

Management Discussion and Analysis Q3/2021

1. Highlights

	Unit: million Baht	3 rd Quarter 2021	3 rd Quarter 2020
Performance	Revenues	5,611	3,080
	Gross Profit (Loss)	1,474	56
	Net Profit (Loss)	1,160	(180)
HRC	HRC Sales (k tons)	182	192
	HRC Production Volume (k tons)	177	194
	HRC Average Selling Price (THB/ton)	30,792	16,050
	Unit: million Baht	30 September 2021	31 December 2020
Financial Status	Total Liabilities	1,535	2,197
	Total Asset	16,415	14,857
	Total Equity	14,880	12,660

2. Business Highlights

Improvement in market conditions led to increased demand in the current quarter. While the Hot Rolled consumption increased by 57.9% in Q3 2021 compared to Q3 2020, the same declined by 8% compared to Q2 2021 as per Iron and Steel Institute of Thailand reports. With improvement in the situation and opening up of the various activities, we are hopeful of improved consumption going ahead.

3. Performance of the Company

- Debt Repayment**

The Company has repaid off its entire Debt of USD 35 million and terminated the Standby Letter of credit facility of USD 40 million by utilizing the healthy profits generated during the year.

- Revenue from sales and cost of goods sold**

The Company reported revenue from sales at THB 5,611 million which was higher than last year quarter mainly due to an increase in average selling price by 92%. The cost of goods sold increased by 44% (mainly due to increase in raw material prices) leading to a gross margin increase of THB 1,418 million compared to last year quarter.

HRC production decreased by 17k tons as compared to last year quarter and the sales volumes dropped marginally by 10k tons mainly due to Covid related restrictions leading to reduced construction activities starting from end July 2021.

- **Administrative expenses**

Administrative expenses for the 3rd Quarter 2021 at 208 THB million was higher by THB 69 million compared to last year quarter mainly due to higher charges on account of incentive program.

- **Financial costs**

The financial costs for the 3rd Quarter 2021 amounted to THB 31 million compared to THB 65 million during same period last year. The reduction was mainly due to reduction in Standby Letter of Credit and debt repayment by the Company.

4. Statement of financial positions

- **Total Assets**

As of 30 September 2021, the Company had total assets amounting to THB 16,415 million which increased from the year ended 2020 by THB 1,558 million. The current assets amounted to THB 3,334 million, increased by 102% from the year ended 2020 mainly due to increase in cash and cash equivalents by THB 854 million and increase in inventories by THB 809 million, whilst total non-current assets amounted to THB 13,081 which decreased by 1% from the year ended 2020 mainly due to decrease in property, plant and equipment resulting from depreciation.

- **Total Liabilities**

As of 30 September 2021, the Company had total liability amounting to THB 1,535 million. Total current liabilities amounted to THB 1,401 million and total non-current liabilities amounted to THB 134 million. As compared with the year ended 2020, the total liability decreased by THB 662 million or 30% as below:

1. Trade accounts payable increased by THB 113 million.
2. Other payables and accrued expenses increased by THB 154 million.
3. Advance received from customer increased by THB 156 million.
4. Accrued interest expenses decreased by THB 60 million.
5. Current portion of long-term loan from related party decreased by THB 1,050 million due to full repayment of debt.

- **Total equity**

As of 30 September 2021, the Company had total equity of THB 14,880 million which increased by THB 2,219 million or 18% from year ended 2020 due to accumulation of net profit for the period of nine months.