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TMT- CP003/2023

February 24, 2023

Subject: Management Discussion and Analysis for the year 2022

To: President
The Stock Exchange of Thailand

The Board of Directors' Meeting of TMT Steel Public Company Limited ("the Company") No. 1/2023 dated February 24, 2023, has approved the financial statements for the year ended December 31, 2022. In this regard, the company would like to clarify a significant change in operating results in the year 2022, with a net profit of 242.45 million Baht, a decrease of 84.15% from 2022, with the major change's reasons as follows;

1. Sales revenue was 22,187.86 million Baht, (+2.92%) which was an increase in the average selling price of 3.68% compared to the previous year. However, global and domestic steel prices declined toward the end of the second quarter as a result of Russia's sanctions. Russia then began dumping steel products into the Chinese market which is the world's largest steel consumption market. In addition, major cities in China had been locked down due to the Zero Covid policy, and demand in the construction industry for Chinese real estate declined. Inflation also accelerated due to the war. Many countries had to implement inflation control measures to slow down the market demand of an ongoing surplus inventory in the second half of 2022. As a result, the Company's gross profit margin was 4.48%, a decrease from the previous year which was 12.34% because the average selling price fell faster than the cost of goods at the end of the second and third quarters. By the end of 2022, the allowance for net realizable values on inventory (NRV) was increased of 25.73 million Baht from the previous year.
2. Selling expenses totaled 208.86 million Baht, an increase of 21.0 million Baht (+11.18%) from the previous year. This was an increase in transportation costs of approximately 9.5 million Baht from the rise in fuel prices and increased marketing expenses of 11.5 million Baht. Administrative expenses were 442.63 million Baht, a decrease of 93.45 million Baht (-17.43%) from 2021, which was a decrease in employee costs and a decrease in remuneration for directors; totally of approximately 92 million Baht as a result of a decrease in bonuses, allowances, and other administrative expenses of approximately 1.45 million Baht.

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3. Interest expenses in 2022 equaled 118.71 million Baht, an increase of 15.79 million Baht (+15.34%) compared to the previous year. This was due to an increase in interest expenses on short-term loans from the rising interest rates and an increased revolving credit in tandem with product prices and interest expenses on long-term loans for investment in machinery purchases and warehouse construction to support the business expansion of the Company.

Please be informed accordingly.

Yours sincerely,

-Signed-

(Mr. Paisal Tarasansombat)

Chief Executive Officer