

September 29, 2023

Subject : Clarification of Operating Results for the Year 2022/2023

To : President
The Stock Exchange of Thailand

City Steel Public Company Limited ("the Company") would like to clarify the revenues and operating results of the Company and its subsidiaries ("the Group") for the year ended July 31, 2023, as follows:

In the year 2022/2023, the Group's total revenues were THB 104.37 million, significantly decreased from THB 132.05 million of the year 2021/2022 by THB 27.68 million or 20.96%. The reduction in total revenues was primarily due to the decline in demands for the Group's products caused by the ongoing economic slowdown, the impacts of the crisis in the China real estate sector, the shortage of semiconductors which had been recovering only recently, the prolonged Russia-Ukraine war, the global inflation surge, and the energy crisis. These factors had severely affected the automotive sector as well as other related industries where the Group's main customers were based in. As a result, most customers had either reduced their orders or decided not to order. Furthermore, as the customers' tendency to make additional investments in capacity expansion remained low during economic crisis, the demands for the Group's products which are capital goods had diminished.

For the operating results, the Group incurred a net loss of THB 30.36 million in the year 2022/2023, losing THB 26.51 million or approximately 688.56% more than the net loss of THB 3.85 million in the year 2021/2022. This was due to the continuous decline in the purchase orders which caused the Group's revenues from sales and services to be insufficient to cover all fixed costs along with other rising operating expenses that stemmed from the increases in employee compensations, the electricity expenses, and energy costs. The appreciation of Thai Baht in the year 2022/2023 compared to the end of the year 2021/2022, causing considerable foreign exchange losses, was another factor that contributed to substantial loss in the Group's operating performance over the past year

Please be informed accordingly.

Sincerely,

Mrs. Boontip Changnil
Chief Executive Officer