



NO. 0089/2567

07 August 2024

Subject: Management Discussion and Analysis of the Operating Performance for the three-month period
Ended June 30, 2024

To The President
The Stock Exchange of Thailand

Quarterly Summary

(Unit : Million Baht)

Statement of comprehensive income	Q2/2024	Q1/2024	Q2/2023	% QoQ	% YoY
Revenue from contracts with customers	789.1	676.7	832.3	17	(5)
Cost of Sales and services	753.3	654.2	856.3	15	(12)
Gross Profit	35.8	22.5	(24.0)	59	249
Selling and distribution expenses	15.8	12.7	13.4	24	18
Administrative expenses	75.8	112.0	87.8	(32)	(14)
Other expenses	124.1	109.3	123.2	14	1
Profit (Loss) on exchange	(1.8)	(6.0)	(2.3)	70	22
Finance Cost	120.4	109.5	68.0	10	77
Profit (Loss) for the period	(272.0)	(306.8)	(314.9)	11	14

Operating Performance for the three months ended June 30, 2024

- Revenue from contracts with customers of Baht 789.1 million which was an increase of 17% QoQ or Baht 112.4 million but a decrease 5% YoY or Baht 43.2 million, respectively. This was due to part shortages and delays.
- Cost of sales and services of Baht 753.3 million which was 95.5% of revenue. This increased from the previous quarter which was 96.7% of revenue. However, this decreased from the prior year which was 102.9% of revenue. The group was impacted by a lack of a revolving working capital from financial institutions. Procurement of raw materials was limited due to this constraint.
- Gross profit of Baht 35.8 million which was 4.5%. The gross profit increased by 59% QoQ. However, the gross profit increased by 249% YoY.
- Selling and distribution expenses of Baht 15.8 million increased by 24% QoQ or Baht 3.1 million. This was a increase of 18% YoY or Baht 2.4 million. The company has tried to manage the selling expenses effectively and continuously.
- Administrative expenses of Baht 75.8 million a decrease of 32.0% QoQ or Baht 36.2 million. This decreased by 14% YoY or Baht 12.0 million.
- Other expenses of Baht 124.1 million increased by 14% QoQ or Baht 14.8 million. This was a increase 1% YoY or Baht 0.9 million. The company has suffered from a lack of financial liquidity and working capital for purchasing raw materials for production. As a result, the company could not produce according to normal capacity. Therefore, in order to present the production cost accurately and



reasonably, the Group has allocated the idle fixed overheads cost from production cost and recognized such idle conversion as other expenses in the statement of comprehensive income.

- Financial cost of Baht was 120.4 million an increase of 10% QoQ or Baht 10.9 million. When compared to YoY this increased by 77% YoY or Baht 52.4 million, respectively, because of the increasing interest market rate and overdue rate.
- Net Loss of Baht 272.0 million. The loss decreased by 11% QoQ and decreased by 14% YoY respectively, the management has implemented various plans, including negotiations with financial institutions to restructure debts, and to obtain new credit facilities from both financial institutions and directors/ shareholders and receive money in advance for products. In addition, the company has adjusted the production and distribution strategies and reduced manufacturing costs and other expenses to increase the Group's liquidity. Currently, these plans are still in progress.

Statement of Financial Position

(Unit : Million Baht)

	30 June 2024		31 December 2023		Change	
	Amount	%	Amount	%	Amount	%
Current Assets	1,209.7	25	1,233.5	24	(23.5)	(2)
Non-current assets	3,622.8	75	3,883.1	76	(260.3)	(7)
Total Assets	4,832.5	100	5,116.3	100	(283.8)	(6)
Current liabilities	5,496.4	114	5,174.9	101	321.5	6
Non-current liabilities	591.1	12	617.5	12	(26.4)	(4)
Total liabilities	6,087.5	123	5,792.4	113	295.1	5
Total shareholders' equity	(1,255.0)	(26)	(676.1)	(13)	(578.9)	(86)
Total liabilities and shareholders' equity	4,832.5	100	5,116.3	100	(283.8)	(6)

- Total assets as of 30 June 2024 decreased by Baht 283.8 million from 31 December 2023. Due to the depreciation of fixed assets.
- Total liabilities as of 30 June 2024 increased by Baht 295.1 million from 31 December 2023. Due to liquidity problems, unable to pay debts as scheduled.
- Total shareholders' equity loss as of 30 June 2024 of Baht 1,255.0 million a decrease from 31 December 2023 due to the operating loss.

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 2024 of Baht 579 million (the Company only: Baht 425 million). As of 30 June 2024, the Group's total current liabilities exceeded its total current assets by Baht 4,287 million (the Company only: Baht 4,746 million) and the Group had deficit of Baht 4,902 million (the Company only: Baht 4,369 million). And equity deficit of Baht 1,255 million (the Company only: Baht 1,359 million). The major current liabilities of the Group consisted of the bank overdraft and short-term loans from financial institutions amounting to Baht 3,492 million (the Company only: Baht 2,160 million), trade and other payables amounting to Baht 813 million (the Company only: Baht 1,252 million), and current portion of long-term loans from financial institutions amounting to Baht 1,064 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 10.

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 and receive money in advance for products. 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 additional 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

President

