



MILL 008/2023

15 August 2023

**Subject:** Management's Discussion and Analysis of Quarter 2, ending 30 June 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 2,2023, ending 30 June 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 second quarter of 2023, the Thai economy improved slightly from the previous quarter. The number of tourists has increased. As a result, the service sector and private consumption expanded. Private investment improved, part of investment from new industries. As for the overall real estate market, it was stable similar to the previous quarter. in line with low domestic demand both in low-rise housing and condominiums This is reflected in the low number of new homes that have been approved for loan approval in Bangkok and its vicinity. While external demand continued to recover. This was reflected by an increase in the value of transfers from foreigners. especially townhouses and commercial buildings.

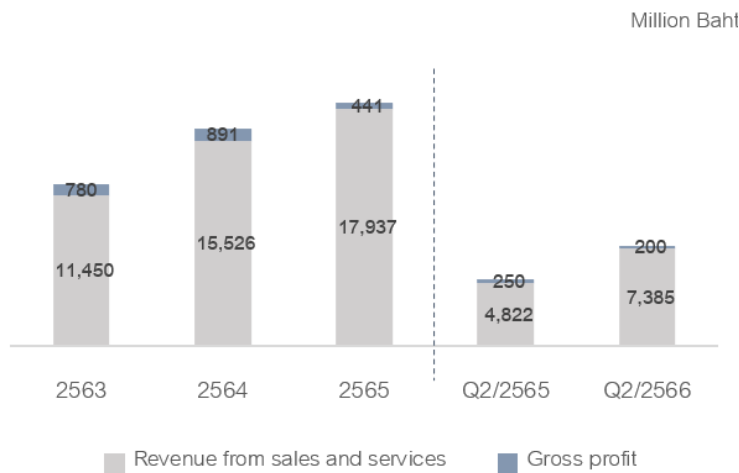
According to the Iron and Steel Institute of Thailand, in the second quarter of 2023, Thailand had a total consumption of finished steel products at 3.97 million tons, a 16.3 percent decrease from the same period last year. The economic slowdown continues to put pressure on demand in various areas, including the industrial sector with slowdown in steel consumption.

#### Performance summary in the second quarter of 2023.

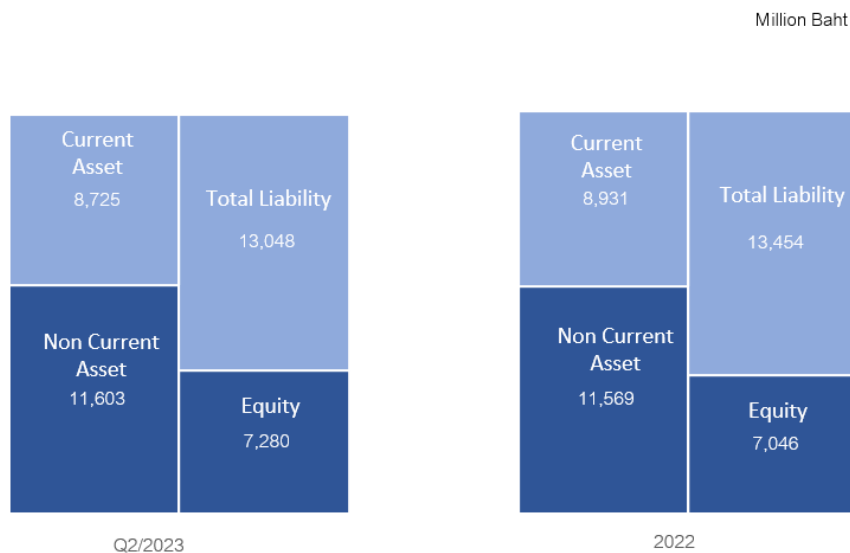
Performance	Q2/2023	Q2/2022	YoY	
	Million Baht	Million Baht	+/- Million Baht	%
Total revenues	7,420	4,854	2,567	52.88
Revenues from sale and services	7,385	4,822	2,564	53.17
COGS	7,185	4,572	2,614	57.17
<b>Gross profit</b>	<b>200</b>	<b>250</b>	<b>(27)</b>	<b>(20.05)</b>
SG&A	136	152	(16)	(10.78)
Financial cost	159	136	23	16.88
<b>Net profit</b>	<b>(35)</b>	<b>53</b>	<b>(88)</b>	<b>(-)</b>
EBITDA	175	245	(70)	(28.63)



For the second quarter of 2023, the company's revenue from sales and services was 7,385 million baht, an increase of 53.2 percent compared to the same period last year. Due to the economic recovery after coping with COVID-19 in the past year, the company has increased sales volume. Cost of sales and services was 7,185 million baht, an increase of 57.2 percent, slightly higher than the rate of increase in revenue. Because in this quarter, the company has a proportion of buying-selling. of products increased As a result, the company's gross profit in the second quarter of 2023 was 200 million baht, a decrease compared to the same period last year.



Selling and administrative expenses were 136 million baht, a decrease of 16 million baht from good expense management. Finance costs were 159 million baht, an increase of 16.9% due to the increase in market interest rates. and interest payment for debentures of subsidiaries in the second quarter of 2023, the company had extra expenses incurred totaling 35 million baht, divided into losses from fair value measurement of financial assets in the amount of 7 million baht and expenses arising from production stoppages in the amount of 28 million baht. baht resulting in a net loss of 35 million baht and EBITDA of 175 million baht, a decrease of 28.6% from the same period last year.





As of June 30, 2023, the company had total assets of 20,328 million baht, a decrease of 172 million baht, mainly due to a decrease in inventory of 291 million baht and a decrease in advance payments of 404 million baht due to the receipt of ordered products. and brought to produce and sell more according to sales Loans to related parties decreased in the amount of 72 million baht mainly from the receipt of share payment from an associated company. While trade and other receivables increased by 640 million baht due to increased sales.

Total liabilities decreased by 406 million baht compared to 31 December 2022 due to a decrease in trade payables of 298 million baht from payment of goods. And the advance received for goods decreased by 312 million baht due to the delivery of goods to customers. While long-term loans from financial institutions increased by 118 million baht, the company received loans to support the operations of associated companies from banks. The Company's shareholders' equity as of 30 June 2023 was 7,280 million baht, an increase of 234 million baht as a result of an increase in non-controlling interests of subsidiaries of 208 million baht and an increase in increase of operating results in the second half of 2023

Please be informed accordingly.

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director