

Date 23 February 2022

Subject: Management's Discussion and Analysis for the Year 2021

To: Director and Manager  
The Stock exchange of Thailand

Siam Technic Concrete Public Company Limited and its subsidiaries (the "Company") reported the operating results for the year 2021, comparing with the results of the year 2020 and the year 2019 as follows:

Summary

List	Consolidated financial statements						Comparison to the same period			
	2021		2020		2019		2021/2020 (YOY)		2020/2019 (YOY)	
	Million baht	%	Million baht	%	Million baht	%	Million baht	Percentage	Million baht	Percentage
Income										
Revenue from sales and services	1,512.56	98.19	1,442.59	93.05	1,652.69	96.49	69.97	4.85	(210.10)	(12.71)
Revenue from construction projects	3.99	0.26	90.34	5.83	35.76	2.09	(86.35)	(95.58)	54.58	152.63
<b>Total Income</b>	<b>1,516.55</b>	<b>98.44</b>	<b>1,532.93</b>	<b>98.88</b>	<b>1,688.45</b>	<b>98.58</b>	<b>(16.38)</b>	<b>(1.07)</b>	<b>(155.52)</b>	<b>(9.21)</b>
Cost										
Cost of sales and services	1,260.61	83.34	1,140.55	79.06	1,277.64	77.31		4.28		1.76
Cost of construction projects	3.79	94.99	66.25	73.33	72.27	202.10		21.65		(128.76)
<b>Total cost</b>	<b>1,264.40</b>	<b>83.37</b>	<b>1,206.80</b>	<b>78.73</b>	<b>1,349.91</b>	<b>79.95</b>		<b>4.65</b>		<b>(1.22)</b>
Gross profit										
Gross profit from sales and services	<b>251.95</b>	<b>19.99</b>	<b>302.04</b>	<b>26.48</b>	<b>375.05</b>	<b>29.35</b>		(6.50)		(2.87)
Gross profit from construction projects	<b>0.20</b>	<b>5.28</b>	<b>24.09</b>	<b>36.36</b>	<b>(36.51)</b>	<b>(50.52)</b>		(31.09)		86.88
<b>Gross profit from operation</b>	<b>252.15</b>	<b>19.94</b>	<b>326.13</b>	<b>27.02</b>	<b>338.54</b>	<b>25.08</b>		<b>(7.08)</b>		<b>1.95</b>
Other income	23.96	1.56	17.40	1.12	24.38	1.42	6.56	37.70	(6.98)	(28.63)
Distribution costs	20.17	1.31	20.42	1.32	22.37	1.31		(0.01)		0.01
Administrative expenses	121.41	7.88	129.17	8.33	187.26	10.93		(0.45)		(2.60)
Financial cost	21.27	1.38	26.30	1.70	37.51	2.19		(0.32)		(0.49)
<b>Profit before income tax</b>	<b>113.26</b>	<b>7.35</b>	<b>167.64</b>	<b>10.81</b>	<b>115.78</b>	<b>6.76</b>		<b>(3.46)</b>		<b>4.05</b>
Income tax expenses	18.70	1.21	27.04	1.74	22.55	1.32		(0.53)		0.43
<b>Net profit for the year / period</b>	<b>94.57</b>	<b>6.14</b>	<b>140.60</b>	<b>9.07</b>	<b>93.23</b>	<b>5.44</b>		<b>(2.93)</b>		<b>3.63</b>
Other comprehensive income (loss) for the year			11.25	0.73				(0.73)		0.73
<b>Total comprehensive income (loss) for the year</b>	<b>94.57</b>	<b>6.14</b>	<b>151.85</b>	<b>9.79</b>	<b>93.23</b>	<b>5.44</b>		<b>(3.66)</b>		<b>4.35</b>
<b>Earnings per share (EPS) (Baht per share)</b>	<b>0.15</b>		<b>0.27</b>		<b>0.18</b>					

List	Separate financial statements						Comparison to the same period			
	2021		2020		2019		2021/2020 (YOY)		2020/2019 (YOY)	
	Million baht	%	Million baht	%	Million baht	%	Million baht	Percentage	Million baht	Percentage
Income										
Revenue from sales and services	1,512.56	98.19	1,442.59	93.05	1,652.69	96.49	69.97	4.85	(210.10)	(12.71)
Income from construction projects	3.99	0.26	90.34	5.83	35.76	2.09	(86.35)	(95.58)	54.58	152.63
<b>Total Income</b>	<b>1,516.55</b>	<b>98.44</b>	<b>1,532.93</b>	<b>98.88</b>	<b>1,688.45</b>	<b>98.58</b>	<b>(16.38)</b>	<b>(1.07)</b>	<b>(155.52)</b>	<b>(9.21)</b>
Cost										
Cost of sales and services	1,260.61	83.34	1,140.55	79.06	1,277.64	77.31		4.28		1.76
Cost of construction projects	3.79	94.99	66.25	73.33	72.27	202.10		21.65		(128.76)
<b>Total cost</b>	<b>1,264.40</b>	<b>83.37</b>	<b>1,206.80</b>	<b>8.73</b>	<b>1,349.91</b>	<b>79.95</b>		<b>4.65</b>		<b>(1.22)</b>
Gross profit										
Gross profit from sales and services	<b>251.95</b>	<b>19.99</b>	<b>302.04</b>	<b>26.48</b>	<b>375.05</b>	<b>29.35</b>		(6.50)		(2.87)
Gross profit from construction projects	<b>0.20</b>	<b>5.28</b>	<b>24.09</b>	<b>36.36</b>	<b>(36.51)</b>	<b>(50.52)</b>		(31.09)		86.88
<b>Gross profit from operation</b>	<b>252.15</b>	<b>19.94</b>	<b>326.13</b>	<b>27.02</b>	<b>338.54</b>	<b>25.08</b>		<b>(7.08)</b>		<b>1.95</b>
Other income	23.96	1.56	17.40	1.12	24.38	1.42	6.56	37.70	(6.98)	(28.63)
Distribution costs	20.17	1.31	20.42	1.32	22.37	1.31		(0.01)		0.01
Administrative expenses	121.25	7.87	129.17	8.33	187.26	10.93		(0.46)		(2.60)
Financial cost	21.27	1.38	26.30	1.70	37.51	2.19		(0.32)		(0.49)
<b>Profit before income tax</b>	<b>113.42</b>	<b>7.36</b>	<b>167.64</b>	<b>10.81</b>	<b>115.78</b>	<b>6.76</b>		<b>(3.45)</b>		<b>4.05</b>
Income tax expenses	18.70	1.21	27.04	1.74	22.55	1.32		(0.53)		0.43
<b>Net profit for the year / period</b>	<b>94.72</b>	<b>6.15</b>	<b>140.60</b>	<b>9.07</b>	<b>93.23</b>	<b>5.44</b>		<b>(2.92)</b>		<b>3.63</b>
Other comprehensive income (loss) for the year			11.25	0.73				(0.73)		0.73
<b>Total comprehensive income (loss) for the year</b>	<b>94.72</b>	<b>6.15</b>	<b>151.85</b>	<b>9.79</b>	<b>93.23</b>	<b>5.44</b>		<b>(3.65)</b>		<b>4.35</b>
<b>Earnings per share (EPS) (Baht per share)</b>	<b>0.15</b>		<b>0.27</b>		<b>0.18</b>					

Financial Position Summary

List	Consolidated financial statements as of		Change 31 Dec. 2021		Separate financial statements as at		Change 31 Dec. 2021	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	
	Million baht	Million baht	Million baht	Percentage	Million baht	Million baht	Million baht	Percentage
Total Assets	2,293.77	1,802.91	492.00	27.29	2,302.77	1,802.91	501.00	27.79
Total liabilities	1,088.15	1,042.91	46.38	4.45	1,097.00	1,042.91	55.23	5.30
Total Shareholders' Equity	1,205.62	760.01	445.61	58.63	1,205.77	760.01	445.76	58.65

Summary of key financial ratios

List	unit	Consolidated financial statements as of			Separate financial statements as at		
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019
Cash Cycle	(Day)	65.04	58.09	58.81	65.04	58.09	58.81
Net profit margin	(Percent)	6.14	9.07	5.44	6.15	9.07	5.44
Return on Equity	(Percent)	9.62	20.54	15.43	9.64	20.54	15.43
Return on Assets	(Percent)	4.62	8.00	5.31	4.61	8.00	5.31
Debt to Equity Ratio	(Time)	0.90	1.37	1.81	0.91	1.37	1.81

Explanation of Financial Position and Operating Results : (Consolidated Financial Statements)Performance

- Revenue from sales and services

During 2019-2021, the company had revenue from sales and services in the amount of 1,652.69 million baht, 1,442.59 million baht and 1,512.56 million baht, respectively. It was the proportion that decreased in 2019 by 8.48% and increased from 2020 by 4.85%. Due to the impact of the epidemic of the Coronavirus Disease 2019 (COVID – 2019) in 2020, it caused the economy to slow down, and various projects of both government and private sectors were temporarily stopped. This situation continually affected to the year 2021, until July 2021, when the government relaxed the restrictions to open the construction site after being closed due to the Covid-19 situation. In additional, the revenue was also affected by flooding situation during October to November 2021.

- Revenue from construction projects

During 2019–2021, the Company had revenue earned by construction business in the amount of 35.76 million baht, 90.34 million baht and 3.99 million baht respectively, or equivalent to 2.09%, 5.83% and 0.26% of the total revenue of the company, respectively. For the year 2019 and 2020, the Company had revenue from major construction projects, namely the 115 kV transmission line project between Buriram High Voltage Substation - Satuek Substation. Buriram Province (115 kV Satuek) and the 115 kV Transmission Line Project at Ban Pho Power Station Bang Khla Intersection Chachoengsao Province (115 kV Bang Khla).

For the year 2021, during the 1st and 3rd quarters, the Company still had no income from the construction business as it gained in 2020. However, the Company had signed a contract for the construction of a 115 kV transmission line, Contract No. Jor Por 112/2564, on October 18, 2021 with the Provincial Electricity Authority, contracting for the construction of 115 kV transmission lines at Sakon Nakhon 2 Power Station, Sakon Nakhon Province – Si Songkhram Power Station Nakhon Phanom Province. The cost of the work is worth 97.97 million baht, excluding VAT. The revenue was recognized in December in the 4th quarter of 2021 with the working period of 1 year.

- Other income

Other income of the company consists of interest income, selling scrap iron, profit from asset sales, rental and income from credit line guarantee fees to related companies. In year 2019–2021, the company had other income of 24.38 million baht, 17.40 million baht and 23.96 million baht, respectively, equal to 1.42% , 1.12% and 1.56% percent of the company's total revenue, respectively.

In 2020, the Company's other revenues decreased by 6.98 million baht or 28.63% compared to the previous year. This was mainly due to the decrease in revenue from scrap sales. And as of January 15, 2020, the financial institution and a leasing company had released all of the company's guarantee obligations to all related companies. As a result, the Company had no income from guarantee fees for related companies since January 2020.

For the year 2021, the company's other income had increased in the amount of 6.56 million baht or equal to 37.70% compared to the previous year. This was mainly due to an increase in profit from the disposal of multiple assets. Most of which were pickup trucks that are no longer in use, and an increase in revenue from scrap sales.

- Cost of sales and services

Year 2019–2021, the company has cost of sales and services in the amount of 1,277.64 million baht, 1,140.55 million baht and 1,260.61 million baht, respectively, equal to 77.31%, 79.06% and 83.34%, respectively. The higher cost of sales was mainly a result of higher raw material cost, for example, the steel wire price has increased by more than 10%, affecting the cost of sales even though the company can adjust the selling price to some extent.

- Construction projects cost

Year 2019–2021, the company has project costs 72.27 million baht, 66.25 million baht and 3.79 million baht respectively, equal to 202.10%, 73.33% and 94.99% respectively.

For the year 2019, the company has a project construction cost of 29.99 million baht and a loss from construction of 42.29 million baht, totaling to 72.27 million baht. The loss from construction contracting is as follows.

- Loss from fiber cable installation project in the amount of 27.56 million baht.
- Loss from the construction of the Kaem Ling flood control measure project in Nong Samrong Reservoir in the amount of 14.72 million baht.

For the 2020 and 2021 projects, it was all the construction of 115 kV high voltage transmission lines.

#### ■ Gross profit

In 2019-2021, the Company has gross profit from sales and service in the amount of 375.05 million baht, 302.04 million baht and 251.95 million baht respectively, or equivalent to gross profit margin of 29.35%, 26.48% and 19.99% in each year respectively.

For 2020, the company's gross profit margin had dropped from 29.35% in 2019 to 26.48% in 2020 due to intense price competition in the COVID-19 pandemic, and the postponing and slowing down investment in various private sector projects, causing the company's gross profit margin to decrease in 2020.

For 2021, the company's gross profit margin had dropped from 26.48% in 2020 to 19.99% in 2021 due to the postponement of work plans at various sites caused by the COVID-19 situation, in addition to the slowdown in investment of private projects and the delayed auction of works that were later than the plans for government works while the cost of raw materials had increased.

As for the construction business, in 2019, the Company recorded the financial loss by estimating the operating cost of the Kaem Ling Reservoir construction project in Nong Samrong and the total installation works of fiberglass cable in that year. For the year 2020, the company's gross profit margin had increased due to the revenue growth from the 115 kV Satuek transmission line project and 115 kV Bang Khla transmission line project, which primarily depend on the Company's products and generate better profit margins for the Company since the construction was completed earlier than specified in the contract, resulting in considerable cost savings. And for the year 2021, the lower gross profit margin was due to the construction of the 115 kV transmission line, Sakon Nakhon 2 Electricity Station, Sakon Nakhon Province - Si Songkhram Electricity Station. Nakhon Phanom Province. The project's profit margin is approximately 5.28% since it is the beginning of the project.

#### ■ Distribution costs

The company had the distribution costs during 2019-2021 in the amount of 22.37 million baht, 20.42 million baht and 20.17 million baht, respectively. The company's main distribution costs were employee benefits expenses. The details of the changes in distribution costs in each period were as follows:

List	Consolidated and separate financial statements for the year ended					
	31 Dec. 2021		31 Dec. 2020		31 Dec. 2019	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Employee benefit expenses	15.30	75.86	12.27	60.08	10.27	45.91
Commission	-	-	3.54	17.34	6.99	31.22
Marketing expenses	1.59	7.88	1.11	5.44	1.26	5.63
Other expenses (1)	3.25	16.26	3.50	17.15	3.86	17.23
<b>Total distribution costs</b>	<b>20.17</b>	<b>100.00</b>	<b>20.42</b>	<b>100.00</b>	<b>22.37</b>	<b>100.00</b>

Note: (1) Other expenses such as the purchase of tender envelopes for bidding, transportation cost, etc.

In 2020, the company's distribution costs decreased by 1.95 million baht or equivalent to a decrease of 8.73% compared to 2019, mainly due to a decrease in commissions, which was recommendation fees for selling the company's products. Anyhow, in the year 2021, the company had a policy to cancel the payment of advice for all third parties.

For the year 2021, the company's distribution costs had decreased in the amount of 0.25 million baht or equivalent to the decrease of 1.22% compared to the year 2020.

#### ■ Administrative expenses

The Company had administrative expenses during 2019–2021 in the amount of 187.26 million baht, 129.17 million baht and 121.41 million baht, respectively. The administrative expenses could be classified into employee benefit expenses, depreciation and amortization, bad debts and doubtful accounts receivable, and other expenses. The details of administrative expenses are as follows:

List	Separate financial statements for the year ended					
	31 Dec. 2021		31 Dec. 2020		31 Dec. 2019	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Employee benefit expenses	96.55	79.53	98.73	76.43	99.67	53.23
Depreciation and Amortization	7.36	6.06	8.90	6.89	11.50	6.14
(Reversal) Bad debts and doubtful accounts	(2.17)	(1.79)	(1.55)	(1.20)	18.61	9.94
Investment property impairment costs	(3.59)	(2.96)	-	-	9.91	5.29
Other expenses (1)	23.26	19.16	23.10	17.88	47.57	25.40
<b>Total administrative expenses</b>	<b>121.41</b>	<b>100.00</b>	<b>129.17</b>	<b>100.00</b>	<b>187.26</b>	<b>100.00</b>

note: (1) Other expenses such as security expenses, transportation, consulting fees, audit fees, and certification fees, etc.

In 2020, the Company's administrative expenses had decreased by 58.09 million baht or equivalent to the reduction of 31.02% compared to the year 2019, mainly due to the consideration of the Board of Directors Meeting No. 5/2019 to approve the purchase of land and buildings which is the location of the Bangkok office of the company from Ruamchaikit Co., Ltd. at a price of 102.25 million baht, according to the price that an independent appraiser has assessed. Therefore, the company

had no expenses in renting an office building in the amount of 10.49 million baht per year since 2020 hereafter. Moreover, the Company did not have non-recurring administrative expenses (One-time expenses) in the said year.

For the year 2021, the Company had administrative expenses decreased by 7.76 million baht or 6.01% compared to 2020, mainly due to reversal of impairment of investment properties of 3.59 million baht, which was from the appraisal of the land to the current price, employee benefit expenses decreased by 2.18 million baht, depreciation and amortization expenses decreased by 1.54 million baht, and reversal of bad debts and doubtful accounts by 0.62 million baht.

■ Financial cost

The company had financial costs during 2019–2021 in the amount of 37.51 million baht, 26.30 million baht and 21.27 million baht, respectively. The financial costs of the Company can be classified into 3 main categories: Interest expenses from borrowing from financial institutions, Interest expenses from financial lease contracts and other financial costs. The details of the company's financial costs are as follows:

List	Consolidated and separate financial statements for the year ended					
	31 Dec. 2021		31 Dec. 2020		31 Dec. 2019	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Interest expenses from borrowing money from financial institutions	16.32	76.73	19.63	74.66	27.77	74.03
Interest expenses from financial lease contracts	3.30	15.51	4.26	16.20	6.02	16.06
Other financial costs	1.65	7.76	2.40	9.14	3.72	9.91
<b>Total cost of finance</b>	<b>21.27</b>	<b>100.00</b>	<b>26.30</b>	<b>100.00</b>	<b>37.51</b>	<b>100.00</b>

The main financial cost of the company is interest expenses by borrowing from financial institutions, which during the year 2019-2021, the proportion of interest expenses from borrowing from financial institutions is approximately 75.00% of the total financial cost. In 2020, the company's interest expenses were decreased by 8.14 million baht, or decreased by 29.31% from the same period of the previous year. This was mainly due to the company's debt repayment and lower interest rates. In 2021, the company's interest expenses were decreased by 3.31 million baht, or a decrease of 16.86% from same period of the previous year. This was mainly due to loan repayments by the plan of initial public offering (IPO) and lower interest rates. Interest expenses from financial lease contracts were proportional to the company's financial lease liabilities, which are mainly long-term leases of machinery and equipment used in the production of goods. long-term rents, trucks, pile drivers, cranes, and other vehicles, etc. In 2020, interest expenses from financial lease contracts decreased by 1.76 million baht, or a decrease of 29.29% compared to the previous year. The decrease in each year was mainly due to the gradual repayment of the company's financial lease liabilities. In 2021, interest expenses from financial lease contracts decreased by 0.96 million baht or decreased by 22.54% compared to the previous year. with the previous year. The decrease in each year was mainly due to the gradual repayment of liabilities under the Company's financial lease agreements.

- Net profit

The company had a net profit during 2019–2021 of 93.23 million baht, 140.60 million baht and 94.56 million baht, respectively. or equivalent to a net profit margin of 5.44 %, 9.07% and 6.14 percent, respectively.

In 2020, the Company's net profit increased 47.37 million baht, or equivalent to an increase of 50.81% compared to the previous year due to higher profits from construction projects. and better management of distribution costs and administrative expenses in 2020.

For the year 2021, the company's net profit decreased by 46.04 or equivalent to a reduction of 32.75% due to the impact of the spread of the Coronavirus Disease 2019 (COVID–2019) in 2020, causing the economy to slow down, resulting in various projects of both the government and private sectors to delay and postpone the operation temporarily, and it had continually affected through year 2021 on the delayed auction of work that were later than the plans for government work, including the rising cost of main raw materials.

#### Financial position

- Total assets

As of December 31, 2021, the Company had total assets of 2,293.77 million baht, an increase from the previous year of 2020 with total assets of 1,802.91 million baht or an increase of 27.23 percent. This was mainly due to an increase in cash and cash equivalents, accounts receivable that are not due yet and an increase in inventories as a result of the growth of main raw materials used in the production such as steel wire, finished goods, works in progress to build assets of Chonburi factory (2), machineries and equipments, and deposit for solar system installation.

- Total liabilities

As of December 31, 2021, the company had total liabilities of 1,088.15 million baht which slightly increase from the previous year of 2020 or an increase of 4.34% mainly due to an increase in advance payment received from customers and an increase in trade accounts payable. The average repayment period is approximately 64 days, which is consistent with the credit term of the major raw material supplier to the Company, which is approximately 30-90 days. repayment of loans and promissory notes,

- Equity

The shareholders' equity of the company as of December 31, 2020 and 2021 were 760.01 million baht and 1,205.52 million baht, respectively. As of December 31, 2021, the company's shareholders' equity increased by 445.76 million baht from the Total comprehensive income of the year 2021 of the Company amounted to 94.56 million baht, an interim dividend payment of 198.17 million baht, an increase in capital of 203.50 million baht and a share premium of 345.72 million baht.

#### Financial ratio

- Cash Cycle

During 2019-2021, the Company had a cash cycle at the similar level of 58-65 days, demonstrating efficient and consistent cash flow management. However, the year 2021 had a slightly higher cash cycle than the previous year. Due to the inventories volume at the end of 2021 was higher than the previous year. This came from finished goods awaiting for delivery



and raw materials for producing products that have been already ordered which will be delivered and recognized in the following year.

■ Net profit margin

The company's net profit margin during 2019-2020 was 5.44%, 9.07% and 6.14%, respectively.

In 2020, the company's net profit margin increased to 9.07%, mainly due to the company's ability to control production costs more efficiently, as well as the company's gains from project construction work. Moreover, there was decrease in distribution costs and administrative expenses and having lower financial costs.

For the year 2021, the company's net profit margin was 6.14% which decreased from the same period last year due to higher raw material costs mainly were caused by fluctuating steel wire prices this year. In addition, the revenue from the construction business had a relatively small proportion since the revenue had just begun to be recognized in December 2021 as mentioned above.

Best regards

sign \_\_\_\_\_

(Mr. Watchai Mongkolsrisawad)

Chief Executive Officer