

Feb 14, 2024

Subject Management Discussion and Analysis for the periods of three months and nine months ended 31st December 2023

To President of the Stock Exchange of Thailand  
Secretary of the Office of Securities and Exchange Commission

Lohakit Metal Plc. (the "Company") would like to notify the financial status and operating performance for the periods of three months and nine months ended 31st December 2023 of the Company and its subsidiaries as details below:

(Unit: Baht millions)

Consolidated financial statement	For three months ended 31 <sup>st</sup> December				For nine months ended 31 <sup>st</sup> December			
	Oct -Dec 2023	Oct -Dec 2022	Change	% Change	Apr - Dec 2023	Apr - Dec 2022	Change	% Change
Revenue from sales & service	651.65	672.80	-21.15	-3.1%	1,970.93	2,033.03	-62.10	-3.1%
Other income	8.46	6.16	2.30	37.3%	21.27	22.05	-0.78	-3.5%
<b>Total revenue</b>	<b>660.11</b>	<b>678.96</b>	<b>-18.85</b>	<b>-2.8%</b>	<b>1,992.20</b>	<b>2,055.08</b>	<b>-62.88</b>	<b>-3.1%</b>
Cost of goods sold & service	579.90	594.77	-14.87	-2.5%	1,762.98	1,786.17	-23.19	-1.3%
Selling expenses	13.64	15.15	-1.51	-10.0%	40.66	44.09	-3.43	-7.8%
Administrative expenses	26.49	26.98	-0.49	-1.8%	81.81	81.35	0.46	0.6%
<b>Total expenses</b>	<b>620.03</b>	<b>636.90</b>	<b>-16.87</b>	<b>-2.6%</b>	<b>1,885.45</b>	<b>1,911.61</b>	<b>-26.16</b>	<b>-1.4%</b>
<b>Earning before interest and tax</b>	<b>40.08</b>	<b>42.06</b>	<b>-1.98</b>	<b>-4.7%</b>	<b>106.75</b>	<b>143.47</b>	<b>-36.72</b>	<b>-25.6%</b>
Financial expenses	-1.04	-1.57	0.53	-33.8%	-2.83	-3.98	1.15	-28.9%
Share of income from investment in associate	0.61	0.65	-0.04	-6.2%	1.87	1.62	0.25	15.4%
Corporate Income tax expenses	-8.73	-8.31	-0.42	-5.1%	-21.88	-28.33	6.45	-22.8%
<b>Net profit for the period</b>	<b>30.92</b>	<b>32.83</b>	<b>-1.91</b>	<b>-5.8%</b>	<b>83.91</b>	<b>112.78</b>	<b>-28.87</b>	<b>-25.6%</b>
Profit Sharing for non-controlling interest of a subsidiary company	-9.53	-13.92	4.39	-31.5%	-30.47	-34.38	3.91	-11.4%
<b>Net profit for the company and its subsidiaries</b>	<b>21.39</b>	<b>18.91</b>	<b>2.48</b>	<b>13.1%</b>	<b>53.44</b>	<b>78.40</b>	<b>-24.96</b>	<b>-31.8%</b>

## 1. Operating Performance

For the period of three months ended 31st December 2023, the net profit for the company and its subsidiaries was at Baht 21.39 million, Increased by baht 2.48 million or 13.1 percent, despite the increase in operating results in the three-month period, due to the direction of the market price that has continuously decreased, it has begun to stabilize that resulting in the average cost of raw materials being reduced to a reasonable level. As a result, the profit rate increased in this quarter. In addition, the economic situation abroad has begun to recover and the policy interest rate has risen to its highest point. As a result, export sales in the electrical appliances group have begun to return. However, this is due to the high level of household debt in the country, affects commercial vehicle loan approval. Therefore, the production and sales of this group of cars have decreased significantly. Meanwhile, many government construction projects have been halted. The budget plan was delayed.

For nine months ended 31st December 2023, the Company and its subsidiaries reported operating profit of Baht 83.91 million, the decrease of 25.6 percent and net profit for the company and its subsidiaries was at Baht 53.44 million or decreased by 31.8 percent while compared to the same period of last year which the net profit was Baht 78.40 million. The decreased net profit for nine months It was the main impact in the third quarter of the year due to the economic slowdown in the country. The purchasing power of foreign countries is shrinking.

## **1.1 Revenue**

For the period of three months ended 31st December 2023, the Company and its subsidiaries had revenue from sales and service of Baht 651.65 million compared with Baht 672.80 million in the same period of the previous year, which slightly decreased by 3.1 percent. This was due to the decreased sales of automobile exhaust products in the latest quarter and the decline market prices of most of the metal and non-metal products.

The sales of company and its subsidiaries mostly came from copper, aluminum and stainless products.

For nine months of year ended 31st December 2023, the Company and its subsidiaries had revenue from sales and service of Baht 1,970.93 million compared with Baht 2,033.03 million in the same period of the previous year or decreased by 3.1 percent. This is due to the sales of metal and non-metal product during the latest quarter decreased.

## **1.2 Other income**

Other income consists of interest income, gain from asset sales and revenue from scrap sales. For the period of three months and period of nine months ended 31st December 2023, the Company and its subsidiaries had other income of Baht 8.46 million and 21.27 million baht respectively, which increased by 37.3 percent and decreased by 13.4 percent from the same periods of previous year. The significant other income is income from scrap sales which were the results from the processing of cold rolled stainless steel sheet and coil such cut to length as per customers' requirements. The Company and its subsidiaries therefore sold scrap and recorded as the other income.

## **1.3 Cost of goods sold**

Major cost of goods sold are cost of raw material such cold rolled stainless steel sheet and coil and special grade stainless which the Company and its subsidiaries process. For the period of three months ended 31st December 2023, the Company and its subsidiaries had cost of goods sold of Baht 579.90 million, or stood at 87.85 percent of the total revenue, increase in comparing with Baht 594.77 million, or stood at 87.60 percent of total revenue of previous year. However, cost of goods sold for the period of three months ended 31st December 2023 decreased by 2.5 percent while sales & service total decreasing by 3.1 percent from the same period of previous year due to the selling prices declined of major products The Company.

For nine months ended 31st December 2023, the Company and its subsidiaries had cost of goods sold of Baht 1,762.98 million, or stood at 88.49 percent of the total revenue in comparing with Baht 1,786.17 million, or stood at 86.91 percent of total revenue of previous year and decreased by 1.3 percent.

## **1.4 Selling expenses**

Selling expenses consist of sale staff expenses, transportation expenses, commissions and promotion expenses. For the periods of three months and nine months ended 31st December 2023, the Company and its subsidiaries had selling expenses of Baht 13.64 million and 40.66 million, compared with selling expenses of Baht 15.15 million and 44.09 million in the same periods of the previous year, or decreased by 10.0 percent for three months period and decreased by 7.8 percent for the nine months period respectively. Due to decreased transportation expenses and sales staff and other market expenses.

For the period of three months and nine months ended 31st December 2023, the selling expenses were 2.09 percent and 2.06 percent of total sales and service respectively, compared with 2.25 percent and 2.17 percent in the same periods of previous year.

### **1.5 Administrative expenses**

Administrative expenses consist of executive expenses and staff expenses other than sale department, office rental expenses and other management and administrative expenses. For the period of three months and period of nine months ended 31st December 2023, the Company and its subsidiaries had administrative expenses of Baht 26.49 million and 81.81 million, compared with administrative expenses of Baht 26.98 million and 81.35 million in the same period of the previous year which decreased by 1.8 percent and slightly increase by 0.6 percent respectively. The major expenses are mainly in area of personnel costs due to salary normally year by year and other administrative expenses.

### **1.6 Share of income from investment in associate**

In April 2009, the Company invested in the ordinary shares of Mory Lohakit (Thailand) Co.,Ltd. ,who is the marketing and sale force for the company and its subsidiaries and joint venture, by holding 49 percent of total shares. As for the periods of three months and nine months ended 31st December 2023, the company and its subsidiaries recognized share of income, by using equity method, of Baht 0.61 million and 1.87 million in consolidated income statements or decreased by 6.2 percent in current quarter and increased by 15.4 percent for the period of nine months.

### **1.7 Earning (loss) before interest and tax and Net Profit (loss)**

For the periods of three months and nine months ended 31st December 2023, the Company and its subsidiaries had earnings before interest and tax of Baht 40.08 million and Baht 106.75 million respectively. After deducting the financial costs of Baht -1.04 million and Baht -2.83 million, adding the share of income from investment of Baht 0.61 million and Baht 1.87 million, deducting the corporate income tax of Baht -8.73 million and Baht -21.88 million, the net profit of the Company and its subsidiaries were at Baht 30.92 million and Baht 83.91 million. When comparing to the same periods of the previous year, the earnings before interest and tax and net profit for the period of the three months were decreased by 4.7 percent and by 5.8 percent respectively, whereas the earnings before interest and tax and net profit for nine months were both decreased by 25.6 percent and 25.6 percent respectively.

In addition to the periods of three months and nine months ended 31st December 2023, the company and its subsidiaries had profit sharing to minority interest in a subsidiary for the amount of Baht -9.53 million and -30.47 million respectively. As a result, the net profit for the company and its subsidiary were amount of Baht 21.39 million and 53.44 million respectively.

### **1.8 Corporate income tax**

For the periods of three months and nine months of year ended 31st December 2023, the Company and its subsidiaries recognized corporate tax expenses by Baht 8.73 million and 21.88 million, increased in current quarter compare with by Baht 8.31 million and decreased from Baht 28.33 million for the three month period and nine month period respectively.

## **1.9 Profit Sharing for non-controlling interest of a subsidiary company**

On Oct 1' 2010, the company sold partial investment in a subsidiary company to Japanese alliance. The Company and its subsidiaries recognized profit sharing to minority shareholders according to the percentage of shareholding of net profit in subsidiary through the period of its holding which was amount by Baht 9.53 million and 30.47 million for the periods of three months and nine months ended 31st December 2023.

## **1.10 Profitability**

For the period of three months ended 31st December 2023, the Company and its subsidiaries had gross profit margin of 11.01 percent, compared with gross profit margin of 11.60 percent in the same period of the previous year. The slightly decreased mainly due to sales volume decrease of exhaust pipes and construction meanwhile selling price is downtrend and the average cost of goods sold decline in metal or non-metal products while overall sales are still decreased.

For nine months ended 31st December 2023, the Company and its subsidiaries had gross profit margin of 10.55 percent compared with gross profit margin of 12.14 percent in the same period the previous year. The gross profit margin decreased by Baht 38.91 million. This was mainly due to a decrease in gross profit margin in all product categories due to a decrease in average selling price in accordance with the world market price of metal or non-metal products, coupled with higher average cost of raw materials As a result, there is a narrower gross profit margin and lower than normal in the same quarter of the previous year.

(Unit: Baht million)

Consolidated balance sheets	As at 31st Dec 2023		As at 31st Mar 2023	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	324.69	16.51%	239.61	11.60%
Financial Assets (Short-term investment)	2.58	0.13%	2.56	0.12%
Account receivable, trade and others	531.14	27.00%	606.36	29.34%
Inventories	559.74	28.46%	632.73	30.62%
Other current assets	3.45	0.18%	5.03	0.24%
<b>Total current assets</b>	<b>1,421.60</b>	<b>72.28%</b>	<b>1,486.29</b>	<b>71.92%</b>
<b>Non-current assets</b>				
Restricted bank deposits	46.18	2.35%	46.18	2.23%
Investment in associate	7.44	0.38%	17.08	0.83%
Non-Current Financial Assets (Long-term investment)	2.74	0.14%	2.89	0.14%
Property, plant and equipment	467.76	23.78%	494.81	23.94%
Intangible assets	4.32	0.22%	2.73	0.13%
Deferred tax assets	13.30	0.68%	13.14	0.64%
Other non-current assets	3.53	0.17%	3.33	0.16%
<b>Total non-current assets</b>	<b>545.27</b>	<b>27.72%</b>	<b>580.16</b>	<b>28.08%</b>
<b>TOTAL ASSETS</b>	<b>1,966.87</b>	<b>100.00%</b>	<b>2,066.45</b>	<b>100.00%</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Short term loans from banks	73.58	3.74%	69.42	3.36%
Account payables, trade and others	367.46	18.68%	409.77	19.83%
Lease payable due within one year	3.28	0.17%	3.13	0.15%
Income tax payable	6.20	0.32%	15.72	0.76%
Other current liabilities	11.15	0.57%	9.23	0.45%
<b>Total current liabilities</b>	<b>461.67</b>	<b>23.48%</b>	<b>507.27</b>	<b>24.55%</b>
<b>Non-current liabilities</b>				
Provision for long-term employee benefits	29.24	1.49%	29.05	1.41%
Lease payable	2.29	0.11%	4.77	0.23%
Other non-current liabilities	0.02	-	0.02	-
<b>Total non-current liabilities</b>	<b>31.55</b>	<b>1.60%</b>	<b>33.84</b>	<b>1.64%</b>
<b>TOTAL LIABILITIES</b>	<b>493.22</b>	<b>25.08%</b>	<b>541.11</b>	<b>26.19%</b>
<b>SHAREHOLDERS' EQUITY</b>				
Shareholder equity				
Registered capital	383.00		383.00	
Issued and Paid up capital	383.00	19.47%	383.00	18.53%
Premium on stock	519.67	26.42%	519.67	25.15%
Retained earnings				
Legal reserve	79.70	4.05%	79.15	3.83%
Un-appropriated	347.29	17.66%	382.49	18.51%
Non-controlling interest of the subsidiary	143.99	7.32%	161.03	7.79%
<b>Total shareholders' equity</b>	<b>1,473.65</b>	<b>74.92%</b>	<b>1,525.34</b>	<b>73.81%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,966.87</b>	<b>100.00%</b>	<b>2,066.45</b>	<b>100.00%</b>

## **2. Financial Status**

### **2.1 Assets**

As for the assets value as at and 31st December 2023 and 31st March 2023, the Company and its subsidiaries had total assets of Baht 1,966.87 million and Baht 2,066.45 million respectively. The Company and its subsidiaries operated integrated stainless center which provided many kinds of services such as procurement, transformation, manufacture and stainless products wholesale and a subsidiary who is the finish goods trader of metal and non-ferrous metal. Therefore, the Company and its subsidiaries' major assets are inventories, account receivables, land, plant and equipment as details below:

2.1.1 Inventories: As at and 31st December 2023 and 31st March 2023 the Company and its subsidiaries had net inventories of Baht 559.74 million (or 28.46 percent of total assets) and Baht 632.73 million (or 30.62 percent of total assets) respectively.

2.1.2 Trade account receivables – other parties: As at and 31st December 2023 and 31st March 2023, the Company and its subsidiaries had Trade account receivables, net – other parties of Baht 531.14 million (or 27.00 percent of total assets) and Baht 606.36 million (or 29.34 percent of total assets) respectively.

2.1.3 Financial Assets: As at and 31st December 2023 and 31st March 2023 the Company and its subsidiaries had short term investment of Baht 2.58 million (or 0.13 percent of total assets) and Baht 2.56 million (or 0.12 percent of total assets) respectively. The investment was the investment in unit value of mutual fund due to the excessive cash balance of a subsidiary company.

2.1.4 Land, plant and equipment - Land and improvements, building, machinery, office equipment, vehicles and work on progress of construction: As at and 31st December 2023 and 31st March 2023, the Company and its subsidiaries had Land, plant and equipment – net of Baht 467.76 million (or 23.78 percent of total assets) and Baht 494.81 million (or 23.94 percent of total assets) respectively.

2.1.5 Restricted bank deposit: As at and 31st December 2023 and 31st March 2023, the Company and its subsidiaries had net value of Baht 46.18 million (or 2.35 percent of total assets and 2.23 percent of total assets) respectively. The restricted fix deposit by a subsidiary was used as guarantee for loans from financial institution.

2.1.6 Deferred tax assets: As at and 31st December 2023 and 31st March 2023, the Company and its subsidiaries had net value of Baht 13.30 million and Baht 13.14 million respectively (0.68 percent and 0.64 percent of total assets respectively).

### **2.2 Liabilities**

The total liabilities of the Company and its subsidiaries as at and 31st December 2023 and 31st March 2023 stood at Baht 461.67 million and Baht 507.27 million respectively. The current and total liabilities decreased net due to short-term payment of trade accounts payable and control all purchases.

### **2.3 Shareholders' equity**

As at and 31st December 2023 and 31st March 2023, shareholders' equity was Baht 1,473.65 million and Baht 1,525.34 million or decrease by Baht 51.69 million. The major changes were the net profit amounting to Baht 83.91 million and dividend payment of Baht 135.61 million. Therefore, existing portions of company shareholding interest and non-controlling interest of subsidiary stood at Baht 1,329.66 million and Baht 143.99 million respectively.

Debt to Equity ratio as at and 31st December 2023 and 31st March 2023 were 0.33 and 0.35 times respectively.

(Unit: Baht million)

<b>Consolidated cash flows statement</b>	<b>As at 31st Dec 2023</b>	<b>As at 31st Dec 2022</b>
Net cash from (used in) operating activities	214.33	81.08
Net cash used in investing activities	4.71	-1.99
Net cash from (used in) financing activities	-133.99	-242.51
Effect of exchange rate to cash and cash equivalent	0.03	-
Net increase (Decrease) in cash	85.08	-163.42

### **3. Cash flows**

For the period of nine months ended 31st December 2023, the Company and its subsidiaries generated net increase in cash from operating activities of Baht 214.33 million, consisting of baht 106.24 million positively from operating performance and net positive of working capital of Baht 108.10 million. The net positive cash flow in working capital came from the short-term supply of inventories to support customer orders.

Net cash flow from investing activities was amount to 4.71 million baht, mostly from net positive in short term investment by 11.52 million baht and investment in other equipment , Intangible asset net -8.80 million baht during the period.

The financing part was net Baht -133.99 million with receipt of short term loan and settled lease liabilities net of Baht 1.62 million and payment of dividend by Baht -135.61 million.

In total, net cash for the period was increased by Baht 85.08 million.

Sincerely yours,

Signed: Mr. Vittawat Akarapongpisak  
(Mr. Vittawat Akarapongpisak)  
Deputy Managing Director