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# บริษัท สหวิริยาสตีลอินดัสตรี จำกัด (มหาชน) SAHAVIRIYA STEEL INDUSTRIES PUBLIC COMPANY LIMITED

บริษัทหลักชั้นนำด้านนวัตกรรมและความเชื่อมั่น  
Leading Innovative and Reliable Steel Company

-Translation-

## Management Discussion and Analysis for Year 2021

Sahaviriya Steel Industries Public Company Limited (the “Company”) would like to clarify operating results and financial status of the Company and its subsidiaries for Year 2021 period ended 31 December 2021 as follows:

| Unit: million Baht   | 2021    | 2020    | Δ YoY |
|--|---------|---------|-------|
| Sales and service revenues                                   | 35,313  | 18,125  | +95%  |
| Cost of sales and service                                    | 32,309  | 17,415  | +86%  |
| Gross profit (loss)  | 3,005   | 710     | +323% |
| SG&A   | 824     | 788     | +5%   |
| Consolidated EBITDA <sup>1)</sup>                            | 1,657   | 2,751   | -40%  |
| Gains on measurements of financial liabilities at fair value | -       | 1,632   | -     |
| Profit (Loss) on foreign exchange liabilities under the plan | (1,785) | 560     | -     |
| Adjustment for decrease in debts guarantee                   | 586     | -       | -     |
| Finance costs  | (1,633) | (1,721) | -     |
| Net profit (loss)  | (536)   | 376     | -     |

<sup>1)</sup> Consolidated EBITDA: EBITDA of the consolidated financial statement which included the provision (or reversal) for loss on decline in value of inventories and provision (or reversal) for loss under onerous contracts = Net Profit + Interest + Tax + Depreciation and Amortization

## Operating Performance

### 1. Revenues

The Company and its subsidiaries recorded sales and service revenues Baht 35,313 million, an increase of 95% YoY. HRC Sales Volume was 1,197k tons, rose by 18% YoY. HRC Average Selling Price was Baht 27,964/ton or approx. USD 868/ton, up 60% YoY following the global economic situation and steel prices in the world market. The total HRC sales volume included SSI Principal Products (SPP) 23%, Innovated Value Products (IVP) 34%, and Customized Prime Products (CPP) 43%.

### 2. Cost of Sales and Services

The Company and its subsidiaries recorded total cost of sales and services Baht 32,309 million, including provision for loss on decline in value of inventories Baht 460 million. The cost of sales and services increased 86% from Baht 17,415 million in the same period last year due to the increase in raw material costs following the world market.

### 3. SG&A and Finance Costs

The Company and its subsidiaries recorded SG&A Baht 824 million, up 5% YoY from Baht 788 million in the same period last year due to the increase in total sales.

The Company and its subsidiaries recorded finance costs Baht 1,633 million, down 5% YoY from Baht 1,721 million in 2020 as a result of a decrease in interest rate according to the accounting standard.





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## 4. Profit

The gross profit of the Company and its subsidiaries jumped up highly from Baht 710 million in 2020 to Baht 3,005 million, or up 323%, in 2021. However, Consolidated EBITDA was recorded at Baht 1,657 million, a 40% decrease from Baht 2,751 million and net loss was Baht 536 million, a decrease from profit Baht 376 million in the previous year. The Consolidated EBITDA and net loss were lower than those in the previous year and did not reflex the actual performance of the Company, mainly as a result of the non-cash following items: 1) gains on measurements of financial liabilities at fair value Baht 1,632 million recorded in year 2020 but did not appear in year 2021, 2) unrealized foreign exchange loss on liabilities under the Plan, denominated in foreign currency, totaling loss Baht 1,785 million, a decrease from profit Baht 560 million in year 2020, and 3) provision for loss on decline in value of inventories Baht 460 million, a change from reversal of Baht 472 million in the previous year, which caused the higher cost of sales and services than the previous year.

## Financial Position

| Unit: million Baht                           | 31 Dec. 21    | 31 Dec.20     | Δ YoY       |
|--|---------------|---------------|-------------|
| Cash and cash equivalents                    | 496           | 666           | -26%        |
| Inventories                                  | 8,021         | 4,316         | +86%        |
| Property, plant and equipment                | 10,543        | 10,923        | -3%         |
| Other assets                                 | 4,219         | 3,775         | +12%        |
| <b>Total Assets</b>                          | <b>23,279</b> | <b>19,680</b> | <b>+18%</b> |
| Trade accounts payable                       | 4,845         | 2,838         | +71%        |
| Current contract liabilities                 | 550           | 824           | -33%        |
| Liabilities under rehabilitation plan        | 32,049        | 29,752        | +8%         |
| Provision under guarantee                    | 105           | 12            | +775%       |
| Other Liabilities                            | 801           | 775           | +3%         |
| <b>Total Liabilities</b>                     | <b>38,350</b> | <b>34,201</b> | <b>+12%</b> |
| Equity attributable to owners of the Company | (15,578)      | (15,042)      |             |
| <b>Total shareholders' equity</b>            | <b>23,279</b> | <b>19,680</b> | <b>+18%</b> |

### 1. Assets

As at 31 December 2021, the Company and its subsidiaries had total assets Baht 23,279 million, increased by 18% from Baht 19,680 million as at 31 December 2020 due to the increase in value of inventory from Baht 4,316 million to Baht 8,021 million.

### 2. Liabilities

As at 31 December 2021, the Company and its subsidiaries had total liabilities Baht 38,350 million, up 12% from Baht 34,201 million as at 31 December 2020 due to 1) an increase in account payable from Baht 2,838 million to Baht 4,845 million, or increased by 71%, 2) an increase in total liabilities under rehabilitation plan from Baht 29,752 million to Baht 32,049 million.

The total liabilities under rehabilitation plan Baht 32,049 million was divided into 1) short-term debt under the Plan due within 1 year Baht 1,420 million, up from Baht 225 million as at the end of year 2020 because the Company has resumed principal debt repayment, in accordance with the amended Plan, starting from the period March 2021 onward after it had suspended the repayment since March 2020 and 2) long-term debt under the Plan Baht 30,629 million, an increase of 4% from Baht 29,527 million at the end of year 2020, mainly from the foreign exchange loss on liabilities under the Plan.



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### 3. Equity

As at 31 December 2021, equity attributable to owners of the Company was negative Baht 15,578 million, a decrease from negative Baht 15,042 million as at 31 December 2020, as a result of the operating loss of the group.