

Management Discussion and Analysis Q3/2023

1. Highlights

	Unit: million Baht	3 rd Quarter 2023	3 rd Quarter 2022
Performance	Revenues	3,316	3,502
	Gross Profit (Loss)	137	21
	Net Profit (Loss)	(16)	(86)
	Unit: million Baht	30 September 2023	31 December 2022
Financial Status	Total Liabilities	914	792
	Total Asset	13,249	13,495
	Total Equity	12,335	12,703

2. Business Outlook

While Q3 2023 saw a slight increase in the Domestic HRC demand compared to Q2 2023, the overall operating environment remained subdued with global HRC demand and prices further declining during the quarter.

Anti Circumvention investigation has been initiated by the Department of Foreign Trade on certain Alloy HRC imports from China, which will help in reducing unfair imports going forward.

The reduction in electricity prices in September 2023 provided relief to the Company from high utility prices witnessed during the previous quarters and will help reduce production cost.

3. Performance of the Company

• Revenue from sales and Net loss

The Company has reported revenue from sales at THB 3,316 million, which is lower than last year quarter mainly due to a decrease in average selling price by 11% partially offset with an increase in sale volume by 6% compared to last year quarter. HRC sales volumes increased by 8k tons as compared to last year quarter mainly due to reduced imports towards the end of the current quarter as a result of commencement of Anti circumvention investigation by the Department of Foreign Trade as mentioned above.

The Company recorded a net loss of THB 16 million compared to net loss of THB 86 million last year quarter. This reduction in net loss is mainly due improvement in gross margin resulting from 11% reduction in selling price which was more than offset by 17% reduction in scrap cost.

Administrative expenses

Administrative expenses for 3rd Quarter 2023 amounted to THB 154 million and was higher by THB 27 million compared to last year quarter mainly due to increase in loss from write-off of old assets by THB 16 million which were replaced by new equipment.

4. Statement of financial positions**• Total Assets**

As of 30 September 2023, the Company had total assets amounting to THB 13,249 million. Total current assets amounted to THB 4,635 million and total non-current assets amounted to THB 8,614 million. As compared with year ended 2022, the total assets decreased by THB 246 million as below:

1. Cash and cash equivalent increased by THB 341 million.
2. Accounts receivable increased by THB 63 million.
3. Inventory decreased by THB 419 million due to inventory reduction initiative.
4. Other current assets increased by THB 12 million.
5. Property, plant and equipment decreased by THB 265 million. (mainly due to depreciation).
6. Other non-current assets increased by THB 21 million.

• Total Liabilities

As of 30 September 2023, the Company had total liability amounting to THB 914 million. Total current liabilities amounted to THB 760 million and total non-current liabilities amounted to THB 154 million. As compared with the year ended 2022, the total liability increased by THB 122 million or 15%, on account of:

1. Trade account payables increased by THB 56 million.
2. Other payables and accrued expenses increased by THB 53 million.
3. Advance received from customer increased by THB 8 million.
4. Other non-current liabilities increased by THB 5 million.

• Total equity

As of 30 September 2023, the Company had total equity of THB 12,335 million which decreased by THB 368 million from year ended 2022 due to net loss for this period of THB 368 million.