorn.com)) as well as providing more channels for the stakeholders to contact directly to the Company in order to provide either comments or recommendations which will be benefit to the Company.

### **4. Disclosure and Transparency**

The Company has strong determination to reveal accurate complete, consistent and updated information, both financial and general information that related to Company's business. The Complete, consistent and updated information will truly reflect Company's financial performance and future business direction. Such information were disclosed to shareholders, investors and any related parties via SET's Communication system, Company's website ([www.kulthorn.com](http://www.kulthorn.com)), press release and Company's Annual Report as well as participated in the "Opportunity Day" which arranged by SET.

The Board of Directors has to ensure that the Company's disclosures are transparency and strictly complied by laws, Company's and any related regulations. The Board has Major concerned on transparency and disclosure in the following area:

- **Provide multi channels for disclosure of information**

#### **56-1 One Report**

The Board of Directors ensure that 56-1 One Report contained adequate information with accuracy, clarity and could create understanding to the shareholders and related parties on the Company's operation and its performance for the previous year as well as the management structure, performance of the Board of Directors and all Committees.

#### **Company's website**

The Board of Directors is aware of the efficiency of website disclosure to the shareholders and related persons as well as equitably and easily of getting information. The Board of Directors therefore ensure the Company not only provide all significant information of the Company in the Company's Annual report but also on the Company's website ([www.kulthorn.com](http://www.kulthorn.com)) in both languages, Thai and English. The disclosed information comprised of Corporate Governance Policy, Business Ethics, General News, Financial Statement as well as 56-1 One Report, etc.

#### **Investor Relations**

The Company realizes that its information, both financial and non-financial, affect the decision-making process for investors and stakeholders. Therefore, the management values accurate and full disclosure in a regular and timely manner, in accordance with SEC and SET regulations.

The Investor Relations department is not yet set up due to a few concerned activities then the Company assigned Mrs. Supanee Chantasawat, the company secretary to communicate with investors, shareholders and stakeholders, and all investors can contact to the company by Website [www.kulthorn.com](http://www.kulthorn.com)

Tel. +66(0)2326-0831, +66(0)2739-4893 Fax +66(0)2326-0837, +66(0)2739-4892

E-mail: [companysecretary@kulthorn.com](mailto:companysecretary@kulthorn.com)

- **Disclosure of Information of the Board of Directors and the Audit Committees**

- Structure, Roles and Responsibilities of the Board as well as performance of the Board of Directors and the Audit committee.
- Directors and Management's Remunerations: Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any sub Committees will be paid appropriately more in accordance with the extra work. The Board of Directors will consider the remuneration and propose for approval from the meeting of shareholders. The remuneration of the Board of Directors, the Audit Committees and the Management have been disclosed in the Company's 56-1 One Report

- **Accountability to the Financial Statement**

The Board of Directors is responsible for the Company's consolidated financial statements and any financial information which been disclosed in the Company's annual report. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements. The financial statements have been audited and commented independently by the authorized auditors of SEC.

The Board of Directors also set out and maintained for the efficiency of the Company's internal control system to ensure that the financial information had been correctly and accurately booked and sufficient to maintain the Company's assets and be aware of weak point in order to prevent whether from any dishonesty or significant error. The Board of Directors had appointed the Audit Committee of which comprised independent directors to be responsible for the quality of the financial statements and the internal control system and disclosed such opinion in the Annual Report under the Report of the Audit Committee. The opinion of the Audit Committee has already been disclosed in the annual report. Moreover, Report of the Board of Directors' responsibility on the Company's Financial Statements was also attached in the Company's Annual Report.

## **5. Roles and Responsibilities of the Board of Directors**

### **5.1 Composition**

The Board of Directors has at least 4 members, and there are 11 members at the present.

The Board consists of Chairman, and other member of directors. The Board composed of independent directors with at least one-third of total numbers and shall at least 3 members. No less than one half of the total number of directors shall have residence within the Kingdom.

### **5.2 Qualifications**

1. Has qualifications which comply to Public Company Act B.E. 2535, regulations of the Stock Exchange of Thailand, Securities and Exchange Commission, and Company's Articles of Association and any other related laws.
2. Does not run any business, which is competed with the Company, and not being a shareholder of any legal entities whose business is the Company's competitors except obtained approval from the shareholders.
3. Having leadership, vision, and independent consideration for best benefit of the Company and the shareholders.
4. Having various knowledge, experience, and specific skill that suitable for the Company business.
5. Having Integrity.
6. Having sufficient time for fully participated as a Director of the Company.

**Qualifications of Independent Director** (With a higher standard than the regulations of the Security Exchange of Thailand)

1. Shall not hold shares exceeding 0.5% of the total number of voting shares of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person including shares held by related persons of such independent director.
2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or be a controlling person of the Company, its parent company, subsidiary, associated company, same level subsidiary, major shareholder or controlling person unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.
3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child, of an executive, major shareholder, controlling person or person to be nominated as executive or controlling person of the Company or its subsidiary.
4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither be nor have ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.

The term 'business relationship' in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of 3 % or more of the net tangible assets of the Company or Baht 20 million or more, whichever is lower.

5. Shall neither be nor have ever been an auditor of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, and shall not be a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.
6. Shall neither be nor have ever been a provider of any professional service including legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year from the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, and shall not be a significant shareholder, controlling person or partner of the office of professional service provider, unless the foregoing status ended not less than 2 years prior to the date of appointment to be an independent director.
7. Shall not be a director appointed as representative of the director of the Company, the major shareholder or any other shareholder who is related person to the major shareholder.
8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, or shall not be a significant partner in a partnership, or an executive director, employee, staff member, advisor who receives a salary, or holds shares exceeding 1% of the total number of voting shares of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.
9. Shall not have any other characteristic that limits his/her ability to express independent opinions regarding the Company's business operations.



After having been appointed as an independent director with qualifications complying with the criteria under 1 to 9, the independent director may be assigned by the Board of Directors to take part in the business decisions of the Company, its parent company, subsidiary, associated company, major shareholder or controlling person, on condition that these actions must be collective decision and it's not mean that the independent director do a part of management.

Furthermore, in case of the amendment of Independent Director's qualifications which announced by the Board of Capital Market Supervisory or the Securities and Exchange Commission, such amendment will be complied.

### **5.3 Terms of positions**

Pursuant to the Public Company Acts B.E. 2535, at first Annual General Meeting of Shareholders after the registration of the Company and at the first Annual General Meeting of Shareholders in every subsequent year one-third of the directors, who have been longest in office, shall retire. The retired directors are eligible to be re-elected for another term by obtaining majority approval from the Board of Directors and the Shareholders of company.

### **5.4 The Independent of the Board of Directors**

#### **5.4.1 Separation of CEO and President**

For best benefit of the shareholders and to strike a balance of power within the Company, the positions of Chairman of the Board of Directors and President must not be attained by the same person. Roles and responsibility of the management have been clearly classified.

#### **5.4.2 Balance between members**

More than half of the members of the Board of Directors are not a part of executive team. Within this half, one third of the directors at least 3 members are independent and have no relations, business or personal, with the Company's executives. Free from executives' influences, they oversee the Company's direction with neutrality and pay careful attention to the rights of shareholder and stakeholder and to strike a balance of power within the Company.

#### **5.4.3 Separate Roles and Responsibilities of the Board of Directors and President**

The Board of Directors must take part in setting out the Company goals and carry out all the policies with an objective to optimize benefits to all shareholders and stakeholders without an obligation to personal benefits or any particular party. They must avoid all actions that may cause conflicts of interest between companies within the same umbrella. They have to operate the business with morality, responsibility, due care and integrity, as well as supervise the management to comply with Company's Objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting along with rules and regulations stated by The Stock Exchange of Thailand and Office of the Securities and Exchange Commission (SEC). Their duties include:

1. Conduct business with responsibility, due care, and integrity uphold the duties according to the law, and Company's objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting
2. Formulate policies and directions for the Company's operations. The Board must also supervise managerial and administrative departments to deliver all policies with effectiveness and efficiency
3. Consider and approve the Company's investment and annual budget
4. Appoint directors and Committee members to replace of those who will retire by rotation as well as consider the remuneration package for such directors and committee members, prior to propose for further consideration of the shareholders
5. Appoint audit committees to oversee administrative process and internal system to coincide with Company's policies, and propose to the Board of Directors prior to propose for further consideration of the shareholders

6. Appoint and consider remuneration package for top executives of the Company and appoint Company Secretary.
7. Summarize Profit & Loss Statement and Statement of Financial Position of the Company for every fiscal year's ended period. Authorize the statements and present them during the Annual General Meeting of Shareholders for further consideration
8. Nominate appropriated persons with remuneration for further consideration, proposed from the Audit Committee, and approval of shareholders for the appointment of the Company's auditors
9. Ensure the Company's to have written Corporate Governance Policy and Business Ethic as well as to ensure that there will be no conflicts of interest at the same time to establish systematic plans for internal control and risk management
10. Ensure that good corporate governance is implemented to demonstrate Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders
11. In case of entering into any direct or indirect transaction with the Company and subsidiaries, such director has to immediately inform his/her or related parties' personal interest to the Company
12. In case of holding the company's securities, such director has to immediately inform his/her changing of his/her holding of the company's shares.

#### **Duties and responsibilities of the Chairman of the Board**

1. To be responsible as the leader of the Board of Directors to oversee, monitor and supervise the operations of the Management and the Audit Committees to make them achieve the objectives pursuant to the specified plan
2. To act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting
3. To have a casting vote in case the Board of Directors' meeting has a tie vote.

#### **Roles and Responsibilities of President**

Roles and responsibilities of the management have been clearly classified. The President will be the chairman of the management in terms of running the business of which will cover the following roles:

1. General operation management and control in business of the Company to comply with its objectives, policy and the Articles of Association
2. Consideration in business investment plans prior to propose to the Board of Directors for further approval in case of the over limit amount from the assigned authority.
3. Entering into any transaction binding the Company conforming to the Company's Delegation of Authorities
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

The delegation authorities of the President should not be delegated or further assigned that authorize the President or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the Securities Exchange Commission's notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company shareholders' meeting to be complied to regulations of SET/ SEC or any related laws and regulations.

### **5.5 Transparency of Nomination**

The Board of Directors select, and nominate appropriate candidates for positions of Chairman of the Board, members of the Board, the Audit committee and the President as well as consider the appropriate remuneration for such directors. In the case of a vacancy in the board of directors for reasons other than retire by rotation, the Board of Directors will elect a person as the substitute director. The resolution of the Board of

Directors shall be by a vote of not less than 3/4 of the number of directors remaining. In case of a vacancy due to directors retire by rotation, the Board of Directors will select and nominate a person to Shareholders Meeting electing for director who shall obtain majority vote from shareholders who attend the meeting and have voting right. For election of independent directors, the Board of Directors will nominate any person who is fully complied with the qualifications of Independent Directors under the company's policy as well as complying to such requirements of SEC/SET as a minimum. Moreover, the Board of Directors of the Company has also appointed the Audit Committee's members to help the Board of Directors on its business either audit or consideration any significant matters.

#### **Executive Succession Plan**

The Company is aware of the importance of executive succession plan when any executive position is vacant. In order to create confidence for investors, shareholders and employees on the continuity operation of the Company, an Executive Succession Plan has been considered. The potential candidate will be selected, trained and developed to be ready to accommodate the vacant position in the future.

### **5.6 Directors' Remuneration**

Policy of Directors' Remuneration have been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to tract and retain qualified directors. The directors who also be appointed to be the member of any sub Committees will be paid appropriately more in accordance with the extra work. The Board of Directors will consider the remuneration and propose for approval from the shareholders. The directors' remuneration by individual has been disclosed in the Company's annual information disclosure (Form 56-1) and the Annual Report.

### **5.7 Accountabilities of the Board of Directors**

#### **5.7.1 Set Policy and Business Direction**

The Board of Directors involved and agreed on setting out the Company's vision, mission, Corporate Governance Policy, Business Ethics, strategies, goal, direction, business plan, budget, internal control and internal audit systems, including risk management. The Board has to ensure that the management had efficiently followed the Company's business plan and budget for profitability and economic value to the Company as well as for best stability to the shareholders. In addition, the Board of Directors has not only to ensure the Company and its management to oversee the value of all stakeholders, neither derive personal benefit nor create any rivalry with the Company and its subsidiaries, but also conducted the business with great awareness in ethical, moral and compliance to the Company's Articles of Associations as well as laws and regulations of the SET and the SEC.

#### **5.7.2 Set up of Committees**

For governing the management to comply with the approved policies and having better efficiency, the Board of Directors appointed the Audit committee and the Nomination and Remuneration Committees to help the Board for consideration in significant matters.

##### **1) Audit Committee**

The Audit Committee's members have to be the independent directors who were elected by the Board of Directors and proposed for the Company's Board of Directors' and/or the shareholders' approval. The Audit Committee has at least 3 members.

#### **Qualifications of Audit Committee**

1. Has been appointed from the Board of Directors and/or the shareholders
2. The Members of the Audit Committee have to be the Independent director qualification from the SEC
3. Not being a person who has been empowered by the Board of Directors for any decision in the business operation of the Company, Parent Company, Subsidiary or affiliated Companies, Same-Level of Subsidiaries as well as any juristic person, major shareholder, or controlling person of the Company

4. Not being a director in parent Company Subsidiaries and any same-Level of subsidiaries which is a listed Company
5. Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members
6. At least one member of the Audit Committee should have sufficient knowledge and experience to review the financial statement credibility and the Company has to put his/her name in the filing of 56-1 One Report. In addition, such qualification also has to be put in the committee certified letter which will be submitted to SET.

Term of the Audit Committee member is 3 years. The retired directors are eligible to be re-elected for another term by obtaining approval from Board of Directors and/or the Company's Shareholders.

#### **Roles and Responsibilities of the Audit Committee**

1. Review the Company's financial statement to ensure its accuracy and adequacy
2. Ensure that the Company has an appropriate and efficiency internal control, internal audit system, and consider the independence of the internal audit as well as to appoint, rotate or dismiss chief of internal audit of the Company or any other related function who takes responsibilities to internal audit
3. Ensure that the Company has complied to the Securities and Exchange Act, regulations of SEC/ SET and any other related regulations
4. Nominate appropriated and independent persons with remuneration for further consideration and approval of the Board of Directors and shareholders for the appointment of the Company's auditors
5. Arrange meeting with auditors without the management of the Company at least once a year
6. Review, comment and ensure that all connected transactions and any other conflict of interest transactions have been complied to laws, and regulations of SET/SEC as well as to ensure that the transactions are reasonable with best benefit to the Company
7. Provide the Audit Committee report for disclosure in the annual report of the Company with minimum contents as required by regulations of SET/SEC
8. Consider any other activities assigned by the Board of Directors.

#### **2) The Nomination and Remuneration Committees**

The Nomination and Remuneration Committee were appointed by the Board of Directors. The Committee has at least 3 members.

Duties and Responsibilities of the Nomination and Remuneration Committee

1. Consider and set criteria and nomination process of qualified candidates as directors and Top Management of the company.
2. Select directors and Top Management to take position in the Company.
3. Consider remuneration form and criteria for directors and Top Management of the Company.
4. Decide policy and managing process for Human Resources Management.
5. Review and amend the Charter of the Nomination and Remuneration Committees to proposed to the Board of Directors of the Company.
6. Perform the assignment form the Board of Directors.

### **5.7.3 Board of Directors' Meeting**

The Board of Directors' Meeting schedule have been set as quarterly basis with certain agenda. The meeting schedule will be sent to each director by the Company Secretary for preparation and arrangement for meeting participation. To comply with the Company's Articles of Association, unless any urgent matters, the invitation letter as well as meeting materials will be delivered by the Company Secretary to all directors not less than 10 days prior to the meeting date for consideration. However, additional unscheduled Board meetings may be called upon appropriate notice at any time either to address specific needs of the Company or to fulfill requirement of any directors.

### **5.8 Internal Control / Audit**

The Company organized an internal audit department to review compliance control of all departments to investigate the errors and weaknesses and then proposes the suggestions to improve the operational efficiency. This is to ensure the consistent and appropriate compliance with existent internal control as well as strengthen the confidence of management and stakeholders. This department is independent and reports directly to the Audit Committee. The Company organized that good internal control allows the Company to notice irregularity and gives early warning for possible risks as well as manage risk to acceptable level.

The Company provides Internal control system in accordance with the system suggested by the Committee of Sponsoring Organizations of the Tread way Commission (COSO) that covers organizational and control environment, risk management, management control, information and communication and monitoring.

### **5.9 Operation of Business Risk**

The Company has operated to serve business risk by mitigating any potential impact caused by economic, political changes, and domestic and global financial crisis. Policy also includes the criteria for risk prevention and detection will be designed from Top Management in the meeting. All concerning management therefore complied with the policy and implemented the risk prevention and mitigation measures in accordance with the designed prevention and detection of Top Management with the collaboration of concerned department as follows:

1. Preparation of risk prevention and detection by each department to support the Company's master business plan and to cope with business risks for the Company's goal achievement;
2. Each responsible department has prioritized the risks by evaluating the overall risk profile and its potential impact to the organization. The appropriate risk mitigation criteria shall be determined in conjunction with each department.
3. All prevention and detection shall be implemented and regularly followed up by the Top Executives comprising of each concerning management in a quarterly meeting as outlined in the risk management plan. All countermeasures shall be followed and reviewed by internal audit department to ensure that the final outcome is agreeable with the Company's proposed objectives.

Besides, the Company held risk management seminar and training for each business. The risk training also focused on concepts and principles of practicing on risk management throughout the organization which would contribute ensuring the sustainable growth of the Company as well as create long term value for stakeholders and shareholders.

### **5.10 Development of Directors and Management**

To support and increase knowledgeable of the directors and Management, periodical training will be provided and especially the Director Accreditation Program (DAP) and Director Certification Program (DCP) arranged by the Thai Institute of Directors (IOD).

### 5.11 Company Secretary

The Board of Director considered and appointed a potential and experienced person as the Company Secretary proposed for further approval of the Board of Directors. Roles and responsibilities of the appointed Company Secretary are as follows:

1. Perform her duty with responsibility, due care and royalty as well as has to comply by laws and any other related regulation.
2. Support the Board of Directors for their activities including provided consultation with related to Company's Articles of Association, and any other regulations from related authorities.
3. Arrange meetings for Board of Directors, Committees and Shareholders as well as coordinate to ensure all resolutions have been implemented complying with Company's Objectives, Articles of Association, laws and related regulations.
4. Preparing and keeping important documents of the Company, i.e. a register of directors, notices calling directors' and shareholders' meetings as well as the reports of such meeting and the annual report, ect.
5. Keeping the report on interest filed by Directors and executives as well as submit a copy of such report to the Chairman and the Chairman of Audit Committee within seven business days from the date on which the Company has received the report.

### 5.12 Contact the Board of Director

Shareholders who wish to communicate directly with the Board of Directors, any committee of the Board or any individual director may submit their questions by:

#### - Sending Electronic Mail to

Board of Director : kkc-bod@kulthorn.com  
Audit Committee : kkc-auditcom@kulthorn.com

#### - Mailing a letter to

Board of Director : Kulthorn Kirby Public Company Limited No. 126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520.  
Audit Committee : Kulthorn Kirby Public Company Limited No. 126 Soi Chalong Krung 31, Chalong Krung Road, Khwaeng Lam Pla Thio, Khet Lat Krabang, Bangkok 10520.

The Company Secretary will be responsible for forwarding those communications to the Board of Directors and relating directors or the standing committee and summarizing all directors' communications received during the most recent quarter to the Board. Communications to the Audit Committee will be delivered directly to the Audit Committee without any screening.

## Business Ethics

### Code of conduct for Management and Directors:

#### 1 To the Company and Shareholder

- 1.1 Act with honesty, including making any decision with good faith and fairness to major and minority shareholders for the best benefits of the Company and the shareholders.
- 1.2 Manage with the best skills and knowledge.
- 1.3 Protect any assets of the Company from illegitimately loss and damage.
- 1.4 Accurately and Completely Report the actual status and operating performance of the Company, consistently.
- 1.5 Not disclose the confidentiality of the Company and not exploit the information and/or the confidentiality of the Company by misconduct.
- 1.6 Eliminate the conflict of interests with caution and rationale, including disclosing the sufficient information.

## **2 To Employee**

- 3.1 Equally treat the employees with good manner and respect to a human dignity and basic human rights.
- 2.2 Award fare and appropriate benefits, base on the responsibility, skill & knowledge and performance of each employee.
- 2.3 Appoint and transfer, including reward and punish the employees with good faith, base on skill & knowledge and suitability of each employee.
- 2.4 Care for the working environment to be safe for life and health of employees.
- 2.5 Thoroughly and consistently encourage, support, train and develop knowledge and skill of employee.
- 2.6 Listen to opinion and suggestion, base on the professional knowledge of employees
- 2.7 Strictly follow any rules, regulations and codes related to employees.
- 2.8 Avoid any unfair action to employees and open for complain regarding any troubles or unfairness in order to come up with the right solutions.

## **3 To Customer**

- 3.1 Treat the customer with honest and fair, including disclose and provide accurate and sufficient information regarding goods and services to the customer without distortion.
- 3.2 Strictly Follow the conditions and liabilities to the customer, including treating and providing the service to customer with hospitality.
- 3.3 Instantly consider and fairly process the complaint of the customers for their satisfaction.
- 3.4 Keep the trade confidentiality of the customers from using for their own and/or related persons' benefits or misconduct.
- 3.5 Produce good quality of goods and services with consistently standard.
- 3.6 Not overcharge the price, compared with the quality of goods and services and avoid an unfair trade conditions to the customers.

## **4 To Business Partner and/or Creditor**

- 4.1 Not request or accept or pay any non-good faith benefit to a business partner and/or a creditor.
- 4.2 In case of evidence of request or accept or pay any non-good faith benefit, the detail of information will be immediately revealed to a business partner and/or a creditor to mutually consider for the fair and prompt solution.
- 4.3 Strictly follow any agreement and condition to a business partner and/or a creditor. In case of any breach, the information will be immediately revealed to a business partner and/or a creditor to mutually consider for the solution.
- 4.4 Consistently and accurately report the financial data to the creditors on time.

## **5 To Trade Competitor**

- 5.1 Play by the rules.
- 5.2 Not seek for the confidentiality information of the trade competitor by misconduct or inappropriateness.
- 5.3 Not undermine the reputation of the trade competitor by accusing without any evidence support.

## **6 To Society**

- 6.1 Do no harm to the country, national resource, environment or society as a whole.
- 6.2 Frequently Support an activity that benefits a community and society as a whole or a creative activity to society.
- 6.3 Seriously build conscious and social responsibility among employees in any level, continuously.
- 6.4 Strictly act or supervise to act by the rules, regulation and codes, accordingly.

### **Code of conduct for Employee:**

1. Work with honest, diligence, endeavor, discipline and responsibility for delegated duty.
2. Strictly and regularly act by the rules, regulations, the Company's code of conduct and related laws, including behaving as a good citizen under laws and orders of society for both in and out of the company.
3. Strictly keep the confidentiality of the Company, customers and business partners and do not disclose and confidentiality related to the Company or exploit the internal information of the company for their own and/or others' benefits.
4. Do not run or be partner or involve in any business or take any position in the business with the same business or competitive business or conflict of interests with the Company without the permission of the Company.
5. Utilize assets of the Company for the most effectiveness with care and maintain at the ready-to-use condition at all time, including not cause any damage or loss or use for their own and/or others' benefits.
6. Cooperate and assist in overall work, including any activity with the co-worker, respectfully.
7. Care for and act to maintain the working environment to be safe, clean and beautiful.
8. Keep and create the unity among Company and co-worker.
9. Not accuse the Company, management and/or co-worker.
10. Inform a supervisor or related agency in case of any misconduct in the company or illegal action or any action may cause the damage to the work, asset or reputation of the Company and/or co-worker.

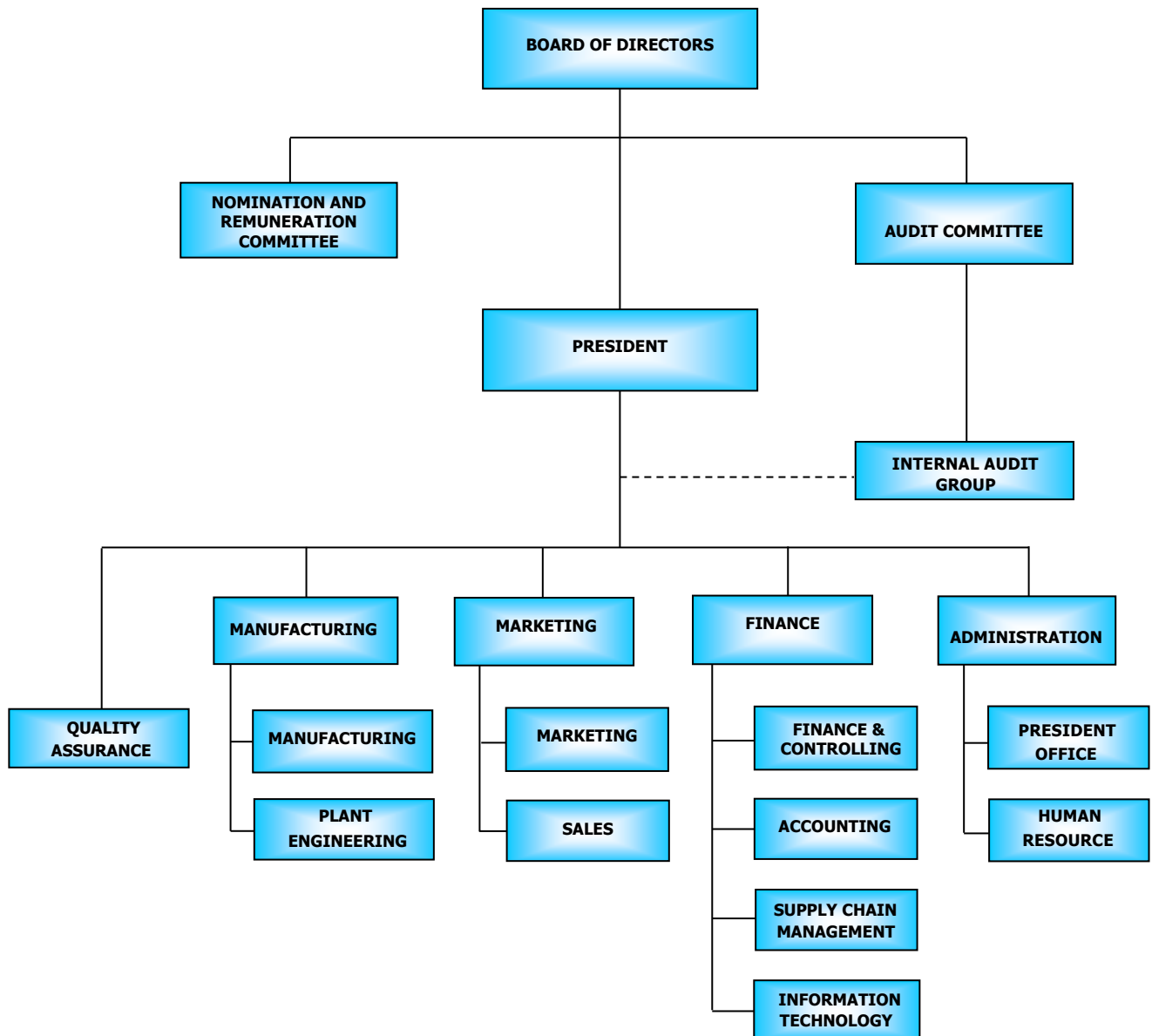
### **Related party transactions**

During the years, the Company and its subsidiaries had significant business transactions with related parties mainly in respect of purchases and sales of goods. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties. All related details were disclosed in Note to consolidated financial statements no. 6



## 7. Corporate Governance Structure and Important Information about the Board, Sub Committees, Management, Employees and Others

Company Organization Chart as of 31 December 2022



## Corporate Governance Structure

### The Board of Director as of 31 December 2022

	Name	Position	Shareholding (%)
1.	Mr. Sutee Simakulthorn*	Chairman / Acting Executive Vice President (Finance)	2.142
2.	Mr. Titisak Simakulthorn*	Director/President	0.483
3.	Mr. Abhijit Simakulthorn*	Director	0.483
4.	Mr. Promarat Simakulthorn*	Director	1.297
5.	Mr. Sutas Simakulthorn*	Director/Nomination and Remuneration Committee	2.819
6.	Mr. Kanok Suriyasat*	Director	-
7.	Mr. Prasan Tanprasert *	Director	-
8.	Mr. Tawatchai Jaranakarun	Independent Director and Chairman of Audit Committee	0.00009 <sup>(1)</sup>
9.	Mrs. Benjawan Ratanaprayul	Independent Director and Member of Audit Committee	-
10.	Vice Admiral Naruedom Sa-ardyen RTN.	Independent Director and Member of Audit Committee	-
11.	Mr. Somlak Jiamtiranat	Independent Director/ Chairman of the Nomination and Remuneration Committee	-

Authorized Director ,  
(1) shareholding by the spouse

Details of the director's profile appear in the attachment 1

## The Audit Committee

### As at 31 December 2022

- |    |                                       |                                 |
|----|---------------------------------------|---------------------------------|
| 1. | Mr. Tawatchai Jaranakarun             | Chairman of the Audit Committee |
| 2. | Vice Admiral Naruedom Sa-ardyen RTN** | Member of the Audit Committee   |
| 3. | Mrs. Benjawan Ratanaprayul            | Member of the Audit Committee   |

\*\* The director who have adequate expertise and experience to review creditability of the financial reports.

## The Nomination and Remuneration Committee

### As at 31 December 2022

- |    |                           |   |
|----|---------------------------|---|
| 1. | Mr. Somlak Jiamtiranat    | Chairman of the Nomination and Remuneration Committee |
| 2. | Mr. Sutas Simakulthorn    | Member of the Nomination and Remuneration Committee   |
| 3. | Pol Gen Pateep Tanprasert | Member of the Nomination and Remuneration Committee   |
| 4. | Ms. Araya Simakulthorn    | Member of the Nomination and Remuneration Committee   |

## The Management as of 31 December 2022

	Name	Position
1.	Mr. Titisak Simakulthorn	President
2.	Mr. Somchai Chaiyasit	Acting Executive Vice President (Manufacturing)
3.	Mrs. Supanee Chantasasawat	Executive Vice President (Marketing)
4.	Mr. Sutee Simakulthorn	Acting Executive Vice President (Finance)
5.	Ms. Araya Simakulthorn	Acting Executive Vice President (Administration)
6.	Mrs. Somjai Buakaew	Assistant Manager Financial Operations
7.	Ms. Narin Sakwichit	Accounting Manager

Details of the managements profile appear in the attachment 1

**COMPANY SECRETARY:** Mrs. Supanee Chantasasawat

The Board of Directors Meeting No. 5/2020 held on 12 June 2020 appointed Mrs. Supanee Chantasasawat to be Company Secretary, effective as from 12 June 2020.

Details of the company secretary profile appear in the attachment 1

### Investor Relations

The Company realizes that its information, both financial and non-financial, affect the decision-making process for investors and stakeholders. Therefore, the management values accurate and full disclosure in a regular and timely manner, in accordance with SEC and SET regulations.

The Investor Relations department is not yet set up due to a few concerned activities then the Company assigned Mrs. Supanee Chantasasawat to communicate with investors, shareholders and stakeholders, and all investors can contact to the company by Website [www.kulthorn.com](http://www.kulthorn.com) Tel. +66(0)2326-0831, +66(0)2739-4893 Fax +66(0)2326-0837, +66(0)2739-4892 E-mail : [companysecretary@kulthorn.com](mailto:companysecretary@kulthorn.com)

## Remuneration to the Company's Executives in year 2022

### To Directors

Remuneration to company's directors members of the audit committee and Nomination and Remuneration Committee as meeting allowance was Baht 2,949,000.

### To Management

Remuneration to the Management, excluding the Finance Division Manager and the Accounting Department, Assistant Manager for 4 persons in terms of salary and bonus was Baht 7,600,000 together with the contribution for Provident Fund of Baht 375,000.

## Employees

The company has a total of 1,028 employees. In 2022, compensation has been paid to employees in the total amount of 267.26 million baht, including salary, overtime pay, bonuses, social security payments, and contributions to the provident fund, etc. In addition, 7 subsidiaries have paid remuneration to employees in the same manner as the Company in the total amount of 352.26 million baht.

	KKC	Subsidiaries Companies						
		KPC	KKF	KSC	KMC	SKMC	KRD	KMP
Operator/Service (person)	806	284	413	318	95	15	26	-
Administrative staff (person)	39	8	10	15	10	7	5	-
Officer (person)	183	126	30	57	36	7	4	-
Total (person)	1,028	418	453	390	141	29	35	-
Remuneration (million baht)	267.26	90.44	102.59	88.49	36.70	20.3	13.74	-

Information about provident funds

Number of employees participating in the provident fund as of 31 December 2022

Company / Subsidiaries	Number of Employees	Yes/No PDV	Number of employees participating in PDV (person)	Ratio of employees participating in PDV / Total employees (%)
<b>KKC</b>	1,028	Yes	438	42.61
– KPC	418	Yes	376	89.95
– KKF	453	Yes	194	42.83
– KSC	390	Yes	103	26.41
– KMC	141	Yes	80	56.74
– SKMC	29	-	-	-
– KRD	35	Yes	24	68.57
– KMP	-	-	-	-

KKC: Kulthorn Kirby Public Company Limited

KPC: Kulthorn Premier Company Limited

KKF: Kulthorn Kirby Foundry Company Limited

KSC: Kulthorn Steel Company Limited

KMC: Kulthorn Materials and Controls Company Limited

SKMC: Suzhou Kulthorn Magnet Wire Company Limited

KRD: Kulthorn Research and Development Company Limited

KMP: Kulthorn Metal Products Company Limited

## Directors in subsidiaries companies

As of 31 December 2022

**1) Kulthorn Premier Company Limited (KPC)**

1.	Mr. Sutee Simakulthorn	Chairman/ Managing Director
2.	Mr. Titisak Simakulthorn	Director
3.	Mr. Prommarat Simakulthorn	Director
4.	Mr. Sutas Simakulthorn	Director
5.	Mrs. Supanee Chantasasawat	Director

**2) Kulthorn Kirby Foundry Company Limited (KKF)**

1.	Mr. Sutee Simakulthorn	Chairman
2.	Mr. Somchai Chaiyasit	Managing Director
3.	Mr. Abhijit Simakulthorn	Director
4.	Mr. Titisak Simakulthorn	Director
5.	Mr. Prommarat Simakulthorn	Director

**3) Kulthorn Steel Company Limited (KSC)**

1.	Mr. Sutee Simakulthorn	Chairman
2.	Mr. Titisak Simakulthorn	Managing Director
3.	Mr. Prommarat Simakulthorn	Director
4.	Mr. Sutas Simakulthorn	Director
5.	Mrs. Supanee Chantasasawat	Director

**4) Kulthorn Materials and Control Company Limited (KMC)**

1.	Mr. Sutee Simakulthorn	Chairman
2.	Mr. Somchai Chaiyasit	Managing Director
3.	Mr. Titisak Simakulthorn	Director
4.	Mr. Prommarat Simakulthorn	Director
5.	Mr. Sutas Simakulthorn	Director

**5) Kulthorn Metal Products Company Limited (KMP)**

1.	Mr. Sutee Simakulthorn	Chairman
2.	Mr. Titisak Simakulthorn	Managing Director
3.	Mr. Prommarat Simakulthorn	Director
4.	Mr. Sutas Simakulthorn	Director
5.	Mrs. Supanee Chantasasawat	Director

**6) Suzhou Kulthorn Magnet Wire Company Limited (SKMC)**

1.	Mr. Suraporn Simakulthorn	Chairman and Managing Director
2.	Mr. Sutee Simakulthorn	Director
3.	Mr. Titisak Simakulthorn	Director
4.	Mr. Prommarat Simakulthorn	Director
5.	Ms. Sunisa Simakulthorn	Director

**7) Kulthorn Research and Development Company Limited (KRD)**

1.	Mr. Sutee Simakulthorn	Chairman
2.	Mr. Titisak Simakulthorn	Managing Director
3.	Mr. Prommarat Simakulthorn	Director
4.	Mr. Sutas Simakulthorn	Director
5.	Mrs. Supanee Chantasasawat	Director

## 8. Key Performance Reports on Corporate Governance

### Nomination & Remuneration Committee Report

Kulthorn Kirby Public Company Limited has set up the Nomination & Remuneration Committee. consists of 4 directors.

- |                              |   |
|------------------------------|---|
| 1) Mr. Somlak Jiamtiranat    | Chairman of the Nomination & Remuneration Committee |
| 2) Pol Gen Pateep Tanprasert | Member of the Nomination & Remuneration Committee   |
| 3) Miss. Araya Simakulthorn  | Member of the Nomination & Remuneration Committee   |
| 4) Mr. Sutas Simakulthorn    | Member of the Nomination & Remuneration Committee   |

Nomination & Remuneration Committee performed their duties in accordance with the scope of duties and responsibilities assigned by the Board of Directors. During the year 2022, the Nomination & Remuneration Committee held 3 meetings which all directors attended. The meeting accordingly. A summary of important subjects as follows:

1. Consider the criteria for recruiting qualified persons to hold the position of the Company's director as well as select suitable persons for the position, and present to the Board of Directors in order to purpose to the shareholders' meeting for appointment.
2. Consider the compensation guidelines and compensation model of the Board of Directors, then propose to the shareholders' meeting for approval.
3. Consider the criteria for recruiting qualified persons for the position of senior Executive. including select suitable persons and present to the Board of Directors for approval.
4. Consider the compensation guidelines and compensation model of senior Executive and present to the Board of Directors for approval.
5. Promote, support and provide opportunities for the shareholders to propose an agenda, and to nominate person or persons to become directors in place of the retired directors in advance from November 1, 2022 - January 16, 2023.

Mr. Somlak Jiamtiranat  
Chairman of the Nomination & Remuneration Committee

## The Audit Committee's Report

The Audit committee of Kulthorn Kirby Public Company Limited (the Company) consists of 3 independent directors who are qualified as independent directors with qualifications consistent with the requirements and best practices for the audit committee of The Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) by performing duties in accordance with the scope of responsibility assigned from the Board of Directors and in accordance with the Charter of the audit committee. In 2022, there are 8 meetings and a summary of operation reports is provided to the Board of Directors on a quarterly basis. The meeting attendance details of each audit committee are as follows:

		<u>Number of Meeting</u>	<u>Number of Enter</u>
Mr.Tawatchai Jaranakaran	the chairman	8	8
Vice Admiral Naruedom Sa-ardyen RTN.	the member	8	5
Mrs. Benjawan Ratanaprayul	the member	8	8

In each meeting, the Audit committee discussed with the management, the auditor and the internal auditor. In addition, there were 1 meeting with the auditor without the management team attending the meeting for independent consultation in the operations that are important in the preparation of financial statements, opinions, scope of work, plans and annual auditing procedures of the auditors. The audit committee has expressed opinions and provided independent observations and recommendations are comments and recommendations on various matters are as follows:

**1 Reviewing of the accuracy of financial reports and the sufficiency of information disclosure:** the Audit committee has reviewed the financial reports both quarterly and for the year 2022 of the company and its subsidiaries. And also significant accounting policies and significant financial reports by reviewing the implementation of Accounting standards by the Federation of Accounting Professions including adequate disclosure of important information in the notes to financial statements in accordance with Thai Financial Reporting Standards (TFRS) which has been reviewed and audited by an auditor as well as issues found with the management by the auditor.

Audit committee reviewed that the company's financial reports were with the Federation of Accounting Professions Standards is correct and complete as it should be in essence according with Thai Financial Reporting Standards and reliable, including the selection of accounting policies that are reasonable and important information is disclosed. However, the auditor's report notices the uncertainties relating to Kulthorn Group's financial situation, therefore, giving a disclaimer of opinion to the company's financial statement.

**2 Reviewing the sufficiency of the internal control system :** the Audit committee has reviewed the audit report of the internal audit department and the auditor regarding the evaluation of the internal control system of the company and subsidiaries .There was no issue or deficiency that could significantly affect the company. As well as the management has continuously improved according to the recommendations of the audit committee, auditors and internal auditors. The importance of internal control of the company can reasonably establish confidence that the company has sufficient internal control.

**3 Reviewing risk management:** Board of directors and the management gives importance to risk management by considering an appropriate of the business environment and changes in various areas in order to set operational measures and manage risks in order to prevent or mitigate the potential impact on business operations.

In the year 2022, the Audit committee gave remarks and recommendations to the Board of Directors and the management about business risks in various fields such as the current competitive situation from both domestic and foreign countries, the resource management, the production costs and liquidity management. The management acknowledges and defines risk management guidelines in order to prevent and mitigate the effects on the company's business operations.

**4 Reviewing related transactions or transactions which might cause conflict of interests :** the Audit committee has reviewed the related transaction or transactions that may have conflicts of interest that are considered as related transactions under the notification of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission(SEC).The results of the review of related party transactions found that the company has acted in accordance with general trade conditions, fair, reasonable and does not cause the transfer of benefits including complete and sufficient disclosure by adhering to good corporate governance policies and announcement of the Stock Exchange of Thailand (SET).

**5 Good Corporate Governance:** the Audit committee has reviewed the company's operation to ensure that it is in compliance with the Securities and Exchange Commission(SEC), the regulations of the Stock Exchange of Thailand (SET) and laws which are relevant to the company's businesses, as well as monitoring the compliance of corporate governance to create transparency and reliability.

**6 The self-assessment of the Audit Committee:** the Audit committee reviewed and assessed their performance during the year 2022 that comply with the good corporate governance guidelines suggested by the Securities and Exchange Commission(SEC). The assessment results showed that the Audit committee has effectively carried out their duties in accordance with the scope, duties and responsibilities as stipulated in the Audit Committee's Charter.

**7 Appointment of the external auditors and review of the audit fee for 2023 :** the Audit committee considered and proposed to the company's Board of Directors to be further approved at the General Meeting of the shareholders, appointment of the EY Office Limited as the company's auditors for another year in 2023 by Ms. Siriwan Suratepin, a certified public accountant number 4604, and/or Mrs. Sarinda Hiranprasertwut, a certified public accountant number 4799, and/or Ms. Natteera Pongpinitpinyo, a certified public accountant number 7362. The audit reviewing fees is 2,700,000 baht.

In summary, the performance of the Audit committee in 2022 is independently performing duties and responsibilities. Specified in the charter of the audit committee by using knowledge, ability, and sufficiently caution for the benefit of all stakeholders.

February 22<sup>nd</sup>, 2023  
On behalf of the Audit Committee



Mr. Tawatchai Jaranakaran  
Chairman of the Audit Committee



## Declaration of the Directors' Responsibility for the Financial Statements

The Board of Directors of the Kulthorn Kirby Public Company Limited (KKC) has prepared the Company's financial statements to show its financial status and performance for 2022 under the Public Company Limited Act of 1992, the Accounting Act of 2000, the Securities and Exchange Act of 1992 and the announcement of the Capital Market Supervisory Board concerning the criteria, conditions and reporting method for the disclosure of information on financial status and performance of companies that issue securities.

The Board recognizes its duties and responsibility for directing a listed company, particularly the responsibility for financial statements of the Company and its subsidiaries including financial information that appears in the annual report of 2022. Such statements have been prepared under generally accepted accounting principles, with a suitable accounting policy chosen and due discretion exercised for sensible estimation. Adequate significant information has been disclosed in the notes to these financial statements for transparent use by shareholders and general investors.

The Board has instituted and maintained effective practices for the risk of company business and internal control systems to become reasonably confident of accurate, complete and adequate accounting information to retain Company assets and prevent frauds or significant anomalies in operation.

The Audit Committee, acting on behalf of the Board, has been assigned responsibility for the quality of financial reports and internal control system and its opinions duly appear in its own report as shown in Annual Report.

It is our view that KKC's internal control system is, on the whole, satisfactory and can reasonably assure us that the financial statements of KKC and its subsidiaries ended December 31, 2022 are reliable in accordance with Thai Financial Reporting Standards, legally sound and acceptable to relevant regulations.



Mr. Sutee Simakulthorn  
Chairman



Mr. Titisak Simakulthorn  
President

## **9. Internal Audit and Controls, Related party transactions**

### **9.1 Internal Audit and Controls**

#### **9.1.1 Summary to internal audit observation by the Company Board of Directors**

The Company independent of director (4 members) and audit committee (3 members) held the meeting and made observations for the internal audit and control of the Company by inquiring the information from the Executive management before the Audit Committee concluded 5 areas of significant importance; 1) Internal Audit and Controls, 2) Risk assessment, 3) Performance controls, 4) Information technology and Communication, and 5) the systematic follow up process. For all these important activities, there must be sufficient and effective. The Company provides the personnel to conduct these processes efficiently and effectively. The Company should extend the internal audit and control to all of its subsidiaries in order to protect its assets, belongings. This must protect from any executive and management from misused activities including and business transactions that could possibly cause any conflict of interest to the Company.

#### **9.1.2 Summary of the Audit Committee that contains any difference from the Board of Director observations and comments.**

- No -

#### **9.1.3 Head of the Internal Audit Group and Head of performance controls section.**

From the Company's Internal Audit Committee meeting, the Company appointed Ms. Pinyapat Wongwarachai to hold the position of Head of the Internal Audit Group. Ms. Pinyapat has worked for the Company for more than 8 years. She also has passed the internal audit training occupational standard by Institute of Internal Audit (Thailand), and certified that she can perform these tasks effectively, while holding the certificates, work experiences and trainings.

The candidate nomination, demotion and appointment by the Company must be approved by the Audit Committee.

In fact, the overall performance of the Company's Internal Audit Group had been satisfied. The team has supported to help, audit and control effectively. The Company continue to maintain the team without any Head of Performance Controls Section.

## 9.2 Related party transactions

During the years, the Group had significant business transactions with related parties mainly in respect of purchases and sales of goods. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Group and those related parties, are summarised below.

(Unit: Million Baht)

	For the years ended 31 December				Pricing policy
	Consolidated financial statements		Separate financial statements		
	2022	2021	2022	2021	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	623	858	Market price
Sales and service income and scraps sales	-	-	113	184	Approximate market price
Interest expenses	-	-	44	23	Interest rate at 4.60 - 6.13 percent per annum
Interest income	-	-	-	1	Interest rate at 4.25 percent per annum
Other income	-	-	13	13	Mutually agreed price as stipulated in the contract
Rental income	-	-	13	13	Mutually agreed price as stipulated in the contract
Other expenses	-	-	41	11	Mutually agreed price as stipulated in the contract
<u>Transactions with related companies</u>					
Sales and service income and scraps sales	536	550	181	195	Approximate market price
Purchases of goods	13	32	13	32	Market price
Rental expenses	3	3	-	-	Mutually agreed price as stipulated in the contract
Other expenses	11	13	4	3	Mutually agreed price as stipulated in the contract
Other income	-	1	-	-	Mutually agreed price as stipulated in the contract

The balances of the accounts as at 31 December 2022 and 2021 between the Group and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
Subsidiaries	-	-	24,724	215,212
Related companies (related by common director/shareholder)	87,243	145,780	3,305	15,913
<b>Total trade and other receivables - related parties</b>	<b>87,243</b>	<b>145,780</b>	<b>28,029</b>	<b>231,125</b>
<b><u>Trade and other payables - related parties (Note 17)</u></b>				
Subsidiaries	-	-	528,501	650,925
Related companies (related by common director/ shareholder)	8,807	6,441	6,640	3,012
<b>Total trade and other payables - related parties</b>	<b>8,807</b>	<b>6,441</b>	<b>535,141</b>	<b>653,937</b>

## **Short-term loans to and short-term loans from related parties**

As at 31 December 2022 and 2021, the balance of short-term loans between the Company and its subsidiaries, and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2021	Increase during the year	Decrease during the year	Balance as at 31 December 2022
<b><u>Short-term loans to subsidiaries</u></b>				
Kulthorn Materials and Controls Co., Ltd.	10,000	-	(10,000)	-
Suzhou Kulthorn Magnet Wire Co., Ltd.	-	60,855	-	60,855
<b>Total</b>	<b>10,000</b>	<b>60,855</b>	<b>(10,000)</b>	<b>60,855</b>

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2021	Increase during the year	Decrease during the year	Balance as at 31 December 2022
<b><u>Short-term loans from subsidiaries</u></b>				
Kulthorn Premier Co., Ltd.	461,000	-	-	461,000
Kulthorn Kirby Foundry Co., Ltd.	155,000	-	-	155,000
Kulthorn Materials and Controls Co., Ltd.	-	30,000	-	30,000
Kulthorn Steel Co., Ltd.	120,000	-	-	120,000
<b>Total</b>	<b>736,000</b>	<b>30,000</b>	<b>-</b>	<b>766,000</b>

## **Directors and management's remuneration**

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	43	39	16	13
Post-employment benefits	5	6	4	4
<b>Total</b>	<b>48</b>	<b>45</b>	<b>20</b>	<b>17</b>

## **Guarantee obligations with related parties**

The Group has outstanding guarantee obligations with its related parties, as described in Note 32.3 to the financial statements.

## Type of Business and Relationship

No.	Related Company	Shareholder	Type of Business	Related Party Transactions	For the year ended 31 December (Million Baht)				Policy formulation conditions and selling price
					2022		2021	2020	
1	Kulthorn Permier Co., Ltd.	Kulthorn Kirby 100 %	Compressor and parts	The company buys parts for compressor production	Buy 39.47 Sell 19.51	36.15 55.68	11.34 9.15	Normal business operation for general public	
2	Kulthorn Kirby Foundry Co., Ltd.	Kulthorn Kirby 100 %	Casting parts	The company buys parts for production. compressor and sell scraps to them	Buy 161.39 Sell 77.51	194.58 79.64	214.72 52.00	Normal business operation for general public	
3	Kulthorn Steel Co., Ltd.	Kulthorn Kirby 100 %	Steels sheets and forming	The company buys steel coils and steel. Processing and selling steel coils	Buy 314.26 Sell 15.05	372.51 47.33	347.77 55.02	Normal business operation for general public	
4	Kulthorn Materials and Control Co.,	Kulthorn Kirby 100 %	Enameled wires	The company buys enameled copper wire. for use in the manufacture of compressors	Buy 37.77 Sell 0.01	52.98 0.04	64.58 3.26	Normal business operation for general public	
5	Suzhou Kulthorn Magnet Wire Co., Ltd.	Kulthorn Materials	Enameled wires	The company enameled copper wire and parts for compressor manufacturing	Buy 70.35 Sell -	164.36 -	108.25 -	Normal business operation for general public	
6	Kulthorn Research and Development Co., Ltd.	Kulthorn Kirby 100 %	Research and Development Co., Ltd.	Research and Develop the compressor	Buy 70.35 Sell -	37.81 -	40.24 -	Normal business operation for general public	
7	Thai Compressor Manufacturing Co., Ltd.	Simakulthorn Group 33.32%	Rotary Compressor	Parts manufacturing for compressor	Buy - Sell (0.01)	- (0.02)	- -	Normal business operation for general public	
8	Kulthorn Co., Ltd.	Simakulthorn Group 100%	Dealer of Compressor	Distribution company of compressor	Buy 2.54 Sell 135.58	3.57 141.18	3.31 -	Normal business operation for general public	
9	Kulthorn Electric Co., Ltd.	Simakulthorn Group 100%	Electric Motor Production	Parts manufacturing company for electric motor	Buy 5.38 Sell 0.13	6.13 -	13.23 -	Normal business operation for general public	
10	Kulthorn Engineer Co., Ltd.	Simakulthorn Group 100%	Sell equipment Chiller	The company sells the compressor.	Buy 0.08 Sell -	0.08 -	0.04 -	Normal business operation for general public	
11	Heatcraft Subco Pty Ltd.	Foreign Investors	Dealer of Compressor	The company sells the compressor.	Buy - Sell -	- 0.97	- 55.73	Normal business operation for general public	
12	Super Alloy Technologies Co., Ltd.	Simakulthorn Group 100%	Assembly production wires and other parts	Buy wire assembly for compressor motor	Buy 4.78 Sell 10.46	22.25 17.9	25.12 12.12	Normal business operation for general public	

### **Necessity and Reasonableness of Connected Transactions**

The auditor has considered the connected transactions for the fiscal year 2022 ending December 31, 2022 and is of the opinion that such connected transactions are a transaction which is mainly related to the trading of goods. Such business transactions are in accordance with the commercial terms and criteria as agreed between the companies and those persons or businesses which is normal business. These connected transactions can maximize the Company's benefits from competitive advantages with lower operating costs resulting from related business operations for similar product groups.

### **Related party transaction approval process**

In the transaction in the event that the company has a purchase / sale transaction Goods and services between each other are set to be priced comparable to the market price charged to third parties. If there is no such price, the company will consider comparing the price of goods or services with outside prices under the same or similar conditions. To ensure that the said price is reasonable and for the best interest of the company. In addition, the Audit Committee also acts as a reviewer of important related party transactions and quarterly disclosure of related party transactions in the Board of Directors' meeting to ensure that there is no conflict of interest between each other.

### **Future related transactions policy**

The Audit Committee and the Company jointly supervise the aforementioned related transactions that may occur in the future to ensure that they are reasonable and have a fair rate of return. However, due to the fact that most of the related-party transactions are in the course of normal business operations. In addition, the company has a policy to do business transactions that complement each other. Therefore, connected transactions with related companies are likely to occur continuously in the future. The company still adheres to reasonableness and takes into account the suitability of conditions and fair prices as the main principle.

## Part 3 Financial Statements

### Kulthorn Kirby Public Company Limited and Its subsidiaries

### Report and consolidated financial statements

**31 December 2022**

#### Independent Auditor's Report

To the Shareholders of Kulthorn Kirby Public Company Limited

#### Disclaimer of Opinion

I have audited the accompanying consolidated financial statements of Kulthorn Kirby Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Kulthorn Kirby Public Company Limited for the same period.

I do not express an opinion on the financial statements referred to above because of the significance of the matter described in the Basis for Disclaimer of Opinion section of my report on the consolidated financial statements of Kulthorn Kirby Public Company Limited and its subsidiaries and the separate financial statements of Kulthorn Kirby Public Company Limited for the year ended 31 December 2022.

#### Basis for Disclaimer of Opinion

As disclosed in Note 1.2 to the consolidated financial statements, regarding the Group's ability to continue its operations as a going concern, the Group has sustained operating losses for a number of consecutive years. The Group had net loss from operation in the consolidated statements of comprehensive income for the year ended 31 December 2022 of Baht 808 million (the Company only: Baht 682 million). As at 31 December 2022, the Group's total current liabilities exceeded its total current assets by Baht 3,551 million (the Company only: Baht 3,905 million) and the Group had deficit of Baht 3,519 million (the Company only: Baht 2,603 million). The major current liabilities of the Group consisted of the followings:

- Bank overdraft and short-term loans from financial institutions amounting to Baht 3,706 million (the Company only: Baht 2,197 million),
- Trade and other payables amounting to Baht 666 million (the Company only: Baht 890 million), and

- Current portion of long-term loans from financial institutions amounting to Baht 1,088 million (the Company only: Baht 1,083 million), which mainly became payable on demand since the Group was unable to maintain certain financial ratios as specified in the Credit Facility Agreement, as described in Note 18 to the consolidated financial statements.

Up to the present, the Group has suffered from a lack of financial liquidity and working capital for purchasing raw materials for productions to fulfill purchase orders from customers and settling liabilities that will come due. The Group's management has implemented various plans, including negotiating with financial institutions to obtain additional working capital and planning to dispose of assets that are not core assets in its operations. In addition, the Group is considering adjusting the production and distribution strategies and reducing manufacturing costs and other expenses to increase the Group's liquidity. Currently, these plans are still in progress.

These factors indicate significant uncertainties which may have potential interaction of the uncertainties and their possible cumulative effect on the financial statements which cast significant doubt to the Group's ability to continue as a going concern. These depend on the success of plans to seek additional sources of funds, settle liabilities within due dates and improve business operations of the Group.

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report involves multiple uncertainties, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to the potential interaction of the uncertainties and their possible cumulative effect on the financial statements.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my report.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

I am responsible for the audit resulting in this independent auditor's report.



Natteera Pongpinitpinyo

Certified Public Accountant (Thailand) No. 7362

EY Office Limited

Bangkok: 28 February 2023

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	21,436,263	19,314,611	4,359,511	1,023,363
Trade and other receivables	9	608,974,101	1,062,210,082	205,167,001	576,390,004
Short-term loans to related parties	7	-	-	60,885,043	10,000,000
Inventories	10	1,162,837,827	1,565,871,148	668,084,553	976,574,276
Current tax assets		8,075,480	13,398,796	1,443,358	848,636
VAT receivable		72,949,745	42,047,137	67,146,227	37,404,795
Other current assets	11	80,590,026	85,720,477	39,008,745	47,324,218
<b>Total current assets</b>		<u>1,954,863,442</u>	<u>2,788,562,251</u>	<u>1,046,094,438</u>	<u>1,649,565,292</u>
<b>Non-current assets</b>					
Investments in subsidiaries	12	-	-	2,017,233,355	2,086,872,497
Property, plant and equipment	13	4,959,882,068	3,766,776,239	2,923,011,409	2,284,042,244
Right-of-use assets	19	65,998,800	64,858,273	4,997,842	2,241,255
Goodwill on business combination	14	-	-	-	-
Other intangible assets	15	53,239,936	67,007,870	33,566,219	40,744,052
Deferred tax assets	27	17,065,941	33,439,404	-	11,814,521
Other non-current assets		1,096,922	1,054,144	870,228	882,428
<b>Total non-current assets</b>		<u>5,097,283,667</u>	<u>3,933,135,930</u>	<u>4,979,679,053</u>	<u>4,426,596,997</u>
<b>Total assets</b>		<u><u>7,052,147,109</u></u>	<u><u>6,721,698,181</u></u>	<u><u>6,025,773,491</u></u>	<u><u>6,076,162,289</u></u>

The accompanying notes are an integral part of the financial statements.

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	16	3,706,319,566	3,670,903,296	2,196,867,663	2,028,050,264
Trade and other payables	17	666,177,244	1,095,919,790	890,144,072	1,279,469,666
Short-term loans from related parties	7	-	-	766,000,000	736,000,000
Current portion of long-term loans	18	1,088,148,369	420,000,000	1,082,802,975	420,000,000
Current portion of lease liabilities	19	18,623,683	15,947,404	1,619,951	2,818,929
Dividend payable		888,263	891,124	884,222	887,083
Other current financial liabilities		78,832	3,111,445	-	3,111,445
Other current liabilities	20	25,225,817	28,639,646	12,692,645	12,263,198
Total current liabilities		5,505,461,774	5,235,412,705	4,951,011,528	4,482,600,585
Non-current liabilities					
Long-term loans, net of current portion	18	21,576,093	682,850,488	-	682,850,488
Lease liabilities, net of current portion	19	18,468,763	20,092,788	3,406,051	688,867
Deferred tax liabilities	27	373,911,852	61,633,247	186,622,685	-
Provision for long-term employee benefits	21	221,408,041	220,090,212	107,996,610	106,368,138
Total non-current liabilities		635,364,749	984,666,735	298,025,346	789,907,493
Total liabilities		6,140,826,523	6,220,079,440	5,249,036,874	5,272,508,078

The accompanying notes are an integral part of the financial statements.

Kulthorn Kirby Public Company Limited and its subsidiaries



Statements of financial position (continued)

As at 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Shareholders' equity					
Share capital					
Registered					
1,500,000,000 ordinary shares of Baht 1 each		1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Issued and fully paid up					
1,500,000,000 ordinary shares of Baht 1 each		1,500,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Share premium		700,000,000	700,000,000	700,000,000	700,000,000
Surplus from business combination					
under common control		207,897,949	207,897,949	-	-
Retained earnings (deficits)					
Appropriated - statutory reserve	23	120,000,000	120,000,000	120,000,000	120,000,000
Unappropriated		(3,638,575,108)	(2,913,838,887)	(2,723,065,604)	(2,066,975,342)
Other components of shareholders' equity		2,021,997,745	887,559,679	1,179,802,221	550,629,553
Total shareholders' equity		911,320,586	501,618,741	776,736,617	803,654,211
Total liabilities and shareholders' equity		7,052,147,109	6,721,698,181	6,025,773,491	6,076,162,289

The accompanying notes are an integral part of the financial statements.

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from contracts with customers	7, 24, 28, 30	6,085,180,568	6,670,331,221	2,993,477,170	3,378,037,005
Rental income		2,950,118	2,326,003	12,924,370	13,099,420
Other income		8,876,867	41,701,691	20,327,418	61,388,821
Gain on exchange		36,729,430	-	38,202,707	-
<b>Total revenues</b>		<b>6,133,736,983</b>	<b>6,714,358,915</b>	<b>3,064,931,665</b>	<b>3,452,525,246</b>
<b>Expenses</b>					
Cost of sales and services	7	6,151,026,848	6,515,850,134	3,109,718,498	3,451,999,647
Selling and distribution expenses		75,891,558	81,742,741	39,182,481	39,634,337
Administrative expenses		485,773,738	411,121,743	316,237,644	258,817,825
Loss on exchange		-	35,024,909	-	33,807,546
Impairment loss on investments					
in subsidiaries	12	-	-	69,639,142	-
<b>Total expenses</b>		<b>6,712,692,144</b>	<b>7,043,739,527</b>	<b>3,534,777,765</b>	<b>3,784,259,355</b>
<b>Operating loss</b>		<b>(578,955,161)</b>	<b>(329,380,612)</b>	<b>(469,846,100)</b>	<b>(331,734,109)</b>
Finance income		36,862	52,307	50,185	939,502
Finance cost	25	(209,554,881)	(183,856,878)	(176,994,821)	(139,669,127)
<b>Loss before income tax</b>		<b>(788,473,180)</b>	<b>(513,185,183)</b>	<b>(646,790,736)</b>	<b>(470,463,734)</b>
Income tax	27	(19,204,837)	(8,139,461)	(34,775,136)	5,183,538
<b>Loss for the year</b>		<b>(807,678,017)</b>	<b>(521,324,644)</b>	<b>(681,565,872)</b>	<b>(465,280,196)</b>

The accompanying notes are an integral part of the financial statements.

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

As at 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Exchange differences on translation of					
financial statements in foreign currency		(20,409,061)	9,286,670	-	-
Other comprehensive income to be reclassified to profit					
or loss in subsequent periods - net of income tax		(20,409,061)	9,286,670	-	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods:					
Actuarial gain	21	-	28,088,743	-	2,725,593
Less: Income tax effect	27	-	(5,530,237)	-	(545,119)
		-	22,558,506	-	2,180,474
Revaluation surplus on assets					
	13	1,547,236,154	-	818,310,348	-
Less: Income tax effect	27	(309,447,231)	-	(163,662,070)	-
		1,237,788,923	-	654,648,278	-
Other comprehensive income not to be reclassified to profit					
or loss in subsequent periods - net of income tax		1,237,788,923	22,558,506	654,648,278	2,180,474
Other comprehensive income for the year					
		1,217,379,862	31,845,176	654,648,278	2,180,474
Total comprehensive income for the year					
		409,701,845	(489,479,468)	(26,917,594)	(463,099,722)
Basic loss per share					
	29				
Loss attributable to equity holders of the Company		(0.54)	(0.35)	(0.45)	(0.31)

The accompanying notes are an integral part of the financial statements.

Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2022

(Unit: Baht)

Consolidated financial statements										
	Other components of shareholders' equity									
	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Retained earnings (deficits)		Translation of financial statements in foreign currency	Revaluation surplus on assets	Total other components of shareholders' equity	Total shareholders' equity	
				Appropriated	Unappropriated					
Balance as at 1 January 2021	1,500,000,000	700,000,000	207,897,949	120,000,000	(2,431,900,639)	7,435,347	887,665,552	895,100,899	991,098,209	
Loss for the year	-	-	-	-	(521,324,644)	-	-	-	(521,324,644)	
Other comprehensive income for the year	-	-	-	-	22,558,506	9,286,670	-	9,286,670	31,845,176	
Total comprehensive income for the year	-	-	-	-	(498,766,138)	9,286,670	-	9,286,670	(489,479,468)	
Transfer revaluation surplus on assets										
to retained earnings (Note 22)	-	-	-	-	16,827,890	-	(16,827,890)	(16,827,890)	-	
Balance as at 31 December 2021	1,500,000,000	700,000,000	207,897,949	120,000,000	(2,913,838,887)	16,722,017	870,837,662	887,559,679	501,618,741	
Balance as at 1 January 2022	1,500,000,000	700,000,000	207,897,949	120,000,000	(2,913,838,887)	16,722,017	870,837,662	887,559,679	501,618,741	
Loss for the year	-	-	-	-	(807,678,017)	-	-	-	(807,678,017)	
Other comprehensive income for the year	-	-	-	-	-	(20,409,061)	1,237,788,923	1,217,379,862	1,217,379,862	
Total comprehensive income for the year	-	-	-	-	(807,678,017)	(20,409,061)	1,237,788,923	1,217,379,862	409,701,845	
Transfer revaluation surplus on assets										
to retained earnings (Note 22)	-	-	-	-	82,941,796	-	(82,941,796)	(82,941,796)	-	
Balance as at 31 December 2022	1,500,000,000	700,000,000	207,897,949	120,000,000	(3,638,575,108)	(3,687,044)	2,025,684,789	2,021,997,745	911,320,586	

The accompanying notes are an integral part of the financial statements.



Kulthorn Kirby Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium	Retained earnings (deficits)		Revaluation surplus on assets	Other components of shareholders' equity	Total shareholders' equity
			Appropriated	Unappropriated		Other comprehensive income	
Balance as at 1 January 2021	1,500,000,000	700,000,000	120,000,000	(1,619,155,196)	565,909,129		1,266,753,933
Loss for the year	-	-	-	(465,280,196)	-		(465,280,196)
Other comprehensive income for the year	-	-	-	2,180,474	-		2,180,474
Total comprehensive income for the year	-	-	-	(463,099,722)	-		(463,099,722)
Transfer revaluation surplus on assets to retained earnings (Note 22)	-	-	-	15,279,576	(15,279,576)		-
Balance as at 31 December 2021	1,500,000,000	700,000,000	120,000,000	(2,066,975,342)	550,629,553		803,654,211
Balance as at 1 January 2022	1,500,000,000	700,000,000	120,000,000	(2,066,975,342)	550,629,553		803,654,211
Loss for the year	-	-	-	(681,565,872)	-		(681,565,872)
Other comprehensive income for the year	-	-	-	-	654,648,278		654,648,278
Total comprehensive income for the year	-	-	-	(681,565,872)	654,648,278		(26,917,594)
Transfer revaluation surplus on assets to retained earnings (Note 22)	-	-	-	25,475,610	(25,475,610)		-
Balance as at 31 December 2022	1,500,000,000	700,000,000	120,000,000	(2,723,065,604)	1,179,802,221		776,736,617

The accompanying notes are an integral part of the financial statements.

**Kulthorn Kirby Public Company Limited and its subsidiaries**

**Cash flow statements**

**For the year ended 31 December 2022**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>				
Loss before tax	(788,473,180)	(513,185,183)	(646,790,736)	(470,463,734)
Adjustments to reconcile loss before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	367,060,648	383,785,693	189,250,289	185,827,276
Reversal of allowance for impairment loss				
on non-financial assets	-	(150,415)	-	-
Depreciation of right-of-use assets	17,542,216	19,676,663	2,320,822	3,716,122
Allowance for expected credit losses (reversal)	(1,168,112)	(2,617,921)	(3,517,467)	2,723,590
Reduction of inventory to net realisable value (reversal)	5,147,594	(4,298,680)	5,476,310	14,505,719
Allowance for impairment loss				
on investments in subsidiaries	-	-	69,639,142	-
Loss (gain) on sales of property, plant and equipment	(396,114)	3,144,101	(636,068)	(594,723)
Loss on write-off property, plant and equipment	752,117	2,431,726	51,542	-
Transfer machine under installation to expense	-	-	-	25,318
Loss on modification and termination of lease contracts	-	96,233	-	-
Write-off of lease liabilities	(1,000,000)	-	(1,000,000)	-
Write-off withholding tax	1,064,496	1,796,170	-	-
Amortise deferred revenue from sales and lease back	(51,735)	(222,014)	-	-
Provision for long-term employee benefits	19,986,939	26,671,855	9,136,756	11,027,754
Subsidies income from government grants	(1,833,565)	(1,375,174)	(1,833,565)	(1,375,173)
Unrealised loss (gain) on exchange	(21,428,951)	20,981,465	(22,768,446)	21,642,424
Loss on fair value adjustments of financial instruments	(3,032,613)	2,622,922	(3,111,445)	2,622,922
Dividend income	(4,165)	(6,729)	(4,165)	(6,729)
Finance income	(36,862)	(52,307)	(50,185)	(939,502)
Finance cost	<u>209,551,978</u>	<u>183,856,878</u>	<u>176,994,821</u>	<u>139,669,127</u>
Gain (loss) from operating activities before				
changes in operating assets and liabilities	(196,319,309)	123,155,283	(226,842,395)	(91,619,609)

The accompanying notes are an integral part of the financial statements.

**Kulthorn Kirby Public Company Limited and its subsidiaries**

**Cash flow statements (continued)**

**For the year ended 31 December 2022**

(Unit: Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Operating assets (increase) decrease			-	
Trade and other receivables	454,548,731	37,964,778	376,389,653	127,203,288
Inventories	397,885,728	(322,237,139)	303,013,413	(188,715,553)
Other current assets	(16,659,928)	285,529	(20,577,326)	(21,214,484)
Other non-current assets	(42,778)	7,348	12,200	-
Operating liabilities increase (decrease)				
Trade and other payables	(411,250,202)	338,096,192	(370,921,303)	160,267,408
Other current liabilities	<u>(1,531,390)</u>	<u>7,860,966</u>	<u>2,260,151</u>	<u>(3,835,756)</u>
Cash flows from operating activities	226,630,852	185,132,957	63,334,393	(17,914,706)
Cash paid for long-term employee benefits	(18,669,110)	(22,360,942)	(7,508,284)	(8,461,200)
Interest received	36,863	52,307	146,363	1,091,337
Tax refund received	4,286,567	3,127,607	-	-
Interest paid	(210,273,330)	(183,969,007)	(176,634,941)	(137,913,019)
Corporate income tax paid	<u>(8,075,481)</u>	<u>(14,124,963)</u>	<u>(1,443,358)</u>	<u>(848,636)</u>
<b>Net cash flows used in operating activities</b>	<u>(6,063,639)</u>	<u>(32,142,041)</u>	<u>(122,105,827)</u>	<u>(164,046,224)</u>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment and intangible assets	(7,500,087)	(90,682,156)	(3,623,375)	(58,200,521)
Proceeds from sales of property, plant and equipment and intangible assets	401,337	6,294,926	643,562	6,206,846
Dividend income	4,165	6,729	4,165	6,728
Decrease in short-term loans to related parties	-	-	10,000,000	20,000,000
Increase in short-term loans to related parties	<u>-</u>	<u>-</u>	<u>(60,885,043)</u>	<u>-</u>
<b>Net cash flows used in investing activities</b>	<u>(7,094,585)</u>	<u>(84,380,501)</u>	<u>(53,860,691)</u>	<u>(31,986,947)</u>
<b>Cash flows from financing activities</b>				
Increase in bank overdrafts and short-term loans from financial institutions	10,454,672,080	9,773,196,496	4,559,983,115	3,803,992,268
Decrease in bank overdrafts and short-term loans from financial institutions	(10,415,564,590)	(9,617,031,180)	(4,388,073,735)	(3,859,043,550)
Increase in short-term loans from related parties	-	-	30,000,000	255,000,000
Cash received from long-term loan (sales and leaseback)	29,600,000	-	-	-
Repayment of long-term loans	(22,726,026)	(12,449,512)	(20,047,512)	(12,449,512)
Payment of principal portion of lease liabilities	<u>(20,192,351)</u>	<u>(21,789,473)</u>	<u>(2,559,202)</u>	<u>(3,668,192)</u>
<b>Net cash flows from financing activities</b>	<u>25,789,113</u>	<u>121,926,331</u>	<u>179,302,666</u>	<u>183,831,014</u>
<b>Decrease in translation adjustments</b>	<u>(10,509,237)</u>	<u>(14,953,450)</u>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	2,121,652	(9,549,661)	3,336,148	(12,202,157)
Cash and cash equivalents at beginning of year	<u>19,314,611</u>	<u>28,864,272</u>	<u>1,023,363</u>	<u>13,225,520</u>
<b>Cash and cash equivalents at end of year</b>	<u>21,436,263</u>	<u>19,314,611</u>	<u>4,359,511</u>	<u>1,023,363</u>

The accompanying notes are an integral part of the financial statements.

Kulthorn Kirby Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2022

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Supplement cash flows information</b>				
1) Non-cash related transaction for investing activities				
Trust receipt and payable from acquisitions				
of fixed assets	1,262,602	3,126,543	179,956	574,745
Other receivable from sales of fixed assets	-	-	13,800,000	13,800,000
Revaluation surplus on assets	1,547,236,154	-	818,310,348	-
Transfer right-of-use assets to fixed assets	3,441,334	1,855,244	-	-
Increase in right-of-use assets	22,244,606	5,411,904	5,077,409	-
Offset other receivable from sales of fixed assets				
with trade payable	30,480	934,163	438,278	20,476,477
Transfer promissory notes to long-term loan from				
debt restructuring	-	40,000,000	-	40,000,000
2) Non-cash related transaction for financing activities				
Dividend payable	888,263	891,124	884,221	887,083

The accompanying notes are an integral part of the financial statements.

**Kulthorn Kirby Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2022**

**1. General information**

**1.1 Corporate information**

Kulthorn Kirby Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of hermetic compressors. The registered address of the Company is 126 Soi Chalongkrung 31, Chalongkrung Road, Khwaeng Lamplatew, Khet Latkrabang, Bangkok.

**1.2 Fundamental accounting assumptions**

The Group has sustained operating losses for a number of consecutive years. The Group had net loss from operation in the consolidated statements of comprehensive income for the year ended 31 December 2022 of Baht 808 million (the Company only: Baht 682 million). As at 31 December 2022, the Group’s total current liabilities exceeded its total current assets by Baht 3,551 million (the Company only: Baht 3,905 million) and the Group had deficit of Baht 3,519 million (the Company only: Baht 2,603 million). The major current liabilities of the Group consisted of the bank overdraft and short-term loans from financial institutions amounting to Baht 3,706 million (the Company only: Baht 2,197 million), trade and other payables amounting to Baht 666 million (the Company only: Baht 890 million), and current portion of long-term loans from financial institutions amounting to Baht 1,088 million (the Company only: Baht 1,083 million), which mainly became payable on demand since the Group was unable to maintain certain financial ratios as specified in the Credit Facility Agreement, as described in Note 18.

Up to the present, the Group has suffered from a lack of financial liquidity and working capital for purchasing raw materials for productions to fulfill purchase orders from customers and settling liabilities that will come due. The Group’s management has implemented various plans, including negotiating with financial institutions to obtain additional working capital and planning to dispose of assets that are not core assets in its operations. In addition, the Group is considering adjusting the production and distribution strategies and reducing manufacturing costs and other expenses to increase the Group’s liquidity. Currently, these plans are still in progress and the Group’s ability to continue as a going concern depends on the success of the plans. However, the Group’s management believes that the Group will be able to continue as a going concern. Management has therefore decided to prepare the Group’s financial statements under the going concern basis. Accordingly, such financial statements do not include any adjustments relating to the value of assets at expected sale price and the amount of liabilities to be repaid, as well as reclassifications, which may be necessary should the Group be unable to continue its operations as a going concern.

## 2. Basis of preparation

**2.1** The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

## 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Kulthorn Kirby Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Subsidiary companies	Nature of business	Country of incorporation	Percentage of shareholding	
			2022	2021
			Percent	Percent
Subsidiaries held by the Company				
Kulthorn Kirby Foundry Company Limited	Manufacturing and sales of iron castings for compressor parts and automotives parts	Thailand	100	100
Kulthorn Premier Company Limited	Manufacturing and sales of hermetic compressors for compressor parts	Thailand	100	100
Kulthorn Steel Company Limited	Slitting of electrical steel for compressor	Thailand	100	100
Kulthorn Materials and Controls Company Limited	Manufacturing and sales of enameled copper wires and thermostat used in air conditioners and refrigerators	Thailand	100	100
Kulthorn Research and Development Company Limited	Provision of services with respect to technology research and development for products and manufacturing	Thailand	100	100
Subsidiaries held directly and indirectly by Kulthorn Materials and Controls Company Limited				
Kulthorn Metal Products Company Limited	Manufacture and sell forging, machining and heat treatment metal parts	Thailand	100	100
Suzhou Kulthorn Magnet Wire Company Limited (held by Phelps Dodge Suzhou Holdings, Inc.)	Manufacture and sell enameled copper wire	China	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated into Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

**2.3** The separate financial statements present investments in subsidiaries under the cost method.

### **3. New financial reporting standards**

#### **3.1 Financial reporting standards that became effective in the current year**

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

### 3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

### 4. Change in accounting policy for machineries from cost model to revaluation model and change in accounting estimates

On 31 December 2022, the Group reviewed and changed its accounting policy on the value of property, plant and equipment for machineries from cost model to revaluation model to reflect appropriate present value.

Regarding the change in the accounting policy, the Group has complied with TAS 8. This is considered a revaluation of assets in accordance with TAS 16 Property, Plant and Equipment, which does not require that the change be applied retrospectively. Therefore, the Group applied the change prospectively.

In addition, the Group changed its accounting estimates with respect to the useful lives of machineries from 5 to 15 years to 8 to 25 years. The management of the Group believes that the new useful lives of assets are more appropriate and consistent with their expected economic benefits provided to the Group.

The Group applied the change in accounting estimates prospectively.

The effects of the change in accounting policy and the change in accounting estimates to the statements of financial position as at 31 December 2022 and the statement of comprehensive income for the year ended 31 December 2022 are as follow:

	(Unit: Thousand Baht)	
	As at 31 December 2022	
	Consolidated financial statements	Consolidated financial statements
<b>Statement of financial position:</b>		
Increase in property, plant and equipment	1,547,236	818,310
Increase in deferred tax liabilities	309,447	163,662
Increase in surplus on revaluation of asset	1,237,789	654,648



(Unit: Thousand Baht)

For the year ended  
31 December 2022

	Consolidated financial statements	Separate financial statements
<b>Statement of comprehensive income:</b>		
<b>Other comprehensive income</b>		
Increase in revaluation surplus on assets (net of income tax)	1,237,789	654,648

## 5. Significant accounting policies

### 5.1 Revenue and expense recognition

#### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

#### *Rendering of services*

Service revenue is recognised at a point in time upon completion of the service.

#### *Interest income*

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

#### *Finance cost*

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

#### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

### 5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### 5.3 Inventories

Finished goods, work in process and raw materials are valued at the lower of cost (under the first-in, first-out method) and net realisable value. Cost of finished goods and work in process includes cost of materials, labour and overheads.

### 5.4 Investments in subsidiaries

Investments in the subsidiaries are accounted for in the separate financial statements using the cost method.

### 5.5 Property, plant and equipment and depreciation

Land is stated at revalued amount. Buildings and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Land, buildings and machineries are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amount, on the straight-line basis over the following estimated useful lives:

Land improvement and plant	-	10, 20, 30, 35, 40, 45	years
Machineries	-	5, 8, 10 - 13, 15, 20, 25	years
Plant equipment	-	5	years
Furniture, fixtures and office equipment	-	3, 5, 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided for land and construction in progress and machine under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

## **5.6 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## **5.7 Intangible assets**

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3 - 10 years

## **5.8 Goodwill**

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

## 5.9 Warranty reserve

Warranty reserve is estimated by reference to actual warranty expenses incurred and calculated at a percentage of cost of sales and quantities of products under warranty.

## 5.10 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **The Group as a lessee**

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

### ***Right-of-use assets***

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land and land improvement	3, 33 years
Machinery and equipment	2 - 5 years
Office equipment	3 - 5 years
Motor vehicles	4 - 6 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

#### ***Short-term leases and leases of low-value assets***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

#### **The Group as a lessor**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

### **5.11 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associates, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

## 5.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

## 5.13 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss. However, in cases where property, plant and equipment were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

## 5.14 Employee benefits

### Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

### Post-employment benefits and other long-term employee benefits

#### *Defined contribution plans*

The Group and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

#### *Defined benefit plans and other long-term employee benefits*

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plan. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gain and loss arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gain and loss arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

## 5.15 Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and that the Company will comply with the conditions attaching to them. Government grants related to assets are presented as deferred income and are recognised in profit or loss on a systematic basis over the useful life of the assets. Government grants related to income are recognised in profit or loss in the period which the Company is eligible to the grants, presented with the net amount of related expenses.

## 5.16 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## 5.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## 5.18 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component or for which at contract inception the Group expected payment by the customer less than one year and the Group has applied the practical expedient regarding not to adjust the effects of a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.



## **Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

### ***Financial assets at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### ***Financial assets at FVTPL***

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

## **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Group’s financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

## **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

## **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **5.19 Derivatives**

The Group uses derivatives, such as forward currency contracts to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## **5.20 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **6. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Leases**

#### ***Determining the lease term with extension and termination options - The Group as a lessee***

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

#### ***Estimating the incremental borrowing rate - The Group as a lessee***

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

**Allowance for expected credit losses of trade receivables**

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

**Allowance for diminution in inventory value**

In determining allowance for diminution in inventory value, the management needs to exercise judgement and make estimates based upon, among other things, market conditions and the condition of the inventory.

**Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Group measures land, buildings and machineries at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and machineries and the depreciated replacement cost approach for buildings. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

**Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **Warranty reserve**

In determining warranty reserve, the management needs to exercise judgement to make estimate, based upon historical warranty expense data and the quantities of products under warranty.

### **Allowance for impairment of non-financial assets**

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to investment in subsidiaries and property, plant and equipment recognised by the Group.

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## **7. Related party transactions**

During the years, the Group had significant business transactions with related parties mainly in respect of purchases and sales of goods. Such transactions, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Group and those related parties, are summarised below.

(Unit: Million Baht)

	For the years ended 31 December				Pricing policy
	Consolidated financial statements		Separate financial statements		
	2022	2021	2022	2021	
<u>Transactions with subsidiaries</u>					
<i>(eliminated from the consolidated financial statements)</i>					
Purchases of goods	-	-	623	858	Market price
Sales and service income and scraps sales	-	-	113	184	Approximate market price
Interest expenses	-	-	44	23	Interest rate at 4.60 - 6.13 percent per annum
Interest income	-	-	-	1	Interest rate at 4.25 percent per annum
Other income	-	-	13	13	Mutually agreed price as stipulated in the contract
Rental income	-	-	13	13	Mutually agreed price as stipulated in the contract
Other expenses	-	-	41	11	Mutually agreed price as stipulated in the contract
<u>Transactions with related companies</u>					
Sales and service income and scraps sales	536	550	181	195	Approximate market price
Purchases of goods	13	32	13	32	Market price
Rental expenses	3	3	-	-	Mutually agreed price as stipulated in the contract
Other expenses	11	13	4	3	Mutually agreed price as stipulated in the contract
Other income	-	1	-	-	Mutually agreed price as stipulated in the contract

The balances of the accounts as at 31 December 2022 and 2021 between the Group and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<b><u>Trade and other receivables - related parties (Note 9)</u></b>				
Subsidiaries	-	-	24,724	215,212
Related companies (related by common director/shareholder)	87,243	145,780	3,305	15,913
<b>Total trade and other receivables - related parties</b>	<b>87,243</b>	<b>145,780</b>	<b>28,029</b>	<b>231,125</b>
<b><u>Trade and other payables - related parties (Note 17)</u></b>				
Subsidiaries	-	-	528,501	650,925
Related companies (related by common director/ shareholder)	8,807	6,441	6,640	3,012
<b>Total trade and other payables - related parties</b>	<b>8,807</b>	<b>6,441</b>	<b>535,141</b>	<b>653,937</b>

### **Short-term loans to and short-term loans from related parties**

As at 31 December 2022 and 2021, the balance of short-term loans between the Company and its subsidiaries, and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2021	Increase during the year	Decrease during the year	Balance as at 31 December 2022
<b><u>Short-term loans to subsidiaries</u></b>				
Kulthorn Materials and Controls Co., Ltd.	10,000	-	(10,000)	-
Suzhou Kulthorn Magnet Wire Co., Ltd.	-	60,855	-	60,855
<b>Total</b>	<b>10,000</b>	<b>60,855</b>	<b>(10,000)</b>	<b>60,855</b>

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2021	Increase during the year	Decrease during the year	Balance as at 31 December 2022
<b><u>Short-term loans from subsidiaries</u></b>				
Kulthorn Premier Co., Ltd.	461,000	-	-	461,000
Kulthorn Kirby Foundry Co., Ltd.	155,000	-	-	155,000
Kulthorn Materials and Controls Co., Ltd.	-	30,000	-	30,000
Kulthorn Steel Co., Ltd.	120,000	-	-	120,000
<b>Total</b>	<b>736,000</b>	<b>30,000</b>	<b>-</b>	<b>766,000</b>

### **Directors and management's remuneration**

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Short-term employee benefits	43	39	16	13
Post-employment benefits	5	6	4	4
<b>Total</b>	<b>48</b>	<b>45</b>	<b>20</b>	<b>17</b>

### **Guarantee obligations with related parties**

The Group has outstanding guarantee obligations with its related parties, as described in Note 32.3 to the financial statements.



## 8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash	777	4,200	383	383
Bank deposits	20,659	15,115	3,977	640
Total	21,436	19,315	4,360	1,023

As at 31 December 2022, bank deposits in savings accounts carried interests at the rate between 0.05 and 0.88 percent per annum (2021: between 0.05 and 0.37 percent per annum).

## 9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<u>Trade receivables - related parties</u>				
Not yet due	71,274	127,516	4,246	24,175
Overdue				
Less than 3 months	15,784	15,403	462	25,661
3 - 6 months	63	-	63	8,061
6 - 12 months	-	-	-	1,325
Total	87,121	142,919	4,771	59,222
Less: Allowance for expected credit losses	-	-	(7)	(3,286)
Total trade receivables - related parties	87,121	142,919	4,764	55,936
<u>Trade receivables - unrelated parties</u>				
Not yet due	383,395	754,229	110,373	300,968
Overdue				
Less than 3 months	136,371	160,015	66,749	43,764
3 - 6 months	2,082	787	486	787
6 - 12 months	131	507	-	304
Over 12 months	13,320	13,036	2,575	2,431
Total	535,299	928,574	180,183	348,254
Less: Allowance for expected credit losses	(14,649)	(15,817)	(3,072)	(3,310)
Total trade receivables - unrelated parties	520,650	912,757	177,111	344,944
Total trade receivables - net	607,771	1,055,676	181,875	400,880
<u>Other receivables</u>				
Other receivables - related parties	122	2,861	23,265	175,189
Other receivables - unrelated parties	1,081	3,673	27	321
Total other receivables	1,203	6,534	23,292	175,510
Total trade and other receivables - net	608,974	1,062,210	205,167	576,390

The normal credit term is 7 to 90 days.

Set out below is the movements in the allowance for expected credit losses of trade receivables.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Beginning balance	15,817	18,435	6,596	3,873
Allowance for expected credit losses				
(Reversal)	<u>(1,168)</u>	<u>(2,618)</u>	<u>(3,517)</u>	<u>2,723</u>
Ending balance	<u>14,649</u>	<u>15,817</u>	<u>3,079</u>	<u>6,596</u>

## 10. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Finished goods	253,220	412,394	(68,742)	(68,012)	184,478	344,382
Work in process	329,640	357,501	(13,478)	(37,527)	316,162	319,974
Raw materials	749,597	889,766	(87,525)	(59,058)	662,072	830,708
Goods in transit	126	70,807	-	-	126	70,807
Total	<u>1,332,583</u>	<u>1,730,468</u>	<u>(169,745)</u>	<u>(164,597)</u>	<u>1,162,838</u>	<u>1,565,871</u>

	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Finished goods	83,991	172,404	(22,808)	(20,320)	61,183	152,084
Work in process	194,239	234,319	(4,168)	(29,597)	190,071	204,722
Raw materials	487,268	594,859	(70,437)	(42,020)	416,831	552,839
Goods in transit	-	66,929	-	-	-	66,929
Total	<u>765,498</u>	<u>1,068,511</u>	<u>(97,413)</u>	<u>(91,937)</u>	<u>668,085</u>	<u>976,574</u>

During the current year, the Group recorded the write-down of cost of inventories by Baht 5.1 million, this was included in cost of sales (2021: reversed by Baht 4.3 million and reduced the amount of inventories recognised as expenses during the year) (The Company only: recorded write-down of cost of inventories by Baht 5.5 million, 2021: Baht 14.5 million).

## 11. Other current assets

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2022	2021
Advance payment	7,602	18,787
Income tax refundable	27,763	25,213
Others	45,225	41,720
Total	80,590	85,720

## 12. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	(Unit: Thousand Baht)	
	Paid-up capital	Shareholding percentage
	2022	2021
	2022	2021
	(%)	(%)
Kulthorn Kirby Foundry Company Limited	575,000	575,000
Kulthorn Premier Company Limited	1,260,000	1,260,000
Kulthorn Steel Company Limited	400,000	400,000
kulthorn Materials and Controls Company Limited	650,000	650,000
Kulthorn Research and Development Company Limited	12,500	12,500
Total	3,629,879	3,629,879
Less: Allowance for impairment loss on investments in subsidiaries	(1,612,646)	(1,543,007)
Total investments in subsidiaries - net	2,017,233	2,086,872

The company did not received dividend during the year ended 31 December 2022 and 2021.

### 13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Revaluation basis			Cost basis				
	Land	Land improvement and plant	Machineries	Plant equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machine under installation	Total
Cost/ Revalued amount								
As at 1 January 2021	952,142	2,654,335	8,299,600	1,327,348	207,022	120,891	781,492	14,342,830
Additions	-	-	2,363	353	716	561	72,990	76,983
Transfer in (out)	-	87,708	467,261	9,321	3,704	-	(567,994)	-
Transfer from right-of-use assets (Note 19)	-	-	1,829	-	-	26	-	1,855
Disposals/write-off	-	-	(38,530)	(1,858)	(566)	(3,238)	(2,712)	(46,904)
Translation adjustment	-	37,422	34,134	-	1,080	851	-	73,487
As at 31 December 2021	952,142	2,779,465	8,766,657	1,335,164	211,956	119,091	283,776	14,448,251
Additions	-	-	717	567	251	-	3,960	5,495
Revaluations	-	-	1,547,236	-	-	-	-	1,547,236
Transfer in (out)	-	12,506	11,978	3,051	293	-	(27,828)	-
Transfer from right-of-use assets (Note 19)	-	-	3,441	-	-	-	-	3,441
Disposals/write-off	-	-	(328)	(41,905)	(1,002)	-	(767)	(44,002)
Translation adjustment	-	(16,832)	(14,653)	-	(486)	(297)	-	(32,268)
As at 31 December 2022	952,142	2,775,139	10,315,048	1,296,877	211,012	118,794	259,141	15,928,153
Accumulated depreciation								
As at 1 January 2021	-	1,498,588	7,159,184	1,264,044	182,478	115,766	-	10,220,060
Depreciation for the year	-	104,136	233,325	21,796	8,981	1,950	-	370,188
Disposals/ write-off	-	-	(28,750)	(1,856)	(566)	(2,928)	-	(34,100)
Translation adjustment	-	20,005	27,905	-	989	691	-	49,590
As at 31 December 2021	-	1,622,729	7,391,664	1,283,984	191,882	115,479	-	10,605,738
Depreciation for the year	-	105,742	220,708	17,180	8,206	1,261	-	353,097
Disposals/ write-off	-	-	(314)	(41,905)	(995)	-	-	(43,214)
Translation adjustment	-	(9,411)	(12,773)	-	(445)	(269)	-	(22,898)
As at 31 December 2022	-	1,719,060	7,599,285	1,259,259	198,648	116,471	-	10,892,723
Allowance for impairment loss								
As at 1 January 2021	-	(62,948)	(11,239)	-	(653)	(611)	-	(75,451)
Decrease (increase) during the year	-	-	(7)	-	-	158	-	151
Translation adjustment	-	-	(264)	-	(90)	(83)	-	(437)
As at 31 December 2021	-	(62,948)	(11,510)	-	(743)	(536)	-	(75,737)
Translation adjustment	-	-	119	-	40	30	-	189
As at 31 December 2022	-	(62,948)	(11,391)	-	(703)	(506)	-	(75,548)
Net book value								
As at 31 December 2021	952,142	1,093,788	1,363,483	51,180	19,331	3,076	283,776	3,766,776
As at 31 December 2022	952,142	993,131	2,704,378	37,618	11,661	1,817	259,141	4,959,882
Depreciation for the year								
2021 (Baht 341 million included in manufacturing cost, and the balance in administrative expenses)								370,188
2022 (Baht 242 million included in manufacturing cost, and the balance in administrative expenses)								353,097

Separate financial statements								
	Revaluation basis			Cost basis				Total
	Land	Land improvement and plant	Machineries	Plant equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and machine under installation	
<b>Cost/ Revalued amount</b>								
As at 1 January 2021	740,746	1,088,990	3,985,509	828,014	105,094	49,893	513,069	7,311,315
Additions	-	-	2,233	-	216	280	41,580	44,309
Transfer in (out)	-	72,906	184,631	4,098	516	-	(262,176)	(25)
Disposals/write-off	-	-	-	-	(67)	(1,239)	-	(1,306)
As at 31 December 2021	740,746	1,161,896	4,172,373	832,112	105,759	48,934	292,473	7,354,293
Additions	-	-	-	299	47	-	2,414	2,760
Revaluations	-	-	818,310	-	-	-	-	818,310
Transfer in (out)	-	12,506	11,131	2,376	293	-	(26,306)	-
Disposals/write-off	-	-	-	(19,925)	(145)	-	(51)	(20,121)
As at 31 December 2022	740,746	1,174,402	5,001,814	814,862	105,954	48,934	268,530	8,155,242
<b>Accumulated depreciation</b>								
As at 1 January 2021	-	513,149	3,384,530	803,634	86,749	49,087	-	4,837,149
Depreciation for the year	-	47,032	114,764	10,155	6,725	352	-	179,028
Disposals/write-off	-	-	-	-	(66)	(1,164)	-	(1,230)
As at 31 December 2021	-	560,181	3,499,294	813,789	93,408	48,275	-	5,014,947
Depreciation for the year	-	49,403	119,205	7,160	6,081	200	-	182,049
Disposals/write-off	-	-	-	(19,924)	(145)	-	-	(20,069)
As at 31 December 2022	-	609,584	3,618,499	801,025	99,344	48,475	-	5,176,927
<b>Allowance for impairment loss</b>								
As at 1 January 2021	-	(55,304)	-	-	-	-	-	(55,304)
As at 31 December 2021	-	(55,304)	-	-	-	-	-	(55,304)
As at 31 December 2022	-	(55,304)	-	-	-	-	-	(55,304)
<b>Net book value</b>								
As at 31 December 2021	740,746	546,411	673,079	18,323	12,351	659	292,473	2,284,042
As at 31 December 2022	740,746	509,514	1,383,315	13,837	6,610	459	268,530	2,923,011
<b>Depreciation for the year</b>								
2021 (Baht 162 million included in manufacturing cost, and the balance in administrative expenses)								179,028
2022 (Baht 159 million included in manufacturing cost, and the balance in administrative expenses)								182,049

The Group arranged for an independent professional valuer to appraise the value of its land and buildings in 2020, and machineries in 2022 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land was revalued using the market approach.
- Land improvement and buildings were revalued using the depreciated replacement cost approach.
- Machineries were revalued using market approach.

The result of the revaluations in 2022 showed increases of Baht 1,547 million (the Company only: Baht 818 million) in the net book value of the Group's machineries. The Company recorded the revaluation increase in other comprehensive income and the cumulative increase is recognised as the "Revaluation surplus on assets" in the shareholders' equity.

Had the land and land improvement, building and machineries been carried in the financial statements on a historical cost basis, their net book value as of 31 December 2022 and 2021 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	360,213	360,213	223,544	223,544
Land improvement and building	512,337	694,821	297,600	345,762
Machineries	1,157,136	1,363,483	565,005	673,079

As at 31 December 2022, certain items of plant and equipment of the Group were fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to Baht 7,047 million (2021: Baht 6,193 million) (The Company only: Baht 4,183 million, 2021: Baht 3,910 million).

The Group pledged their land and buildings thereon, of which net book value amounted to approximately Baht 1,095 million (2021: Baht 1,103 million) (The Company's: Baht 685 million 2021: Baht 685 million), with financial institutions as collateral to secure loans as discussed in Note 18.

In addition, the Group has entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under these memorandums, the Group is not allowed to dispose, transfer, mortgage or provide any lien on their land and buildings thereon and machinery, except to use as collateral for the syndicated loans to pay off the debts to those financial institutions as discussed in Note 16.

#### 14. Goodwill on business combination

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		2022	2021
Goodwill on business combination		37,620	37,620
Less: Accumulated impairment loss		(37,620)	(37,620)
Net book value		-	-

#### 15. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2022 and 2021 is presented below.

		(Unit: Thousand Baht)	
		Consolidated	Separate
		financial statements	financial statements
As at 31 December 2022			
Cost		187,431	106,367
Less: Accumulated amortisation		(134,191)	(72,801)
Net book value		53,240	33,566
As at 31 December 2021			
Cost		187,536	106,344
Less: Accumulated amortisation		(120,528)	(65,600)
Net book value		67,008	40,744

A reconciliation of the net book value of intangible assets for the years 2022 and 2021 is presented below.

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		Financial statements	
		2022	2021	2022	2021
Net book value at beginning of year		67,008	80,118	40,744	47,543
Acquisition during the year		384	31	23	-
Amortisation		(13,964)	(13,598)	(7,201)	(6,799)
Translation adjustment		(188)	457	-	-
Net book value at end of year		53,240	67,008	33,566	40,744

## 16. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)					
	Interest rate (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		2022	2021	2022	2021
Bank overdrafts	6.34 - 6.35	124,968	137,101	31,091	21,582
Short-term loans	4.20 - 6.65	1,120,000	1,045,000	845,000	770,000
Trust receipts	4.25 - 5.85	1,321,700	1,596,541	567,048	664,927
Packing credit	3.25 - 5.65	1,139,652	892,261	753,729	571,541
Total		3,706,320	3,670,903	2,196,868	2,028,050

The Group has entered into negative pledge memorandums, which are part of the short-term credit facility agreements with 3 financial institutions. Under the agreements, the Group is required to comply with certain conditions including maintaining interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio not exceeding 5:1 for the consolidated financial statements and debt to equity ratio for the consolidated financial statements not exceeding 2.75:1. The Group is not allowed to dispose, transfer, mortgage or provide any lien on their assets, both existing and to be acquired in the future, except to use as collateral for the syndicated loan to pay off the debt to those financial institutions.

## 17. Trade and other payables

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Trade payables - related parties	5,401	2,971	524,030	638,883
Trade payables - unrelated parties	420,639	588,978	210,833	256,575
Other payables - related parties	3,406	3,470	6,882	11,109
Other payables - unrelated parties	148,222	406,436	93,579	318,537
Accrued interest expenses to related parties	-	-	4,229	3,945
Accrued interest expenses to unrelated parties	1,423	1,736	808	732
Accrued expenses - unrelated parties	87,086	92,329	49,783	49,689
Total trade and other payables	666,177	1,095,920	890,144	1,279,470



## 18. Long-term loans

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Long-term loans	1,109,724	1,102,850	1,082,803	1,102,850
Less: current portion	(1,088,148)	(420,000)	(1,082,803)	(420,000)
Long-term loans, net of current portion	<u>21,576</u>	<u>682,850</u>	<u>-</u>	<u>682,850</u>

Movements of the long-term loan account during the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Beginning balance	1,102,850	1,075,300	1,102,850	1,075,300
Addition from sales and leaseback	29,600	-	-	-
Addition from debt restructuring	-	40,000	-	40,000
Repayments	(22,726)	(12,450)	(20,047)	(12,450)
Ending balance	<u>1,109,724</u>	<u>1,102,850</u>	<u>1,082,803</u>	<u>1,102,850</u>

In December 2016, the Group entered into a Credit Facility Agreement with three financial institutions to obtain long-term syndicated loans facility amounting to Baht 2,000 million.

During the year 2020, the Group entered into the Second Amendment Agreement to the Credit Facility Agreement to extend the repayment period of the outstanding principal for one year, starting from 31 March 2020.

Subsequently, in March 2022, the Group received a waiver letter from three financial institutions, approving an extension of the principal repayment period for additional one year, starting from 31 March 2021. The Group executed the Third Amendment Agreement to the Credit Facility Agreement for such loan repayment extension with the three financial institutions on 30 April 2021.

In March 2022, the Group received a waiver letter from three financial institutions, approving an extension of the principal repayment period for additional one year, starting from 31 March 2022. The Group executed the Fourth Amendment Agreement to the Credit Facility Agreement for such loan repayment extension with the three financial institutions on 29 April 2022.

The loan is subject to interest at the rate with reference to THBFIX+3%, and interest is to be paid on a monthly basis.

Under the loan agreement, the Group has to comply with certain conditions including maintaining interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio for the consolidated financial statements not exceeding 5:1 and debt to equity ratio for the consolidated financial statements not exceeding 2.75:1, based on the financial statements as at 30 June and 31 December.

In December 2021 and June 2022, the Group received waiver letters from three financial institutions, approving a waiver for certain financial conditions including a waiver maintenance of the interest bearing debt to EBITDA plus extraordinary items and non-cash items ratio and debt to equity ratio as at 31 December 2021 and 30 June 2022.

As at 31 December 2021 and 30 June 2022, the Group was able to comply with all conditions as specified in the waiver letters and the loan agreement.

However, as at 31 December 2022 the Group was unable to maintain interest bearing debt to EBITDA plus extraordinary item and non-cash items ratio and debt to equity ratio, as specified in the Credit Facility Agreement, resulting in the long-term becoming payable on demand. The Group therefore classified total balance of loan as current portion due within one year. The classification of such liabilities to current liabilities is in accordance with Thai Financial Reporting Standards.

The above long-term loans from financial institutions are secured by mortgage of the Group's properties and plant thereon.

In addition, during the year 2021, the Company entered into debt restructuring agreements with a financial institution to convert the outstanding principal and interest obligations under the promissory notes that were due totaling Baht 40 million into 24 monthly installment payments. The debt is divided into 2 parts whereby the first half totaling Baht 20 million shall be paid in the first installment on 20 January 2021 and the latter half totaling Baht 20 million shall be paid in the first installment on 20 October 2021. The loan is subject to interest at a prime rate of 1.5% per annum.

During the year 2022, Kulthorn Steel Co., Ltd. (a subsidiary) entered into machines sales and leaseback agreement with a financial institution, which was deemed to be a financing transaction and is not true sell. The agreement has principle of Baht 29.6 million and monthly repayment for 60 periods. The first payment was in July 2022 and it is subject to interest at 3.25% per annum.

## 19. Leases

### 19.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 2 - 6 years and 33 years.

#### a) Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land and land improvement	Machinery and equipment	Office equipment	Motor vehicles	Total
1 January 2021	15,794	62,028	2,240	734	80,796
Additions	5,412	-	-	-	5,412
Decrease from lease termination during the year	-	-	(96)	-	(96)
Transfer to fixed assets (Note 13)	-	(1,829)	-	(26)	(1,855)
Depreciation for the year	(6,786)	(10,967)	(1,216)	(708)	(19,677)
Translation adjustment	278	-	-	-	278
31 December 2021	14,698	49,232	928	-	64,858
Additions	15,625	5,128	-	1,492	22,245
Transfer to fixed assets (Note 13)	-	(3,441)	-	-	(3,441)
Depreciation for the year	(6,631)	(9,822)	(928)	(161)	(17,542)
Translation adjustment	(121)	-	-	-	(121)
31 December 2022	23,571	41,097	-	1,331	65,999

(Unit: Thousand Baht)

	Separate financial statements			
	Machinery and equipment	Office equipment	Motor vehicles	Total
1 January 2021	3,189	2,092	676	5,957
Depreciation for the year	(1,875)	(1,165)	(676)	(3,716)
31 December 2021	1,314	927	-	2,241
Additions	5,078	-	-	5,078
Depreciation for the year	(1,394)	(927)	-	(2,321)
31 December 2022	4,998	-	-	4,998

## b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Lease payments	39,803	39,038	5,609	3,651
Less: Deferred interest expenses	(2,710)	(2,998)	(583)	(143)
Total	37,093	36,040	5,026	3,508
Less: Portion due within one year	(18,624)	(15,947)	(1,620)	(2,819)
Lease liabilities - net of current portion	18,469	20,093	3,406	689

Movements of the lease liability account during the years ended 31 December 2022 and 2021 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year	36,040	52,418	3,508	7,176
Additions	22,245	5,412	5,078	-
Lease modification and termination	(1,000)	(96)	(1,000)	-
Accretion of interest	2,780	2,743	312	306
Repayments	(22,972)	(24,437)	(2,872)	(3,974)
Balance at end of year	37,093	36,040	5,026	3,508

A maturity analysis of lease payments is disclosed in Note 34.2 under the liquidity risk.

## c) Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Depreciation expense of right-of-use assets	17,542	19,677	2,321	3,716
Interest expense on lease liabilities	2,780	2,743	312	306
Expense relating to short-term leases	4,946	5,995	2,115	1,203
Expense relating to leases of low-value assets	392	95	10	9

#### d) Others

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 28.3 million, (2021: Baht 30.5 million) (the Company only: Baht 5.0 million, 2021: Baht 5.2 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

#### 20. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Warranty reserve	6,219	4,015	6,130	3,867
Deferred income	6,563	8,396	6,563	8,396
Others	12,444	16,229	-	-
Total	25,226	28,640	12,693	12,263

#### 21. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensations payable to employees' retirement and long service awards, was as follows:

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Retirement benefits		Long service		Total	
	plan		awards plan			
	2022	2021	2022	2021	2022	2021
<b>Provision for long-term employee benefits</b>						
<b>at beginning of year</b>	216,591	239,439	3,499	4,896	220,090	244,335
Included in profit or loss:						
Current service cost	16,181	19,912	326	387	16,507	20,299
Interest cost	3,425	6,953	55	98	3,480	7,051
Actuarial loss (gain) arising from						
Financial assumptions changes	-	-	-	82	-	82
Demographic assumptions changes	-	-	-	34	-	34
Experience adjustments	-	-	-	(794)	-	(794)
Included in other comprehensive income:						
Actuarial loss (gain) arising from						
Financial assumptions changes	-	4,304	-	-	-	4,304
Demographic assumptions changes	-	2,149	-	-	-	2,149
Experience adjustments	-	(34,542)	-	-	-	(34,542)
Benefits paid during the year	(18,501)	(21,624)	(168)	(737)	(18,669)	(22,361)
Reclassify the portion due to accrued expenses	-	-	-	(467)	-	(467)
<b>Provision for long-term employee benefits</b>						
<b>at end of year</b>	217,696	216,591	3,712	3,499	221,408	220,090

(Unit: Thousand Baht)

	Separate financial statements					
	Retirement benefits plan		Long service awards plan		Total	
	2022	2021	2022	2021	2022	2021
<b>Provision for long-term employee benefits</b>						
<b>at beginning of year</b>	103,648	103,306	2,720	3,688	106,368	106,994
Included in profit or loss:						
Current service cost	7,188	7,717	269	303	7,457	8,020
Interest cost	1,637	3,222	43	75	1,680	3,297
Actuarial loss (gain) arising from						
Financial assumptions changes	-	-	-	43	-	43
Demographic assumptions changes	-	-	-	15	-	15
Experience adjustments	-	-	-	(347)	-	(347)
Included in other comprehensive income:						
Actuarial loss (gain) arising from						
Financial assumptions changes	-	1,383	-	-	-	1,383
Demographic assumptions changes	-	533	-	-	-	533
Experience adjustments	-	(4,642)	-	-	-	(4,642)
Benefits paid during the year	(7,508)	(7,871)	-	(590)	(7,508)	(8,461)
Reclassify the portion due to accrued expenses	-	-	-	(467)	-	(467)
<b>Provision for long-term employee benefits</b>						
<b>at end of year</b>	<u>104,965</u>	<u>103,648</u>	<u>3,032</u>	<u>2,720</u>	<u>107,997</u>	<u>106,368</u>

The Group expects to pay Baht 15.3 million of long-term employee benefits during the next year (Separate financial statements: Baht 8.3 million) (2021: Baht 15.6 million, separate financial statements: Baht 7.7 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 8 years (Separate financial statements: 8 years) (2021: 8 years, separate financial statements: 8 years).

Significant actuarial assumptions used for the valuation are as follows:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Discount rate	1.7	1.7	1.7	1.7
Future salary increase rate				
(depending on age)	4.5 - 6.0	4.5 - 6.0	4.5 - 6.0	4.5 - 6.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below:

(Unit: Million Baht)

	As at 31 December 2022			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(17.0)	19.5	(7.7)	8.8
Future salary increase rate	18.5	(16.5)	8.3	(7.5)

(Unit: Million Baht)

	As at 31 December 2021			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(16.6)	19.0	(7.6)	8.7
Future salary increase rate	18.0	(16.1)	8.2	(7.4)

## 22. Revaluation surplus

This represents surplus arising from revaluation of land and land improvement and building. The surplus arising from revaluation of land improvement and building is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Balance - beginning of year	870,838	887,666	550,630	565,909
Add: Revaluation	1,237,789	-	654,648	-
Less: Amortisation	(82,942)	(16,828)	(25,476)	(15,279)
Balance - end of year	<u>2,025,685</u>	<u>870,838</u>	<u>1,179,802</u>	<u>550,630</u>

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

## 23. Statutory reserve

Pursuant to the section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 24. Revenue from contracts with customers

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Type of goods or service:</b>				
Sales of goods	5,882,390	6,574,067	2,986,361	3,366,091
Service income	182,152	69,196	5,382	8,383
Income from scrap sales	20,639	27,068	1,734	3,563
Total revenue from contracts with customers - recognised at a point in time	<u>6,085,181</u>	<u>6,670,331</u>	<u>2,993,477</u>	<u>3,378,037</u>

## 25. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest expenses on borrowings	206,775	180,457	176,683	139,363
Interest expenses on lease liabilities	2,780	3,400	312	306
<b>Total</b>	<u>209,555</u>	<u>183,857</u>	<u>176,995</u>	<u>139,669</u>

## 26. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Raw materials and consumables used	5,064,384	4,919,817	2,744,618	3,207,055
Increase (decrease) in inventories of finished goods and work in progress	187,035	(125,471)	128,493	(73,463)
Salaries, wages and other employee benefits	697,258	778,893	310,145	348,469
Depreciation and amortisation expenses	384,593	403,462	191,571	189,543
Rental expenses	5,338	6,090	2,125	1,212



## 27. Income tax

Income tax for the years ended 31 December 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Current income tax:</b>				
Current income tax charge	-	734	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	19,205	7,405	34,775	(5,184)
<b>Income tax expenses (revenue) reported in profit or loss</b>	<u>19,205</u>	<u>8,139</u>	<u>34,775</u>	<u>(5,184)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deferred tax on revaluation surplus of machineries	309,447	-	163,662	-
Deferred tax relating to actuarial gain	-	5,530	-	545
	<u>309,447</u>	<u>5,530</u>	<u>163,662</u>	<u>545</u>

The reconciliation between accounting loss and income tax expenses (revenue) is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Accounting loss before tax	(788,473)	(513,185)	(646,791)	(470,464)
Applicable tax rate	20, 25%	20, 25%	20%	20%
Accounting loss before tax multiplied by income tax rate	(160,148)	(103,293)	(129,358)	(94,093)
Effects of:				
Promotional privileges (Note 27)	(602)	(569)	-	-
Non-deductible expenses	9,096	7,414	4,294	3,852
Additional expense deductions allowed	(3,082)	(3,187)	(401)	(449)
Others	(3,965)	650	557	(2,263)
Total	1,447	4,308	4,450	1,140
Unrecognised tax loss	138,912	101,572	120,689	87,769
Reversal of deferred tax assets	38,994	5,552	38,994	-
<b>Income tax expenses (revenue) reported in profit or loss</b>	<b>19,205</b>	<b>8,139</b>	<b>34,775</b>	<b>(5,184)</b>

The components of deferred tax assets and liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Deferred tax assets</b>				
Allowance for expected credit losses	2,929	3,789	616	1,319
Allowance for diminution in value of inventories	33,417	32,402	19,483	18,387
Warranty reserve	864	602	846	573
Provision for long-term employee benefits	32,960	30,112	16,248	16,235
Deferred income	1,313	1,679	1,313	1,679
Unused tax losses	73,104	112,098	63,056	102,050
Allowance for asset impairment	7,704	9,702	6,554	8,353
Lease	-	-	5	253
Others	8,169	13,297	-	623
Total	160,460	203,681	108,121	149,472
<b>Deferred tax liabilities</b>				
Revaluation surplus of land, building and machineries	509,471	222,458	294,744	137,657
Lease liabilities	7,835	9,417	-	-
Total	517,306	231,875	294,744	137,657
<b>Deferred tax assets (liabilities) - net</b>	<b>(356,846)</b>	<b>(28,194)</b>	<b>(186,623)</b>	<b>11,815</b>

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Statement of financial position</b>				
Deferred tax assets	17,066	33,439	-	11,815
Deferred tax liabilities	(373,912)	(61,633)	(186,623)	-
<b>Deferred tax assets (liabilities) - net</b>	<b>(356,846)</b>	<b>(28,194)</b>	<b>(186,623)</b>	<b>11,815</b>

As at 31 December 2022, the Group has unused tax losses totaling Baht 2,968 million (2021: Baht 2,313 million), on which deferred tax assets have not been recognised on these amounts as the Group believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

The unused tax losses amounting to Baht 3,283 million will expire by the year 2027.

## 28. Promotional privileges

**28.1** The Company has been granted certain promotional privileges according to the Investment Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No. 58-2173-0-00-1-0	Certificate No. 60-1261-1-05-1-0
1. Promotional privileges for	Manufacturing of compressors for electrical appliances	Manufacturing of compressors and/or motors for electrical appliances
2. The significant privileges are		
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 5 years, commencing as from the date of earning operating income.	From 31 January 2020 until 30 January 2025	-
In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.		

	Certificate No. 58-2173-0-00-1-0	Certificate No. 60-1261-1-05-1-0
<p>2.2 Exemption of corporate income tax on net profit from promotional operation which does not exceed 50 percent of investment for productivity improvement, excluding land and working capital for a period of 3 years, commencing as from the date of earning operating income.</p> <p>In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.</p>	-	Not yet commenced
2.3 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export for a period of 1 year as from the date of first import.	Granted	Granted
2.4 Exemption from import duty on imported machinery as approved by the Board.	Granted	Granted
2.5 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted	Granted
3. Date of first earning operating income.	31 January 2020	Not yet commenced

The Company has to comply with certain conditions and restrictions specified under the promotion certificates.

Sales of the Company amounting to approximately Baht 2,993 million for the year ended 31 December 2022 (2021: Baht 3,378 million) included revenue from manufacturing and sales derived from promoted operations of approximately Baht 928 million (2021: Baht 876 million).

**28.2** Kulthorn Kirby Foundry Co., Ltd., a subsidiary company, has been granted the privileges for certain specified category of products under the Investments Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follows:

	Certificate No. 2127(2)/2548	Certificate No. 60-0092-1-00-1-0
1. Promotional privileges for	Manufacturing of casting iron parts	Manufacturing of casting iron parts
2. The significant privileges are		
2.1 Exemption of corporate income tax on net earnings for the period of 8 years commencing as from the date of earning operating income.  In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 8 July 2012 until 7 July 2020	-
2.2 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 5 years.  In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	-	From 5 March 2021 until 4 March 2026
2.3 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted	Granted
2.4 Exemption from import duty on imported machinery as approved by the Board.	Granted	Granted
3. Date of first earning operating income	8 July 2012	5 March 2021

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

**28.3** Kulthorn Premier Co., Ltd., a subsidiary company, has been granted promotional privileges under the Investment Promotion Act B.E. 2520, as approved by the Board of Investment for certificate with outstanding significant privileges as follow:

	Certificate No. 2167(2)/2550
1. Promotional privileges for	Manufacturing of compressors for refrigerator
2. The significant privileges are	
2.1 Exemption of corporate income tax on net income from the promoted operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 8 years commencing as from the date of earning first operating income.  In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 14 January 2008 until 13 January 2016
2.2 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted
2.3 A fifty percent reduction of corporate income tax on its net income.	From 14 January 2016 until 13 January 2023
2.4 Permission to double deduct the costs of transportation, electricity and water supply for corporate income tax purpose commencing as from the date of first earning operating income.	For a period of 10 years commencing as from the date of first earning operating income.
2.5 Permission to deduct 25 percent of the cost of installation and construction of facilities, in addition to normal depreciation charges.	Granted
2.6 Exemption from import duty on raw materials and essential materials imported for use specifically in producing for export.	For a period of 5 years commencing as from the date of first import.
2.7 Seventy-five percent reduction of import duty on raw materials and essential materials imported for use specifically in production for domestic sales, for a period of 1 year commencing from the date of first importation.	Granted
2.8 Exemption from import duty on items imported for re-export, for a period of 5 years commencing from the date of first importation.	Granted
3. Date of first earning operating income	14 January 2008

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

**28.4** Kulthorn Steel Company Limited, a subsidiary company, has been granted certain promotional privileges according to the Investment Promotion Act B.E. 2520 as approved by the Board of Investment with significant privileges as follow:

	Certificate No. 60-0708-1-00-1-0
1. Promotional privileges for	Generate electricity from solar rooftop
2. The significant privileges are	
2.1 Exemption of corporate income tax on net profit from promotional operation which does not exceed 100 percent of investment, excluding land and working capital for a period of 8 years from the date the promoted operations commenced generating revenues. In case that the Company has loss during the exemption of corporate income tax on net income, it can carry forward loss from operations to offset against income after exemption period, for a period of 5 years commencing as from the expiration of exemption period.	From 24 December 2019 until 23 December 2027
2.2 Dividend paid from those investment promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.	Granted
2.3 Exemption from import duty on imported machinery as approved by the Board, which must be imported within 27 December 2019.	Granted
3. Date of first earning operating income	24 December 2019

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificates.

## 29. Loss per share

Basic loss per share is calculated by dividing loss for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic loss per share:

	Loss for the year		Weighted average number of ordinary shares		Loss per share	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<u>Consolidated financial statements</u>						
<b>Basic loss per share</b>						
Loss attributable to equity holders of the Company	(807,678)	(521,325)	1,500,000	1,500,000	(0.54)	(0.35)
<u>Separate financial statements</u>						
<b>Basic loss per share</b>						
Loss attributable to equity holders of the Company	(681,566)	(465,280)	1,500,000	1,500,000	(0.45)	(0.31)

### 30. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on their products and services and have four reportable segments as follows:

1. Compressors and parts
2. Enameled wire
3. Steel sheet
4. Steel coil center

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.



The following tables present revenue, profit (loss) and total assets information regarding the Group's operating segments for the years ended 31 December 2022 and 2021:

	(Unit: Thousand Baht)							
	Compressors and parts	Enameled wire	Steel sheet	Steel coil center	Others	Total reportable segments	Adjustments and eliminations	Consolidated
<b>For the year ended 31 December 2022</b>								
Revenue from external customers	3,158,647	1,264,255	1,007,420	654,859	-	6,085,181	-	6,085,181
Inter-segment revenue	185,636	142,207	387,228	170,560	322	885,953	(885,953)	-
Interest income	26,725	312	7,351	9,506	-	43,894	(43,857)	37
Interest expense	(180,410)	(43,446)	(26,602)	(3,741)	-	(254,199)	44,644	(209,555)
Depreciation and amortisation	238,847	55,371	54,537	59,843	200	408,798	(24,195)	384,603
Income tax revenue (expenses)	(26,666)	6,803	3,205	1,893	-	(14,765)	(4,440)	(19,205)
Gain (loss) on exchange	39,481	(2,994)	136	106	-	36,729	-	36,729
<b>Segment profit (loss)</b>	<b>(718,331)</b>	<b>(102,311)</b>	<b>(35,311)</b>	<b>(55,752)</b>	<b>(111)</b>	<b>(911,816)</b>	<b>104,138</b>	<b>(807,678)</b>
<b>Segment total assets</b>								
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	855,410	(67,202)	37,801	143,551	(200)	969,360	211,161	1,180,521
<b>Segment total liabilities</b>	<b>5,632,086</b>	<b>1,000,310</b>	<b>807,987</b>	<b>303,744</b>	<b>229</b>	<b>7,744,356</b>	<b>(1,603,529)</b>	<b>6,140,827</b>

(Unit: Thousand Baht)								
	Compressors and parts	Enameled wire	Steel sheet	Steel coil center	Others	Total reportable segments	Adjustments and eliminations	Consolidated
For the year ended 31 December 2021								
Revenue from external customers	3,457,829	1,396,824	1,194,654	621,024	-	6,670,331	-	6,670,331
Inter-segment revenue	257,850	250,650	439,493	210,034	323	1,158,350	(1,158,350)	-
Interest income	22,172	50	138	1,379	-	23,739	(23,687)	52
Interest expense	(143,379)	(41,418)	(19,557)	(3,487)	-	(207,841)	23,984	(183,857)
Depreciation and amortisation	(233,855)	(57,473)	(55,712)	(74,341)	(200)	(421,581)	18,119	(403,462)
Income tax revenue (expenses)	(3,663)	(953)	(3,951)	537	-	(8,030)	(109)	(8,139)
Gain (loss) on exchange	(33,370)	751	(2,273)	(133)	-	(35,025)	-	(35,025)
Segment profit (loss)	(552,295)	(22,575)	99,043	(58,754)	18	(534,563)	13,238	(521,325)
Segment total assets								
Additions (decrease) to non-current assets other than financial instruments and deferred tax assets	(213,968)	(30,268)	(29,306)	(61,495)	(201)	(335,238)	25,639	(309,599)
Segment total liabilities	5,582,527	1,124,857	827,955	331,166	159	7,866,664	(1,646,585)	6,220,079

### Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Revenue from external customers		
Thailand	4,015,956	4,268,358
Hong Kong	1,095,335	1,354,897
China	241,807	304,349
Australia	-	32,417
Indonesia	16,776	29,563
Saudi Arabia	46,850	81,272
Others	668,457	599,475
Total	<u>6,085,181</u>	<u>6,670,331</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	4,915,090	3,715,913
China	164,466	183,783
Total	<u>5,079,556</u>	<u>3,899,696</u>

### Major customers

For the year 2022, the Group has revenue from two major customers in amount of Baht 1,078 million and Baht 961 million, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment (2021: Baht 1,336 million and Baht 1,290 million, arising from sales by the compressors and parts segment, enameled wire segment and steel coil center segment).

### **31. Provident fund**

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 3 - 7 percent of basic salary. The fund, which is managed by Local Asset Management Company, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2022 of the Group amounting to approximately Baht 11.6 million (2021: Baht 12.4 million) the Company only: Baht 5.4 million (2021: Baht 5.4 million) were recognised as expenses.

## 32. Commitment and contingent liabilities

### 32.1 Capital commitments

As at 31 December 2022, the Group has capital commitments of approximately Baht 21.4 million (2021: Baht 8.7 million) (the Company only: Baht 20.8 million, 2021: Baht 8.1 million), relating to the construction of factory building and installation of machinery.

### 32.2 Long-term service commitments

- a) As at 31 December 2022 and 2021, the Group has commitments relating to service agreements payable in the future as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Payable:</u>				
In up to 1 year	8.0	15.4	1.5	5.0
In over 1 year	-	7.8	-	3.0

- b) The Group has commitments related to sales commissions payable to sale agents at the rate stipulated in the agreements or rate agreed between parties.

### 32.3 Guarantees

- a) As at 31 December 2022, the Company and Kulthorn Materials and Controls Company Limited have contingent liability relating to the guarantee of credit facility of Suzhou Kulthorn Magnet Wire Co., Ltd. to an oversea branch of a commercial bank amounting to CNY 60 million or equivalent to Baht 302 million (2021: CNY 60 million or equivalent to Baht 319 million).
- b) As at 31 December 2022, there were outstanding bank guarantees of approximately Baht 55 million (2021: Baht 53 million) (the Company only: Baht 20 million (2021: Baht 20 million)) issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business of the Group. These included letters of guarantee to guarantee electricity usage amounting to Baht 42 million (2021: Baht 40 million) (the Company only: Baht 7.2 million (2021: Baht 7.2 million)), and to guarantee import duty, natural gas agreements and others amounting to Baht 13 million (2021: Baht 13 million) (the Company only: Baht 12.8 million (2021: Baht 12.8 million)).

### 33. Fair values hierarchy

As at 31 December 2022 and 2021, the Group had the assets and liabilities that were measured at fair value or for which fair value was disclosed using different levels of inputs as follows:

	(Unit: Million Baht)	
	As at 31 December 2022	
	Consolidated financial statements	Separated financial statements
	Level 2	Level 2
<b>Assets measured at fair value</b>		
Land	952.1	740.7
Land improvement and buildings	993.1	509.5
Machineries	2,704.4	1,383.3
	(Unit: Million Baht)	
	As at 31 December 2021	
	Consolidated financial statements	Separated financial statements
	Level 2	Level 2
<b>Assets measured at fair value</b>		
Land	952.1	740.7
Land improvement and buildings	1,093.8	546.4
<b>Liabilities measured at fair value</b>		
Derivatives		
Foreign currency forward contracts	(3.1)	(3.1)

## 34. Financial instruments

### 34.1 Derivatives

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2022</u>	<u>2021</u>
<b>Derivative liabilities</b>		
Derivatives liabilities not designated as hedging instruments		
Foreign exchange forward contracts	-	3,111
<b>Total derivative liabilities</b>	-	3,111

#### Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 6 months.

### 34.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, loans to related party, trade and other payables, short-term loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, loans to related party and deposits with banks. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

### ***Trade receivables***

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions. In addition, the Group does not have high concentrations of credit risk since it has a large customer base.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating, and coverage by letters of credit and other forms of credit insurance. Letters of credit and other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

### ***Financial instruments and cash deposits***

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### **Market risk**

There are 3 types of market risk comprising interest rate risk, foreign currency risk and commodity price risk. The Group enters into a foreign exchange forward contracts to hedge the foreign currency risk arising on the export or import of goods.

## Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2022 and 2021, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

As at 31 December 2022						
Foreign currency	Consolidated		Separate		Exchange rate	
	financial statements		financial statements			
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	2	4	2	2	34.3913	34.7335
Japanese yen	-	9	-	7	0.2573	0.2645
Euro	-	0.1	-	-	36.4494	37.2053
CNY	2	0.3	-	0.3	4.8953	5.0375

As at 31 December 2021						
Foreign currency	Consolidated		Separate		Exchange rate	
	financial statements		financial statements			
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying	Selling
	(Million)	(Million)	(Million)	(Million)	(Baht per one foreign currency unit)	
US dollar	7	20	6	11	33.2469	33.5929
Japanese yen	-	13	-	8	0.2869	0.2944
Euro	-	0.2	-	-	37.5083	38.2813
CNY	0.5	15	-	37	5.1828	5.3185

## Forward exchange contracts

As at 31 December 2021					
Consolidated and separate financial statements					
Foreign currency	Bought	Sold	Contractual maturity date	Contractual exchange rate	
	amount	amount		Bought amount	Sold amount
	(Million)	(Million)		(Baht per one foreign currency unit)	
US Dollar	3.2	3.3	9 February - 23 May 2022	33.03 - 33.23	32.36 - 33.20

As at 31 December 2022, the Company had no outstanding forward exchange contracts.



### *Foreign currency sensitivity*

The following tables demonstrate the sensitivity of the Group's loss before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Group's loss before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2022 and 2021. The Group's exposure to foreign currency changes for all other currencies is not material.

Currency	2022		2021	
	Change in	Effect on profit	Change in	Effect on profit
	FX rate	before tax	FX rate	before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
US dollar	+5	(3,104)	+5	(22,736)
	- 5	3,104	- 5	22,736

### ***Interest rate risk***

The Group's exposure to interest rate risk relates primarily to its long-term loans from financial institutions. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

As at 31 December 2022 and 2021, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2022

	Fixed interest rates		Floating			
	Within		Interest	Non-interest		Effective
	1 year	1 - 5 years	rate	bearing	Total	interest rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	15	6	21	0.05 - 0.88
Trade and other receivables	-	-	-	609	609	-
	-	-	15	615	630	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from						
financial institutions	3,581	-	125	-	3,706	4.20 - 6.65
Trade and other payables	-	-	-	666	666	-
Lease liabilities	19	18	-	-	37	5.50 - 6.85
Long-term loans	5	22	1,083	-	1,110	THBFIX+3%, 6.27
	3,605	40	1,208	666	5,519	

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2021

	Fixed interest rates		Floating			
	Within		Interest	Non-interest		Effective
	1 year	1 - 5 years	rate	bearing	Total	interest rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	3	-	11	5	19	0.05 - 0.37
Trade and other receivables	-	-	-	1,062	1,062	-
	3	-	11	1,067	1,081	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from						
financial institutions	3,534	-	137	-	3,671	2.15 - 5.88
Trade and other payables	-	-	-	1,096	1,096	-
Lease liabilities	16	20	-	-	36	2.65 - 6.85
Long-term loans	-	-	1,103	-	1,103	THBFIX+3%
	3,550	20	1,240	1,096	5,906	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2022

	Fixed interest rates		Floating			
	Within		Interest	Non-interest		Effective
	1 year	1 - 5 years	rate	bearing	Total	interest rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	-	4	4	-
Trade and other receivables	-	-	-	205	205	-
Short-term loans to related parties	-	-	-	61	61	-
	-	-	-	270	270	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from						
financial institutions	2,166	-	31	-	2,197	4.20 - 6.65
Trade and other payables	-	-	-	890	890	-
Short-term loans from related parties	766	-	-	-	766	4.60 - 6.50
Lease liabilities	2	3	-	-	5	6.85
Long-term loans	-	-	1,083	-	1,083	THBFIX+3%
	2,934	3	1,114	890	4,941	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2021

	Fixed interest rates		Floating			
	Within		Interest	Non-interest		Effective
	1 year	1 - 5 years	rate	bearing	Total	interest rate
						(% per annum)
<u>Financial assets</u>						
Cash and cash equivalents	-	-	-	1	1	-
Trade and other receivables	-	-	-	576	576	-
Short-term loans to related parties	10	-	-	-	10	4.25
	10	-	-	577	587	
<u>Financial liabilities</u>						
Bank overdrafts and short-term loans from						
financial institutions	2,006	-	22	-	2,028	2.15 - 5.88
Trade and other payables	-	-	-	1,280	1,280	-
Short-term loans from related parties	736	-	-	-	736	4.60 - 6.13
Lease liabilities	3	1	-	-	4	2.65 - 6.85
Long-term loans	-	-	1,103	-	1,103	THBFIX+3%
	2,745	1	1,125	1,280	5,151	

### *Interest rate sensitivity*

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in interest rates on that portion of floating rate loans from financial institutions affected as at 31 December 2022 and 2021.

Currency	2022		2021	
	Change in	Effect on profit	Change in	Effect on profit
	FX rate	before tax	FX rate	before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Baht	+1	(10,828)	+1	(11,029)
	- 1	10,828	- 1	11,029

The above analysis has been prepared assuming that the amounts of the floating rate loans from financial institutions and all other variables remain constant over one year. Moreover, the floating legs of these loans from are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest payable for the full 12-month period of the sensitivity calculation.

### ***Commodity price risk***

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase and manufacture of electronic parts and therefore require a continuous supply of copper. The Group is exposed to changes in the price of copper on its forecast copper purchases.

### ***Liquidity risk***

The Group monitors the risk of a shortage of liquidity through the use of bank overdrafts, bank loans and lease contracts. Approximately 99% of the Group's debt will mature in less than one year at 31 December 2022 (2021: 88%) (the Company only: 99.9% 2021: 87%) based on the carrying value of borrowings reflected in the financial statements.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

Consolidated financial statements			
As at 31 December 2022			
	Less than 1	1 to 5	
	year	years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	3,706,319	-	3,706,319
Trade and other payables	666,177	-	666,177
Lease liabilities	20,463	19,340	39,803
Long-term loans	1,088,148	21,576	1,109,724
<b>Total non-derivatives</b>	<b>5,481,107</b>	<b>40,916</b>	<b>5,522,023</b>

(Unit: Thousand Baht)

Consolidated financial statements			
As at 31 December 2021			
	Less than 1	1 to 5	
	year	years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	3,670,903	-	3,670,903
Trade and other payables	1,095,920	-	1,095,920
Lease liabilities	17,738	21,300	39,038
Long-term loans	420,000	682,850	1,102,850
<b>Total non-derivatives</b>	<b>5,204,561</b>	<b>704,150</b>	<b>5,908,711</b>

#### Derivatives

Derivative liabilities: gross settled

Cash inflows	363	-	363
Cash outflows	(3,474)	-	(3,474)
<b>Total derivatives</b>	<b>(3,111)</b>	<b>-</b>	<b>(3,111)</b>

(Unit: Thousand Baht)

Separate financial statements			
As at 31 December 2022			
	Less than 1	1 to 5	
	year	years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	2,196,868	-	2,196,868
Trade and other payables	890,144	-	890,144
Short-term loans from related parties	766,000	-	766,000
Lease liabilities	1,914	3,696	5,610
Long-term loans	1,082,803	-	1,082,803
<b>Total non-derivatives</b>	<b>4,937,729</b>	<b>3,696</b>	<b>4,941,425</b>

(Unit: Thousand Baht)

Separate financial statements			
As at 31 December 2021			
	Less than 1	1 to 5	
	year	years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	2,028,050	-	2,028,050
Trade and other payables	1,279,470	-	1,279,470
Short-term loans from related parties	736,000	-	736,000
Lease liabilities	2,924	727	3,651
Long-term loans	420,000	682,850	1,102,850
<b>Total non-derivatives</b>	<b>4,466,444</b>	<b>683,577</b>	<b>5,150,021</b>

**Derivatives**

Derivative liabilities: gross settled

Cash inflows	363	-	363
Cash outflows	(3,474)	-	(3,474)
<b>Total derivatives</b>	<b>(3,111)</b>	<b>-</b>	<b>(3,111)</b>

### **34.3 Fair values of financial instruments**

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The methods and assumptions used by the Grouping estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts receivable and short-term loans to related parties, accounts payable and short-term loans from banks, the carrying amounts in the statement of financial position approximate their fair value.
- b) The carrying amounts of long-term loans carrying interest at rates approximating the market rate, in the statement of financial position approximates their fair value.
- c) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Group considers counterparty credit risk when determining the fair value of derivatives.

During the current year, there were no transfers within the fair value hierarchy.

### **34. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate financial structure and preserves the ability to continue its business as a going concern.

No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 2021.

### **35. Events after the reporting period**

35.1 On 14 January 2023, the subsidiaries entered into share transfer and loan agreements detailed as follow:

1. Kulthorn Materials and Controls Co., Ltd., (a subsidiary) to transfer all shares of Suzhou Kulthorn Magnet Wire Co., Ltd. (another subsidiary held by Phelps Dodge Suzhou Holding, Inc.) to Good Lucky Corporation Limited at a price of CNY 0.
2. Suzhou Kulthorn Magnet Wire Co., Ltd. (the subsidiary) borrowed from Suzhou Yangmeigu Investment Co., Ltd. amounting to CNY 55 million (or equivalent to Baht 273 million) with 6-month period and interest of 10 percent per annum. The loan is secured by mortgage of such subsidiary's land and factory building.

At present, the subsidiary is in the process of share transfer and is expected to complete within March 2023.

35.2 On 23 February 2023, Kulthorn Premier Co., Ltd. (a subsidiary) entered into a long-term loan agreement with a financial institution to obtain loan amounting to Baht 35.8 million. The agreement term of such loan is 10 years and is secured by mortgage of the subsidiary's land thereon.

### **36. Approval of financial statements**


These financial statements were authorised for issue by the Company's authorised directors on 28 February 2023.



**Details of Directors, Management and Company secretary are as follows:**


**1. Details of Directors**

1. Name–surname	Mr Sutee Simakulthorn	
Age	53 years	
Nationality	Thai	
Present position	Chairman	
Date of appointment as director	25 April 2018	
Tenure	5 years	
Number of ordinary share held in the company	32,124,655 shares	
Percentage of shareholding	2.14164 %	
Kin in Relationship between the Director Member	Sibling of Mr Sutas Simakulthorn Director / Nomination and Remuneration Committee Mrs Supanee Chantasasawat / Executive Vice President (Marketing)	
Educational background	– Master of Science in Management, Purdue University, U.S.A. – Bachelor Degree in Engineering, Chulalongkorn University	
IOD training	Director Certification Program (DCP) / 2003	
Position in the company	Acting Executive Vice President (Finance)	
Positions held in other listed companies	None	
Other position, present	Chairman/Managing Director – Kulthorn Premier Co., Ltd. Chairman – Kulthorn Kirby Foundry Co., Ltd. – Kulthorn Steel Co., Ltd. – Kulthorn Materials and Controls Co., Ltd. – Kulthorn Metal Products Co., Ltd. – Kulthorn Research and Development Co., Ltd. Director – Suzhon Kulthorn Magnet Wire Co., Ltd.	
Work experience		
1998 – Present	To work in Kulthorn Kirby Public Company Limited	

2. Name–surname	Mr Titisak Simakulthorn	
Age	44 years	
Nationality	Thai	
Present position	Director	
Date of appointment as director	28 April 2010	
Tenure	13 years	
Number of ordinary share held in the company	7,521,125 shares	
Percentage of shareholding	0.48341 %	
Kin in Relationship between the Director Member	None	
Educational background	Bachelor Degree in Electrical and Electronic Engineering Queen Mary College: University of London	
IOD training	Director Certification Program (DCP) / 2559	
Position in the company	President	
Positions held in other listed companies	None	
Other position, present	Managing Director – Kulthorn Steel Co., Ltd. – Kulthorn Metal Products Co., Ltd. – Kulthorn Research and Development Co., Ltd.	
	Director – Kulthorn Premier Co., Ltd. – Kulthorn Kirby Foundry Co., Ltd. – Kulthorn Materials and Controls Co., Ltd. – Suzhou Kulthorn Magnet Wire Co., Ltd. – Kulthorn Electric Co., Ltd. – Thai Compressor Manufacturing Co., Ltd.	

## Work experience

To work in Kulthorn Kirby Public Company Limited Since 2003

3. Name–surname	Mr Tawatchai Jaranakarun	
Age	68 years	
Nationality	Thai	
Present position	Independent Director / Chairman of the Audit Committee	
Date of appointment as director	16 December 1998	
Tenure	24 years	
Number of ordinary share held in the company	1,430 shares (holding by spouse)	
Percentage of shareholding	0.00009 %	
Kin in Relationship between the Director Member	None	
Educational background	Bachelor Degree in Law, Ramkhamkaeng University Thai Barrister at Law Capital Market Academy 17	
IOD training	– Director Accreditation Program (DAP) / 2004 – Advanced Audit Committee Program (AACP) 32/2019	
Position in the company	None	
Positions held in other listed companies	None	
Other position, present	Lawyer by profession	

## Work experience

1978 – Present

Lawyer

1977 – 1978

Official Receiver, Ministry of Justice

1976 – 1977

Land officer, Department of Land, Ministry of Interior

## 4. Name–surname

Vice Admiral Naruedom Sa-ardyen RTN.

Age

81 years

Nationality

Thai

Present position

Independent Director/Audit Committee

Date of appointment as director

16 March 2018

Tenure

5 years

Number of ordinary share held in the company None

Kin in Relationship between the Director Member None

Educational background

B.A – Faculty of Commerce and Accountancy,  
Chulalongkorn University

- Naral Staff School 37<sup>th</sup> Class
- Naral Graduate School 18<sup>th</sup> Class
- National Defence College 37<sup>th</sup>

IOD training

None

Position in the company

None

Positions held in other listed companies

None

Other position, present

None

## Work experience

1 October 2002

– Retirement

1 April 2002

Vice Admiral

- Chief of Staff Officer to the Deputy Department Secretary of Defence.

1 April 1997

Rear Admiral

- Director of Naval Auditing Office.

1 October 1987

Captain (Special)

- Chief of Finance Division, Naval Dockyard Department. Naval Sattahib Base
- Chief of General Expenditure Division, Naval Finance.
- Assistant Director of Naval Auditing Office.
- Deputy General, Director of naval Auditing Office.
- Deputy General, Naval Finance Department.
- Chief of Finance Division, Naval Fleet.
- Chief of Executive Budget, Budgeting Division, Naval Comptroller Department.
- Chief of Finance Branch, Dockyard Department, Naval Sattahib Base

1 October 1983

Captain


1 October 1980

Lt. Commander

1 October 1977

Lt. Commander




5. Name–surname	Mrs Benjawan Ratanaprayul	
Age	70 years	
Nationality	Thai	
Present position	Independent Director/Audit Committee	
Date of appointment as director	12 June 2020	
Tenure	3 years	
Number of ordinary share held in the company	None	
Kin in Relationship between the Director Member	None	
Educational background	Master Degree in Economics Development program, Kasetsart University	
IOD training	Bachelor Degree in Economics program, Kasetsart University Director Accreditation Program (DAP) 13/2017	
Position in the company	None	
Positions held in other listed companies	Chairwoman/ Independent Director/ Audit Committee/ Nomination and Remuneration Committee/ Risk Management Committee/ Director of Social Responsibility and Sustainable development – R&B Food Supply Public Company Limited	
Other position, present	Advisor – Air Inter Transport Company Limited	
Work experience		
Advisor to the Subcommittee	The Standing Committee on Commerce, Industry and Labour The National Legislative Assembly	
Subcommittee	The Standing Committee on Commerce, Industry and Labour The National Legislative Assembly	
Director	Public Sector Audit and Evaluation Committee of Ministry of Commerce (1 <sup>st</sup> period) – Public Sector Audit and Evaluation Committee of Ministry of Commerce (2 <sup>nd</sup> period)	
Director/Advisor	Aeskulap Clinic (Asia) Co., Ltd.	
Associate Judge	The Central Intellectual Property and International Trade Court # 9 – The Central Intellectual Property and International Trade Court # 12	
Advisor	Boutique Consultant Group Co., Ltd. – Eastland Food Corp Office	


6. Name–surname	Mr Somlak Jiamtiranat	
Age	73 years	
Nationality	Thai	
Present position	Independent Director / Chairman of the Nomination and Remuneration Committee	
Date of appointment as director	28 April 2010	
Tenure	13 years	
Number of ordinary share held in the company	None	
Kin in Relationship between the Director Member	None	
Educational background	Bachelor Degree, Electrical Engineering (Communication) Chulalongkorn University	
IOD training	Director Certification Program (DCP) / 2003	
Position in the company	None	
Positions held in other listed companies	None	
Other position, present	Director	
	<ul style="list-style-type: none"> <li>– Champ Alliance Co., Ltd.</li> <li>– Champ Supply Center Co., Ltd.</li> <li>– Green Estate and K. Holding Group Co., Ltd.</li> </ul>	

## Work experience



- Member, Science and Technology Committee
- President, Crown Seal Public Co., Ltd.
- Managing Director, Siam NEC Co., Ltd.
- Siam Compressor Industry Co., Ltd.

7. Name–Surname	Mr. Kanok Suriyasat	
Age	56 years	
Nationality	Thai	
Present position	Director	
Date of appointment as director	19 December 2018	
Tenure	4 years	
Number of ordinary share held in the company	None	
Kin in Relationship between the Director Member	None	
Educational background	Bachelor, School of Museum of Fine Arts Boston An artist, photographer	
IOD training	Director Certification Program (DCP) / 2002	
Position in the company	None	
Positions held in other listed companies	None	
Other position, present	Director	
	<ul style="list-style-type: none"> <li>– Thai Toshiba Electric Industries Co., Ltd.</li> <li>– Toshiba Thailand Co., Ltd.</li> <li>– Thai Toshiba Lighting Co., Ltd.</li> <li>– Superlite N. K. S. Holding Co., Ltd.</li> <li>– Nikornkij &amp; Sons Co., Ltd.</li> <li>– Thai Electric Industries Co., Ltd.</li> <li>– Mitkorn Development Co. Ltd.</li> <li>– KNS Logistics Service Co., Ltd.</li> </ul>	
	Vice President	
	– Bangkadi Industrial Park Co., Ltd.	
Work experience	An artist, photographer	

8. Name–Surname	Mr Abhijit Simakulthorn	
Age	44 years	
Nationality	Thai	
Present position	Director	
Date of appointment as director	19 December 2018	
Tenure	4 years	
Number of ordinary share held in the company	7,251,125 shares	
Percentage of shareholding	0.48341 %	
Kin in Relationship between the Director Member		
	Sibling of Ms Araya Simakulthorn Vice President / Acting Executive Vice President (Administration) / Nomination and Remuneration Committee	
Educational background	Master Degree in MBA, Pennsylvania State University Bachelor Degree in Economics, Thammasat University	
IOD training	Director Certification Program (DCP) 154 / 2011 Financial Statements for Directors Class 14/2011	
Position in the company	None	
Positions held in other listed companies	None	
Other position, present	Director – Kulthorn Kirby Foundry Co., Ltd. – Kulthorn Electric Co., Ltd. – Thai Compressor Manufacturing Co., Ltd.	
Work experience		
2016	Executive Vice President, Kulthorn Kirby Foundry Co., Ltd.	
2015 – 2016	Managing Director, Kulthorn Kirby Foundry Co., Ltd.	
2013 – 2015	Division Manager Finance, Kulthorn Kirby Public Company Limited.	
2012	Administration Manager, Kulthorn Kirby Foundry Co., Ltd.	

9. Name–surname	Mr Prasan Tanprasert	
Age	75 years	
Nationality	Thai	
Present position	Director	
Date of appointment as director	28 April 2021	
Tenure	2 years	
Number of ordinary share held in the company	None	
Kin in Relationship between the Director Member	None	
Educational background	– Master Degree in MBA, Central State University, OKLAHOMA, USA. – Bachelor Degree in Engineering Oklahoma State University, OKLAHOMA, USA. Diploma, National Defence College, The State, Private Sector and Political Sector Course Class 1/2003	
IOD training	Director Certification Program (DCP) / 2006	
Position in the company	None	

Positions held in other listed companies	Chairman Pinthong Industrial Park Public Company Limited	
Other position, present	Managing Director – Tep Kinsho Foods Co., Ltd. Director – Tep Phanich Co., Ltd	
Work experience		
7 July 2018 – 1 June 2020	– Director, Kulthorn Kirby Public Company Limited	
1995 – 21 February 2018	– Director, Kulthorn Kirby Public Company Limited	
2008 – 2011	– Chairman, Industrial Estate Authority of Thailand	
2005 – 2010	– Associate Judge, Central Intellectual Properties and International Trade Court	
2005 – 2006	– Chairman, National Housing Authority	
2004 – 2007	– Chairman, Industrial Estate Authority of Thailand	
2000 – 2001	– Board Member, Port Authority of Thailand	
1974 – 1981	– Project Department, Industry Finance Corporation of Thailand	
1974 – 2017	– Special Lecturer, University of Thai Chamber of Commerce	
10. Name–Surname	Mr Prommarat Simakulthorn	
Age	46 years	
Nationality	Thai	
Present position	Director	
Date of appointment as director	28 April 2021	
Tenure	2 years	
Number of ordinary share held in the company	19,458,362 shares	
Percentage of shareholding	1.29722%	
Kin in Relationship between the Director Member	None	
Educational background	MA Marketing - Coventry University, UK BA Communication Arts (Advertising) – Bangkok University	
IOD training	None	
Positions held in other listed companies	None	
Other position, present	Director – Kulthorn Premier Co., Ltd. – Kulthorn Kirby Foundry Co., Ltd. – Kulthorn Materials and Controls Co., Ltd – Kulthorn Steel Co., Ltd. – Kulthorn Metal Products Co., Ltd. – Kulthorn Research and Development Co., Ltd. – Suzhon Kulthorn Magnet Wire Co., Ltd.	
Work experience		
2018 – Present Chairman and CEO	Chalerm Thai E-Commerce Supply Chain Management Co., Ltd. (China)	
2017 – Present Managing Director	Bonback Co., Ltd. (HK)	
2016 – Present Chairman and CEO	Chalerm Thai International Co., Ltd. (HK)	
2015 – Present Chairman and CEO	Chalerm Thai International Co. Ltd. (Thailand)	
2014 Deputy Managing Director	Kulthorn Materials and Controls Co., Ltd.	
2010 – 2013 Deputy General Manager	Suzhou Kulthorn Magnet Wires Co., Ltd.	
2009 – 2010 Manager attached to The	Managing Director's Office Kulthorn Materials and Controls Co., Ltd.	
2003 – 2008 General Manager	Super Alloy Technologies Co., Ltd.	

11. Name – Surname	Mr Sutas Simakulthorn	  
Age	50 years	
Nationality	Thai	
Present Position	Director / Nomination and Remuneration Committee	
Date of appointment as director	12 May 2021	
Tenure	2 years	
Number of ordinary share held in the company	42,295,530 shares	
Percentage of shareholding	2.81970 %	
Kin in Relationship between the Director Member	Sibling of	
	Mr Sutee Simakulthorn Chairman / Acting Executive Vice President (Finance) Mrs Supanee Chantasasawat / Executive Vice President (Marketing)	
Educational background	– MBA, University of Southern California, USA – Bachelor Degree in Engineering, Chulalongkorn University	
IOD training	None	
Position in the company	None	
Positions held in other listed companies	None	
Other position, present	Director – Kulthorn Premier Co., Ltd. – Kulthorn Steel Co., Ltd. – Kulthorn Materials and Controls Co., Ltd. – Kulthorn Metal Products Co., Ltd. – Kulthorn Research and Development Co., Ltd. – Thai Compressor Manufacturing Co., Ltd.	
	Managing Director – Kulthorn Co., Ltd. – Kulthorn Electric Co., Ltd.	
Work experience		
2009 Present	Managing Director	– Kulthorn Co., Ltd.
2003- 2009	Executive Vice President	– Thai Compressor Manufacturing Co., Ltd.
2002-2003	Vice President	– Kulthorn Co., Ltd.
1997-2000	Engineer	– Mitsubishi Heavy Industries, Japan
1997	Engineer	– Thai Compressor Manufacturing Co., Ltd.



## 2. Details of Management

1. Name--surname	Mr Titisak Simakulthorn
Age	44 years
Nationality	Thai
Present position	Director/President
Date of appointment as executive	24 February 2021
Tenure	2 years
Number of ordinary share held in the company	7,521,125 shares
Percentage of shareholding	0.48341 %
Kin in Relationship between the Director Member	None
Educational background	Bachelor Degree in Electrical and Electronic Engineering Queen Mary College: University of London
Positions held in other listed companies	None
Other position, present	Managing Director <ul style="list-style-type: none"> <li>– Kulthorn Steel Co., Ltd.</li> <li>– Kulthorn Metal Products Co., Ltd.</li> <li>– Kulthorn Research and Development Co., Ltd.</li> </ul> Director <ul style="list-style-type: none"> <li>– Kulthorn Premier Co., Ltd.</li> <li>– Kulthorn Kirby Foundry Co., Ltd.</li> <li>– Kulthorn Materials and Controls Co., Ltd.</li> <li>– Suzhou Kulthorn Magnet Wire Co., Ltd.</li> <li>– Kulthorn Electric Co., Ltd.</li> <li>– Thai Compressor Manufacturing Co., Ltd.</li> </ul>
Work experience	To work in Kulthorn Kirby Public Company Limited Since 2003

2. Name	Mr Somchai Chaiyasit
Age	60 years
Nationality	Thai
Position	Acting Executive Vice President (Manufacturing)
Date of appointment as executive	1 August 2019
Tenure	3 years
Number of ordinary share held in the company	2,000 shares
Percentage of shareholding	0.00013 %
Kin in Relationship between the Director Member	None
Educational background	Bachelor Degree in Industrial Technology (Industrial Management Technology) Dhonburi Rajabhat University
Positions held in other listed companies	None
Other position, present	Director <ul style="list-style-type: none"> <li>– Kulthorn Materials and Controls Co., Ltd.</li> <li>– Kulthorn Kirby Foundry Co., Ltd.</li> </ul>

## Work experience

2016 – Present	General Manager – Kulthorn Materials & Controls Co., Ltd. – Kulthorn Kirby Foundry Co., Ltd.
2011 – 2016	Manufacturing Division Manager of Kulthorn Kirby Public Company Limited
1984 – 2010	Work at Kulthorn Kirby Public Company Limited

3. Name	Mrs Supanee Chantasasawat
Age	54 years
Nationality	Thai
Position	Executive Vice President (Marketing)
Date of appointment as executive	1 August 2019
Tenure	3 years
Number of ordinary share held in the company	7,251,122 shares
Percentage of shareholding	0.48341 %
Kin in Relationship between the Director Member	
	Sibling of Mr Sutee Simakulthorn Chairman / Acting Executive Vice President (Finance) Mr Sutas Simakulthorn Director / Nomination and Remuneration Committee
Educational background	– SASIN Graduate Institute of Business Administration Chulalongkorn University, MBA (Marketing) – Chalalongkorn University, Bachelor of Accountancy
Positions held in other listed companies	None
Other position, present	Director – Kulthorn Premier Co., Ltd. – Kulthorn Steel Co., Ltd. – Kulthorn Metal Products Co., Ltd. – Kulthorn Research and Development Co., Ltd.

Work experience

2018 – July 2019	Chief Strategy Officer Kulthorn Kirby Public Company
2012 – 2018	Executive Chairperson Kulthorn Group of Companies
1998 – 2012	Sales and Marketing Director Kulthorn Group of Companies
1994 – 1998	Procter & Gamble Manufacturing (Thailand) Assistant Brand Manager
1991 – 1992	Industrial Finance corporation of Thailand (IFCT) Credit Officer

Social Activities

2018	National Legislative Assembly Working Group on Waste of Electrical and Electronics Equipment Law-Committee Member
2010 – Present	Federation of Thai Industry <ul style="list-style-type: none"> <li>• Air Conditioning Club President (2020 – Present)</li> <li>• Air Conditioning Club Vice President (2010 – 2020)</li> <li>• Electrical, Electronic and Telecommunication Club Board Member (2018 – 2020)</li> <li>• Member of the Board (2012 – 2014)</li> </ul>

2010 – 2015	Thai Central Intellectual Property and International Trade Court Associate Judge
2007 – 2009	SASIN Alumni Association Member of the board and Secretary
2006 – 2010	Singapore Thai Chamber of Commerce Director

4. Name–surname Mr Sutee Simakulthorn
- Age 53 years
- Nationality Thai
- Present position Chairman/ Acting Executive Vice President (Finance)
- Date of appointment as Executive 1 March 2021
- Tenure 2 years
- Number of ordinary share held in the company 32,124,655 shares
- Percentage of shareholding 2.14164 %
- Kin in Relationship between the Director Member
- Sibling of Mr Sutas Simakulthorn Director / Nomination and Remuneration Committee
- Mrs Supanee Chantasasawat / Executive Vice President (Marketing)
- Educational background
- Master of Science in Management, Purdue University, U.S.A.
- Bachelor Degree in Engineering, Chulalongkorn University
- Positions held in other listed companies None
- Other position, present Chairman/Managing Director
- Kulthorn Premier Co., Ltd.
- Chairman
- Kulthorn Kirby Foundry Co., Ltd.
- Kulthorn Steel Co., Ltd.
- Kulthorn Materials and Controls Co., Ltd.
- Kulthorn Metal Products Co., Ltd.
- Kulthorn Research and Development Co., Ltd.
- Director
- Suzhon Kulthorn Magnet Wire Co., Ltd.
- Work experience
- 1998 – Present To work in Kulthorn Kirby Public Company Limited
5. Name–surname Ms Arraya Simakulthorn
- Age 49 years
- Nationality Thai
- Present position Vice President / Acting Executive Vice President (Administration) / Nomination and Remuneration Committee
- Date of appointment as Executive 1 April 2021
- Tenure 2 years
- Number of ordinary share held in the company 7,251,122 shares
- Percentage of shareholding 0.483 %
- Kin in Relationship between the Director Member
- Sibling of Mr Abhijit Simakulthorn Director

Educational background	– Master of Business Administration (MBA) University of San Francisco, USA
	– Bachelor of Arts in English, Chulalongkorn University
Positions held in other listed companies	None
Other position, present	None
Work experience	
2021 – Present	To work in Kulthorn Kirby Public Company Limited

6. Name–surname Mrs Somjai Buakaew

Age 44 years

Nationality Thai

Present position Assistant Manager Financial Operations

Date of appointment as Executive 1 January 2022

Tenure 1 year

Number of ordinary share held in the company None

Kin in Relationship between the Director Member None

Educational background Bachelor of Accountancy  
Rajabhat Rajanagarindra University

Positions held in other listed companies None

Other position, present None

Work experience

2003 – Present	To work in Kulthorn Kirby Public Company Limited
2001 – 2003	CPRAM Company Limited

7. Name–surname Ms Narin Sakwichit

Age 45 years

Nationality Thai

Present position Accounting Manager

Date of appointment as Executive 1 June 2020

Tenure 2 years

Number of ordinary share held in the company None

Kin in Relationship between the Director Member None

Educational background Bachelor of Accountancy  
University of the Thai Chamber of Commerce

Positions held in other listed companies None

Other position, present None

Work experience

2008 – Present	To work in Kulthorn Kirby Public Company Limited
2006 – 2007	Financial Manager Siam Nissan Standard Company Limited
2004 – 2005	Accounting Manager Exotic Food Company Limited
2000 – 2004	Accounting teacher Aksorn Technology Pattaya

### 3. Details of the Company Secretary

Name–surname	Mrs Supanee Chantasasawat
Age	54 years
Nationality	Thai
Number of ordinary share held in the company	7,251,122 shares
Percentage of shareholding	0.48341 %
Educational background	– SASIN Graduate Institute of Business Administration Chulalongkorn University, MBA (Marketing) – Chulalongkorn University, Bachelor of Accountancy
IOD training	Company Secretary Program (SCP) 111/2020 Effective Minutes Taking (EMT) 49/2021
Positions held in other listed companies	None
Other position, present	Director – Kulthorn Premier Co., Ltd. – Kulthorn Steel Co., Ltd. – Kulthorn Metal Products Co., Ltd. – Kulthorn Research and Development Co., Ltd.

#### Work experience

2018 – July 2019	Chief Strategy Officer Kulthorn Kirby Public Company
2012 – 2018	Executive Chairperson Kulthorn Group of Companies
1998 – 2012	Sales and Marketing Director Kulthorn Group of Companies
1994 – 1998	Procter & Gamble Manufacturing (Thailand) Assistant Brand Manager
1991 – 1992	Industrial Finance corporation of Thailand (IFCT) Credit Officer

#### Social Activities

2018	National Legislative Assembly Working Group on Waste of Electrical and Electronics Equipment Law-Committee Member
2010 – Present	Federation of Thai Industry <ul style="list-style-type: none"> <li>• Air Conditioning Club President (2020 – Present)</li> <li>• Air Conditioning Club Vice President (2010 – 2020)</li> <li>• Electrical, Electronic and Telecommunication Club Board Member (2018 – 2020)</li> <li>• Member of the Board (2012 – 2014)</li> </ul>
2010 – 2015	Thai Central Intellectual Property and International Trade Court Associate Judge
2007 – 2009	SASIN Alumni Association Member of the board and Secretary
2006 – 2010	Singapore Thai Chamber of Commerce Director

## Duties and Responsibilities of Company Secretary

The Company's secretary is responsible for performing duties as stipulated in Section 89/15 and Section 89/16 of the Securities and Exchange Act (No. 4) B.E. with caution and honesty as well as to comply with the law, objectives, company regulations, Board resolutions and resolutions of the shareholders' meeting. The duties and responsibilities of the company secretary are as follows:

- a. Compliance with the law on behalf of the company or board
  - 1 Prepare and keep the following documents:
    - Registration of directors
    - Notice of Board of Directors Meeting board meeting minutes and the company's annual report
    - Notice of the shareholders' meeting and minutes of the shareholders' meeting
  - 2 Submit a copy of the report on the interests of directors and executives or related persons. which has interests related to the management of the Company or its subsidiaries to the Chairman of the Board, and the Chairman of the Audit Committee, and maintain such reports
  - 3 Take other actions as announced by the Capital Market Supervisory Board.
- b. Compliance with the roles and duties of the company secretary
  - 1 Perform duties responsibly with Caution and Integrity according to legal and other relevant regulations
  - 2 Supervise the activities of the Board of Directors as well as giving advice to directors on the Company's articles of association and regulations of relevant agencies
  - 3 Mediation for clear understandings between shareholders, directors and executives
  - 4 First contact of directors and executives for running the company's business under the law
  - 5 Persons who has a role in giving advice to directors for compliance with good corporate governance principles
  - 6 Persons who has a role in arranging meetings of directors and shareholders' meetings to achieve the objectives of the company
  - 7 Give opinions or participate in the preparation and submission of various reports that must be submitted in accordance with the regulations of the SEC and the Stock Exchange of Thailand, such as the annual registration statement / annual report (56-1 One Report) Reports on important board resolutions or corporate actions
  - 8 Contact and coordinate with regulatory agencies such as the Office of the Stock Exchange of Thailand and to oversee the disclosure of information and information reports to regulatory agencies and the general public to be correct and complete according to the law
  - 9 Arrange an orientation and provide advice to newly appointed directors
  - 10 Other duties as assigned by the company



**KULTHORN KIRBY**  
**PUBLIC COMPANY LIMITED**



**BRISTOL**  
COMPRESSORS™

Compressor solutions that exceed expectations





# 2022 One Report



บริษัท กุลธรรณบุรี จำกัด (มหาชน)  
KULTHORN KIRBY PUBLIC COMPANY LIMITED

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