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TMT- CP020/2022

August 11, 2022

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

To: President
The Stock Exchange of Thailand

The Board of Directors' Meeting of TMT Steel Public Company Limited ("the Company") No. 4/2022, dated August 11, 2022, has approved the financial statements for the second quarter ended June 30, 2022. In this regard, the company would like to clarify a significant change in operating results in the second quarter with a net profit of Baht 164.70 million, a decrease of 72.76% compared to the same period of last year with the significant change reasons as follows;

1. Revenue from sales was Baht 5,677.42 million, Baht 461.45 million increased (+8.85%) from an average selling price increase by 13.67% compared to the same period last year. The domestic and global prices rose at a high level at the beginning of the second quarter as the impact of the Russia-Ukraine war caused the cost of raw materials and energy to grow. In addition, the economic sanction against Russia has raised concerns about temporary shortages as Russia and Ukraine are major steel exporters in the world market. However, the direction of global and domestic prices declined towards the end of the quarter. As a result of the sanctions, Russia's steel has been dumped into China, the world's largest steel consumer market, as well as a key city lockdown in China due to its Zero-Covid policy and declining demand from the construction industry of the real estate sector in China. While the effects of the war created accelerated inflation problems, many countries took measures to control inflation, resulting in a slowdown in demand and an oversupply of inventory in the market.

2. Gross profit margin was 6.87%, decreased from the same period last year, 18.46%, due to a 4.32% drop in sales volume compared to the same period the previous year. This drop was due to several consecutive holidays, and the price volatility decelerated the demand during the second quarter. Although the selling price level was higher than the same period last year, the cost of goods pushed up the product's price while demand slowed down. Including the direction of the price at the end of the second quarter of this year has decreased. Therefore, the price spread was narrowed.

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3. Selling expenses increased by Baht 2.58 million (+5.53%) from the transportation and higher fuel cost, including marketing expenses. Administrative expenses decreased by Baht 33.80 million (-21.80%), from employee expenses and miscellaneous expenses, compared to the same period last year.

4. Interest expenses increased by Baht 6.12 million (+26.62%), compared to the same period last year, from the increase of long-term loan proportion following the growth of the business.

Please be informed accordingly.

Yours sincerely,

-Signed-

(Mr. Paisal Tarasansombat)

Chief Executive Officer