



บริษัท กุลธอร์นเคอร์บี้ จำกัด (มหาชน)

KULTHORN KIRBY PUBLIC COMPANY LIMITED

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

11 August 2023

Subject: Management Discussion and Analysis of the Operating Performance for the three-month period ended June 30, 2023

To: The President

The Stock Exchange of Thailand

### Quarterly Summary

(Unit : Million Baht)

Statement of comprehensive income	Q2/2023	Q1/2023	Q2/2022	% QoQ	% YoY
Revenue from contracts with customers	832	1,050	1,499	(21)	(45)
Cost of Sales and services	856	1,135	1,562	(25)	(45)
Gross Profit	(24)	(85)	(63)	72	62
Selling and distribution expenses	13	17	20	(24)	(34)
Administrative expenses	211	161	110	31	92
Profit (Loss) on exchange	(2)	(1)	(5)	(100)	61
Finance Cost	68	63	51	8	35
Profit (Loss) for the period	(315)	(185)	(238)	(70)	(33)

### Operating Performance for the three months ended June 30, 2023

- Revenue from contracts with customers of Baht 832 million a decrease of 21% QoQ or Baht 218 million and 45% YoY or Baht 666 million, respectively, due to part shortages and delays.
- Cost of sales and services of Baht 856 million which is 103% of revenue. This was a, there was decrease from the previous quarter and the prior which was 108% and 104% of revenue, respectively,
- Gross profit of Baht negative 24 million. The quarter the Gross profit was Baht -85 million and the prior year Q on Q it was Baht -63 million.
- Selling and distribution expenses of Baht 13 million decreased by 24% QoQ or Baht 4 million. However, this decreased by 34% YoY or Baht 7 million. The company has tried to manage the selling expenses effectively and continuously.
- Administrative expenses of Baht 211 million a increase of 31.0% QoQ or Baht 50 million and increased by 92% YoY or Baht 101 million. This was impacted by the audit reclassification of some depreciation cost into administrative expenses. However, the company has tried to manage the administrative expenses fully and continuously.
- Financial cost of Baht 68 million an increase of 8% QoQ or Baht 5 million. When compared to YoY this increased by 35% YoY or Baht 17 million, respectively, as a result of the increasing interest market rate.
- Net Loss of Baht 315 million increased by 70% QoQ and increased by 33% YoY respectively. As the Group is in the process of implementing operational plans to change its strategies and future business model, the loss continuously declines.

## Statement of Financial Position

(Unit : Million Baht)

	30 June 2023		31 December 2022		Change	
	Amount	%	Amount	%	Amount	%
<b>Current Assets</b>	1,570	25	1,955	28	(385)	(20)
<b>Non-current assets</b>	4,622	75	5,097	72	(475)	(9)
<b>Total Assets</b>	6,192	100	7,052	100	(860)	(12)
<b>Current liabilities</b>	5,149	83	5,506	78	(357)	(6)
<b>Non-current liabilities</b>	628	10	635	9	(7)	(1)
<b>Total liabilities</b>	5,777	93	6,141	87	(364)	(6)
<b>Total shareholders' equity</b>	415	7	911	13	(496)	(54)
<b>Total liabilities and shareholders' equity</b>	6,192	100	7,052	100	(860)	(12)

- Total assets as of 30 June 2023 decreased by Baht 860 million from 31 December 2022 from the fourth quarter. This was a combination of a decrease of Baht 224 million in the inventory, a decrease of Baht 196 million in the trade and other receivables and a decrease in Noncurrent assets, including 475 MB in the PPE.
- Total liabilities as of 30 June 2023 decreased by Baht 364 million from 31 December 2022. This includes a Baht 271 million decrease in Short-Term Loans, Baht 75 million in Payables and Baht 33 million in Long-term Liabilities.
- Total shareholders' equity as of 30 June 2023 of Baht 415 million decreased from 31 December 2022.

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 had net loss from operation in the consolidated statements of comprehensive income for the six-month period ended 30 June 2023 of Baht 500 million (the Company only: Baht 423 million). As at 30 June 2023, the Group's total current liabilities exceeded its total current assets by Baht 3,579 million (the Company only: Baht 4,175 million) and the Group had deficit of Baht 3,824 million (the Company only: Baht 2,942million). The major current liabilities of the Group consisted of the bank overdraft and short-term loans from financial institutions amounting to Baht 3,435 million (the Company only: Baht 2,148 million), trade and other payables amounting to Baht 591 million (the Company only: Baht 963 million), and current portion of long-term loans from financial institutions amounting to Baht 1,078 million (the Company only: Baht 1,068million), which 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 11 to the interim consolidated financial statements.

In addition, the Group's equity was less than 50% of paid-up capital, which causes the Company's securities will be marked with "C" (Caution) sign.

### 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 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.

Yours Sincerely,

Kulthorn Kirby Public Company Limited

Mr. Sutee Simakulthorn  
Executive Vice President Finance

