



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 002/2566

February 27th, 2023

Subject : Management Discussion and Analysis for the year ended December 31, 2022.

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, 2022, with details as follow.

unit: million Baht

Items	2021		2022		Change	
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods and rendering of services	567.30	100.00	472.90	100.00	(94.40)	(16.64)
Cost of sales of goods and rendering of services	430.32	75.85	388.27	82.10	(42.05)	(9.77)
Gross profit	136.98	24.15	84.63	17.90	(52.35)	(38.22)
Other income	5.49	0.97	5.01	1.06	(0.48)	(8.74)
Gain on Exchange rate	0.94	0.17	0.20	0.04	(0.74)	(78.72)
Profit before expenses, finance cost and taxes	143.40	25.28	89.84	19.00	(53.56)	(37.35)
Distribution costs	14.56	2.57	14.91	3.15	0.35	2.40
Administrative expenses	34.09	6.01	37.29	7.89	3.20	9.39
Loss on exchange rate	94.75	16.70	37.64	7.96	(57.11)	(60.27)
Profit before finance cost and taxes	3.74	0.66	6.16	1.30	2.42	64.71
Finance Cost	0.34	0.06	0.03	0.01	(0.31)	(91.18)
Profit before income tax expenses	90.67	15.98	31.45	6.65	(59.22)	(65.31)
Income tax expense	(7.83)	(1.38)	(1.59)	(0.34)	6.24	(79.69)
Net profit	82.84	14.60	29.86	6.31	(52.98)	(63.95)

1. Revenue from sales of goods and rendering services.

For the year ended December 31, 2022, the Company and its subsidiaries' revenue from sales of goods and rendering services was in the amount of 472.90 million Baht, decreased by 94.40 million Baht or 16.64 % of the same period of sales in 2021 from the reasons as follow; 1. Lessen of customers' purchasing power from the



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effect of the inflation and current economic situation. 2. Bad weather conditions during the year, even though there was enough usable water level in reservoirs in the first half of 2022 but from the La Nina phenomena, which resulted to several monsoons and storms in Q3/22, causing severe floods to certain parts of Thailand which also causing damage to harvesting activity and agricultural produces. 3. The post-pandemic situation resulted to the shift back of labor from agricultural sector to the industrial and services sectors, led to a drop in demand of agricultural equipment. With all these reasons, the sales of Company dropped in almost every category this year.

2. Cost of sales of goods and Expenses

2.1. Cost of sales of goods and rendering of services for the year ended December 31, 2022, decreased from last year around 9.77% or in the amount of 42.05 million Baht, a decrease was more than a drop of revenue from sales. Main reason was from the production cost has been increased significantly, both direct and indirect cost of materials and other overhead cost as well. Resulted to a decline in 2022s' gross profit margin to 17.90% while in 2021 gross profit margin was at 24.15%

2.2. Distribution costs for the year 2022 was in the amount of 14.91 million Baht with a small dropped of 0.35 million or 2.40% when compared to the year of 2021. In 2022, the distribution costs mainly came from advertising expense since the Company focus on promoting more through online platform. Moreover, the Company also went to both Domestic and Overseas Exhibitions this year therefore, distribution cost is increased.

2.3. Administration expenses for the year ended December 31, 2022, was in the amount of 37.29 million Baht, increased by 3.20 million Baht or 9.39% when compared to the same period of 2021. The main causes came from an increase in employee expenses in accordance with incremental of employee headcounts and the Company also adjusted some employees' allowance to reflect the current economic situation. In 2022, there was also an increase in warehouse rental fee for stock up finished products and there was depreciation expense of the new Boron Production line that hasn't been operate within the year. Therefore, such depreciation needed to recognize as administration expense in this period. These resulted to an increased in administration expenses this year.

3. Finance costs

Finance cost for the year ended December 31, 2022, was 6.16 million Bah, dramatically increased about 2.42 million Baht from 2021. Main reason came from an increased in short-term loan from financial institution



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for purchasing raw materials with the rise in steel price and the depreciation of Thai Baht were causing more value in liabilities. Moreover, the Company also made long-term borrowings from 2 of financial institutions in second half of the 2021 therefore, there wasn't any interest cost occurred in first half of 2021 while there was interest cost from such borrowings in this year resulted to an increased in finance cost.

4. Net Profit

For the year ended December 31, 2022, the Company financial statement represents net profit in the amount of 29.86 million Baht or considered as net profit margin of 6.31%, significantly decreased from last year by 52.98 million Baht or 63.95% of the same period of last year. Such drop in net profit was from a rise in cost of production, higher in distribution cost, administration expenses and finance cost resulted to lower in net profit.

5. Statement of financial positions

Items	31 Dec 2021	31 Dec 2022	Changes	
	Million Baht	Million Baht	Million Baht	%
Total Assets	730.86	645.76	(85.10)	(11.64)
Cash and cash equivalents	139.64	28.26	(111.38)	(79.76)
Trade and other account receivables	101.80	72.94	(28.86)	(28.35)
Inventories	274.35	291.35	17.00	6.20
Property, plant, and equipment	189.08	223.65	34.57	18.28
Right-of-use assets	10.22	24.13	13.91	136.11
Other non-current assets	13.38	1.98	(11.40)	(85.20)
Total Liabilities	228.88	146.62	(82.26)	(35.94)
Short-term borrowings from financial institutions	129.96	63.98	(65.98)	(50.77)
Trade and other account payables	39.03	20.78	(18.25)	(46.76)
Current portion of long-term loan	9.72	10.33	0.61	6.28
Current portion of lease liabilities	2.80	5.67	2.87	102.50
Long-term loan	37.95	27.65	(10.30)	(27.14)
Lease liabilities	2.11	13.57	11.46	543.13
Total shareholders' equity	501.98	499.14	(2.84)	(0.57)



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As of December 31, 2022, the Company and its subsidiaries' total assets was in the amount of 645.76 million Baht, decreased by 85.10 million Baht when compared to total assets as of December 31, 2021. A change in total assets of the Company and its subsidiaries came from details as follow.

Cash and cash equivalent decreased by 111.38 million Baht or 79.76% from December 31, 2021. The Company and its subsidiaries had net cash provided by operating activities amounting to 46.69 million Baht and cash used in investing activities amounting to 54.30 million Baht for the acquisition of new production lines and the construction of new factory. Moreover, the Company had net cash used in financing activities amounting to 103.77 million Baht in this period from repayment of both short-term and long-term loan and also payment of dividend.

Trade and other account receivables as of December 31, 2022 was in the amount of 72.94 million Baht decreased by 28.86 million Baht or 28.35% when compared to the trade and other account receivables as of December 31, 2021, which in line with the significant drop of sales in this period compared with sales from Q4/2021.

Inventories as of December 31, 2022 was in the amount of 291.35 million Baht increased by 17 million Baht when compared to last year. Due to the fact that the sales was lower than expected during the end of the year and inventories valuation was also higher from the rise in cost of productions which causes an increase in overall of inventories.

Property, plant and equipment as of December 31, 2022 was in the amount of 223.65 million Baht increased by 34.57 million Baht or 18.28 % when compared to the end of 2021. This was due to the fact that the Company has the Construction in progress of new factory and more machines acquires for new production line.

Right-of-use assets as of December 31, 2022 increased from the end of last year amounting to 13.91 million Baht. This was due to the fact that the Company had sales and lease back transaction for new Furnace and Robot for boron disc production line in Q3/2022.

Short-term borrowing from financial institutions as of December 31, 2022, was in the amount of 63.98 million Baht, decrease in the amount of 65.98 million Baht or 50.77% when compared to the end of 2021. Due to the fact that the Company gradually pay back to the financial institution and lessen the order of raw materials from overseas.

Trade and other payables as of December 31, 2022 was in the amount of 20.78 million Baht, decreased from last year in the amount of 18.25 million Baht from less purchase orders of raw materials for Screw flight and Plough which in line with a significantly drop of sales during the end of year.

Overall of Long-term loan as of December 31, 2022 was in the amount of 37.98 million Baht, decreased by 9.69 million Baht from the end of 2021 from monthly settlement throughout the period.

Current portion of lease liabilities and lease liabilities as of December 31, 2022 was in the amount of 5.67



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million Baht and 13.57 million Baht accordingly, increased from the end of year of 2021 in the amount of 2.87 million Baht and 11.46 million Baht. The change came from sales and lease back transactions that was done in quarter 3/2022 for furnace and robot of boron disc production line.

Total shareholder's equity of the Company and its subsidiaries as of December 31, 2022 was in the amount of 499.14 million Baht, decreased by 2.84 million Baht or 0.57%. The change came from profit from operating activities for the year of 2022 and the dividend payment in May 2022 amounting to 45.31 million Baht.

Please be informed accordingly

Yours sincerely

Miss Tiyaophon Vanagosoom

Managing Director

K. W. Metal Work Public Company Limited