

Management Discussion and Analysis

Management Discussion and Analysis for the year ended 31 December 2024

1. Highlights

	Unit : million Baht	Y2024	Y2023
Performance	Total Revenues	8,370	10,766
	Total Gross Profit (Loss)	(1,099)	(521)
	Total Net Profit (Loss)	(1,755)	(1,014)
	Unit : million Baht	31-Dec-24	31-Dec-23
Financial Status	Total Assets	8,399	8,502
	Total Liabilities	8,218	6,422
	Equity Arributable to Owners of the Parent	180	2,080

2. Business outlook

The Company faced continued challenges due to subdued HRC demand coupled with high level of imports and compressed steel margin.

While the Company is continuously monitoring the import situation and taking up the matter of unfair imports with the relevant authorities and the Government has announced few Anti Circumvention and Anti Dumping measures during 2024 to support the Thai Manufacturers, imports from China remains at high level.

The Company has been taking several steps as countermeasure during these difficult times, including stabilizing the production and quality, improving yield and variable cost, maximizing sales and market share and progressing on its capex plan as announced in 2024.

3. Performance of the Company

• Revenue from sales

The Company reported revenue from sales of Baht 8,370 million which decreased by Baht 2,396 million mainly due to the decrease in the sales volume by 16% and selling prices by 7% compared to Y2023.

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

Gain from write-back of liabilities exceeding legal prescription period reduced by Baht 144 million compared to Y2023 due to a net gain of Baht 144 million recorded in Y2023 from the write-off of debts and relevant accrued interest exceeding the legal prescription period.

• Operating results

The gross loss of the Company was Baht 1,099 million, which increased by Baht 578 million compared to Y2023 mainly due to the lower production volume, reduction in metallic spread (margin between

selling price and metal cost), increase in loss on decline in value of inventories and partly offset with the decrease in one off loss on disposal of long aged HRC inventory recorded in Y2023.

- **Selling expenses**

The Company recorded selling expenses of Baht 110 million, which decreased by Baht 20 million compared to Y2023 mainly due to the decrease in sales volume.

- **Administrative expenses**

The Company recorded administrative expenses of Baht 376 million, which increased by Baht 20 million compared to Y2023 mainly due to the one off loss on sales of unusable spare parts and loss on payment for minimum quantity of energy service which was not used due to lower production.

- **Net gain on foreign exchange rate**

The Company reported net gain on foreign exchange rate of Baht 8 million due to the appreciation of Thai Baht versus US dollar from 34.38 THB/USD on 31 December 2023 to 34.1461 THB/USD on 31 December 2024.

- **Finance costs**

The Company recorded finance costs of Baht 211 million, which decreased by Baht 17 million compared to Y2023 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 2024, the consolidated total assets amounted to Baht 8,399 million, which decreased by Baht 103 million or 1% from year ended 2023.

Consolidated current assets decreased by Baht 62 million mainly due to:

- Cash and cash equivalents decreased by Baht 323 million due to use for operation and working capital.
- Partly offset with inventories increased by Baht 160 million mainly due to increase in raw materials and consumables.
- Other current assets increased by 129 million mainly due to increase in prepaid expenses.

Consolidated non-current assets decreased by Baht 41 million mainly due to:

- Decrease in fair value of other long-term investment in GJ Steel by Baht 145 million.
- Depreciation of machinery & equipment by Baht 440 million, partly offset with an increase in purchase of property, plant and equipment.

Cash and cash equivalents

As at 31 December 2024, the consolidated cash and cash equivalents balance was Baht 200 million, which decreased by Baht 323 million from year ended 2023.

Consolidated cash flow

- Net cash flows used in operating activities is Baht 1,669 million.
- Net cash flows used in investing activities stood at Baht 507 million.
- Net cash flows provided by financing activities is Baht 1,853 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 2024 amounted to Baht 8,218 million, which increased by Baht 1,796 million or 28% 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 1,761 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 800 million due to additional borrowings.
- Trade account payables, other payables and accrued expenses increased by Baht 272 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 reclassification from non-current to current liabilities.

Consolidated non-current liabilities increased by Baht 35 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 810 million due to repayment and reclassification from non-current to current liabilities.
- Long-term borrowings from related party increased by Baht 928 million due to additional borrowings, offset with the repayment and reclassification from non-current to current liabilities.
- Accrued interest expense decreased by Baht 81 million mainly due to repayment and interest rate reduction of loans from related party.

- **Shareholders' equity**

As of 31 December 2024, the consolidated financial statements recorded shareholders' equity of Baht 180 million which decreased by Baht 1,900 million or 91% from year ended 2023 due to net loss of Baht 1,755 million and the loss on change in fair value of equity security designated at fair value through other comprehensive income of Baht 145 million on account of GJ Steel investment.