



10 May 2024

Subject: Management Discussion and Analysis of the Operating Performance for the three-month period
Ended December 31, 2023 (Additional)

To: The President
The Stock Exchange of Thailand

Quarterly Summary

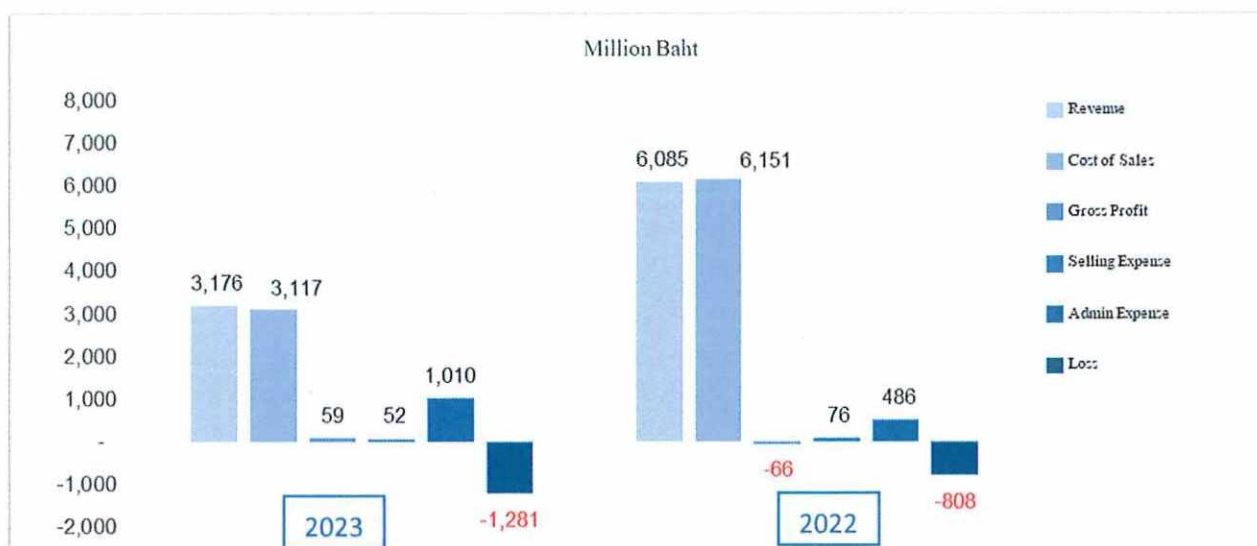
(Unit : Million Baht)

| Statement of comprehensive income | Q4/2023 | Q3/2023 | Q4/2022 | % QoQ | % YoY |
|---------------------------------------|---------|---------|---------|-------|-------|
| Revenue from contracts with customers | 613.8 | 680.0 | 1,318.4 | (10) | (53) |
| Cost of Sales and services | 496.2 | 629.0 | 1,314.6 | (21) | (62) |
| Gross Profit | 117.6 | 51.0 | 3.8 | 131 | 2,995 |
| Selling and distribution expenses | 8.0 | 14.0 | 16.2 | (43) | (51) |
| Administrative expenses | 384.9 | 292.0 | 166.6 | 32 | 131 |
| Profit (Loss) on exchange | 5.1 | (2.0) | 4.4 | 355 | 16 |
| Finance Cost | 80.8 | 73.0 | 57.6 | 11 | 40 |
| Profit (Loss) for the period | (434.7) | (347.0) | (246.7) | (25) | (76) |

Operating Performance for the three months ended December 31, 2023

- Revenue from contracts with customers of Baht 613.8 million which was a decrease of 10% QoQ or Baht 66.2 million and 53% YoY or Baht 704.6 million, respectively, this was due to part shortages and delays.
- Cost of sales and services of Baht 496.2 million which is 80.8% of revenue. This was a decrease from the previous quarter and the prior year quarter, which was 92.5% and 99.7% of revenue, respectively, the company continues to impose strict control measures and effective cost management.
- Gross profit of Baht 117.6 million which was 19.2%. The gross profit increased by 131% QoQ, and 2995% YoY.
- Selling and distribution expenses of Baht 8.0 million decreased by 43% QoQ or Baht 6.0 million and decreased 51% YoY or Baht 8.2 million. The company has tried to manage the selling expenses effectively and continuously.
- Administrative expenses of Baht 384.9 million an increase of 32.0% QoQ or Baht 92.9 million this increased by 131% YoY or Baht 218.3 million respectively. This was due to the adjustment of the price of machinery assets using the Market Approach in 2022, the result is increased depreciation of assets in the following years, along with the group's inability to produce products as usual and this was impacted by the reclassification of some deprecation cost into administrative expenses. However, the company has tried to manage the administrative expenses.
- Financial cost of Baht was 80.8 million an increase of 11% QoQ or Baht 7.8 million. When compared to YoY this increased by 40% YoY or Baht 23.2 million, respectively, as a result of the increasing interest market rate.
- Net Loss of Baht 434.7 million increased by 25% QoQ and increased by 76% YoY respectively. In this regard, the company is in the process of coordinating with the banks, major creditors, and relevant parties to ensure Source of funds. As the Group is in the process of implementing operational plans to change its strategies and future business model, the loss continuously declines.

Business overview and Operating Performance



- Revenue from contracts with customers for the year 2023 amounted to 3,176.1 million baht, a decrease of 2,909.1 million baht or -47.8% from the same period last year.
- Cost of sales and services for the year 2023 was 3,116.5 million baht, representing 98.1% as a percent of revenue. The Group is adjusting its distribution strategy as well as reducing production costs and other expenses.
- Gross profit for the year 2023 amounted to 59 million baht or 1.9% of sales revenue. increasing from the same period last year, which has a loss of -1.1%. The company has negotiated with customers and adjusted the selling price.
- Selling expenses for the year 2023 amounted to 52 million baht, representing a rate of 1.6% compared to sales revenue. The prior year selling expenses were 1.2% of sales revenue. However, the Group has a policy to continuously manage selling expenses.
- Administrative expenses for the year 2023 amounted to 1,010.4 million baht, representing a rate of 31.8% compared to sales revenue. Administrative expenses increase from the prior year, this was due to the reclassification of some depreciation cost into administrative expenses.
- Financial expenses for the year 2023 amounted to 285 million baht, an increase of 3.4 million baht from the same period last year due to the fluctuation of interest rate.
- The company had a net loss for the year 2023 in the amount of 1,280.9 million baht, representing -40.3% of sales revenue. The loss increased from the same period last year, was a loss 13.3% of sales revenue. The Group is in the process of changing strategies and operating models, including various measures and management policies to be more efficient.

Statement of Financial Position

(Unit : Million Baht)

| | 31 December 2023 | | 31 December 2022 | | Change | |
|---|------------------|------|------------------|-----|-----------|-------|
| | Amount | % | Amount | % | Amount | % |
| Current Assets | 1,233.5 | 24 | 1,954.8 | 28 | (721.3) | (37) |
| Non-current assets | 3,883.1 | 76 | 5,097.3 | 72 | (1,214.2) | (24) |
| Total Assets | 5,116.3 | 100 | 7,052.1 | 100 | (1,935.8) | (27) |
| Current liabilities | 5,174.9 | 101 | 5,505.5 | 78 | (330.6) | (6) |
| Non-current liabilities | 617.5 | 12 | 635.3 | 9 | (17.8) | (3) |
| Total liabilities | 5,792.4 | 113 | 6,140.8 | 87 | (348.4) | (6) |
| Total shareholders' equity | (676.1) | (13) | 911.3 | 13 | (1,587.4) | (174) |
| Total liabilities and shareholders' equity | 5,116.3 | 100 | 7,052.1 | 100 | (1,935.8) | (27) |

- Total assets as of 31 December 2023 decreased by Baht 1,935.8 million from 31 December 2022 from the fourth quarter. This was a combination of a decrease in the inventory, a decrease in the trade and other receivables and a decrease in Noncurrent assets.
 - Total liabilities as of 31 December 2023 decreased by Baht 348.4 million from 31 December 2022. This includes in Short-Term Loans, in Payables and Baht 20.7 million in Long-term Liabilities.
 - Total shareholders' equity loss as of 31 December 2023 of Baht -676.1 million a decrease from 31 December 2022 due to the operating loss. And loss from impairment of assets whose appraised value increased Recorded in the statement of comprehensive income in the amount of 394.5 million baht because the Group recorded an increase in the book value of assets from revaluation in other comprehensive income. Land improvements, buildings in 2020, and machinery in 2022 and recognize the accumulated amount in the accounts. "Surplus from asset valuation" and recognize the accumulated amount in the account "Surplus from asset valuation" in the shareholders' equity If the Group recognizes a decrease in the book value of its assets as a result of the revaluation. If the asset has ever had an increase in value and there is still an outstanding balance in the account. "Surplus from asset valuation" is in shareholders' equity. The reduction from revaluation is recognized in other comprehensive income up to the remaining balance of the account. "Surplus from asset valuation" according to Note 4.5.
- To the consolidated financial statements. Other assets, include equipment, vehicles, assets under construction. and intangible assets The Company did not recognize a gain from asset revaluation in 2020 and 2022. Therefore, the Company recognized an impairment loss on assets for 38.4 million baht in the income statement.

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 year period ended 31 December 2023 of Baht 1,281 million (the Company only: Baht 1,589 million). As of 31 December 2023, the Group's total current liabilities exceeded its total current assets by Baht 3,942 million (the Company only: Baht 4,457 million) and the Group had deficit of Baht 4,442 million (the Company only: Baht 4,008 million). And equity deficit of Baht 676 million (the Company only: Baht 934 million). The major current liabilities of the Group consisted of the bank overdraft and short-term loans from financial institutions amounting to Baht 3,453 million (the Company only: Baht 2,166 million), trade and other payables amounting to Baht 623 million (the Company only: Baht 1,034 million), and current portion of long-term loans from financial institutions amounting to Baht 1,066 million (the Company only: Baht 1,055 million), which mainly became payable on demand since the Group was unable to repay the long-term loans and unable to maintain certain financial ratios as specified in the Credit Facility Agreement, as described in Note 18.

In addition, as of 31 December 2023, the Group's shareholders' equity was lower than zero. However, the Company's Securities have been marked with "CB" (Business) sign since May 2023, as a result of the Group's shareholders' equity was less than 50% of paid-up share capital.

Management approach

The Group's management has implemented various plans, including negotiating with financial institutions to restructure debts, and to obtain new credit facilities from both financial institutions and directors/ shareholders. In addition, the Group has adjusted the production and distribution strategies and reducing manufacturing costs and other expenses to increase the Group's liquidity.

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

