

Date 27 February 2024

Subject: Management's Discussion and Analysis for the Year 2023

To: Director and Manager  
The Stock exchange of Thailand

Siam Technic Concrete Public Company Limited and its subsidiaries (the "Company") reported the operating results for the year 2023, comparing with the results of the year 2022 and the year 2021 as follows:

Summary

List	Consolidated financial statements						Comparison to the same period			
	2023		2022		2021		2023/2022 (YOY)		2022/2021 (YOY)	
	Million baht	%	Million baht	%	Million baht	%	Million baht	Percentage	Million baht	Percentage
Income										
Revenue from sales and services	1,791.57	89.51	2,000.22	94.11	1,512.56	98.19	(208.65)	(10.43)	487.66	32.24
Revenue from construction projects	177.86	8.89	116.82	5.50	3.99	0.26	61.04	52.25	112.83	2,827.82
<b>Total Income</b>	<b>1,969.43</b>	<b>98.39</b>	<b>2,117.04</b>	<b>99.60</b>	<b>1,516.55</b>	<b>98.44</b>	<b>(147.61)</b>	<b>(6.97)</b>	<b>600.49</b>	<b>39.60</b>
Cost										
Cost of sales and services	1,452.00	81.05	1,690.09	84.50	1,260.61	83.34		(3.45)		1.15
Cost of construction projects	159.62	89.74	110.28	94.40	3.79	94.99		(4.66)		(0.59)
<b>Total cost</b>	<b>1,611.62</b>	<b>81.83</b>	<b>1,800.37</b>	<b>85.04</b>	<b>1,264.40</b>	<b>83.37</b>		<b>(3.21)</b>		<b>1.67</b>
Gross profit										
Gross profit from sales and services	339.57	18.95	310.13	15.50	251.95	16.66		3.45		(1.15)
Gross profit from construction projects	18.24	10.26	6.54	5.60	0.20	5.01		4.66		0.59
<b>Gross profit from operation</b>	<b>357.81</b>	<b>18.17</b>	<b>316.67</b>	<b>14.96</b>	<b>252.15</b>	<b>16.63</b>		<b>3.21</b>		<b>(1.67)</b>
Other income	32.13	1.61	8.44	0.40	23.96	1.56	23.69	280.69	(15.52)	(64.77)
Distribution costs	24.52	1.23	23.50	1.11	20.17	1.31		0.12		(0.20)
Administrative expenses	179.19	8.95	158.09	7.44	121.41	7.88		1.51		(0.44)
Financial cost	28.94	1.45	19.89	0.94	21.27	1.38		0.51		(0.44)
<b>Profit before income tax</b>	<b>157.29</b>	<b>7.86</b>	<b>123.63</b>	<b>5.82</b>	<b>113.26</b>	<b>7.35</b>		<b>2.04</b>		<b>(1.54)</b>
Income tax expenses	29.71	1.48	22.85	1.08	18.70	1.21		0.41		(0.14)
<b>Net profit for the year / period</b>	<b>127.58</b>	<b>6.37</b>	<b>100.78</b>	<b>4.74</b>	<b>94.57</b>	<b>6.14</b>		<b>1.63</b>		<b>(1.40)</b>
Other comprehensive income (loss) for the year	11.85	0.59	-	-	-	-		0.59		-
<b>Total comprehensive income (loss) for the year</b>	<b>139.43</b>	<b>6.97</b>	<b>100.78</b>	<b>4.74</b>	<b>94.57</b>	<b>6.14</b>		<b>2.22</b>		<b>(1.40)</b>
<b>Earnings per share (EPS) (Baht per share)</b>	<b>0.18</b>		<b>0.14</b>		<b>0.15</b>					

List	Separate financial statements						Comparison to the same period			
	2023		2022		2021		2023/2022 (YOY)		2022/2021 (YOY)	
	Million baht	%	Million baht	%	Million baht	%	Million baht	Percentage	Million baht	Percentage
Income										
Revenue from sales and services	1,845.06	91.68	1,993.44	94.09	1,512.56	98.19	(148.38)	(7.44)	480.88	31.97
Income from construction projects	134.86	6.70	116.82	5.51	3.99	0.26	18.04	15.44	112.83	2,827.82
<b>Total Income</b>	<b>1,979.92</b>	<b>98.38</b>	<b>2,110.26</b>	<b>99.60</b>	<b>1,516.55</b>	<b>98.44</b>	<b>(130.34)</b>	<b>(6.18)</b>	<b>593.71</b>	<b>39.15</b>
Cost										
Cost of sales and services	1,509.27	81.80	1,688.85	84.72	1,260.61	83.34		(2.92)		1.38
Cost of construction projects	120.84	89.60	110.28	94.40	3.79	94.99		(4.80)		(0.59)
<b>Total cost</b>	<b>1,630.11</b>	<b>82.33</b>	<b>1,799.13</b>	<b>85.26</b>	<b>1,264.40</b>	<b>83.37</b>		<b>(2.92)</b>		<b>1.88</b>
Gross profit										
Gross profit from sales and services	335.79	18.20	304.59	15.28	251.95	16.66		2.92		(1.38)
Gross profit from construction projects	14.02	10.40	6.54	5.60	0.20	5.01		4.80		0.59
<b>Gross profit from operation</b>	<b>349.81</b>	<b>17.67</b>	<b>311.13</b>	<b>14.74</b>	<b>252.15</b>	<b>16.63</b>		<b>2.92</b>		<b>(1.88)</b>
Other income	32.61	1.62	8.48	0.40	23.96	1.56	24.13	284.55	(15.48)	(64.61)
Distribution costs	23.72	1.18	23.50	1.11	20.17	1.31		0.07		(0.20)
Administrative expenses	176.84	8.79	157.69	7.44	121.25	7.87		1.34		(0.43)
Financial cost	28.81	1.43	19.76	0.93	21.27	1.38		0.50		(0.45)
<b>Profit before income tax</b>	<b>153.05</b>	<b>7.60</b>	<b>118.66</b>	<b>5.60</b>	<b>113.42</b>	<b>7.36</b>		<b>2.00</b>		<b>(1.76)</b>
Income tax expenses	28.40	1.41	21.51	1.02	18.70	1.21		0.40		(0.20)
<b>Net profit for the year / period</b>	<b>124.65</b>	<b>6.19</b>	<b>97.15</b>	<b>4.59</b>	<b>94.72</b>	<b>6.15</b>		<b>1.61</b>		<b>(1.56)</b>
Other comprehensive income (loss) for the year	11.85	0.59	-	-		-		0.59		-
<b>Total comprehensive income (loss) for the year</b>	<b>136.50</b>	<b>6.78</b>	<b>97.15</b>	<b>4.59</b>	<b>94.72</b>	<b>6.15</b>		<b>2.20</b>		<b>(1.56)</b>
<b>Earnings per share (EPS) (Baht per share)</b>	<b>0.17</b>		<b>0.13</b>		<b>0.15</b>					

Financial Position Summary

List	Consolidated financial statements as of		Change 31 Dec. 2023		Separate financial statements as at		Change 31 Dec. 2023	
	31 Dec. 2023	31 Dec. 2022			31 Dec. 2023	31 Dec. 2022		
	Million baht	Million baht	Million baht	Percentage	Million baht	Million baht	Million baht	Percentage
Total Assets	3,028.16	2,578.25	449.91	17.45	2,616.42	2,574.58	41.84	1.63
Total liabilities	1,637.43	1,308.09	329.34	25.18	1,232.10	1,307.91	(75.81)	(5.80)
Total Shareholders' Equity	1,390.73	1,270.16	120.57	9.49	1,384.32	1,266.67	117.65	9.29

Summary of key financial ratios

List	unit	Consolidated financial statements as of			Separate financial statements as at		
		31 Dec. 2023	31 Dec. 2022	31 Dec. 2021	31 Dec. 2023	31 Dec. 2022	31 Dec. 2021
Cash Cycle	(Day)	85.78	65.03	65.04	84.17	65.98	65.04
Net profit margin	(Percent)	6.37	4.74	6.14	6.19	4.59	6.15
Return on Equity	(Percent)	9.59	8.14	9.62	9.40	7.86	9.64
Return on Assets	(Percent)	4.55	4.14	4.62	4.80	3.98	4.61
Debt to Equity Ratio	(Time)	1.18	1.03	0.90	0.89	1.03	0.91

Explanation of Financial Position and Operating Results : (Consolidated Financial Statements)Performance

- Revenue from sales and services

During 2021-2023, the company had revenue from sales and services in the amount of 1,512.56 million baht, 2,000.22 million baht and 1,797.57 million baht respectively which increased from 2021 by 32.24% and decreased from 2022 by 10.43%.

For the year 2022, the revenue increased by 32.24% due to the COVID – 19 situation had been resolved, most of the projects of both government and private sectors returning to normal situation which increased the ability of company to generate more revenue.

However, in 2023, the revenue decreased by 10.43% because the amount of construction work has been relatively low compared to the previous year due to the delay in forming the new government.

#### ■ Revenue from construction projects

During 2021–2023, the Company had revenue earned by construction business in the amount of 3.99 million baht, 116.82 million baht and 177.86 million baht respectively, or equivalent to 0.26%, 5.50% and 8.89% of the total revenue of the company, respectively. For the year 2021, during the 1st and 3rd quarters, the Company still had no income from the construction business as it gained in 2020. However, the Company had signed a contract for the construction of a 115 kV transmission line, Contract No. Jor Por 112/2564, on October 18, 2021 with the Provincial Electricity Authority, contracting for the construction of 115 kV transmission lines at Sakon Nakhon 2 Power Station, Sakon Nakhon Province – Si Songkhram Power Station Nakhon Phanom Province. The project value is 97.97 million baht, excluding VAT. The revenue was recognized in December in the 4th quarter of 2021 with the working period of 1 year.

For 2022, the company had recognized revenue from the continuous 115 kV Transmission Line Construction project and also the new project acquired this year, that caused the revenue from construction projects highly increased from last year.

For the year 2023, the company has recognized revenue from 115kV Sawankhalok High Voltage Power Station (Electricity Generating Authority of Thailand)- Highway No. 101, km 102+052 in Sukhothai province, 115kV Transmission Line Construction Project at Nong Han High Voltage Substation (Electricity Generating Authority of Thailand), Udon Thani province – Sawang Daen Din Power Station Sakon Nakhon Province, and 115 kV Transmission Line Construction Project, Highway No. 3, Kilometer No. 397+750 (entrance to Wang Krachae Subdistrict Administrative Organization Road) to Laem Ngob Power Station, Trat Province. As a result, in 2023 the company recognized income from construction project quite high compared to the previous 2 years.

#### ■ Other income

Other income of the company consists of interest income, selling scrap iron, profit from asset sales, and income from rental. In year 2021–2023, the company had other income of 23.96 million baht, 8.44 million baht and 32.13 million baht, respectively, equal to 1.56% , 0.40% and 1.61% of the company's total revenue, respectively.

For 2022, the company's other income decreased by 15.52 million baht or 64.77% compared to the previous year, mainly due to lower profit from disposal of assets. And in 2021, there was some bad debts were repaid which was not occurred in 2022.

For 2023, the Company's other income increased by 23.69 million baht or 280.69% which was mainly from a revenue recognized from provision reversal and appeals for refund of fines for late delivery from installation of fiber optic cables and underground transmission lines.

#### ■ Cost of sales and services

Year 2021–2023, the company has cost of sales and services in the amount of 1,260.61 million baht, 1,690.09 million baht and 1,452.00 million baht which was equal to 83.34%, 84.50% and 81.05% of the total revenues from sales and services, respectively. In 2022, the higher cost of sales was mainly a result of higher raw material cost, for example, the steel wire and cement price have increased more than 10% and also the major transportation costs such as oil price. These changes in price has a serious impact on the cost of sales for the company. For the cost of sales in 2023, it is lower than last year due to more efficient cost management.

- Construction projects cost

Year 2021-2023, the company has project costs 3.79 million baht, 110.28 million baht and 159.62 million baht respectively, equal to 94.99%, 94.40% and 89.74% respectively.

- Gross profit

In 2021-2023, the Company has gross profit from sales and service in the amount of 251.95 million baht, 310.13 million baht and 339.57 million baht respectively, or equivalent to gross profit margin of 16.66%, 15.50% and 18.95% in each year, respectively.

The gross profit margin of year 2022 had slightly dropped from 16.66% in 2021 to 15.50% in 2022. This is because the cost of main raw materials and oil price has increased.

For 2023, the Company's gross profit margin increased from 15.50% in 2022 to 18.95% in 2023 due to the company has manage it costs with a better efficiency.

In 2021-2023, the Company has gross profit from construction business in the amount of 0.20 million baht, 6.54 million baht and 18.24 million baht respectively, or equivalent to gross profit margin of 5.01%, 5.60% and 10.26% in each year, respectively.

In 2021, the lower gross profit margin was due to the construction of the 115 kV transmission line, Sakon Nakhon 2 Electricity Station, Sakon Nakhon Province - Si Songkhram Electricity Station. Nakhon Phanom Province. The project's profit margin is approximately 5% since it is the beginning of the project.

In 2022, there is a gross profit margin from the previous project work that was started since 2021, which was the construction of the 115 kV transmission line, Sakon Nakhon 2 Electricity Station, Sakon Nakhon Province - Si Songkhram Electricity Station. Nakhon Phanom Province. In additional, the company has got the new construction project which was the construction of the 115 KV transmission line at Sawankhalok High Voltage Power Station (Electricity Generating Authority of Thailand)-Highway No. 101 Km. 102+052 in Sukhothai province.

For 2023, the gross profit margin from the construction of the 115 KV transmission line at Sawankhalok High Voltage Power Station (Electricity Generating Authority of Thailand)-Highway No. 101 Km. 102+052 in Sukhothai province, Construction of 115 KV Transmission Line at Nong Han High Voltage Station (Electricity Generating Authority of Thailand) Udon Thani – Sawang Daen Din Power Station, Sakon Nakhon Province and 115 KV Transmission Line Construction Project at Highway No. 3 Km. 397+750 (Entrance to Wang Krachae Subdistrict Administration Organization Road) Arrive at Laem Ngop Power Station, Trat Province.

- Distribution costs

The company had the distribution costs during 2021–2023 in the amount of 20.17 million baht, 23.50 million baht and 24.52 million baht, respectively. The company's main distribution costs were employee benefits expenses. The details of the changes in distribution costs in each period as follows:

List	Consolidated financial statements for the year ended					
	31 Dec. 2023		31 Dec. 2022		31 Dec. 2021	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Employee benefit expenses	16.84	68.68	16.95	72.13	15.30	75.86
Marketing expenses	3.26	13.30	1.87	7.96	1.63	7.88
Other expenses (1)	4.42	18.03	4.68	19.91	3.24	16.26
<b>Total distribution costs</b>	<b>24.52</b>	<b>100</b>	<b>23.50</b>	<b>100.00</b>	<b>20.17</b>	<b>100.00</b>

List	Separate financial statements for the year ended					
	31 Dec. 2023		31 Dec. 2022		31 Dec. 2021	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Employee benefit expenses	16.54	69.73	16.95	72.13	15.30	75.86
Marketing expenses	3.26	13.74	1.87	7.96	1.63	7.88
Other expenses (1)	3.92	16.53	4.68	19.91	3.24	16.26
<b>Total distribution costs</b>	<b>23.72</b>	<b>100</b>	<b>23.50</b>	<b>100.00</b>	<b>20.17</b>	<b>100.00</b>

Note: (1) Other expenses such as the purchase of tender envelopes for bidding, transportation cost, etc.

In 2022, the distribution costs had increased about 3.33 million baht or equivalent to 16.5%, mostly from employee benefit expenses.

For 2023, the Company's distribution costs increased 1.02 million baht or 4.34%, mostly comes from marketing expenses.

#### ■ Administrative expenses

The Company had administrative expenses during 2021-2023 in the amount of 121.41 million baht, 158.09 million baht and 179.19 million baht, respectively. The administrative expenses can be classified into employee benefit expenses, depreciation and amortization, bad debts and doubtful accounts receivable, and other expenses. The details of administrative expenses are as follows:

List	Consolidated financial statements for the year ended					
	31 Dec. 2023		31 Dec. 2022		31 Dec. 2021	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Employee benefit expenses	97.30	54.30	100.01	63.26	96.55	79.53
Depreciation and Amortization	8.24	4.60	8.35	5.28	7.36	6.06
(Reversal) Bad debts and doubtful accounts	37.46	20.91	14.85	9.39	(2.17)	(1.79)
Investment property impairment costs	(3.73)	(2.08)	-	-	(3.59)	(2.96)
Other expenses (1)	39.92	22.27	34.88	22.06	23.26	19.16
<b>Total administrative expenses</b>	<b>179.19</b>	<b>100</b>	<b>158.09</b>	<b>100.00</b>	<b>121.41</b>	<b>100.00</b>

List	Separate financial statements for the year ended					
	31 Dec. 2023		31 Dec. 2022		31 Dec. 2021	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Employee benefit expenses	96.74	54.70	100.01	63.43	96.55	79.53
Depreciation and Amortization	8.18	4.63	8.35	5.30	7.36	6.06
(Reversal) Bad debts and doubtful accounts	37.46	21.18	14.85	9.42	(2.17)	(1.79)
Investment property impairment costs	(3.73)	(2.11)	-	-	(3.59)	(2.96)
Other expenses (1)	38.19	21.60	34.48	21.87	23.10	19.16
<b>Total administrative expenses</b>	<b>176.84</b>	<b>100.00</b>	<b>157.69</b>	<b>100</b>	<b>121.25</b>	<b>100.00</b>

note: (1) Other expenses such as security expenses, transportation expenses, consulting fees, audit fees etc.

The administrative expenses in 2022 had increases in the amount of 36.68 million baht or equivalent to 30.21% increased compared to 2021. This is mainly from increased in bad debts and doubtful accounts receivable which were effected from Covid situation. However, the administrative expenses were 7.44% of total revenue which is a similar proportion to last year.

For 2023, the Company's administrative expenses increased by 21.10 million baht or an increase of 13.35% compared to 2022, mainly due to an increase in bad debts and doubtful accounts receivable from some customers who have been affected by delays in payments from the government sector.

#### ■ Financial cost

The company had financial costs during 2021–2023 in the amount of 21.27 million baht, 19.89 million baht and 28.94 million baht, respectively. The financial costs of the Company can be classified into 3 main categories: Interest expenses from borrowing money from financial institutions, Interest expenses from financial lease contracts and other financial costs.

The details of the company's financial costs are as follows:

List	Consolidated financial statements for the year ended					
	31 Dec. 2023		31 Dec. 2022		31 Dec. 2021	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Interest expenses from borrowing money from financial institutions	24.63	85.11	15.54	78.13	16.32	76.73
Interest expenses from financial lease contracts	1.44	4.98	2.41	12.12	3.30	15.51
Other financial costs	2.87	9.91	1.94	9.75	1.65	7.76
<b>Total cost of finance</b>	<b>28.94</b>	<b>100.00</b>	<b>19.89</b>	<b>100.00</b>	<b>21.27</b>	<b>100.00</b>

List	Separate financial statements for the year ended					
	31 Dec. 2023		31 Dec. 2022		31 Dec. 2021	
	Million baht	Percentage	Million baht	Percentage	Million baht	Percentage
Interest expenses from borrowing money from financial institutions	24.63	85.49	15.54	78.64	16.32	76.73
Interest expenses from financial lease contracts	1.44	5.00	2.41	12.20	3.30	15.51
Other financial costs	2.74	9.51	1.81	9.16	1.65	7.76
Total cost of finance	28.81	100.00	19.76	100.00	21.27	100.00

The main financial cost of the company is interest expenses by borrowing from financial institutions, which during the year 2021-2023, the average proportion of interest expenses from borrowing from financial institutions is approximately 79.99% of the total financial cost. In 2022, the interest expenses from borrowing money from financial institutions of the company has decreased in the amount of 0.78 million baht or around 4.78% when compared to the previous year, this is mainly due to the loan repayments.

In 2023, the Company's interest expenses from borrowing from financial institutions increased by 9.09 million baht, representing an increase of 58.49% because of the higher interest rates in 2023.

Interest expenses from financial lease contracts were proportional to the company's financial lease liabilities, which are mainly long-term leases of machinery and equipment used in the production of goods, long-term rental of trucks, pile drivers, cranes, and other vehicles, etc. In 2022, interest expenses from financial lease contracts decreased by 0.89 million baht or decreased by 26.97% compared to the previous year. In 2023, the company has interest expenses from financial lease contracts decreased by 0.97 million baht or equivalent to 40.25% compared to the previous year. The decrease each year was mainly due to the gradual repayment of debts under the Company's financial lease agreements.

#### ■ Net profit

The company had a net profit during 2021-2023 of 94.57 million baht, 100.78 million baht and 127.58 million baht, or equivalent to a net profit margin of 6.14%, 4.74% and 6.37%, respectively.

In 2022, net profit of the company has increased by 6.21 million baht, or approximately 6.57%, from the same period of the previous year. For 2023, the company's net profit increased by 26.80 million baht, approximately increased by 26.59 %, from the same period of previous year.

#### Financial position

#### ■ Total assets

As of December 31, 2023, the Company has total assets of 3,028.16 million baht, increase from the previous year of 2022 with total assets of 2,578.25 million baht or an increase of 17.45% which mainly increased from work-in-process of the new factory of Siam Steel Wire Co., Ltd., assets arising from construction contracts, and increased in inventories.



- Total liabilities

As of December 31, 2023, the company has total liabilities of 1,637.43 million baht which slightly increase from the previous year of 2022 with a total liabilities of 1,308.09 or an increase of 25.18% mainly due to an increasing in short-term loans from financial institutions and other current payables for work-in-process of the new factory of Siam Steel Wire Co., Ltd.

- Equity

The shareholders' equity of the company as of December 31, 2022 and 2023 were 1,270.16 million baht and 1,390.73 million baht, respectively. As of December 31, 2023, the company's shareholders' equity increased by 120.57 million baht from the total comprehensive income of the year 2023 of the Company amounted to 139.43 million baht, and a dividend payment of 18.85 million baht.

#### Financial ratio

- Cash Cycle

During 2021-2023, the Company has a cash cycle of around 65 days for 2021 and 2022, demonstrating efficient and consistent cash flow management. For 2023, there was 86 days cash cycle, an increase of 21 days from the previous year, mainly due to the increasing of the Company's average account receivable and inventory turnover period.

- Net profit margin

The company's net profit margin during 2021-2023 was 6.14%, 4.74% and 6.37%, respectively.

For the year 2022, the company's net profit margin was 4.74% which decreased from the same period last year due to the increasing in raw material costs such as cements, and steel wire. Moreover, the cost of transportation, such as oil, has also increased.

For the year 2023, the company's net profit margin was 6.37% which increase from the same period last year. This is because the company has better efficient cost management due to more efficiency in cost management of the company.

Best regards

sign \_\_\_\_\_

(Mr. Watchai Mongkolsrisawad)

Chief Executive Officer