

(Translation)

Ref. No. MCS 009/2022
May 17,2022

Subject : Management Discussion and Analysis of Q1/2022

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 1/2022 periods ended 31 March 2022 that reviewed by the Independent Auditor, details are as followings ;

1. In Q1/2022, the company's Profit was 262.71 Million Baht , increased of 29.14 Million Baht or 12.48% from same period of last year that was the profit in the separate financial statements of 253.34 Million Baht and the remain profit was from subsidiaries company as
 - a. MCS-Xiamen 's Profit was 0.39 Million Yuan (CNY) or 2.26 Million Baht
 - b. MCS-Japan's Profit was 18.06 Million Yen (JPY) or 5.14 Million Baht
2. In Q1/2022, the company's gross profit in the separate financial statements was 563.35 Million Baht , increased of 121.77 Million Baht or 27.58% from same period of last year. If included the gross profit from subsidiary companies ,it will be 588.98 Million Baht ,increased of 102.08 Million Baht or 20.97%.
3. In Q1/2022, the company's sale revenue of goods and rendering of services in the separate financial statements were 1,622.22 Million Baht, increased 483.99 Million Baht or 42.52% from same period of last year. If included the sale revenue of goods and rendering of services from subsidiary companies it will be 1,622.32 Million Baht ,increased of 477.29 Million Baht or 41.68%.

Management Discussion and Analysis of Q1/2022

1. The delivery works in Q1/2022 were around 18,182 tons , which included export from subsidiary companies. And in Q1/2022 have not domestic work.

As a result , the revenue from sales of goods and rendering of services from subsidiary companies, it will be 1,622.32 Million Baht, increased of 477.29 Million Baht or 41.68%

2. In Q1/2022, Cost for sales of goods and rendering of services in the separate financial statements were 1,058.87 Million Baht ,increased by 352.94 Million Baht or 50.00% from same period of last year.

And if included the subsidiary companies ,cost for sales of goods and rendering of services after cut transaction were 1,033.34 Million Baht that increased of 365.94 Million Baht or 54.83% from same period of last year.

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3. In Q1/2022, the distribution costs increased by 126.69 Million Baht due to increased of Freight cost and delivery works.

The Administrative expenses were 101.05 Million Baht increased by 23.41 Million Baht which some expenses from prevention of COVID 19 and factory renovation.

4. In Q1/2022, Other income was 8.86 Million Baht increased by 1.34 Million Baht from same period of last year.
5. In Q1/2022, Finance costs was 1.29 Million Baht decreased by 5.82 Million Baht from same period of last year.
6. At 31 March 2022, Inventories were 1,611.41 Million Baht decreased by 379.52 Million Baht or 19.06% from 31 December 2021.
7. At 31 March 2022, Property, plant and equipment increased by 71.74 Million Baht from 31 December 2021 due to the conversion of financial statements in this period.

Due to factor as above No.1 - 7, In Q1/2022, We have managed to make a profit of 262.71 Million Baht (12.7% increase from 233.57 Million Baht of the same period of last year) for Quarter 1 of 2022 , despite an increase of 125% of shipping cost , which equal to 127 Million Baht, otherwise we should have added another 50% of our current profit It has shown our ability to secure projects with higher profit margin due to our capability to handle projects require more complexity technical requirements. It has shown our long term strategy of endless upgrading our facility and employees has been a successful one , currently, our work in hand piled up to 2025 has proven the same

Yours Sincerely

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(Dr.Naiyuan Chi)
Chief Executive Officer