

Management Discussion and Analysis

Management Discussion and Analysis for quarter 1 ending 31 March 2024

1. Highlights

	Unit : million Baht	Q 1/2024	Q 1/2023
Performance	Total Revenues	2,897	3,526
	Total Gross Profit (Loss)	(6)	31
	Total Net Profit (Loss)	(204)	(64)
	Unit : million Baht	31-Mar-24	31-Dec-23
Financial Status	Total Assets	8,430	8,502
	Total Liabilities	6,530	6,422
	Equity Attributable to Owners of the Parent	1,901	2,080

2. Business outlook

The Construction and Automobile sectors declined during the quarter due to economic slowdown, tightening of credit standards by financial institutions (as household debts touched high levels) and delay in fiscal budget approval and the growth outlook going ahead would largely depend on increased Government and household spending.

While the Department of Foreign Trade is carrying out investigations against the unfair imports of Alloy Steel from China, other categories of Imports remain at high levels affecting the domestic HRC prices.

3. Performance of the Company

• Revenue from sales

The Company reported revenue from sales of Baht 2,897 million which decreased by Baht 629 million mainly due to the decrease in sales volume by 12% and decrease in the selling prices by 7% compared to Q1-23.

• Operating results

The gross profit of the Company decreased by Baht 37 million compared to Q1-23 mainly due to a decrease in sales volume & selling price while the decrease in cost of goods sold per ton was lower than the decrease in selling price, thus squeezing the margins.

The consolidated net loss for Q1-24 was Baht 204 million, lower than the net loss of Baht 64 million for Q1-23 by Baht 140 million mainly as aforementioned.

• Administrative expenses

The Company recorded administrative expenses of Baht 55 million, which decreased by Baht 18 million compared to Q1-23 mainly due to the decrease in waste management expenses and consultant fees.

- **Selling expenses**

The Company recorded selling expenses of Baht 36 million during Q1-24, which decreased by Baht 6 million compared to Q1-23 due to the decrease in sales volume.

- **Net loss on foreign exchange rate**

The Company reported a net loss on foreign exchange of Baht 88 million due to the depreciation of the Thai Baht versus the US dollar from 34.38 THB/USD on 31 December 2023 to 36.63 THB/USD on 31 March 2024.

4. Statement of financial positions

- **Total assets**

As of 31 March 2024, the consolidated total assets amounted to Baht 8,430 million, which decreased by Baht 72 million or 1% from year ended 2023.

Out of the total assets, current assets amounted to Baht 2,089 million or 25% of total assets, which decreased by Baht 12 million or 1% mainly due to an increase in inventory by Baht 334 million and decrease in cash and cash equivalents by Baht 267 million. Non-current assets amounted to Baht 6,341 million or 75% of total assets, which decreased by Baht 60 million or 1% from year ended 2023 mainly due to the decrease in machinery & equipment from depreciation.

Cash and cash equivalent

As at 31 March 2024, the consolidated cash and cash equivalent balance was Baht 256 million, which decreased by Baht 267 million from year ended 2023.

Consolidated cash flow

- Net cash flows used in operating activities is Baht 157 million.
- Net cash flows used in investing activities stood at Baht 30 million.
- Net cash flows used in financing activities is Baht 79 million.

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

- **Total liabilities**

Total liabilities in the consolidated financial statements as at 31 March 2024 amounted to Baht 6,530 million, which increased by Baht 108 million or 2% from year ended 2023 mainly due to the increase in trade accounts payables.

Consolidated current liabilities increased Baht 240 million mainly due to:

- Trade accounts payables increased by Baht 131 million from normal business operations.
- Current portion of liabilities from terminated rehabilitation plan and compromise and current portion of long-term borrowing from related party increased due to the reclassification from non-current to current liabilities.
- Current portion of debentures increased by Baht 35 million due to the depreciation of Thai Baht versus the US dollar.

Consolidated non-current liabilities decreased Baht 132 million mainly due to:

- Non-current portion of liabilities from terminated rehabilitation plan and compromise and non-current portion of long-term borrowing from related party decreased due to repayment and the reclassification from non-current to current liabilities.
- Accrued interest expense decreased by Baht 20 million mainly due to repayment.

- **Shareholders' equity**

As of 31 March 2024, the consolidated financial statements recorded shareholders' equity of Baht 1,901 million which decreased by Baht 180 million from last year due to net loss of Baht 204 million and gain on change in fair value of equity security designated at fair value through other comprehensive income of Baht 24 million on account of GJ Steel investment.