

August 14, 2024

Subject : Management's Discussion and Analysis for the 2nd quarter ending June 30, 2024,
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, 2024. 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, 2024 as follows:

1. Operating Results

Consolidated Statements of Comprehensive Income for the three-month period ended June 30, 2024 and 2023

Consolidated Financial Statements	The Second quarter 2024		The Second quarter 2023		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and services	297	74%	473	96%	(176)	(37%)
Construction services	107	26%	21	4%	86	410%
Total Revenues	404	100%	494	100%	(90)	(18%)
Costs of sales and services	263		375		(112)	(30%)
Costs of Construction services	122		22		100	455%
Total Costs of Sales and Services	385	95%	397	80%	(12)	(3%)
Sales and services gross profit	34		98		(64)	(65%)
Construction services gross profit	(15)		(1)		(14)	(1,400%)
Total Gross Income	19	5%	97	20%	(78)	(80%)
Other income	21	5%	23	5%	(2)	(9%)
Selling and administrative expenses	(115)	(28%)	(117)	(24%)	2	2%
Profit (Loss) from Operations	(75)	(19%)	3	1%	(78)	(2,600%)
Profit in associated companies on equity method	15	4%	22	4%	(7)	(32%)
Financial costs	(2)	(0%)	(2)	(0%)	0	0%
Profit (Loss) before Income Tax	(62)	(15%)	23	5%	(85)	(370%)
Income tax	2	0%	(1)	(0%)	3	300%
Equity in non – controlling interests in subsidiaries	(1)	(0%)	0	0%	(1)	(100%)
Net Profit (Loss) attributable to the Company	(61)	(15.10%)	22	4.45%	(83)	(372%)
Net Profit (Loss) per share attributable to the Company (Baht)	(0.102)		0.037		(0.139)	(372%)

1.1 Analysis of overall Operating Results

For the 2nd quarter of the year 2024, the consolidated financial statements of the Company presented total revenues amounting to 404 million baht, decreased by 90 million baht or decreased 18 percent from the same quarter of previous year. Such mainly change resulted from the decrease in furniture product group and “LUCKY” Hi-tech Building system . 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 404 million baht, decreased by 90 million baht or decreased 18 percent. This was mainly resulted from the decrease in furniture product group and “LUCKY” Hi-tech Building system. Total revenues in the 2nd quarter of this year consisted of following income:

- Revenues from domestic sales of furniture, “LUCKY” Hi-tech Building System and flood protection wall totaling 297 million baht, decreased by 176 million baht or decreased 37 percent from the 2nd quarter of previous year.

- Revenues from renewable energy business group totaling in this year, there was no revenue in the 2nd quarter of this year, same as the 2nd quarter of previous year.

- Revenues from domestic construction services of this year has 3 jobs amounting to 107 million baht, increased by 86 million baht or increased 410 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 decreasing from the 2nd quarter of previous year by 2 million baht, or decreased 9 percent. Other income in the 2nd quarter of this year were mainly from 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 385 million baht, decreased by 12 million baht or decreased 3 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 2024 and the 2nd quarter of year 2023 was 95 percent and 80 percent, respectively.

- The consolidated financial statements of the Company presented selling and administrative expenses of the 2nd quarter of this year amounting to 115 million baht, decreased by 2 million baht or decreased 2 percent from the 2nd quarter of previous year. This was mostly resulted from decreasing of selling expenses of “LUCKY” Hi-Tech Lucky Building system and renewable energy business group. The increase is mainly due to administrative expenses related to employees and the devaluation of unused assets. For the ratio of selling and administrative expenses to total revenues for the 2nd quarter of year 2024 and the 2nd quarter of year 2023 was 28 percent and 24 percent, respectively.

- The consolidated financial statements of the Company presented financial cost for the 2nd quarter of this year amounting to 2 million baht, same as 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 and construction service group.

Gross Profit

- The consolidated financial statements of the Company for the 2nd quarter of the year 2024 presented gross profit amounting to 19 million baht, decreased by 78 million baht or decreased 80 percent from the 2nd quarter of previous year. The reason is the decrease in sales and service income and the increase in construction service expenses. The gross profit ratio for the 2nd quarter of the year 2024 and the 2nd quarter of the year 2023 was 5 percent and 20 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 2024 presented profit amounting to 15 million baht, decreased by 7 million baht or decreased 32 percent from the 2nd quarter of previous year that was caused by 1 associated companies which has the net profit decreasing.

Net Profit (Loss)

- The consolidated financial statements of the Company presented net loss amounting to 61 million baht for the 2nd quarter of the year 2024 and net profit amounting to 22 million baht for the 2nd quarter of the year 2023, different from previous year by 83 million baht or different by 372 percent. This resulted from the decreasing of total income, the higher cost of sales and service and the increasing of administrative cost. For the Net loss ratio of the 2nd quarter of the year 2024 was 15.10 percent and the 2nd quarter of the year 2023 was net profit 4.45 percent.

2. Financial positions

Statements of Financial positions as of June 30, 2024 and December 31, 2023

Consolidated financial statement	June 30, 2024		December 31, 2023		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Cash and cash equivalents	356	10%	356	10%	0	0%
Trade accounts receivable - net	166	5%	209	6%	(43)	(21%)
Inventories – net	266	8%	319	9%	(53)	(17%)
Other current assets	182	5%	163	4%	19	12%
Total Current Assets	970	28%	1,047	29%	(77)	(7%)
Investments	1,050	30%	1,067	29%	(17)	(2%)
Property, plant and equipment - net	1,331	38%	1,379	38%	(48)	(3%)
Other non - current assets	143	4%	157	4%	(14)	(9%)
Total Non - Current Assets	2,524	72%	2,603	71%	(79)	(3%)
Total Assets	3,494	100%	3,650	100%	(156)	(4%)
Liabilities and Shareholders' Equity						
Short-term loans from financial institutions	100	3%	50	1%	50	100%
Short-term loans from related company	129	4%	129	4%	0	0%
Long-term loans from financial institutions; due within 1 year	13	0%	14	0%	(1)	(7%)
Trade accounts payable	234	7%	277	8%	(43)	(16%)
Other current liabilities	154	4%	175	5%	(21)	(12%)
Total Current Liabilities	630	18%	645	18%	(15)	(2%)
Employee benefits obligation	51	1%	55	1%	(4)	(7%)
Other non - current liabilities	102	3%	140	4%	(38)	(27%)
Total Non - Current Liabilities	153	4%	195	5%	(42)	(22%)
Total Liabilities	783	22%	840	23%	(57)	(7%)
Shareholders' equity to the Company's	2,491	71%	2,591	71%	(100)	(4%)
Shareholders' equity non-controlling interests' equity	220	7%	219	6%	1	0%
Total Shareholders' equity	2,711	78%	2,810	77%	(99)	(4%)
Total Liabilities and Shareholders' Equity	3,494	100%	3,650	100%	(156)	(4%)

2.1 Analysis of the financial position of the Company and its subsidiaries as at June 30, 2024 and December 31, 2023

Total Assets

As at the end of the 2nd quarter of the year 2024, the consolidated financial statements of the Company presented total assets amounting to 3,494 million baht, decreased by 156 million baht from the end of December 31, 2023. This was mainly decreasing from the net trade accounts receivable, net inventories and net property, plant and equipment.

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 10 percent, trade accounts receivable 5 percent, net inventories 8 percent and other current assets 5 percent, investments in associated companies and other companies 30 percent, Property, plant and equipment 38 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 10 percent, trade accounts receivable 6 percent, net inventories 9 percent and other current assets 4 percent, investments in associated companies and other companies 29 percent, property, plant and equipment 38 percent and other non-current assets 4 percent.

- Cash and cash equivalents at the end of the 2nd quarter of the year 2024 was 356 million baht, same as the end of previous year as follow:

Cash used for operating activities was 78 million baht. This mostly used to pay off other current accounts payable – general company and other non-current liabilities.

Cash from investing activities was 45 million baht. This mostly comes from dividends received.

Cash from financing activities was 33 million baht. It was obtained from short-term loans from financial institutions - net.

- Trade accounts receivable at the end of the 2nd quarter of the year 2024 was 166 million baht, decreased from the end of previous year of 43 million baht. The balance of trade accounts receivable at the end of the 2nd quarter of the year 2024 of which separated as 72 percent of such accounts receivable was not yet due, 10 percent of accounts receivable was overdue less than 3 months and 18 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 2024 was 12.00 times and at the end of previous year was 10.80 times. Average debt collection at the end of the 2nd quarter of the year 2024 was 30 days and at the end of previous year was 34 days. Receivable turnover was increased and average debt collection period was decrease because the average accounts receivable was decreased at the end of the 2nd quarter of this year.

- Inventories balance at the end of the 2nd quarter of the year 2024 was 266 million baht, decreased by 53 million baht or decreased 17 percent from the end of previous year. Mostly decreased from the renewable energy business group and “LUCKY” Hi-tech Building system group. The inventory turnover rate at the end of the 2nd quarter of the year 2024 was 6.95 times, and was 6.20 times at the end of previous year.

- Other current assets as of the end of the 2nd quarter of the year 2024 was 182 million baht, increased by 19 million baht or increased 12 percent from previous year. This increase was mainly resulted from the revenue of construction services waiting to be collected.

- Investments at the end of the 2nd quarter of the year 2024 were 1,050 million baht, decreased by 17 million baht or decreased 2 percent from the end of previous year. This was resulted from the dividend payment of an associated company.

- Property, plant and equipment – net as at the end of the 2nd quarter of the year 2024 was 1,331 million baht, decreased by 48 million baht or decreased 3 percent from the end of previous year. Mostly assets were property, plant and equipment in the furniture business and from investment of renewable energy business group in the form of buildings and machinery which decreased from depreciation and the devaluation of unused assets.

Total liabilities

As at the end of the 2nd quarter of this year, the consolidated financial statements of the Company presented total liabilities of 783 million baht, decreased by 57 million baht or decreased 7 percent from the previous year. Mostly decreased from trade accounts payable and other non-current liabilities.

- As at the end of the 2nd quarter of this year, short-term loan from financial institution was 100 million baht increased by 50 million baht, or increased 100 percent from the previous year. This increased

from loan to be used in the construction service, which previously there was only a promissory note issued by a subsidiary company.

- As at the end of the 2nd quarter of this year, short-term loan from related companies was 129 million baht. The balance is equal to the end of the 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, Trade accounts payable was 234 million baht, decreased by 43 million baht or decreased 16 percent from previous year.

- As at the end of the 2nd quarter of this year, other current liabilities were 154 million baht, decreased by 21 million baht or decreased 12 percent from previous year. This mostly caused by other current payables – general company arising from the deposit for receiving the goods.

- As at the end of the 2nd quarter of this year, other non-current liabilities were 102 million baht decreased by 38 million baht or decreased 27 percent from previous year. This was mainly resulted from the liabilities under lease agreement and liabilities from the retention of contractor.

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 2,711 million baht, as at the end of previous year was 2,810 million baht, decreased by 99 million baht from previous year. This caused by the group of companies has accumulated operation results as the net loss in 1st – 2nd quarter of this year.

Book value as at the end of the 2nd quarter of this year was 4.57 baht per share, the end of previous year 4.74 baht per share, decreased by 0.17 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, 2024

Consolidated financial statements	Unit : Million Baht
Net cash from (used for) operating activities	(78)
Net cash from (used for) investing activities	45
Net cash from (used for) in financing activities	33
Increase (Decrease) in cash and cash equivalents - net	0
Cash and cash equivalents at the beginning of period	356
Cash and cash equivalents at the end of period	356

Liquidity of the consolidated financial statement of the Company as at the end of the 2nd quarter of this year, the Company held the balance of cash at the end of period amounting to 356 million baht, same as the end of previous year, this was related to:

- Cash flow spent with operating activities amounting to 78 million baht. This mostly used to pay off other current accounts payable-general company 32 million baht and pay off other non-current liabilities 30 million baht .

- Cash flow from investing activities 45 million baht. This mostly comes from dividends received amounting to 53 million baht.

- Cash flow from financing activities 33 million baht. This mostly comes from short-term loans from financial institutions-net amounting to 50 million baht.

The current ratio was decreased from 1.62 times as at the end of previous year to 1.54 times as at the end of the 2nd quarter of this year. The quick ratio was decreased from 0.88 times as at the end of previous year to 0.84 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 0.30 times at the end of previous year and 0.29 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 changes, this may cause the government's spending to stimulate the economy will be uncertain. It affects the Industrial sector and company order.

Foreign market

Due to the global economic situation, the recovery of the international market may lead to the company receiving more purchase orders.

Raw material pricing

Steel is core raw material for production. If steel price is 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 accordingly,

Yours sincerely,

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