

May 15, 2023

Subject : Management's Discussion and Analysis for the 1st quarter ending March 31, 2023,
Changing in operation results was over 20 percent.

Attn : The President
The Stock Exchange of Thailand

Siam Steel International Public Company Limited has submitted the consolidated financial statements of the 1st quarter for the three-month period ended March 31, 2023. It is noted that the change in net profit (loss) was over than 20 percent compared with the previous year. The Company would explain in the Management's Discussion and Analysis for the 1st quarter period ending March 31, 2023 as follows:

1. Operating Results

Consolidated Statements of Comprehensive Income for the three-month period ended March 31, 2023 and 2022

Consolidated Financial Statements	The First quarter 2023		The First quarter 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and services	449	99%	525	98%	(76)	(14%)
Construction services	4	1%	13	2%	(9)	(69%)
Total Revenues	453	100%	538	100%	(85)	(16%)
Costs of sales and services	374		446		(72)	(16%)
Costs of Construction services	6		11		(5)	(45%)
Total Costs of Sales and Services	380	84%	457	85%	(77)	(17%)
Sales and services gross profit	75		79		(4)	(5%)
Construction services gross profit	(2)		2		(4)	(200%)
Total Gross Income	73	16%	81	15%	(8)	(10%)
Other income	26	6%	23	4%	3	13%
Selling and administrative expenses	(112)	(25%)	(99)	(18%)	(13)	(13%)
Profit (Loss) from Operations	(13)	(3%)	5	1%	(18)	(360%)
Profit in associated companies on equity method	30	7%	21	4%	9	43%
Financial costs	(1)	(0%)	(1)	(0%)	0	0%
Profit (Loss) before Income Tax	16	4%	25	5%	(9)	(36%)
Income tax	(1)	(0%)	(1)	(0%)	0	0%
Equity in non – controlling interests in subsidiaries	(1)	(0%)	(5)	(1%)	4	80%
Net Profit (Loss) attributable to the Company	14	3.09%	19	3.53%	(5)	(27%)
Net Profit (Loss) per share attributable to the Company (Baht)	0.023		0.031		(0.009)	(27%)

1.1 Analysis of overall Operating Results

For the 1st quarter of the year 2023, the consolidated financial statements of the Company presented total revenues amounting to 453 million baht, decreased by 85 million baht or decreased 16 percent from the same quarter of previous year. Such mainly change resulted from the decrease in furniture product group and flood protection wall. However, this year the Company still has the action plan of human resources development in marketing and production, as well as increasing new products to response the customer's requirements to enable sales volume increase, including to expand investment in renewable energy business in order to generate stable income in the future.

Total Revenues

For the 1st quarter of this year, the consolidated financial statements of the Company's presented total revenues amounting to 453 million baht, decreased by 85 million baht or decreased 16 percent. This was mainly resulted from the decrease in furniture product group and flood protection wall. Total revenues in the 1st quarter of this year consisted of following income:

- Revenues from domestic sales of furniture, "LUCKY" Hi-tech Building System and flood protection wall totaling 385 million baht, decreased by 139 million baht or decreased 27 percent from the 1st quarter of previous year.

- Revenues from renewable energy business group totaling in this year 64 million baht, increased by 63 million baht or increased 6,300 percent from previous year.

- Revenues from domestic construction services of this year has 2 jobs amounting to 4 million baht, decreased by 9 million baht or decreased 69 percent from the 1st quarter of previous year.

Other Income

The consolidated financial statements of the Company for the 1st quarter of this year presented other income increasing from the 1st quarter of previous year by 3 million baht, or increased 13 percent. Other income in the 1st quarter of this year were mainly from dividends, rents and other services.

Cost of Sales and Expenses

- The consolidated financial statements of the Company presented total cost of sales for the 1st quarter of this year amounting to 380 million baht, decreased by 77 million baht or decreased 17 percent from the 1st quarter of previous year. For the ratio of total cost of sales to total revenue for the 1st quarter of year 2023 and the 1st quarter of year 2022 was 84 percent and 85 percent, respectively.

- The consolidated financial statements of the Company presented selling and administrative expenses of the 1st quarter of this year amounting to 112 million baht, increased by 13 million baht or increased 13 percent from the 1st quarter of previous year. This was mostly resulted from increasing of salary, welfare expenses and selling expenses of renewable energy business group. For the ratio of selling and administrative expenses to total revenues for the 1st quarter of year 2023 and the 1st quarter of year 2022 was 25 percent and 18 percent, respectively.

- The consolidated financial statements of the Company presented financial cost for the 1st quarter of this year amounting to 1 million baht, equal to the 1st quarter of previous year. This was mainly resulted from the interest expenses of loans from domestic financial institutions for operating in renewable energy business group.

Gross Profit

- The consolidated financial statements of the Company for the 1st quarter of the year 2023 presented gross profit amounting to 73 million baht, decreased by 8 million baht or decreased 10 percent from the 1st quarter of previous year. The gross profit ratio for the 1st quarter of the year 2023 and the 1st quarter of the year 2022 was 16 percent and 15 percent, respectively.

Profit in associated companies on equity method

- The consolidated financial statements of the Company of the profit in associated on equity method for the 1st quarter of the year 2023 presented profit amounting to 30 million baht, increased by 9 million baht or increased 43 percent from the 1st quarter of previous year that caused by 2 associated companies which has the turnover as the net profit.

Net Profit (Loss)

- The consolidated financial statements of the Company presented net profit amounting to 14 million baht for the 1st quarter of the year 2023 and amounting to 19 million baht for the 1st quarter of the year 2022, decreased by 5 million baht or decreased 27 percent from previous year. This resulted from the increasing of income and the decreasing of sales costs and administrative expenses. for the Net profit ratio of the 1st quarter of the year 2023 was 3.09 percent and the 1st quarter of the year 2022 was 3.53 percent.

2. Financial positions

Statements of Financial positions as of March 31, 2023 and December 31, 2022

Consolidated financial statement	March 31, 2023		December 31, 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Cash and cash equivalents	294	8%	280	8%	14	5%
Trade accounts receivable - net	231	6%	207	6%	24	12%
Inventories – net	322	9%	310	9%	12	4%
Other current assets	200	6%	184	5%	16	9%
Total Current Assets	1,047	29%	981	28%	66	7%
Investments	1,030	29%	1,006	29%	24	2%
Property, plant and equipment - net	1,426	39%	1,406	40%	20	1%
Other non - current assets	115	3%	98	3%	17	17%
Total Non - Current Assets	2,571	71%	2,510	72%	61	2%
Total Assets	3,618	100%	3,491	100%	127	4%
Liabilities and Shareholders' Equity						
Short-term loans from financial institutions	63	2%	63	2%	0	0%
Short-term loans from related company	149	4%	101	3%	48	48%
Long-term loans from financial institutions; due within 1 year	10	0%	10	0%	0	0%
Trade accounts payable	221	6%	193	6%	28	15%
Other current liabilities	205	6%	178	5%	27	15%
Total Current Liabilities	648	18%	545	16%	103	19%
Employee benefits obligation	48	1%	48	1%	0	0%
Other non - current liabilities	116	3%	105	3%	11	10%
Total Non - Current Liabilities	164	4%	153	4%	11	7%
Total Liabilities	812	22%	698	20%	114	16%
Shareholders' equity to the Company's	2,590	72%	2,576	74%	14	1%
Shareholders' equity non-controlling interests' equity	216	6%	217	6%	(1)	(0%)
Total Shareholders' equity	2,806	78%	2,793	80%	13	0%
Total Liabilities and Shareholders' Equity	3,618	100%	3,491	100%	127	4%

2.1 Analysis of the financial position of the Company and its subsidiaries as at March 31, 2023 and December 31, 2022

Total Assets

As at the end of the 1st quarter of the year 2023, the consolidated financial statements of the Company presented total assets amounting to 3,618 million baht, increased by 127 million baht from the end of December 31, 2022. This was mainly increasing from the trade account receivable, investments and Property, plant and equipment - net.

The structure of Total assets presented in the consolidated financial statements of the Company as at the end of the 1st quarter of this year consisted of cash and cash equivalents 8 percent, trade accounts receivable 6 percent, net inventories 9 percent and other current assets 6 percent, investments in associated companies and other companies 29 percent, Property, plant and equipment 39 percent and other non-current assets 3 percent. Whereby the structure of total assets at the end of previous year consisted of cash and cash equivalents 8 percent, trade accounts receivable 6 percent, net inventories 9 percent and other current assets 5 percent, investments in associated companies and other companies 29 percent, property, plant and equipment 40 percent and other non-current assets 3 percent.

- Cash and cash equivalents at the end of the 1st quarter of the year 2023 was 294 million baht, increased from the end of previous year by 14 million baht, as follow:

Cash from operating activities was 14 million baht. This mostly from increasing of Trade accounts payable and other current liabilities – general company.

Cash used for investing activities was 41 million baht. This mostly spent with investment in fixed assets .

Cash used for financing activities was 41 million baht. This mostly gained from short-term loans of related company.

- Trade accounts receivable at the end of the 1st quarter of the year 2023 was 231 million baht, increased from the end of previous year of 24 million baht. The balance of trade accounts receivable at the end of the 1st quarter of the year 2023 of which separated as 73 percent of such accounts receivable was not yet due, 27 percent of accounts receivable was overdue less than 3 months and 0 percent of accounts receivable was overdue more than 3 months. However, the Company and its subsidiaries have monitored closely for the debts collection. The company will consider the possibility of receiving the payment of debt.

In addition, in the case of some debtors being in the process of collection, the Company will provide the appropriate proceed to record the allowance for doubtful accounts. At the end of the 1st quarter of this year, balance of allowance for doubtful account was 5 million baht. Receivable turnover rate at the end of the 1st quarter of the year 2023 was 8.38 times and at the end of previous year was 9.01 times. Average debt collection at the end of the 1st quarter of the year 2023 was 44 days and at the end of previous year was 41 days. Receivable turnover was decreased and average debt collection period was increase because the revenue was decreased at the end of the 1st quarter of this year.

- Inventories balance at the end of the 1st quarter of the year 2023 was 322 million baht, increased by 12 million baht or increased 4 percent from the end of previous year. Mostly increased from furniture products group. The inventory turnover rate at the end of the 1st quarter of the year 2023 was 5.10 times, and was 5.12 times at the end of previous year.

- Other current assets as of the end of the 1st quarter of the year 2023 was 200 million baht, increased by 16 million baht or increased 9 percent from previous year. This increase was mainly resulted from the other current receivables and other advance payment for goods.

- Investments at the end of the 1st quarter of the year 2023 were 1,030 million baht, increased by 24 million baht or increased 2 percent from the end of previous year. This was resulted from recognition of increasing in profit on equity method from associated company.

- Property, plant and equipment – net as at the end of the 1st quarter of the year 2023 was 1,426 million baht, increased by 20 million baht or increased 1 percent from the end of previous year. Mostly assets were property, plant and equipment in furniture business and renewable energy business group.

Total liabilities

As at the end of the 1st quarter of this year, the consolidated financial statements of the Company presented total liabilities of 812 million baht, increased by 114 million baht or increased 16 percent from the previous year. Mostly increased from other current liabilities.

- As at the end of the 1st quarter of this year, short-term loan from financial institution was 63 million baht. Mostly are the promissory note of the subsidiary company for the operation.

- As at the end of the 1st quarter of this year, short-term loan from related companies was 149 million baht, increased by 48 million baht or increased 48 percent from previous year. Mostly are loans of companies in the renewable energy business group which is an indirect subsidiary of the company, loans from related companies to spend in the business and has been partially payment in the 1st quarter of this year.

- As at the end of the 1st quarter of this year, other current liabilities was 205 million baht, increased by 27 million baht or increased 15 percent from previous year. This mostly caused by liabilities arising from the advance payment of bathroom pods business group.

- As at the end of the 1st quarter of this year, other non-current liabilities was 116 million baht. This was mainly resulted from the recognition of the liabilities according to the lease agreement for car and the land for operation and deferred tax liabilities.

Shareholders' equity

As at the end of the 1st quarter of this year, the consolidated financial statements of the Company presented the shareholders' equity of 2,806 million baht, as at the end of previous year was 2,793 million baht, increased by 13 million baht from previous year. This caused by the turnover of group of companies has the net profit.

Book value as at the end of the 1st quarter of this year was 4.73 baht per share, the end of previous year 4.71 baht per share, increased by 0.02 baht per share from previous year.

2.2 Liquidity and significant financial ratios

Statements of Cash flows for the three-month period ended March 31, 2023

Consolidated financial statements	Unit : Million Baht
Net cash from (used for) operating activities	14
Net cash from (used for) investing activities	(41)
Net cash from (used for) in financing activities	41
Increase (Decrease) in cash and cash equivalents - net	14
Cash and cash equivalents at beginning of period	280
Cash and cash equivalents at end of period	294

Liquidity of the consolidated financial statement of the Company as at the end of the 1st quarter of this year, the Company held cash amounting to 294 million baht, 280 million baht at the end of previous year. Cash flow increased by 14 million baht, this was related to:

- Cash flow from operating activities was 14 million baht. This mostly resulted from increasing of repayment of other current receivables-general companies amounting to 30 million baht, increasing of Trade accounts payable – general company amounting to 15 million baht .

- Cash flow spent with investing activities was 41 million baht. This mostly spent with purchase assets amounting to 41 million baht.

- Net Cash flow used for financing activities was 41 million baht which gained from short-term loans of related company amounting to 48 million baht.

The current ratio was decreased from 1.80 times as at the end of previous year to 1.62 times as at the end of the 1st quarter of this year. The quick ratio was decreased from 0.89 times as at the end of previous year to 0.81 times as at the end of the 1st quarter of this year. However, both ratios represented positive favorable liquidity of the Company and its subsidiaries.

In consideration of the ability for the debt repayment as at the end of the 1st quarter of this year and the end of previous year, the Company and its subsidiaries still maintained good ability for debt payment. Considering from the debt to the ratio, Showing 0.25 times at the end of previous year and 0.29 times at the end of the 1st quarter of this year.

3. Significant factors that may affect the future of finance position or future operation

The stability of local political

If domestic politics is not stable, it will result in the government's spending. Government spending to stimulate the economy will be reduced. As a result, the industrial growth will be shrunken, the purchase order will also be reduced.

Foreign market

The International market is recovering due to the situation of the Covid-19 starts to unravel in many countries, which may lead to more purchase orders for the Company.

Raw material pricing

Steel is core raw material for production. If steel price are fluctuated, it may affect the orders and production costs.

Foreign Exchange Rate

If the Baht is strengthened against foreign currency continuously, this may affect the Company's sales in Baht value. In addition, the Company may lose ability in its competitiveness compared to competitors and may get loss from exchange rates.

Please be informed,

Yours sincerely,

(Mr. Surapol Kunanantakul)
President
Siam Steel International Public Company Limited