

**PART 3 FINANCIAL STATUS AND  
MANAGEMENT DISCUSSIONS AND ANALYSIS****13. Financial Status and Performance**

Summary of the consolidated financial statements for the years ended March 31, 2021, March 31, 2020, March 31, 2019 is presented below:

(Unit: Million Baht)

Transactions	2021	2020	2019
<b>Statement of Financial Position</b>			
Cash and cash equivalents	950.54	577.00	926.77
Trade and other receivables - net	1,129.16	650.28	675.60
Inventories	3,459.05	2,515.33	3,188.35
Other current assets	75.19	127.58	141.09
<b>Total current assets</b>	<b>5,613.94</b>	<b>3,870.19</b>	<b>4,931.81</b>
Investments	-	-	1.20
Financial assets measured at fair value through other comprehensive income	206.64	-	-
Property, plant and equipment – net	2,593.75	2,921.54	3,179.78
Idle assets held-for-sale - net	343.00	460.00	460.00
Right-of-use assets - net	670.01	-	-
Goodwill - net	3,456.01	3,456.01	3,456.01
Deferred tax assets - net	17.70	43.29	21.90
Other non-current assets	99.43	112.57	99.63
<b>Total non-current assets</b>	<b>7,386.54</b>	<b>6,993.41</b>	<b>7,218.52</b>
<b>Total assets</b>	<b>13,000.48</b>	<b>10,863.60</b>	<b>12,150.33</b>
Short-term borrowings from financial institutions	441.39	461.73	1,720.43
Trade and other payables	1,590.83	883.13	1,109.56
Current portion of lease liabilities - net	38.57	1.13	1.09
Current income tax payable	25.17	61.56	1.44
Other current liabilities	36.27	15.77	23.26
<b>Total current liabilities</b>	<b>2,132.23</b>	<b>1,423.32</b>	<b>2,855.78</b>
Lease liabilities - net	656.31	39.65	40.78
Deferred tax liabilities - net	1.92	-	-
Employee benefit obligations	329.09	340.67	217.16
Provision for decommissioning costs	0.41	1.07	1.07
<b>Total non-current liabilities</b>	<b>987.73</b>	<b>381.39</b>	<b>259.01</b>
<b>Total liabilities</b>	<b>3,119.96</b>	<b>1,804.71</b>	<b>3,114.79</b>

(Unit: Million Baht)

Transactions	2021	2020	2019
<b>Statement of Financial Position (Cont.)</b>			
Registered share capital	8,421.54	8,421.54	8,421.54
Paid-up capital			
Ordinary shares	8,421.54	8,421.54	8,421.54
Share premium	3,388.83	3,388.83	3,388.83
Other components of equity	-	-	1.06
Legal reserve	373.78	372.57	369.09
Retained earnings (deficits)	(2,454.96)	(3,108.99)	(3,130.72)
Other components of equity	165.31	-	-
Non-controlling interests	(13.98)	(15.06)	(14.26)
<b>Total equity</b>	<b>9,880.52</b>	<b>9,058.89</b>	<b>9,035.54</b>
<b>Total liabilities and equity</b>	<b>13,000.48</b>	<b>10,863.60</b>	<b>12,150.33</b>
<b>Statement of Comprehensive Income</b>			
Revenue from sales and related services	22,016.90	20,124.73	22,222.36
Cost of sales and related services	(20,532.58)	(19,378.92)	(21,619.55)
<b>Gross profit</b>	<b>1,484.32</b>	<b>745.81</b>	<b>602.81</b>
Other income	119.04	108.81	81.92
Selling and administrative expenses	(754.98)	(691.80)	(753.05)
Other expenses	(117.00)	-	-
Finance costs	(43.04)	(52.23)	(79.43)
<b>Profit (loss) before income tax expense</b>	<b>688.34</b>	<b>110.59</b>	<b>(147.75)</b>
Income tax expense	(56.73)	(63.49)	(41.13)
<b>Profit (Loss) for the year</b>	<b>631.61</b>	<b>47.10</b>	<b>(188.88)</b>
<b>Other comprehensive income (expense)</b>			
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of equity investments at fair value through other comprehensive income	60.48		
Remeasurements of post-employment			

benefit obligations	29.98	(26.04)	(1.01)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(17.37)	3.36	0.32
Total items that will not be reclassified subsequently to profit or loss	73.09	(22.68)	(0.69)

(Unit: Million Baht)

Transactions	2021	2020	2019
<b>Statement of Comprehensive Income (Cont.)</b>			
Items that will be reclassified subsequently to profit or loss			
Change in value of available-for-sale investment	-	(1.20)	(2.30)
Income tax relating to items that will be reclassified subsequently to profit or loss	-	0.14	0.46
Total items that will be reclassified subsequently to profit or loss	-	(1.06)	(1.84)
Other comprehensive income (expense) for the year - net of tax	73.09	(23.74)	(2.53)
<b>Total comprehensive income (expense) for the year</b>	<b>704.70</b>	<b>23.36</b>	<b>(191.41)</b>
<b>Profit (loss) attributable to</b>			
Owners of the parent	630.55	47.88	(188.18)
Non-controlling interests	1.06	(0.78)	(0.70)
	<b>631.61</b>	<b>47.10</b>	<b>(188.88)</b>
<b>Total comprehensive income (expense) attributable to</b>			
Owners of the parent	703.62	24.16	(190.71)
Non-controlling interests	1.08	(0.80)	(0.70)
	<b>704.70</b>	<b>23.36</b>	<b>(191.41)</b>
Basic earnings (loss) per share (Baht)	0.07	0.01	(0.02)

### Statement of Cash Flows

For the years ended March 31, 2021, March 31, 2020 and March 31, 2019

(Unit: Million Baht)

	2021	2020	2019
<b>Cash flows from operating activities</b>			
<b>Net Profit (Loss) before tax</b>	<b>688.34</b>	<b>110.59</b>	<b>(147.75)</b>
Reconciliations of net profit (loss) to net cash provided by (used in) operating activities			
Unrealized loss (gain) on foreign exchange	(11.57)	(1.13)	(0.07)
Dividend received from other long-term investment	(28.80)	(14.40)	-
Depreciation and amortization	511.82	492.09	518.53
(Reversal of) net impairment losses on financial assets	(0.14)	0.01	35.11
Employee benefit obligations	43.47	109.82	25.36
Loss from writing off fixed assets	1.46	1.92	1.56
Interest income	(2.96)	(4.26)	(2.68)
Interest expense and financial charges	43.04	52.23	79.43
Reversal from diminution in value of inventories	(5.47)	-	-
Gain on lease liabilities adjustment	(0.28)	-	-
Gain on sale available-for-sale investments	-	(0.13)	-
Gain on disposal of plant and equipment	(0.04)	(0.39)	(0.44)
Provision from additional surcharge	16.29	-	-
Loss from diminution in value of Idle asset held for sale	117.00	-	-
Written-off payables from restructuring	-	-	(6.07)
	1,372.16	746.35	502.98
Trade and other receivables	(470.74)	28.19	549.01
Inventories-net	(975.50)	636.45	254.67
Other current assets and other non-current assets	66.44	14.25	(76.47)
Trade and other payables	674.38	(178.67)	(313.31)
Other current liabilities and other non-current liabilities	4.21	(7.49)	(8.37)
Employee benefit obligations paid	(24.74)	(11.95)	(12.37)
Income tax paid	(113.12)	(34.94)	(101.59)
Interest paid	(45.79)	(53.65)	(74.50)

**Net cash provided by (used in) operating activities**
**487.30      1,138.54      720.05**
**Statement of Cash Flows (Cont.)**

For the years ended March 31, 2021, March 31, 2020 and March 31, 2019

(Unit: Million Baht)

**Cash flows from investing activities**
**2021                  2020                  2019**

Cash paid for temporary investment

-                  -                  -

Dividend received from other long-term investment

28.80                  14.40                  -

Interest received

3.13                  4.67                  2.50

Sale of property and equipment

0.03                  0.40                  0.48

Proceeds from sales of available for sales investment

-                  0.13                  -

Purchase of property, plant and equipment

(90.37)                  (245.49)                  (258.20)

**Net cash provided by (used in) investing activities**
**(58.41)                  (225.89)                  (255.22)**
**Cash flows from financing activities**

Proceeds (Payments) in bank overdrafts and short-term borrowings  
from financial institutions

(20.33)                  (1,258.71)                  (53.91)

Repayment of long-term loans from related parties

-                  -                  -

Payment on lease liabilities

(35.02)                  (3.71)                  (3.74)

**Net cash provided by (used in) financing activities**
**(55.35)                  (1,262.42)                  (57.65)**

Net increase (decrease) in cash and cash equivalents

373.54                  (349.77)                  407.18

Cash and cash equivalents at the beginning of the year

577.00                  926.77                  519.59

**Cash and cash equivalents at the end of the year**
**950.54                  577.00                  926.77**

### Financial Ratios

Financial Ratios	2021	2020	2019
<b>Liquidity ratio</b>			
1. Current ratio (times)	2.63	2.72	1.73
2. Quick ratio (times)	0.96	0.85	0.55
<b>Efficiency ratio</b>			
3. Fixed asset turnover ratio (times)	8.03	6.63	6.87
4. Total asset turnover ratio (times)	1.86	1.76	1.80
5. Accounts receivable turnover ratio (times)	25.34	31.53	23.81
6. Average collection period (days)	14.40	11.58	15.33
7. Inventory turnover ratio (times)	6.87	6.80	6.49
<b>Debt Management ratio</b>			
8. Debt to Asset ratio (%)	24.00	16.61	25.64
9. Debt to Equity ratio (times)	0.32	0.20	0.34
10. EBITDA Coverage ratio (times)	31.54	13.77	5.63
<b>Profitability ratio</b>			
11. Net Profit Margin (%)	2.85	0.24	(0.84)
12. Return on assets (%)	5.28	0.42	(1.52)
13. Return on equity (%)	6.65	0.53	(2.06)
14. Gross profit margin (%)	6.74	3.71	2.71
15. Operating profit margin (%)	3.30	0.80	(0.31)

1. Current ratio : Current Assets / Current Liabilities

2. Quick ratio : [Cash&cash equivalents+Temporary investment+Average Trade receivable] / Current Liabilities

3. Fixed asset turnover ratio : Total Revenues / Average Net Fixed Assets (Total Revenues : Revenue from sales + Other income) (Net Fixed Assets : Property, plant and equipment + Intangible)

4. Total asset turnover ratio : Total Revenues / Total Assets (average)

5. Accounts receivable turnover ratio : Turnover / Average Trade receivable (Turnover : Revenue from sales)

6. Average collection period : 365 days / Accounts receivable turnover ratio

7. Inventory turnover ratio : Cost of sales / Average Inventory

8. Debt to Assets ratio : Total Liabilities / Total Assets

9. Debt to Equity ratio : Total Liabilities / Total Attributions to Owners of the Parent Company Income Tax Expense, Depreciation, Amortization and Exceptional Items)

10. EBITDA Coverage Ratio : EBITDA / Finance costs (EBITDA : Profit before Finance Costs,

11 Net Profit Margin : Profit (Loss) after tax / Total Revenue

12. Return on assets : Profit (Loss) after tax / Total Assets

13. Return on equity : Profit (Loss) after tax / Average Attributions to Owners of the Parent Company

14. Gross profit margin : [Net sales - Cost of Goods Sold] / Net to Owners of the Parent Company

15. Operating profit margin : Operating Income / Total Revenues

## 14. Management Discussion & Analysis

### Financial Performance

During Financial Year 2020-21 (FY21), the deliveries were at 1.303 million Tons as against 1.201 million Tons of previous year. Higher deliveries as compared to the previous year were primarily due to improvement in domestic demand especially in special wire rods and rebars, partly offset by lower export sales. The revenue from sales and related services was higher than previous year from improvement in domestic demand. EBITDA for the year was at Baht 1,357 million and Profit before taxes for the year at Baht 688 million as compared to the EBITDA of Baht 719 million and Profit before taxes Baht 111 million in the previous year.

The analysis of major items of the financial statement is as follows:

#### 1) Revenue from sales and related services and other income

	Unit: Million Baht		
	FY21	FY20	Change %
Revenue from sales and related services	22,017	20,125	9%
Gain on exchange rate - net	20	2	900%
Dividend income from other long-term investment	29	14	107%
Interest income	3	4	(25%)
Compensation from insurance company	50	69	(28%)
Others	17	20	(15%)
<b>Revenue from sales and related services and other income</b>	<b>22,136</b>	<b>20,234</b>	<b>9%</b>

#### 2) Cost of sales and related services

	Unit: Million Baht		
	FY21	FY20	Change %
Cost of sales and related services	20,533	19,379	6%

Cost of sales and related services higher by 6% due to higher sale volume, higher metallic cost and lower conversion cost from decreasing price of raw material like graphite electrode, natural gas and additions.

#### 3) Selling and Administrative expenses

	Unit: Million Baht		
	FY21	FY20	Change %
Selling and Administrative expenses	755	692	9%

The selling and administrative expenses was higher than last year attributable to higher provision for Brand Equity & Brand Promotion fee in line with higher PBT, tax penalty and surcharge assessed by the Revenue Department and SAP implement for One Company project.



#### 4) Finance Costs

Unit: Million Baht

	FY21	FY20	Change %
Finance Costs	43	52	(17%)

The reduction in Finance cost over previous year was due to lower utilization of utilities and scrap financing from billets imported through LC and NTS steel plant shutdown during Q1FY21. Partially offset by interest expense relating to right-of-use assets (ROU) from the adoption of new financial reporting standard (TFRS16, Leases).

#### 5) Profit before income tax expense

Unit: Million Baht

	FY21	FY20	Change %
Profit before income tax expense	688	111	520%

PBT for the year of FY21 was higher over FY20 attributable to the lower conversion cost on account of lower price of graphite electrodes, ferro alloys and natural gas, higher sales volume mainly from domestic special wire rods and rebars, absence of provision for change in labour law in relation to severance pay, partly offset by provision for loss of impairment of MBF assets.

#### 6) Income tax expense

Unit: Million Baht

	FY21	FY20	Change %
Income tax expense	57	63	(10%)

As on 1 January 2021, TSMT entered into the Entire Business Transfer with SISCO and SCSC. Accordingly, TSMT has tax loss resulted in lower income tax expenses in the current year.

#### 7) Cash and cash equivalents

Unit: Million Baht

	FY21	FY20	Change %
Cash and cash equivalents	951	577	65%

As on March 31, 2021, the Company and its subsidiary had a net increase in cash and cash equivalents of Baht 374 million as compared to the previous year. The change was mainly on account of increase in net cash from operating activities amounting to Baht 487 million. This comprised of operating profit before changes in operating assets and liabilities of Baht 1,372 million and increase in changes in operating assets and liabilities of Baht 885 million which is largely due to the increase in the inventories. With respect to investing activities, there was a net cash outflow of Baht 58 million related to investments in fixed assets. Net cash outflow of Baht 55 million from financing activities was towards lease liabilities repayment of Baht 35 million and towards short term loan repayment of Baht 20 million.

### 8) Trade and other receivables, net

Unit: Million Baht

	FY21	FY20	Change %
Trade and other receivables, net	1,129	650	74%

The increase in trade and other receivables was mainly on account of higher domestic sales and India parcel exported in March 2021.

From 1 April 2020, The Company and its subsidiary applies the TFRS 9 simplified approach in measuring the impairment of trade receivables, which applies lifetime expected credit loss, from initial recognition, for all trade receivables. The expected credit loss rates are based on payment profiles, historical credit losses as well as forward-looking information and factors that may affect the ability of the customers to settle the outstanding balances. As on March 31, 2021, the Company and its subsidiary set aside a cumulative loss allowance amounting to Baht 79 million, equivalent to 6.66% of total trade accounts receivables. As on March 31, 2020, the cumulative provision for doubtful accounts amounted to Baht 93 million, equivalent to 12.89% of total trade accounts receivables.

### 9) Inventories, net

Unit: Million Baht

	FY21	FY20	Change %
Inventories, net	3,459	2,515	38%

Increase in inventories over previous year was mainly from finished goods to support the market demand during the planned shut-down in Q1FY22.

### 10) Financial assets measured at fair value through other comprehensive income

Unit: Million Baht

	FY21	FY20	Change %
Financial assets measured at fair value through other comprehensive income	207	-	N/A

As of 1 April 2020, The Company and its subsidiary applies the TFRS 9 and reclassified general investments in equity instruments that previously measured at cost to FVOCI (Fair value through other comprehensive income).

### 11) Property, plant & equipment and Intangible assets

Unit: Million Baht

	FY21	FY20	Change %
Property, plant & equipment and Intangible assets	2,594	2,922	(11%)

Reduction in property, plant & equipment and intangible assets is on account of normal depreciation and amortization for the year, partly offset by additional investment of Baht 130 million in fixed assets during the year.

## 12) Right-of-use assets

Unit: Million Baht

	FY21	FY20	Change %
Right-of-use assets	670	-	N/A

On 1 April 2020, the Company and its subsidiary has adopted the new lease standard (TFRS16) in its financial statements. TFRS16, Leases result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

## 13) Other non-current assets

Unit: Million Baht

	FY21	FY20	Change %
Other non-current assets	99	113	(12%)

Reduction in other non-current assets reflects the refundable corporate income tax, TSTH has been assessed by the Revenue Department and resulted to additional income tax.

## 14) Short-term borrowings from financial institutions

Unit: Million Baht

	FY21	FY20	Change %
Short-term borrowings from financial institutions	441	462	(5%)

Reduction in short-term borrowings from banks mainly reflects lower utilization of utilities, and other raw material financing.

As at 31 March 2021, short-term borrowings from financial institutions bear interest rates BIBOR+2% per annum for other working capital arrangement (2020 : interest rate at 3.97% per annum and BIBOR+2.1% per annum) and due from 2 April 2021 to 17 May 2021 (2020 : from 1 April 2020 to 18 June 2020).

## 15) Lease liabilities, net

Unit: Million Baht

	FY21	FY20	Change %
Lease liabilities, net	695	41	1,595%

On adoption of TFRS 16, the Company and its subsidiary recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases. TFRS 16, Leases result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

## 16) Employee benefit obligations

	Unit: Million Baht		
	FY21	FY20	Change %
Employee benefit obligations	329	341	(4%)

Reduction in employee benefit obligations mainly due to higher employee benefit obligations paid.

## Sources of Capital Funds

### Appropriateness of capital structure

As on March 31, 2021, the Company and its subsidiary's had a debt to equity ratio of 0.32 times worse from 0.20 times in 2020.

### Shareholders' equity

As on March 31, 2021, the Company and its subsidiary had shareholders' equity of Baht 9,880 million consisting of the paid-up capital from ordinary shares and share premium totaling Baht 11,810 million, retained deficit Baht (2,455) million, the legal reserve Baht 374 million, other components of equity Baht 165 million and non-controlling interests Baht (14) million.

### Liabilities

As on March 31, 2021, the Company and its subsidiary had liabilities amounting to Baht 3,120 million consisting of current liabilities of Baht 2,132 million and Baht 988 million for non-current liabilities, representing 68% and 32% of total liabilities, respectively. Current liabilities included short-term borrowing from financial institutions of Baht 441 million, trade and other payables of Baht 1,591 million, current portion of lease liabilities of Baht 39 million and other current liabilities of Baht 61 million. Non-current liabilities included lease liabilities of Baht 656 million, employee benefit obligations of Baht 329 million, deferred tax liabilities of Baht 2 million and provision for decommissioning costs of Baht 1 million.

### Financial Ratios

In FY21, current ratio at 2.63 times a bit lower than 2.72 times in the previous year and net debt to EBITDA coverage ratio registered 31.54 times increased from 13.77 times in the previous year. The Company and its subsidiary had gross profit margin was 6.74%, an increase of 3.03% from the previous year, net profit margin was 2.85%, an increase of 2.61% from the previous year. The Company and its subsidiary had return on equity was 6.65% and return on asset was 5.28% increased 6.12% and 4.86% respectively as compared to the previous year.

**Commitments potentially affecting its operation and financial status in the future**

As of March 31, 2021, the Company had commitments as follows:

1. Its subsidiary had Letter of Credit (L/C) amounting to Baht 385 million opened but were not under the liabilities' condition.
2. Letters of guarantee issued by the financial institutions to the Revenue Department, Electricity Generating Authority of Thailand, Provincial Electricity Authority, Industrial Estate Authority of Thailand and Bureau of Indian Standards amounting Baht 404 million in the normal courses of business.
3. Its subsidiary had obligations under the purchase agreement of machinery and equipment totaling of Baht 35 million
4. The Company and its subsidiary had obligations under operating lease agreements (including service fee) amounting to Baht 9 million.

**Other factors potentially affecting Company's operation and financial status in the future**

Other factors that may affect Company's operation and financial status in the future are shown as the risk in item "Risk of business", and item "Notes to the Consolidated and Separate Financial Statements", No. 7: Financial risk management.