



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 004/2565

February 25th, 2022

Subject : Management Discussion and Analysis year ended December 31, 2021

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 year ended December 31, 2021 with details as follow;

unit: million baht

Items	2020		2021		Changes	
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods	352.60	100	567.30	100.00	214.70	60.89
Cost of sales of goods	259.37	73.56	430.32	75.85	170.95	65.91
Gross profit	93.23	26.44	136.98	24.15	43.75	46.93
Other income	2.46	0.70	5.49	0.97	3.03	123.17
Gain on exchange rate	0.37	0.10	0.94	0.17	0.57	154.05
Profit before expenses, finance cost and taxes	96.06	27.24	143.40	25.28	47.34	49.28
Distribution costs	9.09	2.58	14.56	2.57	5.47	60.18
Administrative expenses	36.60	10.38	34.09	6.01	(2.51)	(6.86)
Profit before finance cost and taxes	50.37	14.29	94.75	16.70	44.38	88.11
Finance Cost	2.58	0.73	3.74	0.66	1.16	44.96
Impairment Loss	0.00	0.00	0.34	0.06	0.34	NA
Profit before income tax expenses	47.79	13.55	90.67	15.98	42.88	89.73
Income tax expense	(4.47)	(1.27)	(7.83)	(1.38)	(3.36)	75.17
Net profit	43.32	12.29	82.84	14.60	39.52	91.23

1. Revenue from sales of goods

For the year of 2021, the Company and its subsidiary's revenue from sales of goods was in the amount of 567.30 million baht, increased by 214.70 million baht or 60.89% of the same period of sales in 2020 in which the Company had a rise in sales in every product.



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The overall of agricultural GDP for the year of 2021 has increased to 1.5% with crop GDP rise to 3.3% and agricultural services grew to 3.7% when compared to same period of last year, with several supporting factors from suitable weather to less drought that resulted to better agricultural output and agricultural crop prices had also risen in the first half of 2021 which attracted people to grow more. Furthermore, the government's support policies which include expanding market channel both online and offline, aiding programs for farmers affected by the Covid-19 fallout such as Agricultural career promotion and debt moratorium, have helped farmers to continuously increase output and sales and resulted to more market demand in agricultural equipment in this year.

2. Cost of sales of goods and Expenses

- 2.1. Cost of sales of goods for the year ended December 31, 2021, increased from last year around 65.91% or in the amount of 170.95 million baht which in line with a rise of sales. However, the gross profit margin was at 24.15% while last year was 26.44%. This was due to the fact that the steel price has been rising continuously since the 3rd quarter of 2020 to date. However, the demand of Company's products was dramatically risen up, therefore the Company have increased production capacity in order to serve the market which resulted to a lowering in production cost per unit from economy of scale.
- 2.2. Distribution costs for the year ended December 31, 2021, increased by 60.18% or 5.47 million Baht from the year 2020, in accordance with an increase in sales.
- 2.3. Administration expenses for the year ended December 31, 2021, was in the amount of 34.09 million baht, decreased by 2.51 million baht or 6.86% when compared to 2020 due to an increase in utilization rate of Factory 2 that resulted to less depreciation expense recognized as administration expense.

3. Finance costs

Finance cost for year ended 31, 2021, was 3.74 million Baht higher than the same period of 2020 in the amount of 1.16 million Baht or 44.96%. Due to the fact that the Company had more transactions of short-term loan from financial institution for purchasing raw materials from overseas in this year which in line with a rise in sales. Moreover, in the Q3/2021, the Company also had long-term borrowings from 2 of financial institutions total amount of 50 million Baht as a working capital.



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4. Net Profit

For year ended December 31, 2021, the Company financial statement represents net profit in the amount of 82.84 million baht or considered as net profit margin of 14.60%, increased from last year by 39.52 million baht or 91.23% of the same period of last year. A rise in net profit was from an increase of sales and a less in administration expenses.

5. Statement of financial positions

Items	31 Dec 2020	31 Dec 2021	Changes	
	Million Baht	Million Baht	Million Baht	%
Total Assets	475.94	730.86	254.92	53.56
Cash and cash equivalents	111.20	139.64	28.44	25.58
Trade and other account receivables	80.96	101.80	20.84	25.74
Inventories	117.93	274.35	156.42	132.64
Property, plant, and equipment	147.64	189.08	41.44	28.07
Right-of-use assets	13.56	10.22	(3.34)	(24.63)
Other non-current assets	2.60	13.38	10.78	414.62
Total Liabilities	112.00	228.88	116.88	104.36
Short-term borrowings from financial institutions	76.55	129.96	53.41	69.77
Trade and other account payables	22.39	39.03	16.64	74.32
Current portion of long-term loan	2.00	9.72	7.72	386.00
Long-term loan	0.00	37.95	37.95	NA
Total shareholders' equity	363.93	501.98	138.05	37.93

As of December 31, 2021, the Company and its subsidiary's total assets was in the amount of 730.86 million Baht, increased by 254.92 million Baht when compared to total assets as of December 31, 2020. A change in total assets of the Company and its subsidiary came from details as follow.

Cash and cash equivalent increased by 28.44 million Baht or 25.58% from December 31, 2020. The Company and its subsidiary had net cash used in operating activities amounting to 51.26 million Baht and cash used in investing activities amounting to 66.71 million Baht. The Company also had cash from financing activities in the amount of 146.41 million Baht. Due to the fact that, the Company stocked up more of raw materials in 2021



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in order to support customer orders that resulted to a rise in trade and other account receivables and inventories which led to more cash used in operating activities. The Company also had long-term borrowings from 2 financial institutions as a working capital of 50 million Baht. Moreover, during December 23-29, 2021, the Company allowed the warrant holders of KWM-W1 who wished to exercise the right can notify and transfer the money of subscriptions for purchase of shares, resulted to the total money received amount of 77.90 million Baht. Therefore, net cash provided by financing activities is increased in this year. As for investing activities, the Company invested in Land acquisition for the purpose of business expansion.

Trade and other account receivables as of December 31, 2021 was in the amount of 101.80 million Baht, increased by 25.74 million Baht or 52.38% when compares to the trade and other account receivables as of December 31, 2020, which in line with the growth of sales in this year.

Inventories as of December 31, 2021 was in the amount of 274.35 million Baht increased by 156.42 million Baht when compare to last year. The Company stocked up more inventories to support with higher demand from the market. Moreover, a rapid rise in global steel prices also effect to an increase in overall of Company's raw metaterials. The steel situation in China is getting more intense from its Government's policy to focus on clean energy. Thus, the Company has been monitoring closely on this matter and starting to stock more raw materials.

Property, plant and equipment as of December 31, 2021 was in the amount of 189.08 million Baht increased by 41.44 milllion Baht or 28.07% when compared to the end of 2020. This was due to the fact that the Company acquired new Land for Factory 3 that located in Eastern Seaboard Industrial estate, for business expansion of new warehouse and acquired more machines for new production line.

Other non-current assets as of December 31, 2021 was in the amount of 13.38 million Baht increased by 10.78 million Baht or 414.62% from the deposit of acquiring new machines for establishing new production line for both of Disc and CO2 Extraction Machine.

As of December 31, 2021, the Company and its subsidiary had a rise in short-term borrowing from financial institutions in the amount of 53.41 million Baht or 69.77% when compare to the end of 2020. Due to more purchase orders of raw materials from oversea suppliers and higher in raw materials price from the upward momentum in steel price, causing a rise in total of of trust receipts and PN Import in short-term borrowing from financial institutions.

Trade and other payables as of December 31, 2021 was in the amount of 39.03 million Baht, increased from last year in the amount of 16.64 million Baht from more purchase orders for parts of product 'Plough' and coil steel for screw flight which in line with higher of sales of these products in this period.



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Current portion of long-term borrowings and long-term borrowings from financial institutions as of December 31, 2021 was in the amount of 9.72 million Baht and 37.95 million baht, increased from last year due to the fact that the Company had long-term borrowings from 2 financial institutions as a working capital of 50 million Baht.

Total shareholder's equity of the Company and its subsidiary as of December 31, 2021 was in the amount of 501.98 million Baht, increased by 138.05 million Baht or 37.93%. The change came from an increase in net profit from the Company's performance of the year 2021. Moreover, during 23 – 29 December, 2021 was the notification period of the First Exercise of the Warrants to Purchase Newly Issued Ordinary Shares of the Company (KWM-W1) which the Company allowed the warrant holders of KWM-W1 who wished to exercise the right can notify and transfer the money of subscriptions for purchase of shares. There were 51,935,265 units of warrants that have been exercised during this period, with the exercise ratio of 1:1 and the exercise price of 1.50 Baht per share, resulted to the total subscriptions for purchase of shares of 77.90 million Baht.

Please be informed accordingly

Yours sincerely

Miss Tiya Phon Vanagosoom

Managing Director

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