

Subject : Management Discussion and Analysis for the second quarter of 2023

Dear : Managing Director

The Stock Exchange of Thailand

Asia Metal Public Company Limited (“theCompany”) would like to inform the operating results of the consolidated financial statements for the second quarter ended of June 30, 2023 with details as follows :

<b>Statement of Comprehensive Income</b> For the period ended 30 June	Year 2023	Year 2022	Change	
	Thousand Baht	Thousand Baht	Thousand Baht	%
<b>Revenue</b>				
Revenue from sale of goods and rendering of services	1,834,264	1,350,565	483,699	35.8%
Other income	43,894	9,156	34,738	379.4%
<b>Total income</b>	<b>1,878,158</b>	<b>1,359,721</b>	<b>518,437</b>	<b>38.1%</b>
<b>Expenses</b>				
Costs of sales of goods and rendering of services	1,690,780	1,353,882	336,898	24.9%
Distribution costs	22,967	15,868	7,099	44.7%
Administrative expenses	35,624	21,019	14,605	69.5%
Net foreign exchange loss	29,912	12,059	17,853	59.7%
<b>Total expenses</b>	<b>1,779,283</b>	<b>1,402,828</b>	<b>376,455</b>	<b>26.8%</b>
<b>Profit(Loss) from operating activities</b>	<b>98,875</b>	<b>(43,107)</b>	<b>141,982</b>	<b>329.4%</b>
Finance costs	14,197	1,971	12,226	620.3%
Share of profit of associate accounted for using equity method	10,453	26,987	(16,534)	61.3%
<b>Profit(Loss) before income tax expense</b>	<b>95,131</b>	<b>(18,091)</b>	<b>113,222</b>	<b>625.8%</b>
Income tax expense	23,750	(4,820)	28,570	592.7%
<b>Profit(Loss) for the period</b>	<b>71,381</b>	<b>(13,271)</b>	<b>84,652</b>	<b>637.9%</b>

## Revenue

Total Revenue consists of revenue from sales and services, as well as other incomes, increased 518.44 million baht or 38.1%, at 1,878.16 million baht (Q2-2022: 1,359.72 million baht). Because the sales volume of the company's products increased from expanding customer groups as well as expanding distribution channels and services. , The company has inventory management to have enough product supply that meets customer demands. And there is a continuous purchase of steel raw materials. The average cost is appropriate and able to generate profits for the company. Although the price of steel raw materials will increase in the second quarter of 2023 according to market conditions.

## Expenses

Total Expenses increased 376.46 million baht, or 26.8%, at 1,779.28 million baht (Q2-2022: 1,402.83 million baht), as detail below.

- **Cost of sales of goods and rendering of services** for the ended June 30, 2023 was 1,690.78 million baht, an increase of 336.9 million baht or 24.9% ( Q2-2022 : 1,353.88 million baht) caused by variation according to revenue from increased product sales.
- **Distribution costs and Administrative expenses:** For the ended of June 30, 2023 was 88.50 million baht, an increase of 39.56 million baht or 80.8 % (Q2-2022: 48.95 million baht), This is mainly due to exchange rate fluctuations in the second quarter of 2023.

## Net Profit

The Company had a Net Profit for the period 71.38 million baht ( Q2-2022 : -13.27 million baht), an increase of 84.65 million baht or 637.9%. The Net Profit margin was 3.8 % ( Q1-2022 : -1.0% )

Statement of financial position	31-Mar-23	31-Dec-22	ผลต่าง	
	Thousand Baht	Thousand Baht	Thousand Baht	%
Current assets	2,566,722	2,343,538	223,184	9.5%
Non-current liabilities	2,167,910	2,033,464	134,446	6.6%
<b>Total Assets</b>	<b>4,734,632</b>	<b>4,377,002</b>	<b>357,630</b>	<b>8.2%</b>
Current liabilities	1,582,800	1,434,657	148,143	10.3%
Non-current liabilities	68,857	93,748	(24,891)	-26.6%
Total Liabilities	1,651,657	1,528,405	123,252	8.1%
Total Equity	3,082,975	2,848,597	234,378	8.2%
<b>Total Liabilities and Equity</b>	<b>4,734,632</b>	<b>4,377,002</b>	<b>357,630</b>	<b>8.2%</b>

## Financial Status

The statement of financial as of the June 30, 2023 has changes from the statement of financial position as of December 31, 2022 as follows:

- Total Assets 4,734.63 million baht, an increase 357.63 million baht or 8.2%. Total Liabilities 1,651.66 million baht an increased 123.25 million baht, or 8.1%. Total Equity 3,082.98 million baht an increased 234.38 million baht, or 8.2%. Due to the increase in performance with a Net Profit at the end of the period and has unappropriated retained earnings totaling 1,978.35 million baht.

## Environmental, Social and Governance (ESG):

Asia Metal Public Company Limited (“The Company”) has a policy to accept investment concepts that take into account environmental, social and governance to generate long-term returns and create positive impacts or reduce negative impacts on society and the environment. In 2023, the Company engaged in various initiatives as outlined below:

## **Environment**

The company places significant emphasis on energy, water, and waste management, achieved through the enhancement of machinery efficiency and the utilization of technology for data collection and analysis to adjust the form of using more alternative energy. In 2023, the company made the investment in Solar Rooftop (Phase 2) at the Samutprakan Plant, which commenced electricity generation for the factory on July 12, 2023. This is an extension of the project Solar Rooftop at Phanat Nikhom Factory that started walking in 2021. With regard to water management, a crucial aspect, the company has developed a water management system for the Galvanizing Coil Project factory. This project holds strategic importance as the company aims to transform it into an exemplar of sustainable coexistence with the community.

## **Social**

The Company places significant importance on upholding human rights policies, alongside the establishment of regulations and rigorous oversight to ensure adherence to these principles. This entails continual review and enhancement of operational criteria to align with labor laws, as well as a commitment to ongoing risk monitoring and assessment. The Company has implemented a robust process to verify the origin of raw materials, refraining from sourcing materials from countries that violate human rights. Furthermore, the Company actively fosters employee growth through diverse training projects, equipping them with the essential skills required in the digital age. A strong safety culture is also promoted throughout the organization. In terms of community and social development, the year 2023, the Company organizing a variety of events centered around the factory vicinity. These initiatives included the construction of a multi-purpose pavilion and support extended to Ban Nai Bon temple, a pivotal temple serving as the Dharma practice hub of Chonburi Province. Leveraging its knowledge and expertise, the Company initiated ventures to create meaningful career opportunities for members of society.

## **Corporate Governance**

The company places a strong emphasis on effective management, encompassing adaptive planning and strategic development to proactively address potential future risks. Leveraging advanced technology, the company is actively steering its operations toward digital transformation. This evolution includes the implementation and ongoing enhancement of systems such as SAP's ERP, initiated in 2021. Additionally, the company is concurrently advancing the Asia Metal New Highway Digital system, designed to provide consumers with seamless access to products and enhanced services, bolstering convenience and speed. This



digital transformation also enables the company to gather and analyze data across various facets, all while upholding a commitment to ethical business practices and countering corruption.

Please be informed accordingly.

Yours sincerely,

Mr. Chusak Yongwongphaiboon

Managing Director

Asia Metal Public Company Limited