

11 May 2022

Subject: Management Discussion and Analysis for the 3-month period ended 31 March 2022

To: Director and Manager
The Stock exchange of Thailand

Siam Technic Concrete Public Company Limited (“the Company”) provides Management Discussion and Analysis for the 3-month period ended 31 March 2022 and the 3-month period ended 31 March 2021, details are as follows:

Summary of operating results

Item	Consolidate financial statements for the 3-month ended				Change		Separate financial statements for the 3-month ended		Change	
	31 March 2022	31 March 2021			31 March 2022	31 March 2021				
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%		
Revenue										
Revenue from sale of goods and rendering of services	483.82	393.78	90.04	22.87	483.71	393.78	89.93	22.84		
Revenue from construction contract	26.86	-	26.86		26.86	-	26.86			
Total Revenue	510.68	393.78	116.90	29.69	510.57	393.78	116.79	29.66		
Cost										
Cost of sale of goods and rendering of services	414.38	323.22	91.16	28.20	414.38	323.22	91.16	28.20		
Costs of project construction	25.44	-	25.44		25.44	-	25.44			
Total Cost	439.82	323.22	116.60	36.07	439.82	323.22	116.60	36.07		
Gross profit										
Gross Profit from sale of goods and rendering of services	69.44	70.56	(1.12)	(1.59)	69.33	70.56	(1.23)	(1.74)		
Gross Profit (Loss) from construction contract	1.42	-	1.42		1.42	-	1.42			
Total Gross profit	70.86	70.56	0.30	0.43	70.75	70.56	0.19	0.27		
Other Income	1.99	6.11	(4.12)	(67.43)	1.99	6.11	(4.12)	(67.43)		
Distribution costs	6.06	4.46	1.60	35.87	6.06	4.46	1.60	35.87		
Administrative expense	35.72	27.26	8.46	31.03	35.70	27.26	8.44	30.96		

Item	Consolidate financial statements for the 3-month ended				Change		Separate financial statements for the 3-month ended		Change	
	31 March 2022		31 March 2021		THB Million	%	31 March 2022		31 March 2021	
	THB Million	THB Million	THB Million	THB Million			THB Million	THB Million		
	THB Million	THB Million	THB Million	THB Million	THB Million	THB Million	THB Million	THB Million		
Finance cost	4.00	5.88	(1.88)	(31.97)	3.99	5.88	(1.89)	(32.14)		
Profit before income tax expenses	27.07	39.07	(12.00)	(30.71)	26.99	39.07	(12.08)	(30.92)		
Income tax expenses	4.11	6.18	(2.07)	(33.50)	4.11	6.18	(2.07)	(33.50)		
Profit for the period	22.96	32.89	(9.93)	(30.19)	22.88	32.89	(10.01)	(30.43)		
Total comprehensive income for the period	22.96	32.89	(9.93)	(30.19)	22.88	32.89	(10.01)	(30.43)		
Basic earnings per share (EPS) (THB per share)	0.03	0.06	(0.03)	(49.79)	0.03	0.06	(0.03)	(49.98)		

Summary of financial position

Item	Consolidate financial statements as of				Change		Separate financial statements as of		Change	
	31 March 2022		30 December 2021		THB Million	%	31 March 2022		30 December 2021	
	THB Million	THB Million	THB Million	THB Million			THB Million	THB Million		
	THB Million	THB Million	THB Million	THB Million	THB Million	THB Million	THB Million	THB Million		
Total assets	2,361.74	2,293.77	67.97	2.96	2,370.60	2,302.77	67.83	2.95		
Total liabilities	1,133.16	1,088.15	45.01	4.14	1,141.96	1,097.00	44.96	4.10		
Total equities	1,228.58	1,205.62	22.96	1.90	1,228.64	1,205.77	22.87	1.90		

Summary of key financial ratios

Item	Unit	Consolidate financial statements as of		Separate financial statements as of	
		31 March 2022	31 March 2021	31 March 2022	31 March 2021
		Cash Cycle	(Days)	53	55
Net profit margin	(percent)	4.48	8.23	4.46	8.23
Return on equity	(percent)	7.55	8.47	7.52	8.47
Return on assets	(percent)	3.95	3.55	3.92	3.55
Debt to equity ratio	(times)	0.92	1.40	0.93	1.40

Discussion and Analysis of financial position and performance:

Operating results

■ Revenue from sale of goods and rendering of services.

For the 3-month period ended 31 March 2022, the Company's revenue from sales and services is THB 483.82 million, increase by 90.04 million or 22.87 percent YoY. In the first quarter of 2022, there is a high revenue recognized compare to the same period in 2021 from the purchased order in hand.

■ Revenue from construction contract

For the 3-month period ended 31 March 2022, the Company had revenue earned by construction business in the amount of THB 26.86 million. In the first quarter of 2021, the company has no revenue earned from the construction business. Nevertheless, the Company has received employment order from Provincial Electricity Authority (PEA) for the 115KV transmission line project plans in Sakon Nakhon with a value of THB 97.97 million (not including VAT) with the agreement no. Jor.Por. 112/2021 dated 18 October 2021. However, this 115 kV construction project plans has started recognized its revenue in December 2021 with a 1-year working contract.

■ Other Income

For the 3-month period ended 31 March 2022, the Company's other income decreased by THB 4.12 million or 67.43 percent YoY which was mainly because in first 3 months in 2021 the company has a profit from selling assets such as unused cars and other assets.

■ Cost of sale of goods and rendering of services

For the 3-month period ended 31 March 2022, the Company's cost of sale of goods and rendering service increased by THB 91.16 million or 28.20 percent YoY. that was in line with the significantly increase in revenue. The higher cost of sale was effected from higher cost of raw material such as prestressed concrete wire's price which has increase significantly since the third quarter in 2021.

■ Costs of project construction

For the 3-month period ended 31 March 2022, the company has project costs of THB 25.44 million. There were no costs of project construction during the first 3-month period in 2021 as there was no revenue from project construction during such period.

■ Gross profit

For the 3-month period ended 31 March 2022, the Company's gross profit margin of revenue from sale of goods and rendering of services is THB 69.44 million, decreased by 1.59 percent YoY. This was mainly because the cost of raw materials had increased such as prestressed concrete wire and the intense price competition.

■ **Distribution costs**

For the 3-month period ended 31 March 2022, the Company's distribution costs increased by THB 1.60 million or 35.87 percent YoY. This was mainly due to the increase in sale employee expenses, and marketing and public relations expenses.

■ **Administrative expenses**

For the 3-month period ended 31 March 2022, the Company's administrative expense increased by THB 8.46 million or 31.03 percent YoY. This was mainly due to the employee expenses and there was a reversion on impairment on properties for investment of THB 3.59 million from the appraisal of the land to be revalued to the current market price in the first 3-month period of 2021.

■ **Financial Cost**

For the 3-month period ended 31 March 2022, the Company's financial cost decreased by THB 1.88 million and 31.97 percent, mainly due to the payback of loans from financial institution and the decrease in interest rate.

■ **Net Profit**

For the 3-month period ended 31 March 2022 and 2021, the Company's net profit margin is THB 22.96 million and 32.89 million, or 4.48 percent and 8.22 percent, respectively. This was mainly due to the significantly increase of raw materials' price.

Financial Position

■ **Total Assets**

The Company's total assets as of 31 March 2022 and 31 December 2021 were THB 2,361.74 million and THB 2,293.77 million, respectively. As of 31 March 2022, the Company's total assets had increased by THB 67.97 million, or 2.96 percent. This was primarily due to increase in both account receivables that are not yet due and work-in-process of the new factory in Chonburi province.

■ **Total Liabilities**

The Company's total liabilities as of 31 March 2022 and 31 December 2021 were THB 1,133.16 million and THB 1,088.15 million, respectively. The Company's total liabilities increased by THB 45.01 million, or 4.14 percent due to an increase in account payable, with an average debt payable period of 71 days which is in accordance with the credit terms of the major raw material distributor of the Company of 30 – 90 days.

■ **Shareholders' equity**

The Company's shareholders' equities as of 31 March 2022 and 31 December 2021 were THB 1,228.58 million and 1,205.62 million, respectively. As of 31 March 2022, the Company's shareholders' equities has been increased by THB 22.96 million, representing with a company's total comprehensive income for the period of THB 22.96 million for the 3-month period of 2022.

Financial Ratio

■ Cash Cycle

The Company's cash cycle in the first 3-month period of 2022 decreased from 55 days to 53 days in the same period of the previous year due mainly to the decreasing of the Company's average account receivable and inventory turnover period.

■ Net Profit Margin

The Company's net profit margin in the first 3-month period of 2022 and 2021 were 4.48 percent and 8.23 percent, respectively. This was mainly due to both increase in price of raw materials and the intense in price competition in the market as mentioned above.

Your Sincerely,

(Mr.Watchai Mongkolsrisawad)

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Chief Executive Officer