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

Ref. No. MCS 010/2023

November 13,2023

Subject : Management Discussion and Analysis of Q3/2023

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 3/2023 periods ended 30 September 2023 that reviewed by the Independent Auditor, details are as followings ;

- 1) In Q3/2023, the company's Profit was 30.29 Million Baht , that was the profit in the separate financial statements of 58.31 Million Baht and the remaining were from subsidiary companies as
 - a. MCS-Xiamen 's Loss was 2.23 Million Yuan (CNY) or 10.81 Million Baht
 - b. MCS-Japan's Profit was 37.02 Million Yen (JPY) or 9.01 Million Baht

When combining the profits of the company with those of the two subsidiaries and making adjustments, excluding certain items will result in the profit attributable to the parent company in the consolidated financial statements being equal to 30.29 Million Baht.

- 2) In Q3/2023, the company's gross profit in the separate financial statements was 278.83 Million Baht ,increased of 259.03 Million Baht or 1,308.11% from same period of last year.If included the company's gross profit from from subsidiary companies were 289.21 Million Baht ,increased of 213.72 Million Baht or 283.10%
- 3) In Q3/2023, the company's sale revenue of goods and rendering of services in the separate financial statements were 1,663.96 Million Baht, increased 1,048.75 Million Baht or 170.47% from same period of last year.

Management Discussion and Analysis of Q3/2023

1. The delivery works in Q3/2023 were around 23,116 tons included
 - 1) Export work to Japan
 - from MCS Thai 18,822 tons
 - from MCS Xiamen 1,669 tons
 - from MCS Japan 2,485 tons
 - 2) Domestic work 140 tons

As a result , the revenue from sales of goods and rendering of services from subsidiary companies, it will be 1,099.32 Million Baht (the average of exchange rate as 24.352 baht per 100 yen (JPY) decreased of 7.56% from the same period of last year)

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2. In Q3/2023, Cost for sales of goods and rendering of services in the separate financial statements were 1,398.81 Million Baht ,increased by 807.88 Million Baht or 136.71% from same period of last year. Due to increased of delivery works and price of the raw material increased 25,000 Yen per ton (6,000 Baht per ton) compared with the same period of last year.

And if included the subsidiary companies ,cost for sales of goods and rendering of services after cut transaction were 1,374.75 Million Baht that increased of 835.03 Million Baht or 154.72% from same period of last year.

3. In Q3/2023, the distribution costs increased by 115.07 Million Baht or 230.57% due to increased of delivery works. However freight cost were 6,400 Baht per ton decreased of 56.22% compared which same period of last year.

Administrative expenses were 80.36 million Baht, representing an increase of 9.25 million Baht due to the wages of employees at M.C.S. Steel-Xiamen around 9 million Baht during periods when there were no job exports (July-August) which begin exporting in September.

4. In Q3/2023, Other income was 10.94 Million Baht increased by 6.70 Million Baht compared to the same period in the previous year due to increased production of Q3/2023.

5. In Q3/2023, finance costs were 15.56 Million Baht, increased by 12.66 Million Baht from the same period of the previous year due to the extension of the L/C for purchasing raw materials in advance , which is expected to reduce the price by approximately 15,000 yen per ton.

6. At 30 September 2023, Inventories were 2,449.38 Million Baht decreased by 1,434.11 Million Baht or 36.93% from 31 December 2022 due to the materials were used to product and delivery.

The main factor influencing the company's current profit was 30.29 Million Baht in Q3/2023 were the significant increase in the price of raw materials, which has risen to approximately 25,000 yen per ton. Additionally, during the third quarter of 2023, the company's subsidiaries in China faced a lack of export opportunities. However, production is set to export in August 2023.

Yours Sincerely

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(Ms.Wanna Pholkaew)
Managing Director