K. W. Metal Work Public Company Limited
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(Translation)

No. KWM 009/2569

August 13, 2026

Subject : Management Discussion and Analysis for 3-month period ended June 30, 2026.
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 June 30, 2026, with details as follows.

unit: million Baht

Items	Quarter 2/2026		Quarter 2/2025		Changes	
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods and rendering of services	83.89	100.00	118.00	100.00	(34.11)	(28.91)
Cost of sales of goods and rendering of services	65.30	77.84	86.36	73.19	(21.06)	(24.39)
Gross profit	18.59	22.16	31.64	26.81	(13.05)	(41.25)
Other income	0.59	0.70	0.39	0.33	0.20	51.28
Gain on exchange rate	0.07	0.08	0.30	0.25	(0.23)	(76.67)
Profit before expenses, finance cost and taxes	19.25	22.95	32.33	27.40	(13.08)	(40.46)
Distribution costs	5.35	6.38	4.44	3.76	0.91	20.50
Administrative expenses	11.73	13.98	13.64	11.56	(1.91)	(14.00)
Profit before finance cost and taxes	2.17	2.59	14.25	12.08	(12.08)	(84.77)
Finance Costs	(0.69)	(0.82)	(1.07)	(0.91)	0.38	(35.51)
Reversal of Impairment Loss (impairment loss)	0.16	0.19	0.54	0.46	(0.38)	(70.37)
Profit before income tax expenses	1.64	1.95	13.72	11.63	(12.08)	(88.05)
Income tax expense	0.11	0.13	1.70	1.44	(1.59)	(93.53)
Net profit	1.53	1.82	12.02	10.19	(10.49)	(87.27)

unit: million Baht

Items	6M/2026		6M/2025		Changes	
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods and rendering of services	173.65	100.00	247.33	100.00	(73.68)	(29.79)
Cost of sales of goods and rendering of services	133.82	77.06	178.00	71.97	(44.18)	(24.82)
Gross profit	39.83	22.94	69.33	28.03	(29.50)	(42.55)
Other income	0.94	0.54	1.61	0.65	(0.67)	(41.61)
Gain on exchange rate	0.09	0.05	0.21	0.08	(0.12)	(57.14)
Profit before expenses, finance cost and taxes	40.86	23.53	71.15	28.77	(30.29)	(42.57)
Distribution costs	9.99	5.75	9.15	3.70	0.84	9.18
Administrative expenses	22.73	13.09	27.09	10.95	(4.36)	(16.09)
Profit before finance cost and taxes	8.14	4.69	34.91	14.11	(26.77)	(76.68)
Finance Costs	(1.45)	(0.84)	(2.43)	(0.98)	0.98	(40.33)
Reversal of Impairment Loss (impairment loss)	0.25	0.14	0.50	0.20	(0.25)	(50.00)
Profit before income tax expenses	6.94	4.00	32.98	13.33	(26.04)	(78.96)
Income tax expense	1.05	0.60	4.04	1.63	(2.99)	(74.01)
Net profit	5.89	3.39	28.94	11.70	(23.05)	(79.65)

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

For the second quarter ended 30 June 2026, the Company and its subsidiaries recorded revenue from sales of goods and rendering of services of Baht 83.89 million, representing a decrease of Baht 34.11 million, or 28.91%, compared to the same period of the previous year. The decline was primarily attributable to lower sales across almost all major product categories, including plough implement sets, boron discs, and dozer blades. The principal factor was the significant slowdown in new tractor sales by the Company's business partners, as reflected in the number of newly registered tractors in Thailand, which declined by 30.72% to 9,686 units in Q2/2026 from 13,980 units in the corresponding period of the previous year.

The sharp decline in new tractor registrations reflects the continued weakness in purchasing power among Thai farmers. Farm income declined while major production costs, including fertilizers, agricultural chemicals, and energy, remained at relatively high levels. Consequently, farmers prioritized expenditures on essential farming inputs rather than investing in new agricultural machinery. In addition, rising household debt and an increase in non-performing loans (NPLs) prompted financial institutions to adopt stricter lending criteria for agricultural machinery financing. Combined with uncertainties surrounding weather conditions, these factors led many farmers to postpone investments in high-value machinery and instead focus on repairing existing equipment, utilizing custom hiring services, or purchasing second-hand machinery.

Despite the overall market contraction, certain product categories continued to perform positively. Sales of screw flights increased as customers built up inventory in preparation for the upcoming rice combine harvester season. In addition, sales of 65Mn discs continued to grow, supported by the Company's ongoing expansion of its customer base and continued penetration of the replacement market through dealer channels.

For the six-month period ended 30 June 2026, the Company and its subsidiaries recorded revenue from sales of goods and rendering of services of Baht 173.65 million, representing a decrease of Baht 73.68 million, or 29.79%, compared to the same period of the previous year. The decline reflected the continued slowdown from the first quarter, which further intensified during the second quarter. The most affected product categories remained OEM products, particularly plough implement sets, dozer blades, and boron discs.

The cumulative decline during the first half of 2026 was attributable to the continued challenges facing the agricultural sector. These included elevated production costs arising from ongoing geopolitical conflicts, concerns over drought conditions associated with the El Niño phenomenon, persistently high household debt, and tighter lending policies by financial institutions. Collectively, these factors discouraged farmers from incurring additional debt to invest in high-value agricultural machinery throughout the first half of the year.

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

2.1. For the second quarter ended 30 June 2026, the Company and its subsidiaries recorded cost of sales of goods and rendering of services of Baht 65.30 million, representing a decrease of Baht 21.06 million, or 24.39%, compared to the same period of the previous year. The decrease was generally in line with the decline in revenue from sales of goods and rendering of services. However, the reduction in cost of sales was proportionately smaller than the decline in revenue, as the Company experienced higher production costs per unit compared to the previous year.

The increase in unit production costs was primarily attributable to lower production volumes, which reduced the efficiency of fixed cost allocation and resulted in the under-absorption of manufacturing overhead. In addition, lower production volumes reduced economies of scale and the utilization efficiency of machinery and labor, as production facilities operated below their normal capacity.

For the six-month period ended 30 June 2026, cost of sales of goods and rendering of services amounted to Baht 133.82 million, representing a decrease of Baht 44.18 million, or 24.82%, compared to the same period of the previous year, in line with the decline in cumulative revenue from sales of goods and rendering of services.

Nevertheless, the average production cost per unit during the first half of 2026 remained at a relatively high level. The principal factor continued to be the decline in overall production volume from the first quarter, particularly for plough implement sets and dozer blades, which resulted in the continued under-absorption of manufacturing overhead throughout both quarters. Furthermore, during the first quarter, the Company was affected by higher natural gas costs, which increased the production cost of boron discs. Although the Company improved its energy management and operating efficiency during the second quarter, such improvements were not sufficient to offset the impact of lower overall production volumes.

2.2. For the second quarter ended 30 June 2026, the Company and its subsidiaries recorded distribution costs of Baht 5.35 million, representing an increase of Baht 0.91 million, or 20.50%, compared to the same period of the previous year. The increase was contrary to the decline in revenue from sales of goods and rendering of services and was primarily attributable to higher marketing and promotional expenses incurred from the Company's participation in the Agritechnica Asia exhibition held in May. In addition, the Company incurred higher customer hospitality expenses from hosting customers who continuously visited its manufacturing facilities during the quarter. Furthermore, the sales team traveled to Myanmar to conduct business activities and meet with customers, resulting in higher overseas travel expenses during the quarter.

For the six-month period ended 30 June 2026, distribution costs amounted to Baht 9.99 million, representing an increase of Baht 0 .84 million, or 9.18%, compared to the same period of the previous year. The slight increase was mainly attributable to the marketing activities undertaken during the second quarter, particularly the Company's participation in the Agritechnica Asia exhibition, whereas the Company did not participate in such exhibition during the corresponding period of the previous year.

2.3. For the second quarter ended 30 June 2026, the Company and its subsidiaries recorded administrative expenses of Baht 11.73 million, representing a decrease of Baht 1.91 million, or 14.00%, compared to the same period of the previous year. The decrease was primarily attributable to the Company's ongoing cost optimization measures, particularly lower employee-related expenses, including salaries, employee benefits, and bonuses, in line with the Company's current organizational structure and business conditions. In addition, administrative expenses declined following the disposal of the investment in a subsidiary (KWHB Co., Ltd.) during the third quarter of 2025, which eliminated the subsidiary's related administrative costs. However, the Company incurred certain one-off expenses during the quarter, including costs associated with the dismantling of the old paint spray room and higher cloud service expenses resulting from increased system usage.

For the six-month period ended 30 June 2026, administrative expenses amounted to Baht 22.73 million, representing a decrease of Baht 4.36 million, or 16.09%, compared to the same period of the previous year. The decrease was consistent with the second-quarter trend and was mainly attributable to the Company's continued implementation of personnel cost control measures since the first quarter, together with the reduction in administrative expenses following the disposal of the investment in the subsidiary. These factors helped offset certain non-recurring operating expenses incurred during the period.

3. Finance costs

For the second quarter ended 30 June 2026, the Company and its subsidiaries recorded finance costs of Baht 0.69 million, representing a decrease of Baht 0.38 million, or 35.51%, compared to the same period of the previous year.

For the six-month period ended 30 June 2026, finance costs amounted to Baht 1.45 million, representing a decrease of Baht 0.98 million, or 40.33%, compared to the corresponding period of the previous year.

The decrease in finance costs was primarily attributable to the Company's improved inventory management and the reduction in raw material imports in line with market demand. As a result, the Company's working capital requirements declined, leading to a significant reduction in the utilization of short-term borrowings from financial institutions and, consequently, lower interest expenses during the period.

4. Net Profit

For the three-month period ended 30 June 2026, the Company and its subsidiaries reported a net profit of Baht 1.53 million, representing a net profit margin of 1.82%. Net profit decreased by Baht 10.49 million, or 87.27%, compared to the same period of the previous year.

For the six-month period ended 30 June 2026, the Company and its subsidiaries reported a net profit of Baht 5.89 million, representing a net profit margin of 3.39%. Net profit decreased by Baht 23.05 million, or 79.65%, compared to the corresponding period of the previous year.

The decline in net profit was primarily attributable to lower operating revenue resulting from the slowdown in the agricultural sector, together with the decline in gross profit margin due to higher production costs. Although the Company was able to reduce administrative expenses and finance costs during the period, the reductions were insufficient to offset the significant decline in revenue. Consequently, these adverse factors had a direct impact on the Company's overall profitability during the period.

5. Statement of Financial Position

Items	30 June 2026	31 Dec 2025	Changes	
	Million Baht	Million Baht	Million Baht	%
Total Assets	617.59	634.47	(16.88)	(2.66)
Cash and cash equivalents	124.17	105.58	18.59	17.61
Trade and other current receivables	67.92	70.39	(2.47)	(3.51)
Inventories	200.01	222.79	(22.78)	(10.22)
Property, plant, and equipment	190.22	197.89	(7.67)	(3.88)
Right-of-use assets	31.49	25.94	5.55	21.40
Other non-current assets	0.89	8.53	(7.64)	(89.57)
Total Liabilities	91.50	99.26	(7.76)	(7.82)

Items	30 June 2026	31 Dec 2025	Changes	
	Million Baht	Million Baht	Million Baht	%
Short-term borrowings from financial institutions	39.59	46.11	(6.52)	(14.14)
Trade and other current payables	17.08	21.46	(4.38)	(20.41)
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	3.85	5.41	(1.56)	(28.84)
Lease liabilities	14.75	12.18	2.57	21.10
Total shareholders' equity	526.10	535.21	(9.11)	(1.70)

As of 30 June 2026, the Company and its subsidiaries reported total assets of Baht 617.59 million, representing a decrease of Baht 16.88 million compared to the balance as of 31 December 2025. The change was mainly attributable to the following significant items:

Cash and cash equivalents amounted to Baht 124.17 million as of 30 June 2026, representing an increase of Baht 18.59 million, or 17.61%, compared to the balance as of 31 December 2025. The increase was primarily attributable to net cash generated from operating activities of Baht 85.62 million during the six-month period. This was partially offset by net cash used in investing activities of Baht 1.37 million and net cash used in financing activities of Baht 65.66 million.

Cash outflows from financing activities mainly comprised repayments of short-term borrowings from financial institutions totaling Baht 50.48 million, repayments of long-term borrowings of Baht 1.56 million, and dividend payments of Baht 14.99 million. These cash outflows were partially offset by cash proceeds of Baht 7.17 million received from the sale and leaseback of machinery.

Trade and other current receivables amounted to Baht 67.92 million as of 30 June 2026, representing a decrease of Baht 2.47 million, or 3.51%, compared to the balance as of 31 December 2025. The decrease was in line with the lower revenue from sales of goods and rendering of services recorded during the second quarter of 2026 compared to the fourth quarter of 2025 and was consistent with the Company's normal credit terms and collection cycle.

Inventories amounted to Baht 200.01 million as of 30 June 2026, representing a decrease of Baht 22.78 million compared to the balance as of 31 December 2025. The decrease was mainly attributable to the Company's prudent inventory management in response to weaker customer demand. Production and raw material purchases were carefully controlled to align with market conditions, resulting in a reduction in inventory to an appropriate level as of the reporting date.

Property, plant and equipment amounted to Baht 190.22 million as of 30 June 2026, representing a decrease of Baht 7.67 million, or 3.88%, compared to the balance as of 31 December 2025. The decrease was mainly attributable to depreciation charges recognized during the period in accordance with the Group's accounting policies.

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Right-of-use assets amounted to Baht 31.49 million as of 30 June 2026, representing an increase of Baht 5.55 million, or 21.40%, compared to the balance as of 31 December 2025. The increase was mainly attributable to additional sale and leaseback transactions involving dozer blade drilling machines entered into during 2026. These transactions were undertaken to improve asset utilization and enhance the Group's financial liquidity

As of 30 June 2026, the Company and its subsidiaries reported total liabilities of Baht 91.50 million. The significant changes are summarized as follows:

Short-term borrowings from financial institutions amounted to Baht 39.59 million as of 30 June 2026, representing a decrease of Baht 6.52 million compared to the balance as of 31 December 2025. The decrease was mainly attributable to lower utilization of short-term credit facilities following the reduction in imported raw material purchases, as the Company prudently managed inventory levels in line with market demand.

Trade and other current payables amounted to Baht 17.08 million as of 30 June 2026, representing a decrease of Baht 4.38 million compared to the balance as of 31 December 2025. The decrease was primarily attributable to lower purchases of raw materials for plough implement products, in line with the slowdown in customer orders and prevailing market conditions.

Long-term borrowings, including the current portion due within one year, amounted to Baht 6.95 million as of 30 June 2026, representing a decrease of Baht 1.56 million compared to the balance as of 31 December 2025. The decrease resulted from the scheduled repayment of borrowings during the period.

Lease liabilities, including the current portion due within one year, amounted to Baht 23.21 million as of 30 June 2026, representing an increase of Baht 4.33 million compared to the balance as of 31 December 2025. The increase was primarily attributable to the recognition of additional lease liabilities arising from the sale and leaseback transaction involving dozer blade drilling machines entered into during 2026.

As of 30 June 2026, total shareholders' equity of the Company and its subsidiaries amounted to Baht 526.10 million, representing a decrease of Baht 9.11 million compared to the balance as of 31 December 2025. The change was primarily attributable to the net profit of Baht 5.89 million recognized during the period, offset by dividend payments totaling Baht 14.99 million made in May 2026.

Please be informed accordingly.

Yours sincerely

Miss Benyada Surathanmetha
Managing Director
K. W. Metal Work Public Company Limited