

1 Management Discussion and Analysis for year 2023

1. Highlights

	Unit: million Baht	Year 2023	Year 2022
Performance	Revenues	12,482	17,403
	Gross Profit (Loss)	120	1,200
	Net Profit (Loss) before tax	(492)	(3,107)
	Unit: million Baht	31 December 2023	31 December 2022
Financial Status	Total Liabilities	655	792
	Total Asset	12,853	13,495
	Total Equity	12,198	12,703

2. Business Outlook

The commencement of anti-circumvention investigations by the Department of Foreign Trade on certain Alloy HRC imports from China during September 2023 has resulted in reduction of such imports during the Q4 2023. This has helped in partially correcting the oversupply situation of HRC in the domestic market leading to reduced inventory levels which will help stabilize the domestic market going forward.

3. Performance of the Company

- Revenue from sales and cost of goods sold**

The Company reported revenue from sales at THB 12,482 million, which was lower than last year mainly due to a drop in both sale volume and selling price. HRC production decreased by 105 k tons as compared to last year and the sales volumes dropped by 90 k tons as compared to last year resulting from high imports and poor market conditions during the year.

The gross profit was reduced by THB 1,080 million mainly due to a margin squeeze as the reduction in raw material price could not fully offset the reduction in selling prices.

- Net gain from write-off expired legal prescription of debts**

The Company has recorded a net gain of THB 8 million from write-off of debts exceeding the legal prescription period of 10 years and accrued interest thereon compared to THB 43 million recorded last year.

- **Other income**

Other income for year 2023 amounted to THB 94 million and was higher by THB 20 million compared to last year mainly due to higher interest income by THB 24 million.

- **Administrative expenses**

Administrative expenses for year 2023 amounted to THB 584 million and was lower by THB 47 million compared to last year mainly due to a decrease in loss from write-off of old assets by THB 52 million partially offset with an increase in waste disposal expense by THB 10 million.

- **Impairment of Asset under Construction**

In year 2022, the Company engaged technical experts to carry out a review of the Galvanizing Line lying under construction in progress. Based on such technical review the investment required for making the Galvanizing Line operational including replacement of electrical and automation parts and replacement/purchase of new items to complete the commissioning was significant. Further, despite this investment, it would be difficult to achieve the desired production capacities, quality parameters and subsequent guarantee figures with continuing risks of operational stability, high maintenance/operational costs, and importantly quality and safety issues.

After considering various other factors like the operational stability, maintenance costs, quality and safety issues, the management decided not to continue with the commissioning of the existing Galvanizing line as such additional investment was not feasible and decided to impair the balance carrying amount of Baht 3,617 million net of residual value in the books reflected in the net loss for the year 2022.

4. Statement of financial positions

- **Total assets**

As of 31 December 2023, the Company had total assets amounting to THB 12,853 million. Total current assets amounted to THB 4,340 million and total non-current assets amounted to THB 8,513 million. As compared with year ended 2022, the total assets decreased by THB 642 million or 5% as below:

1. Cash and cash equivalent increased by THB 23 million.
2. Accounts receivable decreased by THB 45 million.
3. Inventory decreased by THB 257 million.
4. Property, plant and equipment decreased by THB 357 million. (mainly due to depreciation).

- **Total Liabilities**

As of 31 December 2023, the Company had total liability amounting to THB 655 million. Total current liabilities amounted to THB 488 million and total non-current liabilities amounted to THB 167 million. As compared with the year ended 2022, the total liability decreased by THB 137 million or 17% as below:

1. Trade accounts payable decreased by THB 112 million.
2. Other payables and accrued expenses decreased by THB 31 million
3. Advance received from customers decreased by THB 7 million.
4. Liabilities from terminated rehabilitation plan decreased by THB 4 million.
5. Non-current provision for employee benefit obligation increased by THB 20 million.

- **Total equity**

As of 31 December 2023, the Company has total equity of THB 12,198 million which decreased by THB 505 million or 4% from the year ended 2022 mainly due to net loss for the year of THB 492 million and actuarial loss from provision for employee retirement benefit of THB 13 million booked under other comprehensive expense.