



K. W. METAL WORK PUBLIC COMPANY LIMITED

Head office 259/83 Sukhumvit 71 road, Phrakhanong-nur, Wattana, Bangkok

Branch 1 300/142 Moo. 1 Tambon Tarsit, Amohoe Pluag-daeng, Rayong

Branch 2 300/138 Moo. 1 Tambon Tarsit, Amohoe Pluag-daeng, Rayong

(Translation)

KWM 009/2566

May 12th, 2023

Subject : Management Discussion and Analysis for the 3-month period ended March 31, 2023.

To : President

The Stock Exchange of Thailand

K. W. Metal Work Public Company Limited (the "Company") would like to submit management discussion and analysis of significant changes for the 3-month period ended March 31, 2023, with details as follow;

unit: million baht

Items	Q1/2022		Q1/2023		Changes	
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods and rendering of services	175.37	100.00	167.67	100.00	(7.70)	(4.39)
Cost of sales of goods and rendering of services	144.61	82.46	140.96	84.07	(3.65)	(2.52)
Gross profit	30.76	17.54	26.71	15.93	(4.05)	(13.17)
Other income	1.46	0.83	0.80	0.48	(0.66)	(45.21)
Gain on exchange rate	0.08	0.05	0.14	0.08	0.06	75.00
Profit before expenses, finance cost and taxes	32.30	18.42	27.65	16.49	(4.65)	(14.40)
Distribution costs	4.11	2.34	4.06	2.42	(0.05)	(1.22)
Administrative expenses	9.88	5.63	10.34	6.17	0.46	4.66
Profit before finance cost and taxes	18.31	10.44	13.25	7.90	(5.06)	(27.64)
Finance Cost	(1.44)	(0.82)	(1.07)	(0.64)	(0.37)	(25.69)
Impairment Loss	0.37	0.21	0.01	0.01	(0.36)	(97.30)
Profit before income tax expenses	17.24	9.83	12.19	7.27	(5.05)	(29.29)
Income tax expense	1.37	0.78	1.21	(0.72)	(0.16)	(11.68)
Net profit	15.87	9.05	10.98	6.55	(4.89)	(30.81)



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1. Revenue from sales of goods and rendering of services

For the Quarter1/2023, the Company and its subsidiaries had sales revenue of 167.67 million baht, a decrease of 7.70 million baht. The product group with decreased sales in this quarter was Disc and Screw Flight products. Disc products experienced a decrease in sales due to a reduction in selling prices, as the number of units sold was not different from the first quarter of 2022. Regarding the Screw Flight product group, despite the usual low season for harvesting and using these products in the first quarter, sales of Screw Flight products in this quarter decreased less than usual. This was due, in part, to the effects of weather variability and rainfall conditions that impacted on the area and agricultural production, leading to a 4.39% decrease in sales revenue compared to the same quarter of the previous fiscal year.

2. Cost of sales of goods and Expenses

2.1. The cost of sales of goods and rendering services for the 3-month period ended March 31, 2023, decreased by 2.52% or an amount equivalent to 3.65 million Baht compared to the same quarter of the previous year. The gross profit margin for the first quarter of 2023 has also decreased, by 15.93%, compared to the gross profit margin of 17.54% in the first quarter of 2022. The main reason for this is the decrease in the proportion of sales of a specific product, Screw Flight, which has the highest gross profit margin among all products. The proportion of Screw Flight sales of the first quarter of 2023 lowered down to 3.77%. This resulted in a slight reduction in the gross profit margin for this quarter.

2.2. The distribution cost for the 3-month period ended March 31, 2023, decreased slightly by 1.22% or 0.05 million Baht compared to the same period of the previous year, in line with the decrease in revenue from sales and services. In addition, there were expenses for overseas business trips by the sales team to survey markets in Laos and Vietnam in this quarter, which did not occur in the same quarter of the previous year.

2.3. Administrative expenses for the 3-month period ended March 31, 2023, increased by 0.46 million baht or 4.66% compared to the same period of the previous year. The significant cause was from the one-time increase in the installation fee of the Application used for internal management of the subsidiary company. Additionally, there were rental expenses for laboratory and extraction facilities, resulting in an increase in administrative expenses for this quarter.



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3. Finance costs

The finance cost for the 3-month period ended March 31, 2023, was valued at 1.07 million Baht, showing a decrease of 0.37 million Baht when compared to the same quarter of the previous year. The cause for this decline was due to delayed importation of raw materials during the latter part of 2022, which resulted in an overall decrease of short-term borrowings from financial institutions. This led to a reduction in financial costs for the current quarter.

4. Net Profit

For the 3-month period ended March 31, 2023, the Company financial statement generates net profit of 10.98 million Baht, representing a net profit margin of 6.55%, a decrease from the same quarter of the previous year by 4.89 million Baht or 30.81%. This decline was primarily attributable to a decrease in revenue from sales and services provided, a decrease in gross profit margin, as well as an increase in administrative expenses.

5. Statement of financial positions

Items	31 Dec 2022	31 Mar 2023	Changes	
	Million Baht	Million Baht	Million Baht	%
Total Assets	645.76	651.68	5.92	0.92
Cash and cash equivalents	28.26	63.46	35.20	124.56
Trade and other account receivables	72.94	114.12	41.18	56.46
Inventories	291.35	220.38	(70.97)	(24.36)
Property, plant, and equipment	223.65	224.41	0.76	0.34
Right-of-use assets	24.13	24.24	0.11	0.46
Other non-current assets	1.98	1.90	(0.08)	(4.04)
Total Liabilities	146.62	141.56	(5.06)	(3.45)
Short-term borrowings from financial institutions	63.98	51.78	(12.20)	(19.07)
Trade and other account payables	20.78	29.36	8.58	41.29
Current portion of long-term loan	10.33	10.30	(0.03)	(0.29)
Current portion of lease liabilities	5.67	5.76	0.09	1.59
Long-term loan	27.65	25.14	(2.51)	(9.08)
Lease liabilities	13.57	13.34	(0.23)	(1.69)
Total shareholders' equity	499.14	510.12	10.98	2.20



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As of March 31, 2023, the Company and its subsidiaries' total assets was in the amount of 651.68 million Baht, increased by 5.92 million Baht when compared to total assets as of December 31, 2022. A change in the total assets of the Company and its subsidiaries came from the details as follows.

Cash and cash equivalents increased by an amount of 35.20 million Baht, or 124.56% when compared to the balance as of December 31, 2022. This increase was primarily driven by the cash flows generated from the operational activities of the Company and its subsidiaries, amounting to 57.46 million Baht. The cash outflows were attributed to net investment activities, specifically 4.95 million Baht used for the acquisition of Laser machine in the Plough production line. Additionally, the company had cash outflows of 17.31 million Baht for financing activities, which included the repayment of short-term and long-term loans as well as interest payments.

Trade and other account receivables as of March 31, 2023 amounted to 114.12 million Baht, reflecting an increase of 41.18 million Baht or 56.46% compared to the trade and other account receivables as of December 31, 2022. This increase is consistent with the growth in sales during the first quarter of 2023 compared to sales in the last quarter of 2022.

As of March 31, 2023 the inventory valuation stood at 220.38 million Baht, reflecting a decrease of 70.97 million Baht compared to the inventory balance at the end of the fiscal year 2022. This decline can be attributed to the substantial increase in product sales during the High Season, enabling the company to effectively liquidate its inventory. Consequently, the remaining inventory at the end of the quarter experienced a minor reduction when compared to the year-end balance of 2022.

As of March 31, 2023, the company and its subsidiaries had short-term borrowings from financial institutions amounting to 51.78 million Baht, indicating a decrease of 12.20 million Baht compared to the year-end balance of 2022, representing a reduction of 19.07%. Despite being in the high season at the beginning of the year, the company's sufficient inventory of raw materials resulted in only a slight increase in ordering and utilization of credit facilities in this regard. Additionally, the company has gradually settled the payments for imported goods, leading to a marginal decline in short-term borrowings at the end of the period.

Trade and other payables as of March 31, 2023, amounted to 29.36 million Baht, reflecting an increase of 8.58 million Baht compared to the year-end balance in 2022. This increase can be attributed to a higher volume of orders for raw materials for Plough, in line with increased sales during the soil preparation season in this quarter.

Overall of Long-term loan as of March 31, 2023 was in the amount of 35.44 million Baht, decreased by 2.54 million Baht from the end of 2022. The decrease can be attributed to the gradual repayment throughout the period.



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Total shareholder's equity of the Company and its subsidiaries as of March 31, 2023 was in the amount of 510.12 million Baht, increased by 10.98 million Baht or 2.20% from the end of the fiscal year of 2022. The increase in equity is primarily attributed to the profits generated from the company's operations during the first quarter of 2023.

Please be informed accordingly.

Yours sincerely

Miss Tiya Phon Vanagosoom

Managing Director

K. W. Metal Work Public Company Limited