

August 15, 2023

Subject : Management's Discussion and Analysis for the 2nd quarter ending June 30, 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 2nd quarter for the three-month period ended June 30, 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 2nd quarter period ending June 30, 2023 as follows:

1. Operating Results

Consolidated Statements of Comprehensive Income for the three-month period ended June 30, 2023 and 2022

| Consolidated Financial Statements | The Second quarter 2023 | | The Second quarter 2022 | | Change | |
|---|----------------------------|--------------|----------------------------|----------------|-----------------|-------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Sales and services | 449 | 96% | 400 | 93% | 49 | 12% |
| Construction services | 21 | 4% | 31 | 7% | (10) | (32%) |
| Total Revenues | 470 | 100% | 431 | 100% | 39 | 9% |
| Costs of sales and services | 375 | | 367 | | 8 | 2% |
| Costs of Construction services | 22 | | 29 | | (7) | (24%) |
| Total Costs of Sales and Services | 397 | 84% | 396 | 92% | 1 | 0% |
| Sales and services gross profit | 74 | | 33 | | 41 | 124% |
| Construction services gross profit | (1) | | 2 | | (3) | (150%) |
| Total Gross Income | 73 | 16% | 35 | 8% | 38 | 109% |
| Other income | 47 | 10% | 23 | 5% | 24 | 104% |
| Selling and administrative expenses | (117) | (25%) | (108) | (25%) | (9) | (8%) |
| Profit (Loss) from Operations | 3 | 1% | (50) | (12%) | 53 | 106% |
| Profit in associated companies on equity method | 22 | 5% | 18 | 4% | 4 | 22% |
| Financial costs | (2) | (0%) | (1) | (0%) | (1) | (100%) |
| Profit (Loss) before Income Tax | 23 | 5% | (33) | (8%) | 56 | 170% |
| Income tax | (1) | (0%) | 1 | 0% | (2) | (200%) |
| Equity in non – controlling interests in subsidiaries | 0 | 0% | 3 | 1% | (3) | (100%) |
| Net Profit (Loss) attributable to the Company | 22 | 4.68% | (29) | (6.73%) | 51 | 176% |
| Net Profit (Loss) per share attributable to the Company (Baht) | 0.037 | | (0.050) | | 0.087 | 176% |

1.1 Analysis of overall Operating Results

For the 2nd quarter of the year 2023, the consolidated financial statements of the Company presented total revenues amounting to 470 million baht, increased by 39 million baht or increased 9 percent from the same quarter of previous year. Such mainly change resulted from the increase in flood protection wall and “LUCKY” Hi-tech Building System group. 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 2nd quarter of this year, the consolidated financial statements of the Company’s presented total revenues amounting to 470 million baht, increased by 39 million baht or increased 9 percent. This was mainly resulted from the increase in flood protection wall and “LUCKY” Hi-tech Building System group. Total revenues in the 2nd quarter of this year consisted of following income:

- Revenues from domestic sales of furniture, “LUCKY” Hi-tech Building System group and flood protection wall totaling 448 million baht, increased by 56 million baht or increased 14 percent from the 2nd quarter of previous year.

- Revenues from renewable energy business group totaling in this year 1 million baht, decreased by 7 million baht or decreased 88 percent from previous year.

- Revenues from domestic construction services of this year has 3 jobs amounting to 21 million baht, decreased by 10 million baht or decreased 32 percent from the 2nd quarter of previous year.

Other Income

The consolidated financial statements of the Company for the 2nd quarter of this year presented other income increasing from the 2nd quarter of previous year by 24 million baht, or increased 104 percent. Other income in the 2nd 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 2nd quarter of this year amounting to 397 million baht, increased by 1 million baht or increased 0 percent from the 2nd quarter of previous year. For the ratio of total cost of sales to total revenue for the 2nd quarter of year 2023 and the 2nd quarter of year 2022 was 84 percent and 92 percent, respectively.

- The consolidated financial statements of the Company presented selling and administrative expenses of the 2nd quarter of this year amounting to 117 million baht, increased by 9 million baht or increased 8 percent from the 2nd quarter of previous year. This was mostly resulted from increasing of salary, welfare expenses and selling expenses of “LUCKY” Hi-tech Building System group. For the ratio of selling and administrative expenses to total revenues for the 2nd quarter of year 2023 and the 2nd quarter of year 2022 equal at 25 percent.

- The consolidated financial statements of the Company presented financial cost for the 2nd quarter of this year amounting to 2 million baht, increased by 1 million baht from the 2nd 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 2nd quarter of the year 2023 presented gross profit amounting to 73 million baht, increased by 38 million baht or increased 109 percent from the 2nd quarter of previous year. The gross profit ratio for the 2nd quarter of the year 2023 and the 2nd quarter of the year 2022 was 16 percent and 8 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 2nd quarter of the year 2023 presented profit amounting to 22 million baht, increased by 4 million baht or increased 22 percent from the 2nd 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 22 million baht for the 2nd quarter of the year 2023 and net loss amounting to 29 million baht for the 2nd quarter of the year 2022, net profit increased by 51 million baht or increased 176 percent from previous year. This resulted from the effective cost management and the increasing of other income. For the Net profit ratio of the 2nd quarter of the year 2023 was 4.68 percent and the Net loss ratio of the 2nd quarter of the year 2022 was 6.73 percent.

2. Financial positions

Statements of Financial positions as of June 30, 2023 and December 31, 2022

| Consolidated financial statement | June 30, 2023 | | December 31, 2022 | | Change | |
|--|---------------|-------------|-------------------|-------------|--------------|------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Assets | | | | | | |
| Cash and cash equivalents | 301 | 8% | 280 | 8% | 21 | 8% |
| Trade accounts receivable - net | 224 | 6% | 207 | 6% | 17 | 8% |
| Inventories – net | 358 | 10% | 310 | 9% | 48 | 15% |
| Other current assets | 193 | 5% | 184 | 5% | 9 | 5% |
| Total Current Assets | 1,076 | 29% | 981 | 28% | 95 | 10% |
| Investments | 1,023 | 28% | 1,006 | 29% | 17 | 2% |
| Property, plant and equipment - net | 1,419 | 39% | 1,406 | 40% | 13 | 1% |
| Other non - current assets | 140 | 4% | 98 | 3% | 42 | 43% |
| Total Non - Current Assets | 2,582 | 71% | 2,510 | 72% | 72 | 3% |
| Total Assets | 3,658 | 100% | 3,491 | 100% | 167 | 5% |
| Liabilities and Shareholders' Equity | | | | | | |
| Short-term loans from financial institutions | 60 | 2% | 63 | 2% | (3) | (5%) |
| Short-term loans from related company | 134 | 4% | 101 | 3% | 33 | 33% |
| Long-term loans from financial institutions; due within 1 year | 15 | 0% | 10 | 0% | 5 | 50% |
| Trade accounts payable | 266 | 7% | 193 | 6% | 73 | 38% |
| Other current liabilities | 190 | 5% | 178 | 5% | 12 | 7% |
| Total Current Liabilities | 665 | 18% | 545 | 16% | 120 | 22% |
| Employee benefits obligation | 50 | 1% | 48 | 1% | 2 | 4% |
| Other non - current liabilities | 133 | 4% | 105 | 3% | 28 | 27% |
| Total Non - Current Liabilities | 183 | 5% | 153 | 4% | 30 | 20% |
| Total Liabilities | 848 | 23% | 698 | 20% | 150 | 21% |
| Shareholders' equity to the Company's | 2,593 | 71% | 2,576 | 74% | 17 | 1% |
| Shareholders' equity non-controlling interests' equity | 217 | 6% | 217 | 6% | 0 | 0% |
| Total Shareholders' equity | 2,810 | 77% | 2,793 | 80% | 17 | 1% |
| Total Liabilities and Shareholders' Equity | 3,658 | 100% | 3,491 | 100% | 167 | 5% |

2.1 Analysis of the financial position of the Company and its subsidiaries as at June 30, 2023 and December 31, 2022

Total Assets

As at the end of the 2nd quarter of the year 2023, the consolidated financial statements of the Company presented total assets amounting to 3,658 million baht, increased by 167 million baht from the end of December 31, 2022. This was mainly increasing from net inventories and other non-current assets.

The structure of Total assets presented in the consolidated financial statements of the Company as at the end of the 2nd quarter of this year consisted of cash and cash equivalents 8 percent, trade accounts receivable 6 percent, net inventories 10 percent and other current assets 5 percent, investments in associated companies and other companies 28 percent, Property, plant and equipment 39 percent and other non-current assets 4 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 2nd quarter of the year 2023 was 301 million baht, increased from the end of previous year by 21 million baht, as follow:

Cash from operating activities was 37 million baht. This mostly from increasing of account payable and other current payable – related company and other current liabilities.

Cash used for investing activities was 17 million baht. This mostly spent with investment in fixed assets .

Cash from financing activities was 1 million baht. This mostly gained from short-term loans of related company.

- Trade accounts receivable at the end of the 2nd quarter of the year 2023 was 224 million baht, increased from the end of previous year of 17 million baht. The balance of trade accounts receivable at the end of the 2nd quarter of the year 2023 of which separated as 94 percent of such accounts receivable was not yet due, 5 percent of accounts receivable was overdue less than 3 months and 1 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 2nd quarter of this year, balance of allowance for doubtful account was 5 million baht. Receivable turnover rate at the end of the 2nd quarter of the year 2023 was 8.69 times and at the end of previous year was 9.01 times. Average debt collection at the end of the 2nd quarter of the year 2023 and the end of the 2nd quarter of the year 2022 was 42 days and 41 days, respectively which the turnover rate of accounts receivable decreased and the average collection period increased because at this quarter, the balance of account receivable increased.

- Inventories balance at the end of the 2nd quarter of the year 2023 was 358 million baht, increased by 48 million baht or increased 15 percent from the end of previous year. Mostly increased from renewable energy business group. The inventory turnover rate at the end of the 2nd quarter of the year 2023 was 4.83 times, and was 5.12 times at the end of previous year.

- Other current assets as of the end of the 2nd quarter of the year 2023 was 193 million baht, increased by 9 million baht or increased 5 percent from previous year. This increase was mainly resulted from the other current receivables – related company and other advance payment for goods.

- Investments at the end of the 2nd quarter of the year 2023 were 1,023 million baht, increased by 17 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 2nd quarter of the year 2023 was 1,419 million baht, increased by 13 million baht or increased 1 percent from the end of previous year. Mostly assets were property, plant and equipment in furniture business and from investment in renewable energy business in the form of buildings and machines.

- Other non-current assets at the end of the 2nd quarter of the year 2023 were 140 million baht, increased by 42 million baht or increased 43 percent from the end of previous year. This was resulted from Right-of-use assets from long-term leases.

Total liabilities

As at the end of the 2nd quarter of this year, the consolidated financial statements of the Company presented total liabilities of 848 million baht, increased by 150 million baht or increased 21 percent from the previous year. Mostly increased from short-term loans from related company and account payable.

- As at the end of the 2nd quarter of this year, short-term loan from financial institution was 60 million baht. Mostly are the promissory note of the subsidiary company for the operation.

- As at the end of the 2nd quarter of this year, short-term loan from related companies was 134 million baht, increased by 33 million baht or increased 33 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.

- As at the end of the 2nd quarter of this year, account payable was 266 million baht, increased by 73 million baht or increased 38 percent from previous year. This mostly caused by increasing from normal business expansion.

- As at the end of the 2nd quarter of this year, other non-current liabilities was 133 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 2nd quarter of this year, the consolidated financial statements of the Company presented the shareholders' equity of 2,810 million baht, as at the end of previous year was 2,793 million baht, increased by 17 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 2nd quarter of this year was 4.74 baht per share, the end of previous year 4.71 baht per share, increased by 0.03 baht per share from previous year.

2.2 Liquidity and significant financial ratios

Statements of Cash flows for the six-month period ended June 30, 2023

| Consolidated financial statements | Unit : Million Baht |
|---|----------------------------|
| Net cash from (used for) operating activities | 37 |
| Net cash from (used for) investing activities | (17) |
| Net cash from (used for) in financing activities | 1 |
| Increase (Decrease) in cash and cash equivalents - net | 21 |
| Cash and cash equivalents at beginning of period | 280 |
| Cash and cash equivalents at end of period | 301 |

Liquidity of the consolidated financial statement of the Company as at the end of the 2nd quarter of this year, the Company held cash amounting to 301 million baht, 280 million baht at the end of previous year. Cash flow increased by 21 million baht, this was related to:

- Cash flow from operating activities was 37 million baht. This mostly resulted from account payable and other current payable – related companies amounting to 41 million baht and increasing of other current liabilities amounting to 34 million baht .

- Cash flow spent with investing activities was 17 million baht. This mostly spent with purchase assets of property, plant and equipment for furniture product group and “LUCKY” Hi-Tech building system amounting to 55 million baht.

- Cash flow from financing activities was 1 million baht which gained from short-term loans of related company amounting to 33 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 2nd quarter of this year. The quick ratio was decreased from 0.89 times as at the end of previous year to 0.79 times as at the end of the 2nd 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 2nd 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 0.30 times at the end of the 2nd 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 began to unfold 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