



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 011/2564

May 12th, 2021

Subject : Management Discussion and Analysis for the 3-month period ended March 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 3-month period ended March 31, 2021 with details as follow;

unit: million baht

Items	Q1/2020		Q1/2021		Changes	
	Amount	%	Amount	%	Amount	%
Revenue from sales of goods	75.19	100.00	153.63	100.00	78.44	104.32
Cost of sales of goods	58.49	77.79	114.98	74.84	56.49	96.58
Gross profit	16.70	22.21	38.65	25.16	21.95	131.44
Other income	0.73	0.97	0.70	0.46	(0.03)	(4.11)
Gain on exchange rate	0.08	0.11	0.04	0.03	(0.04)	(50.00)
Profit before expenses, finance cost and taxes	17.51	23.29	39.39	25.64	21.88	124.96
Distribution costs	2.29	3.05	3.23	2.10	0.94	41.05
Administrative expenses	9.32	12.40	7.87	5.12	(1.45)	(15.56)
Profit before finance cost and taxes	5.90	7.85	28.29	18.41	22.39	379.49
Finance Cost	0.71	0.94	0.69	0.45	(0.02)	(2.82)
Profit before income tax expenses	5.19	6.90	27.60	17.97	22.41	431.79
Income tax expense	0.25	0.33	2.56	1.67	2.31	924.00
Net profit	4.94	6.57	25.04	16.30	20.10	406.88

1. Revenue from sales of goods

For the Quarter1/2021 the Company and its subsidiary's revenue from sales of goods was in the amount of 153.63 million baht, increased by 78.44 million baht or 104.32% of the same period of sales in 2020. The number of sales figures of all the Company's products increased dramatically with more than 70% in this quarter



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especially Disc that increased by 112.36% and Screw flight increased by 111.66%. This was due to the fact that agricultural GDP grew 1.4% in Quarter 1/2021 while it was a contraction of 4.8% in Quarter 1/2020. In this quarter, crops GDP blossomed by 3.6% year on year. The factors behind this are the increasing rainfall in the second half of 2020 and higher in usable water level in reservoirs, which has boosted agricultural output, and the rising prices of several agricultural products that attracted more farmers to expand crop production. Furthermore, the government's support policies which include aid 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 quarter.

2. Cost of sales of goods and Expenses

- 2.1. Cost of sales of goods for the 3-month period ended March 31, 2021 increased from the same period of last year around 96.58% or in the amount of 56.49 million baht, which in line with a rise of sales. When considered to the gross profit margin, this Q1/2021's gross profit margin has a better performance with 25.16% while in Q1/2020 was at 22.21%. Even though steel price has been continuously increased since late of 2020 which effect on the Company's cost of direct materials but since 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. Thus, gross profit margin was improved in this quarter.
- 2.2. Distribution costs for 3-month period ended March 31, 2021 increased from the same period of last year by 41.05% or in the amount of 0.94 million baht which in accordance with a rise in sales.
- 2.3. Administration expenses for the 3-month period ended March 31, 2021 had a slight drop with the amount of 1.45 million baht or 15.56% when compares to the administration expenses in Quarter1/2020. Main reason came from an increase in utilization rate of Factory 2 that resulted to less depreciation expense recognized as administrative expense.

3. Finance costs

Finance cost for the 3-month period ended March 31, 2021 was 0.69 million baht decreased by 0.02 million baht or 2.82% when compare to same period of last year.

4. Net Profit

For the 3-month period ended March 31, 2021 the Company financial statement represents net profit in the amount of 25.04 million baht or considered as net profit margin of 16.30, increased from last year by 20.10



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million baht or 406.88% of the same period of last year. A skyrocket in net profit was from a rise in sales, lower in cost of production and less in administrative expenses in this period.

5. Statement of financial positions

Items	31 Dec 2020	31 Mar 2021	Changes	
	Million baht	Million baht	Million baht	%
Total Assets	475.94	528.57	52.63	11.06
Cash and cash equivalents	111.20	104.05	(7.15)	(6.43)
Trade and other account receivables	80.96	122.83	41.87	51.72
Inventories	117.93	128.83	10.90	9.24
Property, plant, and equipment	147.64	149.66	2.02	1.37
Right-of-use assets	13.56	12.88	(0.68)	(5.01)
Other non-current assets	2.60	8.29	5.69	218.85
Total Liabilities	112.00	139.59	27.59	24.63
Short-term borrowings from financial institutions	76.55	92.17	15.62	20.40
Trade and other account payables	22.39	34.64	12.25	54.71
Current portion of lease liabilities	3.48	3.06	(0.42)	(12.07)
Lease liabilities	2.13	1.47	(0.66)	(30.99)
Total shareholders' equity	363.93	388.98	25.05	6.88

As of March 31, 2021, the Company and its subsidiary's total assets was in the amount of 528.57 million baht, increased by 52.63 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 decreased by 7.15 million baht or 6.43% from December 31, 2020. The Company and its subsidiary had cash used in operating activities amounting to 7.78 million baht and cash used in investing activities amounting to 11.22 million baht. Moreover, cash provided by financing activities amounting to 11.85 million baht. Due to the fact that, the Company stocked up more of raw materials in Quarter 1/2021 that resulted to a rise in inventories and short-term borrowings from financial institutions which led to less in cash flows from operating activities and higher in net cash provided by financing activities.



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Trade and other account receivables as of March 31, 2021 was in the amount of 122.83 million baht increased by 41.87 million baht or 51.72% when compares to the trade and other account receivables as of December 31, 2020, which in line with the growth of sales in this period.

Inventories as of March 31, 2021 was in the amount of 128.83 million baht increased by 10.90 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 metarials.

Other non-current assets as of March 31, 2021 was in the amout of 8.29 million baht increased by 5.69 million baht or 218.85% from the deposit of acquiring new Land that located in Eastern Seaboard Industrial Estate for establish production line of CO2 Extraction Machine.

As of March 31, 2021, the Company and its subsidiary had a rise in short-term borrowing from financial institutions in the amount of 15.62 million baht or 20.40% 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 March 31, 2021 was in the amount of 34.64 million baht, increased from last year in the amount of 12.25 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.

Total shareholder's equity of the Company and its subsidiary as of March 31, 2021 was in the amount of 388.98 million baht, increased by 25.05 million baht or 6.88%. The change came from an increase in net profit from the Company's performance of Quarter 1/2021.

Please be informed accordingly

Yours sincerely

Miss Tiyaophon Vanagosoom

Managing Director

K. W. Metal Work Public Company Limited