



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 012/2567

November 14th, 2024

Subject : Management Discussion and Analysis for the 3-month and 9-month period ended September 30, 2024

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 and 9-month period ended September 30, 2024, with details as follow.

unit: million Baht

Items	Q3/2024		Q3/2023		Changes	
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods and rendering of services	103.11	100.00	68.32	100.00	34.79	50.92
Cost of sales of goods and rendering of services	71.50	69.34	52.32	76.58	19.18	36.66
Gross profit	31.61	30.66	16.00	23.42	15.61	97.56
Gain from exchange rate	0.37	0.36	-	-	0.37	NA
Other income	1.63	1.58	0.80	1.17	0.83	103.75
Profit before expenses, finance cost and taxes	33.61	32.6	16.80	24.59	16.81	100.06
Distribution costs	3.89	3.77	3.34	4.89	0.55	16.47
Administrative expenses	15.20	14.74	10.63	15.56	4.57	42.99
Loss on exchange rate	-	-	0.19	0.28	(0.19)	(100.00)
Profit from operating activities	14.52	14.08	2.64	3.86	11.88	450.00
Finance Cost	1.11	1.08	1.05	1.54	0.06	5.71
Impairment loss	0.19	0.18	-	-	0.19	NA
Profit before income tax expenses	13.22	12.82	1.60	2.34	11.62	726.25
Income tax expense	1.76	1.71	0.77	1.13	0.99	128.57
Net profit	11.46	11.11	0.83	1.21	10.63	1,280.72



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Items	9M/2024		9M/2023		Changes	
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods and rendering of services	398.40	100.00	345.69	86.77	52.71	15.25
Cost of sales of goods and rendering of services	294.19	73.84	281.42	81.41	12.77	4.54
Gross profit	104.21	26.16	64.27	18.59	39.94	62.14
Gain on exchange rate	0.59	0.15	-	-	0.59	NA
Other income	3.72	0.93	2.36	0.68	1.36	57.63
Profit before expenses, finance cost and taxes	108.52	27.24	66.63	19.27	41.89	62.87
Distribution costs	13.72	3.44	12.35	3.57	1.37	11.09
Administrative expenses	41.56	10.43	32.11	9.29	9.45	29.43
Loss on exchange rate	-	-	0.13	0.04	(0.13)	(100.00)
Profit from operating activities	53.24	13.36	22.04	6.38	31.2	141.56
Finance Cost	3.18	0.80	3.22	0.93	(0.04)	(1.24)
Impairment loss (Reversal)	0.01	0.00	(0.18)	(0.05)	0.19	(105.56)
Profit before income tax expenses	50.05	12.56	19.01	5.50	31.04	163.28
Income tax expense	7.00	1.76	2.50	0.72	4.50	180.00
Net profit	43.05	10.81	16.51	4.78	26.54	160.75

1. Revenue from sales of goods and rendering of services.

For the three-month period ending September 30, 2024, the company and its subsidiaries generated sales and service revenue of 103.11 million baht, an increase of 34.79 million baht, or 50.92%, compared to the same period in 2023. This quarter's sales growth was driven by an increase in sales across all product lines, partly due to the low base of the previous year, which resulted in a significant increase in sales, particularly of screw flights. Additionally, the plough implement set product line continued to grow as a result of large customers shifting orders from other suppliers to the company for production. Even though this quarter fell during the low season for land preparation equipment, the sales grew despite the agricultural economic contraction of 0.7% compared to the same period in 2023. Some agricultural production in Quarter 3 was impacted by the El Niño phenomenon, leading



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to less rainfall and dry weather. Furthermore, the La Niña event in September 2024 caused heavy monsoon rains and flooding in several regions, including northern and northeastern Thailand. This resulted in a continued contraction in the agricultural sector and agricultural services from Quarter 2.

For the nine-month period ending September 30, 2024, the company and its subsidiaries achieved sales and service revenue of 398.40 million baht, an increase of 52.71 million baht, or 15.25%, compared to the same period in 2023. The growth in revenue for the nine-month period was driven by the same factors that contributed to the revenue increase in Q3, particularly the plough implement set product line, which saw a 42.17% growth compared to last year. Additionally, the screw flight product line grew by 78.70%, benefiting from a very low base in the previous year. The rotary blade product line also saw a 46.35% increase, driven by the popularity of the Pegasus brand, which allowed the company to expand its market significantly this year.

2. Cost of sales of goods and Expenses

2.1. For the three-month period ending September 30, 2024, the cost of sales and services increased by approximately 36.66% compared to the same period last year, amounting to 19.18 million baht. This increase is in line with the revenue growth, though the proportion of the increase was lower due to an improvement in the gross profit margin for Q3 2024, which rose to 30.66%, compared to 23.42% in Q3 2023. The main reason for the improvement in the gross profit margin was the reduction in raw material costs, as well as the increased sales of screw flights.

Similarly, for the nine-month period ending September 30, 2024, the cost of sales and services amounted to 294.19 million baht, an increase of 4.54%, or 12.77 million baht, compared to the same period in 2023. This increase is also in line with the revenue growth but at a lower proportion due to an improvement in the gross profit margin, which increased from 18.59% to 26.16%. While overall production costs remained high, due to factors such as higher labor costs and other production expenses, the increase in screw flight sales and the continuous growth of the online market were positive factors that contributed to the improvement in the company's gross profit margin during this period.

2.2. For both the three-month and nine-month periods ending September 30, 2024, distribution costs increased slightly compared to the same periods last year. The main reason for this increase was due to the sales team traveling to visit customer in Vietnam to whom the first lot of products was shipped in July, and for initial marketing planning meetings with the customer. Additionally, the sales team visited the INAGRITTECH 2024 exhibition and met with customers in Indonesia.



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For the nine-month period, distribution costs also increased due to the costs associated with participating in the Agritechnica Asia exhibition held at the BITEC Exhibition Center, Bangna, from May 22 to 24, 2024. This event was not attended in the previous year.

2.3. For the three-month period ending September 30, 2024, administrative expenses amounted to 15.20 million baht, an increase of 4.57 million baht, or 42.99%, compared to the same period in 2023. For the nine-month period ending September 30, 2024, administrative expenses totaled 41.56 million baht, an increase of 9.45 million baht, or 29.43%. The increase in administrative expenses this year was primarily due to higher costs related to employees, including salaries, benefits, and bonuses, as a result of an increase in manpower in the R&D and IT departments. Additionally, there were expenses related to the subsidiary, which organized a factory opening for its extraction plant this year. The subsidiary also leased space to operate an herbal extraction plant in Samut Sakhon province. As a result, depreciation costs for the right-of-use assets increased, further contributing to the higher administrative expenses both in the three-month period of Quarter 3 and the nine-month period of this year.

3. Finance costs

For the three-month and nine-month periods ending September 30, 2024, the finance costs amounted to 1.11 million baht and 3.18 million baht, respectively. These amounts were in line with those of 2023, as the company made efforts to control the purchase of raw materials from abroad, keeping the levels appropriate. This strategy helped manage the usage of short-term loan facilities from financial institutions during the period.

4. Net Profit

For the three-month period ending September 30, 2024, the company and its subsidiaries recorded a net profit of 11.46 million baht, which translates to a net profit margin of 11.11%. This represents an increase of 10.63 million baht, or 1,280.72 %, compared to the same period last year.

For the nine-month period ending September 30, 2024, the net profit was 43.05 million baht, with a net profit margin of 10.81%. This was an increase of 26.54 million baht, or 160.75%, compared to the same period in 2023.

The increase in net profit for both the three-month and nine-month periods was primarily due to the growth in sales revenue and the significant improvement in the company's profitability. Despite the rise in distribution costs and administrative expenses, these factors contributed to the substantial increase in net profit for the period.



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5. Statement of financial positions

Items	30 Sep 2024	31 Dec 2023	Changes	
	Million Baht	Million Baht	Million Baht	%
Total Assets	672.34	629.47	42.87	6.81
Cash and cash equivalents	140.33	99.59	40.74	40.91
Trade and other account receivables	89.15	76.62	12.53	16.35
Inventories	189.31	202.41	(13.10)	(6.47)
Property, plant, and equipment	213.22	220.5	(7.28)	(3.30)
Right-of-use assets	31.13	25.38	5.75	22.66
Other non-current assets	5.49	2.05	3.44	167.80
Total Liabilities	138.95	113.22	25.73	22.73
Short-term borrowings from financial institutions	53.67	31.86	21.81	68.46
Trade and other account payables	36.48	28.17	8.31	29.50
Current portion of long-term loan	3.03	10.52	(7.49)	(71.20)
Current portion of lease liabilities	7.63	5.79	1.84	31.78
Short-term borrowings from related person	5.00	-	5.00	NA
Long-term loan	9.28	17.28	(8.00)	(46.30)
Lease liabilities	17.47	14.17	3.30	23.29
Total shareholders' equity	519.51	516.25	17.14	3.32

The company and its subsidiaries had total assets of 672.34 million baht as of September 30, 2024, an increase of 42.87 million baht compared to total assets as of December 31, 2023. This increase was primarily due to changes in the details as follows.

Cash and cash equivalents increased by 40.74 million baht, or 40.91%, compared to the balance as of December 31, 2023. This increase resulted from the company and its subsidiaries generating a net cash flow of 75.30 million baht from operating activities. However, there was a net cash outflow of 11.67 million baht from investing activities, and a net cash outflow of 22.89 million baht from financing activities due to repayments of short-term and long-term loans, interest payments, and dividend payment.



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Trade receivables and other receivables as of September 30, 2024, amounted to 89.15 million baht, an increase of 12.53 million baht, or 16.35%, compared to the balance as of December 31, 2023. This increase was primarily due to higher other receivables, particularly deposits for raw materials, as the company prepared for the upcoming high season.

As of September 30, 2024, inventory amounted to 189.31 million baht, a decrease of 13.10 million baht compared to the end of 2023. This reduction was a result of effective inventory management, ensuring that stock levels remained appropriate. As a result, inventory decreased by 6.47% compared to the end of 2023.

As of September 30, 2024, the company and its subsidiaries had right-of-use assets valued at 31.13 million baht, an increase of 5.75 million baht, or 22.66%. This increase was due to the extension of a lease agreement in Quarter 1 for the subsidiary's distribution center, as well as an additional lease agreement for the herbal extraction plant in Samut Sakhon province, also owned by the subsidiary. These lease agreements contributed to the increase in right-of-use assets by the end of the period.

As of September 30, 2024, the company and its subsidiaries had total liabilities amounting to 138.95 million baht, comprising the following significant items:

As of September 30, 2024, short-term loans from financial institutions amounted to 53.67 million baht, an increase of 21.81 million baht compared to the end of 2023. This increase was due to the utilization of credit facilities for purchasing raw materials from abroad in order to replenish stock to appropriate levels after a high usage of raw materials during the first half of the year to meet seasonal sales demands.

As of September 30, 2024, trade payables and other payables amounted to 36.48 million baht, an increase of 8.31 million baht compared to the end of 2023. This increase was due to higher orders for raw materials, including plough implement set components and raw material for screw flights, in line with the increased sales revenue in these two product lines during the period.

As of September 30, 2024, short-term loans from related person amounted to 5 million baht. This loan was a short-term credit facility for the subsidiary to be used as working capital while the subsidiary is in the process of applying for a credit facility with a financial institution. The interest rate on this loan is based on the interest rate of loans from financial institutions.

As of September 30, 2024, the total amount of long-term loans was 12.31 million baht, a decrease of 15.49 million baht compared to the end of 2023. This reduction was due to the gradual repayment of the loans. In Quarter 3, the company also repaid some of its long-term loan ahead of schedule due to the remaining liquidity available.



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As of September 30, 2024, total lease liabilities was in the amount of 25.10 million Baht, increased from last year amounting to 5.14 million Baht. The increment in lease liabilities is a consequence of the extension of lease agreement concerning the distribution center of one of the subsidiaries and the leasing of the herbal extraction facility in Samut Sakhon Province in 2024.

As of September 30, 2024, the shareholders' equity of the company and its subsidiaries amounted to 533.39 million baht, an increase of 17.14 million baht compared to the end of 2023. This increase was primarily due to the net profit from operations for the nine-month period of 43.05 million baht, along with the dividend payment of 28.33 million baht made in May 2024. As a result, shareholders' equity increased by 3.32%.

Please be informed accordingly

Yours sincerely

Miss Tiyaophon Vanagosoom

Managing Director

K. W. Metal Work Public Company Limited