

Date 28 February 2023

Subject: Management's Discussion and Analysis for the Year 2022

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 2022, comparing with the results of the year 2021 and the year 2020 as follows:

Summary

List	Consolidated financial statements						Comparison to the same period			
	2022		2021		2020		2022/2021 (YOY)		2021/2020 (YOY)	
	Million baht	%	Million baht	%	Million baht	%	Million baht	Percentage	Million baht	Percentage
Income										
Revenue from sales and services	2,000.22	94.11	1,512.56	98.19	1,442.59	93.05	487.66	32.24	69.97	4.85
Revenue from construction projects	116.82	5.50	3.99	0.26	90.34	5.83	112.83	2,827.82	(86.35)	(95.58)
Total Income	2,117.04	99.60	1,516.55	98.44	1,532.93	98.88	600.49	39.60	(16.38)	(1.07)
Cost										
Cost of sales and services	1,690.09	84.50	1,260.61	83.34	1,140.55	79.06		1.15		4.28
Cost of construction projects	110.28	94.40	3.79	94.99	66.25	73.33		(0.59)		21.65
Total cost	1,800.37	85.04	1,264.40	83.37	1,206.80	78.73		1.67		4.65
Gross profit										
Gross profit from sales and services	310.13	15.50	251.95	16.66	302.04	20.94		(1.15)		(4.28)
Gross profit from construction projects	6.54	5.60	0.20	5.01	24.09	26.67		0.59		(21.65)
Gross profit from operation	316.67	14.96	252.15	16.63	326.13	21.27		(1.67)		(4.65)
Other income	8.44	0.40	23.96	1.56	17.40	1.12	(15.52)	(64.77)	6.56	37.70
Distribution costs	23.50	1.11	20.17	1.31	20.42	1.32		(0.20)		(0.01)
Administrative expenses	158.09	7.44	121.41	7.88	129.17	8.33		(0.44)		(0.45)
Financial cost	19.89	0.94	21.27	1.38	26.30	1.70		(0.44)		(0.32)
Profit before income tax	123.63	5.82	113.26	7.35	167.64	10.81		(1.54)		(3.46)
Income tax expenses	22.85	1.08	18.70	1.21	27.04	1.74		(0.14)		(0.53)
Net profit for the year / period	100.78	4.74	94.57	6.14	140.60	9.07		(1.40)		(2.93)
Other comprehensive income (loss) for the year	-	-	-	-	11.25	0.73				(0.73)
Total comprehensive income (loss) for the year	100.78	4.74	94.57	6.14	151.85	9.79		(1.40)		(3.66)
Earnings per share (EPS) (Baht per share)	0.14		0.15		0.27					

List	Separate financial statements						Comparison to the same period			
	2022		2021		2020		2022/2021 (YOY)		2021/2020(YOY)	
	Million baht	%	Million baht	%	Million baht	%	Million baht	Percentage	Million baht	Percentage
Income										
Revenue from sales and services	1,993.44	94.09	1,512.56	98.19	1,442.59	93.05	480.88	31.97	69.97	4.85
Income from construction projects	116.82	5.51	3.99	0.26	90.34	5.83	112.83	2,827.82	(86.35)	(95.58)
Total Income	2,110.26	99.60	1,516.55	98.44	1,532.93	98.88	593.71	39.15	(16.38)	(1.07)
Cost										
Cost of sales and services	1,688.85	84.72	1,260.61	83.34	1,140.55	79.06		1.38		4.28
Cost of construction projects	110.28	94.40	3.79	94.99	66.25	73.33		(0.59)		21.65
Total cost	1,799.13	85.26	1,264.40	83.37	1,206.80	8.73		1.88		4.65
Gross profit										
Gross profit from sales and services	304.59	15.28	251.95	16.66	302.04	20.94		(1.38)		(4.28)
Gross profit from construction projects	6.54	5.60	0.20	5.01	24.09	26.67		0.59		(21.65)
Gross profit from operation	311.13	14.74	252.15	16.63	326.13	21.27		(1.88)		(4.65)
Other income	8.48	0.40	23.96	1.56	17.40	1.12	(15.48)	(64.61)	6.56	37.70
Distribution costs	23.50	1.11	20.17	1.31	20.42	1.32		(0.20)		(0.01)
Administrative expenses	157.69	7.44	121.25	7.87	129.17	8.33		(0.43)		(0.46)
Financial cost	19.76	0.93	21.27	1.38	26.30	1.70		(0.45)		(0.32)
Profit before income tax	118.66	5.60	113.42	7.36	167.64	10.81		(1.76)		(3.45)
Income tax expenses	21.51	1.02	18.70	1.21	27.04	1.74		(0.20)		(0.53)
Net profit for the year / period	97.15	4.59	94.72	6.15	140.60	9.07		(1.56)		(2.92)
Other comprehensive income (loss) for the year	-	-	-	-	11.25	0.73		-		(0.73)
Total comprehensive income (loss) for the year	97.15	4.59	94.72	6.15	151.85	9.79		(1.56)		(3.65)
Earnings per share (EPS) (Baht per share)	0.13		0.15		0.27					

Financial Position Summary

List	Consolidated financial statements as of		Change 31 Dec. 2022		Separate financial statements as at		Change 31 Dec. 2022	
	31 Dec. 2022	31 Dec. 2021			31 Dec. 2022	31 Dec. 2021		
	Million baht	Million baht	Million baht	Percentage	Million baht	Million baht	Million baht	Percentage
Total Assets	2,578.25	2,293.77	284.48	12.40	2,574.58	2,302.77	271.81	11.80
Total liabilities	1,308.09	1,088.15	219.94	20.21	1,307.91	1,097.00	210.91	19.23
Total Shareholders' Equity	1,270.16	1,205.62	64.54	5.35	1,266.67	1,205.77	60.90	5.05

Summary of key financial ratios

List	unit	Consolidated financial statements as of			Separate financial statements as at		
		31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020
Cash Cycle	(Day)	65.03	65.04	58.09	65.98	65.04	58.09
Net profit margin	(Percent)	4.74	6.14	9.07	4.59	6.15	9.07
Return on Equity	(Percent)	8.14	9.62	20.54	7.86	9.64	20.54
Return on Assets	(Percent)	4.14	4.62	8.00	3.98	4.61	8.00
Debt to Equity Ratio	(Time)	1.03	0.90	1.37	1.03	0.91	1.37

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

- Revenue from sales and services

During 2020-2022, the company had revenue from sales and services in the amount of 1,442.59 million baht, 1,512.56 million baht and 2,002.22 million baht respectively which increased from 2020 by 4.85% and increased from 2021 by 32.24%. Due to the impact of the epidemic of the Coronavirus Disease 2019 (COVID – 19) in 2020 that caused the economy to slow down, various projects of both government and private sectors were temporarily closed. This situation continually affected 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 of this year was also affected by flooding situation during October to November 2021.

For the year 2022, the revenue increased by 32.24% due to the COVID – 19 situation had been resolved, most of the projects of both government and private sectors returning to normal situation which increased the ability of company to generate more revenue.

■ Revenue from construction projects

During 2020–2022, the Company had revenue earned by construction business in the amount of 90.34 million baht, 3.99 million baht and 116.82 million baht respectively, or equivalent to 5.83%, 0.26% and 5.50% of the total revenue of the company, respectively. For the year 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 project value is 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.

For 2022, the company had recognized revenue from the continuous 115 kV Transmission Line Construction project and also the new project acquired this year that caused the revenue from construction projects highly increased from last year.

■ Other income

Other income of the company consists of interest income, selling scrap iron, profit from asset sales, and income from rental. In year 2020–2022, the company had other income of 17.40 million baht, 23.96 million baht and 8.44 million baht, respectively, equal to 1.12% , 1.56% and 0.40% percent of the company's total revenue, respectively.

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. On the other hand, the other income of the year 2022 was dropped due to the decreased in revenue from scrap sales.

■ Cost of sales and services

Year 2020–2022, the company has cost of sales and services in the amount of 1,140.55 million baht, 1,260.61 million baht and 1,690.09 million baht, equal to 79.06%, 83.34% and 84.50%, respectively. The higher cost of sales was mainly a result of higher raw material cost, for example, the steel wire and cement price have increased more than 10% which has a serious impact on the cost of sales.

■ Construction projects cost

Year 2020-2022, the company has project costs 66.25 million baht, 3.79 million baht and 110.28 million baht respectively, equal to 73.33%, 94.99% and 94.40% respectively. The 2020, 2021 and 2022 projects were all the construction of 115 kV high voltage transmission lines.

■ Gross profit

In 2020-2022, the Company has gross profit from sales and service in the amount of 302.04 million baht, 251.95 million baht and 310.13 million baht respectively, or equivalent to gross profit margin of 20.94%, 16.66% and 15.50% in each year, respectively.

For 2021, the company's gross profit margin had dropped from 20.94% in 2020 to 16.66% 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 sectors' projects and the delayed auction of works that were later than the plans for government works while the cost of raw materials had increased.

The gross profit margin of year 2022 had slightly dropped from 16.66% to 15.50%, yoy, since to the cost of raw materials and oil price which affected by world situation.

In 2020-2022, the Company has gross profit from construction business in the amount of 24.09 million baht, 0.20 million baht and 6.54 million baht respectively, or equivalent to gross profit margin of 26.67%, 5.01% and 5.60% in each year. respectively.

In 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 5.01% since it is the beginning of the project. In additional, the construction gross profit margin of year 2022 had the same level as of year 2021 at 5.60%.

■ Distribution costs

The company had the distribution costs during 2020-2022 in the amount of 20.42 million baht, 20.17 million baht and 23.50 million baht, respectively. The company's main distribution costs were employee benefits expenses. The details of the changes in distribution costs in each period as follows:

List	Consolidated and separate financial statements for the year ended					
	31 Dec. 2022		31 Dec. 2021		31 Dec. 2020	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Employee benefit expenses	16.95	72.13	15.30	75.86	12.27	60.08
Commission	-	-	-	-	3.54	17.34
Marketing expenses	1.87	7.96	1.63	7.88	1.11	5.44
Other expenses (1)	4.68	19.91	3.24	16.26	3.50	17.15
Total distribution costs	23.50	100.00	20.17	100.00	20.42	100.00

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

In 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.

Year 2022, the distribution costs had increased about 3.33 million baht mostly from employee benefit expenses.

■ Administrative expenses

The Company had administrative expenses during 2020-2022 in the amount of 129.17 million baht, 121.41 million baht and 158.09 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	Consolidated financial statements for the year ended					
	31 Dec. 2022		31 Dec. 2021		31 Dec. 2020	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Employee benefit expenses	100.01	63.26	96.55	79.53	98.73	76.43
Depreciation and Amortization	8.35	5.28	7.36	6.06	8.90	6.89
(Reversal) Bad debts and doubtful accounts	14.85	9.39	(2.17)	(1.79)	(1.55)	(1.20)
Investment property impairment costs	-	-	(3.59)	(2.96)	-	-
Other expenses (1)	34.88	22.06	23.26	19.16	23.10	17.88
Total administrative expenses	158.09	100.00	121.41	100.00	129.17	100.00

List	Separate financial statements for the year ended					
	31 Dec. 2022		31 Dec. 2021		31 Dec. 2020	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Employee benefit expenses	100.01	63.43	96.55	79.53	98.73	76.43
Depreciation and Amortization	8.35	5.30	7.36	6.06	8.90	6.89
(Reversal) Bad debts and doubtful accounts	14.85	9.42	(2.17)	(1.79)	(1.55)	(1.20)
Investment property impairment costs	-	-	(3.59)	(2.96)	-	-
Other expenses (1)	34.48	21.87	23.26	19.16	23.10	17.88
Total administrative expenses	157.69	100	121.41	100.00	129.17	100.00

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

In 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.

The administrative expenses of year 2022 had increases in amount of 36.68 million baht were mainly from increased in bad debts and doubtful accounts which were affect from Covid situation however the administrative expenses were 7.44% of total revenue which is same level as last year.

■ Financial cost

The company had financial costs during 2020–2022 in the amount of 26.30 million baht, 21.27 million baht and 19.89 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 financial statements for the year ended					
	31 Dec. 2022		31 Dec. 2021		31 Dec. 2020	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Interest expenses from borrowing money from financial institutions	15.54	78.13	16.32	76.73	19.63	74.66
Interest expenses from financial lease contracts	2.41	12.12	3.30	15.51	4.26	16.20
Other financial costs	1.94	9.75	1.65	7.76	2.40	9.14
Total cost of finance	19.89	100.00	21.27	100.00	26.30	100.00

List	Separate financial statements for the year ended					
	31 Dec. 2022		31 Dec. 2021		31 Dec. 2020	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Interest expenses from borrowing money from financial institutions	15.54	78.64	16.32	76.73	19.63	74.66
Interest expenses from financial lease contracts	2.41	12.20	3.30	15.51	4.26	16.20
Other financial costs	1.81	9.16	1.65	7.76	2.40	9.14
Total cost of finance	19.76	100.00	21.27	100.00	26.30	100.00

The main financial cost of the company is interest expenses by borrowing from financial institutions, which during the year 2020-2022, the proportion of interest expenses from borrowing from financial institutions is approximately 76.68% of the total financial cost. 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. Furthermore, the financial cost of year 2022 was decrease from last year 0.78 million baht due to loan repayments.

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 2021, interest expenses from financial lease contracts decreased by 0.96 million baht or decreased by 22.54% compared to the previous year. The decrease in each year was mainly due to the gradual repayment of liabilities under the Company's financial lease agreements. In 2022, the company has interest expenses from financial lease contracts decreased by 0.89 million baht or equivalent to 26.97% compared to the previous year.

- Net profit

The company had a net profit during 2020-2022 of 140.60 million baht, 94.56 million baht and 100.78 million baht, respectively. or equivalent to a net profit margin of 9.07 %, 6.14% and 4.74 %, respectively.

In 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-19) 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.

The net profit of year 2022 increased by 6.22 million baht, approximately 6.58 %, from the same period of previous year.

Financial position

- Total assets

As of December 31, 2022, the Company had total assets of 2,578.25 million baht, an increase from the previous year of 2021 with total assets of 2,293.77 million baht or an increase of 12.40 percent. This was mainly due to an increase in accounts receivable that are not yet due, assets of Chonburi factory (2), vehicles, machineries and equipments

- Total liabilities

As of December 31, 2022, the company had total liabilities of 1,308.09 million baht which slightly increase from the previous year of 2021 or an increase of 20.21% mainly due to an increase in short-term loans from financial institutions and an increase in trade accounts payable. The average repayment period is approximately 57 days, which is consistent with the credit term of the major raw material supplier to the Company, which is approximately 30-90 days.

- Equity

The shareholders' equity of the company as of December 31, 2021 and 2022 were 1,205.52 million baht and 1,270.16 million baht, respectively. As of December 31, 2022, the company's shareholders' equity increased by 64.54 million baht from the total comprehensive income of the year 2022 of the Company amounted to 100.78 million baht, and dividend payment of 36.25 million baht.

Financial ratio

- Cash Cycle

During 2020-2022, the Company had a cash cycle at the similar level of 58-65 days, demonstrating efficient and consistent cash flow management.

- Net profit margin

The company's net profit margin during 2020-2022 was 9.07%, 6.14% and 4.74%, respectively.

In 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.

For the year 2022, the company's net profit margin was 4.74% which decreased from the same period last year due to higher raw material costs mainly were caused by fluctuating in steel wire and cement prices and higher oil price this year.

Best regards

sign _____

(Mr. Watchai Mongkolsrisawad)

Chief Executive Officer