

ANNUAL GENERAL MEETING OF SHAREHOLDERS NO. 21

Questions to the Company **during June 15 – July 15, 2022**

Question 1

How the Russia-Ukraine conflict is it expected to impact the cost, selling price and spread of the products? How is it expected to impact the revenue for sales to government projects, major private projects and retail? What are the Company's mitigation plan to address these situations in terms of inventory planning and marketing?

Answer 1

The Company does not have any transaction with any company in Ukraine or Russia. So there is no direct impact on the Company from the war. From start of the war and related actions like sanctions on Russia, oil, natural gas and commodity prices around the world have shot up. This has adversely impacted the energy cost which in turn affects manufacturing and transportation cost. The Company is able to recover a significant part of that from the Customers thereby maintaining the spread so far. At the same time, the Company has initiated many projects to control rising costs.

Rising inflation, increase in interest rates and geo-political issues pose headwinds in near future. The Company is focused on running a tight operations, with low inventory, maintaining close relationship with Customers and taking timely decisions in this uncertain environment. The cash situation remains healthy supported by adequate credit lines from financial institutions. The Company is trying to increase export volume to take advantage of weak Thai Baht.

Question 2

I would like the management to explain regarding the auditor's opinion in the latest financial statements that the auditor may have a difference of opinion on the details of the numbers in the financial statements causing the auditors to be concerned in examining such information or facts.

Answer 2

The auditor's opinion on page 155 of the Integrated Annual Report states that "my opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon." This statement implies that the auditor's opinion is on the financial statements including the notes thereon and does not cover the other information given in the Integrated Annual Report. This is a standard statement used in all audit reports. The auditor has expressed an unqualified opinion on the financial statements and does not have any adverse comment thereon.

Question 3

Is the increase in inventory due to higher quantities or higher prices? What is the risk from such high inventory and what is the Company's strategy to manage the same?

Answer 3

The inventory in Mar'22 end was higher by 986 Mn THB as compared to Mar'21 from the increased price of finished goods and metallic. In terms of volume, the quantity was lower at end-Mar'22 as compared to the previous year. In number of days' term, it was at 45 days at end-Mar'22 compared to 48 days end-Mar'21. The company continues to monitor working capital closely.

Question 4

Will the impairment of MBF be approximately 81 million baht annually until its value becomes zero? If the assets are dismantled and cut off, will they be sold as scrap?

Answer 4

The Mini Blast Furnace assets were mothballed since 2011 and the management decided to dispose the MBF machinery, equipment and its spare parts. The success has been limited with worldwide interruption from Covid in last 2.5 years and ageing machinery. The value of the MBF assets, classified as "Idle assets held-for-sale" in the balance sheet, reflects the expected realizable value of the assets evaluated by an independent external valuer. The valuation is done every year and any shortfall in the realizable value over the carrying value of the asset is recognized as impairment charge in the Profit & Loss account.

During the year ended 31 March 2022, the Company has recognized an impairment charge on MBF of 81 Mn THB as against 117 Mn THB recognized in FY 2021.

Question 5

What would be the saving in cost of power after the solar rooftop system was installed? Has it achieved the plan that was initially estimated?

Answer 5

The Company installed 1.4 MWp on factory rooftop 3 years ago. Another 11.8 MWp is expected to get completed by Oct'22. It got delayed by a few months due to shortage of electronic components worldwide. Expected saving from the combined system will be 25 Mn THB / year along with using green energy which is good for the society.

Question 6

What is difference of higher steel prices last year from the limitation of production and lower exports by China and this year from the Russia-Ukraine conflict? Does both the factors impact to the Company in the same way or differently?

Answer 6

Steel prices went down in 2020 from Covid related lockdowns around the world. The prices started improving in early 2021 from pent up demand as vaccinations started and lockdown restrictions were removed. Another reason was that many governments undertook stimulus measures to support the economy post Covid.

As far as China is concerned, there is a major restructuring happening in the steel industry there. Chinese government has set a task to move to lower CO₂ emission steel industry that will mostly service domestic industry. This is good news for steel industry as Chinese companies are expected not to dump steel in export markets. There was positive impact of this in 2021 in terms of global steel prices. The view on the impact of Russia-Ukraine conflict has been shared in the 1st question.