

Management Discussion and Analysis

Management Discussion and Analysis for quarter 3 ended 30 September 2024

1. Highlights

	Unit : million Baht	Q3/2024	Q3/2023
Performance	Total Revenues	1,571	3,169
	Total Gross Profit (Loss)	(281)	(3)
	Total Net Profit (Loss)	(262)	(200)
	Unit : million Baht	30-Sep-24	31-Dec-23
Financial Status	Total Assets	8,322	8,502
	Total Liabilities	7,292	6,422
	Equity Arrivable to Owners of the Parent	1,031	2,080

2. Business outlook

Domestic HRC demand remained affected by slowdown in the construction and infrastructure projects and continuing imports of HRC especially from China.

A combination of steps taken by the Government viz. release of 145 billion baht under the Digital Wallet scheme, announcement of Budget with increased allocation for Capital expenditure, continuing promotion schemes for tourism etc. along with 0.25% rate cut by Bank of Thailand will have positive affect on the Economy and is expected to support HRC demand going ahead.

3. Performance of the Company

• Revenue from sales

The Company reported revenue from sales of Baht 1,571 million which decreased by Baht 1,598 million mainly due to the decrease in the sales volume by 50% and selling prices by 1% compared to Q3-23.

• Operating results

The gross loss of the Company was Baht 281 million, which increased by Baht 278 million compared to Q3-23 mainly due to the lower production volume leading to higher production costs, reduction in metallic spread (margin between selling price and metal cost) and increase in loss on decline in value of inventories.

• Net loss on foreign exchange rate

The Company reported a net gain on foreign exchange rate of Baht 152 million due to the appreciation of Thai Baht versus US dollar from 37.01 THB/USD on 30 June 2024 to 32.4563 THB/USD on 30 September 2024.

4. Statement of financial positions

- **Total assets**

As of 30 September 2024, the consolidated total assets amounted to Baht 8,322 million, which decreased by Baht 180 million or 2% from year ended 2023.

Out of the total assets, current assets amounted to Baht 2,114 million or 25% of total assets, which increased by Baht 13 million or 1% from year ended 2023, mainly due to an increase in accounts receivable by Baht 57 million, inventory by Baht 102 million and other current assets by Baht 47 million, partly offset by decrease in cash and cash equivalents by Baht 189 million. Non-current assets amounted to Baht 6,208 million or 75% of total assets, which decreased by Baht 193 million or 3% mainly due to depreciation of machinery & equipment.

Cash and cash equivalent

As at 30 September 2024, the consolidated cash and cash equivalent balance was Baht 333 million, which decreased by Baht 189 million from year ended 2023.

Consolidated cash flow

- Net cash flows used in operating activities is Baht 1,109 million.
- Net cash flows used in investing activities stood at Baht 173 million.
- Net cash flows provided by financing activities is Baht 1,093 million.

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

- **Total liabilities**

Total liabilities in the consolidated financial statements as at 30 September 2024 amounted to Baht 7,292 million, which increased by Baht 870 million or 14% from year ended 2023 mainly due to the increase in short-term borrowings from financial institutions and related party, drawdown from long-term borrowings from related party which was partly offset by the repayment of liabilities from terminated rehabilitation plan and compromise and other payables.

Consolidated current liabilities increased by Baht 1,078 million mainly due to:

- Short-term borrowings from financial institutions increased by Baht 300 million due to additional borrowings.
- Short-term borrowings from related party increased by Baht 400 million due to additional borrowings.
- Trade account payables, other payables and accrued expenses 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 decreased by Baht 30 million due to the appreciation of Thai Baht versus US dollar.

Consolidated non-current liabilities decreased by Baht 208 million mainly due to:

- Non-current portion of liabilities from terminated rehabilitation plan and compromise and other non-current payables and accrued expenses decreased by Baht 706 million due to the repayment and reclassification from non-current to current liabilities.
- Long-term borrowings from related party increased by Baht 552 million due to additional borrowings.
- Accrued interest expense decreased by Baht 61 million mainly due to repayment.

- **Shareholders' equity**

As of 30 September 2024, the consolidated financial statements recorded shareholders' equity of Baht 1,031 million which decreased by Baht 1,049 million or 50% from year ended 2023 due to net loss of Baht 1,001 million and the loss on change in fair value of equity security designated at fair value through other comprehensive income of Baht 48 million on account of GJ Steel investment.