

Management Discussion and Analysis

Management Discussion and Analysis for the year Ending 31 December 2023

1. Highlights

	Unit : million Baht	Y2023	Y2022
Performance	Total Revenues	10,766	14,941
	Total Gross Profit (Loss)	(521)	742
	Total Net Profit (Loss)	(1,014)	(2,003)
	Unit : million Baht	31-Dec-23	31-Dec-22
Financial Status	Total Assets	8,502	10,357
	Total Liabilities	6,422	6,918
	Equity Attributable to Owners of the Parent	2,080	3,438

2. Business Outlook

Thai economic recovery was marked by lower-than-expected demand and tourism, subdued export and high household debt impacting purchasing power. The economy grew only by 1.9% in 2023 and is expected to grow by around 3.2% to 3.8% (with Digital Wallet).

The Alloy HRC imports from China has reduced post commencement of Anti Circumvention investigations by the authorities. Going forward, the Company sales will be determined by continued government action on unfair imports and full scale resumption of public and private projects.

3. Performance of the Company

• Revenue from sale

The Company reported revenue from sales of Baht 10,766 million which decreased by Baht 4,175 million mainly due to the decrease in sales volume by 13% and decrease in the selling prices by 17% compared to Y2022.

• Gain from write-back the expired legal prescription of liabilities

The Company has recorded a net gain of THB 144 million in Y2023 from write-off of debts exceeding the legal prescription period and accrued interest thereon.

• Operating Results

The Gross Profit of the Company decreased by Baht 1,262 million compared to Y2022 mainly due to decrease in sales volume & selling price while the decrease in cost of goods sold was lower than the decrease in selling price, thus squeezing the margins.

The Consolidated Net Loss for the year at Baht 1,014 million was lower than the Net Loss of Baht 2,003 million for Y2022 by Baht 990 million mainly due to one off expenses on account of Impairment loss on unusable machines held for sale amounting to Baht 1,497 million in Y2022.

- **Administrative Expenses**

The Company recorded Administrative Expenses of Baht 355 million, which increased by Baht 116 million compared to last year mainly due to additional waste management expenses and consultant fees.

- **Selling Expenses**

The Company recorded Selling Expense of Baht 130 million during the year, which decreased by Baht 19 million compared to Y2022 due to the decrease in sales volume.

- **Net gain on foreign exchange rate**

The Company reported a Net gain on foreign exchange of Baht 15 million due to the appreciation of the Thai Baht versus the US dollar from 34.73 THB/USD on 31 December 2022 to 34.38 THB/USD on 31 December 2023.

- **Other expenses**

The Company recorded Other expenses of Baht 12 million compared to Baht 1,875 million last year, which decreased by Baht 1,863 million. Last year the company recorded two one off items i.e. allowance for impairment of unusable machines held for sale of Baht 1,497 million and Baht 379 million due to Arbitration Award against the Company in the case against one creditor of the Company.

- **Finance cost**

The Company recorded Finance Cost of Baht 227 million for Y2023 compared to Baht 310 million for Y2022, a decrease of Baht 83 million mainly due to the repayment of short-term and long-term borrowings at higher interest rates by obtaining cheaper loans from Related party and quarterly payments of interest bearing liabilities from terminated rehabilitation plan and compromise.

4. **Statement of financial positions**

- **Total Assets**

As of 31 December 2023, the consolidated total assets amounted to Baht 8,502 million, which decreased by Baht 1,855 million or 18% from year ended 2022.

Out of the Total Assets, Current Assets amounted to Baht 1,843 million or 22% of total assets, which decreased by Baht 1,191 million or 39% mainly due to a decrease in inventory by Baht 755 million and decrease in cash and cash equivalents by Baht 242 million. Non-current assets amounted to Baht 6,659 million or 78% of total assets, which decreased by Baht 664 million or 9% 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 31 December 2023, the Consolidated cash and cash equivalent balance was Baht 523 million, which decreased by Baht 242 million from year ended 2022.

Consolidated Cash Flow

- Net cash flows used in operating activities is Baht 608 million.
- Net cash flows used in investing activities stood at Baht 137 million.

- Net cash flows provided by financing activities is Baht 503 million.

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

- **Total liabilities**

Total Liabilities in the consolidated Financial Statement as at 31 December 2023 amounted to Baht 6,422 million, which decreased by Baht 496 million or 7% from year ended 2022 mainly due to the decrease in Other payables and accrued expenses, accrued interest expenses and provision for unsettled debts under arbitral award.

Consolidated Current liabilities increased Baht 542 million mainly due to:

- Short term borrowings from related parties increased by Baht 2,300 million which was mainly use for repayment of Short-term borrowings from financial institution, other payables and accrued expenses and Accrued interest expenses.
- Short-term borrowings from financial institution decreased by Baht 1,300 million due to repayment by using the short term borrowings from related party as stated above.
- Other payables and accrued expenses decreased by Baht 76 million and Accrued interest expenses decreased by Baht 133 million mainly due to repayment.

Consolidated Non-current liabilities decreased Baht 1,038 million mainly due to :

- Other payables and accrued expenses decreased by Baht 827 million mainly due to repayment.
- Provision for unsettled debts under arbitral award decreased by Baht 173 million mainly due to its reclassification to liability under rehabilitation plan and compromise agreement and repayment.
- Long-term borrowings from related parties decreased Baht 47 million mainly due to repayment.

- **Shareholders' equity**

As of 31 December 2023, the Consolidated Financial Statement recorded shareholders' equity of Baht 2,080 million which decreased by Baht 1,358 million from last year due to Net Loss of Baht 1,014 million, Loss due to change in fair value of equity security designated at fair value through other comprehensive income of Baht 337 million on account of GJ Steel investment and Actuarial losses on defined employee benefit plans Baht 7 million.