

## Management Discussion and Analysis

Management Discussion and Analysis for quarter 2 ended 30 June 2024

### 1. Highlights

	Unit : million Baht	Q2/2024	Q2/2023
Performance	Total Revenues	1,776	1,977
	Total Gross Profit (Loss)	(344)	(352)
	Total Net Profit (Loss)	(536)	(517)
	Unit : million Baht	30-Jun-24	31-Dec-23
Financial Status	Total Assets	8,271	8,502
	Total Liabilities	6,882	6,422
	Equity Arributable to Owners of the Parent	1,389	2,080

### 2. Business outlook

Overall industrial activities remained weak due to sluggish sales amid lower consumer purchasing power. Continued high household debts are now resulting in higher non performing loans in housing and automotive sectors.

The economy is currently being supported mainly by increasing tourist arrivals due to various steps taken by the government. As Thai Industrial Sentiment Index fell to a 2 year low, acceleration in Government spending will give the much required fillip to the economy going ahead.

### 3. Performance of the Company

#### • Revenue from sales

The Company reported revenue from sales of Baht 1,776 million which decreased by Baht 201 million mainly due to the decrease in the sales volume by 6% and selling prices by 4% compared to Q2-23.

#### • Operating results

The gross loss of the Company decreased by Baht 8 million compared to Q2-23 mainly due to recording of one off loss on downgrading long age HRC inventory to scrap recorded in Q2-23 partly offset by decrease in metallic spread (margin between selling price and metal cost).

The gross loss of the Company for Q2-24 was Baht 344 million mainly due to the conversion costs are still high level from low production volume and the metallic spread reduction, thus squeezing the margins.

#### • Net loss on foreign exchange rate

The Company reported a net loss on foreign exchange rate of Baht 15 million due to the depreciation of Thai Baht versus US dollar from 36.63 THB/USD on 31 March 2024 to 37.01 THB/USD on 30 June 2024.

#### 4. Statement of financial positions

- **Total assets**

As of 30 June 2024, the consolidated total assets amounted to Baht 8,271 million, which decreased by Baht 231 million or 3% from year ended 2023.

Out of the total assets, current assets amounted to Baht 1,983 million or 24% of total assets, which decreased by Baht 118 million or 6% mainly due to a decrease in cash and cash equivalents by Baht 438 million, partly offset by an increase in inventory by Baht 352 million. Non-current assets amounted to Baht 6,288 million or 76% of total assets, which decreased by Baht 113 million or 2% mainly due to depreciation of machinery & equipment.

#### **Cash and cash equivalent**

As at 30 June 2024, the consolidated cash and cash equivalent balance was Baht 85 million, which decreased by Baht 438 million from year ended 2023.

#### **Consolidated cash flow**

- Net cash flows used in operating activities is Baht 502 million.
- Net cash flows used in investing activities stood at Baht 67 million.
- Net cash flows provided by financing activities is Baht 131 million.

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

- **Total liabilities**

Total liabilities in the consolidated financial statements as at 30 June 2024 amounted to Baht 6,882 million, which increased by Baht 460 million or 7% from year ended 2023 mainly due to the cash receipt from short-term borrowings from financial institutions, increase in trade account payables, other payables and accrued expenses.

#### **Consolidated current liabilities increased by Baht 752 million mainly due to:**

- Short-term borrowings from financial institutions increased by Baht 300 million due to additional borrowings.
- Trade account payables, other payables and accrued expenses increased by Baht 224 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 41 million due to the depreciation of Thai Baht versus US dollar.

**Consolidated non-current liabilities decreased by Baht 292 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 the repayment and reclassification from non-current to current liabilities.
- Accrued interest expense decreased by Baht 41 million mainly due to repayment.

- **Shareholders' equity**

As of 30 June 2024, the consolidated financial statements recorded shareholders' equity of Baht 1,389 million which decreased by Baht 691 million from year ended 2023 due to net loss of Baht 739 million, offset with gain 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.