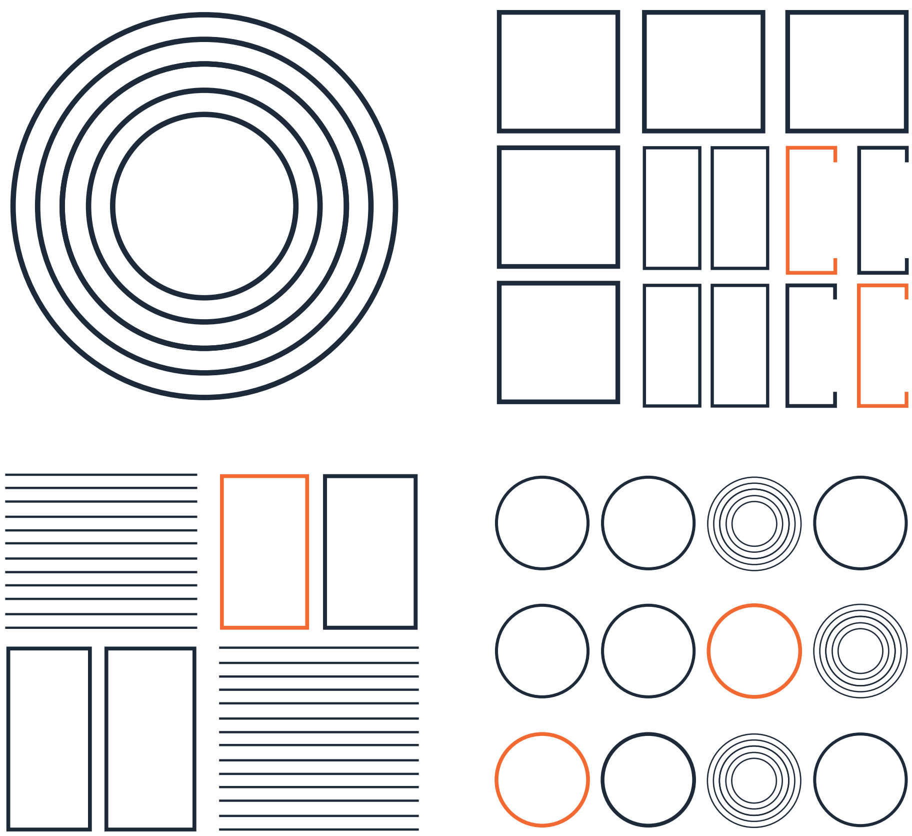
TMT

Management Discussion and Analysis Quarter 2/2026

Ending June 30, 2026



Economy and Industry Conditions Affecting Operations

During the first half of 2026, the steel industry continued to face uncertainty arising from geopolitical conflicts in the Middle East, trade policies of major economies, global oversupply, and weak domestic demand in China. These factors continued to contribute to volatility in raw material prices, energy costs, freight rates, and steel prices.

In Thailand, according to data from the Iron and Steel Institute of Thailand, domestic consumption of finished steel products during the first half of the year was approximately 9.48 million tons, an increase of 5.7% from the same period of the previous year. Consumption of long steel products, which are primarily used in construction and structural applications, increased by 15.6%. This was partly driven by increased private and public sector investment during the first half of the year, as well as accelerated purchasing and inventory management amid concerns over prices and potential product shortages arising from the ongoing conflicts. Meanwhile, consumption of flat steel products, which are primarily used in manufacturing, processing, and industrial components, decreased slightly by 0.2% compared with the same period of the previous year.

For the second half of the year, the Company expects steel demand to continue to be supported primarily by infrastructure investment and construction activities, with positive spillover effects on industries supporting manufacturing activities related to construction and investment. Accordingly, the Company places emphasis on efficient inventory management, focusing on maintaining sufficient and secure inventory levels while implementing systematic risk management to assess, monitor, and prepare mitigation measures for factors that may affect business operations, costs, and the supply chain. The Company also continues to develop information systems to support decision-making, enhance operational agility, and strengthen relationships with customers, suppliers, and stakeholders across the supply chain.

In addition, the Company continues to enhance our operational processes based on lean management principles, while adopting digital technologies across its business operations to strengthen its adaptability and maintain our competitiveness amid ongoing economic uncertainties.

Summary of Significant Events and Developments

During the quarter and after the reporting period, the following significant event occurred:

- On 13 August 2026, the Board of Directors resolved to approve the payment of an interim dividend from the Company's operating results for the period from 1 January to 30 June 2026 at the rate of Baht 0.25 per share, totaling 217,689,509 Baht, based on 870,758,034 shares. The interim dividend will be paid to shareholders whose names are recorded on the Record Date of 27 August 2026, with the dividend payment scheduled for 10 September 2026, in accordance with the Company's dividend payment policy.

Summary of Operating Results

Sales Revenue

The Company's revenue structure is categorized by business type, with the largest proportion derived from steel processing products, accounting for 43%, followed by cold-formed structural steel products at 40%, and steel sourcing for distribution at 17%, respectively. Accordingly, processed products accounted for 83% of total products, while sourced products accounted for 17%

In the second quarter of 2026, the Company recorded sales revenue of Baht 4,356.98 million, an increase of Baht 59.68 million, or 1.39%, compared with the same period of the previous year. The increase was mainly driven by a 10.33% increase in average selling prices, in line with market price movements during the period, amid concerns over energy costs and potential shortages of steel products arising from the geopolitical conflict in the Middle East.

However, sales volume decreased by 8.08% during the quarter, while sales volume for the first six months of the year increased by 1.16% compared with the same period of the previous year. This was primarily due to customers accelerating purchases and building up inventories during the first quarter of 2026 to mitigate uncertainties arising from the geopolitical conflict. As a result, some customers reduced their purchases in the second quarter to manage their existing inventory levels.

Selling and Administrative Expenses

The Company recorded selling expenses of Baht 63.51 million, an increase of Baht 7.19 million, or 12.76%, compared with the same period of the previous year. The increase was mainly attributable to expenses incurred from the Company's participation in Architect Expo 2026, marking the first year that the Company exhibited its products at the event. The participation was aimed at promoting the TMT brand, enhancing brand awareness, creating new business opportunities, and expanding the customer base among architects, contractors, and related businesses. In addition, transportation and fuel costs increased, which were directly related to sales activities and the delivery of products to customers.

Administrative expenses amounted to Baht 205.11 million, an increase of Baht 44.00 million, or 27.31%, compared with the same period of the previous year. The increase was mainly attributable to higher employee welfare and compensation expenses, in line with the Company's improved operating performance, totaling approximately Baht 41.47 million, a foreign exchange loss of approximately Baht 1.24 million, with the remaining increase mainly comprising office expenses.

Interest expenses amounted to Baht 23.23 million, a decrease of Baht 11.19 million, or 32.50%, compared with the same period of the previous year, mainly due to lower interest rates.

Profit

In the second quarter of 2026, the Company's gross profit margin was 14.80%, an increase of 8.45% compared with the same period of the previous year. The improvement was mainly attributable to a 10.33% increase in average selling prices, in line with volatile market price movements driven by developments in the Middle East. This was supported by effective management of raw material costs and inventory levels to maintain sufficient inventory in line with customer demand and market conditions. As a result, the cost of products manufactured and sold increased at a slower rate than selling prices.

During the quarter, the Company recorded a net profit of Baht 299.39 million, an increase of 925.12% compared with the same period of the previous year. The increase was mainly driven by higher average selling prices in line with market trends, particularly from the middle to the end of the quarter, when selling prices increased at a faster rate than the cost of goods sold. Consequently, gross profit increased at a greater rate than operating expenses compared with the same period of the previous year.

The Company continues to place importance on risk management amid volatile market conditions, with a focus on maintaining sales volume, managing costs and inventory levels, controlling expenses, and maintaining an appropriate financial structure. At the same time, the Company continues to build customer confidence and satisfaction by providing high-quality and diverse products, maintaining sufficient supply to meet customer demand, and ensuring timely delivery.

Summary Table of Key Financial Performance

Operating Results	2Q/2025	1Q/2026	2Q/2026	Change from Previous Year YoY (%)	Change from Previous Quarter QoQ (%)
Sales revenue (MB)	4,297.30	4,693.19	4,356.98	1.39%	-7.16%
Gross profit margin (%)	6.35%	7.74%	14.80%	8.45%	7.06%
Selling expenses (MB)	56.32	65.10	63.51	12.76%	-2.45%
Administrative expenses (MB)	161.11	170.07	205.11	27.31%	20.61%
Interest expenses (MB)	34.42	22.66	23.23	-32.50%	2.52%
Net profit (MB)	29.21	101.51	299.39	925.12%	194.93%

Summary of Financial Position

As of June 30, 2026, the Company had total assets of Baht 9,100.17 million, an increase of 10.46% from Baht 8,238.21 million as of December 31, 2025. The increase was mainly attributable to higher current assets, particularly trade receivables and inventories, in line with the increase in selling prices, product prices, and business activities during the first half of the year.

The Company had total liabilities of Baht 5,590.61 million, an increase of 9.80% from Baht 5,042.48 million as of December 31, 2025. The increase was mainly attributable to higher short-term borrowings, which were used to support working capital requirements and accommodate increased purchases in line with higher prices and sales volume during the first half of the year. During the period, the Company repaid Baht 278 million of long-term borrowings, while an additional Baht 500 million in long-term borrowings was obtained to support investments in operational efficiency improvement projects, strengthen liquidity, and support long-term business expansion.

Meanwhile, shareholders' equity increased to Baht 3,509.56 million from Baht 3,195.74 million as of December 31, 2025, representing an increase of 9.82%, mainly attributable to the Company's improved operating performance.

Quality of Assets and Receivables

Asset Structure and Inventory Quality

As of June 30, 2026, the Company had non-current assets of Baht 3,385.01 million, representing 37.20% of total assets, a decrease of Baht 98.67 million, or 2.83%, from Baht 3,483.69 million as of December 31, 2025. The decrease was mainly attributable to depreciation and amortization recognized during the period, resulting in a decrease of Baht 90.10 million in net property, plant and equipment and a decrease of Baht 14.32 million in net right-of-use assets.

Regarding inventory quality, the Company recognized a reversal of allowance for inventory write-down to net realizable value (NRV) amounting to Baht 7.92 million, as the net realizable value of inventories increased compared with the end of the previous year. Meanwhile, the average inventory holding period was 51 days.

Quality of Trade Receivables and Debt Collection Management

As of the end of the second quarter of 2026, the Company had net trade and other current receivables of Baht 3,013.77 million, an increase from Baht 2,751.35 million as of December 31, 2025. The increase was mainly attributable to higher trade receivables arising from sales made toward the end of the quarter, in line with the increase in sales revenue.

By aging, trade receivables not yet due increased to Baht 2,353.74 million from Baht 1,999.37 million as of December 31, 2025. The increase was primarily attributable to receivables that remained within the normal trade credit terms and were not yet due. Meanwhile, overall overdue trade receivables continued to trend downward, particularly receivables overdue for 6–12 months, which decreased to Baht 47.64 million from Baht 54.23 million as of December 31, 2025.

The Company's average collection period was 58 days, compared with 55 days as of December 31, 2025. The increase was mainly due to a higher proportion of sales to industrial and construction customers, which generally have longer credit terms than wholesale customers.

The Company recorded an allowance for expected credit losses (ECL) of Baht 79.21 million, an increase from Baht 68.52 million as of December 31, 2025. The allowance remained at an appropriate level and was sufficient to cover the credit risk associated with trade receivables. The Company also maintained appropriate credit risk mitigation measures, including collateral, in line with its prudent approach to trade receivables quality management.

Debt Obligations and Debt Repayment Ability

As of June 30, 2026, the Company's debt-to-equity ratio (D/E Ratio) was 1.59 times, an increase from 1.58 times as of December 31, 2025. The increase was mainly attributable to higher working capital requirements resulting from increased sales volume and higher product prices compared with the end of 2025.

The Interest Coverage Ratio was 15.42 times, an improvement from 4.49 times as of December 31, 2025. The improvement was mainly attributable to an increase of Baht 362.23 million in earnings before interest, taxes, depreciation, and amortization (EBITDA), together with a decrease of Baht 24.74 million in interest expenses, resulting in an improved ability to service interest obligations compared with 2025.

The Company had short-term borrowings from financial institutions of Baht 3,619.90 million, primarily used to finance working capital requirements, particularly trade receivables and inventories, which totaled Baht 5,299.32 million. These short-term borrowings are revolving in nature. As the Company collects receivables and receives proceeds from product sales, the funds are used to repay the borrowings, which can subsequently be redrawn to finance the purchase of raw materials and products, as well as to support trade credit in the subsequent operating cycle.

In addition, the Company has obligations relating to interest payments on both short-term and long-term borrowings, as well as scheduled repayments of long-term borrowings. The portion of long-term borrowings due within one year amounted to Baht 496.61 million. Based on the Debt Service Coverage Ratio (DSCR), the Company's DSCR was 1.57 times[1], calculated using trailing 12-month EBITDA divided by the sum of trailing 12-month interest expenses and long-term borrowings due within one year. The Company therefore maintained sufficient liquidity to efficiently manage its business operations, mitigate risks arising from market volatility, and support investments for sustainable growth.

[1] The calculation excludes short-term borrowings, as these borrowings are in the form of revolving facilities that can be redrawn upon repayment using proceeds from product sales and collections from short-term trade receivables, the combined value of which exceeds the short-term borrowings.

Information on Operating Results and Financial Position

The analysis of the Company's operating results and financial position was prepared by reference to information from the consolidated financial statements for Quarter 2 of 2026 for the accounting period ended June 30, 2026.

Factors That May Affect Operations or Future Growth

Risk Issue	Impact on Business	Risk Management Approach
Changing customer needs	May affect the ability to maintain the customer base, sales volume, and the development of products/services to meet market needs.	Develop products and services that add value to customers, together with continuously developing the Digital Platform to enhance experience and respond to customer needs efficiently.
Government policies and related standards	May affect costs, regulatory compliance, information disclosure, and future business operations.	Continuously monitor government measures, product standards, regulations relating to safety, environment, finance, and tax, including the preparation of Carbon Footprint Organization / Product and readiness for sustainability disclosure standards such as IFRS S1 and IFRS S2.
Changing business environment, such as competition, costs, technology, and resources	May affect selling prices, profit margins, competitiveness, and continuity of raw materials.	Strengthening business potential through cost management, inventory management, sourcing additional raw material sources and substitute products, management of relationships with business partners, including adjustment of sales and service strategies in line with market conditions.
Innovation, technology, and personnel capability	May affect adaptability, operational efficiency, and long-term growth.	Drive Digital Transformation, including applying modern technology and machinery to support operations, together with developing employees' skills in Innovation and Digital to support future growth.

Risk Issue	Impact on Business	Risk Management Approach
Emerging Risks, including geopolitical conflicts, particularly the war in the Middle East, and Mega Trends that may occur	May affect the supply chain, energy costs, transportation, market demand, and business operation approaches in the medium to long term.	Continuously monitor and analyze global change trends, geopolitical situations, government policies, related standards, and customer behavior to prepare response plans for both the short term and long term and adjust strategies in line with the changing business environment.

Environmental, Social, and Governance (ESG) Operations

Environmental : The Company We manage our environmental impacts under the ISO 14001:2015 standard and have set a target to reduce Scope 1 and Scope 2 greenhouse gas (GHG) emissions by 20% from the 2022 base year by 2030, along with a long-term target for 2050 aligned with Thailand's Net Zero target. We focus on continuously improving operational efficiency through energy conservation initiatives, water management, and efficient resource utilization, as well as increasing the use of renewable energy through a 6.3 MW Solar Rooftop installation. We are also investing in an additional 3.38 MW of Solar Rooftop capacity, which is expected to be completed and commence electricity generation in the fourth quarter of 2026.

As part of implementing our Scope 1 and Scope 2 GHG emission reduction plan, during the first half of 2026, our Scope 1 and Scope 2 GHG emission intensity was 0.0100 tCO_2e per ton of production, representing a decrease of approximately 5.66% compared with the same period of the previous year and a 16% reduction from the 2022 base year.

Social and Community : The Company continuously engages with communities and society through various initiatives. We participated in ASA Architect Expo 2026 under the concept "From Scrap to Sustainability: From Steel Scrap to Sustainable Structures Without End," organized by the Association of Siamese Architects under Royal Patronage. The event focused on promoting the circular use of materials and provided an opportunity to present our perspectives and approaches to the sustainability of steel products to customers, business partners, students, and the general public.

In addition, we supported the provision of high-quality steel products for the Wind Grove Pavilion project of the Federation of Thai Industries, Construction Materials Industry Cluster. The pavilion was designed based on modular design and Zero Waste concepts. Following its exhibition at ASA Architect Expo 2026, the Wind Grove Pavilion was donated to Arokaya Dhamma Center, Si Khio District, Nakhon Ratchasima, to serve as a space for meditation and accommodation for monks.

Internally, we focus on enhancing the capabilities of employees at all levels and fostering a culture of continuous learning. During the first half of 2026, our employees received an average of 12.91 hours of training per person. In addition, we received the Silver Award for Best Learning Culture Journey at the HR Excellence Awards 2026 Thailand, organized by Human Resources Online, Singapore, reflecting our success in fostering a corporate culture that continuously promotes the development of employees' knowledge and skills.

Corporate Governance : The Company conducts our business in accordance with good corporate governance principles and oversees our subsidiaries to ensure that they operate with good governance and responsibility toward all stakeholders. We also promote a risk management culture among our employees through regular communication, risk assessment, and monitoring of organizational risks, with the results reported to the Board of Directors through the Risk Management and Organizational Strategy Development Committee.

In addition, we participate in the Corporate Governance Report (CGR) assessment and the FTSE Russell ESG assessment for 2026 to continuously enhance our practices in alignment with international standards and strengthen the confidence of our stakeholders.

Note: Further details on the Company's sustainability performance are available on the Company's website www.tmtsteel.co.th, including the Sustainability, Corporate Governance, and News sections.

Please be informed accordingly.

Yours sincerely,

-Signed-

(Mr. Paisal Tarasansombat)

Chief Executive Officer

Providing Structure
of Your Imagination

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