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TMT- CP016/2023

August 11, 2023

Subject: Management Discussion and Analysis for the second quarter of 2023

To: President
The Stock Exchange of Thailand

The Board of Directors' Meeting of TMT Steel Public Company Limited ("the Company") No. 4/2023, dated August 11, 2023, has approved the financial statements for the second quarter ended June 30, 2023. In this regard, the Company and its subsidiary would like to clarify a significant change in operating results in the second quarter with a net profit of 35.03 million baht, a decrease of 78.73% compared to the same period of last year with the significant change reasons as follows;

1. Revenue from sales was 4,936.37 million baht, 741.05 million baht decreased (-13.05%) from an average selling price that declined by 23.51% compared to the same period last year. Due to the fragility of the economy in China, Thailand, and globally rising inflation and interest rates. Consequently, in the second quarter, the steel industry formed itself to reduce the productivity and inventory as weaker demand than expectation still built the increasing surplus of inventory in the market. However, the local steel mills have faced higher production costs of raw materials and energy, therefore the domestic price was fixed to align with the production cost, which created a higher price gap between a domestic and global market price, affecting the increase of imports of raw and se-mi materials afterwards. As a result, the local steel mills had to decrease the selling prices following the lower cost of raw materials to be competitive with the imported product in the market.

2. Gross profit margin was 4.94%, decreased from the same period last year which was 6.87%, because of a faster decrease in average selling prices than product cost prices. However, the sales volume increased by 10.46% from the same period last year, as the company provides a variety and availability of steel products including solutions that lessen the overstock burden for customers.

3. Selling expenses of 55.78 million baht or an increase of 6.46 million baht (+13.11%) from the transportation expenses as the increase in sales quantity compared to the same period last year. Administrative expenses of 126.54 million baht or an increase of 5.25 million baht (+4.33%) compared to the same period last year which not including its subsidiary last year, from employee expenses, office expenses, consulting expenses,

บริษัท ทีเอ็มที สตีล จำกัด (มหาชน) TMT STEEL PUBLIC COMPANY LIMITED

179 อาคารบางกอกซิตี ทาวเวอร์ ชั้น 22 ถนนสาทรใต้ แขวงทุ่งมหาเมฆ เขตสาทร กรุงเทพมหานคร 10120 โทร : 02 685 4000 โทรสาร : 02 670 9090-2
179 Bangkok City Tower 22nd Floor, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Tel : 02 685 4000 FAX : 02 670 9090-2

maintenance expenses (totaling 33.08 million baht; including its subsidiary) and a decrease of allowance for expected credit losses (totaling 27.83 million baht).

4. Interest expenses of 39.51 million baht or an increase of 10.42 million baht (+35.81%), compared to the same period last year, from the increase of long-term loan proportion following the growth of the business and the higher interest rate.

Please be informed accordingly.

Yours sincerely,

-Signed-

(Mr. Paisal Tarasansombat)

Chief Executive Officer

Remark: The information used for the preparation of the management's discussion and analysis for the second quarter ended June 30, 2023. The comparative information in 2022 is the interim separate financial statements. Since the company started investing in subsidiaries on March 16, 2023, the company has started preparing consolidated financial statements since the first quarter ended March 31, 2023.

บริษัท ทีเอ็มที สตีล จำกัด (มหาชน) TMT STEEL PUBLIC COMPANY LIMITED

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