



MILL 007/2023

16 June 2023

Subject: Management's Discussion and Analysis of Quarter 1, ending 31 March 2023.

Attention: President

The Stock Exchange of Thailand

Millcon Steel Public Company Limited ("the Company") and its subsidiaries would like to notify the Company's and its affiliates' performance of quarter 1, 2023, ending 31 March 2023, which are interim by auditors and approved by the Board of Directors of the Company, the details are as follows;

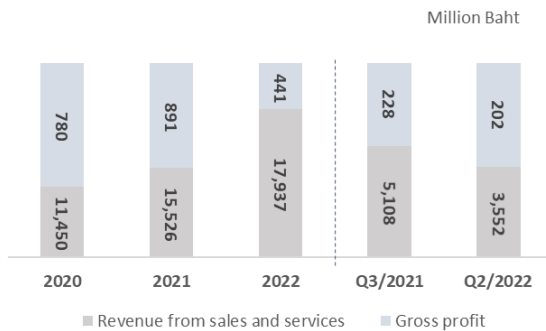
Economics overview

In the first quarter of 2023, the Thai economy improved from the previous quarter. The economic slowdown began to recover. As a result, demand in various fields including the industrial sector where the use of steel began to recover as well. However, for the steel industry in Thailand, there are situations that still need to be carefully monitored, whether in terms of rising energy and natural gas costs that affect raw material prices and higher production costs. Including the economic situation of China after the relaxation of COVID measures by having a policy to stimulate the economy and solving problems in the domestic real estate sector in China that may affect volatility in the steel market in terms of demand, supply and prices of steel products.

According to the Iron and Steel Institute of Thailand, during the first quarter of 2023, Thailand Finished Steel Consumption was at 4.54 million tons, which was an increase of 12.5 percent as compared with the same quarter of previous year, long steel was 1.69 million tons, an increase of 8.7 percent as compared with the same quarter of previous year and consumption of flat steel was 2.85 million tons, a decrease of 14.9 percent as compared with the same quarter of previous year.

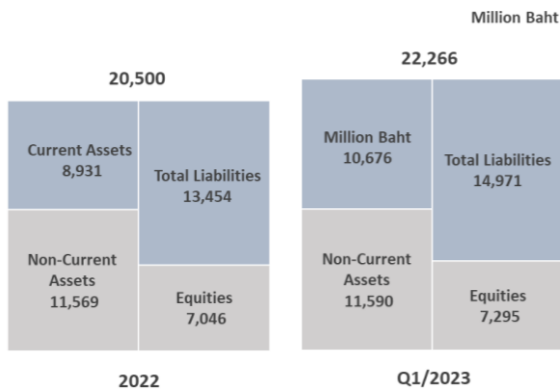
Performance summary in the first quarter of 2023.

Performance	Q1/2023	Q1/2022	YoY	
	Million Baht	Million Baht	+/- Million Baht	%
Total revenues	3,598	5,150	(1,553)	(30.15)
Revenues from sale and services	3,552	5,108	(1,555)	(30.45)
COGS	3,350	4,879	(1,529)	(31.33)
Gross profit	202	228	(27)	(11.68)
SG&A	97	104	(7)	(6.74)
Financial cost	145	124	21	17.05
Net profit	11	111	(99)	(89.75)
EBITDA	192	293	(100)	(34.32)



For quarter 3 of 2022, the Company had Revenue from sales and services in the amount of 3,598 million baht, which was an increase of 30.45 percent as compared with the same quarter of previous year, mainly due to main a decrease in billet sales volume and a decrease in average selling prices, which was in the same direction with a decrease in cost of sales and services by 1,529 million baht or 31.33 percent, resulting in the company's gross profit in the first quarter of 2023 at 202 million baht, slightly down compared to same quarter of last year.

Finance costs were at 145 million baht, an increase of 17.05 percent from the use of working capital for business operations and interest payment of subsidiaries' debentures. However, in the first quarter of 2023, the Company had extra expenses incurred totaling 59 million baht, divided into losses arising from the fair value measurement of investments held as financial assets, equity instruments, 21 million baht and expenses arising from stopped production at 38 million baht, resulting in the Company's net profit at 11 million baht and EBITDA at 192 million baht, a decrease of 34.32 percent compared to same quarter of last year.



As of 31 March 2023, the Company had total assets in the amount of 22,266 million baht, an increase of 1,766 million baht, mainly due to an increase in advance payments for goods of 1,764 million baht, while advance receipts for goods increased by 1,700 million baht, as a result of the Group trying to hedge the risk of raw material prices that may increase in the future.

However, the Company has long-term loans from financial institutions due within one year increased by 257 million baht, including trade payables decreased by 438 million baht, resulting in the Company's total liabilities, ending 31 March 2023 at 14,971 million baht.

Equity of the Company as of 31 March 2023 were at 7,295 million baht, an increase of 249 million baht as a result of an increase in non-controlling interests of subsidiaries of 211 million baht and an increase in increase in operating results in the first quarter of 2023.

Please be informed accordingly.

Yours sincerely,

.....

(Ms. Jureerat Lapanavanich)

Director