

August 13, 2021

Subject : Management's Discussion and Analysis for the 2nd quarter ending June 30, 2021,
Change 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, 2021. It is noted that the change in net profit (loss) was over than 20% compared with the previous year. The Company would explain in the Management's Discussion and Analysis for the 2nd quarter period ending June 30, 2021 as follows:

1. Operating Results

Consolidated Statements of Comprehensive Income for the three-month period ended June 30, 2021 and 2020

Consolidated Financial Statements	The Second quarter 2021		The Second quarter 2020		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and services	406	96%	418	94%	(12)	(3%)
Construction services	16	4%	26	6%	(10)	(38%)
Total Revenues	422	100%	444	100%	(22)	(5%)
Costs of sales and services	353		320		33	10%
Costs of Construction services	14		19		(5)	(26%)
Total Costs of Sales and Services	367	87%	339	76%	28	8%
Sales and services gross income	53		98		(45)	(46%)
Construction services gross income	2		7		(5)	(71%)
Total Gross Income	55	13%	105	24%	(50)	(48%)
Other income	16	4%	15	3%	1	7%
Selling and administrative expenses	(92)	(22%)	(102)	(23%)	10	10%
Profit (Loss) from Operations	(21)	(5%)	18	4%	(39)	(217%)
Profit in associated companies on equity method	4	1%	(4)	(1%)	8	200%
Finance costs	(1)	(0%)	(5)	(1%)	4	80%
Profit (Loss) before Income Tax	(18)	(4%)	9	2%	(27)	(300%)
Income tax	1	0%	(1)	(0%)	2	200%
Profit (loss) from discontinued operation	0	0%	11	2%	(11)	(100%)
Equity in non - controlling interests in subsidiaries	1	0%	(11)	(2%)	12	109%
Net Profit (Loss) attributable to the Company	(16)	(3.79%)	8	1.80%	(24)	(290%)
Net Profit (Loss) per share attributable to the Company (Baht)	(0.026)		0.014		(0.040)	(290%)

1.1 Analysis of overall Operating Results

For the 2nd quarter of the year 2021, the consolidated financial statements of the Company presented total revenues amounting to Baht 422 million, decreased by Baht 22 million or decreased 5 percent from same quarter of previous year. Such change resulted from the decrease in sales volume of renewable energy business and domestic construction service. 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 in the 1st - 3rd quarter but the Company believe that the revenues trend will be increasing.

Total Revenues

For the 2nd quarter of this year, the consolidated financial statements of the Company's presented total revenues amounting to Baht 422 million, decreased by Baht 22 million or decreased 5 percent. This was mainly resulted from the decrease of renewable energy business and domestic construction services. 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 Baht 406 million, decreased by Baht 12 million or decreased 3 percent from the 2nd quarter of previous year.

- Revenues from renewable energy groups, decreased by Baht 51 million or decreased 100 percent from the 2nd quarter of previous year.

- Revenues from domestic construction services of this year has three jobs amounting to Bath 16 million, decreased by Baht 10 million or decreased 38 percent from the 2nd quarter of previous year. Revenues from domestic construction services decreased from previous year by one job is in the initial stage of construction.

Other Income

The consolidated financial statements of the Company for the 2nd quarter of this year presented other income increasing from the 2nd quarter of previous year by Baht 1 million, or increased 7 percent. Other income in the 2nd quarter of this year were mainly from dividends and rents.

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 Baht 367 million, increased by Baht 28 million or increased 8 percent from the 2nd quarter of previous year. The ratio of total cost of sales to total revenue for the 2nd quarter of year 2021 and the 2nd quarter of year 2020 was 87 percent and 76 percent, respectively. This was mostly resulted from the decreasing of total revenues and the increasing of the raw material (steel) pricing.

- The consolidated financial statements of the Company presented selling and administrative expenses of the 2nd quarter of this year amounting to Baht 92 million, decreased by Baht 10 million or decreased 10 percent from the 2nd quarter of previous year. This was mostly resulted from decreases of salary and welfare expenses. The ratio of selling and administrative expenses to total revenues for the year 2021 in the 2nd quarter and year 2020 in the 2nd quarter was 22 percent and 23 percent, respectively.

- The consolidated financial statements of the Company presented finance cost for the 2nd quarter of this year amounting to Baht 1 million, decreased by Baht 4 million from the 2nd quarter of previous year. This was resulted from the interest expenses of loans from domestic financial institutions for the construction of solar cell farm in Japan which invested by Bangphra Green Energy Company Limited, an indirect subsidiary of the Company.

Gross Profit

- The consolidated financial statements of the Company for the 2nd quarter of the year 2021 presented gross profit amounting to Baht 55 million, decreased by Baht 50 million or decreased 48 percent from the 2nd quarter of previous year. The gross profit ratio for the 2nd quarter of the year 2021 and the 2nd quarter of the year 2020 was 13 percent and 24 percent, respectively. This was mostly resulted from the decreasing of total revenues and the increasing of the raw material (steel) pricing.

Profit (loss) from discontinued operation

- As a result of Bangphra Green Energy Company Limited, an indirect subsidiary of the Company sold the investment of solar cell farm in Japan in the 4th quarter of the year 2020, the Company has no profit from this discontinued operation in the 2nd quarter of the year 2021.

Equity in non - controlling interests in subsidiaries

- The consolidated financial statements of the Company for the 2nd quarter of the year 2021 presented the Equity in non - controlling interests in subsidiaries amounting to Baht 1 million, increased by Baht 12 million or increased 109 percent from the 2nd quarter of previous year.

Net Profit (Loss)

- The consolidated financial statements of the Company presented net loss amounting to Baht 16 million for the 2nd quarter of the year 2021, and net profit amounting to Baht 8 million for the 2nd quarter of the year 2020. Net profit (loss) of this year decreased from previous year by Baht 24 million or decreased by 290 percent. This resulted from the decreasing of other income and the increasing of costs of sales from the 2nd quarter of previous year. Net profit (loss) ratio for the 2nd quarter of the year 2021 was 3.79 percent, the net profit ratio for the 2nd quarter of the year 2020 was 1.80 percent.

2. Financial positions

Statements of Financial positions as at June 30, 2021 and December 31, 2020

Consolidated financial statement	June 30, 2021		December 31, 2020		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Cash and cash equivalents	326	9%	461	13%	(135)	(29%)
Trade accounts receivable - net	159	5%	224	6%	(65)	(29%)
Inventories – net	295	9%	242	7%	53	22%
Other current assets	144	4%	216	6%	(72)	(33%)
Total Current Assets	924	27%	1,143	32%	(219)	(19%)
Investments	916	26%	893	24%	23	3%
Property, plant and equipment - net	1,542	45%	1,546	42%	(4)	(0%)
Other non - current assets	84	2%	85	2%	(1)	(1%)
Total Non - Current Assets	2,542	73%	2,524	68%	18	1%
Total Assets	3,466	100%	3,667	100%	(201)	(5%)
Liabilities and Shareholders' Equity						
Short-term loans from financial institutions	40	1%	40	1%	0	0%
Short-term loans from related company	48	1%	65	2%	(17)	(26%)
Long-term loans from financial institutions; due within 1 year	15	1%	16	0%	(1)	(6%)
Trade accounts payable	221	6%	206	6%	15	7%
Other current liabilities	151	4%	251	7%	(100)	(40%)
Total Current Liabilities	475	13%	578	16%	(103)	(18%)
Long-term loans from financial institutions	4	0%	70	2%	(66)	(94%)
Employee benefits obligation	54	2%	52	1%	2	4%
Other non - current liabilities	105	3%	99	3%	6	6%
Total Non - Current Liabilities	163	5%	221	6%	(58)	(26%)
Total Liabilities	638	18%	799	22%	(161)	(20%)
Shareholders' equity to the Company's	2,611	76%	2,649	72%	(38)	(1%)
Shareholders' equity non-controlling interests' equity	217	6%	219	6%	(2)	(1%)
Total Shareholders' equity	2,828	82%	2,868	78%	(40)	(1%)
Total Liabilities and Shareholders' Equity	3,466	100%	3,667	100%	(201)	(5%)

2.1 Analysis of the financial position of the Company and its subsidiaries as at June 30, 2021 and December 31, 2020

Total Assets

As at the end of the 2nd quarter of the year 2021, the consolidated financial statements of the Company presented total assets amounting to Baht 3,466 million, decreased by Baht 201 million or decreased 5 percent from the end of December 31, 2020. This was mainly from the decrease in cash and cash equivalents, net trade accounts receivable including the other current assets.

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 9 percent, trade accounts receivable 5 percent, net inventories 9 percent and other current assets 4 percent, investment in associated companies and other companies 26 percent, property, plant and equipment 45 percent and other non-current assets 2 percent. Whereby total assets at the end of previous year consisted of cash and cash equivalents 13 percent, trade accounts receivable 6 percent, net inventories 7 percent and other current assets 6 percent, investment in associated companies and other companies 24 percent, property, plant and equipment 42 percent and other non-current assets 2 percent.

- Cash and cash equivalents at the end of the 2nd quarter of the year 2021 was Baht 326 million, decreased from the end of previous year by Baht 135 million, as follow:

Cash from operating activities was Baht 18 million. This mostly from the repayment of other current receivables-general companies and trade accounts receivable from construction work. .

Cash used for investing activities was Baht 31 million. This mostly used for construction and machinery at Surat Thani for expand investment in renewable energy and the investments in associated company's ordinary shares.

Cash used for financing activities was Baht 122 million. This mostly derived from short-term loans of related company, long term loan of financial institution and the payment for dividend.

- Trade accounts receivable at the end of the 2nd quarter of the year 2021 was Baht 159 million, decreased from the end of previous year of Baht 65 million. The balance of trade accounts receivable at the end of the 2nd quarter of the year 2021 of which 90% of such receivable was not yet due, 6% was overdue less than 3 months and 4% 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 Baht 5 million. Receivable turnover rate at the end of the 2nd quarter of the year 2021 was 8.46, 7.02 at the end of previous year. Average debt collection at the end of the 2nd quarter of the year 2021 was 43 days, end of previous year was 52 days. Receivable turnover was increased and average debt collection period was decrease because the revenue decreased and the average of receivable at the end of the 2nd quarter of this year was decreased.

- Inventories balance at the end of the 2nd quarter of the year 2021 was Baht 295 million, increased by Baht 53 million or increased 22 percent from the end of previous year. Mostly increased from raw material(steel) and products of furniture. The inventory turnover rate at the end of the 2nd quarter of the year 2021 was 5.26, and was 6.03 at the end of previous year. The decreasing from previous year caused by the increasing in the average inventory value.

- Other current assets as at the end of the 2nd quarter of the year 2021 was Baht 144 million, decreased by Baht 72 million or decreased 33 percent from previous year. This was mainly resulted from the other current receivables-general companies, trade accounts receivable from construction work and advance payment for purchase inventory of bathroom pod.

- Investments at the end of the 2nd quarter of the year 2021 were Baht 916 million, increased by Baht 23 million or increased 3 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 2nd quarter of the year 2021 was Baht 1,542 million, decreased by Baht 4 million or decreased 0 percent from the end of previous year. Mostly resulted from property, plant and equipment for furniture business including with the buildings and machines for expansion of biomass production business in Surat Thani and the construction for model of prefabricated houses in the Modular Construction & Housing Project

Total liabilities

As at the end of the 2nd quarter of this year the consolidated financial statements of the Company presented total liabilities of Baht 638 million, decreased by Baht 161 million or decreased 20 percent. Mostly decreased from other current liabilities and long-term loans from financial institutions.

- As at the ended of the 2nd quarter of this year, short term loan from financial institutions was Baht 40 million. Most are the promissory note of the subsidiary company for the operation.

- As at the ended of the 2nd quarter of this year, short term loan from related companies was Baht 48 million, decreased by Baht 17 million or decreased 26 percent from previous year. Most are loans of companies in the renewable energy 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 1st and 2nd quarter of this year.

- As at the ended of the 2nd quarter of this year, other current liabilities was Baht 151 million, decreased by Baht 100 million or decreased 40 percent from previous year. Caused by liabilities arising from the advance payment of bathroom pods group and the payment for accrued expense.

- As at the ended of the 2nd quarter of this year, long term loan from financial institution was Baht 4 million, decreased by Baht 66 million. Caused by the repayment of the indirect subsidiary of the Company for long term loan from financial institution.

- As at the ended of the 2nd quarter of this year, other non-current liabilities was Baht 105 million. This was mainly resulted from the recognition of the liabilities according to the lease agreement for car and the land for operation in relation with the IFRS 16 Leases, which effected from the year 2020.

Shareholders' equity

At the ended of the 2nd quarter of this year, the consolidated financial statements of the Company presented the shareholders' equity of Baht 2,828 million, as at the ended of previous year was Baht 2,868 million, decreased by Baht 40 million. The causes are the group of the Company has net loss in the 2nd quarter of this year and the payment for the dividend in the last year.

Book value as at the ended of the 2nd quarter of this year was Baht 4.77 per share, end of previous year Baht 4.84 per share, decreased by Baht 0.07 per share.

2.2 Liquidity and significant financial ratios

Statements of Cash flows for the six-month period ended June 30, 2021

Consolidated financial statements	Unit : Million Baht
Net cash from (used for) operating activities	18
Net cash from (used for) investing activities	(31)
Net cash from (used for) in financing activities	(122)
Increase (Decrease) in cash and cash equivalents - net	(135)
Cash and cash equivalents at beginning of period	461
Cash and cash equivalents at end of period	326

Liquidity of the consolidated financial statement of the Company as at the end of the 2nd quarter of this year, the Company held cash amounting to Baht 326 million, Baht 461 million at the end of previous year. Cash flow decreased by Baht 135 million, this was related to:

- Cash from operating activities was Baht 18 million. This mostly resulted from repayment of other current receivables-general companies amounting to Baht 47 million and trade accounts receivable from construction work amounting to Baht 56 million.

- Cash used for investing activities was Baht 31 million. This mostly used for construction and machinery at Surat Thani for expand investment in renewable energy amounting to Baht 42 million and investments in associated company's ordinary shares amounting to Baht 26 million.

- Cash used for financing activities was Baht 122 million. This mostly derived from short-term loans of related company amounting to Baht 22 million, long-term loans of financial institutions amounting to Baht 67 million and the payment for dividend amounting to Baht 30 million.

The current ratio was decreased from 1.98 times as at the end of previous year to 1.95 times as at the end of the 2nd quarter of this year. The quick ratio was decreased from 1.19 times as at the end of previous year to 1.02 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 equity ratio, showing 0.28 times at the end of previous year to 0.23 times at the end of the 2nd quarter of this year. The debt to equity ratio as at the end of the 2nd quarter of this year was decreased from the end of previous year, this was effect from the amount of total liabilities decreased from the end of the previous 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