



70 Moo 2 Changyai, Bangsai, Ayutthaya Thailand 13290  
Tel : (66) 035-372961-6 Fax : (66) 035-372967-8  
E-mail Address : [info@mcssteel.co.th](mailto:info@mcssteel.co.th) [www.mcssteel.com](http://www.mcssteel.com)

70 หมู่ 2 ต.ช้างใหญ่ อ.บางไทร จ.พระนครศรีอยุธยา ประเทศไทย 13290  
โทรศัพท์ : (66) 035-372961-6 โทรสาร : (66) 035-372967-8  
E-mail Address : [info@mcssteel.co.th](mailto:info@mcssteel.co.th) [www.mcssteel.com](http://www.mcssteel.com)

( Translation )

Ref. No. MCS 008/2023

August 15,2023

Subject : Management Discussion and Analysis of Q2/2023  
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 2/2023 periods ended 30 June 2023 that reviewed by the Independent Auditor, details are as followings ;

- 1) In Q2/2023, the company's Profit was 10.30 Million Baht , that was the profit in the separate financial statements of 52.85 Million Baht and the remaining were from subsidiary companies as
  - a. MCS-Xiamen 's Loss was 8.26 Million Yuan (CNY) or 40.58 Million Baht
  - b. MCS-Japan's Loss was 48.84 Million Yen (JPY) or 12.27 Million Baht
- 2) In Q2/2023, the company's gross profit in the separate financial statements was 222.53 Million Baht ,increased of 96.60 Million Baht or 76.71% from same period of last year
- 3) In Q2/2023, the company's sale revenue of goods and rendering of services in the separate financial statements were 1,099.32 Million Baht, increased 433.79 Million Baht or 65.18% from same period of last year.

#### Management Discussion and Analysis of Q2/2023

1. The delivery works in Q2/2023 were around 14,855 tons , which included export from subsidiary companies around 2,200 tons. And in Q2/2023 have domestic work around 553 tons and others were the export work to Japan as 14,302 tons.

As a result , the revenue from sales of goods and rendering of services from subsidiary companies, it will be 1,099.32 Million Baht (the average of exchange rate as 25.125 baht per 100 yen (JPY) decreased of 5.34% from the same period of last year)

2. In Q2/2023, Cost for sales of goods and rendering of services in the separate financial statements were 872.44 Million Baht ,increased by 279.89 Million Baht or 47.23% from same period of last year. Due to increased of delivery works and price of the raw material increased 35,000 Yen per ton (8,750 Baht per ton) compared with the same period of last year.

And if included the subsidiary companies ,cost for sales of goods and rendering of services after cut transaction were 876.80 Million Baht that increased of 337.20 Million Baht or 62.49% from same period of last year.

3. In Q2/2023, the distribution costs increased by 5.02 Million Baht or 4.21% due to increased of delivery works. However freight cost were 6,000 Baht per ton decreased of 18.12% compared which same period of last year.

Administrative expenses were 87.42 million Baht, representing an increase of 18.58 million Baht due to

- 1) The wages of employees at M.C.S. Steel-Xiamen were 10 million Baht during periods when there were no job exports
- 2) Training expenses
- 3) Others


4. In Q2/2023, Other income was 10.74 Million Baht increased by 5.37 Million Baht compared to the same period in the previous year. However, there was no income from scrap sales in Q2/2022 due to the absence of production.

5. In Q2/2023, finance costs were 9.50 Million Baht, increased by 7.89 Million Baht from the same period of the previous year due to the extension of the L/C for purchasing raw materials in advance , which is expected to reduce the price by approximately 15,000 yen per ton.

7. At 30 June 2023, Inventories were 3,093.09 Million Baht decreased by 790.41 Million Baht or 20.35% from 31 December 2022 due to the materials were used to product and delivery.

The main factor influencing the company's current profit was 10.30 Million Baht in Q2/2023 were the significant increase in the price of raw materials, which has risen to approximately 35,000 yen per ton. Additionally, during the second quarter of 2023, the company's subsidiaries in China faced a lack of export opportunities. However, production is set to resume in July 2023.

Yours Sincerely



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( Ms.Wanna Pholkaew )  
President