

## **Management Discussion and Analysis Q3/2022**

### **1. Highlights**

	Unit: million Baht	3 <sup>rd</sup> Quarter 2022	3 <sup>rd</sup> Quarter 2021
<b>Performance</b>	Revenues	3,502	5,611
	Gross Profit (Loss)	(21)	1,474
	Net Profit (Loss) after tax	(86)	1,160
	Unit: million Baht	30 September 2022	31 December 2021
<b>Financial Status</b>	Total Liabilities	812	783
	Total Asset	17,340	16,622
	Total Equity	16,528	15,839

### **2. Business Outlook**

The overall domestic consumption of Hot Rolled products decreased by 22% during Q3 2022 and by 18% during up to Sep 2022\*. Further, during Q3 2022 the domestic production of Hot rolled products fell by 31% mainly due to reduced demand.

Russia and Ukraine conflict, High inflationary pressures, and Continuing Zero Covid Policy by China have resulted in sharp reduction in global consumption and pricing which continues to impact Thailand domestic market as well.

*\* (As per Iron and Steel Institute of Thailand)*

### **3. Performance of the Company**

- Revenue from sales and cost of goods sold**

Due to adverse business environment, the reported quarter saw a reduction in average selling price by 18% and decrease in sales volume by 24%. The cost of goods sold was at THB 3,481 million which was lower than last year quarter by 16% mainly due to reduction in production volume by 26%. This was partially offset by reversal of provision in NRV loss by THB 136 million as HRC prices improved from last quarter.

- Selling expenses**

Selling expenses for the 3<sup>rd</sup> Quarter 2022 amounting to THB 37 million decreased by 20%, mainly due to lower sale volume for delivery to customer partially offset with an increase in fuel costs during the current year.

- **Administrative expenses**

Administrative expenses for the 3<sup>rd</sup> Quarter 2022 amounted to THB 126 million which was lower from last year quarter by THB 81 million mainly due to reduction on account of incentive program.

- **Net loss from exchange rate**

The Company had recorded loss from exchange rate for the 3<sup>rd</sup> Quarter 2022 and 2021 by THB 11 million and THB 42 million respectively. The lower forex loss compared to last year quarter resulted primarily from reduced foreign exchange liabilities as the Company had fully repaid the foreign currency long-term loan.

- **Financial costs**

The financial costs for the 3<sup>rd</sup> Quarter 2022 reduced to THB 1 million compared to THB 31 million last year quarter which decreased due to reduction in Standby Letter of Credit and repayment of full debt during third quarter last year.

- **Income tax expense**

During the reported quarter, the Company has recorded a net loss which has resulted in reduction in the total income tax expenses by THB 48 million up to September 2022.

#### **4. Statement of financial positions**

- **Total Assets**

As of 30 September 2022, the Company had total assets amounting to THB 17,340 million which increased by THB 718 million compared to 31 December 2021. The current assets amounting to THB 4,596 million, increased by 26% from the year ended 2021 mainly due to increase in cash and cash equivalents by THB 1,238 million, increase in trade account receivable by THB 142 million partially offset with decrease in inventories by THB 501 million. Total non-current assets amounted to THB 12,745 million which decreased by 2% from the year ended 2021 mainly due to depreciation in property, plant and equipment.

- **Total Liabilities**

As of 30 September 2022, the Company had total liability amounting to THB 812 million. Total current liabilities amounted to THB 665 million and total non-current liabilities amounted to THB 147 million. As compared to 31 December 2021, the total liability increased by THB 29 million or 4%, on account of the following:

1. Trade accounts payable decreased by THB 85 million.
2. Other payables and accrued expenses increased by THB 67 million.
3. Advance received from customer increased by THB 24 million.

- **Total equity**

As of 30 September 2022, the Company had total equity of THB 16,528 million which increased by THB 689 million or 4% from year ended 2021 due to net profit for the nine months period of THB 689 million.