



บริษัท กุลธอร์นบี้ จำกัด (มหาชน)

KULTHORN KIRBY PUBLIC COMPANY LIMITED

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

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

NO. 0177/2567

08 November 2024

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

To The President
The Stock Exchange of Thailand

Quarterly Summary

(Unit : Million Baht)

Statement of comprehensive income	Q3/2024	Q2/2024	Q3/2023	% QoQ	% YoY
Revenue from contracts with customers	648.5	789.1	680.2	(18)	(5)
Cost of Sales and services	634.7	753.3	629.2	(16)	1
Gross Profit	13.8	35.8	51.0	(61)	(73)
Selling and distribution expenses	11.6	15.8	13.6	(27)	(15)
Administrative expenses	98.6	75.8	103.6	30	(5)
Other expenses	129.7	124.1	188.4	5	(31)
Profit (Loss) on exchange	10.3	(1.8)	(1.8)	672	672
Finance Cost	121.4	120.4	73.4	1	65
Profit (Loss) for the period	(308.8)	(272.0)	(346.5)	(14)	11

Operating Performance for the three months ended September 30, 2024

- Revenue from contracts with customers of Baht 648.5 million which was a decrease of 18% QoQ or Baht 140.6 million and a decrease of 5% YoY or Baht 31.7 million, respectively. This was due to part shortages and delays.
- Cost of sales and services of Baht 634.7 million which was 97.9% of revenue. This increased from the previous quarter, which was 95.5% of revenue and this increased from the prior year, which was 92.5% of revenue. The group was impacted by a lack of revolving working capital from financial institutions. Procurement of raw materials was limited due to this constraint. However, The Group of Companies continues to adjust its strategy regarding the products it chooses to produce and distribute. including reducing production costs and other expenses and still maintains quality standards.
- Gross profit of Baht 13.8 million which was 2.1% of revenue. The gross profit decreased by 4.5% QoQ and by 7.5% YoY of revenue, respectively.
- Selling and distribution expenses of Baht 11.6 million decreased by 27% QoQ or Baht 4.2 million. This was a decrease of 15% YoY or Baht 2.0 million. However, the group companies continue to maintain cost control measures.



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- Administrative expenses of Baht 98.6 million an increase of 29.0% QoQ or Baht 22.8 million. But a decreased by 5% YoY or Baht 5.0 million However, the Group continues to maintain cost control measures.
- Other expenses of Baht 129.7 million an increased by 5% QoQ or Baht 5.6 million. This decreased 31% YoY or Baht 58.7 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, 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.
- The financial cost of Baht was 121.4 million, an increase of 1% QoQ or Baht 1.0 million. When compared to YoY this increased by 65% YoY or Baht 48.0 million, respectively, because of the increasing interest market rate and overdue rate.
- Net Loss of Baht 308.8 million. The loss increased by 14% QoQ but decreased by 11% 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 a major shareholder 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 September 2024		31 December 2023		Change	
	Amount	%	Amount	%	Amount	%
Current Assets	1,179.2	25	1,233.2	24	(54)	(4)
Non-current assets	3,486.4	75	3,883.1	76	(396.7)	(10)
Total Assets	4,665.6	100	5,116.3	100	(450.7)	(9)
Current liabilities	5,657.8	121	5,174.9	101	482.9	9
Non-current liabilities	571.6	12	617.5	12	(45.9)	(7)
Total liabilities	6,229.4	134	5,792.4	113	437.0	8
Total shareholders' equity	(1,563.8)	(34)	(676.1)	(13)	(887.7)	(131)
Total liabilities and shareholders' equity	4,665.6	100	5,116.3	100	(450.7)	(9)

- Total assets as of 30 September 2024 decreased by Baht 450.7 million from 31 December 2023. Due to the depreciation of fixed assets.
- Total liabilities as of 30 September 2024 increased by Baht 437.0 million from 31 December 2023. The liabilities increased due to several factors including the increased default interest rate from the outstanding bank loans. The company is still in the process of negotiating debt restructuring.
- Total shareholders' equity loss as of 30 September 2024 of Baht (1,563.8) 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 a net loss from operation in the consolidated statements of comprehensive income for the nine-month period ended 30 September 2024 of Baht 888 million (the Company only: Baht 644 million). As of 30 September 2024, the Group's total current liabilities exceeded its total current assets by Baht 4,479 million (the Company only: Baht 4,898 million) and the Group had a deficit of Baht 5,155 million (the Company only: Baht 4,555 million). And equity deficit of Baht 1,564 million (the Company only: Baht 1,578 million). The major current liabilities of the Group consisted of the bank overdraft and short-term loans from financial institutions amounting to Baht 3,510 million (the Company only: Baht 2,152 million), trade and other payables amounting to Baht 911 million (the Company only: Baht 1,306 million), and current portion of long-term loans from financial institutions amounting to Baht 1,061 million (the Company only: Baht 1,052 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 a major shareholder and receiving money in advance for products. In addition, the Group has adjusted the production and distribution strategies and reduced 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,

Mr. Sutee Simakulthorn
President