

May 29, 2025

Subject Management Discussion and Analysis for the year ended 31st March 2025

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 year ended 31st March 2025 of the Company and its subsidiaries as details below:

(Unit: Baht millions)

Consolidated financial statement	For the year ended 31 st March			
	Apr 2024 - Mar 2025	Apr 2023 - Mar 2024	Change	% Change
Revenue from sales & service	2,690.38	2,631.62	58.76	2.2%
Other income	27.85	25.65	2.20	8.6%
Total revenue	2,718.23	2,657.27	60.96	2.3%
Cost of goods sold & service	2,361.17	2,341.31	19.86	0.8%
Selling & distribution expenses	52.38	52.59	-0.21	-0.4%
Administrative expenses	115.66	111.09	4.57	4.1%
Total expenses	2,529.21	2,504.99	24.22	1.0%
Earning before interest and tax	189.02	152.28	36.74	24.1%
Finance cost	-3.68	-3.56	-0.12	3.4%
Share of profit from investment in associate	2.21	2.46	-0.25	-10.2%
Income tax expenses	-37.55	-31.03	-6.52	21.0%
Net profit	150.00	120.15	29.85	24.8%
Minority interest in subsidiary	-44.19	-41.14	-3.05	7.4%
Net profit of the Company	105.81	79.01	26.80	33.9%

1. Operating Performance

For the year ended 31st March 2025 the Company and its subsidiaries had net profit of Baht 105.81 million or increased by 26.80 million or 33.9 percent from previous year while total sales increased and net profit increased when compared to the operating results of the same previous year with the net profit of Baht 79.01 million. It comes from the direction of the market price that has been continuously decreasing and has begun to stabilize, causing the average cost of raw materials to decrease to an appropriate level, resulting in a higher profit margin and stability throughout the year. In addition, the economic situation abroad and the policy interest rate are stable in 2024 and the policy interest rate has been reduced in the first quarter of 2025, but it has not yet stimulated the overall economy. However, the export volume in the electrical appliance and tourism groups remains stable, but the high level of household debt in the country has affected the approval of commercial vehicle loans, causing the production and sales volume of automobiles in this group of countries to continuously and significantly decrease.

The profit before interest and tax increased by Baht 36.74 million whereas corporate tax increased by 6.52 million. This was due to the company and a subsidiary's operating profit increased. The financial cost increased by 0.12 million baht, while the net profit of the subsidiary's minority shareholders increased by 3.05 million baht in the current year.

1.1 Revenue

For the year ended 31st March 2025, the Company and its subsidiaries had revenue from sales and service of Baht 2,690.38 million compared with Baht 2,631.62 million in the same period of the previous year, which increased by 2.2 percent. While the increased selling weight in the Stainless Steel groups ,Aluminum and Galvanized Steel, together with the average selling price of all main product groups, has continuously decreased in line with the condition of metal commodity prices, which have decreased in the current fiscal year due to the situation of sufficient production capacity in the region to support demand, but purchasing power has continuously decreased both domestically and for foreign exports, but in the automotive exhaust pipe group, it has decreased. The impact from the commercial lending situation still has no relaxation policy.

The majority sales of Company comprised of metal like stainless steel and non-ferrous metal like copper and aluminum whereas sales of a new subsidiary company mostly came from Stainless Copper and Aluminum as the main product groups among various industries, mainly in particular for automotive, electrical appliance and construction.

1.2 Other income

Other income consists of interest income, gain from asset sales and revenue from scrap sales. For the year ended 31st March 2025, the Company and its subsidiaries had other income of Baht 27.85 million or increased by 8.6 percent.

The significant other income is income from scrap sales which are 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 disposal of unused machines and equipment to record as the other income.

1.3 Cost of goods sold & service

Majority of cost of goods sold are cost of raw material are cold rolled stainless steel sheet, coil and pipes which the Company and its subsidiaries process. For the year ended 31st March 2025, the Company and its subsidiaries had cost of goods sold of Baht 2,361.17 million, or accounting for 86.86 percent of the total revenue in comparing with Baht 2,341.31million, or accounting for 88.11 percent of total revenue of previous year. Cost of goods sold decreased by 1.25 percent whereas sales & service increased by 2.2 percent.

1.4 Selling & distribution expenses

Selling & distribution expenses mostly consist of sale staff expenses, transportation expenses and promotional expenses. For the year ended 31st March 2025, the Company and its subsidiaries had selling expenses of Baht 52.38 million, compared with selling expenses of Baht 52.59 million in the same period the previous year, which decreased by 0.4 percent. Most of these expenses are staff expenses and delivery costs.

For the period of year ended 31st March 2025, the selling & distribution expenses were 1.95 percent, equalled when comparing to 2.00 percent of revenue from sales and service in the same period 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 year ended 31st March 2025, the Company and its subsidiaries had administrative expenses of Baht 115.66 million, compared with administrative expenses of Baht 111.09

million in the previous year which increased by 4.1 percent. The major expenses are mainly in area of personnel costs and other administrative expenses.

For the year ended 31st March 2025, the administrative expenses was 4.3 percent of total revenue, A bit increased in compared with administrative expenses of 4.2 percent of total revenue in the same period of the previous year.

1.6 Earning (loss) before interest and tax and Net Profit (loss)

For the year ended 31st March 2025, the Company and its subsidiaries had profit before interest and tax of Baht 189.02 million. After deducting the finance cost of Baht 3.68 million, income tax of Baht 37.55 million, net profit sharing to minority shareholders of subsidiary of Baht 44.19 million and adding the profit sharing from investment in related of Baht 2.21 million, the net profit of the Company and its subsidiaries stood at Baht 105.81 million, the net profit of Baht 150.00 million. When comparing to the profit before interest and tax and the net profit of the same period of the previous year which stood at Baht 152.28 million and Baht 120.15 million respectively, the net profit of the present year increased by 24.8 percent.

1.7 Share of income from investment in associate

In April 2009, the Company invested in the ordinary shares of Mory Lohakit (Thailand) Co., Ltd. by holding 49 percent of total shares. As for the accounting year ended 31st March 2025 and 2024, the company and its subsidiary recognized share of profit by equity method of Baht 2.21 million and Baht 2.46 million respectively.

1.8 Income tax expense

For the year ended 31st March 2025, the Company and its subsidiaries had corporate tax of Baht 37.55 million or increased by 21.0 percent. This was due to the company and a subsidiary's had net profit increased.

1.9 Profit sharing to minority shareholders of subsidiary company

On Oct 1 2010, the company sold partial investment in a subsidiary company to Japanese alliance, Mory Industrial Inc., As of 31st March 2025, the Company and its subsidiaries recognized profit sharing to minority shareholders according to the percentage of its shareholding in full year which was amount of Baht 44.19 million, increased from amount by Baht 41.14 million of previous year by 7.4 percent. The lower profit share was due to increased net profit of the subsidiary, a manufacturer of exhaust pipe in the automotive industry.

1.10 Profitability

For the year ended 31st March 2025, the Company and its subsidiaries had higher gross profit margin of 12.24 percent compared with gross profit margin of 11.03 percent in the same period the previous year. The main reason is that the Company and its subsidiaries' sales increased in the stainless steel, copper, aluminum and gross profit increased due to a slight decrease in average raw material costs, with the automotive exhaust pipe group having a gross profit increase compared to the proportion of total sales that increased.

For the year ended 31st March 2025, the Company and its subsidiaries had net profit margin of 3.89 percent decreased in compared with net profit of 2.97 percent in the same period of the previous year.

(Unit: Baht million)

Consolidated balance sheets	As at 31st Mar 2025		As at 31st Mar 2024	
	Amount	%	Amount	%
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	361.44	17.16%	416.26	20.85%
Account receivable, trade and others	576.65	27.38%	503.18	25.21%
Inventories	640.53	30.41%	518.52	25.98%
Other Current Financial Assets	-	-	14.64	0.73%
Other current assets	6.55	0.31%	3.50	0.18%
Total current assets	1,585.17	75.26%	1,456.10	72.95%
<u>Non-current assets</u>				
Restricted bank deposits	46.18	2.19%	46.18	2.31%
Investment in associate	10.23	0.49%	8.02	0.40%
Non-Current Financial Assets (Long-term investment)	2.56	0.12%	2.59	0.13%
Property, plant and equipment	437.41	20.77%	459.67	23.03%
	8.30			
Intangible assets		0.39%	7.01	0.35%
Deferred tax assets	12.79	0.61%	12.94	0.65%
Other non-current assets	3.56	0.17%	3.52	0.18%
Total non-current assets	521.03	24.74%	539.93	27.05%
TOTAL ASSETS	2,106.20	100.00%	1,996.03	100.00%
<u>LIABILITIES</u>				
<u>Current liabilities</u>				
Short term loans from banks	80.09	3.80%	44.83	2.25%
Account payables, trade and others	431.26	20.48%	382.75	19.18%
Lease payable due within one year	1.91	0.09%	3.63	0.18%
Income tax payable	19.93	0.95%	14.10	0.71%
Other current liabilities	7.30	0.35%	8.12	0.41%
Total current liabilities	540.49	25.67%	453.43	22.73%
<u>Non-current liabilities</u>				
Lease Payable	1.26	0.06%	2.47	0.12%
Provision for long-term employee benefits	34.00	1.61%	31.82	1.59%
Other non-current liabilities	-	-	0.02	-
Total non-current liabilities	35.26	1.67%	34.31	1.71%
TOTAL LIABILITIES	575.75	27.34%	487.74	24.44%
<u>SHAREHOLDERS' EQUITY</u>				
Shareholder equity				
Registered capital	383.00		383.00	
Issued and Paid up capital	383.00	18.18%	383.00	19.19%
Premium on stock	519.67	24.67%	519.67	26.03%
Retained earnings				
Legal reserve	38.30	1.82%	38.30	1.92%
Un-appropriated	430.68	20.45%	423.34	20.69%
Non-controlling interest of the subsidiary	158.80	7.54%	154.34	7.79%
Total shareholders' equity	1,530.45	72.66%	1,508.29	75.56%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,106.20	100.00%	1,996.03	100.00%

2. Financial Status

2.1 Assets

As for the assets value as at and 31st March 2025 and 31st March 2024, the Company and its subsidiaries had total assets of Baht 2,106.20 million and Baht 1,966.03 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 March 2025 and 31st March 2024 the Company and its subsidiaries had net inventories of Baht 640.53 million (or 30.41 percent of total assets) and Baht 518.52 million (or 25.98 percent of total assets) respectively.

2.1.2 Trade account receivables – other parties: As at and 31st March 2025 and 31st March 2024, the Company and its subsidiaries had Trade account receivables, net – other parties of Baht 576.65 million (or 27.38 percent of total assets) and Baht 503.18 million (or 25.21 percent of total assets) respectively.

2.1.3 Other Current Financial Assets: As at and 31st March 2025 (There is no remaining investment amount) and 31st March 2024 the Company and its subsidiaries had short term investment of Baht 14.64 million (or 0.73 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 March 2025 and 31st March 2024, the Company and its subsidiaries had Land, plant and equipment – net of Baht 437.41 million (or 20.77 percent of total assets) and Baht 459.67 million (or 23.03 percent of total assets) respectively.

2.1.5 Restricted bank deposit: As at and 31st March 2025 and 31st March 2024, the Company and its subsidiaries had net value of Baht 46.18 million (or 2.19 percent of total assets and 2.31 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 March 2025 and 31st March 2024, the Company and its subsidiaries had net value of Baht 12.79 million and Baht 12.94 million respectively (0.61 percent and 0.65 percent of total assets respectively).

2.2 Liabilities

The total liabilities of the Company and its subsidiaries as at and 31st March 2025 and 31st March 2024 stood at Baht 540.49 million and Baht 453.43 million respectively. The current and total liabilities increased net due to the purchase of goods was increased to ensure short-term market expansion.

2.2 Shareholders' equity

As at and 31st March 2025 and 31st March 2024, shareholders' equity was Baht 1,530.45 million and Baht 1,508.29 million or increased by Baht 22.16 million. The major changes were the net profit amounting to Baht 150.09 million and dividend payment of Baht 127.93 million. Therefore, existing portions of company shareholding interest and non-controlling interest of subsidiary stood at Baht 1,371.65 million and Baht 158.80 million respectively.

Debt to Equity ratio as at and 31st March 2025 and 31st March 2024 were 0.38 and 0.32 times respectively.

(Unit: Baht million)

Consolidated cash flows statement	As at 31st Mar 2025	As at 31st Mar 2024
Net cash from (used in) operating activities	46.39	352.10
Net cash used in investing activities	-4.22	-11.68
Net cash from (used in) financing activities	-96.62	-163.93
Effect of exchange rate to cash and cash equivalent	-0.26	0.16
Net increase (decrease) in cash	-54.82	176.65

3. Cash flows

For the year ended 2025 and 2024, the Company and its subsidiaries generated net increase in cash from operating activities of Baht 46.39 million, consisting of baht 194.79 million positively from operating performance and net negative in working capital of Baht -148.40 million. The net positive cash flow in working capital came from trade account receivables, trade account payable and inventories that increase rapidly in the short term to be sufficient to support customer orders.

Net cash flow from investing activities was amount to -4.33 million baht. Most of which are net investments current receipt of Baht 14.41 million and payment of Vehicle, equipment and software computer of Baht -21.89 million, including Other-Income received of Baht 3.15 million.

The financing part was net Baht -96.62 million with receipt of short term loan of Baht 35.26 million and settled lease liabilities net of Baht -3.94 million and payment of dividend by Baht -127.93 million.

In total, net cash for the period was decreased by Baht -54.82 million.

Sincerely yours,

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