

14 August 2023

Subject: Management Discussion and Analysis for the 3-month and 6-month period ended 30 June 2023

To: Director and Manager
The Stock exchange of Thailand

Siam Technic Concrete Public Company Limited (“the Company”) provides Management Discussion and Analysis for the quarter 2/2023 YoY and 6-month period of 2023 YoY, details are as follows:

Summary of operating results

Item	Consolidate financial statements for the 3-month ended		Change		Consolidate financial statements for the 6-month ended		Change	
	30 June 2023	30 June 2022			30 June 2023	30 June 2022		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Revenue								
Revenue from sale of goods and rendering of services	461.09	626.27	(165.18)	(26.38)	870.26	1,110.09	(239.84)	(21.61)
Revenue from construction contract	51.48	45.04	6.44	14.30	75.34	71.90	3.44	4.78
Total Revenue	512.57	671.31	(158.74)	(23.65)	945.60	1,181.99	(236.39)	(20.00)
Cost								
Cost of sale of goods and rendering of services	374.58	521.66	(147.08)	(28.19)	718.71	936.04	(217.33)	(23.22)
Costs of project construction	42.29	42.69	(0.40)	(0.94)	64.62	68.13	(3.51)	(5.15)
Total Cost	416.87	564.35	(147.48)	(26.13)	783.33	1,004.17	(220.84)	(21.99)
Gross profit								
Gross Profit from sale of goods and rendering of services	86.51	104.61	(18.10)	(17.30)	151.55	174.05	(22.50)	(12.93)
Gross Profit (Loss) from construction contract	9.19	2.35	6.84	291.06	10.72	3.77	6.95	184.35
Total Gross profit	95.70	106.96	(11.26)	(10.53)	162.27	177.82	(15.55)	(8.74)
Other Income	10.73	1.43	9.30	650.35	26.41	3.42	22.99	672.22
Distribution costs	6.13	6.15	(0.02)	(0.33)	11.77	12.22	(0.45)	(3.68)
Administrative expense	48.28	38.95	9.33	23.95	88.99	74.66	14.33	19.19

Item	Consolidate financial statements for the 3-month ended		Change		Consolidate financial statements for the 6-month ended		Change	
	30 June 2023	30 June 2022			30 June 2023	30 June 2022		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Finance cost	6.62	4.49	2.13	47.44	13.52	8.49	5.03	59.25
Profit before income tax expenses	45.41	58.80	(13.39)	(22.77)	74.41	85.87	(11.46)	(13.35)
Income tax expenses	5.79	11.40	(5.61)	(49.21)	10.56	15.51	(4.95)	(31.91)
Profit for the period	39.62	47.40	(7.78)	(16.41)	63.85	70.36	(6.51)	(9.25)
Total comprehensive income for the period	39.62	47.40	(7.78)	(16.41)	63.85	70.36	(6.51)	(9.25)
Basic earnings per share (EPS) (THB per share)	0.05	0.07	(0.01)	(16.41)	0.09	0.10	(0.01)	(9.25)

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 6-month ended		Change	
	30 June 2023	30 June 2022			30 June 2023	30 June 2022		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Revenue								
Revenue from sale of goods and rendering of services	466.97	617.88	(150.91)	(24.42)	868.90	1,101.59	(232.69)	(21.12)
Revenue from construction contract	40.32	45.04	(4.72)	(10.48)	64.18	71.90	(7.72)	(10.74)
Total Revenue	507.29	662.92	(155.63)	(23.48)	933.08	1,173.49	(240.41)	(20.49)
Cost							-	
Cost of sale of goods and rendering of services	379.65	515.60	(135.95)	(26.37)	717.19	929.99	(212.80)	(22.88)
Costs of project construction	35.68	42.69	(7.01)	(16.42)	58.00	68.13	(10.13)	(14.87)
Total Cost	415.33	558.29	(142.96)	(25.61)	775.19	998.12	(222.93)	(22.33)
Gross profit								
Gross Profit from sale of goods and rendering of services	87.32	102.28	(14.96)	(14.63)	151.71	171.60	(19.89)	(11.59)

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 6-month ended		Change	
	30 June 2023	30 June 2022			30 June 2023	30 June 2022		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Gross Profit (Loss) from construction contract	4.64	2.35	2.29	97.45	6.18	3.77	2.41	63.93
Total Gross profit	91.96	104.63	(12.67)	(12.11)	157.89	175.37	(17.48)	(9.97)
Other Income	10.76	1.43	9.33	652.45	26.44	3.42	23.02	673.10
Distribution costs	6.09	6.15	(0.06)	(0.98)	11.73	12.22	(0.49)	(4.01)
Administrative expense	48.12	38.65	9.47	24.50	88.69	74.34	14.35	19.30
Finance cost	6.80	4.46	2.34	52.47	13.43	8.44	4.99	59.12
Profit before income tax expenses	41.71	56.80	(15.09)	(26.57)	70.48	83.79	(13.31)	(15.88)
Income tax expenses	5.30	11.14	(5.84)	(52.42)	9.98	15.25	(5.27)	(34.56)
Profit for the period	36.41	45.66	(9.25)	(20.26)	60.50	68.54	(8.04)	(11.73)
Total comprehensive income for the period	36.41	45.66	(9.25)	(20.26)	60.50	68.54	(8.04)	(11.73)
Basic earnings per share (EPS) (THB per share)	0.05	0.06	(0.01)	(20.26)	0.08	0.09	(0.01)	(11.73)

Summary of financial position

Item	Consolidate financial statements as of		Change		Separate financial statements as of		Change	
	30 June 2023	31 December 2022			30 June 2023	31 December 2022		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Total assets	2,918.97	2,578.25	340.72	13.22	2,649.96	2,574.58	75.38	2.93
Total liabilities	1,603.82	1,308.09	295.73	22.61	1,341.63	1,307.91	33.72	2.58
Total equities	1,315.15	1,270.16	44.99	3.54	1,308.33	1,266.67	41.66	3.29

Summary of key financial ratios

Item	Unit	Consolidate financial statements as of		Separate financial statements as of	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
Cash Cycle	(Days)	78	42	80	47
Net profit margin	(percent)	6.57	5.94	6.31	5.82

Item	Unit	Consolidate financial statements		Separate financial statements	
		as of		as of	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
Return on equity	(percent)	9.88	11.51	9.40	11.22
Return on assets	(percent)	4.65	5.68	4.63	5.52
Debt to equity ratio	(times)	1.22	1.15	1.03	1.15

Discussion and Analysis of financial position and performance (Consolidate financial statements) :

Operating results

■ Revenue from sale of goods and rendering of services.

For the 3-month period ended 30 June 2023, the Company's revenue from sales and services was THB 461.09 million, decreased by 165.18 million or 26.38 percent YoY. For the 6-month period ended 30 June 2023, the Company's revenue from sales and services was THB 870.26 million, decreased by 239.84 million or 21.61 percent YoY due to lower demand and high competition of the industry, in addition there was high volume of delivered orders of 1st and 2nd quarter last year that caused higher revenue compare to the same period of 2023.

■ Revenue from construction contract

For the 3-month and 6-month period ended June 2023, the Company had revenue earned by construction business in the amount of THB 51.48 million and 75.34 million, increased by 6.44 and 3.44 or 14.30 and 4.78 percent YoY. This is due to in 2023, the company has recognized revenue from 115kV Sawankhalok High Voltage Power Station (Electricity Generating Authority of Thailand)- Highway No. 101, km 102+052 in Sukhothai province, 115kV Transmission Line Construction Project at Nong Han High Voltage Substation (Electricity Generating Authority of Thailand), Udon Thaini province – Sawang Daen Din Power Station Sakon Nakhon Province, and 115 kV Transmission Line Construction Project, Highway No. 3, Kilometer No. 397+750 (entrance to Wang Krachae Subdistrict Administrative Organization Road) to Laem Ngob Power Station, Trat Province.

■ Other Income

For the 3-month period ended 30 June 2023, the Company's other income was THB 10.73 million increased by THB 9.30 million or 650.35 percent YoY. For the 6-month period ended 30 June 2023, the Company's other income was THB 26.41 million increased by THB 22.99 million or 672.22 percent YoY, which in first 6 months in 2023 the company had a revenue from provision reversal and appeals for refund of fines for late delivery from installation of fiber optic cables and underground transmission lines.

■ **Cost of sale of goods and rendering of services**

For the 3-month period ended June 2023, the Company's cost of sale of goods and service was THB 374.58 million, decreased by THB 147.08 million or 28.19 percent YoY. For the first 6-month period of 2023, the Company's cost of sale of goods and rendering service was THB 718.71 million, decreased by THB 217.33 million or 23.22 percent YoY which was in line with the decrease in revenue.

■ **Costs of project construction**

For the 3-month and 6-month period ended 30 June 2023, the company had project costs of THB 42.29 million and 64.62 million, decreased by 0.94 and 5.15 percent YoY..

■ **Gross profit from operation**

For the 3-month period ended 30 June 2023, the Company's gross profit from operation was THB 95.70 million, decreased by 10.53 percent YoY. For the 6-month period ended 30 June 2023, the Company's gross profit from operation was THB 162.27 million, decreased by 8.74 percent YoY, which was in line with the decrease in revenue.

■ **Distribution costs**

For the 3-month period ended June 2023, the Company's distribution costs decreased by THB 0.02 million or 0.33 percent YoY. In the first 6-month period of 2023, the Company's distribution costs decreased by THB 0.45 million or a 3.68 percent YoY. This was mainly due to sale employee expenses.

■ **Administrative expenses**

For the 3-month period ended 30 June 2023, the Company's administrative expense increased by THB 9.33 million or 23.95 percent YoY. In the first 6-month period of 2023, the Company's administrative expense increased by THB 14.33 million or a 19.19 percent YoY. This was mainly due to increased in bad debts and doubtful accounts receivable and company's electricity bills in the period.

■ **Financial Cost**

For the 3-month and 6-month period ended June 2023, the Company's financial cost increased by THB 2.13 million and 5.03 million or 47.44 percent and 59.25 percent, mainly from the rising of interest rate.

■ **Net Profit**

For the 3-month period ended 30 June 2023, the Company's net profit was THB 39.62 million decreased by THB 7.78 million or 16.41 percent YoY. As a result, for the first 6-month period of 2023, the Company's net profit was THB 63.85 million decreased by THB 6.51 million or 9.25 percent YoY that was in line with the decrease in revenue.

Financial Position

■ Total Assets

The Company's total assets as of 30 June 2023 and 31 December 2022 were THB 2,918.97 million and THB 2,578.25 million, respectively. As of 30 June 2023, the Company's total assets had increased by THB 340.72 million, or 13.22 percent which mainly increased from work-in-process of the new factory of Siam Steel Wire Co., Ltd. and increase in inventories.

■ Total Liabilities

The Company's total liabilities as of 30 June 2023 and 31 December 2022 were THB 1,603.82 million and THB 1,308.09 million, respectively. The Company's total liabilities increased by THB 295.73 million, or 22.61 percent mainly increasing in bank overdrafts and short-term loans from financial institutions, other current payables and trade accounts payable, with an average debt payable period of 73 days, which is in accordance with the credit terms of the major suppliers of 30 – 90 days.

■ Shareholders' equity

The Company's shareholders' equities as of 30 June 2023 and 31 December 2022 were THB 1,315.15 million and 1,270.16 million, respectively. As of 30 June 2023, the Company's shareholders' equities has been increased by THB 44.99 million, representing with a company's total comprehensive income for the period of THB 63.85 million for the 6-month period of 2023, with an interim dividend payment of 18.85 million baht.

Financial Ratio

■ Cash Cycle

The Company's cash cycle in the first 6-month period of 2023 increased from 42 days to 78 days in the same period of the previous year due mainly to the increasing of the Company's average account receivable and inventory turnover period.

■ Net Profit Margin

The Company's net profit margin of the first 6-month period of 2023 and 2022 was 6.57 percent and 5.94 percent respectively. The company's net profit margin had increased from the same period in the previous year due to more efficiency in cost management of the company.

Your Sincerely.

(Mr.Watchai Mongkolsrisawad)

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Chief Executive Officer