



**SIAMEAST SOLUTIONS**  
PUBLIC COMPANY LIMITED

No. ELCID/SE/013/2021

November 15, 2021

Subject: Management Discussion and Analysis for the 9-Month Period Ended September 30, 2021

To: Director and Manager  
Stock Exchange of Thailand

SiamEast Solutions Public Company Limited has submitted the consolidated financial statements for the 9-month period ending September 30, 2021, which have been audited by a certified public accountant. With all details as follows:

Unit: million baht	Consolidated financial statements				Financial statements under the equity method			Consolidated financial statements				Financial statements under the equity method		
	Q3/2021	Q3/2020	increase (decrease)	%YoY	Q3/2020	increase (decrease)	%YoY	9M2021	9M2020	increase (decrease)	%YoY	9M2020	increase (decrease)	%YoY
<b>Revenue from sales and services</b>														
1.Pumping System Technology Division	25.21	23.18	2.03	8.76	23.18	2.03	8.76	71.73	77.21	(5.48)	(7.10)	77.21	(5.48)	(7.10)
2.Process and Piping Solution Division	44.48	51.49	(7.01)	(13.61)	18.14	26.34	145.20	142.37	152.69	(10.32)	(6.76)	65.86	76.51	116.17
3. Innovative Material Division	49.79	25.15	24.64	97.97	25.15	24.64	97.97	105.72	81.20	24.52	30.20	81.20	24.52	30.20
4.Service Business Division	7.72	6.52	1.20	18.40	6.48	1.24	19.14	23.54	26.36	(2.82)	(10.70)	26.24	(2.70)	(10.29)
Total	127.20	106.34	20.86	19.62	72.94	54.26	74.39	343.36	337.46	5.90	1.75	250.50	92.86	37.07
<b>Cost of Sales and Cost of Service</b>	95.08	70.58	24.50	34.71	52.96	42.12	79.53	254.04	227.76	26.28	11.54	181.75	72.29	39.77
<b>Gross profit</b>	32.12	35.76	(3.64)	(10.18)	19.98	12.14	60.76	89.32	109.70	(20.38)	(18.58)	68.75	20.57	29.92
Other income	2.31	1.29	1.02	79.07	1.31	1.00	76.34	5.05	3.75	1.30	34.67	5.75	(0.70)	(12.17)
total income	129.52	107.63	21.89	20.34	74.25	55.27	74.44	348.41	341.21	7.20	2.11	256.25	92.16	35.96
Selling and administrative expenses	27.39	25.08	2.31	9.21	21.47	5.92	27.57	85.84	77.99	7.85	10.06	66.76	19.08	28.58

Unit: million baht	Consolidated financial statements				Financial statements under the equity method			Consolidated financial statements				Financial statements under the equity method		
	Q3/2021	Q3/2020	increase (decrease)	%YoY	Q3/2020	increase (decrease)	%YoY	9M2021	9M2020	increase (decrease)	%YoY	9M2020	increase (decrease)	%YoY
Separate net profit (loss)	2.52	0.05	2.47	4940	0.05	2.47	4940	6.03	6.63	(0.60)	(9.05)	6.63	(0.60)	(9.05)
Share of profit (loss) from investment in associated company	6.90	6.31	0.59	9.35	6.31	0.59	9.35	15.34	14.33	1.01	7.05	14.33	1.01	7.05
Total comprehensive income (loss) for the period	11.95	16.10	(4.15)	(25.78)	6.35	5.60	88.19	20.19	42.77	(22.58)	(52.79)	18.96	1.23	6.49
Net Profit Margin (%)	9.23	17.22			8.56			5.79	14.27			7.40		

## Revenue from sales and services

### 1. For the comparison with the consolidated financial statements of the subsidiary (KESSEL) according to the accounting standards under the same control

Operating results for the nine-month period ended September 30, 2021, the company had revenue from sales and services of 343.36 million baht, an increase of 5.90 million baht from the same period of 2020 or an increase of 1.75%. For the third quarter, for the three-month period ended September 30, 2021, the company had revenue from sales and services of 127.20 million baht, an increase from the same period of 2020 by 20.86 million baht or an increase of 19.62%. The increase is by the company selling products of COVID-19 test kits by innovative materials product group where the increased in the third quarter of the year 2021 as a new group of products to be sold during the epidemic situation of COVID-19.

### 2. In the case of comparison with the financial statements under the equity method (formerly) without operating results of the subsidiary under 1)

Operating results for the 9-month period ended September 30, 2021, the company had revenue from sales and services of 343.36 million baht, an increase from the same period of 2020 by 92.86 million baht or 37.07 percent. For the third quarter, for the three-month period ended September 30, 2021, the Company had revenue from sales and services of 127.20, an increase of 54.26 million baht from the same period of 2020 or an increase of 74.39%. Said caused by the company selling products of COVID-19 test kits by themselves of innovative materials product group. Increased in the third quarter of the year 21 as a new group of products to be sold during the COVID-19 epidemic situation. The revenue in case of 2) increased significantly because the company recognized revenue from subsidiaries in the 3rd quarter of 2021 while the financial statements in the case of 1), the auditor has included the revenues of the subsidiaries as if they have been merged from the beginning under the same control.

In addition, the company still has products and services. that have received the purchase order and are in the process of being gradually delivered (Backlog) according to the table as follows:

Goods and services that have been ordered Already but not yet delivered (Backlog)	2020 → Q4 2021 (million baht)	2021 → Q4 2021 (million baht)	2021 → Q1-Q3 2022 (million baht)	All Backlogs (million baht)
Backlog	10.32	97.24	28.10	135.65

#### Other income

##### 1. In case of comparison with the consolidated financial statements of the subsidiary (KESSEL) according to the accounting standards under the same control

For the 9-month period ended September 30, 2021, the company had other income of 5.05 million baht, an increase from the same period of the year 2020 by 1.30 million baht or 34.67%, and for the third quarter, the 3-month period ended September 30. 2021, the company has other income of 2.31 million baht, an increase of 1.02 million baht from the same period of 2020 or an increase of 79.07% due to an increase in sales promotion and commission income.

##### 2. In the case of comparison with the financial statements under the equity method (formerly) without operating results of the subsidiary under 1)

For the 9-month period ended September 30, 2021, the Company had other income of 5.05 million baht, a decrease of 0.70 million baht from the same period of the year 2020, or a decrease of 12.17%, and for the third quarter, the 3-month period ended September 30. 2021 The company has other income of 2.31 million baht, an increase of 1.00 million baht from the same period of 2020 or an increase of 76.34% due to an increase in sales promotion income and commission income.

#### Cost of sales and services

##### 1. In case of comparison with the consolidated financial statements of the subsidiary (KESSEL) according to the accounting standards under the same control

For the 9-month period ended September 30, 2021, the company had cost of sales and services of 254.04 million baht, an increase from the same period of 2020 by 26.28 million baht or 11.54%. On September 30, 2021, the company had cost of sales and services of 95.08 million baht, an increase of 24.50 million baht from the same period of 2020 or an increase of 34.71%, which was in the same direction as the revenue from sales and services. When comparing the proportion of cost of sales and services with revenue from sales and services, it was found that proportion of cost of sales increased from 66.37% of revenue in Q3 2020 to 74.75% in Q3 2021, mainly due to the current economic situation with increased competition, prices and discounts. Therefore, the company needs to adapt to the situation by reducing prices and/or increasing discounts to customers. to keep the customer base first in the current situation however, under the company high quality work with reliability after-sales service, whilst the company also have diverse customer base and stable financial status result that the company has strong financial and can maintain its customer base continually.

## **2. In the case of comparison with the financial statements under the equity method (formerly) without operating results of the subsidiary under 1)**

For the 9-month period ended September 30, 2021, the company had cost of sales and services of 254.04 million baht, an increase from the same period of the year 2020 by 72.29 million baht or 39.77 percent. On September 30, 2021, the company had cost of sales and services of 95.08 million baht, an increase from the same period of 2020 by 42.12 million baht or 79.53%, which was in the same direction as the revenue from sales and services. The cost of sales in case of 2) increased significantly because the company recognized costs from subsidiaries in the 3rd quarter of 2021, while the financial statements in the case of 1), the auditor included the costs of the subsidiaries together with the costs of the company as if merging from the beginning under the same control.

However, when comparing the proportion of cost of sales and services with revenue from sales and services, it was found that proportion of cost of sales increased from 72.61% of revenue in Q3 2020 to 74.75% in Q3 2021, mainly due to the current economic situation with increased competition. Therefore, the company needs to adapt to the situation by reducing prices and/or increasing discounts to customers, to keep the customer base first in the current situation however, under the company high quality work with reliability after-sales service, whilst the company also have diverse customer base and stable financial status result that the company has strong financial and can maintain its customer base continually. The proportion of cost of sales in the case of 2) increased less than in case 1) because the cost of sales of KESSEL in 2020 was significantly lower than that of SE.

### **Selling and administrative expenses**

#### **1. In case of comparison with the consolidated financial statements of the subsidiary (KESSEL) according to the accounting standards under the same control**

For the 9-month period ended September 30, 2021, the company had selling and administrative expenses in the amount of 85.84 million baht, an increase from the same period of the year 2020 by 7.85 million baht or 10.06 percent, and for the third quarter, the 3-month period. As of September 30, 2021, the company had selling and administrative expenses of 27.39 million baht, an increase of 2.31 million baht from the same period of 2020 or a 9.21 percent increase, which was in the same direction as the revenue. However, when comparing the proportion of selling and administrative expenses with the revenue from sales and services, it was found that proportion of expenses decreased from [23.58] percent of revenue in Q3 2020 to [21.53] percent of revenue in Q3 2021 due to lower employee welfare expenses such as salaries, overtime pay, bonuses.

#### **2. In the case of comparison with the financial statements under the equity method (formerly) without operating results of the subsidiary under 1)**

For the 9-month period ended September 30, 2021, the company had selling and administrative expenses in the amount of 85.84 million baht, an increase from the same period of 2020 by 19.08 million baht or 28.58 percent. As of September 30, 2021, the company had selling and administrative expenses of 27.39 million baht, an increase of 5.92 million baht from the same period of 2020 or an increase of 27.57 percent, which was in the same direction as the revenue. However, when comparing the proportion of selling and administrative expenses with the revenue from sales and services, it was found that proportion of expenses decreased from [29.43] percent of revenue in Q3 2020 to only [21.53] percent of revenue in Q3 2021 due to lower employee welfare expenses such as salaries, overtime, bonuses. The selling and administrative expenses in case of 2) increased significantly because the company recognized expenses from subsidiaries

in the third quarter of 2021, while the financial statements in the case of 1), the auditor has included the expenses of the subsidiary together with the company's revenue. as if merging from the beginning under the same control.

### **Total comprehensive income (loss)**

#### **1. In case of comparison with the consolidated financial statements of the subsidiary (KESSEL) according to the accounting standards under the same control**

For the 9-month period ended September 30, 2021, the company had a net profit (loss) from operations of 6.03 million baht, a decrease of 0.60 million baht from the same period of 2020, or a decrease of 9.05%, and for the third quarter, the 3rd period for the month ended September 30, 2021, the company had a net profit (loss) from operations of 2.52 million baht, an increase of 2.47 million baht from the same period of 2020 or an increase of 4940 percent.

In addition, for the third quarter of the three-month period ended September 30, 2021, the Company also recognized the net profit of Utilities Business Alliance Company Limited (“UBA”) at the rate of 39.99%, amounting to 6.90 million. Baht, an increase from the same period of the year 2020 by 0.59 million baht or 9.35 percent.

From the above-mentioned operating results and the recognition of profits from subsidiaries and associates. As a result, the company total comprehensive income for the third quarter for the three-month period ended September 30, 2021, totaling 11.95 million baht, a decrease of 4.15 million baht from the same period of 2020 or a 25.78 percent decrease.

#### **2. In the case of comparison with the financial statements under the equity method (formerly) without operating results of the subsidiary under 1)**

From the above-mentioned operating results and the recognition of profits from subsidiaries and associated companies. As a result, the company has total comprehensive income for the third quarter for the three-month period ended September 30, 2021, totaling 11.95 million baht, an increase from the same period of 2020 by 5.60 million baht or an increase of 88.19 percent. The increase in profit of the company in the case of 2) while the financial statements in case of 1) decreased because the auditor had included the profit of the subsidiary in the year 2020 together with the profit of the company. as if merged from the beginning under the same control with profit increased from the same period last year.

Please be informed accordingly.

Best regards



(Ms. Orasa Vimolchalao)

Person with authority to report information