

-Translation-

TMT-CP013/2024

May 10, 2024

Subject: Management Discussion and Analysis for the first quarter of 2024

To: President  
The Stock Exchange of Thailand

The Board of Directors' Meeting of TMT Steel Public Company Limited ("the Company") No. 2/2024 held on May 10, 2024, approved the Financial Statement that ended on March 31, 2024. The Company and its subsidiary would like to clarify its operating result in the first quarter with a net profit of 82.61 million baht, a decrease of 59.66% compared to the first quarter of 2023. The changes in operating results compared to the same period last year were detailed as follows:

#### Sales revenue

Sales revenue was 5,002.82 million baht, a decrease of 462.73 million baht (-8.47%). This decline was primarily attributed to a 6.81% drop in average selling prices, which was in line with the downward trend in both global and domestic steel prices. The softening of steel demand was driven by a combination of factors, including subdued economic conditions in several countries, effects from inflationary pressures, and rising interest rates. Additionally, the ongoing challenges faced by China's real estate sector further dampened steel demand, leading to a continuous outflow of steel products from China to other markets worldwide, including Thailand, where domestic steel demand weakened due to the government investment delay. Despite these challenges, the Company anticipates a gradual recovery in domestic steel demand in the second half of the year, supported by government infrastructure investment approvals.

#### Gross profit

Gross profit margin was 6.30%, a decline from 8.62% in the same period of the previous year. This decrease was primarily attributed to a 1.83% drop in sales volume, reflecting the overall contraction in domestic steel demand during the quarter. Despite this challenging market environment, the Company maintained its market share and customer base by consistently delivering high-quality steel products with variety and timely deliveries to its customers. These efforts contributed to the Company's resilience and ensured the continuity of its customers' operations.

## Expenses

Selling expenses equaled 56.67 million baht, representing a decrease of 1.89 million baht (-3.23%). This decline was primarily attributed to lower sales volume. Administrative expenses totaled 135.88 million baht, a decrease of 9.89 million baht (-6.79%) compared to the same period of the previous year. This decrease was driven by lower employee expenses, and consulting fees. Interest expenses amounted to 45.08 million baht, an increase of 9.14 million baht (+25.44%) from higher borrowings from financial institutions to support the Company's growing working capital requirements and the rising interest rate environment.

## Financial Performance Highlights

Performance	Quarter 1/2023	Quarter 4/2023	Quarter 1/2024	Change from the same period of last year YoY (%)	Change from the previous Quarter QoQ (%)
Sales Revenue (Million Baht)	5,465.56	4,493.50	5,002.82	-8.47%	+11.33%
Gross Profit Margin (%)	8.62%	6.00%	6.30%	-2.32%	+0.30%
Selling Expenses (Million Baht)	58.57	51.87	56.67	-3.23%	+9.26%
Administrative Expenses (Million Baht)	145.77	165.61	135.88	-6.79%	-17.95%
Interest Expenses (Million Baht)	35.94	50.70	45.08	+25.44%	-11.07%
Net Profit (Million Baht)	204.75	12.52	82.61	-59.66%	+559.81%

## Environmental, Social, and Governance (ESG) Performance

The Company remains committed to sustainable business practices across various dimensions and has placed an even greater emphasis on key ESG (Environment, Social and Governance) issues. A summary of the Company's key sustainability initiatives in the first quarter of 2024 is as follows:

**Environmental:** Managing the work process to achieve greenhouse gas emission reduction in line with the carbon neutrality framework, with actions taken in various areas to continuously improve operational efficiency, including the use of electricity through solar rooftop power systems on an area of 38,255 square meters, generating a total of 6.3 megawatts of electricity. In 3 months period (January-March), this resulted in approximately 892,495 kilograms of carbon dioxide equivalent (kgCO<sub>2</sub>eq) emissions avoided.

**Social:** Creating shared value for the community, society, and stakeholders as follows 1) Welcomed the Governor of Phra Nakhon Si Ayutthaya Province and officials from government agencies in Phra Nakhon Si Ayutthaya Province to visit the factory and distribution center and held discussions on ways and measures to promote cooperation between the parties. 2) Welcomed faculty and students from the Faculty of Business Administration and Industry, King Mongkut Institute of Technology North Bangkok, to learn about the steel production and processing process and to visit the factory and distribution center. 3) Received an award for outstanding social support in the employment of people with disabilities in 2024 from the Phra Nakhon Si Ayutthaya Provincial Employment Office. 4) Continuously supported employee development, the employees receiving an average of 5 hours of training per person (January-March).

**Governance:** Upholding the principles of good corporate governance and ensuring that the subsidiary operates following governance principles, demonstrating responsibility towards all stakeholders. The Company regularly reviews and assesses corporate risks, including ESG risks, to ensure that risks are managed appropriately and that preventive and mitigating measures are in place to maintain risk levels within acceptable limits.

Remark: Details of sustainability operations can be found at [www.tmtsteel.co.th](http://www.tmtsteel.co.th) (Page Sustainability, Corporate Governance and About us / Awards)

Please be informed accordingly.

Yours sincerely,

-Signed-

(Mr. Paisal Tarasansombat)

Chief Executive Officer