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TMT-CP003/2024

February 21, 2024

Subject: Management Discussion and Analysis for the Year 2023

To: President
The Stock Exchange of Thailand

The Board of Directors' Meeting of TMT Steel Public Company Limited ("the Company") No. 1/2024, dated February 21, 2024, has approved the financial statements for the Year 2023 ending December 31, 2023. In this regard, the Company and its subsidiary would like to clarify a significant change in operating results with a net profit of 332.74 million baht, an increase of 40.94% compared to last year. The reasons for this significant change are outlined as follows:

1. The sales revenue was 19,992 million baht, a decrease of 2,196.13 million baht (-9.90%) due to a decrease in the average selling price of 13.91% compared to the previous year. Due to in 2023, the steel industry reduced its production capacity and inventory because the number of surplus steel products that entered the market exceeded actual demand. Domestic manufacturers were facing problems from higher production costs both raw material and energy costs and tried to fix the price in line with the higher costs. Therefore, the local price was higher than the global price which caused higher imports. In addition, the demand within China had slowed down in both the real estate sector and production sectors consequently, this led to an increase in inventory levels and surplus products being exported to other countries, while the global demand for steel consumption remained sluggish including Thailand. As a result, domestic manufacturers reduced the price gap by lowering the selling prices according to the cost of raw materials gradually decreasing to compete with the increasing number of imported products.
2. The gross profit margin was 6.52%, an increase from 4.48% last year, as the sales volume was 4.72% higher. In addition, effective production cost management, efficient inventory management, variety and availability of steel products, also services and solutions that meet customer requirements contributed to the rise in gross profit margins for this year.

3. The selling expenses of 221.91 million baht or 13 million baht increase (+ 6.24%) from the transportation expenses following the higher sales quantity. Administrative expenses of 575.25 million baht, 132.62 million baht increase (+30%) from last year. From an increase in employee expenses including salary, bonuses, overtime also office expenses, and consulting fees. In comparison to the year 2022, the expenses were adjusted according to operating results and sales volume decreased, therefore the base year was lower than usual. In 2023, operating results recovered and improved as a result, administrative expenses and employee expenses returned to normal levels.
4. The interest expenses of 170.68 million baht, 51.97 million baht increase (+ 43.78%) compared to last year. This is an increase in interest expenses on short-term loans from rising interest rates and interest expenses on long-term loans that were used for the investment in purchasing machinery and building warehouses for storing products to support the growth of business.

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 Year 2023, ending December 31, 2023. In which 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.