



MILL 014/2024

15 May 2024

Subject: Management's Discussion and Analysis of Quarter 1, ending 31 March 2024

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 1, 2024, ending 31 March 2024, which are interim by auditors and approved by the Board of Directors of the Company, the details are as follows;

Economics overview

Situation of the Thai steel industry in the first quarter of 2024. Thailand's total consumption of finished steel products was 3.96 million tons, shrinking 12.8 percent from the same period last year. The economic situation has not yet recovered. Demand in various areas, including production in downstream industries that use steel, continues to slow.

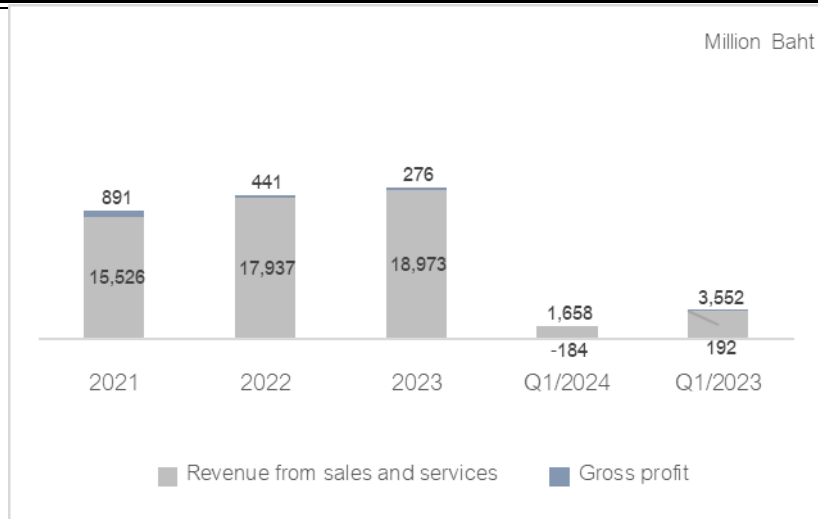
Consumption of long steel in the first quarter shrank 13.9 percent compared to the same period last year, reaching 1.46 million tons. Consumption of rebar products and structural steel (Bar & HR section) shrank 25 percent when Compared to the same period last year The volume was 0.86 million tons and wire rod consumption was 0.48 million tons, shrinking 1.9 percent compared to the same period last year.

The steel industry is also under pressure from a slow recovery in global trade and structural factors. Government spending shrank from the delayed 2024 Budget Act.

Performance summary in the first quarter of 2024

Performance	Q1 2024	Q1 2023	YoY	
	Million Baht	Million Baht	+/- Million Baht	%
Total revenues	1,692	3,598	-1,905	-52.96
Revenues from sale and services	1,658	3,552	-1,895	-53.33
COGS	1,841	3,350	-1,509	-45.05
Gross profit	-184	202	-385	-190.97
SG&A	74	95	-21	-22
Financial cost	-259	-145	-114	78
Net profit*	-692	-8	-685	8953
EBITDA*	-391	192	-584	-303

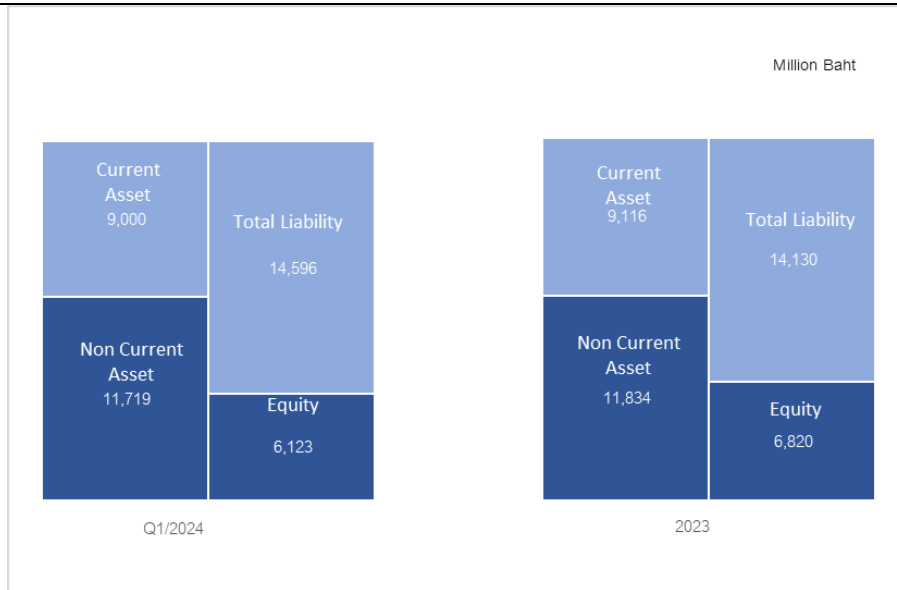
*Net operating profit was -327 million baht and operating EBITDA was -25 million baht



In the first quarter of 2024, the company had sales from steel products totaling 95,828 tons, a decrease of 41 percent from last year, and sales and service income of 1,658 million baht, a decrease of 53 percent compared to the same period of last year. This is due to the impact of intense competition in the steel industry from Chinese factories in Thailand resulting in product prices in the market being lower than normal. Including the demand for steel not growing, government spending from the delayed Budget Act for 2024. In terms of sales and service costs was 1,841 million baht, a decrease of 45 percent following a decrease in sales compared to the same period of last year. However, from the above factors, this causes the company to have higher production costs per unit than usual. As a result, the company's gross profit for the first quarter of 2024 is -184 million baht.

Selling and administrative expenses were at 74 million baht, a decrease of 21 million baht from better expense management. Financial costs were at 259 million baht, an increase of 78 percent, which was mainly driven by interest rates that have continued to increase since the end of 2022.

In the first quarter of 2024, the company had special expenses totaling 366 million baht, coming from production shutdown expenses of 35 million baht, allowance for expected credit losses of 230 million baht, loss from valuation with a fair value through profit and loss of 1 million baht, the company has a net loss of 692 million baht and an EBITDA loss of 391 million baht, while a net loss from operations is 25 million baht and an EBITDA loss from operations is 327 million baht.



As of the first quarter of 2024, the company had total assets of 20,719 million baht, a decrease of 231 million baht from a decrease in current assets of 116 million baht, which came from trade receivables that decreased by 214 million baht from the collection of trade receivables according to the trade conditions. Trade Inventory increased by 231 million baht due to customers delaying receiving products. Meanwhile, the advance payment for goods decreased by 58 million baht from the request for raw materials to be used in the production.

Total liabilities were at 14,596 million baht, an increase of 467 million baht compared to 2023, resulting from short-term loans from financial institutions increasing by 142 million baht from the change of aval to promissory notes of subsidiaries as the main factor. Trade accounts payable increased by 85 million baht from receiving raw materials to produce products. Other creditors increased by 255 million baht from increased accrued interest payments with financial institutions. Advances received for goods increased by 19 million baht from receiving money for goods from customers. Shareholders' equity was at 6,123 million baht, a decrease of 697 million baht, the main factor being operating loss in the first quarter of 2024 in the amount of 692 million baht.

Please be informed accordingly.

Yours sincerely,

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(Ms. Jureerat Lapanavanich)

Director