



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 008/2567

May 14, 2024

Subject : Management Discussion and Analysis for 3-month period ended March 31, 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 period ended March 31, 2024, with details as follow.

unit: million Baht

Items	For the 3-month period ended 31 March				Changes	
	2024		2023			
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods and rendering of services	153.30	100.00	167.67	100.00	(14.37)	(8.57)
Cost of sales of goods and rendering of services	116.29	75.86	140.96	84.07	(24.67)	(17.50)
Gross profit	37.01	24.14	26.71	15.93	10.30	38.56
Other income	0.97	0.63	0.80	0.48	0.17	21.25
Gain on exchange rate	0.08	0.05	0.14	0.08	(0.06)	(42.86)
Profit before expenses, finance cost and taxes	38.06	24.83	27.65	16.49	10.41	37.65
Distribution costs	4.79	3.12	4.06	2.42	0.73	17.98
Administrative expenses	12.93	8.43	10.34	6.17	2.59	25.05
Profit before finance cost and taxes	20.34	13.27	13.25	7.90	7.09	53.51
Finance Cost	(0.90)	(0.59)	(1.07)	(0.64)	(0.17)	(15.89)
Reversal of Impairment Loss	0.16	0.10	0.01	0.01	0.15	1,500.00
Profit before income tax expenses	19.60	12.79	12.19	7.27	7.41	60.79
Income tax expense	3.16	2.06	1.21	0.72	1.95	161.16
Net profit	16.44	10.72	10.98	6.55	5.46	49.73



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

For the quarter ended March 31, 2024, the Company and its subsidiaries generated revenue from sales of goods and rendering of services amounting to 153.30 million Baht, a decrease of 14.37 million Baht or 8.57% from the same period of previous year. This reduction was due to a decrease in sales revenue of products in the Discs and Dozer blade categories, which corresponds to the agricultural economic situation where the crop farming sector contracted by 6.4% and the agricultural service sector contracted by 3.6% due to factors such as lower rainfall than the previous year, extremely hot and dry weather, affecting the growth of several plant species. Additionally, in the first quarter of 2024, the Company faced internal production problems with Discs, resulting in the inability to deliver products to customers as requested. The company has expedited the resolution of these issues.

However, for the group of products including Plough implement set and Rotary blade, this quarter saw an increase in sales, particularly for Plough implement set, with an increase of 63.46% compared to the same period last year. This significant increase was mainly due to major customers redirecting orders from other suppliers to the company, combined with strong growth in the sales of large tractors in this quarter. The expansion of the market for rotary blades in the northern region by customers in the distributor store group also contributed to this growth. The popularity of the Pegasus brand, which has been continuously promoted online, has led to an increase in demand for the company's products from various stores in several areas, making it easier for sales staff to expand the market.

2. Cost of sales of goods and rendering of services and Expenses

2.1. The cost of sales of goods and rendering services for the first quarter ending March 31, 2024, decreased by approximately 17.50% or an amount of 24.67 million Baht compared to the same period of the previous year. This reduction is in line with the decrease in sales and service revenues. However, in terms of profitability, it is found that in this quarter, the company's gross profit is higher than the same period of the previous year. The gross profit in this quarter is 37.01 million Baht, equivalent to the gross profit margin of 24.14%, while the gross profit in the first quarter of 2023 was 26.71 million Baht, or an gross profit margin of 15.93%. The main reasons for this are the decreased price of steel raw materials and the increased proportion of screw flight sales. In the first quarter of 2023, the company had a 3.77% proportion of screw flight sales, while in this quarter, the proportion of screw flight sales has increased to 7.82%, leading to an increase in gross profit in this period, despite the decrease in revenue.



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2.2. The distribution costs for the first quarter ending March 31, 2024, amounted to 4.79 million Baht, an increase of 0.73 million Baht or 17.98% compared to the same period of previous year. This increase is mainly due to an increase in the subsidiary company's online sales, which grew by over 80% in the first quarter of 2024, compared to the first quarter of 2023. This resulted in an increase in expenses related to online product sales, including advertising costs on social platforms, fees for cash on delivery collection, and shipping costs.

2.3. Administrative expenses for the first quarter ending March 31, 2024, amounted to 12.93 million Baht, an increase of 2.59 million Baht or 25.05% compared to the same period in 2023. The increase in expenses this year is attributed to increased costs related to employees, including salaries, benefits, and bonuses, due to an increase in manpower in the R&D department, which was hired during the third quarter of 2023. Additionally, there were expenses related to the subsidiary company, which organized an opening event for a new extraction factory in March of this year.

3. Finance costs

For the first quarter ending March 31, 2024, the finance costs amounted to 0.90 million Baht, representing a decrease from the first quarter of 2023 by 0.17 million Baht or 15.89%. This decline can be attributed primarily to a reduction in the importation of raw materials throughout 2023 to the present. Consequently, the overall value of Short-term borrowings from financial institutions incurred during the first quarter of 2024 was lower compared to the first quarter of 2023. This reduction has resulted in a decrease in finance costs in the current period.

4. Net Profit

For the 3-month period ended March 31, 2024, the company and its subsidiaries recorded a net profit of 16.44 million Baht, resulting in a net profit margin of 10.72%, increased from the same period by 5.46 million Baht, or 49.73%. Despite a decrease in sales revenue this quarter, the company's net profit has increased due to higher gross profits compared to the same period of previous year, leading to an increase in net profit for this period.



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5. Statement of financial positions

Items	31 Mar 2024	31 Dec 2023	Changes	
	Million Baht	Million Baht	Million Baht	%
Total Assets	665.86	629.47	36.39	5.78
Cash and cash equivalents	142.00	99.59	42.41	42.58
Trade and other account receivables	103.66	76.62	27.04	35.29
Inventories	168.01	202.41	(34.40)	(17.00)
Property, plant, and equipment	218.24	220.5	(2.26)	(1.02)
Right-of-use assets	29.07	25.38	3.69	14.54
Other non-current assets	2.11	2.05	0.06	2.93
Total Liabilities	133.17	113.22	19.95	17.62
Short-term borrowings from financial institutions	32.63	31.86	0.77	2.42
Trade and other account payables	43.39	28.17	15.22	54.03
Current portion of long-term loan	10.66	10.52	0.14	1.33
Current portion of lease liabilities	6.60	5.79	0.81	13.99
Long-term loan	14.56	17.28	(2.72)	(15.74)
Lease liabilities	16.79	14.17	2.62	18.49
Total shareholders' equity	532.69	516.25	16.44	3.18

As of March 31, 2024, the Company and its subsidiaries' total assets was in the amount of 665.86 million Baht, increased by 36.39 million Baht when compared to total assets as of December 31, 2023. A change in total assets of the Company and its subsidiaries came from details as follow.

Cash and cash equivalent increased by 42.41 million Baht or 42.58% from December 31, 2023. The Company and its subsidiaries had net cash provided by operating activities amounting to 48.53 million Baht and cash used in investing activities amounting to 1.80 million Baht. Additionally, the company had cash outflows of 4.32 million Baht for financing activities, which included the repayment of short-term and long-term loans as well as interest payments.



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Trade and other account receivables as of March 31, 2024 was in the amount of 103.66 million Baht increased by 27.04 million Baht or 35.29% when compared to the trade and other account receivables as of December 31, 2023. A rise in trade receivables resulting from higher sales during the first quarter of 2024 compared to the end of 2023.

As of March 31, 2024, the inventory had a total inventory value of 168.01 million Baht, reflecting a decrease of 34.40 million Baht when compared to the year-end of 2023. This decrease is due to an increased demand for products during the soil preparation season, resulting in a reduction in inventory by 17.00% compared to the end of 2023.

As of March 31, 2024, the company and its subsidiaries held Right-of-use assets valued at 29.07 million Baht, showing an increase of 3.69 million Baht or an increase of 14.54%. This increase is attributed to the extension of space leased during this quarter for the subsidiary's distribution center, resulting in the increase in Right-of-use assets at the end of the period.

As of March 31, 2024, the company and its subsidiaries had total liabilities of 133.17 million Baht, comprising the following significant items:

Trade and other payables as of March 31, 2024, amounted to 43.39 million Baht, reflecting an increase of 15.22 million Baht compared to the year-end balance in 2023. This increase can be attributed to a higher volume of orders for raw materials for Plough implement set, in line with increased sales of this product group.

Overall of Long-term loan as of March 31, 2024 was in the amount of 25.22 million Baht, decreased by 2.58 million Baht from the end of 2023. The decrease can be attributed to the gradual repayment throughout the period.

Total lease liabilities as of March 31, 2024 was in the amount of 23.39 million Baht, increased from last year amounting to 3.43 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.

Total shareholder's equity of the Company and its subsidiaries as of March 31, 2024, was in the amount of 532.69 million Baht, increased by 16.44 million Baht or 3.18% from the end of 2023. The change came from profit from operating activities from the quarter 1/2024.

Please be informed accordingly.

Yours sincerely

Miss Tiyaophon Vanagosoom

Managing Director

K.W. Metal Work Public Company Limited