

(Translation)

No. KWM 007/2569

May 13, 2026

Subject : Management Discussion and Analysis for 3-month period ended March 31, 2025.

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 3-month period ended March 31, 2025, with details as follow.

unit: million Baht

Items	Quarter 1/2026		Quarter 1/2025		Changes	
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods and rendering of services	89.76	100.00	129.33	100.00	(39.57)	(30.60)
Cost of sales of goods and rendering of services	68.52	76.34	91.64	70.86	(23.12)	(25.23)
Gross profit	21.24	23.66	37.69	29.14	(16.45)	(43.65)
Other income	0.35	0.39	1.23	0.95	(0.88)	(71.54)
Gain on exchange rate	0.03	0.03	-	-	0.03	0.00
Profit before expenses, finance cost and taxes	21.62	24.09	38.92	30.09	(17.30)	(44.45)
Distribution costs	4.64	5.17	4.71	3.64	(0.07)	(1.49)
Administrative expenses	11.00	12.25	13.46	10.41	(2.46)	(18.28)
Loss on exchange rate	0.00	0.00	0.09	0.07	(0.09)	(100.00)
Profit before finance cost and taxes	5.98	6.66	20.66	15.97	(14.68)	(71.06)
Finance Cost	(0.77)	(0.86)	(1.36)	(1.05)	(0.59)	(43.38)
Reversal of Impairment Loss (impairment loss)	0.09	0.10	(0.04)	(0.03)	0.13	(325.00)
Profit before income tax expenses	5.30	5.90	19.26	14.89	(13.96)	(72.48)
Income tax expense	0.94	1.05	2.34	1.81	(1.40)	(59.83)
Net profit	4.36	4.86	16.92	13.08	(12.56)	(74.23)

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

For the first quarter ended March 31, 2026, the Company and its subsidiaries reported revenue from sales and services of THB 89.76 million, representing a decrease of THB 39.57 million or 30.60% compared to the same period in 2025. This decline was evident across all product categories, as the Group's performance was directly impacted by the contraction of purchasing power within the agricultural sector.

The primary drivers included significantly higher production costs resulting from international geopolitical instability, which adversely affected global input and energy prices. Furthermore, concerns regarding weather volatility and the risks associated with the El Niño phenomenon posed additional threats to agricultural productivity. These compounded negative factors led farmers to exercise caution in spending and defer investments in fixed assets and agricultural machinery to preserve liquidity. This downward trend aligns with the broader industry slowdown, as evidenced by the 18.74% year-on-year decrease in new tractor registrations reported by the Department of Land Transport.

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

- 2.1. For the first quarter ended March 31, 2026, the Company's total Cost of sales of goods and rendering of services amounted to THB 68.52 million, a decrease of THB 23.12 million or 25.23% year-on-year. While this reduction was in line with the downward trend in revenue from sales and services, the cost decreased at a lower rate than the revenue decline. This disparity was primarily driven by rising production costs, particularly natural gas prices resulting from the geopolitical unrest in the Middle East. Furthermore, a significant contraction in purchase orders led to lower production volumes, which subsequently caused a Loss of Economies of Scale. Consequently, these adverse factors pressured the Gross Profit Margin for the first quarter of 2026 down to 23.66%, compared to 29.14% in the same period of the previous year.
- 2.2. Distribution costs for the first quarter ended March 31, 2026, totaling THB 4.64 million, representing a marginal decrease of THB 0.07 million or 1.49% year-on-year. This decrease was at a significantly lower rate than the decline in revenue, primarily due to an increase in fixed costs associated with the expansion of personnel in the sales and sales coordination teams. Additionally, there was an upward adjustment in Cash on Delivery (COD) service fees for online sales channels. Conversely, transportation expenses decreased in line with the decline in purchase orders and the overall slowdown in sales activities. Furthermore, travel expenses also saw a reduction as plans for international market surveys were postponed to the second quarter of the current year.
- 2.3. Administrative expenses for the first quarter ended March 31, 2026, amounted to THB 11.00 million, a decrease of THB 2.46 million or 18.28% compared to the same period of the previous year. This decline was primarily driven by the reduction in employee-related expenses, including salaries, benefits, and bonuses, in accordance with manpower management to align with the current situation. Additionally, travel expenses decreased significantly due to the absence of overseas study trips compared to the same period last year. The decrease also reflected lower administrative costs following the divestment of the subsidiary, KWHB Co., Ltd., in the third quarter of 2025.

3. Finance costs

Finance costs for the first quarter ended March 31, 2026, amounted to THB 0.77 million, representing a decrease of THB 0.59 million or 43.38% compared to the same period of the previous year. This reduction was primarily driven by improved inventory management efficiency and the optimization of raw material imports to align with prevailing market conditions. These factors led to a significant decrease in working capital requirements and short-term borrowings from financial institutions, directly resulting in lower interest expenses for the current period.

4. Net Profit

For the three-month period ended March 31, 2026, the Company and its subsidiaries reported a net profit of THB 4.36 million, representing a net profit margin of 4.86%. Net profit decreased by THB 12.56 million, or 74.23% year-on-year. This decline was primarily driven by the slowdown in operating revenue following the agricultural economic downturn, combined with a decrease in gross profit margin caused by rising production cost pressures. Furthermore, although the Company implemented measures to manage and reduce expenses, the rate of reduction was disproportionately lower than the significant decline in revenue. Consequently, these combined adverse factors directly impacted the Company's net profitability for this quarter.

5. Statement of financial positions

Items	31 Mar 2026	31 Dec 2025	Changes	
	Million Baht	Million Baht	Million Baht	%
Total Assets	642.99	634.47	8.52	1.34
Cash and cash equivalents	120.69	105.58	15.11	14.31
Trade and other account receivables	79.31	70.39	8.92	12.67
Inventories	211.67	222.79	(11.12)	(4.99)
Property, plant, and equipment	187.38	197.89	(10.51)	(5.31)
Right-of-use assets	33.47	25.94	7.53	29.03
Other non-current assets	7.44	8.53	(1.09)	(12.78)
Total Liabilities	103.43	99.26	4.17	4.20
Short-term borrowings from financial institutions	44.83	46.11	(1.28)	(2.78)
Trade and other account payables	20.48	21.46	(0.98)	(4.57)
Current portion of long-term borrowings	3.10	3.10	-	-
Current portion of lease liabilities	8.46	6.70	1.76	26.27
Long-term borrowings	4.63	5.41	(0.78)	(14.42)
Lease liabilities	16.89	12.18	4.71	38.67
Total shareholders' equity	539.57	535.21	4.36	0.81

As of March 31, 2026, the Company and its subsidiaries reported total assets of THB 642.99 million, representing an increase of THB 8.52 million compared to total assets as of December 31, 2025. This increase was primarily driven by the following significant movements:

Cash and cash equivalents increased by THB 15.11 million, or 14.31% from the balance as of December 31, 2025. This was the result of the Company and its subsidiaries generating net cash provided by operating activities of THB 36.71 million, while net cash used in investing activities was THB 0.50 million. Additionally, net cash used in financing activities totaled THB 21.10 million, which primarily consisted of THB 24.54 million in repayments of loans from financial institutions, partially offset by THB 7.17 million in cash proceeds from the sale and leaseback of machinery.

As of March 31, 2026, trade and other receivables amounted to THB 79.31 million, representing an increase of THB 8.92 million or 12.67% compared to the balance as of December 31, 2025. This increase was in line with the growth in revenue from sales and services in the first quarter of 2026 compared to the fourth quarter of 2025, which is consistent with the Company's operational trends and normal debt collection cycle.

As of March 31, 2026, the Company and its subsidiaries reported total inventories of THB 211.67 million, representing a decrease of THB 11.12 million compared to the balance as of December 31, 2025. This reduction was primarily driven by management's strategic efforts to optimize inventory levels to align with the slowdown in customer demand under current economic conditions. The Company has maintained strict and prudent control over production planning and raw material procurement to ensure that inventory levels at the end of the period remain appropriate and accurately reflect the prevailing industry situation.

As of March 31, 2026, the net book value of property, plant, and equipment amounted to THB 187.38 million, representing a decrease of THB 10.51 million or 5.31% compared to the balance as of December 31, 2025. This reduction was primarily attributable to the recognition of depreciation and amortization for the period, in accordance with the Group's established accounting policies.

The subsidiary's right-of-use assets amounted to THB 33.47 million, representing an increase of THB 7.53 million or 29.03%. This growth was mainly driven by a sale and leaseback transaction for a dozer blade punching machine executed during the first quarter of 2026. These transactions were strategically intended to enhance asset management efficiency and bolster the overall financial liquidity of the group.

As of March 31, 2026, the Company and its subsidiaries had total liabilities of THB 103.43 million, consisting of the following significant items:

Short-term borrowings from financial institutions as of March 31, 2026, amounted to THB 44.83 million, a decrease of THB 1.28 million from the end of 2025. This was due to a reduction in credit facility utilization for international raw material procurement to properly manage stock levels.

Trade and other payables as of March 31, 2026, were THB 20.48 million, decreasing from the end of 2025 by THB 0.98 million. The primary cause was the reduction in raw material purchases for the implement set to align with the slowing trend of product orders according to current industry conditions. However, the Company continued to face pressure from rising costs of certain raw materials, such as paint and thinner products, which increased following the volatility of cost prices in the global market.

Long-term borrowings as of March 31, 2026 (including the portion due within one year) totaled THB 7.73 million, an overall decrease of THB 0.78 million from the end of 2025, due to gradual loan repayments.

Lease liabilities as of March 31, 2026 (including the portion due within one year) had a total value of THB 25.35 million, an increase of THB 6.47 million from the end of 2025. This was mainly due to the recognition of additional liabilities from a sale and leaseback transaction for a dozer blade punching machine during the first quarter of 2026, which is consistent with the increase in right-of-use assets as stated in the assets section.

Shareholders' equity of the Company and its subsidiaries as of March 31, 2026, was THB 539.57 million, an increase of THB 4.36 million from the end of 2025. The increase resulted from the Company's operating profit for the first quarter of 2026.

Please be informed accordingly.

Yours sincerely

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Managing Director
K. W. Metal Work Public Company Limited