

TYCN 003/66

23 February 2023

Subject: Submission of financial statements and clarification of operating for year 2022.

To: President of the Stock Exchange of Thailand

Tycoons Worldwide Group (Thailand) Public Company Limited would like to submit herewith the audited report of the independent auditor and our financial statements for year 2022. The Company has net profit 162 MB and net profit 377 MB till the year end of 2021 respectively, which decreased net profit by 215 MB or 57.11% because of the following reasons:

1. Total revenues increased 328 MB or 3.60%.
 - Sales increased 304 MB or 3.36% comparing with 2021 mainly due to domestic demand increased, resulting in an increase in sales volume of steel products.
 - Other income increased 24 MB or 71.98 % comparing with 2021 mainly due to the gains from disposal of fixed assets.

2. Total expenses increased 561 MB or 6.53%.
 - Cost of sales increased 793 MB or 9.96% compared with 2021 mainly due to the sales volume increased in 2022.
 - Selling and administrative expenses increased 23 MB or 6.06% compared with 2021 mainly due to the sales volume increased and transportation, export-related expenses increased.
 - Reversal of allowance for expected credit losses decreased 8 MB or 44.82% compared with 2021 mainly due to the most of the domestic accounts receivable need to purchase accounts receivable insurance or require customers to provide bank guarantees.
 - Raw material purchase contracts increased 11 MB or 147.73% compared with 2021, due to the raw materials price decreased.
 - Impairment loss on non-financial assets (reversal) decreased 243 MB or 106.89% compared with 2021, mainly due to the Company's 2021 unused assets record impairment loss of fixed asset.
 - Losses on exchange decreased 84 MB or 90.80% compared with 2021 mainly due to the evaluation loss decrease due to the devaluation of the Thai baht.
 - Loss on change in classification on investment decrease 53 MB or 100% compared with 2021 mainly due to the changes in investments in TY Steel Co., Ltd. As a result, the Company's shareholding percentage in this associate decreased from 30.84% to 19.43 %. As a result, the Company lost significant influence on associated company, a status was changed from "associated company" to "related company", and the classification of investment in TY Steel

Co., Ltd. was changed from “Investment in associate” to “Equity investments designated at fair value through other comprehensive income”.

3. Share of loss from investment in associate decreased 87 MB or 98.80% compared with 2021 mainly due to the changes in investment in TY Steel Co., Ltd., As a result, the Company’s shareholding percentage in this associate decreased from 30.84 %to 19.43 .%As a result, the Company lost significant influence on associated company, a status was changed from “associated company” to “related company”, and the classification of investment in TY Steel Co., Ltd .was changed from “Investment in associate” to “Equity investments designated at fair value through other comprehensive income”.
4. Finance cost increased 29 MB or 76.97% compared with 2021, mainly due to the FED USA and BOT interest rate increased in 2022causes the increase in interest cost.
5. Income tax expenses increased 40 million or 498.16% compared with 2021, mainly due to the profits gains in 2022, and there is no tax loss carry forward of the prior year’s for deductions, so the estimated income tax payable is relatively increased.
6. Gross profit margin of 2022 was 6.51% as for 2021 was 12.13%. The main reason for the decreased was the unit sales price decreased in Q3 2022. However, raw material inventory costs are still high and rising of the energy prices, lead to a substantial increase in production costs, resulting in a decreased in gross profit margins.

Please be informed accordingly.

Sincerely Yours,

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(Mr. Natthawat Thanapinyanun)
Director