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70 หมู่ 2 ต.ช้างใหญ่ อ.บางไทร จ.พระนครศรีอยุธยา ประเทศไทย 13290
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(Translation)

Ref. No. MCS 014/2022
November 14,2022

Subject : Management Discussion and Analysis of Q3/2022

To : Director and Manager The Stock Exchange of Thailand

M.C.S. Steel Public Company Limited would like to clarify the operating result for the consolidated financial statements of company and subsidiary of Quarter 3/2022 periods ended 30 September 2022 that reviewed by the Independent Auditor, details are as followings ;

1. In Q3/2022, the company's Loss was 67.77 Million Baht that was the loss in the separate financial statements of 87.40 Million Baht and the operation result from subsidiaries company as
 - a. MCS-Xiamen 's Profit was 3.36 Million Yuan (CNY) or 17.87 Million Baht
 - b. MCS-Japan's loss was 7.37 Million Yen (JPY) or 1.94 Million Baht
2. In Q3/2022, the company's gross profit in the separate financial statements was 19.80 Million Baht, decreased 685.68 Million Baht from same period of last year. If included the gross profit from subsidiary companies ,it will be 75.49 Million Baht, decreased 755.18 Million Baht from same period of last year.
3. In Q3/2022, the company's sale revenue of goods and rendering of services in the separate financial statements were 610.73 Million Baht, decreased 1,339.71 Million Baht or 68.69% from same period of last year. If included the sale revenue of goods and rendering of services from subsidiary companies it will be 615.21 Million Baht ,decreased of 1,360.42 Million Baht or 68.86%.

Management Discussion and Analysis of Q3/2022

1. The delivery works in Q3/2022 were around 9,323 tons which included work from subsidiary companies as 8,796 tons.

As a decreased of delivery works as 14,971 tons compared with same period of last year, the revenue from sales of goods and rendering of services were 615.21 decreased 1,360.42 Million Baht or 68.86% from same period of last year.

2. In Q3/2022, Cost for sales of goods and rendering of services in the separate financial statements were 590.93 Million Baht ,decreased by 654.03 Million Baht or 52.53% from same period of last year.



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And if included the subsidiary companies ,cost for sales of goods and rendering of services after cut transaction were 539.72 Million Baht that decreased of 605.24 Million Baht or 52.86% from same period of last year.

3. In Q3/2022, the distribution costs decreased by 192.06 Million Baht or 79.37% which was due to delivery work decreased.

The Administrative expenses was 71.11 Million Baht ,decreased by 34.73 Million Baht.

4. In Q3/2022 , Other income was 4.23 Million Baht.
5. In Q3/2022, Finance costs was 2.90 Million Baht.
6. At 30 September 2022, Inventories were 2,920.78 Million Baht ,increased by 929.85 Million Baht or 46.70% from 31 December 2021.
7. At 30 September 2022, Property, plant and equipment decreased by 42.35 Million Baht from 31 December 2021 due to the conversion of financial statements in this period.

In Q3/2022, we have suffered losses and we expect similar result for next quarter as well , two large projects encounter unexpected delay due to discovery of historical heritage during foundation excavation work , necessary and rather long process has been taken by our client to clarify with several related government agencies situation has been cleared and revised drawings has been processed, we have started our fabrication work and consequently delivery will be catch-up from first quarter next year However, raw material price increase due to China put restriction on her steel material export, together with shipping expense increase due to fuel price increase caused by Ukraine- Russia war , do create extra uncertainty to our profit expectation.

Yours Sincerely

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(Dr.Naiyuan Chi)
Chairman of Board Director