

November 14, 2023

Subject : Management's Discussion and Analysis for the 3<sup>rd</sup> quarter ending September 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 3<sup>rd</sup> quarter for the three-month period ended September 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 3<sup>rd</sup> quarter period ending September 30, 2023 as follows:

### 1. Operating Results

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

Consolidated Financial Statements	The Third quarter 2023		The Third quarter 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and services	696	91%	457	95%	239	52%
Construction services	72	9%	24	5%	48	200%
<b>Total Revenues</b>	<b>768</b>	<b>100%</b>	<b>481</b>	<b>100%</b>	<b>287</b>	<b>60%</b>
Costs of sales and services	609		400		209	52%
Costs of Construction services	85		23		62	270%
<b>Total Costs of Sales and Services</b>	<b>694</b>	<b>90%</b>	<b>423</b>	<b>88%</b>	<b>271</b>	<b>64%</b>
Sales and services gross profit	87		57		30	53%
Construction services gross profit	(13)		1		(14)	(1,400%)
<b>Total Gross Income</b>	<b>74</b>	<b>10%</b>	<b>58</b>	<b>12%</b>	<b>16</b>	<b>28%</b>
Other income	30	4%	23	5%	7	30%
Selling and administrative expenses	(103)	(13%)	(100)	(21%)	(3)	(3%)
<b>Profit (Loss) from Operations</b>	<b>1</b>	<b>0%</b>	<b>(19)</b>	<b>(4%)</b>	<b>20</b>	<b>105%</b>
Profit in associated companies on equity method	22	3%	19	4%	3	16%
Financial costs	(2)	(0%)	(1)	(0%)	(1)	(100%)
<b>Profit (Loss) before Income Tax</b>	<b>21</b>	<b>3%</b>	<b>(1)</b>	<b>(0%)</b>	<b>22</b>	<b>2,200%</b>
Income tax	(1)	(0%)	(1)	(0%)	0	0%
Equity in non – controlling interests in subsidiaries	(1)	(0%)	0	0%	(1)	(100%)
<b>Net Profit (Loss) attributable to the Company</b>	<b>19</b>	<b>2.47%</b>	<b>(2)</b>	<b>(0.42%)</b>	<b>21</b>	<b>1,069%</b>
<b>Net Profit (Loss) per share attributable to the Company (Baht)</b>	<b>0.032</b>		<b>(0.003)</b>		<b>0.035</b>	<b>1,069%</b>

## **1.1 Analysis of overall Operating Results**

For the 3<sup>rd</sup> quarter of the year 2023, the consolidated financial statements of the Company presented total revenues amounting to 768 million baht, increased by 287 million baht or increased 60 percent from the same quarter of previous year. Such mainly change resulted from the increase in flood protection wall, “LUCKY” Hi-tech Building System group, renewable energy business group and domestic construction services. 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 3<sup>rd</sup> quarter of this year, the consolidated financial statements of the Company’s presented total revenues amounting to 768 million baht, increased by 287 million baht or increased 60 percent. This was mainly resulted from the increase in flood protection wall, “LUCKY” Hi-tech Building System group, renewable energy business group and domestic construction services. Total revenues in the 3<sup>rd</sup> 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 628 million baht, increased by 213 million baht or increased 51 percent from the 3<sup>rd</sup> quarter of previous year.

- Revenues from renewable energy business group totaling in this year 68 million baht, increased by 26 million baht or increased 62 percent from previous year.

- Revenues from domestic construction services of this year has 3 jobs amounting to 72 million baht, increased by 48 million baht or increased 200 percent from the 3<sup>rd</sup> quarter of previous year.

### **Other Income**

The consolidated financial statements of the Company for the 3<sup>rd</sup> quarter of this year presented other income increasing from the 3<sup>rd</sup> quarter of previous year by 7 million baht, or increased 30 percent. Other income in the 3<sup>rd</sup> 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 3<sup>rd</sup> quarter of this year amounting to 694 million baht, increased by 271 million baht or increased 64 percent from the 3<sup>rd</sup> quarter of previous year. For the ratio of total cost of sales to total revenue for the 3<sup>rd</sup> quarter of year 2023 and the 3<sup>rd</sup> quarter of year 2022 was 90 percent and 88 percent, respectively.

- The consolidated financial statements of the Company presented selling and administrative expenses of the 3<sup>rd</sup> quarter of this year amounting to 103 million baht, increased by 3 million baht or increased 3 percent from the 3<sup>rd</sup> 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 3<sup>rd</sup> quarter of year 2023 and the 3<sup>rd</sup> quarter of year 2022 was 13 percent and 21 percent, respectively.

- The consolidated financial statements of the Company presented financial cost for the 3<sup>rd</sup> quarter of this year amounting to 2 million baht, increased by 1 million baht from the 3<sup>rd</sup> 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 3<sup>rd</sup> quarter of the year 2023 presented gross profit amounting to 74 million baht, increased by 16 million baht or increased 28 percent from the 3<sup>rd</sup> quarter of previous year. The gross profit ratio for the 3<sup>rd</sup> quarter of the year 2023 and the 3<sup>rd</sup> quarter of the year 2022 was 10 percent and 12 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 3<sup>rd</sup> quarter of the year 2023 presented profit amounting to 22 million baht, increased by 3 million baht or increased 16 percent from the 3<sup>rd</sup> 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 19 million baht for the 3<sup>rd</sup> quarter of the year 2023 and net loss amounting to 2 million baht for the 3<sup>rd</sup> quarter of the year 2022, net profit increased by 21 million baht or increased 1,069 percent from previous year. This resulted from the effective cost management and the increasing of other income. For the Net profit ratio of the 3<sup>rd</sup> quarter of the year 2023 was 2.47 percent and the Net loss ratio of the 3<sup>rd</sup> quarter of the year 2022 was 0.42 percent.

## 2. Financial positions

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

Consolidated financial statement	September 30, 2023		December 31, 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Assets</b>						
Cash and cash equivalents	351	9%	280	8%	71	25%
Trade accounts receivable - net	396	10%	207	6%	189	91%
Inventories – net	297	8%	310	9%	(13)	(4%)
Other current assets	157	4%	184	5%	(27)	(15%)
<b>Total Current Assets</b>	<b>1,201</b>	<b>31%</b>	<b>981</b>	<b>28%</b>	<b>220</b>	<b>22%</b>
Investments	1,044	28%	1,006	29%	38	4%
Property, plant and equipment - net	1,400	37%	1,406	40%	(6)	(0%)
Other non - current assets	143	4%	98	3%	45	46%
Total Non - Current Assets	2,587	69%	2,510	72%	77	3%
<b>Total Assets</b>	<b>3,788</b>	<b>100%</b>	<b>3,491</b>	<b>100%</b>	<b>297</b>	<b>9%</b>
<b>Liabilities and Shareholders' Equity</b>						
Short-term loans from financial institutions	50	1%	63	2%	(13)	(21%)
Short-term loans from related company	134	4%	101	3%	33	33%
Long-term loans from financial institutions; due within 1 year	14	0%	10	0%	4	40%
Trade accounts payable	438	12%	193	6%	245	127%
Other current liabilities	137	4%	178	5%	(41)	(23%)
<b>Total Current Liabilities</b>	<b>773</b>	<b>20%</b>	<b>545</b>	<b>16%</b>	<b>228</b>	<b>42%</b>
Employee benefits obligation	52	1%	48	1%	4	8%
Other non - current liabilities	133	4%	105	3%	28	27%
Total Non - Current Liabilities	185	5%	153	4%	32	21%
Total Liabilities	958	25%	698	20%	260	37%
Shareholders' equity to the Company's	2,612	69%	2,576	74%	36	1%
Shareholders' equity non-controlling interests' equity	218	6%	217	6%	1	0%
Total Shareholders' equity	2,830	75%	2,793	80%	37	1%
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,788</b>	<b>100%</b>	<b>3,491</b>	<b>100%</b>	<b>297</b>	<b>9%</b>

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

### **Total Assets**

As at the end of the 3<sup>rd</sup> quarter of the year 2023, the consolidated financial statements of the Company presented total assets amounting to 3,788 million baht, increased by 297 million baht from the end of December 31, 2022. This was mainly increasing from cash and cash equivalents and net trade accounts receivable.

The structure of Total assets presented in the consolidated financial statements of the Company as at the end of the 3<sup>rd</sup> quarter of this year consisted of cash and cash equivalents 9 percent, net trade accounts receivable 10 percent, net inventories 8 percent and other current assets 4 percent, investments in associated companies and other companies 28 percent, Property, plant and equipment 37 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, net 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 3<sup>rd</sup> quarter of the year 2023 was 351 million baht, increased from the end of previous year by 71 million baht, as follow:

Cash from operating activities was 92 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 7 million baht. This mostly spent for investment in fixed assets

Cash used for financing activities was 14 million baht. This mostly spent for short-term loans of .

- Trade accounts receivable at the end of the 3<sup>rd</sup> quarter of the year 2023 was 396 million baht, increased from the end of previous year of 189 million baht. The balance of trade accounts receivable at the end of the 3<sup>rd</sup> quarter of the year 2023 of which separated as 87 percent of such accounts receivable was not yet due, 12 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 3<sup>rd</sup> quarter of this year, balance of allowance for doubtful account was 5 million baht. Receivable turnover rate at the end of the 3<sup>rd</sup> quarter of the year 2023 was 7.17 times and at the end of previous year was 9.01 times. Average debt collection at the end of the 3<sup>rd</sup> quarter of the year 2023 and the end of the 3<sup>rd</sup> quarter of the year 2022 was 51 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 3<sup>rd</sup> quarter of the year 2023 was 297 million baht, decreased by 13 million baht or increased 4 percent from the end of previous year. Mostly increased from renewable energy business group. The inventory turnover rate at the end of the 3<sup>rd</sup> quarter of the year 2023 was 6.20 times, and was 5.12 times at the end of previous year.

- Other current assets as of the end of the 3<sup>rd</sup> quarter of the year 2023 was 157 million baht, decreased by 27 million baht or decreased 15 percent from previous year. This decrease was mainly resulted from the other current receivables – related company and other advance payment for goods.

- Investments at the end of the 3<sup>rd</sup> quarter of the year 2023 were 1,044 million baht, increased by 38 million baht or increased 4 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 3<sup>rd</sup> quarter of the year 2023 was 1,400 million baht, decreased by 6 million baht or decreased 0 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 3<sup>rd</sup> quarter of the year 2023 were 143 million baht, increased by 45 million baht or increased 46 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 3<sup>rd</sup> quarter of this year, the consolidated financial statements of the Company presented total liabilities of 773 million baht, increased by 228 million baht or increased 42 percent from the previous year. Mostly increased from short-term loans from related company and account payable.

- As at the end of the 3rd quarter of this year, short-term loan from financial institution was 50 million baht. Mostly are the promissory note of the subsidiary company for the operation.

- As at the end of the 3<sup>rd</sup> 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 on the business.

- As at the end of the 3<sup>rd</sup> quarter of this year, account payable was 438 million baht, increased by 245 million baht or increased 127 percent from previous year. This mostly caused by increasing from normal business expansion which is consistent with the income generated.

- As at the end of the 3<sup>rd</sup> quarter of this year, other non-current liabilities were 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 3<sup>rd</sup> quarter of this year, the consolidated financial statements of the Company presented the shareholders' equity of 2,830 million baht, as at the end of previous year was 2,793 million baht, increased by 37 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 3<sup>rd</sup> quarter of this year was 4.77 baht per share, the end of previous year 4.71 baht per share, increased by 0.06 baht per share from previous year.



## 2.2 Liquidity and significant financial ratios

Statements of Cash flows for the nine-month period ended September 30, 2023

<b>Consolidated financial statements</b>	<b>Unit : Million Baht</b>
Net cash from (used for) operating activities	92
Net cash from (used for) investing activities	(7)
Net cash from (used for) in financing activities	(14)
<b>Increase (Decrease) in cash and cash equivalents - net</b>	<b>71</b>
Cash and cash equivalents at beginning of period	<b>280</b>
<b>Cash and cash equivalents at end of period</b>	<b>351</b>

Liquidity of the consolidated financial statement of the Company as at the end of the 3<sup>rd</sup> quarter of this year, the Company held cash amounting to 351 million baht, 280 million baht at the end of previous year. Cash flow increased by 71 million baht, this was related to:

- Cash flow from operating activities was 92 million baht. This mostly resulted from increasing of account payable – general companies amounting to 141 million baht and increasing of account payable and other current liabilities – related companies amounting to 101 million baht .

- Cash flow spent for investing activities was 7 million baht. This mostly spent for purchase assets of property, plant and equipment for furniture product group and “LUCKY” Hi-Tech building system amounting to 57 million baht.

- Cash flow spent for financing activities was 14 million baht which paid for short-term loans of financial institution amounting to 13 million baht and cash dividend amounting to 18 million baht.

The current ratio was decreased from 1.80 times as at the end of previous year to 1.55 times as at the end of the 3<sup>rd</sup> quarter of this year. The quick ratio was increased from 0.89 times as at the end of previous year to 0.97 times as at the end of the 3<sup>rd</sup> 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 3<sup>rd</sup> 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 0.34 times at the end of the 3<sup>rd</sup> 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