Management Discussion and Analysis

Management Discussion and Analysis for the period ended 31 December 2025

1. Highlights

	Unit : million Baht	Y2025	Y2024
Performance	Total Revenues	8,357	8,370
	Total Gross Profit (Loss)	(1,222)	(1,099)
	Total Net Profit (Loss)	(1,561)	(1,755)
	Unit : million Baht	**31-Dec-25**	**31-Dec-24**
Financial Status	Total Assets	10,629	8,399
	Total Liabilities	12,082	8,218
	Equity Arributable to Owners of the Parent	(1,453)	180

2. Performance of the Company

- **Revenue from sales**

The Company reported revenue from sales of Baht 8,357 million which decreased by Baht 13 million mainly due to the reduction in selling prices by 16% partly offset by increase in the sales volume by 19% by compared to Y2024. During the year, the Company increased its sales volume by successfully developing new grades for Re rolling usage and Exports to new markets in Europe.

- **Operating results**

Despite strong cost savings efforts, the gross loss of the Company at Baht 1,222 million increased by Baht 123 million mainly due to squeeze in margins as the challenging market situation continues to effect the global and domestic Steel Industry.

The Company also incurred higher expenses from development efforts of new grades/customers for export and domestic markets of Baht 109 million, increase in cost of skin pass service by Baht 56 million.

- **Gain from write-back of liabilities exceeding legal prescription period**

Gain from write-back of liabilities exceeding legal prescription period increased by Baht 45 million compared to Y2024 due to the write-off of debts and relevant accrued interest which were not claimed by creditors and exceeded the legal prescription period.

- **Other income**

The Company recorded other income of Baht 136 million, which increased by Baht 82 million compared to Y2024 mainly due to the increase in selling scrap generated by the skin pass process of the Company's HRC processed by the service provider.

- **Selling expenses**

The Company recorded selling expenses of Baht 126 million, which increased by Baht 16 million compared to Y2024 mainly due to the increase in sales volume.

- **Administrative expenses**

The Company recorded administrative expenses of Baht 274 million, which decreased by Baht 101 million mainly due to the one-off loss on waste disposal by Baht 106 million recorded in Y2024.

- **Net gain on foreign exchange rate**

The Company reported net gain on foreign exchange rate of Baht 51 million in Y2025 due to the appreciation of Thai Baht versus US dollar from 34.1461 THB/USD on 31 December 2024 to 31.7436 THB/USD on 31 December 2025.

- **Finance costs**

The Company recorded finance costs of Baht 196 million, which decreased by Baht 14 million compared to Y2024 mainly due to the continuously declining in interest rates and the repayment of high interest bearing liabilities from terminated rehabilitation plan and compromise.

3. Statement of financial positions

- **Total assets**

As of 31 December 2025, the consolidated total assets amounted to Baht 10,629 million, which increased by Baht 2,230 million or 27% from year ended 2024.

Consolidated current assets increased by Baht 1,516 million mainly due to:

- Cash and cash equivalents increased by Baht 198 million.
- Trade accounts receivable increased by Baht 182 million due to the increase in sales amount at the year end.
- Inventories increased by Baht 1,027 million mainly due to the increase in finished goods, raw materials, consumables and spare parts.
- Other current assets increased by Baht 104 million mainly due to the increase in VAT receivable.

Consolidated non-current assets increased by Baht 714 million mainly due to:

- Net increase in property, plant and equipment by Baht 688 million (after depreciation deduction by Baht 456 million).
- Net increase in intangible assets by Baht 97 million mainly due to software development costs.
- These were partly offset with the decrease in fair value of other long-term investment in GJ Steel by Baht 72 million.

Cash and cash equivalents

As at 31 December 2025, the consolidated cash and cash equivalents balance was Baht 398 million, which increased by Baht 198 million or 99% from year ended 2024.

Consolidated cash flow

- Net cash flows used in operating activities is Baht 1,192 million.
- Net cash flows used in investing activities stood at Baht 1,237 million.
- Net cash flows provided by financing activities is Baht 2,627 million.

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

- **Total liabilities**

Total liabilities in the consolidated financial statements as at 31 December 2025 amounted to Baht 12,082 million, which increased by Baht 3,864 million or 47% from year ended 2024 mainly due to the increase in advances received from customer, short-term borrowings from financial institutions and related party etc. as under:

Consolidated current liabilities increased by Baht 2,322 million mainly due to:

- Short-term borrowings from financial institutions and related party increased by Baht 1,640 million due to additional borrowings.
- Trade account payables, advance received from customer and other payables increased by totalling of Baht 1,154 million from normal business operations.
- These were partly offset by the repayment of current portion of liabilities from compromise by Baht 387 million.

Consolidated non-current liabilities increased by Baht 1,542 million mainly due to:

- Long-term borrowings from related party increased by Baht 1,615 million due to additional borrowings.
- This was partly offset by the repayment of liabilities from compromise by Baht 73 million.

- **Shareholders' equity**

As of 31 December 2025, the consolidated financial statements recorded shareholders' equity of Baht (1,453) million, which decreased by Baht 1,633 million from year ended 2024 due to net loss of Baht 1,561 million and the loss on change in fair value of equity security designated at fair value through other comprehensive income of Baht 72 million on account of GJ Steel investment.

- **Current Situation**

During the current tough situation of subdued global demand, low selling prices and cheap imports, disrupting the Thailand Domestic Hot Rolled Coil (HRC) market, the Company has taken several steps to increase sales volume, reduce the cost of production and work with Steel Associations and the Government Authorities to curb unfair imports of HRC to turnaround the Company and achieve sustainable profits.

However, despite these efforts, should the company continue to record negative shareholders' equity in the audited financial statements due to factors beyond its control, the Company may also be subject to a potential delisting on another ground, namely that its shareholders' equity has fallen below zero, as per the Stock Exchange of Thailand's regulations.