

11 August 2022

Subject: Management Discussion and Analysis for the 3-month and 6-month period ended 30 June 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 quarter 2/2022 YoY and 6-month period of 2022 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 2022	30 June 2021			30 June 2022	30 June 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
<b>Revenue</b>								
Revenue from sale of goods and rendering of services	626.27	366.31	259.96	70.97	1,110.09	760.09	350.00	46.05
Revenue from construction contract	45.04	-	45.04		71.90	-	71.90	
<b>Total Revenue</b>	<b>671.31</b>	<b>366.31</b>	<b>305.00</b>	<b>83.26</b>	<b>1,181.99</b>	<b>760.09</b>	<b>421.90</b>	<b>55.51</b>
<b>Cost</b>								
Cost of sale of goods and rendering of services	521.66	308.39	213.27	69.16	936.04	631.62	304.42	48.20
Costs of project construction	42.69	-	42.69		68.13	-	68.13	
<b>Total Cost</b>	<b>564.35</b>	<b>308.39</b>	<b>255.96</b>	<b>83.00</b>	<b>1,004.17</b>	<b>631.62</b>	<b>372.55</b>	<b>58.98</b>
<b>Gross profit</b>								
Gross Profit from sale of goods and rendering of services	104.61	57.92	46.69	80.61	174.05	128.47	45.58	35.48
Gross Profit (Loss) from construction contract	2.35	-	2.35		3.77	-	3.76	
<b>Total Gross profit</b>	<b>106.96</b>	<b>57.92</b>	<b>49.04</b>	<b>84.67</b>	<b>177.82</b>	<b>128.47</b>	<b>49.35</b>	<b>38.41</b>
Other Income	1.43	5.74	(4.31)	(75.09)	3.42	11.86	(8.44)	(71.16)
Distribution costs	6.15	4.68	1.47	31.41	12.22	9.14	3.08	33.70
Administrative expense	38.95	28.15	10.80	38.37	74.66	55.41	19.25	34.74

Item	Consolidate financial statements for the 3-month ended		Change		Consolidate financial statements for the 6-month ended		Change	
	30 June 2022	30 June 2021			30 June 2022	30 June 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
	Finance cost	4.49	6.21	(1.72)	(27.70)	8.49	12.09	(3.60)
<b>Profit before income tax expenses</b>	<b>58.80</b>	<b>24.62</b>	<b>34.18</b>	<b>138.83</b>	<b>85.87</b>	<b>63.69</b>	<b>22.18</b>	<b>34.82</b>
Income tax expenses	11.40	3.76	7.64	203.19	15.51	9.93	5.58	56.19
<b>Profit for the period</b>	<b>47.40</b>	<b>20.86</b>	<b>26.54</b>	<b>127.23</b>	<b>70.36</b>	<b>53.76</b>	<b>16.60</b>	<b>30.88</b>
Total comprehensive income for the period	47.40	20.86	26.54	127.23	70.36	53.76	16.60	30.88
Basic earnings per share (EPS) (THB per share)	0.07	0.04	0.03	63.45	0.10	0.10	(0.01)	(5.86)

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 6-month ended		Change	
	30 June 2022	30 June 2021			30 June 2022	30 June 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
	<b>Revenue</b>							
Revenue from sale of goods and rendering of services	617.88	366.31	251.57	68.68	1,101.59	760.09	341.50	44.93
Revenue from construction contract	45.04	-	45.04		71.90	-	71.90	
<b>Total Revenue</b>	<b>662.92</b>	<b>366.31</b>	<b>296.61</b>	<b>80.97</b>	<b>1,173.49</b>	<b>760.09</b>	<b>413.40</b>	<b>54.39</b>
<b>Cost</b>								
Cost of sale of goods and rendering of services	515.60	308.39	207.21	67.19	929.99	631.62	298.37	47.24
Costs of project construction	42.69	-	42.69		68.13	-	68.13	
<b>Total Cost</b>	<b>558.29</b>	<b>308.39</b>	<b>249.90</b>	<b>81.03</b>	<b>998.12</b>	<b>631.62</b>	<b>366.50</b>	<b>58.03</b>
<b>Gross profit</b>								
Gross Profit from sale of goods and rendering of services	102.28	57.92	44.36	76.59	171.60	128.47	43.13	33.57

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 6-month ended		Change	
	30 June 2022	30 June 2021			30 June 2022	30 June 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Gross Profit (Loss) from construction contract	2.35	-	2.35		3.77	-	3.77	
<b>Total Gross profit</b>	<b>104.63</b>	<b>57.92</b>	<b>46.71</b>	<b>80.65</b>	<b>175.37</b>	<b>128.47</b>	<b>46.90</b>	<b>36.51</b>
Other Income	1.43	5.74	(4.31)	(75.09)	3.42	11.86	(8.44)	(71.16)
Distribution costs	6.15	4.68	1.47	31.41	12.22	9.14	3.08	33.70
Administrative expense	38.65	28.15	10.50	37.30	74.34	55.41	18.93	34.16
Finance cost	4.46	6.21	(1.75)	(28.18)	8.44	12.09	(3.65)	(30.19)
<b>Profit before income tax expenses</b>	<b>56.80</b>	<b>24.62</b>	<b>32.18</b>	<b>130.71</b>	<b>83.79</b>	<b>63.69</b>	<b>20.10</b>	<b>31.56</b>
Income tax expenses	11.14	3.76	7.38	196.28	15.25	9.93	5.32	53.58
<b>Profit for the period</b>	<b>45.66</b>	<b>20.86</b>	<b>24.80</b>	<b>118.89</b>	<b>68.54</b>	<b>53.76</b>	<b>14.78</b>	<b>27.49</b>
Total comprehensive income for the period	45.66	20.86	24.80	118.89	68.54	53.76	14.78	27.49
Basic earnings per share (EPS) (THB per share)	0.06	0.04	0.02	57.45	0.09	0.10	(0.01)	(8.29)

#### Summary of financial position

Item	Consolidate financial statements as of		Change		Separate financial statements as of		Change	
	30 June 2022	31 December 2021			30 June 2022	31 December 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Total assets	2,660.92	2,293.77	367.15	16.01	2,661.06	2,302.77	358.29	15.56
Total liabilities	1,421.18	1,088.15	333.03	30.61	1,423.00	1,097.00	326.00	29.72
Total equities	1,239.74	1,205.62	34.12	2.83	1,238.06	1,205.77	32.29	2.68

#### Summary of key financial ratios

Item	Unit	Consolidate financial statements as of		Separate financial statements as of	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
Cash Cycle	(Days)	42	60	47	60
Net profit margin	(percent)	5.94	6.96	5.82	6.96

Item	Unit	Consolidate financial statements		Separate financial statements	
		as of		as of	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
Return on equity	(percent)	11.51	15.63	11.22	15.63
Return on assets	(percent)	5.68	5.70	5.52	5.70
Debt to equity ratio	(times)	1.15	2.20	1.15	2.20

**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 2022, the Company's revenue from sales and services is THB 626.27 million, increased by 259.96 million or 70.97 percent YoY. For the 6-month period ended 30 June 2022, the Company's revenue from sales and services is THB 1,110.09 million, increased by 350.00 million or 46.05 percent YoY. This is mainly because at the end of the first quarter to the beginning of the second quarter, there is a high revenue recognized compare to the same period in 2021 from the purchased order continuously received since the beginning of the year 2022.

■ **Revenue from construction contract**

For the 3-month and 6-month period ended June 2022, the Company had revenue earned by construction business in the amount of THB 45.04 million and 71.90 million. For the 3-month and 6-month period ended June 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 30 June 2022, the Company's other income is THB 1.43 million, decreased by THB 4.31 million or 75.09 percent YoY. For the 6-month period ended 30 June 2022, the Company's other income is THB 3.42 million, decreased by THB 8.44 million or 71.16 percent YoY, which was mainly because in first 6 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 June 2022, the Company's cost of sale of goods and rendering service is THB 521.66 million, increased by THB 213.27 million or 69.16 percent YoY. For the first 6-month period of 2022, the Company's cost of sale of goods and rendering service is THB 936.04 million, increased by THB 304.42 million or 48.20 percent YoY, which was related to the significantly increase of revenue. The higher cost of sale was also 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 and 6-month period ended 30 June 2022, the company has project costs of THB 42.69 million and 68.13 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 from operation**

For the 3-month period ended 30 June 2022, the Company's gross profit margin of revenue from operation is THB 106.96 million, increased by 84.67 percent YoY. For the 6-month period ended 30 June 2022, the Company's gross profit margin of revenue from operation is THB 177.82 million, increased by 38.41 percent YoY.

■ **Distribution costs**

For the 3-month period ended June 2022, the Company's distribution costs increased by THB 1.47 million or 31.41 percent YoY. In the first 6-month period of 2021, the Company's distribution costs increased by THB 3.08 million or a 33.70 percent YoY. This was mainly due to the increase in sale employee expenses, and marketing and public relations expenses which corresponds to the increase in revenue.

■ **Administrative expenses**

For the 3-month period ended 30 June 2022, the Company's administrative expense increased by THB 10.80 million or 38.37 percent YoY. In the first 6-month period of 2022, the Company's administrative expense increased by THB 19.25 million or a 34.74 percent YoY. This was mainly due to an increase in the allowance for doubtful debts from some accounts receivable affected by the Covid-19 situation, employees expenses, expenses related to stock exchange, electricity fees, donation, and printed stationary fee. Also, in the first 6-month period in 2021, 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 6-month period of 2021.

■ **Financial Cost**

For the 3-month and 6-month period ended June 2022, the Company's financial cost decreased by THB 1.72 million and 3.60 million or 27.70 percent and 29.78 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 30 June 2022, the Company's net profit margin is THB 47.40 million increased by THB 26.54 million or 127.23 percent YoY. respectively. As a result, in the first 6-month period of 2022 and 2021, the Company's net profit margin is THB 70.36 million increased by THB 16.60 million or 30.88 percent YoY. This was mainly due to the significantly and continuously increase of revenue from sale of goods and rendering of services.

#### Financial Position

##### ■ Total Assets

The Company's total assets as of 30 June 2022 and 31 December 2021 were THB 2,660.92 million and THB 2,293.77 million, respectively. As of 30 June, the Company's total assets had increased by THB 367.15 million, or 16.01 percent. This was primarily due to increase in both account receivables that are not yet due and increase in fixed-asset and work-in-process of the new factory in Chonburi province.

##### ■ Total Liabilities

The Company's total liabilities as of 30 June 2022 and 31 December 2021 were THB 1,421.18 million and THB 1,088.15 million, respectively. The Company's total liabilities increased by THB 333.03 million, or 30.61 percent due to an increase in account payable which corresponds to the increase in revenue, with an average debt payable period of 68 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 30 June 2022 and 31 December 2021 were THB 1,239.74 million and 1,205.62 million, respectively. As of 30 June 2022, the Company's shareholders' equities has been increased by THB 34.12 million, representing with a company's total comprehensive income for the period of THB 70.36 million for the 6-month period of 2022, an interim dividend payment of 36.25 million baht.

#### Financial Ratio

##### ■ Cash Cycle

The Company's cash cycle in the first 6-month period of 2022 decreased from 60 days to 42 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 6-month period of 2022 and 2021 were 5.94 percent and 6.96 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 Sincere

(Mr. Watchai Mongkolsrisawad)

Chief Executive Officer