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70 หมู่ 2 ค.ช้างใหญ่ อ.บางไทร จ.พระนครศรีอยุธยา ประเทศไทย 13290
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(Translation)

Ref. No. MCS 007/2023

May 15,2023

Subject : Management Discussion and Analysis of Q1/2023

To : Director and Manager The Stock Exchange of Thailand

M.C.S. Steel Public Company Limited would like to clarify the operating result for the consolidated financial statements of company and subsidiary of Quarter 1/2023 periods ended 31 March 2023 that reviewed by the Independent Auditor, details are as followings ;

- 1) In Q1/2023, the company's Loss was 15.15 Million Baht , that was the profit in the separate financial statements of 29.57 Million Baht and the remaining were from subsidiary companies as
 - a. MCS-Xiamen 's Loss was 7.89 Million Yuan (CNY) or 39.24 Million Baht
 - b. MCS-Japan's Loss was 21.35 Million Yen (JPY) or 5.48 Million Baht
- 2) In Q1/2023, the company's gross profit in the separate financial statements was 197.43 Million Baht , decreased of 365.91 Million Baht or 64.95% from same period of last year. If included the gross profit from subsidiary companies ,it will be 176.73 Million Baht ,decreased of 412.26 Million Baht or 69.99%.
- 3) In Q1/2023, the company's sale revenue of goods and rendering of services in the separate financial statements were 1,577.67 Million Baht, decreased 44.55 Million Baht or 2.75% from same period of last year. If included the sale revenue of goods and rendering of services from subsidiary companies it will be 1,613.97 Million Baht ,decreased of 8.35 Million Baht or 0.51%.

Management Discussion and Analysis of Q1/2023

1. The delivery works in Q1/2023 were around 23,020 tons , which included export from subsidiary companies. And in Q1/2023 have domestic work around 1,069 tons and others were the export work to Japan as 21,951 tons.

As a result , the revenue from sales of goods and rendering of services from subsidiary companies, it will be 1,613.97 Million Baht, decreased of 8.35 Million Baht or 0.51%

2. In Q1/2023, Cost for sales of goods and rendering of services in the separate financial statements were 1,380.24 Million Baht ,increased by 321.37 Million Baht or 30.35% from same period of last year. Due to increased of material cost.

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And if included the subsidiary companies ,cost for sales of goods and rendering of services after cut transaction were 1,447.25 Million Baht that increased of 403.91 Million Baht or 39.09% from same period of last year.

3. In Q1/2023, the distribution costs was 128.80 million Baht decreased by 98.48 Million Baht due to decreased of Freight cost.

The Administrative expenses were 77.99 Million Baht decreased by 23.06 Million Baht which some expenses from prevention of COVID 19 decreased.

4. In Q1/2023, Other income was 10.54 Million Baht increased by 1.68 Million Baht from same period of last year.

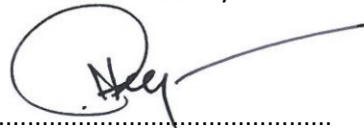
5. In Q1/2023, Finance costs was 2.92 Million.

6. In Q1/2023, the average of exchange rate as 25.659 baht per 100 yen (JPY) decreased of 9.89% from the same period of last year.

7. At 31 March 2023, Inventories were 3,289.32 Million Baht decreased by 594.18 Million Baht or 19.06% from 31 December 2022 due to the materials were used to product and delivery.

We believe we have been started to out of wood since last year (beginning of Russia - Ukraine war) with Dramatically increase of shipping cost (more than twice) Then , USA -China trade war with dramatically increase of material cost (more than twice comparing with one year ago) together with more than 25% depreciation of Japanese yen due to USA dramatically increase interest rate. Our subsidiaries will follow in next one to two quarter provided there are no more dramatic movements in geopolitical changes .Due to factor as above , In Q1/2023, the company's Loss was 15.15 Million Baht.

Yours Sincerely



(Dr.Naiyuan Chi)
Chairman of Board Director