

13 August 2024

Subject: Management Discussion and Analysis for the 3-month and 6-month period ended 30 June 2024

To: Director and Manager
The Stock exchange of Thailand

Siam Technic Concrete Public Company Limited (the “Company”) wishes to clarify its operating results for the three-month and six-month periods ended June 30, 2024, compared to the operating results for the three-month and six-month periods ended June 30, 2023, with the details of significant changes as follows:

Summary of operating results

Item	Consolidate financial statements for the 3-month ended		Change		Consolidate financial statements for the 6-month ended		Change	
	30 June 2024	30 June 2023			30 June 2024	30 June 2023		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Revenue								
Revenue from sale of goods and rendering of services	487.57	461.09	26.48	5.74	1,001.48	870.26	131.22	15.08
Revenue from construction contract	11.56	51.48	(39.92)	(77.54)	40.98	75.34	(34.36)	(45.61)
Total Revenue	499.13	512.57	(13.44)	(2.62)	1,042.46	945.60	96.86	10.24
Cost								
Cost of sale of goods and rendering of services	386.48	374.58	11.90	3.18	797.32	718.71	78.61	10.94
Costs of project construction	15.28	42.29	(27.01)	(63.87)	41.82	64.62	(22.80)	(35.28)
Total Cost	401.76	416.87	(15.11)	(3.62)	839.14	783.33	55.81	7.12
Gross profit								
Gross Profit from sale of goods and rendering of services	101.09	86.51	14.58	16.85	204.16	151.55	52.61	34.72
Gross Profit (Loss) from construction contract	(3.72)	9.19	(12.91)	(140.48)	(0.84)	10.72	(11.56)	(107.84)
Total Gross profit	97.37	95.70	1.67	1.75	203.32	162.27	41.05	25.30
Other Income	2.79	10.73	(7.94)	(74.00)	7.15	26.41	(19.26)	(72.93)
Distribution costs	6.74	6.13	0.61	9.95	13.85	11.77	2.08	17.67
Administrative expense	39.19	48.28	(9.09)	(18.83)	86.05	88.99	(2.94)	(3.30)

Item	Consolidate financial statements for the 3-month ended		Change		Consolidate financial statements for the 6-month ended		Change	
	30 June 2024	30 June 2023			30 June 2024	30 June 2023		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Finance cost	12.84	6.62	6.22	93.96	23.80	13.52	10.28	76.04
Profit before income tax expenses	41.40	45.41	(4.00)	(8.83)	86.77	74.41	12.36	16.61
Income tax expenses	10.20	5.79	4.40	75.86	20.52	10.56	9.96	94.32
Profit for the period	31.20	39.62	(8.40)	(21.21)	66.25	63.85	2.40	3.761
Total comprehensive income for the period	31.20	39.62	(8.40)	(21.21)	66.25	63.85	2.40	3.76
Basic earnings per share (EPS) (THB per share)	0.04	0.05	(0.01)	(21.21)	0.09	0.09	0.00	3.76

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 6-month ended		Change	
	30 June 2024	30 June 2023			30 June 2024	30 June 2023		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Revenue								
Revenue from sale of goods and rendering of services	463.14	466.97	(3.83)	(0.82)	975.27	868.90	106.37	12.24
Revenue from construction contract	8.80	40.32	(31.52)	(78.17)	26.21	64.18	(37.97)	(59.16)
Total Revenue	471.94	507.29	(35.35)	(6.97)	1,001.48	933.08	68.40	7.33
Cost								
Cost of sale of goods and rendering of services	363.70	379.65	(15.95)	(4.20)	768.44	717.19	51.25	7.15
Costs of project construction	9.13	35.68	(26.55)	(74.41)	24.84	58.00	(33.16)	(57.17)
Total Cost	372.83	415.33	(42.50)	(10.23)	793.28	775.19	18.09	2.33
Gross profit								
Gross Profit from sale of goods and rendering of services	99.44	87.32	12.12	13.88	206.83	151.71	55.12	36.33

Item	Separate financial statements for the 3-month ended		Change		Separate financial statements for the 6-month ended		Change	
	30 June 2024	30 June 2023			30 June 2024	30 June 2023		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Gross Profit (Loss) from construction contract	(0.33)	4.64	(4.97)	(107.11)	1.37	6.18	(4.81)	(77.83)
Total Gross profit	99.11	91.96	7.15	7.78	208.20	157.89	50.31	31.86
Other Income	4.99	10.76	(5.77)	(53.62)	8.59	26.44	(17.86)	(67.52)
Distribution costs	5.99	6.09	(0.10)	(1.64)	12.31	11.73	0.58	4.94
Administrative expense	36.50	48.12	(11.62)	(24.15)	81.32	88.69	(7.37)	(8.31)
Finance cost	8.60	6.80	1.80	26.47	16.73	13.43	3.30	24.57
Profit before income tax expenses	53.01	41.71	11.30	27.09	106.43	70.48	35.95	51.01
Income tax expenses	10.38	5.30	5.08	95.85	20.50	9.98	10.52	105.41
Profit for the period	42.63	36.41	6.22	17.08	85.93	60.51	25.42	42.01
Total comprehensive income for the period	42.63	36.41	6.22	17.08	85.93	60.51	25.42	42.01
Basic earnings per share (EPS) (THB per share)	0.06	0.05	0.01	17.08	0.12	0.08	0.04	42.01

Summary of financial position

Item	Consolidate financial statements as of		Change		Separate financial statements as of		Change	
	30 June 2024	31 December 2023			30 June 2024	31 December 2023		
	THB Million	THB Million	THB Million	%	THB Million	THB Million	THB Million	%
Total assets	3,286.77	3,028.16	258.61	8.54	2,856.50	2,616.41	240.09	9.18
Total liabilities	1,829.79	1,637.43	192.36	11.75	1,386.24	1,232.09	154.15	12.51
Total equities	1,456.98	1,390.73	66.25	4.76	1,470.26	1,384.32	85.94	6.21

Summary of key financial ratios

Item	Unit	Consolidate financial statements		Separate financial statements	
		as of		as of	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
Cash Cycle	(Days)	87	78	89	80
Net profit margin	(percent)	6.31	6.57	8.51	6.31
Return on equity	(percent)	9.31	9.88	12.04	9.40
Return on assets	(percent)	4.20	4.65	6.28	4.63
Debt to equity ratio	(times)	1.26	1.22	0.94	1.03

Discussion and Analysis of financial position and performance (Consolidate financial statements) :

Operating results

■ Revenue from sale of goods and rendering of services.

For the 3-month period ended 30 June 2024, the Company's revenue from sales and services was THB 487.57 million, increased by 26.48 million or 5.74 percent YoY. For the 6-month period ended 30 June 2024, the Company's revenue from sales and services was THB 1,001.48 million, increased by 131.22 million or 15.08 percent YoY. This increase was due to a higher volume of work delivered compared to the same period of the previous year, driven by existing orders on hand.

■ Revenue from construction contract

For the 3-month and 6-month period ended June 2024, the Company had revenue earned by construction business in the amount of THB 11.56 million and 40.98 million, decreased by 39.92 million and 34.36 million or 77.54 and 45.61 percent YoY, respectively. The decrease was due to the completion of the 115 kV transmission line construction project between Nong Han High Voltage Substation (Electricity Generating Authority of Thailand) in Udon Thani Province and Sawang Daendin Substation in Sakon Nakhon Province, which was completed in the second quarter of 2023.

■ Other Income

For the 3-month period ended 30 June 2024, the Company's other income was THB 2.79 million decreased by THB 7.94 million or 74.00 percent YoY. For the 6-month period ended 30 June 2024, the Company's other income was THB 7.15 million decreased by THB 19.25 million or 72.93 percent YoY, which was mainly because in the first quarter of 2023 the company has a revenue from appeals for refund of fines for late delivery from installation of fiber optic cables and underground transmission lines.

■ **Cost of sale of goods and rendering of services**

For the 3-month period ended June 2024, the Company's cost of sale of goods and service was THB 386.48 million, increased by THB 11.90 million or 3.18 percent YoY. For the first 6-month period of 2024, the Company's cost of sale of goods and rendering service was THB 797.32 million, increased by THB 78.61 million or 10.94 percent YoY. This increase is consistent with the rise in revenue from sales and services compared to the previous year.

■ **Costs of project construction**

For the 3-month and 6-month period ended 30 June 2024, the company had project costs of THB 15.25 million and THB 41.82 million, respectively, decreased by 63.87 and 35.28 percent YoY, which was in line with the decrease in project revenue.

■ **Gross profit from operation**

For the 3-month period ended 30 June 2024, the Company's gross profit from operation was THB 97.37 million, increased by 1.67 percent YoY. For the 6-month period ended 30 June 2024, the Company's gross profit from operation was THB 203.32 million, increased by 25.30 percent YoY. This was mainly due to more efficient cost management of the company.

■ **Distribution costs**

For the 3-month period ended June 2024, the Company's distribution costs increased by THB 0.61 million or 9.95 percent YoY. In the first 6-month period of 2024, the Company's distribution costs increased by THB 2.08 million or a 17.67 percent YoY. The main reason for the increase was higher employee-related costs and increased in marketing and promotional expenses.

■ **Administrative expenses**

For the 3-month period ended 30 June 2024, the Company's administrative expense decreased by THB 9.09 million or 18.83 percent YoY. In the first 6-month period of 2024, the Company's administrative expense decreased by THB 2.94 million or 3.30 percent YoY. The primary reasons for the decrease were reductions in bad debts and doubtful accounts, employee-related expenses, and entertainment expenses.

■ **Financial Cost**

For the 3-month and 6-month period ended June 2024, the Company's financial cost increased by THB 6.22 million and THB 10.28 million or 93.96 percent and 76.04 percent, respectively. The increase was due to rising interest rates in 2024 and an increase in long-term borrowings from financial institutions.

■ **Net Profit**

For the 3-month period ended 30 June 2024, the Company's net profit was THB 31.20 million decreased by THB 8.43 million or 22.00 percent YoY. For the six-month period ended June 30, 2024, the Company recorded a net profit of THB 65.25 million, an increase of THB 2.43 million or 3.81 percent compared to the same period of the previous year.

Financial Position

■ Total Assets

The Company's total assets as of 30 June 2024 and 31 December 2023 were THB 3,286.77 million and THB 3,028.16 million, respectively. As of 30 June 2024, the Company's total assets had increased by THB 258.61 million, or 8.54 percent which mainly increased from Inventories, cash equivalents and work-in-process of the new factory of Siam Steel Wire Co., Ltd.

■ Total Liabilities

The Company's total liabilities as of 30 June 2024 and 31 December 2023 were THB 1,829.79 million and THB 1,637.43 million, respectively. The Company's total liabilities increased by THB 192.36 million, or 11.75 percent mainly increasing in long term loans from financial institutions, and trade accounts payable. The average debt payable period of 61 days is in accordance with the credit terms of the major suppliers of 30 – 90 days.

■ Shareholders' equity

The Company's shareholders' equities as of 30 June 2024 and 31 December 2023 were THB 1,456.98 million and THB 1,390.73 million, respectively. As of 30 June 2024, the Company's shareholders' equities has been increased by THB 66.25 million, due to a company's total comprehensive income for the period of THB 66.25 million for the 6-month period of 2024.

Financial Ratio

■ Cash Cycle

The Company's cash cycle in the first 6-month period of 2024 increased from 78 days to 87 days in the same period of the previous year. This increase was mainly due to a decreased in average payment period or Payable days of the company.

■ Net Profit Margin

The Company's net profit margin of the first 6-month period of 2024 and 2023 was 6.31 percent and 6.57 percent respectively, which is relatively consistent with the same period of the previous year.

Your Sincerely,

(Mr. Watchai Mongkolsrisawad)

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Chief Executive Officer