

Feb 13, 2025

Subject Management Discussion and Analysis for the periods of three months and nine months ended 31st December 2024

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 2024 of the Company and its subsidiaries as details below:

(Unit: Baht millions)

Consolidated financial statement	For three months ended 31 st December				For nine months ended 31 st December			
	Oct -Dec 2024	Oct -Dec 2023	Change	% Change	Apr - Dec 2024	Apr - Dec 2023	Change	% Change
Revenue from sales & service	640.81	651.65	-10.84	-1.7%	1,989.18	1,970.93	18.25	0.9%
Other income	9.08	8.46	0.62	7.3%	21.40	21.27	0.13	0.6%
Total revenue	649.89	660.11	-10.22	-1.5%	2,010.58	1,992.20	18.38	0.9%
Cost of goods sold & service	560.48	579.90	-19.42	-3.3%	1,747.17	1,762.98	-15.81	-0.9%
Selling expenses	13.00	13.64	-0.64	-4.7%	38.45	40.66	-2.21	-5.4%
Administrative expenses	28.69	26.49	2.20	8.3%	85.43	81.81	3.62	4.4%
Total expenses	602.17	620.03	-17.86	-2.9%	1,871.05	1,885.45	-14.40	-0.8%
Earning before interest and tax	47.72	40.08	7.64	19.1%	139.53	106.75	32.78	30.7%
Financial expenses	-0.99	-1.04	0.05	-4.8%	-2.79	-2.83	0.04	-1.4%
Share of income from investment in associate	0.59	0.61	-0.02	-3.3%	1.69	1.87	-0.18	-9.6%
Corporate Income tax expenses	-9.62	-8.73	-0.89	-10.2%	-27.74	-21.88	-5.86	26.8%
Net profit for the period	37.70	30.92	6.78	21.9%	110.69	83.91	26.78	31.9%
Profit Sharing for non-controlling interest of a subsidiary company	-12.15	-9.53	-2.62	27.5%	-32.76	-30.47	-2.29	7.5%
Net profit for the company and its subsidiaries	25.55	21.39	4.16	19.4%	77.93	53.44	24.49	45.8%

1. Operating Performance

For the period of three months ended 31st December 2024, the net profit for the company and its subsidiaries was at Baht 25.55 million, Increased by baht 4.16 million or 19.4 percent, despite the increase in operating results in the three-month period, due to the market price tends to continue to decline and have begun to stabilize, causing the average cost of raw materials to decrease to an appropriate level, resulting in a higher profit margin in this quarter. In addition, the economic situation abroad has begun to recover and the policy interest rate has stabilized, causing exports in the electrical appliance and tourism groups to recover. However, due to the high level of household debt in the country, it has affected the approval of commercial vehicle loans, causing the production and sales of automobiles in this group of countries to continuing adjust down significantly.

For nine months ended 31st December 2024, the Company and its subsidiaries reported operating profit of Baht 110.69 million, the increasing of 31.9 percent and net profit for the company and its subsidiaries was at Baht 77.93 million or increased by 45.8 percent while compared to the same period of last year which the net profit was Baht 53.44 million. The increased net profit for nine months was due to a reasonable decrease in average raw material costs and increased sales.

1.1 Revenue

For the period of three months ended 31st December 2024, the Company and its subsidiaries had revenue from sales and service of Baht 640.81 million compared with Baht 651.65 million in the same period of the previous year, which slightly decreased by 1.7 percent. This is because the automotive industry has not yet recovered, resulting in the sales weight of automotive exhaust pipes continuing to decline, while the sales weight increased in the aluminum, galvanized steel, and stainless steel groups, consisted with the average selling price of all main product groups continuously decreasing in line with the price of metal commodities, which decreased in the current fiscal year due to the situation of sufficient production capacity in the region to support demand, but purchasing power continuously shrinking both domestically and internationally.

For nine months of year ended 31st December 2024, the Company and its subsidiaries had revenue from sales and service of Baht 1,989.18 million compared with Baht 1,970.93 million in the same period of the previous year or a bit increasing by 0.9 percent. This was mainly due to the volume of sales increased in the first half of year, while the selling price of the category of aluminum, copper, galvanized steel and stainless steel in every group, but in the volume of automotive exhaust pipe category decreased due to the impact of the commercial lending situation, including the stable purchasing power situation in both domestic and international markets.

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

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 2024, the Company and its subsidiaries had other income of Baht 9.08 million and 21.40 million baht respectively, which increased by 7.3 percent and by 0.6 percent from the same periods of previous year respectively. 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 2024, the Company and its subsidiaries had cost of goods sold of Baht 560.48 million, or stood at 87.24 percent of the total revenue, decrease in comparing with Baht 579.90 million, or stood at 87.85 percent of total revenue of previous year. However, cost of goods sold for the period of three months ended 31st December 2024 decreased by 1.6 percent while sales & service total decreasing by 1.7 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 2024, the Company and its subsidiaries had cost of goods sold of Baht 1,747.17 million, or stood at 86.90 percent of the total revenue in comparing with Baht 1,762.98 million, or stood at 88.49 percent of total revenue of previous year and decreased by 1.6 percent when compared same period of previous year.

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 2024, the Company and its subsidiaries had selling expenses of Baht 13.00 million and 38.45 million, compared with selling expenses of Baht 13.64 million and 40.66 million in the same periods of the previous year, or decreased by 4.7 percent for three months period and decreased by 5.4 percent for the nine months period respectively. The decrease of selling expense were due to better management control, as mainly in area of logistic, sales executive and marketing expenses even though the proportion of income increased.

For the period of three months and nine months ended 31st December 2024, the selling expenses were 2.03 percent and 1.93 percent of total sales and service respectively, a bit decreased when comparing with 2.09 percent and 2.06 percent in the same periods of previous year, consistent with declining sales.

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 2024, the Company and its subsidiaries had administrative expenses of Baht 28.69 million and 85.43 million, compared with administrative expenses of Baht 26.49 million and 81.81 million in the same period of the previous year which increased by 8.3 percent and slightly increase by 4.4 percent respectively. The major expenses are mainly in area of personnel costs due to salary normally year by year and other administrative expenses.

For the period of three months and nine months ended 31st December 2024, the administrative expenses were 4.41 percent and 4.25 percent of total revenues respectively, compared with 4.01 percent and 4.11 percent in the same periods of previous year.

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 2024, the company and its subsidiaries recognized share of income, by using equity method, of Baht 0.59 million and 1.69 million in consolidated income statements or decreased by 3.3 percent in current quarter and by 9.6 percent for the period of nine months respectively.

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

For the periods of three months and nine months ended 31st December 2024, the Company and its subsidiaries had earnings before interest and tax of Baht 47.72 million and Baht 139.53 million respectively. After deducting the financial costs of Baht -0.99 million and Baht -2.79 million, adding the share of income from investment of Baht 0.59 million and Baht 1.69 million, deducting the corporate income tax of Baht -9.62 million and Baht -27.74 million, the net profit of the Company and its subsidiaries were at Baht 37.70 million and Baht 110.69 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 increased by 21.9 percent and by 19.4 percent respectively, whereas the earnings before interest and tax and net profit for nine months were both increased by 31.9 percent and 45.8 percent respectively.

In addition to the periods of three months and nine months ended 31st December 2024, the company and its subsidiaries had profit sharing to minority interest in a subsidiary for the amount of Baht -12.15 million and -32.76 million respectively. As a result, the net profit

for the company and its subsidiary were amount of Baht 25.55 million and 77.93 million respectively.

1.8 Corporate income tax

For the periods of three months and nine months of year ended 31st December 2024, the Company and its subsidiaries recognized corporate tax expenses by Baht 9.62 million and 27.74 million, increased in current quarter compare with by Baht 8.73 million and by Baht 21.88 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 12.15 million and 32.76 million for the periods of three months and nine months ended 31st December 2024.

1.10 Profitability

For the period of three months ended 31st December 2024, the Company and its subsidiaries had gross profit margin of 12.54 percent, compared with gross profit margin of 11.01 percent in the same period of the previous year. This was mainly increased due to decline average cost of raw materials of the metal or non-metal products, but the combat strategy to push sales in the market resulted in higher sales weight from the previous period, even though the average market price decreased resulting in an increase in overall sales.

For nine months ended 31st December 2024, the Company and its subsidiaries had gross profit margin of 12.17 percent compared with gross profit margin of 10.55 percent in the same period the previous year. The gross profit margin increased by Baht 34.06 million. This was mainly due to an increase in gross profit margin in all product categories even though the average selling price of metal or non-metal products decreased in line with world market prices. However, the average cost of raw materials decreased continuously decreasing over the past nine months, resulting in an increased gross profit margin with wider gross profit margin when compared to the same quarter of the previous year.

(Unit: Baht million)

Consolidated balance sheets	As at 31st Dec 2024		As at 31st Mar 2024	
	Amount	%	Amount	%
Assets				
Current Assets				
Cash and cash equivalents	331.59	16.36%	416.26	20.85%
Financial Assets (Short-term investment)	-	-	14.64	0.73%
Account receivable, trade and others	542.55	26.76%	503.18	25.21%
Inventories	624.21	30.79%	518.52	25.98%
Other current assets	4.28	0.21%	3.50	0.18%
Total current assets	1,502.63	74.12%	1,456.10	72.95%
Non-current assets				
Restricted bank deposits	46.18	2.28%	46.18	2.31%
Investment in associate	9.71	0.48%	8.02	0.40%
Non-Current Financial Assets (Long-term investment)	2.64	0.13%	2.59	0.13%
Property, plant and equipment	441.93	21.80%	459.67	23.03%
Intangible assets	7.98	0.39%	7.01	0.35%
Deferred tax assets	12.65	0.62%	12.94	0.65%
Other non-current assets	3.57	0.18%	3.52	0.18%
Total non-current assets	524.66	25.88%	539.93	27.05%
TOTAL ASSETS	2,027.29	100.00%	1,996.03	100.00%
LIABILITIES				
Current liabilities				
Short term loans from banks	76.05	3.75%	44.83	2.25%
Account payables, trade and others	402.63	19.86%	382.75	19.18%
Lease payable due within one year	2.75	0.14%	3.63	0.18%
Income tax payable	10.13	0.50%	14.10	0.71%
Other current liabilities	9.61	0.47%	8.12	0.41%
Total current liabilities	501.17	24.72%	453.43	22.73%
Non-current liabilities				
Lease payable	1.38	0.07%	2.47	0.12%
Provision for long-term employee benefits	33.68	1.66%	31.82	1.59%
Other non-current liabilities	0.01	-	0.02	-
Total non-current liabilities	35.07	1.73%	34.31	1.71%
TOTAL LIABILITIES	536.24	26.45%	487.74	24.44%
SHAREHOLDERS' EQUITY				
Shareholder equity				
Registered capital	383.00		383.00	
Issued and Paid up capital	383.00	18.89%	383.00	19.19%
Premium on stock	519.67	25.64%	519.67	26.03%
Retained earnings				
Legal reserve	38.30	1.89%	38.30	1.92%
Un-appropriated	402.81	19.87%	412.98	20.69%
Non-controlling interest of the subsidiary	147.27	7.26%	154.34	7.73%
Total shareholders' equity	1,491.05	73.55%	1,508.29	75.56%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,027.29	100.00%	1,996.03	100.00%

2. Financial Status

2.1 Assets

As for the assets value as at and 31st December 2024 and 31st March 2024, the Company and its subsidiaries had total assets of Baht 2,027.29 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 December 2024 and 31st March 2024 the Company and its subsidiaries had net inventories of Baht 624.21 million (or 30.79 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 December 2024 and 31st March 2024, the Company and its subsidiaries had Trade account receivables, net – other parties of Baht 542.55 million (or 26.76 percent of total assets) and Baht 503.18 million (or 25.21 percent of total assets) respectively.

2.1.3 Financial Assets: As at and 31st December 2024 (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 December 2024 and 31st March 2024, the Company and its subsidiaries had Land, plant and equipment – net of Baht 441.93 million (or 21.80 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 December 2024 and 31st March 2024, the Company and its subsidiaries had net value of Baht 46.18 million (or 2.28 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 December 2024 and 31st March 2024, the Company and its subsidiaries had net value of Baht 12.52 million and Baht 12.94 million respectively (0.62 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 December 2024 and 31st March 2024 stood at Baht 501.17 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.

2.3 Shareholders' equity

As at and 31st December 2024 and 31st March 2024, shareholders' equity was Baht 1,491.05 million and Baht 1,508.29 million or decrease by Baht 17.24 million. The major changes were the net profit amounting to Baht 110.69 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 1,343.78 million and Baht 147.27 million respectively.

Debt to Equity ratio as at and 31st December 2024 and 31st March 2024 were 0.36 and 0.32 times respectively.

(Unit: Baht million)

Consolidated cash flows statement	As at 31st Dec 2024	As at 31st Dec 2023
Net cash from (used in) operating activities	15.25	214.33
Net cash used in investing activities	-	4.71
Net cash from (used in) financing activities	-99.65	-133.99
Effect of exchange rate to cash and cash equivalent	-0.26	0.03
Net increase (Decrease) in cash	-84.66	85.08

3. Cash flows

For the period of nine months ended 31st December 2024, the Company and its subsidiaries generated net increase in cash from operating activities of Baht 15.25 million, consisting of baht 136.48 million positively from operating performance and net negative of working capital of Baht -121.23 million. The net positive cash flow in working capital came from the short-term supply of inventories to support customer orders increased.

Net cash flow from investing activities equally off-set, as a result, the cash balance is almost zero. According to net positive in short term investment in open-end fund by 14.66 million baht by a subsidiary company by off-set net in an investment in other equipment , Intangible asset net - 14.66 million baht in during the period.

The financing part was net Baht -99.65 million with receipt of short term loan and settled lease liabilities net of Baht 28.28 million and payment of dividend by Baht -127.93 million.

In total, net cash for the period was decreased by Baht 84.66 million.

Sincerely yours,

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