

TMT STEEL PUBLIC COMPANY LIMITED

**INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

30 SEPTEMBER 2022

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and the Board of Directors of TMT Steel Public Company Limited

I have reviewed the interim financial information of TMT Steel Public Company Limited, which comprises the statement of financial position as at 30 September 2022, the related statements of comprehensive income for the three-month and nine-month periods then ended, the related statements of changes in equity, and cash flows for the nine-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers ABAS Ltd.

Kan Tanthawirat
Certified Public Accountant (Thailand) No. 10456
Bangkok
11 November 2022

TMT Steel Public Company Limited
Statement of Financial Position
As at 30 September 2022

		30 September 2022	31 December 2021
		Baht	Baht
	<u>Notes</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Assets			
Current assets			
Cash and cash equivalents		278,375,312	121,336,142
Trade accounts receivable and other receivables		3,184,469,125	3,367,019,598
Inventories, net	7	2,151,659,945	3,231,522,856
Advance payments for purchases of inventories		53,526,993	144,039,896
Derivative assets		41,391	-
Other current assets		31,693,049	5,578,200
Total current assets		<u>5,699,765,815</u>	<u>6,869,496,692</u>
Non-current assets			
Investment properties		55,729,000	55,729,000
Property, plant and equipment, net	8	3,141,653,163	3,053,275,799
Right-of-use assets, net		56,371,747	14,325,033
Intangible assets, net	8	38,511,007	34,900,375
Deferred income tax assets, net		49,105,662	34,685,877
Other non-current assets		5,299,050	4,972,389
Total non-current assets		<u>3,346,669,629</u>	<u>3,197,888,473</u>
Total assets		<u><u>9,046,435,444</u></u>	<u><u>10,067,385,165</u></u>

Director _____

Director _____

The accompanying notes form an integral part of this financial information.

TMT Steel Public Company Limited
Statement of Financial Position
As at 30 September 2022

		30 September 2022 Baht (Unaudited)	31 December 2021 Baht (Audited)
	Notes		
Liabilities and equity			
Current liabilities			
Short-term borrowings from financial institutions	9.1	2,659,328,844	3,485,596,976
Trade accounts payable and other payables		395,886,066	399,198,543
Income tax payable		-	122,715,468
Advance received from customers for goods		74,193,433	42,475,348
Current portion of long-term borrowings from financial institutions	9.2	639,269,421	539,269,303
Current portion of lease liabilities		23,822,319	10,705,047
Total current liabilities		3,792,500,083	4,599,960,685
Non-current liabilities			
Long-term borrowings from financial institutions	9.2	1,905,820,829	1,627,618,605
Lease liabilities		33,035,792	4,028,333
Employee benefit obligations		101,075,907	81,770,396
Total non-current liabilities		2,039,932,528	1,713,417,334
Total liabilities		5,832,432,611	6,313,378,019
Equity			
Share capital			
Authorised share capital			
870,758,034 ordinary shares of par Baht 1 each		870,758,034	870,758,034
Issued and paid-up share capital			
870,758,034 ordinary shares of paid-up Baht 1 each		870,758,034	870,758,034
Premium on share capital		427,323,198	427,323,198
Retained earnings			
Appropriated - Legal reserve		87,075,803	87,075,803
Unappropriated		1,828,845,798	2,368,850,111
Total equity		3,214,002,833	3,754,007,146
Total liabilities and equity		9,046,435,444	10,067,385,165

The accompanying notes form an integral part of this financial information.

TMT Steel Public Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 September 2022

	Note	2022 Baht (Unaudited)	2021 Baht (Unaudited)
Sales		5,431,764,849	5,644,293,246
Cost of sales		(5,392,306,509)	(5,039,264,783)
Gross profit		39,458,340	605,028,463
Other income		21,020,547	16,656,284
Selling expenses		(53,688,396)	(44,824,394)
Administrative expenses		(83,595,270)	(128,590,061)
Finance costs - interest expenses		(29,805,362)	(24,219,128)
(Loss) Profit before income tax		(106,610,141)	424,051,164
Income tax	5	21,491,382	(82,714,044)
(Loss) Profit for the period		(85,118,759)	341,337,120
Other comprehensive income		-	-
Total comprehensive (loss) income for the period		<u>(85,118,759)</u>	<u>341,337,120</u>
(Loss) Earnings per share			
Basic (loss) earnings per share		<u>(0.10)</u>	<u>0.39</u>

The accompanying notes form an integral part of this financial information.

TMT Steel Public Company Limited
Statement of Comprehensive Income
For the nine-month period ended 30 September 2022

	Note	2022 Baht (Unaudited)	2021 Baht (Unaudited)
Sales		17,362,952,531	15,966,001,741
Cost of sales		(16,610,889,163)	(13,663,419,044)
Gross profit		752,063,368	2,302,582,697
Other income		56,278,283	42,250,896
Selling expenses		(156,101,491)	(140,664,209)
Administrative expenses		(311,431,459)	(427,993,665)
Finance costs - interest expenses		(85,363,596)	(73,352,440)
Profit before income tax		255,445,105	1,702,823,279
Income tax	5	(48,930,070)	(333,675,991)
Profit for the period		206,515,035	1,369,147,288
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss			
Loss on remeasurements of defined employee benefit obligations		(7,968,774)	-
Income tax on items that will not be reclassified		1,593,755	-
Total comprehensive income for the period		200,140,016	1,369,147,288
Earnings per share			
Basic earnings per share		0.24	1.57

The accompanying notes form an integral part of this financial information.

Statement of Changes in Equity

For the nine-month period ended 30 September 2022

	Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
				Appropriated - Legal reserve Baht	Unappropriated Baht	
Opening balances at 1 January 2021		870,758,034	427,323,198	75,391,488	1,808,229,854	3,181,702,574
Dividends paid		-	-	-	(957,755,838)	(957,755,838)
Legal reserve		-	-	11,684,315	(11,684,315)	-
Total comprehensive income for the period		-	-	-	1,369,147,288	1,369,147,288
Closing balances at 30 September 2021		<u>870,758,034</u>	<u>427,323,198</u>	<u>87,075,803</u>	<u>2,207,936,989</u>	<u>3,593,094,024</u>
Opening balances at 1 January 2022		870,758,034	427,323,198	87,075,803	2,368,850,111	3,754,007,146
Dividends paid	10	-	-	-	(740,144,329)	(740,144,329)
Total comprehensive income for the period		-	-	-	200,140,016	200,140,016
Closing balances at 30 September 2022		<u>870,758,034</u>	<u>427,323,198</u>	<u>87,075,803</u>	<u>1,828,845,798</u>	<u>3,214,002,833</u>

The accompanying notes form an integral part of this financial information.

TMT Steel Public Company Limited
Statement of Cash Flows
For the nine-month period ended 30 September 2022

	2022	2021
	Baht	Baht
Notes	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before income tax	255,445,105	1,702,823,279
Adjustments for:		
Loss allowance	6 7,466,008	18,242,958
Loss (gain) on declining in value of inventories	7 45,292,046	(645,332)
Depreciation and amortisation	217,044,324	199,420,735
(Gain) loss on disposals of equipment	(123,786)	1,174,008
Gain on derivatives	(41,391)	(1,705,033)
Employee benefit expenses	12,791,670	8,520,052
Interest expenses	85,363,596	73,352,440
Cash flows before changes in operating assets and liabilities	623,237,572	2,001,183,107
Change in operating assets and liabilities:		
Trade accounts receivable and other receivables	175,084,465	(1,111,080,217)
Inventories	1,034,570,865	(1,372,231,039)
Advances paid for purchases of inventories	90,512,903	40,279,654
Other current assets	(26,114,849)	29,702,822
Other non-current assets	(326,661)	123,000
Trade accounts payable and other payables	7,840,312	255,294,491
Advances received from customers for goods	31,718,085	29,893,091
Employee benefit obligations paid	(1,454,933)	(1,220,000)
Cash flows generated from (used in) operations before interest and income tax paid	1,935,067,759	(128,055,091)
Interest paid	(89,228,526)	(79,986,045)
Income tax paid	(184,471,568)	(337,585,861)
Net cash generated from (used in) operating activities	1,661,367,665	(545,626,997)
Cash flows from investing activities		
Purchases of property, plant and equipment	(286,965,217)	(354,707,620)
Purchases of intangible assets	(12,086,162)	(7,049,179)
Proceeds from disposals of equipment	1,369,561	2,014,426
Net cash used in investing activities	(297,681,818)	(359,742,373)

The accompanying notes form an integral part of this financial information.

TMT Steel Public Company Limited
Statement of Cash Flows
For the nine-month period ended 30 September 2022

		2022	2021
		Baht	Baht
	Notes	(Unaudited)	(Unaudited)
Cash flows from financing activities			
Proceeds from short-term borrowings			
from financial institutions	9.1	20,437,124,009	15,590,630,001
Repayments on short-term borrowings			
from financial institutions	9.1	(21,263,392,141)	(14,674,315,441)
Repayment on debentures		-	(1,000,000,000)
Proceeds from long-term borrowings			
from financial institutions	9.2	743,245,000	1,300,829,000
Repayments on long-term borrowings			
from financial institutions	9.2	(365,000,000)	(150,000,000)
Payments for loan issuance costs	9.2	(635,005)	(1,405,010)
Payments for lease liabilities		(17,844,211)	(17,635,430)
Dividends paid	10	(740,144,329)	(957,755,838)
Net cash (used in) generated from financing activities		(1,206,646,677)	90,347,282
Net increase (decrease) in cash and cash equivalents		157,039,170	(815,022,088)
Opening balance		121,336,142	1,130,671,824
Closing balance		278,375,312	315,649,736
Cash and cash equivalents are made up as follows:			
- Cash on hand		542,454	589,912
- Deposits at financial institutions		277,832,858	315,059,824
		278,375,312	315,649,736

Non-cash transactions

Significant non-cash transactions for the nine-month periods ended 30 September 2022 and 2021 are as follows:

Other payables from purchases of property, plant and equipment	13,088,759	6,706,270
Other payables from purchases of intangible assets	-	2,226,000

The accompanying notes form an integral part of this financial information.

1 Basis of preparation

The interim financial information has been prepared in accordance with Thai Accounting Standard (TAS) no. 34, *Interim Financial Reporting* and other financial reporting requirements issued under the Securities and Exchange Act.

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

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

2 Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2021.

New and amended Thai Financial Reporting Standards effective for the accounting periods beginning on or after 1 January 2022 do not have material impact on the Company.

3 Accounting estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

4 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.

5 Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 September 2022 is 19%, compared to 20%, for the nine-months ended 30 September 2021.

TMT Steel Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the nine-month period ended 30 September 2022

6 Trade accounts receivable, net

As at 30 September 2022, outstanding trade receivables, included in trade and other receivables in statement of financial position, can analyse aging as follows:

	30 September 2022 Baht (Unaudited)	31 December 2021 Baht (Audited)
Current balance	2,521,016,411	2,693,028,104
Overdue: less than 1 month	515,852,539	614,319,432
Over 1 month to 3 months	107,777,901	70,345,129
Over 3 months to 6 months	23,709,727	11,183,349
Over 6 months to 12 months	8,163,079	26,937,920
Over 12 months	69,162,481	19,120,095
	3,245,682,138	3,434,934,029
<u>Less</u> Loss allowance	(96,181,027)	(88,715,019)
Total	3,149,501,111	3,346,219,010

7 Inventories, net

	30 September 2022 Baht (Unaudited)	31 December 2021 Baht (Audited)
Raw materials	677,643,726	1,226,642,891
Finished goods	1,526,333,597	2,011,905,297
Total inventories	2,203,977,323	3,238,548,188
<u>Less</u> Allowance for net realisable value		
- for raw materials	(6,092,710)	(2,992,809)
- for finished goods	(46,224,668)	(4,032,523)
Total	2,151,659,945	3,231,522,856

The Company has addition allowance for net realisable value amounting to Baht 45.29 million which has been included in cost of sales in the statement of comprehensive income.

8 Property, plant and equipment and intangible assets, net

Movements of Property, plant and equipment and intangible assets for the nine-month period ended 30 September 2022 are as follows:

	Property, plant and Equipment Baht	Intangible assets Baht
Opening net book value (Audited)	3,053,275,799	34,900,375
Additions	282,869,705	9,486,162
Disposals, net	(1,245,775)	-
Depreciation and amortisation	(193,246,566)	(5,875,530)
Closing net book value (Unaudited)	3,141,653,163	38,511,007

9 Borrowings

9.1 Short-term borrowings from financial institutions

Movements of short-term borrowings for the nine-month period ended 30 September 2022 are as follows:

	<u>Baht</u>
Opening book amount (Audited)	3,485,596,976
Additions	20,437,124,009
Repayments	<u>(21,263,392,141)</u>
Closing book amount (Unaudited)	<u>2,659,328,844</u>

Short-term borrowings from financial institutions were unsecured. The Company has provided the negative pledge to the financial institutions.

9.2 Long-term borrowings from financial institutions

Movements of long-term borrowings from financial institutions for the nine-month period ended 30 September 2022 are as follows:

	<u>Baht</u>
Opening book amount (Audited)	2,166,887,908
Additions	743,245,000
Repayments	(365,000,000)
Deferred issuance costs	(635,005)
Amortisation of deferred front-end fees	<u>592,347</u>
Closing book amount (Unaudited)	<u>2,545,090,250</u>

On 1 April 2022, the Company obtained long-term borrowing from a financial institution totalling Baht 55.98 million with the fixed interest rate per annum. The borrowing was unsecured and will be due within 5 years.

On 28 June 2022, the Company obtained long-term borrowing from a financial institution totalling Baht 150 million with the interest rate of BIBOR (6 months) plus incremental borrowing rate per annum. The borrowing was unsecured and will be due within 5 years.

On 15 July 2022, the Company obtained long-term borrowing from a financial institution totalling Baht 350 million with the interest rate of BIBOR (6 months) plus incremental borrowing rate per annum. The borrowing was unsecured and will be due within 5 years.

On 2 September 2022, the Company obtained long-term borrowing from a financial institution totalling Baht 187.27 million with the fixed interest rate per annum. The borrowing was unsecured and will be due within 5 years.

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 borrowings rate of 3.00 - 3.64 and are within level 2 of the fair value hierarchy.

10 Dividends

At the Board of Director's Meeting on 11 August 2022, Board of Directors approved the interim dividend payment of Baht 0.15 per share for 870,758,034 shares, in respect of the 2022 operating results and retained earnings, totalling Baht 130.61 million. The interim dividends had been paid to the shareholders on 9 September 2022.

At the Annual General Shareholder's Meeting on 7 April 2022, the shareholders approved the dividend payment of Baht 0.70 per share for 870,758,034 shares, in respect of the 2021 operating results, totalling Baht 609.53 million. The dividends had been paid to the shareholders on 6 May 2022.

11 Contingent liabilities

Letters of guarantee

As at 30 September 2022, the Company had outstanding letters of guarantee amounting to Baht 31.47 million (31 December 2021: 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 30 September 2022, the Company had outstanding letters of credit amounting to US Dollars 4.31 million in relation to purchases of goods and machineries (31 December 2021: US Dollar 5.65 million and Baht 4.35 million).

12 Commitments

Lease

The future minimum lease payments 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 are as follows:

	30 September 2022 Baht (Unaudited)	31 December 2021 Baht (Audited)
Within 1 year	147,400	112,900
Over 1 year but not over 5 years	237,150	46,700
Total	384,550	159,600

Purchase commitments

As at 30 September 2022, the Company had outstanding commitments relating to the purchases of goods with fixed buying price of US Dollars 4.24 million. (31 December 2021: Baht 5.70 million and US Dollars 1.94 million).

Capital commitments

As at 30 September 2022, the Company had capital expenditure contracted but not yet recognised of Baht 8.15 million and US dollars 1.44 million. (31 December 2021: Baht 35.71 million and US dollars 6.41 million).

13 Related party transactions

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.

On 12 April 2022, the Company has renewed the first agreement, the period is from April 2022 to March 2025, at an agreed price of Baht 2.40 million per year. The second agreement is from October 2020 to October 2023, at an agreed price of Baht 3.6 million per year.

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

a) Purchases and operating expenses

For the three-month periods ended 30 September	2022 Baht (Unaudited)	2021 Baht (Unaudited)
Computer system purchase and service expenses	2,054,406	1,814,406
Payment on lease liabilities	1,413,810	1,412,500
Interest expense from leases liabilities	86,190	87,500
For the nine-month periods ended 30 September	2022 Baht (Unaudited)	2021 Baht (Unaudited)
Computer system purchase and service expenses	4,870,638	3,091,738
Payment on lease liabilities	4,254,766	4,198,143
Interest expense from leases liabilities	245,234	301,857

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:

	30 September 2022 Baht (Unaudited)	31 December 2021 Baht (Audited)
Lease liabilities	9,594,726	6,964,898

c) Directors and managements' remuneration

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

For the three-month periods ended 30 September	2022 Baht (Unaudited)	2021 Baht (Unaudited)
Short-term employee benefits	11,359,000	19,696,978
Retirement employee benefits	584,683	514,105
	11,943,683	20,211,083

For the nine-month periods ended 30 September	2022 Baht (Unaudited)	2021 Baht (Unaudited)
Short-term employee benefits	36,577,000	42,584,978
Retirement employee benefits	1,754,048	1,542,314
	38,331,048	44,127,292

14 Authorisation of financial information

The interim financial information was authorised for issue by the Board of Directors on 11 November 2022.