

Management Discussion and Analysis

Management Discussion and Analysis for Quarter 3 Ending 30 September 2023

1. Highlights

	Unit : million Baht	Q 3/2023	Q 3/2022
Performance	Total Revenues	3,169	2,741
	Total Gross Profit (Loss)	(3)	(140)
	Total Net Profit (Loss)	(200)	(838)
	Unit : million Baht	30-Sep-23	31-Dec-22
Financial Status	Total Assets	9,112	10,357
	Total Liabilities	6,720	6,918
	Equity Attributable to Owners of the Parent	2,392	3,438

2. Business Outlook

The overall operating environment remained subdued with global HRC demand and prices further declining during the quarter. The reported quarter saw slight recovery in domestic HRC consumption and reduced imports compared to Q2 2023 due to trade actions initiated by the Department of Foreign Trade, which also helped the Company to achieve an increase in the sales volume compared to Q3 2022 and Q2 2023.

Amidst the current geopolitical situation, global recovery in steel market is difficult to forecast. However, the positive steps being taken by the new Thai Government to improve the economy is expected to support domestic HRC market as well. The reduction in electricity prices in September 2023 will help in reducing the production cost going forward.

3. Performance of the Company

• Revenue from sale

The Company reported revenue from sales of Baht 3,169 million which increased by Baht 428 million mainly due to the increase in sales volume by 30% partly offset by a decrease in the selling prices by 11% compared to Q3 2022.

• Operating Results

The Gross Profit of the Company increased by Baht 137 million compared to Q3 2022 mainly due to increase in sales volume and reduction in raw material and utility prices.

The Consolidated Net Loss for the quarter was at Baht 200 million compared with Net Loss of Baht 838 million for Q3 2022, which decreased by Baht 638 million mainly due to increase in Gross Profit as explained above, reduction in Forex loss during the current quarter by Baht 259 million compared to Q3 2022 and one off expenses on account of Provision loss on unsettled debts under arbitral award and Impairment loss on advance payment Amounting to Baht 375million in Q3 2022.

- **Administrative Expenses**

The Company recorded Administrative Expenses of Baht 61 million, which increased by Baht 11 million compared to last year mainly due to additional waste management expenses.

- **Selling Expenses**

The Company recorded Selling Expense of Baht 40 million during the quarter, which increased by Baht 9 million compared to Q3 2022 due to an increase in sales volume.

- **Net loss on foreign exchange rate**

The Company reported a Net Loss on foreign exchange of Baht 61 million due to the depreciation of the Thai Baht versus the US dollar from 35.75 THB/USD on 30 June 2023 to 36.72 THB/USD on 30 September 2023.

- **Finance cost**

The Company recorded Finance Cost of Baht 59 million for Q3 2023 compared to Baht 78 million for Q3 2022, a decrease of Baht 20 million mainly due to the repayment of short-term and long-term borrowings at higher interest rates and quarterly payments of interest bearing liabilities from terminated rehabilitation plan and compromise.

4. Statement of financial positions

- **Total Assets**

As of 30 September 2023, the consolidated total assets amounted to Baht 9,112 million, which decreased by Baht 1,244 million or 12% from year ended 2022.

Out of the Total Assets, Current Assets amounted to Baht 2,330 million or 26% of total assets, which decreased by Baht 704 million or 23% mainly due to a decrease in cash and cash equivalents by Baht 239 million and decrease in inventory by Baht 518 million. Non-current assets amounted to Baht 6,782 million or 74% of total assets, which decreased by Baht 541 million or 7% 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 at 30 September 2023, the Consolidated cash and cash equivalent balance was Baht 526 million, which decreased by Baht 239 million from year ended 2022.

Consolidated Cash Flow

- Net cash flows provided by operating activities is Baht 208 million.
- Net cash flows used in investing activities stood at Baht 81 million.
- Net cash flows used in financing activities is Baht 366 million.

(For further details please refer to the Statement of cash flows)



บริษัท จี สตีล จำกัด (มหาชน)
G Steel Public Company Limited

ทะเบียนเลขที่ 0107538000746

- **Total liabilities**

Total Liabilities in the consolidated Financial Statement as at 30 September 2023 amounted to Baht 6,720 million, which decreased by Baht 198 million or 3% from year ended 2022 mainly due to the decrease in Other payables and accrued expenses, accrued interest expenses and Liabilities from terminated rehabilitation plan and compromise.

Consolidated Current liabilities decreased Baht 93 million mainly due to:

- Other payables and accrued expenses decreased by Baht 93 million mainly due to payments of liabilities on due dates.
- Accrued interest expenses decreased by Baht 71 million mainly due to repayment.

Consolidated Non-current liabilities decreased Baht 105 million mainly due to:

- Liability under rehabilitation plan and compromise agreement decreased Baht 86 million mainly due to repayment.
- Long-term borrowings from related parties decreased Baht 35 million mainly due to repayment.

Shareholders' equity

As of 30 September 2023, the Consolidated Financial Statement recorded shareholders' equity of Baht 2,392 million which decreased by Baht 1,046 million from last year due to Net Loss of Baht 781 million and Loss due to change in fair value of equity security designated at fair value through other comprehensive income of Baht 265 million on account of GJ Steel investment.