

May 13, 2022

Subject : Management's Discussion and Analysis for the 1<sup>st</sup> quarter ending March 31, 2022,  
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 1<sup>st</sup> quarter for the three-month period ended March 31, 2022. 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 1<sup>st</sup> quarter period ending March 31, 2022 as follows:

### 1. Operating Results

Consolidated Statements of Comprehensive Income for the three-month period ended March 31, 2022 and 2021

Consolidated Financial Statements	The First quarter 2022		The First quarter 2021		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and services	523	98%	459	96%	64	14%
Construction services	13	2%	19	4%	(6)	(32%)
<b>Total Revenues</b>	<b>536</b>	<b>100%</b>	<b>478</b>	<b>100%</b>	<b>58</b>	<b>12%</b>
Costs of sales and services	446		390		56	14%
Costs of Construction services	11		14		(3)	(21%)
<b>Total Costs of Sales and Services</b>	<b>457</b>	<b>85%</b>	<b>404</b>	<b>85%</b>	<b>53</b>	<b>13%</b>
Sales and services gross profit	77		69		8	12%
Construction services gross profit	2		5		(3)	(60%)
<b>Total Gross Income</b>	<b>79</b>	<b>15%</b>	<b>74</b>	<b>15%</b>	<b>5</b>	<b>7%</b>
Other income	23	4%	35	7%	(12)	(34%)
Selling and administrative expenses	(97)	(18%)	(109)	(23%)	12	11%
<b>Profit (Loss) from Operations</b>	<b>5</b>	<b>1%</b>	<b>0</b>	<b>0%</b>	<b>5</b>	<b>100%</b>
Profit in associated companies on equity method	21	4%	13	3%	8	62%
Financial costs	(1)	(0%)	(1)	(0%)	0	0%
<b>Profit (Loss) before Income Tax</b>	<b>25</b>	<b>5%</b>	<b>12</b>	<b>3%</b>	<b>13</b>	<b>108%</b>
Income tax	(1)	(0%)	0	0%	(1)	(100%)
Equity in non – controlling interests in subsidiaries	(5)	(1%)	(4)	(1%)	(1)	(25%)
<b>Net Profit (Loss) attributable to the Company</b>	<b>19</b>	<b>3.54%</b>	<b>8</b>	<b>1.67%</b>	<b>11</b>	<b>148%</b>
<b>Net Profit (Loss) per share attributable to the Company (Baht)</b>	<b>0.031</b>		<b>0.013</b>		<b>0.018</b>	<b>148%</b>

## 1.1 Analysis of overall Operating Results

For the 1<sup>st</sup> quarter of the year 2022, the consolidated financial statements of the Company presented total revenues amounting to Baht 536 million, increased by 58 million baht or increased 12 percent from the same quarter of previous year. Such mainly change resulted from the increase in furniture product group and flood protection wall. 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. Even with the effect of the COVID-19 spreading situation but the Company believe that the revenues trend will be increasing.

### **Total Revenues**

For the 1<sup>st</sup> quarter of this year, the consolidated financial statements of the Company's presented total revenues amounting to 536 million baht, increased by 58 million baht or increased 12 percent. This was mainly resulted from the increase in furniture product group and flood protection wall. Total revenues in the 1<sup>st</sup> quarter of this year consisted of following income:

- Revenues from domestic sales of furniture, "LUCKY" Hi-tech Building System and flood protection wall totaling 522 million baht, increased by 63 million baht or increased 14 percent from the 1<sup>st</sup> quarter of previous year.

- Revenues from renewable energy business group totaling in this year 1 million baht, increased by 1 million baht or increased 100 percent from previous year.

- Revenues from domestic construction services of this year has 3 jobs amounting to 13 million baht, decreased by 6 million baht or decreased 32 percent from the 1<sup>st</sup> quarter of previous year.

### **Other Income**

The consolidated financial statements of the Company for the 1<sup>st</sup> quarter of this year presented other income decreasing from the 1<sup>st</sup> quarter of previous year by 12 million baht, or decreased 34 percent. Other income in the 1<sup>st</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 1<sup>st</sup> quarter of this year amounting to 457 million baht, increased by 53 million baht or increased 13 percent from the 1<sup>st</sup> quarter of previous year. For the ratio of total cost of sales to total revenue for the 1<sup>st</sup> quarter of year 2022 and the 1<sup>st</sup> quarter of year 2021 was equally 85 percent.

- The consolidated financial statements of the Company presented selling and administrative expenses of the 1<sup>st</sup> quarter of this year amounting to 97 million baht, decreased by 12 million baht or decreased 11 percent from the 1<sup>st</sup> quarter of previous year. This was mostly resulted from decreases of salary, welfare expenses, installation and transportation expenses. For the ratio of selling and administrative expenses to total revenues for the 1<sup>st</sup> quarter of year 2022 and the 1<sup>st</sup> quarter of year 2021 was 18 percent and 23 percent, respectively.

- The consolidated financial statements of the Company presented financial cost for the 1<sup>st</sup> quarter of this year amounting to 1 million baht, equal to the 1<sup>st</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 1<sup>st</sup> quarter of the year 2022 presented gross profit amounting to 79 million baht, increased by 5 million baht or increased 7 percent from the 1<sup>st</sup> quarter of previous year. The gross profit ratio for the 1<sup>st</sup> quarter of the year 2022 and the 1<sup>st</sup> quarter of the year 2021 was equally 15 percent.

## **Profit in associated companies on equity method**

- The consolidated financial statements of the Company of the profit in associated on equity method for the 1<sup>st</sup> quarter of the year 2022 presented profit amounting to 21 million baht, increased by 8 million baht or increased 62 percent from the 1<sup>st</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 1<sup>st</sup> quarter of the year 2022 and amounting to 8 million baht for the 1<sup>st</sup> quarter of the year 2021, increased by 11 million baht or increased 148 percent from previous year. This resulted from the increasing of income and the decreasing of sales costs and administrative expenses. for the Net profit ratio of the 1<sup>st</sup> quarter of the year 2022 was 3.54 percent and the 1<sup>st</sup> quarter of the year 2021 was 1.67 percent.

## 2. Financial positions

Statements of Financial positions as of March 31, 2022 and December 31, 2021

Consolidated financial statement	March 31, 2022		December 31, 2021		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Assets</b>						
Cash and cash equivalents	224	6%	250	7%	(26)	(10%)
Trade accounts receivable - net	235	7%	219	6%	16	7%
Inventories – net	363	10%	350	10%	13	4%
Other current assets	172	5%	155	4%	17	11%
<b>Total Current Assets</b>	<b>994</b>	<b>28%</b>	<b>974</b>	<b>27%</b>	<b>20</b>	<b>2%</b>
Investments	978	27%	962	27%	16	2%
Property, plant and equipment - net	1,479	42%	1,512	43%	(33)	(2%)
Other non - current assets	103	3%	90	3%	13	14%
Total Non - Current Assets	2,560	72%	2,564	73%	(4)	(0%)
<b>Total Assets</b>	<b>3,554</b>	<b>100%</b>	<b>3,538</b>	<b>100%</b>	<b>16</b>	<b>0%</b>
<b>Liabilities and Shareholders' Equity</b>						
Short-term loans from financial institutions	65	2%	65	2%	0	0%
Short-term loans from related company	60	2%	51	1%	9	18%
Long-term loans from financial institutions; due within 1 year	16	0%	15	0%	1	7%
Trade accounts payable	216	6%	207	6%	9	4%
Other current liabilities	175	5%	195	6%	(20)	(10%)
<b>Total Current Liabilities</b>	<b>532</b>	<b>15%</b>	<b>533</b>	<b>15%</b>	<b>(1)</b>	<b>(0%)</b>
Long-term loans from financial institutions	0	0%	1	0%	(1)	(100%)
Employee benefits obligation	53	2%	52	2%	1	2%
Other non - current liabilities	108	3%	109	3%	(1)	(1%)
Total Non - Current Liabilities	161	5%	162	5%	(1)	(1%)
Total Liabilities	693	20%	695	20%	(2)	(0%)
Shareholders' equity to the Company's	2,640	74%	2,622	74%	18	1%
Shareholders' equity non-controlling interests' equity	221	6%	221	6%	0	0%
Total Shareholders' equity	2,861	80%	2,843	80%	18	1%
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,554</b>	<b>100%</b>	<b>3,538</b>	<b>100%</b>	<b>16</b>	<b>0%</b>

## **2.1 Analysis of the financial position of the Company and its subsidiaries as at March 31, 2022 and December 31, 2021**

### **Total Assets**

As at the end of the 1<sup>st</sup> quarter of the year 2022, the consolidated financial statements of the Company presented total assets amounting to 3,554 million baht, increased by 16 million baht from the end of December 31, 2021. This was mainly increasing from the trade account receivable, other current assets and investments.

The structure of Total assets presented in the consolidated financial statements of the Company as at the end of the 1<sup>st</sup> quarter of this year consisted of cash and cash equivalents 6 percent, trade accounts receivable 7 percent, net inventories 10 percent and other current assets 5 percent, investments in associated companies and other companies 27 percent, Property, plant and equipment 42 percent and other non-current assets 3 percent. Whereby the structure of total assets at the end of previous year consisted of cash and cash equivalents 7 percent, trade accounts receivable 6 percent, net inventories 10 percent and other current assets 4 percent, investments in associated companies and other companies 27 percent, property, plant and equipment 43 percent and other non-current assets 3 percent.

- Cash and cash equivalents at the end of the 1<sup>st</sup> quarter of the year 2022 was 224 million baht, decreased from the end of previous year by 26 million baht, as follow:

Cash from operating activities was 30 million baht. This mostly from increasing of the repayment of other current receivables-general companies and pay off the liabilities of agreement.

Cash used for investing activities was 4 million baht. This mostly gained from dividend.

Cash used for financing activities was 0 million baht. This mostly gained from short-term loans of related company and used for dividend payment.

- Trade accounts receivable at the end of the 1<sup>st</sup> quarter of the year 2022 was 235 million baht, increased from the end of previous year of 16 million baht. The balance of trade accounts receivable at the end of the 1<sup>st</sup> quarter of the year 2022 of which separated as 84 percent of such accounts receivable was not yet due, 13 percent of accounts receivable was overdue less than 3 months and 3 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 1<sup>st</sup> quarter of this year, balance of allowance for doubtful account was 4 million baht. Receivable turnover rate at the end of the 1<sup>st</sup> quarter of the year 2022 was 7.89 times and at the end of previous year was 7.83 times. Average debt collection at the end of the 1<sup>st</sup> quarter of the year 2022 was 46 days and at the end of previous year was 47 days. Receivable turnover was increased and average debt collection period was decrease because the average of receivable at the end of the 1<sup>st</sup> quarter of this year was decreased and the revenue was increased.

- Inventories balance at the end of the 1<sup>st</sup> quarter of the year 2022 was 363 million baht, increased by 13 million baht or increased 4 percent from the end of previous year. Mostly increased from furniture products group and renewable energy products group. The inventory turnover rate at the end of the 1<sup>st</sup> quarter of the year 2022 was 4.31 times, and was 5.02 times at the end of previous year. The decreasing from previous year caused by the increasing in the average inventory value.

- Other current assets as of the end of the 1<sup>st</sup> quarter of the year 2022 was 172 million baht, increased by 17 million baht or increased 11 percent from previous year. This increase was mainly resulted from the other current receivables-general companies and other current assets.

- Investments at the end of the 1<sup>st</sup> quarter of the year 2022 were 978 million baht, increased by 16 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 1<sup>st</sup> quarter of the year 2022 was 1,479 million baht, decreased by 33 million baht or decreased 2 percent from the end of previous year. Mostly assets were property, plant and equipment in furniture business and from investment in renewable energy business of building and machines in Surat Thani and Uthai Thani province that gradually depreciate in year 2021.

### **Total liabilities**

As at the end of the 1<sup>st</sup> quarter of this year, the consolidated financial statements of the Company presented total liabilities of 693 million baht, decreased by 2 million baht or decreased 0 percent from the previous year. Mostly decreased from other current liabilities.

- As at the end of the 1<sup>st</sup> quarter of this year, short-term loan from financial institution was 65 million baht. Mostly are the promissory note of the subsidiary company for the operation.

- As at the end of the 1<sup>st</sup> quarter of this year, short-term loan from related companies was 60 million baht, increased by 9 million baht or increased 18 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 and has been partially payment in the 1<sup>st</sup> quarter of this year.

- As at the end of the 1<sup>st</sup> quarter of this year, other current liabilities was 175 million baht, decreased by 20 million baht or decreased 10 percent from previous year. This mostly caused by liabilities arising from the advance payment of bathroom pods business group.

- As at the end of the 1<sup>st</sup> quarter of this year, long-term loan from financial institution was no balance. This caused by the repayment of the indirect subsidiary of the Company for long term loan from financial institution. The remaining balance is due within 1 year.

- As at the end of the 1<sup>st</sup> quarter of this year, other non-current liabilities was 108 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 1<sup>st</sup> quarter of this year, the consolidated financial statements of the Company presented the shareholders' equity of 2,861 million baht, as at the end of previous year was 2,843 million baht, increased by 18 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 1<sup>st</sup> quarter of this year was 4.82 baht per share, the end of previous year 4.79 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 three-month period ended March 31, 2022

<b>Consolidated financial statements</b>	<b>Unit : Million Baht</b>
Net cash from (used for) operating activities	(30)
Net cash from (used for) investing activities	4
Net cash from (used for) in financing activities	0
<b>Increase (Decrease) in cash and cash equivalents - net</b>	<b>(26)</b>
Cash and cash equivalents at beginning of period	<b>250</b>
<b>Cash and cash equivalents at end of period</b>	<b>224</b>

Liquidity of the consolidated financial statement of the Company as at the end of the 1<sup>st</sup> quarter of this year, the Company held cash amounting to 224 million baht, 250 million baht at the end of previous year. Cash flow decreased by 26 million baht, this was related to:

- Cash flow from operating activities was 30 million baht. This mostly resulted from increasing of repayment of other current receivables-general companies amounting to 20 million baht, increasing of other current assets amounting to 12 million baht and pay off the liabilities of agreement amounting to 16 million baht.

- Cash flow gained from investing activities was 4 million baht. This mostly gained from dividend amounting to 5 million baht.

- Net Cash flow used for financing activities was 0 million baht which gained from short-term loans of related company amounting to 9 million baht, dividend payment amounting to 5 million baht and pay off the liabilities of lease agreement amounting to 3 million baht.

The current ratio was decreased from 1.83 times as at the end of previous year to 1.87 times as at the end of the 1<sup>st</sup> quarter of this year. The quick ratio was decreased from 0.88 times as at the end of previous year to 0.86 times as at the end of the 1<sup>st</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 1<sup>st</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 equity ratio, Showing 0.24 times at the end of previous year and at the end of the 1<sup>st</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 local political 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 order will also be reduced.

#### **Foreign market**

There was shrunken in foreign market because the Covid-19 is not ease up, the purchase order may be reduced.

#### **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 strengthens 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