

10 November 2022

Subject: Management Discussion and Analysis for the 3-month and 9-month period ended 30 September 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 3/2022 YoY and 9-month period of 2022 YoY, details are as follows:

Summary of operating results

Item	Consolidated financial statements for the 3-month ended				Change	Consolidated financial statements for the 9-month ended			
	30 September 2022		30 September 2021			30 September 2022		30 September 2021	
	THB Million	THB Million	THB Million	%		THB Million	THB Million	THB Million	%
Revenue									
Revenue from sale of goods and rendering of services	425.63	428.51	(2.88)	(0.67)	1,535.73	1,188.60	347.13	29.20	
Revenue from construction contract	13.39	-	13.39		85.28	-	85.28		
Total Revenue	439.02	428.51	10.51	2.45	1,621.01	1,188.60	432.41	36.38	
Cost									
Cost of sale of goods and rendering of services	371.06	342.72	28.34	8.27	1,307.10	974.33	332.77	34.15	
Costs of project construction	12.81	-	12.81		80.95	-	80.95		
Total Cost	383.87	342.72	41.15	12.01	1,388.05	974.33	413.72	42.46	
Gross profit									
Gross Profit from sale of goods and rendering of services	54.57	85.79	(31.22)	(36.39)	228.63	214.27	14.36	6.70	
Gross Profit (Loss) from construction contract	0.58	-	0.58		4.33	-	4.33		
Total Gross profit	55.15	85.79	(30.64)	(35.72)	232.96	214.27	18.69	8.72	
Other Income	2.48	8.30	(5.82)	(70.12)	5.90	20.16	(14.26)	(70.73)	
Distribution costs	5.89	5.48	0.41	7.48	18.11	14.62	3.49	23.87	
Administrative expense	35.47	32.88	2.59	7.88	110.14	88.30	21.84	24.73	

Item	Consolidated financial statements for the 3-month ended		Change		Consolidated financial statements for the 9-month ended		Change	
	30 September 2022	30 September 2021			30 September 2022	30 September 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Finance cost	5.30	5.29	0.01	0.19	13.78	17.38	(3.60)	(20.71)
Profit before income tax expenses	10.97	50.44	(39.47)	(78.25)	96.83	114.13	(17.30)	(15.16)
Income tax expenses	1.82	9.73	(7.91)	(81.29)	17.32	19.66	(2.34)	(11.90)
Profit for the period	9.15	40.71	(31.56)	(77.52)	79.51	94.47	(14.96)	(15.84)
Total comprehensive income for the period	9.15	40.71	(31.56)	(77.52)	79.51	94.47	(14.96)	(15.84)
Basic earnings per share (EPS) (THB per share)	0.01	0.06	(0.05)	(78.83)	0.11	0.16	(0.05)	(39.14)

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 9-month ended		Change	
	30 September 2022	30 September 2021			30 September 2022	30 September 2021		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Revenue								
Revenue from sale of goods and rendering of services	422.38	428.51	(6.13)	(1.43)	1,523.98	1,188.60	335.38	28.22
Revenue from construction contract	13.39	-	13.39		85.28	-	85.28	
Total Revenue	435.77	428.51	7.26	1.69	1,609.26	1,188.60	420.66	35.39
Cost								
Cost of sale of goods and rendering of services	370.21	342.72	27.49	8.02	1,300.19	974.33	325.86	33.44
Costs of project construction	12.81	-	12.81	-	80.95	-	80.95	
Total Cost	383.02	342.72	40.30	11.76	1,381.14	974.33	406.81	41.75
Gross profit								

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 9-month ended		Change	
	30	30			30	30		
	September	September	September	September				
	2022	2021	2022	2021				
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Gross Profit from sale of goods and rendering of services	52.17	85.79	(33.62)	(39.19)	223.79	214.27	9.52	4.44
Gross Profit (Loss) from construction contract	0.58	-	0.58		4.33	-	4.33	
Total Gross profit	52.75	85.79	(33.04)	(38.52)	228.12	214.27	13.85	6.46
Other Income	2.48	8.30	(5.82)	(70.12)	5.90	20.16	(14.26)	(70.73)
Distribution costs	5.89	5.48	0.41	7.48	18.11	14.62	3.49	23.87
Administrative expense	35.74	32.81	2.93	8.93	110.08	88.23	21.85	24.76
Finance cost	5.23	5.29	(0.06)	(1.13)	13.67	17.38	(3.71)	(21.35)
Profit before income tax expenses	8.37	50.51	(42.14)	(83.44)	92.16	114.20	(22.04)	(19.30)
Income tax expenses	1.56	9.73	(8.17)	(83.97)	16.81	19.66	(2.85)	(14.50)
Profit for the period	6.81	40.78	(33.97)	(83.31)	75.35	94.54	(19.19)	(20.30)
Total comprehensive income for the period	6.81	40.78	(33.97)	(83.31)	75.35	94.54	(19.19)	(20.30)
Basic earnings per share (EPS) (THB per share)	0.01	0.06	(0.05)	(84.28)	0.10	0.16	(0.08)	(42.67)

Summary of financial position

Item	Consolidated financial statements as of		Change		Separate financial statements as of		Change	
	30	31			30	31		
	September	December	September	December				
	2022	2021	2022	2021				
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Total assets	2,464.40	2,293.77	170.63	7.44	2,468.76	2,302.77	165.99	7.21
Total liabilities	1,215.52	1,088.15	127.37	11.71	1,223.89	1,097.00	126.89	11.57
Total equities	1,248.88	1,205.62	43.26	3.59	1,244.87	1,205.77	39.10	3.24

Summary of key financial ratios

Item	Unit	Consolidated financial statements		Separate financial statements	
		as of		as of	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
Cash Cycle	(Days)	61	53	61	53
Net profit margin	(percent)	4.89	7.82	4.66	7.82
Return on equity	(percent)	8.64	12.82	8.20	12.83
Return on assets	(percent)	4.46	6.39	4.21	6.38
Debt to equity ratio	(times)	0.97	0.77	0.98	0.78

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

Operating results

■ **Revenue from sale of goods and rendering of services.**

For the 3-month period ended 30 September 2022, the Company's revenue from sales and services is THB 425.63 million, decreased by 2.88 million or 0.67 percent YoY. For the 9-month period ended 30 September 2022, the Company's revenue from sales and services is THB 1,535.73 million, increased by 347.13 million or 29.20 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 9-month period ended 30 September 2022, the Company had revenue earned by construction business in the amount of THB 13.39 million and 85.28 million. For the 3-month and 9-month period ended 30 September 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 and the Company has received employment order from Provincial Electricity Authority (PEA) for the 115KV transmission line project plans in Sawankhalok (Electricity Generating Authority of Thailand) – Highway No. 101,Km. 102+052 Sukhothai Province with a value of THB 63.85 million (not including VAT) with the agreement no. Jor.Por. 57/2565 dated 24 May 2022. However, this 115 kV construction project plans has started recognized its revenue in August 2022 with a 1-year working contract.

■ **Other Income**

For the 3-month period ended 30 September 2022, the Company's other income is THB 2.48 million, decreased by THB 5.82 million or 70.12 percent YoY. For the 9-month period ended 30 September 2022, the Company's other income is THB 5.90 million, decreased by THB 14.26 million or 70.73 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 while in 2022, other income mainly comes from revenue from scrap sales.

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

For the 3-month period ended 30 September 2022, the Company's cost of sale of goods and rendering service is THB 371.06 million, increased by THB 28.34 million or 8.27 percent YoY. For the first 9-month period of 2022, the Company's cost of sale of goods and rendering service is THB 1,307.10 million, increased by THB 332.77 million or 34.15 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 9-month period ended 30 September 2022, the company has project costs of THB 12.81 million and 80.95 million. There were no costs of project construction during the first 9-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 September 2022, the Company's gross profit margin of revenue from operation is THB 55.15 million, increased by 35.72 percent YoY. For the 9-month period ended 30 September 2022, the Company's gross profit margin of revenue from operation is THB 232.96 million, increased by 8.72 percent YoY.

■ **Distribution costs**

For the 3-month period ended 30 September 2022, the Company's distribution costs increased by THB 0.41 million or 7.48 percent YoY. In the first 9-month period of 2022, the Company's distribution costs increased by THB 3.49 million or a 23.87 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 September 2022, the Company's administrative expense increased by THB 2.59 million or 7.88 percent YoY. In the first 9-month period of 2022, the Company's administrative expense increased by THB 21.84 million or a 24.73 percent YoY. This was mainly due to an increase in the allowance for doubtful debts from some accounts

receivable affected by Covid-19 situation, employees expenses, travel and vehicle expenses, entertainment expenses and donation. Also, in the first quarter 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.

■ **Financial Cost**

For the 3-month period ended 30 September 2022, the Company's financial cost increased by THB 0.01 million or a 0.19 percent YoY. For the 9-month period ended 30 September 2022, the Company's financial cost decreased by THB 3.60 million or 20.71 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 September 2022, the Company's net profit margin is THB 9.15 million decrease by THB 31.56 million or 77.52 percent YoY. As a result, in the first 9-month period of 2022, the Company's net profit margin is THB 79.51 million decreased by THB 14.96 million or 15.84 percent YoY.

Financial Position

■ **Total Assets**

The Company's total assets as of 30 September 2022 and 31 December 2021 were THB 2,464.40 million and THB 2,293.77 million, respectively. As of 30 September 2022, the Company's total assets had increased by THB 170.63 million, or 7.44 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 September 2022 and 31 December 2021 were THB 1,215.52 million and THB 1,088.15 million, respectively. As of 30 September 2022, the Company's total liabilities increased by THB 127.37 million, or 11.71 percent due to an increase in account payable which corresponds to the increase in revenue, with an average debt payable period of 57 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 September 2022 and 31 December 2021 were THB 1,248.89 million and 1,205.62 million, respectively. As of 30 September 2022, the Company's shareholders' equities has been increased by THB 43.26 million, representing with a company's total comprehensive income for the period of THB 79.51 million for the 9-month period of 2022, and a dividend payment of 36.25 million baht.

Financial Ratio

■ Cash Cycle

The Company's cash cycle in the first 9-month period of 2022 increase from 53 days to 61 days in the same period of the previous year due mainly to the increasing of the Company's average account receivable.

■ Net Profit Margin

The Company's net profit margin in the first 9-month period of 2022 and 2021 were 4.89 percent and 7.82 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