



ที่ MILL 007/2022

15 Aug 2022

**Subject:** Management's Discussion and Analysis of quarter 2, 2022, Ending 30 June 2022.

**Attention:** President

The Stock Exchange of Thailand

Millcon Steel Public Company Limited ("the Company") would like to notify the Company's and its affiliates' performance of quarter 2, 2022, Ending 30 June 2022, 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;

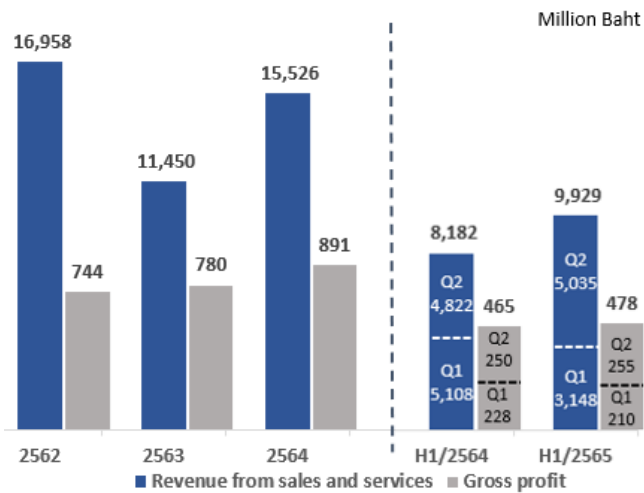
#### Economics overview

In the second quarter of 2022, the Thai economy improved from the previous quarter as private sector consumption rose mainly from the service category due to the relaxation of epidemic control measures and international travel restrictions. However, the domestic steel industry was affected by the escalating conflict between Russia and Ukraine. which affects high inflation and the demand of the downstream industries slowed down. Including the production and consumption of steel products.

From the Iron and Steel Institute of Thailand, Quarter 2 of 2022, Thailand finished steel consumption was at 4.74 million tons decreased by 8.5% when compared with the same previous year, divided into long steel consumption was at 1.75 million tons increased by 0.8% from the same previous year, the flat steel consumption was at 2.99 million tons decreased by 13.2% when compared with quarter 2 of 2021.

#### Performance summary in of quarter 2, 2022.

Performance	Q2/2022	Q2/2021	YoY	
	Million Baht	Million Baht	+/- Million Baht	Percentage
Total revenues	4,854	5,070	- 216	- 4.3
Revenues from sale and services	4,822	5,034	- 212	- 4.2
Cost of sales and services	4,571	4,779	- 208	- 4.3
<b>Gross profit</b>	<b>250</b>	<b>255</b>	<b>- 5</b>	<b>- 2.1</b>
SG&A	152	103	50	48.5
Financial cost	136	128	7	5.9
<b>Net Profit*</b>	<b>53</b>	<b>65</b>	<b>- 12</b>	<b>- 19.6</b>
EBITDA	245	256	- 11	- 4.5

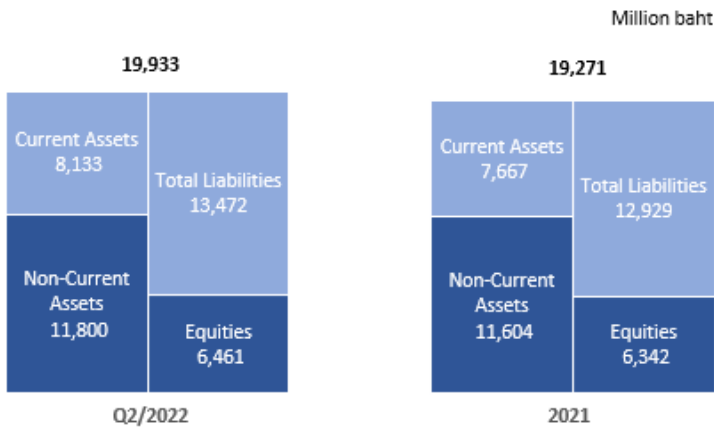


For the quarter 2 of 2022, the Company had the Revenue from sales and services in the amount of 4,822 million baht decreased by 4.2% when compared with the quarter 2 of 2021. Mostly from the sale volume of Steel bar and Billet. This was because the steel price in the market continued to increase since the first quarter of 2022, causing consumers to slow down their purchases. Cost of sales of goods and services were at 4,571 million baht decreased by 4.3% when compared with the same previous year, which decreased from the sale volume, result in the

Company had Gross profit 250 million baht decreased by 2.1% from the same previous year.

Financial costs were at 136 million baht increased by 5.9% when compared with the same previous year due to usage of working capital increase from the market steel price.

In the quarter 2 of 2022, there were special expenses amount of 69 million baht, divided into Loss on investments in equity instruments designated at fair value through profit and loss 47 million baht and production stop costs 22 million baht. As above result in the Company had Net profit 53 million baht decreased 12 million baht and EBITDA was at 245 million baht decreased by 4.5% from the same previous year.



As of June 30, 2022, the Company had total asset in the amount of 19,933 million baht which was increased 662 million baht from trade accounts receivable 1,075 million baht from waiting payment at due, inventories increased 322 million baht and Advance receive for inventories decrease 675 million baht from received raw materials from supplier

Total liabilities of the Company were at 13,472 million baht increased 543 million baht, the increase was due to an increase in Short-term loan from financial institute 824 million baht, Long-term loans from financial institutions decreased 142 million baht from long-term repayment loan, and advance received decreased 110 million baht from delivery product to customers.

Equity as of June 30, 2022, was at 6,461 million baht increased 119 million baht from the Company performance in the first half year.



Please be inform accordingly.

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director