

February 29, 2024

Subject : Management's Discussion and Analysis for year ended December 31, 2023,
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 year ended December 31, 2023. 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 year ended December 31, 2023 as follows:

1. Operating Results

Consolidated Statements of Comprehensive Income for the year ended December 31, 2023 and 2022

Consolidated Financial Statements	For year ended December 31, 2023		For year ended December 31, 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Sales and services	2,085	93%	1,812	94%	273	15%
Construction services	161	7%	107	6%	54	50%
Total Revenues	2,246	100%	1,919	100%	327	17%
Costs of sales and services	1,747		1,590		157	10%
Costs of Construction services	203		99		104	105%
Total Costs of Sales and Services	1,950	87%	1,689	88%	261	15%
Sales and services gross profit	338		222		116	52%
Construction services gross profit	(42)		8		(50)	(625%)
Total Gross Profit	296	13%	230	12%	66	29%
Other income	115	5%	88	5%	27	31%
Selling and administrative expenses	(451)	(20%)	(433)	(23%)	(18)	(4%)
Profit (Loss) from Operations	(40)	(2%)	(115)	(6%)	75	65%
Profit in associated companies on equity method	90	4%	66	3%	24	36%
Financial costs	(6)	(0%)	(4)	(0%)	(2)	(50%)
Profit (Loss) before Income Tax	44	2%	(53)	(3%)	97	183%
Income tax	(4)	(0%)	0	0%	(4)	(100%)
Equity in non – controlling interests in subsidiaries	(5)	(0%)	(1)	(0%)	(4)	(400%)
Net Profit (Loss) attributable to the Company	35	1.56%	(54)	(2.81%)	89	165%
Net Profit (Loss) per share attributable to the Company (Baht)	0.060		(0.091)		0.151	165%

1.1 Analysis of overall Operating Results

For the fiscal year ended December 31, 2023, the consolidated financial statements of the Company presented total revenues amounting to 2,246 million baht, increased by 327 million baht or increased 17 percent from the same quarter of previous year. Such mainly change resulted from the increase in flood protection wall, renewable energy business group and domestic construction services. 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 fiscal year ended December 31, 2023, the consolidated financial statements of the Company's presented total revenues amounting to 2,246 million baht, increased by 327 million baht or increased 17 percent. This was mainly resulted from the increase in flood protection wall, renewable energy business group and domestic construction services. Total revenues in this year consisted of following income:

- Revenues from domestic sales of furniture, "LUCKY" Hi-tech Building System group and flood protection wall totaling 1,953 million baht, increased by 194 million baht or increased 11 percent from the previous year.

- Revenues from renewable energy business group totaling in this year 132 million baht, increased by 79 million baht or increased 149 percent from previous year.

- Revenues from domestic construction services of this year has 3 jobs amounting to 161 million baht, increased by 54 million baht or increased 50 percent from the previous year.

Other Income

The consolidated financial statements of the Company for the 1-year period ending at December 31, 2023 presented other income increasing from the previous year by 27 million baht, or increased 31 percent. Other income in 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-year period ending at December 31, 2023 amounting to 1,950 million baht, increased by 261 million baht or increased 15 percent from the previous year, increased from the increased income and construction costs that are not according to plan, as well as material price adjustments. For the ratio of total cost of sales to total revenue for the year 2023 and the year 2022 was 87 percent and 88 percent, respectively.

- The consolidated financial statements of the Company presented selling and administrative expenses for 1-year period ending December 31, 2023 amounting to 451 million baht, increased by 18 million baht or increased 4 percent from the previous year. This was mostly resulted from increasing of salary, welfare expenses and selling expenses of “LUCKY” Hi-tech Building System group and furniture product group. For the ratio of selling and administrative expenses to total revenues for the year 2023 and the year 2022 was 20 percent and 23 percent, respectively.

- The consolidated financial statements of the Company presented financial cost for the 1-year period ending at December 31, 2023 amounting to 6 million baht, increased by 2 million baht from the 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-year period ending at December 31, 2023 presented gross profit amounting to 296 million baht, increased by 66 million baht or increased 29 percent from the previous year. The gross profit ratio for the 1-year period ending at December 31, 2023 and year 2022 was 13 percent and 12 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 1-year period ending at December 31, 2023 presented profit amounting to 90 million baht, increased by 24 million baht or increased 36 percent from the 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 for the 1-year period ending at December 31, 2023 presented net profit amounting to 35 million baht, and net loss amounting to 54 million baht for the year 2022, net profit increased by 89 million baht or increased 165 percent from previous year. This resulted from the increasing of total revenues. For the net profit ratio of the year 2023 was 1.56 percent and the Net loss ratio of the year 2022 was 2.81 percent.

2. Financial positions

Statements of Financial positions as of December 31, 2023 and December 31, 2022

Consolidated financial statement	December 31, 2023		December 31, 2022		Change	
	Million Baht	%	Million Baht	%	Million Baht	%
Assets						
Cash and cash equivalents	356	10%	280	8%	76	27%
Trade accounts receivable - net	209	6%	207	6%	2	1%
Inventories – net	319	9%	310	9%	9	3%
Other current assets	163	4%	184	5%	(21)	(11%)
Total Current Assets	1,047	29%	981	28%	66	7%
Investments	1,067	29%	1,006	29%	61	6%
Property, plant and equipment - net	1,379	38%	1,406	40%	(27)	(2%)
Other non - current assets	157	4%	101	3%	56	55%
Total Non - Current Assets	2,603	71%	2,513	72%	90	4%
Total Assets	3,650	100%	3,494	100%	156	4%
Liabilities and Shareholders' Equity						
Short-term loans from financial institutions	50	1%	63	2%	(13)	(21%)
Short-term loans from related company	129	4%	101	3%	28	28%
Long-term loans from financial institutions; due within 1 year	14	0%	10	0%	4	40%
Trade accounts payable	277	8%	193	6%	84	44%
Other current liabilities	175	5%	178	5%	(3)	(2%)
Total Current Liabilities	645	18%	545	16%	100	18%
Employee benefits obligation	55	1%	48	1%	7	15%
Other non - current liabilities	140	4%	108	3%	32	30%
Total Non - Current Liabilities	195	5%	156	4%	39	25%
Total Liabilities	840	23%	701	20%	139	20%
Shareholders' equity to the Company's	2,591	71%	2,576	74%	15	1%
Shareholders' equity non-controlling interests' equity	219	6%	217	6%	2	1%
Total Shareholders' equity	2,810	77%	2,793	80%	17	1%
Total Liabilities and Shareholders' Equity	3,650	100%	3,494	100%	156	4%

2.1 Analysis of the financial position of the Company and its subsidiaries as at December 31, 2023 and December 31, 2022

Total Assets

As at December 31, 2023, the consolidated financial statements of the Company presented total assets amounting to 3,650 million baht, increased by 156 million baht from the end of December 31, 2022. This was mainly increasing from cash and cash equivalents and investments.

The structure of Total assets presented in the consolidated financial statements of the Company as at the end of this year consisted of cash and cash equivalents 10 percent, net 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. Whereby the structure of total assets at the end of previous year consisted of cash and cash equivalents 8 percent, net trade accounts receivable 6 percent, net inventories 9 percent and other current assets 5 percent, investments in associated companies and other companies 29 percent, property, plant and equipment 40 percent and other non-current assets 3 percent.

- Cash and cash equivalents at the end of the year 2023 was 356 million baht, increased from the end of previous year by 76 million baht, as follow:

Cash from operating activities was 99 million baht. This mostly from increasing of trade account payable – general companies and other current accounts receivable – general companies decreased from debt repayment.

Cash received and used for net investing activities was 0 million baht. This mostly gain from dividends and spent for purchasing fixed assets.

Cash used for financing activities was 23 million baht. This mostly spent for short-term loans from related companies and paying cash dividends .

- Trade accounts receivable at the end of year 2023 was 209 million baht, increased from the end of previous year of 2 million baht. The balance of trade accounts receivable at the end of year 2023 of which separated as 60 percent of such accounts receivable was not yet due, 34 percent of accounts receivable was overdue less than 3 months and 6 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 this year, balance of allowance for doubtful account was 5 million baht. Receivable turnover rate at the end of year 2023 was 10.80 times and at the end of previous year was 9.01 times. Average debt collection at the end of year 2023 and the end of year 2022 was 34 days and 41 days, respectively which the turnover rate of accounts receivable increased and the average collection period decreased because at this quarter, total revenues increased and the trade account receivable decreased.

- Inventories balance at the end of year 2023 was 319 million baht, increased by 9 million baht or increased 3 percent from the end of previous year. Mostly increased from renewable energy business group. The inventory turnover rate at the end of the year 2023 was 6.19 times, and was 5.12 times at the end of previous year.

- Other current assets as of the end of the year 2023 was 163 million baht, decreased by 21 million baht or decreased 11 percent from previous year. This decrease was mainly resulted from the other current receivables – general companies and other advance payment for goods.

- Investments at the end of year 2023 were 1,067 million baht, increased by 61 million baht or increased 6 percent from the end of previous year. This was resulted from recognition of increasing in profit on equity method from associated companies.

- Property, plant and equipment – net as at the end of the year 2023 was 1,379 million baht, decreased by 27 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 in the form of buildings and machines.

- Other non-current assets at the end of year 2023 were 157 million baht, increased by 56 million baht or increased 55 percent from the end of previous year. This was resulted from Right-of-use assets from long-term leases.

Total liabilities

As at the end of this year, the consolidated financial statements of the Company presented total liabilities of 840 million baht, increased by 139 million baht or increased 20 percent from the previous year. Mostly increased from trade account payable and other non – current liabilities.

- As at the end of this year, short-term loan from financial institutions was 50 million baht. Mostly are the promissory note of the subsidiary company for the operation.

- As at the end of this year, short-term loan from related companies was 129 million baht, increased by 28 million baht or increased 28 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 on the business.

- As at the end of this year, account payable was 277 million baht, increased by 84 million baht or increased 44 percent from previous year. This mostly caused by increasing from normal business expansion which is consistent with the income generated.

- As at the end of this year, other non-current liabilities were 140 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 this year, the consolidated financial statements of the Company presented the shareholders' equity of 2,810 million baht, as at the end of previous year was 2,793 million baht, increased by 17 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 this year was 4.74 baht per share, the end of previous year 4.71 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 12-month period ended December 31, 2023

Consolidated financial statements	Unit : Million Baht
Net cash from (used for) operating activities	99
Net cash from (used for) investing activities	0
Net cash from (used for) in financing activities	(23)
Increase (Decrease) in cash and cash equivalents - net	76
Cash and cash equivalents at beginning of period	280
Cash and cash equivalents at end of period	356

Liquidity of the consolidated financial statement of the Company as at the end of this year, the Company held cash amounting to 356 million baht, 280 million baht at the end of previous year. Cash flow increased by 76 million baht, this was related to:

- Cash flow from operating activities was 99 million baht. This mostly resulted from increasing of account payable – general companies amounting to 63 million baht and receiving dept payments from trade account receivable – general companies amounting to 41 million baht .

- Cash flow received and spent for net investing activities was 0 million baht. This mostly gain from dividend amounting to 56 million baht and spent for purchasing assets of property, plant and equipment for furniture product group and “LUCKY” Hi-Tech building system amounting to 60 million baht.

- Cash flow spent for financing activities was 23 million baht which paid for short-term loans from related companies amounting to 25 million baht and cash dividend amounting to 18 million baht.

The current ratio was decreased from 1.80 times as at the end of previous year to 1.62 times as at the end of this year. The quick ratio was increased from 0.89 times as at the end of previous year to 0.88 times as at the end 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 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 0.25 times at the end of previous year and 0.30 times at the end of this year.

3. Significant factors that may affect the future of finance position or future operation

The stability of domestic politics

If there are changes in domestic politics, this may cause government spending to stimulate the economy to be uncertain. It affects the industrial factor and company orders.

Foreign market

The International market is recovering due to the situation of the Covid-19 began to unfold in many countries, which may lead to more purchase orders for the Company.

Raw material pricing

Steel is core raw material for production. If steel price is fluctuated, it may affects 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,

Yours sincerely,

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