



MILL 018/2021

15 November 2021

**Subject:** Management's Discussion and Analysis of quarter 3, 2021, Ending 30 September 2021.

**Attention:** President

The Stock Exchange of Thailand

Millcon Steel Public Company Limited ("the Company") would like to notify the Company's and its subsidiary' performance of quarter 3, 2021, Ending 30 September 2021, which are interim by auditors approved by the office of SEC, and which are also approved by the Board of Directors of the Company. The details are as follow;

#### Economics overview

In quarter 3 of 2021, construction industry has the third wave impact from the COVID-19 outbreak which cause to the government has announced measures to close construction worker camps in the dark red areas to contain the spread, result in the slowdown in demand in the continuous industrial sector, especially the construction sector, has not yet fully recovered due to contain spread measure strictly which was impact to long product steel directly.

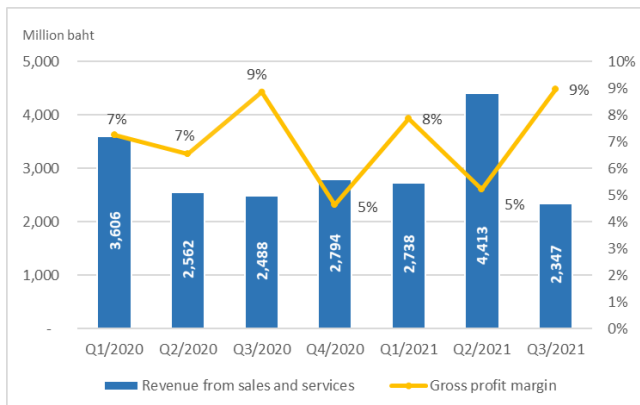
According to the Iron and Steel Institute of Thailand, in quarter 3 of the year 2021, Thailand long product steel consumption was at 1.3 million tons decreased by 20.4% when compared with the same previous year and flat product steel consumption was at 3 million tons which was increased by 24.1% when compared with the same previous year which has total finish steel consumption was volume at 4.3 million tons, increased by 6.2% when compared with the same previous year.

#### Performance summary in of quarter 3, 2021.

Performance	Q3/2021	Q3/2020	(YoY)	
	Million Baht	Million Baht	+/- Million Baht	Percentage
Total revenues	2,580	2,526	54	2
Revenues from sale and services	2,347	2,488	- 141	- 6
Cost of sales and services	2,137	2,267	- 130	- 6
Gross profit	210	221	- 10	- 5
SG&A	96	140	- 44	- 31
Financial cost	124	125	- 1	- 1
Net Profit*	227	5	222	4,374
EBITDA	413	226	187	83



**Remark** \*Net profit above does not include the operating results of Kobelco Millcon steel Co., Ltd. ('KMS '), a 50% joint venture with Kobe Steel Limited. which is production and distribution of ordinary grade wire rod and special grade wire rod. At present, the production and distribution of special grade wire rods for the automobile industry has been completed, and able to resume profitable operations, in 9 months of the year 2021, KMS had net profit 333 million baht, and in quarter 3 of the year 2021, KMS had a net profit of 65 million baht, if included KMS profit, the Company had net profit of 260 million baht.



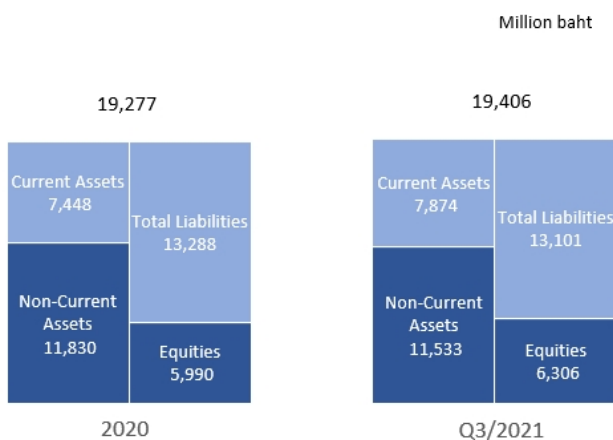
In quarter 3 of the year 2021, the Company had the Revenue from sale and services in the amount of 2,347 million baht, decreased by 6% from sale volume decreased by 38%, Mainly from the sale volume was decreased which decreased correspond with Thailand's long product steel consumption when compared with the same previous year, Cost of sales and services were at

2,137 million baht decreased by 6% which decreased correspond with the revenue.

In the quarter 3 of the year 2021, the Company had gross profit 210 million baht and had gross profit margin was at 9% increased from the quarter 2 of the year 2021 which was at 5%.

Selling, General and Administrative Expense (SG&A) decreased 44 million baht or 31% when compared with the same previous year from the transportation cost and expenses management of the Company.

From the reason above, resulted in the Company had net profit in the amount of 227 million baht, increased 222 million baht, and had EBITDA 413 million baht increased by 83% when compared with the same previous year.



As of September 30,2021, the Company had total current assets in the amount of 19,406 million baht, increased 129 million baht from inventories 238 million baht, advance payment for goods increased 504 million baht from ordering law material for production, Short-term loan from related parties increased 741 million baht, due to the Megawatt Co., Ltd. ("the Megawatt") which is the Company's associates has payment for shares of Siam Solar Generation Company Limited. ("Siam solar")

in a promissory note in the amount of 735 million baht which affected to asset hold for sale which is the shares of Siam solar decreased 1,170 million baht.



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MILLCON STEEL PUBLIC COMPANY LIMITED

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Total liabilities were at 13,101 million baht decreased 187 million baht, long-term loan from the financial institution decreased 265 million baht from repayment to long term loan at due, advance receive for goods decreased 196 million baht from the Company has delivered products to customers.

The shareholders' equity as of September 30, 2021, was at 6,306 million baht, increased 316 million baht, from the Company's operation in 9 months resulted in debt to equity ratio of the Company was at 2.08.

Please be inform accordingly.

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director