

Management Discussion and Analysis

Management Discussion and Analysis for Quarter 2 Ending 30 June 2023

1. Highlights

	Unit : million Baht	Q 2/2023	Q 2/2022
Performance	Total Revenues	1,977	5,021
	Total Gross Profit (Loss)	(352)	417
	Total Net Profit (Loss)	(517)	(37)
	Unit : million Baht	30-Jun-23	31-Dec-22
Financial Status	Total Assets	9,218	10,357
	Total Liabilities	6,602	6,918
	Equity Attributable to Owners of the Parent	2,616	3,438

2. Business Outlook

The performance of Q2 2023 was severely impacted by high imports mainly from China which led to sharp reduction in volumes and price levels.

To support the domestic HRC producers from dumping of imports, the government extended the Anti dumping measures from Brazil, Turkey & Iran and another Anti Dumping measures from China & Malaysia for a period of 5 years upto 2028.

3. Performance of the Company

• Revenue from sale

The Company reported revenue from sales of Baht 1,977 million which decreased by Baht 3,044 million mainly due to the decrease in sales volume by 48% and decrease in selling price by 25% compared to the same period last year due to imports as explained above.

• Operating Results

The Company reported a gross loss of Baht 352 million mainly due to reduction in metal spread (margin between selling price and metal cost) arising from the steep decline in selling price, increase in conversion cost mainly from lower production volume, increase in electricity and natural gas price and one off loss on disposal of long aged HRC inventory.

The Company reported a net loss of Baht 519 million and the consolidated net loss of Baht 517 million mainly due to reasons as explained above.

• Selling Expenses

The Company recorded selling expense of Baht 23 million, which decreased by Baht 21 million compared to last year due to decrease in sales volume.

• Net loss on foreign exchange rate

The Company reported a net loss on foreign exchange of Baht 91 million (unrealized) due to the depreciation of the Thai Baht versus the US dollar from 34.26 THB/USD on 31 March 2023 to 35.75 THB/USD on 30 June 2023.

- **Finance cost**

The Company recorded finance cost of Baht 55 million for Q2/2023 compared to Baht 74 million for Q2/2022, a decrease of Baht 18 million mainly due to the repayment of short-term and long-term borrowings with higher interest rates.

4. Statement of financial positions

- **Total Assets**

As of 30 June 2023, the consolidated total assets amounted to Baht 9,218 million, which decreased by Baht 1,139 million or 11% from year ended 2022.

Current Assets amounting to Baht 2,318 million, decreased by Baht 716 million mainly due to decrease in inventory by Baht 363 million and decrease in cash and cash equivalents by Baht 284 million. Non-current assets decreased by Baht 422 million from year ended 2022 mainly due to the decrease in Other long-term investment resulting from the decrease in value of Investment in GJ Steel and decrease in Machinery & Equipment due to depreciation.

- **Cash and cash equivalent**

As of 30 June 2023, the Consolidated cash and cash equivalent balance was Baht 480 million, which decreased by Baht 284 million from year ended 2022 mainly due to Net cash flows used in financing activities by Baht 274 million.

- **Total liabilities**

Total liabilities in the consolidated Financial Statement as at 30 June 2023 amounted to Baht 6,602 million, which decreased by Baht 316 million or 5% from year ended 2022 mainly due to the decrease in Trade accounts payable, Other payables and accrued expenses, accrued interest expenses and Liabilities from terminated rehabilitation plan and compromise.

- **Shareholders' equity**

As of 30 June 2023, the Consolidated Financial Statement recorded shareholders' equity of Baht 2,616 million which decreased by Baht 822 million from last year due to net loss Baht 582 million and Loss due to change in fair value of equity security designated at fair value through other comprehensive income Baht 241 million on account of GJ Steel investment.