

Management Discussion and Analysis Q1/2023

1. Highlights

	Unit: million Baht	1 st Quarter 2023	1 st Quarter 2022
Performance	Revenues	3,613	5,066
	Gross Profit (Loss)	128	650
	Net Profit (Loss)	(32)	471
	Unit: million Baht	31 March 2023	31 December 2022
Financial Status	Total Liabilities	836	792
	Total Asset	13,506	13,495
	Total Equity	12,670	12,703

2. Business Outlook

While, the apparent domestic consumption of Hot Rolled products increased by 17% during Q1 2023 as per Iron and Steel Institute of Thailand, there is a potential increase in the inventory in the supply chain due to weak end user demand. The domestic production declined by 18% due to a surge in imports, which increased by 54%. The Company has been taking up the matter with the relevant Government Authorities to take appropriate action against unfair imports.

The continuing imports led to pressure on the selling price, which dropped by 15% compared to the same period last year. The reduction in selling prices coupled with high costs of sub raw material and utility has resulted in a margin squeeze during the reported quarter. The Company is taking several cost reduction countermeasures to overcome this situation and make the business more sustainable in future.

3. Performance of the Company

- Revenue from sales and cost of goods sold**

The Company reported revenue from sales at THB 3,613 million, which was lower than in last year quarter mainly due to a drop in sale volume by 16% and a decrease in average selling price by 15%. While the cost of goods sold decreased by 21% (mainly due to a decrease in production volume and decrease in scrap prices) which resulted in a gross margin decrease of THB 522 million as compared to last year quarter.

HRC production decreased by 30 k tons as compared to Q1 2022 and the sales volumes dropped by 28 k tons as compared to last year quarter mainly due to pressure from imports.

- **Other income**

Other income for 1st Quarter 2023 amounted to THB 18 million was higher by THB 5 million compared to last year quarter mainly due to higher other income from sale of scrap and waste from the production.

- **Selling expenses**

Selling expenses for the 1st Quarter 2023 and 2022 amounting to THB 40 million and THB 46 million respectively or 12% lower, mainly due to lower sale volume for delivery to customers.

4. Statement of financial positions

- **Total Assets**

As of 31 March 2023, the Company had total assets amounting to THB 13,506 million. Total current assets amounted to THB 4,755 million and total non-current assets amounted to THB 8,751 million. As compared with year ended 2022, the total assets increased by THB 11 million as below:

1. Cash and cash equivalent decreased by THB 154 million.
2. Accounts receivable increased by THB 45 million.
3. Inventory increased by THB 219 million.
4. Other current assets increased by THB 7 million.
5. Property, plant and equipment decreased by THB 111 million. (mainly due to decrease from depreciation).
6. Other non-current assets increased by THB 5 million.

- **Total Liabilities**

As of 31 March 2023, the Company had total liability amounting to THB 836 million. Total current liabilities amounted to THB 685 million and total non-current liabilities amounted to THB 150 million. As compared with the year ended 2022, the total liability increased by THB 44 million or 6%, on account of:

1. Trade account payables increased by THB 6 million.
2. Other payables and accrued expenses increased by THB 24 million.
3. Advance received from customer increased by THB 9 million.
4. Other current liabilities increased by THB 4 million.
5. Non-current provision for employee retirement benefit increase by THB 2 million.

- **Total equity**

As of 31 March 2022, the Company had total equity of THB 12,670 million which decreased by THB 32 million from year ended 2022 due to net loss for this quarter of THB 32 million.