

TMT STEEL PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2021

Independent Auditor's Report

To the shareholders of TMT Steel Public Company Limited

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of TMT Steel Public Company Limited (the Company) as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I determine one key audit matter: Valuation of inventories. The matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<p>Valuation of inventories</p> <p>Refer to Note 8 ‘Critical accounting estimates and judgment’ and Note 13 ‘Inventories’ in the financial statements:</p> <p>As at 31 December 2021, the Company had raw materials totalling Baht 1,227 million and finished goods totalling Baht 2,012 million before deducting the allowance for net realisable value, which represents 32 percent of the total assets.</p> <p>The Company measured the inventory value at the lower of cost or net realisable value. The management estimated the net realisable value from an estimate of selling prices in the ordinary course of business, deducted by the expenses necessary to make the products ready for sale. This included selling expenses such as marketing and transportation expenses.</p> <p>Management prepared a net realisable value calculation report and evaluated the adequacy of the allowance for net realisable value at year end and period end.</p> <p>I focused on this area because the valuation of the inventory is significant for the financial statements and the estimation of the allowance for net realisable value is based on domestic market prices. This might be affected by the fluctuation of raw material prices in global markets, competitive marketing and the situation in the industry.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • Understood the Company’s policy for net realisable value calculation, the procedure of data collection and accuracy review, and the consistency in the implementation of the Company’s accounting policies. • Tested internal controls over the procurement cycle from the purchase requisition, purchase order, goods received, production cost allocation and payment until recording to reflect the accuracy of inventory costs. • Inquired the management and assessed the appropriateness of the selling prices per unit used to estimate the allowance for net realisable value, by comparing quotations and selling price lists with year-end market prices. • Tested the calculation of net realisable value at year end for both raw materials and finished goods, including any reconciliations. There was no significant difference noted. <p>From performing the above procedures, I viewed that the allowance for net realisable value was reasonable and consistent with the available evidence.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor’s report thereon. The annual report is expected to be made available to me after the date of this auditor’s report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298

Bangkok

18 February 2022

TMT Steel Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2021

	Notes	2021 Baht	2020 Baht
Cash flows from operating activities			
Profit before income tax		1,901,413,079	653,113,154
Adjustments for :			
Loss allowance	11	33,195,423	26,144,955
Loss (Gain) on declining in value of inventories	13	4,718,360	(3,364,605)
Depreciation and amortisation	15, 16, 17	270,404,003	257,226,815
Loss (Gain) on disposals of equipment		1,328,242	(349,042)
(Gain) Loss on derivatives		(626,299)	626,299
Employee benefit expenses	21	11,360,042	9,801,242
Interest expenses		102,917,850	82,064,850
Cash flows before changes in operating assets and liabilities		2,324,710,700	1,025,263,668
Changes in operating assets and liabilities:			
Trade accounts receivable and other receivables		(1,062,776,185)	85,272,587
Inventories		(1,304,612,006)	(532,892,498)
Advance payments for purchases of inventories		209,248,741	(346,355,212)
Other current assets		30,295,881	(34,497,578)
Other non-current assets		123,000	129,667
Trade accounts payable and other payables		101,964,587	90,364,368
Advance receipts from customers for goods		4,926,720	18,964,036
Employee benefit obligations paid	21	(1,220,000)	-
Cash generated from operating activities before interest and income tax paid		302,661,438	306,249,038
Interest paid		(103,761,930)	(82,053,780)
Income tax paid		(338,811,134)	(59,581,688)
Net cash (used in) generated from operating activities		(139,911,626)	164,613,570
Cash flows from investing activities			
Purchases of property, plant and equipment		(392,407,315)	(189,027,448)
Purchases of intangible assets		(15,790,040)	(4,344,132)
Proceeds from disposals of equipment and intangible assets		3,889,323	4,700,529
Net cash used in investing activities		(404,308,032)	(188,671,051)

The accompanying notes are an integral part of these financial statements.

TMT Steel Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2021

	Notes	2021 Baht	2020 Baht
Cash flows from financing activities			
Proceeds from short-term borrowings			
from financial institutions	19	21,235,843,126	17,905,608,321
Repayments to short-term borrowings			
from financial institutions	19	(20,886,800,722)	(17,722,918,529)
Repayment to debenture	19	(1,000,000,000)	-
Proceeds from long-term borrowings			
from financial institutions	19	1,443,629,000	1,000,000,000
Repayments to long-term borrowings			
from financial institutions	19	(275,000,000)	-
Payments for front-end fees of loan agreement	19	(1,405,010)	(1,010,005)
Payments for lease liabilities	16	(23,626,580)	(22,340,235)
Dividends paid	22	(957,755,838)	(261,227,350)
Net cash (used in) generated from financing activities		(465,116,024)	898,112,202
Net (decrease) increase in cash and cash equivalents		(1,009,335,682)	874,054,721
Opening balance		1,130,671,824	256,617,103
Closing balance		<u>121,336,142</u>	<u>1,130,671,824</u>
Cash and cash equivalents are made up as follows:			
- Cash on hand	10	509,370	429,886
- Deposits at financial institutions	10	120,826,772	1,130,241,938
		<u>121,336,142</u>	<u>1,130,671,824</u>

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2021 and 2020 are as follows:

Other payables from purchases of property, plant and equipment	17,184,271	16,858,786
Other payables from purchases of intangible assets	2,600,000	212,500

The accompanying notes are an integral part of these financial statements.

1 General information

TMT Steel Public Company Limited is a public limited company which is listed on the Stock Exchange of Thailand. The Company is incorporated and domiciled in Thailand. The address of the Company's registered office is 179 Bangkok City Tower, 22nd floor, South Sathorn Road, Thung Maha Mek, Sathorn, Bangkok 10120.

In addition, the Company has two plants at the following locations:

- 131 Rama 3 Road, Bang Kho Laem, Bangkok 10120; and
- 332-333 Moo 5, Phaholyothin Road, Lamsai, Wangnoi, Ayutthaya 13170.

The principal business operations of the Company are fabricating and selling structural steel plates and sheets. The Company mostly purchases products from local suppliers but some products are imported. The Company sells most of its products in the domestic market.

These financial statements were authorised for issue by the Board of Directors on 18 February 2022.

2 Significant events during the current year

Coronavirus disease 2019 outbreak

In the year 2021, COVID-19 has continued to spread and its impact was felt by various industrial businesses around the world, including Thailand. However, the management considers that the impact of COVID-19 will not have any significant impact on the Company. The Company operates as usual with the appropriate measures to tackle the COVID-19 and has monitored the pandemic situation closely.

In addition, the Company is managing the risks of selling products to all customers as usual. However, the Company has increased its customer selection requirements, focusing on customers that are highly competitive, have sufficient liquidity and have lower business risk including request for advance for goods received from some customers.

3 Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the financial reporting requirements issued under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except certain financial assets and liabilities (including derivative instruments).

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 8.

An English version of the financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

4 New and amended financial reporting standards

4.1 New and amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2021

a) **Revised Conceptual Framework for Financial Reporting** added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

b) **Amendment to TFRS 3, Business combinations** amended the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers and to exclude returns in the form of lower costs and other economic benefits.

c) **Amendment to TFRS 9, Financial instruments and TFRS 7, Financial instruments: disclosures** amended to provide relief from applying specific hedge accounting requirements to the uncertainty arising from interest rate benchmark reform such as IBOR. The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.

d) **Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors** amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.

e) **Amendment to TFRS 16, Leases** amended to provide a practical expedient where lessees are exempted from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. It applies to rent concessions that reduce the lease payments due by 30 June 2022.

The new and amended financial reporting standards do not have significant impacts to the Company.

4.2 Amended financial reporting standards that are effective for accounting period beginning on or after 1 January 2022

Interest rate benchmark (IBOR) reform - phase 2, amendments to TFRS 9, TFRS 7, TFRS 16 and TFRS 4, and accounting guidance, financial instruments and disclosures for insurance business provide relief measures addressing issues that might affect financial reporting during the reform, including the effects of changes to contractual cash flows or hedging relationship arising from the replacement of one benchmark with an alternative benchmark.

Key relief measures of the phase 2 amendments are as follows:

- When changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), changes that are necessary as a direct result of the IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. TFRS 16 has also been amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of the IBOR reform.
- Hedge accounting relief measures will allow most TFRS 9 hedge relationships that are directly affected by the IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

TFRS 7 requires additional disclosure about:

- the nature and extent of risks arising from the IBOR reform to which the entity is exposed to
- how the entity manages those risks
- the entity's progress in transitioning from the IBOR to alternative benchmark rates and how the entity is managing this transition.

The Company is currently reviewing the impacts of certain amended financial reporting standards that have been issued that are not mandatory for current reporting period and have not been early adopted by the Company.

5 Accounting policies

5.1 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

5.2 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand and deposits held at call.

5.3 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement between 30 to 60 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The impairment of trade receivables are disclosed in Note 5.5(e).

5.4 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined by the moving average method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

5.5 Financial asset

a) Classification

The Company classifies its debt instrument financial assets in the following measurement categories depending on i) business model for managing the asset and ii) the cash flow characteristics of the asset whether they represent solely payments of principal and interest (SPPI).

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

For investments in equity instruments, the Company has an irrevocable election at the time of initial recognition to account for the equity investment at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI) except those that are held for trading, they are measured at FVPL.

b) Recognition and derecognition

Regular way of purchases, acquisitions and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether the cash flows are solely payment of principal and interest.

d) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.
- **FVOCI:** Financial assets that are held for i) collection of contractual cash flows; and ii) for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest income using the effective interest method, and foreign exchange gains and losses which are recognised in profit or loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income is included in other income. Impairment expenses are presented separately in the statement of comprehensive income.
- **FVPL:** Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

e) Impairment

The Company applies the TFRS 9 simplified approach in measuring the impairment of trade receivables and other receivable.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected credit loss rates are based on payment profiles, historical credit losses as well as forward-looking information and factors that may affect the ability of the customers to settle the outstanding balances.

For other financial assets carried at amortised cost and FVOCI, the Company applies TFRS 9 general approach in measuring the impairment of those financial assets. Under the general approach, the 12-month or the lifetime expected credit loss is applied depending on whether there has been a significant increase in credit risk since the initial recognition.

The significant increase in credit risk (from initial recognition) assessment is performed every end of reporting period by comparing i) expected risk of default as of the reporting date and ii) estimated risk of default on the date of initial recognition.

The Company assesses expected credit loss by taking into consideration forward-looking information and past experiences. The expected credit loss is a probability-weighted estimate of credit losses (probability-weighted present value of estimated cash shortfall). The cash shortfall is the difference between all contractual cash flows that are due to the Company and all cash flows expected to receive, discounted at the original effective interest rate.

When measuring expected credit losses, the Company reflects the following:

- probability-weighted estimated uncollectible amounts
- time value of money; and
- supportable and reasonable information as of the reporting date about past experience, current conditions and forecasts of future situations.

Impairment (and reversal of impairment) losses are recognised in profit or loss and included in administrative expenses.

5.6 Investment property

Land that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property is measured initially at cost, including directly attributable costs and borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

5.7 Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Company. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land improvements	20 years
Buildings and building improvements	3, 20, 25 years
Machinery and equipment	5, 10, 20 years
Furniture and fixtures	3, 5 years
Trucks and motor vehicles	5, 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with carrying amount and are recognised other gains or losses, net.

5.8 Intangible asset - Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives in five years.

Cost associated with maintaining computer software are recognised as an expense as incurred.

5.9 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

5.10 Leases

Leases - where the Company is the lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture.

5.11 Financial liabilities

a) Classification

Financial instruments issued by the Company are classified as either financial liabilities or equity securities by considering contractual obligations.

- Where the Company has an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Company's own equity instruments.
- Where the Company has no contractual obligation or has an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

b) Measurement

Financial liabilities are initially recognised at fair value and are subsequently measured at amortised cost.

c) Derecognition and modification

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled, or expired.

Where the terms of a financial liability are renegotiated/modified, the Company assesses whether the renegotiation / modification results in the derecognition of that financial liability. Where the modification results in an extinguishment, the new financial liability is recognised based on fair value of its obligation. The remaining carrying amount of financial liability is derecognised. The difference as well as proceed paid is recognised as other gains/(losses) in profit or loss.

Where the modification does not result in the derecognition of the financial liability, the carrying amount of the financial liability is recalculated as the present value of the renegotiated / modified contractual cash flows discounted at its original effective interest rate. The difference is recognised in other gains/(losses) in profit or loss.

5.12 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.13 Employee benefits

Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, and bonuses that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

Defined benefit plans - retirement benefit

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

Defined contribution plans - provident fund

The Company operates a provident fund, being a defined contribution plan. The assets are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Company. The Company's contributions to the provident fund are charged to the profit or loss in the years to which they relate.

5.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares (net of tax) are shown as a deduction in equity.

5.16 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

5.17 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Company recognised the change in fair value of derivatives in administrative expenses or other income.

Fair value of derivatives is classified as a current or non-current following its remaining maturity.

5.18 Revenue recognition

Revenue includes all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Company's ordinary activities are also presented as revenue.

Revenue are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into individual distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfilment of the obligation to the customer.

Sale of goods

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Sales are recognised when control of the products has transferred, being when the products are delivered.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term between 30 days to 60 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Services

Revenue from rendering services is based on the stage of completion.

Interest income and other income

Interest income is recognised on an accrual basis, using the effective interest method.

Other income is recognised on an accrual basis.

Payments to customers

Payments to customers or on behalf of customers to other parties, including credited or subsequent discounts, are recognised as a reduction in revenue unless the payment constitutes consideration of a distinct goods or service from the customer.

6 Financial risk management

6.1 Financial risk

The Company exposes to a variety of financial risk: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain exposures.

Financial risk management is carried out by the Company's management. The Company's policy includes areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The framework parameters are approved by the Board of Directors and uses as the key communication and control tools for financial risks.

6.1.1 Market risk

a) Foreign exchange risk

The Company purchases part of goods and machineries from overseas and is exposed to foreign exchange risk arising primarily from US Dollar. The Company uses forward contracts to hedge their exposure to protect foreign currency risk. However, the proportion of purchases in foreign currencies were not material compared to total purchase balance.

b) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company is exposed to interest rate risk relates primarily to its deposits at financial institutions, short-term borrowings, long-term borrowings and debentures. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Usually, the loan tenors was longer than aging of the Company's accounts receivables.

The Company does not apply hedge accounting.

6.1.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), derivative financial instruments as well as credit exposures to customers, including outstanding receivables.

a) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties are accepted.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on tips assessments in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

There are no significant concentrations of credit risk, whether through exposure to individual customers or specific industry sectors.

For some trade receivables, the Company may obtain credit insurance, advance received from customers, security in the form of guarantees or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

b) Impairment of financial assets

The Company has trade and other receivables as financial assets that are subject to the expected credit loss model:

While cash and cash equivalents are also subject to the impairment requirements of TFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Company applies the TFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Including the consideration of liquidity for certain customers specifically according to the conservatism.

The Company write-off trade receivables when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments even if the Company already contacted.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item

6.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Company held deposits at call of Baht 120.83 million (2020: Baht 1,130.24 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Company Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors i) rolling forecasts of the Company's liquidity reserve (comprising the undrawn borrowing facilities below); and ii) cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary, monitoring balance sheet liquidity ratios and maintaining financing plans.

a) Financing arrangements

The Company has access to the following undrawn credit facilities as at 31 December as follows:

	2021	2020
	Thousand	Thousand
	Baht	Baht
Floating rate		
Expiring within one year		
- Long-term borrowings from a financial institution	256,371	-
Expiring beyond one year		
- Bank overdraft	65,000	65,000
- Short-term borrowings from financial institutions	6,254,403	6,303,445
	6,575,774	6,368,445

b) Maturity of financial liabilities

The tables below analyse the maturity of financial liabilities grouping based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On demand Thousand Baht	Within 1 year Thousand Baht	1 - 5 years Thousand Baht	Total Thousand Baht
As at 31 December 2021				
Short-term loans from financial institutions	-	3,485,597	-	3,485,597
Trade accounts payable and other payables	-	399,199	-	399,199
Advance received from customers for goods	42,475	-	-	42,475
Long-term loans from a financial institution	-	539,269	1,627,619	2,166,888
Lease liabilities	-	10,705	4,028	14,733
Total financial liabilities that is not derivatives	42,475	4,434,770	1,631,647	6,108,892
Total	42,475	4,434,770	1,631,647	6,108,892
As at 31 December 2020				
Short-term loans from financial institutions	-	3,136,555	-	3,136,555
Trade accounts payable and other payables	-	296,448	-	296,448
Advance received from customers for goods	37,549	-	-	37,549
Long-term loans from a financial institution	-	199,658	799,333	998,991
Lease liabilities	-	23,386	13,533	36,919
Debentures	-	999,590	-	999,590
Total financial liabilities that is not derivatives	37,549	4,655,637	812,866	5,506,052
Derivative financial instruments				
Foreign currency forwards	-	626	-	626
Total derivatives	-	626	-	626
Total	37,549	4,656,263	812,866	5,506,678

6.2 Capital management

Risk management

The objectives when managing capital are to:

- safeguard their ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital based on gearing ratio which is determined by dividing net debt with equity.

Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants:

- the interest bearing debt to equity ratio must not more than 2 times, and

The Company has performed a covenant compliance review on a quarterly basis and has complied with these covenants throughout the reporting period.

7 Fair value

The Company has financial liabilities that are measured at fair value which are Foreign currency forwards. Financial derivatives are measured at fair value through profit or loss based on fair value level 2.

The Company presents non-financial assets that are measured at fair value which are Investment property. The assets were used fair value level 3 in disclosure.

Fair values are categorised into hierarchy based on inputs used as follows:

Level 1: The fair value of financial instruments is based on the quoted price (unadjusted) in active markets for identical assets or liabilities.

Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.

Level 3: The fair value of financial instruments is not based on observable market data.

The fair values of financial assets and liabilities is in accordance with accounting policies disclosed in Note 5.5 and 5.11.

8 Critical accounting estimates and judgement

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

a) Fair value of certain financial assets and derivatives

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of key assumptions used are included in note 7.

b) Defined retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in note 21.

c) Determination of lease terms

Critical judgement in determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on offices and vehicles leases have not been included in the lease liability, because the Company considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Company.

d) Determination of discount rate applied to leases

The Company determines the incremental borrowing rate as follows:

- Where possible, use recent third-party financing received by the individual lessee as a starting point, adjusting to reflect changes in its financing conditions.
- Make adjustments specific to the lease, e.g. term, country, currency and security.

e) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

f) Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates the net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring at the year ended.

g) Property, plant and equipment

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

9 Segment information

The Company does not present segment information. The Company's business operations are trading and transforming the structural steel, plates and sheets which are fallen within the same product group and its products are mainly sold in domestic market.

10 Cash and cash equivalents

	2021	2020
	Baht	Baht
Cash on hand	509,370	429,886
Current accounts	27,642,667	29,421,871
Saving accounts	93,184,105	1,100,820,067
Total	121,336,142	1,130,671,824

As at 31 December 2021, the interest rates of saving accounts were 0.01% to 0.125% per annum (2020: 0.05% to 0.30% per annum).

11 Trade accounts receivable and other receivables

	2021	2020
	Baht	Baht
Trade accounts receivable	3,434,934,029	2,378,406,624
<u>Less</u> Loss allowance	(88,715,019)	(55,519,596)
Trade accounts receivable - net	3,346,219,010	2,322,887,028
Other receivables - third party	727,520	438,909
Deposits	2,744,838	893,768
Prepayments	10,483,785	7,237,574
Rebate receivable	6,844,445	5,981,557
Total	3,367,019,598	2,337,438,836

Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

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Impairments of trade receivables

The loss allowance for trade receivables was determined as follows:

As of 31 December 2021	Not yet due Thousand Baht	Up to 1 months Thousand Baht	1 - 3 months Thousand Baht	3 - 6 months Thousand Baht	6 - 12 months Thousand Baht	More than 12 months Thousand Baht	Total Thousand Baht
Gross carrying amount - trade receivables	2,693,028	614,320	70,345	11,183	26,938	19,120	3,434,934
Loss allowance	(10,655)	(18,842)	(7,264)	(10,714)	(22,120)	(19,120)	(88,715)
Total	2,682,373	595,478	63,081	469	4,818	-	3,346,219

The reconciliations of loss allowance for trade receivables for the year ended 31 December are as follow:

	Trade receivables	
	2021 Baht	2020 Baht
As at 1 January	(55,519,596)	(29,374,641)
Increase in loss allowance recognised in profit or loss during the year	(33,195,423)	(26,330,751)
Receivable written off during the year as uncollectible	-	185,796
As of 31 December	(88,715,019)	(55,519,596)

12 Financial assets and financial liabilities

As at 31 December, classification of the Company's financial assets and financial liabilities in accordance with accounting policies disclosed in Note 5.5 and 5.11 are as follows:

	2021 Thousand Baht	2020 Thousand Baht
Financial assets		
Financial assets at amortised cost		
- Cash and cash equivalents	121,336	1,130,672
- Trade and other receivables	3,353,063	2,328,869
- Other current assets	-	28,569
- Other non-current assets	4,972	5,095

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	2021	2020
	Thousand	Thousand
	Baht	Baht
Financial liabilities		
Liabilities at amortised cost		
- Short-term borrowings from financial institutions	3,485,597	3,136,555
- Trade accounts payable and other payables	183,017	205,748
- Advance received from customers for goods	42,475	37,549
- Long-term borrowings from financial institutions	2,166,888	998,991
- Lease liabilities	14,733	36,919
- Debentures	-	999,590
Financial liabilities at fair value through profit or loss (FVPL)		
- Derivative liabilities - other	-	626

13 Inventories, net

	2021	2020
	Baht	Baht
Raw materials	1,226,642,891	835,494,241
Finished goods	2,011,905,297	1,098,441,941
Total inventories	3,238,548,188	1,933,936,182
<u>Less</u> Allowance for net realisable value		
- for raw materials	(2,992,809)	(871,033)
- for finished goods	(4,032,523)	(1,435,939)
Total	3,231,522,856	1,931,629,210

In 2021, the Company recorded allowance for net realisable value amounting to Baht 4.72 million as expected selling price dropped from the prior year. The amount has been included in cost of sales in the statement of comprehensive income.

14 Investment properties

At 31 December	Land	
	2021	2020
	Baht	Baht
<u>Cost</u>		
Opening net book value	55,729,000	55,729,000
Closing net book value	55,729,000	55,729,000
Fair value	162,158,000	162,158,000

The Company's investment properties are three vacant plots of land located in Bangkok, Chachoengsao and Chanthaburi provinces.

The Company engaged an independent appraiser to assess the fair value of the land in September 2019 and August 2020. The valuation used the market approach which is based on the sales price of comparable nearby land, with adjustments for differences in key attributes such as size and shape, location and condition of the land. Such information is used to determine the fair value of the properties. As the valuation technique used significant unobservable inputs, the Company classified the fair value measurement in level 3 of the fair value hierarchy (Note 7).

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15 Property, plant and equipment, net

	Land Baht	Land improvements Baht	Buildings and building improvements Baht	Machinery and equipment Baht	Furniture and fixtures Baht	Trucks and motor vehicles Baht	Construction in progress Baht	Machinery under installation Baht	Total Baht
At 1 January 2020									
Cost	644,942,000	226,941,142	1,594,367,890	1,769,474,621	123,387,632	153,767,811	15,530,041	109,439,175	4,637,850,312
Less Accumulated depreciation	-	(60,445,206)	(577,989,594)	(894,534,935)	(105,587,545)	(61,027,568)	-	-	(1,699,584,848)
Net book amount	644,942,000	166,495,936	1,016,378,296	874,939,686	17,800,087	92,740,243	15,530,041	109,439,175	2,938,265,464
For the year ended 31 December 2020									
Opening net book amount	644,942,000	166,495,936	1,016,378,296	874,939,686	17,800,087	92,740,243	15,530,041	109,439,175	2,938,265,464
Additions	-	1,089,002	52,790	9,029,005	5,193,152	4,019,000	23,262,076	155,481,085	198,126,110
Transfers in (out)	-	2,441,339	32,047,345	130,745,772	1,184,732	-	(28,577,979)	(137,841,209)	-
Disposals, net	-	-	-	(3,458,632)	(1,079)	(891,777)	-	(567,000)	(4,918,488)
Depreciation charge (Note 26)	-	(10,614,954)	(81,445,991)	(117,194,307)	(6,727,360)	(10,078,905)	-	-	(226,061,517)
Closing net book amount	644,942,000	159,411,323	967,032,440	894,061,524	17,449,532	85,788,561	10,214,138	126,512,051	2,905,411,569
At 31 December 2020									
Cost	644,942,000	230,471,483	1,626,468,025	1,903,478,006	128,646,184	156,373,812	10,214,138	126,512,051	4,827,105,699
Less Accumulated depreciation	-	(71,060,160)	(659,435,585)	(1,009,416,482)	(111,196,652)	(70,585,251)	-	-	(1,921,694,130)
Net book amount	644,942,000	159,411,323	967,032,440	894,061,524	17,449,532	85,788,561	10,214,138	126,512,051	2,905,411,569

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	Land Baht	Land improvements Baht	Buildings and building improvements Baht	Machinery and equipment Baht	Furniture and fixtures Baht	Trucks and motor vehicles Baht	Construction in progress Baht	Machineries under installation Baht	Total Baht
For the year ended 31 December 2021									
Opening net book amount	644,942,000	159,411,323	967,032,440	894,061,524	17,449,532	85,788,561	10,214,138	126,512,051	2,905,411,569
Additions	-	2,091,522	703,322	14,212,555	12,396,241	5,375,900	77,256,538	280,696,722	392,732,800
Transfers in (out)	-	-	76,398,358	297,948,920	260,822	-	(70,333,328)	(304,274,772)	-
Disposals, net	-	-	-	(70,293)	(5,359)	(5,108,792)	-	-	(5,184,444)
Depreciation charge (Note 26)	-	(10,724,482)	(83,555,977)	(127,660,858)	(8,066,168)	(9,676,641)	-	-	(239,684,126)
Closing net book amount	644,942,000	150,778,363	960,578,143	1,078,491,848	22,035,068	76,379,028	17,137,348	102,934,001	3,053,275,799
At 31 December 2021									
Cost	644,942,000	232,563,005	1,703,569,705	2,211,597,749	138,948,900	148,523,189	17,137,348	102,934,001	5,200,215,897
Less Accumulated depreciation	-	(81,784,642)	(742,991,562)	(1,133,105,901)	(116,913,832)	(72,144,161)	-	-	(2,146,940,098)
Net book amount	644,942,000	150,778,363	960,578,143	1,078,491,848	22,035,068	76,379,028	17,137,348	102,934,001	3,053,275,799

Depreciation expenses of Baht 205,974,848 (2020: Baht 193,941,086) and Baht 33,709,278 (2020: Baht 32,120,431) were charged in costs of sales and administrative expenses, respectively.

16 Right-of-use assets, net

As at 31 December, right-of-use asset balance are as follows:

	2021	2020
	Baht	Baht
Land and office buildings	12,479,406	35,192,740
Furniture and fixtures - office equipment	814,047	1,104,706
Trucks and motor vehicles	1,031,580	92,718
Total	14,325,033	36,390,164

For the year ended 31 December, amounts charged to profit or loss and cash flows relating to leases are as follows:

	2021	2020
	Baht	Baht
Depreciation charge of right-of-use assets:		
Land and office buildings	22,713,334	22,095,353
Furniture and fixtures - office equipment	493,964	495,323
Trucks and motor vehicles	299,034	278,154
Total (Note 26)	23,506,332	22,868,830
Addition to the right-of-use assets during the year	1,441,200	10,515,619
Total cash outflow for leases	23,626,580	22,340,235
Expense relating to short-term leases	19,800	9,200
Expense relating to leases of low-value assets	147,600	158,000

17 Intangible assets, net

	Computer software Baht	Computer software during installation Baht	Total Baht
At 1 January 2020			
Cost	77,586,952	6,526,000	84,112,952
<u>Less</u> Accumulated amortisation	(56,403,615)	-	(56,403,615)
Net book amount	21,183,337	6,526,000	27,709,337
For the year ended 31 December 2020			
Opening net book amount	21,183,337	6,526,000	27,709,337
Additions	210,632	4,346,000	4,556,632
Transfers in (out)	6,372,000	(6,372,000)	-
Amortisation charge (Note 26)	(8,296,468)	-	(8,296,468)
Closing net book amount	19,469,501	4,500,000	23,969,501
At 31 December 2020			
Cost	84,169,584	4,500,000	88,669,584
<u>Less</u> Accumulated amortisation	(64,700,083)	-	(64,700,083)
Net book amount	19,469,501	4,500,000	23,969,501
For the year ended 31 December 2021			
Opening net book amount	19,469,501	4,500,000	23,969,501
Additions	4,939,840	13,237,700	18,177,540
Transfers in (out)	2,120,000	(2,120,000)	-
Disposals, net	(33,121)	-	(33,121)
Amortisation charge (Note 26)	(7,213,545)	-	(7,213,545)
Closing net book amount	19,282,675	15,617,700	34,900,375
At 31 December 2021			
Cost	91,194,425	15,617,700	106,812,125
<u>Less</u> Accumulated amortisation	(71,911,750)	-	(71,911,750)
Net book amount	19,282,675	15,617,700	34,900,375

18 Deferred income taxes, net

The analysis of deferred income tax assets and deferred tax liabilities is as follows:

	2021 Baht	2020 Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	19,199,935	11,591,822
Deferred tax assets to be recovered more than 12 months	16,383,883	14,405,282
	<u>35,583,818</u>	<u>25,997,104</u>
Deferred tax liabilities:		
Deferred tax liabilities to be recovered within 12 months	(146,139)	(130,054)
Deferred tax liabilities to be settled more than 12 months	(751,802)	(683,124)
	<u>(897,941)</u>	<u>(813,178)</u>
Deferred income taxes, net	<u>34,685,877</u>	<u>25,183,926</u>

The movement in deferred tax assets and liabilities during the year is as follows:

	Net impairment losses Baht	Allowance for net realisable value Baht	Lease liabilities Baht	Employee benefits obligations Baht	Total Baht
Deferred tax assets:					
At 1 January 2020	-	1,134,316	-	12,365,822	13,500,138
Charged/(credited) to profit and loss	11,103,919	(672,921)	105,719	1,960,249	12,496,966
At 31 December 2020	11,103,919	461,395	105,719	14,326,071	25,997,104
Charged/(credited) to profit and loss	6,639,085	943,671	(24,050)	2,028,008	9,586,714
At 31 December 2021	<u>17,743,004</u>	<u>1,405,066</u>	<u>81,669</u>	<u>16,354,079</u>	<u>35,583,818</u>
			Temporary difference for depreciation Baht	Temporary difference for front- end fees Baht	Total Baht
Deferred tax liabilities:					
At 1 January 2020			(567,540)	(293,551)	(861,091)
Charged to profit and loss			17,817	30,096	47,913
At 31 December 2020			(549,723)	(263,455)	(813,178)
Credited to profit and loss			-	(84,763)	(84,763)
At 31 December 2021			<u>(549,723)</u>	<u>(348,218)</u>	<u>(897,941)</u>

19 Borrowings

	2021	2020
	Baht	Baht
Current		
Short-term borrowings from financial institutions	3,485,596,976	3,136,554,572
Current portion of long-term borrowings		
Long-term borrowing from financial institutions	539,269,303	199,657,974
Lease liabilities	10,705,047	23,385,966
Debentures	-	999,590,001
Total current borrowings	4,035,571,326	4,359,188,513
Non-current		
Long-term borrowings from financial institutions	1,627,618,605	799,332,998
Lease liabilities	4,028,333	13,532,793
Total non-current borrowings	1,631,646,938	812,865,791
Total borrowings	5,667,218,264	5,172,054,304

19.1 Short-term borrowings

The movement in short-term borrowings from financial institutions during the year is as follows:

	2021	2020
	Baht	Baht
At 1 January	3,136,554,572	2,953,864,780
Additions	21,235,843,126	17,905,608,321
Repayments	(20,886,800,722)	(17,722,918,529)
At 31 December	3,485,596,976	3,136,554,572

The short-term borrowings from financial institutions denominated in Thai Baht bear interest rates during the year as follows:

	2021	2020
Promissory notes	1.00%-1.07%	1.00% - 1.75%
Trust receipts	1.02%-1.35%	1.10% - 1.74%

As at 31 December 2021, the short-term borrowings from financial institutions, promissory notes, were unsecured and due within January to March 2022 (2020: January to March 2021) which normally, can be renewed. The Company has provided the Negative Pledge to the financial institutions.

19.2 Long-term borrowings from financial institutions

The movement in long-term borrowings from financial institutions during the year is as follows:

	2021 Baht	2020 Baht
At 1 January	998,990,972	-
Addition	1,443,629,000	1,000,000,000
Repayment	(275,000,000)	-
Deferred front-end fees	(1,405,010)	(1,010,005)
Amortisation of deferred front-end fees	672,946	977
At 31 December	2,166,887,908	998,990,972

The long-term borrowings from financial institutions denominated in Thai Baht and was unsecured. The borrowing bear interest rates and will be due on date as follows:

Loan Amount (Baht million)	Due on	Interest rate (Per annum)	
		2021	2020
1,000	30 December 2025	Fixed	Fixed
500	30 March 2026	BIBOR (3 months) plus incremental borrowing rate	-
700	31 August 2026	BIBOR (6 months) plus incremental borrowing rate	-
243.63	31 March 2027	Fixed	-

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate of 2.78% and 3.08% are within level 2 of the fair value hierarchy.

19.3 Debentures

The movement in debentures during the year is as follows:

	2021 Baht	2020 Baht
At 1 January	999,590,001	998,047,718
Repayment	(1,000,000,000)	-
Amortisation of issuance costs	409,999	1,542,283
At 31 December	-	999,590,001

On 5 April 2018, the Company issued name-registered, unsubordinated and unsecured debentures totalling 1,000,000 units with the fixed interest of 3.75% per annum payable every 6 months. The issued debentures have the face value of Baht 1,000. The debentures were redeemed on 5 April 2021.

20 Trade accounts payable and other payables

	2021	2020
	Baht	Baht
Trade accounts payable	76,454,385	132,849,269
Accrued expenses and other payables	292,005,472	134,438,609
Payable from construction in progress	19,784,271	17,071,286
Retention from construction	377,689	-
Withholding tax payable	2,051,701	1,636,782
Accrued interest expenses	8,525,025	10,452,050
Total	399,198,543	296,447,996

21 Employee benefit obligations

	2021	2020
	Baht	Baht
Statement of financial position:		
- Retirement benefits	81,770,396	71,630,354
Profit or loss charge included in operating profit for:		
- Retirement benefits	11,360,042	9,801,242
Remeasurement for:		
- Retirement benefits	-	-

The movement in the obligations for retirement benefit are as follows:

	2021	2020
	Baht	Baht
At 1 January	71,630,354	61,829,112
Current service cost	10,127,722	8,520,374
Interest cost	1,232,320	1,280,868
Benefit payment	(1,220,000)	-
At 31 December	81,770,396	71,630,354

The significant actuarial assumptions used were as follows:

	2021	2020
Discount rate	2.25% per annum	2.25% per annum
Future salary increase rate	5% per annum	5% per annum
Employee turnover rate	0% - 39% per annum	0% - 39% per annum

Sensitivity analysis for each significant assumption used is as follows:

	Impact on defined benefit obligations as at 31 December 2021		
	Change in assumption %	Increase in obligations Baht	Decrease in obligations Baht
Discount rate	+1%	-	(4,047,676)
	-1%	4,571,471	-
Future salary increase rate	+1%	5,593,158	-
	-1%	-	(5,018,602)
Employee turnover rate	+1%	-	(4,445,575)
	-1%	2,697,440	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 21.15 years (2020: 22.15 years).

Expected maturity analysis of undiscounted retirement benefits is as follows:

	Less than a year Baht	Between 1-2 years Baht	Between 2-5 years Baht	Over 5 years Baht	Total Baht
At 31 December 2021					
Retirement benefits	15,945,937	8,594,527	19,734,632	44,090,042	88,365,138

22 Dividends

At the Board of Director's Meeting on 13 August 2021, the Board of Directors approved the interim dividend payment of Baht 0.60 per share for 870,758,034 shares totalling Baht 522.45 million. The dividends had been paid to the shareholders on 10 September 2021.

At the Annual General Shareholders' Meeting on 8 April 2021, the shareholders approved the dividend payment of Baht 0.50 per share for 870,758,034 shares, in respect of the 2020 operating results, totalling Baht 435.38 million. The dividends had been paid to the shareholders on 30 April 2021 and appropriate its retained earnings to legal reserve amounting to Baht 11.68 million.

At the Board of Director's Meeting on 24 March 2020, the Board of Directors approved the interim dividend payment of Baht 0.30 per share for 870,758,034 shares, in respect of the 2019 operating results and retained earnings, totaling Baht 261.23 million. The interim dividends had been paid to the shareholders on 22 April 2020. When the Company paid interim dividends, the Company also appropriate its retained earnings to legal reserve amount of Baht 11.50 million. Further, at Annual General Shareholders' Meeting on 23 July 2020, the shareholders acknowledged such interim dividend payment.

23 Legal reserve

	2021	2020
	Baht	Baht
At 1 January	75,391,488	63,894,173
Appropriation during the year	11,684,315	11,497,315
At 31 December	87,075,803	75,391,488

Under the Public Company Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the authorised share capital. The legal reserve is non distributable.

24 Promotional privileges

The Company received promotional privileges from the Board of Investment 60-1479-1-04-1-0 dated 28 December 2017 in respect of investment in manufacturing of steels, metal tubes, and metal cutting for an improvement of the production efficiency for alternative energy utilisation. Under these privileges, the Company is exempted from various taxes and duties including exemption from import duties on imported machine and exemption from corporate income tax for the promoted activities in an amount not over than 50% of the investment for an improvement of the production efficiency which excludes investment on land and current assets for a period of three years from the date the promoted operation commenced generating revenue.

The Company had already used all of the promotional privileges for the exemption from corporate income tax for the promoted activities in 2019.

25 Other income

	2021	2020
	Baht	Baht
Steel cutting service income	41,608,334	30,343,609
Transportation service income	14,271,864	18,125,823
Gain from foreign exchange rates, net	7,700,681	-
Interest income	2,416,369	2,154,998
Others	785,000	2,146,335
Total	66,782,248	52,770,765

26 Expenses by nature

The following expenditures, classified by nature, have been charged in arriving at profit before finance costs and income tax:

	2021	2020
	Baht	Baht
Staff costs	612,405,981	476,412,355
Depreciation on property, plant and equipment (Note 15)	239,684,126	226,061,517
Depreciation on right-of-use assets (Note 16)	23,506,332	22,868,830
Amortisation of intangible assets (Note 17)	7,213,546	8,296,468
Selling and marketing expenses	187,860,957	174,716,134
Professional and consultant fees	14,934,551	11,206,459

27 Income tax expense

	2021	2020
	Baht	Baht
Current tax	380,854,620	127,779,877
Deferred tax	(9,501,951)	(12,544,879)
Total income tax expense	371,352,669	115,234,998

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

	2021	2020
	Baht	Baht
Profit before income tax	1,901,413,079	653,113,154
Tax calculated at a tax rate of 20% (2020: 20%)	380,282,616	130,622,631
Tax effect of:		
Expenses not deductible for tax purpose	1,013,097	762,310
Expenses deductible at a greater amount	(9,943,044)	(16,149,943)
Tax charge	371,352,669	115,234,998

The weighted average applicable tax rate was 20% (2020: 18%). The tax rate was higher in 2021 due to the lower promotional privileges according to the Royal Decrees No.604, regarding the exemption from corporate income tax for an investment in assets.

28 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Profit attributable to shareholders (Baht)	1,530,060,410	537,878,156
Weighted average number of ordinary shares in issue during the year (Shares)	870,758,034	870,758,034
Basic earnings per share (Baht)	1.76	0.62

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

29 Contingent liabilities

Letters of guarantee

As at 31 December 2021, the Company had outstanding letters of guarantee amounting to Baht 29.84 million (2020: Baht 29.84 million) issued by a bank for electricity usage and purchases of goods. No liabilities are anticipated to be arisen.

Letters of credits

As at 31 December 2021, the Company had outstanding letters of credits amounting to US Dollar 5.65 million and Baht 4.35 million in relation to purchases of goods (2020: US Dollar 8.15 million).

30 Commitments

Operating leases - Lessee

As at 31 December 2021, the future minimum lease payments under operating leases arising from the office equipment which were not recognised in the financial information according to recognition exemptions for short-term leases and leases of low-value assets in accordance with the first adoption of TFRS16.

The details of leases as at 31 December are as follow

	2021 Baht	2020 Baht
Due within 1 year	112,900	163,800
Due over 1 year but less than 5 years	46,700	158,400
Total	159,600	322,200

Purchase commitments

As at 31 December 2021, the Company had outstanding commitments relating to the purchases of goods with fixed buying prices of Baht 5.70 million and US Dollar 1.94 million. (2020: US Dollar 7.41 million).

Capital commitments

As at 31 December 2021, the Company had capital expenditure contracted from the purchase of machineries and the construction of the factory building but not yet recognised in this financial statements of Baht 35.71 million and US Dollar 6.41 million (2020: Baht 56.42 million and US Dollar 10.37 million).

31 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Major shareholders of the Company are members of Tarasarnsombat family.

The transactions with a related company, Connex Business Online Co., Ltd., arose from purchasing of software programme and using computer system service. Certain shareholders of the Company have significant holding in the shares of Connex Business Online Co., Ltd.

The Company has entered into operating lease agreements of a land and building on Rama III road with Combine Asset Co., Ltd. Certain shareholders of the Company have significant holding in the shares of Combine Asset Co., Ltd. The lease agreements are for a period of 3 years. The first agreement is from April 2019 until March 2022, at an agreed price of Baht 2.40 million per year. The second agreement is from October 2020 until October 2023, at an agreed price of Baht 3.6 million per year (Agreement from October 2017 until October 2020, at an agreed price of Baht 3 million per year).

A summary of significant transactions with related parties are as follows:

(a) Purchases and operating expenses

	2021	2020
	Baht	Baht
Purchases of software programme	2,656,700	2,086,000
Computer system service expenses	581,644	581,644
Payment on lease liabilities	5,623,927	4,996,746
Interest expense from leases liabilities	376,073	253,254

(b) Outstanding balances arising from purchase and operating expenses

The outstanding balances at the end of the reporting period in relation to transactions with related parties are as follows:

	2021	2020
	Baht	Baht
Trade accounts payable and other payables	-	227,375
Lease liabilities	6,964,898	12,588,825

(c) **Directors and managements' remuneration**

Directors and managements' remuneration comprises salaries, other benefits, other remuneration and meeting fees.

For the years ended 31 December	2021 Baht	2020 Baht
Short-term benefits	56,596,240	42,892,740
Post-employee benefits	2,056,418	1,844,762
	58,652,658	44,737,502

32 Event after the financial statement date

At the Board of Directors' Meeting on 18 February 2022, it passed a resolution of submission to shareholders for approval the dividends payment in respect of results of operations for the year 2021 of Baht 1.30 per share for 870,758,034 shares, totalling Baht 1,131.99 million. The Company paid interim dividend for the year 2021 of Baht 0.60 per share amounting to a total of Baht 522.45 million on 10 September 2021. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2022 in April 2022.