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TMT- CP023/2022

November 11, 2022

Subject: Management Discussion and Analysis for the third quarter of 2022

To: President
The Stock Exchange of Thailand

The Board of Directors' Meeting of TMT Steel Public Company Limited ("the Company") No. 6/2022, dated November 11, 2022, has approved the financial statements for the third quarter ended September 30, 2022. In this regard, the company would like to clarify a significant change in operating results in the third quarter with a loss of Baht 85.12 million, a decrease of 124.94% compared to the same period last year with the significant change reasons as follows;

1. Revenue from sales was Baht 5,431.76 million, Baht 212.53 million decreased (-3.77%), from an average selling price that declined by 10.27% compared to the same period last year. The main factors that affect steel price and demand were the impacts on production costs led by energy prices which weakened the demand directly, the concerns of inflation tightening control measures, the crisis in China's real estate sector and the lockdown in China's economic cities, also the impact of the Russian sanctions and geopolitical problems between China and Western countries affect the supply chain. As a result, steel prices and demand both in domestic and global markets were in a downside in this quarter.

2. Gross profit margin was 0.73%, a decrease from the same period last year which was at 10.72%, because of a faster decreasing in average selling prices than product cost prices. In this quarter, there was an additional allowance for net realisable value amounting to Baht 45.29 million. However, the sales volume increased by 7.78% from the same period last year due to the providing of variety and availability of steel products for customers, which lessen their burden of high inventory.

3. Selling expenses increased by Baht 8.86 million (+ 19.77%) from transportation expenses as the increasing in sales quantity and also higher fuel costs, including marketing expenses following the higher sales volume. Administrative expenses decreased by Baht 44.99 million (-34.99%), from employee expenses and miscellaneous expenses, compared to the same period last year.

4. Interest expenses increased by Baht 5.59 million (+23.07%) compared to the same period last year, from the increasing of long-term loan proportion, interest rates, and the amount of credit usage from financial institutions following the growth of the business.

Please be informed accordingly.

Yours sincerely,

-Signed-

(Mr. Paisal Tarasansombat)

Chief Executive Officer

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