



บริษัท ทีเอ็มที สตีล จำกัด (มหาชน)
TMT STEEL PUBLIC COMPANY LIMITED

56-1 One Report



STRUCTURE OF SUSTAINABILITY

Annual Report 2020

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Asset Used in Business Operation

Business success is not just achieving today's target but being able to create sustainable results for the future. Therefore, TMT is committed to conducting business on a sustainable development basis by adhering to the important principles of good corporate governance, economy, society and environment.





Message from the Board of Directors

// In 2020, TMT has operated a business under unprecedented challenges that affected badly Thai economy. The impact on US-China trade tensions since the end of 2019 has distorted trade relationship and the growth of global economy impacting those major export markets of Thailand eventually. Because of a severe drought in many parts of Thailand, the agricultural productivity has fallen more than expected. Moreover, the delay in approving government annual budget and the Coronavirus (COVID-19) pandemic have most severely impacted the global economy and daily life of people in Thailand and around the world. All of these consequences have inevitably weakened Thailand's economic overview. //

Mr. Chai Jroongtanapibarn
Chairman of the Board

Economic Overview and Steel Industry in Thailand

We anticipated Thailand's Gross Domestic Product (GDP) in 2020 would be -6.1%¹, which was the result of sharply declining in export from situations mentioned above. Due to Coronavirus pandemic, the income of the service sector, especially tourism which is the vital source of Thailand's revenue over the decades, has sharply fallen. Most of hotel businesses, restaurants and other related industries have been severely affected. Plus the figure of Thai Industrial Production Index (IPI) has shown a reduction mainly from a decline in car sales in both domestic and overseas market. Alongside the private investment has also decreased about 8.4%¹. Due to the low domestic consumption caused by the rising unemployment rate and the concern about credit quality of many companies shown by increasing figures of Non-Performing Loans (NPLs), most of the financial institutions have been accordingly more cautious in offering additional loan to the private sector. However, in 2020 the government spending and public investment have been the main mechanism to drive Thai economy forward. The government has provided emergency financial stimulus measures to support weak local consumption and to relieve the people difficulties by approving additional budget of 1 trillion baht into the economy.

Also, Thai steel industry has been hit by a depressed economy due to the slowdown in the construction industry, decreasing manufacturing productivity and low investment. The domestic steel consumption reduced 11.60%², from 18.64² million tons in 2019 to 16.48² million tons in 2020 in relevant to the decreasing global steel demand from the weak economy. Nevertheless, the government has been the key supporter driving the economy through many infrastructure projects like twin-track railway, the BMR mass transit system, highway and motorways as well as more spending in public utility, health and energy from which steel was basically to be more consumed.

Financial Results

Our management has conducted the business under the challenges of Coronavirus (COVID-19) pandemic and current economic environment that affected slightly the Company's revenue. TMT revenue was 14,576 million baht or decreased 11.57% year-on-year. Despite our sales quantity was 757,175 metric tons dropped by 2.77%, still better than comparing to the reduction of total steel consumption of Thailand in 2020 that dropped 11.60%. Although, TMT's revenue seemed to decline more than the quantitative proportion because the average steel selling price appeared to be lower than the average price in 2019

about 9.01%. The net profit of 537.88 million baht increased 133.91% comparing to 2019 which was 229 million baht. This happened because of the continuously decline in global steel price and steel over supply situation during the whole year of 2019 that impacted initially TMT gross profit. In 2020, global steel price happened to be more stable and the market was in equilibrium, so our net profit recovered quickly, especially in the late of 2020.

The financial result last year has reflected the company's capability to cope with unexpected situations. We have striven to support manufacturing and construction industry in Thailand, to create greater value in processing and to develop our business strategy in providing consistency, availability, flexibility and responsiveness to satisfy customers and distributors all over the country. To achieve our objective of supporting customers' need and success, TMT has been investing substantially and implementing high technology, advanced machineries and comprehensive facilities in order to support our business strategies for years. Moreover, the Company's sales volume and market share has reflected reliability, confidence and satisfaction of customers who has experienced our best products and services.

Sustainable Development

TMT established the Corporate Governance and Sustainability Committee also the Risk Management and Strategy Development Committee to ensure adequate risk control and sustainable development in order to build trust and credibility with customers, business partners and all stakeholders. The Company always emphasizes to support environment, society, governance (ESG) alongside other parts, to maximize resource efficiency and to support sustainable development policy by applying key indicators of energy consumption and resource utilization in the production process appropriately. TMT, therefore, was recognized the status of sustainable business practices "ESG100 Company" for 5 consecutive years, also received Sustainability Disclosure Awards in 2020 from Thaipt Institute. Moreover, the Company has declared "No Gift Policy" for creating a good principal of working standard

and preventing corruption policy. With our strong commitment towards anti-corruption of all forms, TMT, therefore, was renewed as a membership of Thai Private Sector Collective Action against Corruption (CAC) in the third quarter of 2020. In addition, TMT continuously emphasizes the core value of creativity and innovative thinking as well as improving skill and knowledge of TMT people. In this regards, TMT has been deeply honored to receive SET Award 2020 for Outstanding Innovative Company Awards Business Excellence, Innovation: "STAY FLAT, the ultimate in steel sheet" from The Stock Exchange of Thailand (SET) and to be selected as one of the 2020 Thailand Sustainability Investment (THSI) list.

The success from all receiving distinguished awards reflects the determination of managements and all TMT people who continually create their high performance achieve the sustainable operation and create high value-added products and services to clients, partners and all stakeholders.

Furthermore, the Company has adopted an appropriate measure to cope with Coronavirus (COVID-19) pandemic. We have created a business continuity plan (BCP), staff training programs in raising health awareness. We have also introduced those preventive measures like establishing a safe working environment, social distancing at work, wearing masks, and even working from home to reduce over crowded workplace to prevent the spread of the virus

Despite having faced the challenges and the risks from external factors and the dynamic business environment, the Board of Directors, managements and employees of TMT Steel Public Company Limited have intended to conduct business based on good corporate governance. We would like to express our appreciation to the shareholders, customers, business alliances and all valuable stakeholders that have shown confidence in our Company throughout the time. The Company will continually strive for business success and to be a structure for the sustainable growth of all industries in Thailand.

¹ Office of the National Economic and Social Development Council, Thai Economy in the fourth quarter of 2020

² Iron and Steel Institute of Thailand, January 2021 Report

Awards



TMT received SET Award 2020 for Outstanding Innovative Company Awards Business Excellence, Innovation: “STAY FLAT, the ultimate in steel sheet” from The Stock Exchange of Thailand (SET) and to be selected as one of the 2020 Thailand Sustainability Investment (THSI) list.



TMT was recognized as ESG100 Company for the fifth consecutive year with an outstanding performance in Environmental, Social and Governance which was evaluated from 803 listed companies by ESG Rating of THAIPAT institute.

TMT received the CSR-DIW Continuous Award 2020 from the Department of Industrial Work. The award and certificate were presented to the Company that continuously develop and maintain the Corporate Social Responsibility activities.





TMT received Thailand Labour Management Excellence Award 2020 from Ministry of Labour.



TMT received Sustainability Disclosure Awards in 2020 from Thaipat Institute.



TMT was renewed as a member of Thai Private Sector Collective Action Against Corruption (CAC) in the third quarter 2020.



TMT was certified ISO 45001:2018 Occupation Health and Safety Management System from SGS Thailand.

TMT received a certificate of honor from the Iron and Steel Institute of Thailand in supporting the development of professional qualification standards in steel production and processing.



Corporate Profile

TMT STEEL PUBLIC COMPANY LIMITED

Stock Code	TMT
Registration Number	0107547000800
Type of Business	Integrated Steel Service Center
Registered Capital	Baht 870,758,034
Issued and Paid-up Capital	Baht 870,758,034
Head Office	179 Bangkok City Tower 22nd Floor, South Sathorn Rd., Thungmahamek, Sathorn, Bangkok 10120 Thailand0 Tel 0 2685 4000 Fax 0 2670 9090-2
Rama III Plant and Distribution Center	129, 131 Rama III Rd., Bangkholaem, Bangkok 10120
Wangnoi Plant and Distribution Center	332-333 Moo 5, Paholyothin Rd., Lamsai, Wangnoi, Ayutthaya 13170
Investor Relations	Tel 0 2685 4000 ext. 4003 Fax : ir@tmtsteel.co.th
Designated Directors as Shareholders' representative	Fax 0 2670 9093 E-mail : ind_dir@tmtsteel.co.th
Homepage	www.tmtsteel.co.th

References

Share Registrar

Thailand Securities Depository Company Limited
93 SET Building, Ratchadaphisek Rd.,
Dindaeng, Bangkok 10400
Tel 0 2009 9999 Fax 0 2009 9991

Auditor

PricewaterhouseCoopers ABAS Company Limited
179, 15th Floor Bangkok City Tower,
South Sathorn Rd., Thungmahamek,
Sathorn, Bangkok 10120
Tel 0 2344 1000 Fax 0 2286 5050

Debenture holders' Representative & Registrar

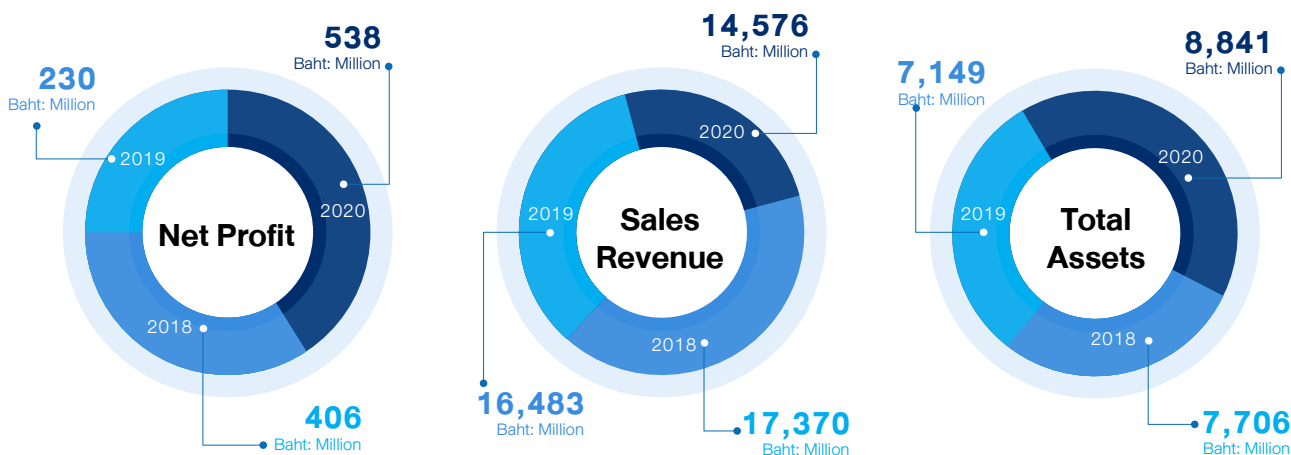
Bank of Ayudhya Public Company Limited
1222 Rama III Rd., Bang Phongphang,
Yan Nawa, Bangkok 12120
Tel 0 2296 2000 Fax 0 2683 1304

Legal Consultant

Seri Manop and Doyle Company Limited
21 Soi Amnuaiwat, Suthisan Rd., Samsennok,
Huaikhwang, Bangkok 10310
Tel 0 2693 2036 Fax 0 2693 4189

Financial Highlights

As at 31 December 2020



(Baht: million)

	2020	2019	2018
Summary			
Sales Revenue	14,576	16,483	17,370
Gross Profit	1,266	898	1,044
Net Profit	538	230	406
Total Assets	8,841	7,149	7,706
Total Liabilities	5,659	4,244	5,001
Total Shareholder's Equity	3,182	2,905	2,704
Paid-up Capital	871	871	435
Financial Ratio			
Gross Profit Margin	8.68%	5.45%	6.01%
Net Profit Margin	3.69%	1.40%	2.34%
Return on Assets (ROA)	6.08%	3.22%	5.27%
Return on Fixed Assets (ROFA)	18.25%	7.90%	15.69%
Return on Equity (ROE)	16.91%	7.92%	15.01%
Current Ratio (Time)	1.21	1.29	1.21
Debt to Equity Ratio (Time)	1.78	1.46	1.85
Net Interest Bearing Debt to Equity Ratio (Time)	1.26	1.27	1.60
Interest Coverage Ratio (Time)	8.96	3.36	5.46
Collection period (Day)	60	57	54
Inventory turnover period (Day)	46	37	38
Book Value per share (Baht)	3.65	3.34	6.21

Policy and Business overview

“ Providing Structure of Your Imagination ”

This vision statement is what we believe in, and we strive every single day to live up to this commitment.

To be different, we challenge ourselves at all times to come up with new creative ideas to provide better solutions to customers and to keep improving our business functions, in order to respond to the ever-changing demand.



“Not just only adding more value to our products and services, it is also our strong commitment to support customers in achieving their success.”

Positioned as a leading integrated steel solution provider, TMT is geared up and ready to provide an all-inclusive steel-related service to our customers. Besides supplying quality products, we offer consultation, business solutions and material planning. These are aimed at creating greater values in order to benefit our customers. In other words, we are transforming a conventional steel business into a fully integrated steel solution.

TMT is operated based on a sophisticated management system which has proven to be capable, efficient and able to meet all requirements. In addition to these comprehensive facilities, technologies, and good quality control system, we are also concerned regarding to social and environmental responsibilities. Furthermore, the company has an excellent logistics system in place which offers reliability, inventory management and on time delivery to our customers. All of the above implementations are further complemented by a high performing information system and a hi-speed data communication network to ensure that all customers' requirements will always be treated with great care and fulfilled.

Corporate goal

TMT strives to be the leader in the best integrated steel service center in the country with a vision “Providing Structure of Your Imagination”. The company attaches importance to being a structure for the success of every stakeholder, especially as part of the success of our customers’ business. The company does not only focus on innovation to produce quality products that meet the needs of customers, but focuses on the development of various services in order to help customers maximize the production efficiency, production capacity and maximize the benefits of customer’s business. The company set a sales growth target of 10% for at least 3 years in accordance with the investment plan between 2017 and 2022. More information is detailed in the part of Significant of changing and development. The plan was to support growth so that the company could create a production capacity up to 1 million tons. Under these challenges, the company realizes that the business must be conducted on the basis of sustainable development by adhering to good corporate governance principles, economy, society and the environment, along with appropriate risk management which will build business sustainability from within to deliver good value to all stakeholders and enable the company to achieve sustainable growth.

History and Background

Mr. Soon Tarasansombat founded “**Soon Huat Iron Work Limited Partnership**” in 1976. The business had initially been focused on only steel trading until 1986, when it was transformed to “**Soon Huat Steel Co., Ltd.**”. The company eventually was reformed to a new business model in 1992 as “**Thai Metal Trade Company Limited**”.

Thai Metal Trade Company Limited (TMT) was established on April 17, 1992, with an initial paid up capital of 5 Million Baht. The Company was positioned as a fully integrated steel service center. Being able to cover a full range of steel products, expertise in steel trading, a manufacturing and an excellent distribution system, plus proactive marketing strategies, Thai Metal Trade was rapidly on its way to guarantee long-term growth.

On September 1, 2004, TMT became a public company and listed company on the Stock Exchange of Thailand since February 18, 2005. This was a bold step forward to enhancing creditability, widening financial instruments and greater business opportunities, and reinforcing sustainable growth.

On April 9, 2019, TMT changed Company’s name align with the current business model and future business expansion to be “**TMT STEEL PUBLIC COMPANY LIMITED**”

On April 18, 2019, TMT changed its paid-up capital from Baht 435,379,017 to Baht 870,758,034 resulting from the stock dividend payment at the ratio of 1 existing share per 1 new share.

The Company’s first plant and distribution center is located on Rama III Road, and the substantial investment of over One Billion Baht has been spent in the beginning on a plot of 135 rai compound in Ayutthaya, to increase capacity of warehouse and production. Currently, the Company expands its investment up to a total area of 334 rai with Three Billion Baht of investment. We are now one of the Thailand’s largest integrated steel solution provider whose business priority lies on increasing the value of our partnership with customers, rather than on mere product sales.

The Major Changes and Developments in 2020 were as follows:

- Renovated the warehouse by combining two buildings into one large warehouse. The total area is 9,600 square meters which can store inventories of approximately 25,000 tons. The warehouse space was enlarged and loading products became more efficient.
- Started using water pressure testing equipment for pipe manufacturing in the fourth quarter. This new steel pipe is added to pipe products in order to meet the needs of the pipework system market which includes fire extinguisher pipes or air conditioning pipes, etc. The pipework system can be tested at 1,000 tons per month.
- Initiated a construction project to build 1 warehouse for steel pipe products in order to support the increased steel pipe line and the expanded warehouse space in order to store a variety of products by increasing warehouse space to 4,000 tons. This project is expected to be completed in Q2/2021.
- Initiated an expansion project for steel pipe manufacturing by using 3 machines to increase the production capacity of steel pipes for a total 6,500 tons per month or 78,000 tons per year. This is expected to be completed in Q3/2021.
- Initiated an expansion project of Slitter, hot rolled strip in coils by using 1 machine that has a capacity to produce 74,000 tons per year in order to support the increased steel pipe line and the increased demand for hot rolled strip in coils. This is expected to be completed in Q1/2022.
- Initiated an expansion project of STAY FLAT, a special kind of flat steel in order to increase the production capacity to 15,000 tons per month or 180,000 tons per year. This also enhances the production efficiency of the STAY FLAT line in order to be able to produce thicker products. This is expected to be completed in Q1/2022.
- Initiated an auto feed shearing development project. This automatic system can replace human labor to reduce accidents from moving steel by 100%. The system has a cutting speed of 170 pieces per hour which can increase flat steel cutting to 17.24% and also increases the efficiency and cutting precision. This prototype system has been researched and designed. The installation was completed in Q3/2020 and is currently being renovated in order to be used with all flat steel cutting machines by 2021



Nature of Business

Our Products & Services

The principal activity of the Company is to act as total steel solution provider. The Company places priority on serving the needs of customers and providing the type of product customers require through its management and warehousing system. The Company also delivers products at a pre-specified time and place. These activities comprise

value-added for customers in terms of providing product variety, quality, optimal cost and convenience with professionalism and dependable expertise which are at the core of all TMT operations including a modern technology.,as follows:

1.

Steel Distribution Center

Our customers are fully served domestically and internationally with all kinds of steel products, from raw materials to finished products. The TMT distribution center is situated at a strategic location that increases our capabilities to transport products all across the board to most destinations within the shortest time. This apparently results in minimizing inventory management costs to our customers.

2.

Steel Processing

We are capable of handling virtually all kinds of steel orders, even ones with specific requirements. With our state-of-the art machinery and teams of professionally trained mechanics, we can cater for shearing, slitting and cutting to any specific requirements as needed.

3.

Cold Forming Process

As a one-stop integrated steel solution provider, TMT is equipped with comprehensive cold forming production lines to produce various types of general structural steel for construction such as Steel Pipe, C-Channel and Pressing.

4.

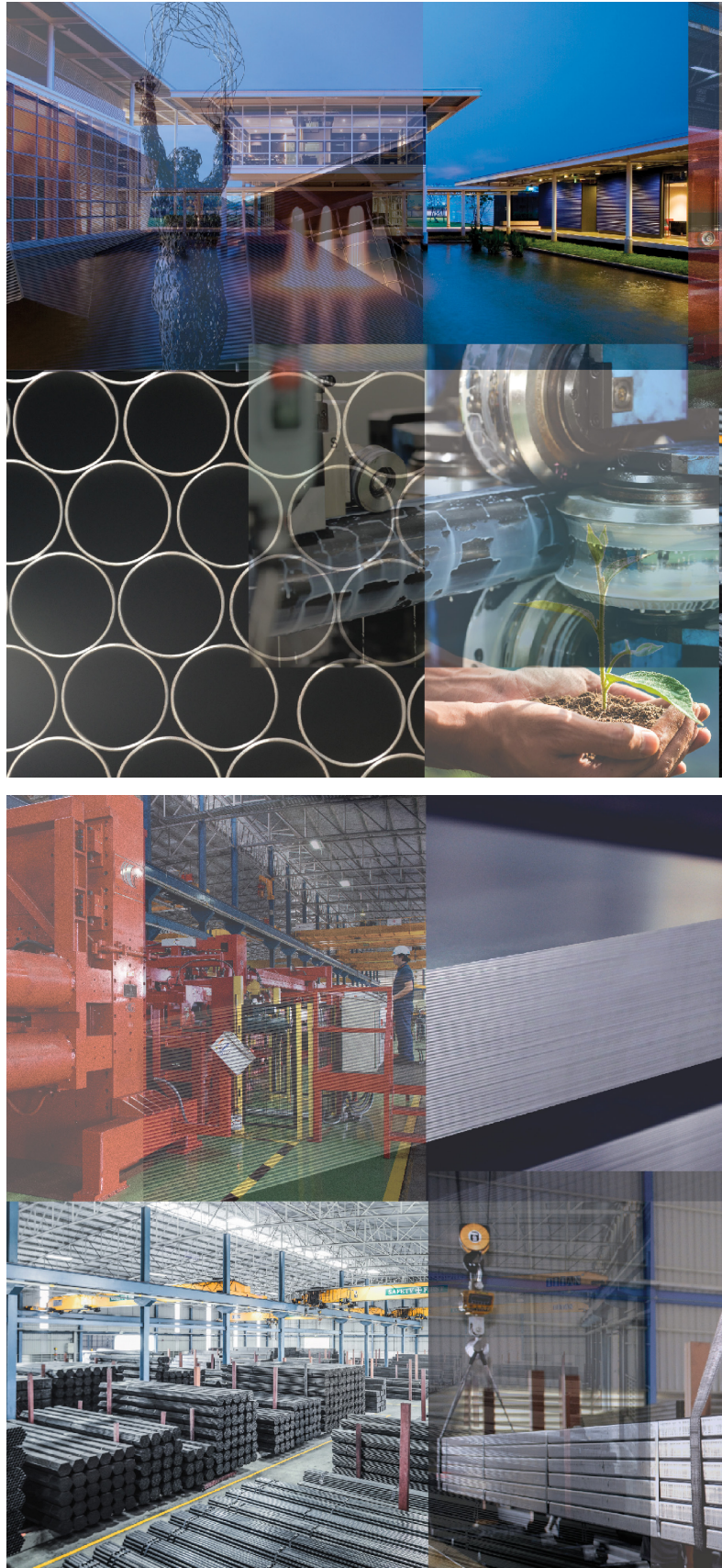
Constantly Adding Value to Our Products

At TMT, we strive to constantly add greater value to our existing and future offerings whenever we can, relentlessly making it worthwhile for customers to choose our products and services. This is evident in our recent successful development of the water based corrosion resistant coating system to be applied to our cold forming products. The system has proven to be safe and eco-friendly because it does not contain any hazardous volatile or solid substances, and it is a clear proof of our genuine commitment to corporate environmental friendliness. We, also, empathize with the pain points of customer that the steel flat sheet when it was processed in customer's production line, the tension inside the steel sheet will be occurred and caused it bent which make it loosen its flatness. That is a key problem that waste production time to rework or adjust the material feeding in automatic line and create,more waste eventually. Therefore, with a most modern technology in Thailand, we invest in a stretcher machine to produce a new product with a brand "STAY FLAT" to solve these customer's pain points. The STAY FLAT product will keep its flatness in steel processing line and utilizing with minimum lost in waste as well as making an automatic line material feeding smoothly and continuously.

As the fully integrated steel service center with a supreme quality of products and services, TMT was certified a Quality Management Systems Standard - ISO 9001:2015 together with TIS Standard. Moreover, our products with “Verified by TMT” mark will ensure and guarantee the quality that all the products have passed the finest quality control by the expert in every steps of our production line.

Business Innovation Development

The Company places great emphasis on bringing innovation to improve the quality of products and services, creating value in both production and management in order to best meet the different needs of customers, as well as creating opportunities and increasing business competitiveness. This included enhancing employees' quality of life, creating a safe work environment, and reducing the environmental impact on society and the surrounding communities. More details are disclosed under the topic of Driving Business for Sustainability clause Innovation Management and Product Quality Development. The Company allocated a sufficient budget to continually support research, work process development, and various innovations. The expenses over the past 3 year (2018-2020) totaled approximately 62,510,223 Baht. The expenses included designing, developing, and constructing labor-saving machinery in order to increase efficiency and safety in the production process, developing and installing extensible prototype equipment for other machines in order to create new business opportunities, as well as developing and designing software programs that increase convenience, speed and accuracy, especially for the product and service delivery. This also included business research and analysis to develop new business models.



Marketing and Competition

With a complex requirement of customer which is diverse as its industrial needs and variety of its business application, it creates a complicated need not only in pattern, quality, standard or utilization to meet their requirement, but also a need of services which can ensure a committed delivery, secured source of material and

valuable recommendation on alternatives of efficient material planning. In the mean time, this management should be synchronized and conformed to upstream material management in both local and foreign mills' constraints and conditions which are described as below:

Mills' Needs	Customers' Needs
<p>1. Quantity Mills prefer mass production and require a minimum quantity in order to control production costs and achieve economies of scale.</p>	<p>1. Quantity Customers, such as construction companies, manufacturers of parts, automobile parts, require limited quantities of products for a certain period of time which may not meet the minimum quantity requirement of mills. In addition, customers need various types of products at one time.</p>
<p>2. Pattern Mills prefer standard pattern orders which require a normal production process in order to ensure efficiency in the production process.</p>	<p>2. Pattern Each customer requires different types of products. Some products cannot be completed in a mill's production process and need additional processing.</p>
<p>3. Delivery Mills prefer mass volume for each delivery together with few shipments and few destinations in order to control transportation costs.</p>	<p>3. Delivery Customers generally require a one-time delivery of several types of products in one order. In addition, many customers mean many destinations.</p>
<p>4. Order Mills prefer to have a confirmed order in advance and lead time in order to fix the production planning.</p>	<p>4. Order Consumers may require the product immediately or at a shortened period, making it difficult to place orders in advance.</p>

The Company, as a full service center and distribution center, manages and serves the varying preferences of both mill and consumers to meet their requirement at the same time by placing orders to mills in a large volume, with some products maintained in its warehouse and others were reprocessed in order to provide various products to

customers in each industry. The Company assists its customers in saving time, reducing handling and storage costs and expenses by providing a product sourcing service. The Company also helps mills reduce transportation costs by delivering the products to each consumer directly.

Sources of Supply

In 2020 the Company's products were from its production and procurement from other sources which were raw materials for use in its production and finished goods for sale, described as follows:

The Production

In the year 2020, the Company has factory and warehouse total 17 buildings and renovated the warehouse by combining two buildings into one large warehouse. The Company has three pipe production lines. Additionally, the existing machines were also revamped to increase their productivity; together with work process improvement to enhance more efficiency. Consequently, the total capacity of all machines is expanded to 957,701 tons per annual with the production utilization rate of 82.23%

Raw Material Sourcing

Hot Rolled Coil is the main raw material for the Company's production. The Company purchased Hot Rolled Coil from various domestic and foreign mills where the domestic sourcing was accounted to 71.39% and the import sourcing was 4.89% of total products purchasing amount in 2020.

Products for Sale sourcing

The Company sources the products for sale as the customer's requirement which cannot be produced itself or some can be produced but not match with its production planning as the following:

1. Hot Rolled Steel Section

The Company purchased Hot Rolled Steel Section products from various domestic mills, accounting to 16.53% of the 2020 total products purchase. These products are H or I Sections, Equal and Angle.

2. Cold Forming Steel Section

Though the Company can produce some types of this Cold Forming Steel Section, TMT also purchase the others mostly are Pipes from various domestic manufacturers which accounted to 1.94 % of the total products purchase in 2020.

3. Hot Rolled Plate

This product type is not the production from Hot Rolled Coil or cannot be processed through the Company's production line. Therefore, the Company purchased from various domestic and foreign mills at 3.54% of total products purchase amount.

4. Other Steel Products

As a Total Steel Solution Provider, TMT has to source and procure to serve the variety of customers' needs such as D Formed Bars, Steel Rods, Stainless Steel, Wire Mesh, etc., amounting 1.70 % of the total products purchase in 2020.

Investment Policy Statement in Subsidiaries and Associates

At present, the Company has no associated companies or subsidiaries. The Company aims to be a steel service center that meets world standards. Therefore, the Company has the policy to consider the opportunity of having synergy in the form of establishing a new company, acquisitions, joint ventures, and investments in other companies to build a strong service network in product distribution, transportation, production, and processing as well as sales to make the company's products cover a wide range of customer needs and reach all areas, both domestic and regional. However, the company has no policy to diversify investment in businesses that are not related to the existing business of the company.

Revenue structure

The Company's revenue structure over the past three years covering its financial period ended 31 December 2018 to 2020 is as follows:

Product Category	2020		2019		2018	
	Baht thousands	%	Baht thousands	%	Baht thousands	%
Trading						
1. Hot-Rolled Coil	370,164	2.52	333,983	2.02	315,624	1.81
2. Hot Formed Shape Steel	2,302,073	15.70	3,029,208	18.29	3,339,473	19.15
3. Steel Pipe and C-Channel	246,882	1.68	233,558	1.41	414,418	2.38
4. Sheet and Plate Steel	459,339	3.13	735,861	4.44	863,134	4.95
5. Others*	144,655	0.99	108,987	0.66	166,684	0.96
Total	3,523,113	24.03	4,441,597	26.82	5,099,333	29.24
Processing						
1. Steel Sheet (Cutting)	2,636,417	17.98	3,192,941	19.28	3,590,906	20.59
2. Steel Sheet (Shearing and Pressing)	2,417,534	16.49	2,874,987	17.36	2,993,346	17.17
3. Slit Coil	546,641	3.73	510,192	3.08	506,870	2.91
Cold Formed Steel Processing						
4. Steel Pipe	4,349,084	29.67	4,163,521	25.14	3,593,848	20.61
5. C-Channel	1,134,836	7.74	1,328,679	8.02	1,604,139	9.20
Total	11,084,512	75.61	12,070,320	72.90	12,289,109	70.47
Other Income**	52,771	0.36	46,448	0.28	49,915	0.29
Total Revenue	14,660,396	100.00	16,558,365	100.00	17,438,357	100.00

Notes : * Such as deformed bar, special size and special grade steel

** Such as processing service, delivery service and interest income

Shareholders Structure / Dividend Policy

The Top 10 Shareholders of the Company as of June 19, 2020⁽¹⁾

No.	Shareholders	Number of shares	Percentage of shareholding
1	Mr. Soon Tarasansombat	195,508,000	22.45 %
2	Mr. Paisal Tarasansombat	102,349,400	11.75 %
3	Mr. Chamnan Tarasansombat	68,112,000	7.82 %
4	Ms. Patitta Tarasansombat	67,889,800	7.80 %
5	Mr. Komsan Tarasansombat	66,000,150	7.58 %
6	Mrs. Pornjit Tarasansombat	64,000,000	7.35 %
7	CREDIT SUISSE AG, SINGAPORE BRANCH	57,000,000	6.55 %
8	Mrs. Panlapa Tarasansombat	35,621,000	4.09 %
9	Mr. Thongchai Srisan	13,835,300	1.59 %
10	Mr. Tanawut Sriboonruang	10,700,000	1.23 %
11	Other Shareholders	189,742,384	21.79 %
	Total	870,758,034	100.00%

Source : Thailand Securities Depository Company Limited

⁽¹⁾ Record date for the rights to attend the Annual General Meeting of Shareholders for the year 2020

Dividend Policy

The Company's dividend payout policy is to pay not less than 50 percent of its net profit after legal reserve deduction which may be changed; depending on the company's financial position, operating results and future business plans.

Dividend payment for last 5 years are as follows.

Performance Year	Net Profit (Baht)	Net Profit per share (Baht)	Dividend per share (Baht)	Dividend Yield	Total Dividend Payment (Baht) ⁽²⁾	Dividend Payout ratio (%)
2019	229,946,286	0.26	0.30	7.85%	261,227,410.20	113.60%
2018	405,883,466	0.93	1.07 ⁽³⁾	8.05%	465,855,548.19	114.78%
2017	641,038,206	1.47	1.20	7.10%	522,454,820.40	81.50%
2016	908,949,758	2.09	1.50	8.29%	653,068,525.50	71.85%
2015	320,632,886	0.74	0.65	6.91%	282,996,361.05	88.26%

⁽²⁾ Calculated from the number of paid-up shares multiplied by dividend per share.

⁽³⁾ Paid by stock dividend at the rate of 1 existing share: 1 stock dividend (par value of 1 Baht / Share) and cash 0.07 Baht / Share

Debentures Summary of the issuance and offering debenture as follows:

Name of Debenture	Debentures of Thai Metal Trade Company Limited No. 1/2018 Tranche 1 due B.E. 2021
Type of Debenture	Name-registered, Unsubordinated, Unsecured Debenture with Debenture Holders' Representative
Currency	Baht
Offering Type	Institutional Investors and/or High Net Worth Investors
Value of Offered Debenture	1,000,000,000 (One Thousand Million) Baht
Interest Rate	Fixed interest rate at 3.75 (Three point seven five) percent per annum
Issue Date	April 05, 2018
Maturity Date	April 05, 2021
Tenor	3 (three) years from the Issue date
Interest Payment Date	Every 6 (six) months throughout the maturity period
Company Rating By TRIS Rating Co., Ltd.	October 26, 2020 at "BBB" with a "Stable" outlook November 06, 2019 at "BBB" with a "Stable" outlook November 22, 2018 at "BBB" with a "Stable" outlook February 15, 2018 at "BBB" with a "Stable" outlook
Debenture Holder Representative	Bank of Ayudhya Public Company Limited.
Debenture Registrar	Bank of Ayudhya Public Company Limited.
Joint-Lead Manager	Kiatnakin Phatra Securities Public Company Limited



Risk Management and Risk Factors

The Company established a policy for risk management and corporate strategy development which was disseminated on the website and approved by the Risk Management and Strategy Development Committee at www.tmtsteel.co.th / investor relations/ Corporate Governance / other policy / Risk Management Policy. The enterprise risk management procedures were established in accordance with the international best practice standards in order to have effective and prudent risk management. The risk management results must be reported, reviewed and improved in order to develop the effectiveness of risk management and corporate strategies development. This must be reported to the Board of Directors for acknowledgement by the Risk Management and Strategy Development Committee at least once a year.

In 2020, the Company assessed the significant risk factors that may affect the Company's business operations, financial position, and performance. The Company developed appropriate and effective working guidelines under controlled risks to align with the policy of risk management and corporate strategy development. In summary, the risk factors and operational guidelines for risk management are classified into 6 aspects as follows:

Strategic Risk

1. Dependence Risk on Large Raw Material Manufacturers

In 2020, the Company ordered hot-rolled coil steel (HRC) from domestic manufacturers, as well as domestic and international traders. In regards to domestic manufactures, the Company purchased products from the Sahaviriya Steel Industries Public Company Limited, GJ Steel Public Company Limited and G Steel Public Company Limited. This accounted for a total value of 65.23% of the total order which was an increase when compared to 2019 which was 63.87%. In addition, the Company also ordered structural steel products from Siam Yamato Steel Company Limited which is the largest structural steel

manufacturer in the country. This accounted for 5.88% of the total order which was a decrease when compared to 2019 which was 7.11%.

The limitations of having only three manufacturers of hot-rolled coil in the country, the anti-dumping measures, and the anti-circumvention law enacted by the Department of Foreign Trade continue to cause barriers to imports. This exposes the Company to dependence risk on large steel manufacturers. If the manufacturer is unable to deliver the products on schedule, or faces a disruption for any reason, the Company may have a shortage of raw materials and may be unable to find raw material supplies from other sources for replacement.

However, the Company has a policy to maintain inventory levels for a period of 30 to 60 days as well as having plans to order raw materials approximately 30 to 60 days in advance. The Company collaborates with manufacturers to exchange product information based on customer needs and continues to work together to promote marketing in order to allow the manufacturers to have flexible production plans. In addition, the Company has a policy to build good relationships with all manufacturers as well as other distributors, domestically and internationally. This helps the Company to have a reserve and builds the stability of raw materials. The Company also imported products that were not impacted by the anti-dumping tax measures. In 2020, the Company imported a total of 6.09% of the total order which was an increase when compared to 5.66% in 2019.

2. Price Risk of Hot-Rolled Coil Steel (HRC)

In 2020, the Company's total revenue from distributing and processing hot-rolled coil products accounted for 82.95% of the total sales revenue. In 2019, this accounted for 80.77% of the total sales revenue. The



Company purchased hot-rolled coils from domestic manufacturers in 2020 and 2019 at 92.11% and 92.26% of the total order of HRC respectively. Therefore, the fluctuating domestic price of hot-rolled coil inevitably affects the cost of the Company's product and inventory management. The movement of the domestic hot-rolled coil prices is subject to change in accordance with the oversea hot-rolled coil prices.

The Company attempted to reduce the impact of price fluctuations by using pricing policies that focus on maintaining profit margins. The Company also closely monitored raw material prices to evaluate the situation and raw material price trends. The Company took this into consideration when making decisions to place orders and properly manage raw material inventory which is the Company's main cost.

Financial Risk

1 Customer Credit Risk

As of December 31, 2020, the Company's total trade receivable was 2,378.41 million Baht, or 16.32% of the sales volume. The average collection period in 2020 was 60 days. The Company had receivables that were not yet due worth 1,684.84 million Baht or 70.84% of the net receivables. The Company may have debt collection risk from debtors. If the

Company's debtors have problems with their business operations, the Company's profits and financial position may be affected.

However, the Company has a policy to mitigate risk by regularly monitoring the quality of debtors. The Company also has a policy to set an allowance for doubtful accounts for unsecured debts that have no collateral backing that are overdue more than 180 days or the Company will set up an allowance for doubtful accounts when it is found that the debtor may have a problem in repaying the debt, whether that debtor is overdue less than 180 days or not. The Company also evaluated the allowance for doubtful accounts in accordance with the Financial Reporting Standards No. 9. The Company strictly considers granting credit to debtors by organizing a credit committee that consists of executives from various departments to consider giving credit to debtors who have had a business relationship with the Company for a reasonable period of time. The Company requested debtors to have financial protection tools and risk insurance policy in order to ensure that risk is managed without impacting the Company's working capital. In addition, the Company has a diverse and large debtor base. However, the Company is not attached to any particular group of debtors.

2 Interest Rate Risk

As of December 31, 2020, all of the Company's liabilities are short-term liabilities from financial institutions in the amount of 3,136.55 million Baht or 55.43% of the total liabilities. Most liabilities consist of short-term loans in the form of promissory notes, trust receipt, and letters of credit which are used as working capital to purchase products from the manufacturers. Generally, the loan repayment period is longer than the credit period granted to the debtors.

Changes in market interest rates may affect interest expenses and business operation of the Company. The interest expenses in 2020 accounted for 0.56% of the sales volume and 0.70% in 2019. In 2020, the interest repayment capacity is 8.96 times when calculated from earnings before interest and taxes. In 2019, the interest repayment capacity was 3.36 times.

However, the Company has a policy to reduce the interest fluctuation risk by choosing longer repayment terms on short term loans from financial institutions and providing additional long-term loans from financial institutions to reduce the fluctuation impact on the overall financial costs. This includes managing cash on hand to be sufficient for business operations without requesting for any loans.

3 Foreign Exchange Risk

In 2020 and 2019, the Company imported approximately 6.09% and 5.66% of all orders respectively. The orders were made in US dollars. Therefore, the Company is exposed to foreign exchange risk. In the past, the Company reduced the impact of foreign exchange risk by entering into forward contracts or converting the price into Thai Baht or paying off debt early, as deemed appropriate depending on the cash flow and the circumstances at that time.

In the future, the Company expects to continue purchasing products from overseas. Therefore, the Company will continue to maintain a policy to reduce the impact of foreign exchange risk by using the methods mentioned, depending on the condition of the circumstance.

Regulatory Risk

1 Risks from Anti-Dumping Measures to Protect Domestic Manufacturers

The anti-dumping duty issued by the Dumping and Subsidies Committee of the Ministry of Commerce

imposed high tariffs on hot rolled steel and hot rolled coil steel imports from 19 countries. The Department of International Trade Promotion also issued anti-circumvention measures. This caused the imported steel costs from the listed countries to be higher than domestic manufacturers. As a result, domestic consumers reduced the imports and increased the use of domestically produced steel. This may cause a shortage of steel raw materials if the domestic steel mills are unable to produce steel that meets the qualifications and demand.

The Company continues to use a policy to maintain inventory levels for a period of 30 to 60 days, as well as planning to order raw materials approximately 30 to 60 days in advance. This helps to mitigate the impact of such measures to some extent.

Operational Risk

1 Human Resources Risk

Human resource management is one of the Company's priorities that must be managed effectively to promote potential and good welfare in order to be a key driving force to operate business continuity smoothly. In 2020, the Company had a total of 1,268 employees, an increase from 1,235 in 2019.

Effective human resource management helps create sufficient manpower and not be burdensome to the



business. Good communication and workplace culture helps the operations to be consistent and unified. Empowering employees will also increase the Company's potential and develop the Company to have continuous growth. The Company also paid attention to safety and occupational health at the workplace for employees to work safely, efficiently and happily.

Due to the political situation and the Covid-19 pandemic in the past year, the Company took steps to prevent and mitigate the impact on workers that may be required to move and they may not be able to fully perform their duties. The Company strictly complied with the public health measures and prepared necessary resources to support employees by regularly conducting assessments and analyzing manpower to be consistent with business operations in order to maintain production capacity and organize equal overtime hours for all employees. The Company evaluated and analyzed employees' commitment and potential continuously through TMT Academy courses, E-Learning courses, and projects in order to enhance the knowledge and competence of employees so that they are prepared for any changes that may occur. Important work related matters are continually communicated to create mutual understanding. Useful information and new technologies were disseminated through various communication channels within the Company in order to raise risk awareness in various aspects.

Society and Environment

1 Natural Disasters

A natural disaster is an event that can occur without any prediction in advance. The great flood in 2011 affected the production and the transportation of Wang Noi factory and its distribution center so that it was unable to open as usual. The Company prevented all risks by purchasing insurance to cover all types of risk with limitation of flood protection. However, the Company formulated a flood risk prevention plan by

putting both permanent and movable concrete panels around the factory and around the factory buildings as well as preparing a centralized drainage system, tools and equipment to prevent flooding in the factory if flooding occurs. The Company evaluates the protection system and drainage system annually as well as continually reviewing and improving the business operations plan. In addition to the expansion plan to build factories in the future, the Company will have a risk management plan to prevent such incidents as well.

Emerging Risk from Environment and Business Landscape

The Company paid attention to risk factors that may occur in the future which may change the business model or affect the ability to operate business in the current form. For example, the situation arising from the Covid-19 pandemic forced the Company to adapt and operate business under the new normal. The Company has evaluated risk, impacts and implementations to reduce such impacts in accordance with the risk management plan described above.

However, emerging risk from the environment and business landscape needs to be evaluated and planned to cover all aspects. Currently, the Company is in the process of studying, considering evaluation guidelines and developing risk management plans. This was disclosed in the Risk Management and Corporate Strategy Development Manual which was approved by the Risk Management and Corporate Strategy Committee. This included technological risk that may cause changes to the business model, information security risk, behavior change risk, climate change risk, and supply chain change risk. These risk management plans will proceed when each aspect is ready, beginning from 2021 onward.



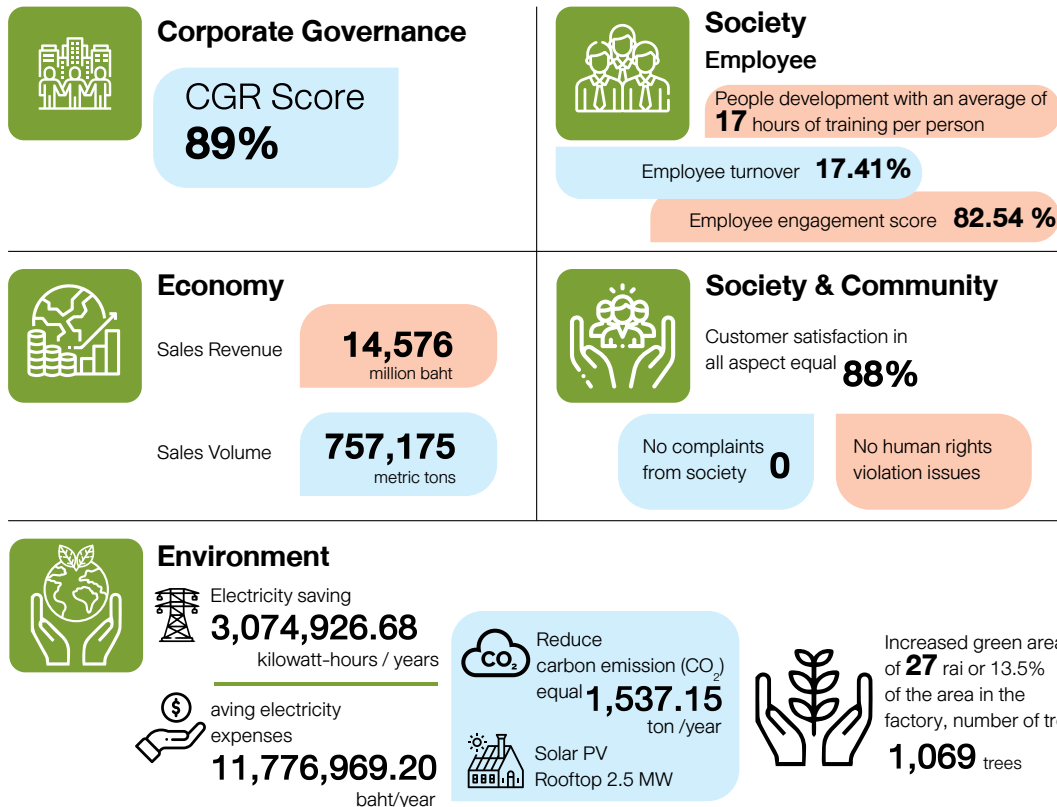
Driving Business for Sustainability

Policy and Sustainability Management Goals

TMT Steel Public Company Limited is committed to conducting business on the basis of sustainable development in order to create value for all stakeholders by carrying out policies and 4 main principles. These include good corporate governance principles, economic principles, social principles that cover respecting human rights, and environmental principles, as well as operating the business in order to create value for every stakeholder, committing to support and be a part of the 17 Sustainable Development Goals (SDGs) of the United Nations by 2027. This ensures that the Company's business operations are in a consistent direction with the international goals and creates benefits for all stakeholders.

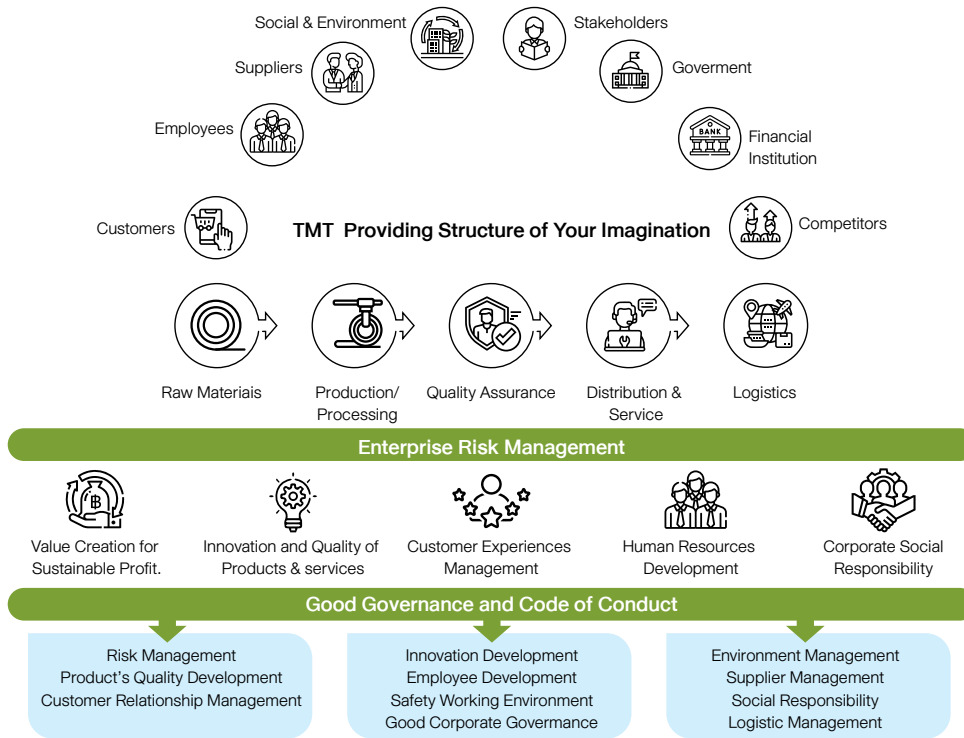
The Company established a Corporate Governance and Sustainability Committee by aiming to be an efficient mechanism for the Board of Directors to supervise sustainable development, review and communicate the policy and practice guidelines through the subcommittee and sustainable development working group of the Company in all 7 aspects. This includes corporate governance, economy, society and community development, the environment and safety, labor and human rights, innovation and technology development, and communication & whistle blowing report so that TMT is an organization that operates its business with responsibility, transparency, and fairness in order to build confidence among stakeholders and develop the Company toward sustainable growth. The details of the "Sustainability Policy" are disclosed on the website at www.tmtsteel.co.th/investorrelations/ other policies /sustainability policy.

Business Results in 2020



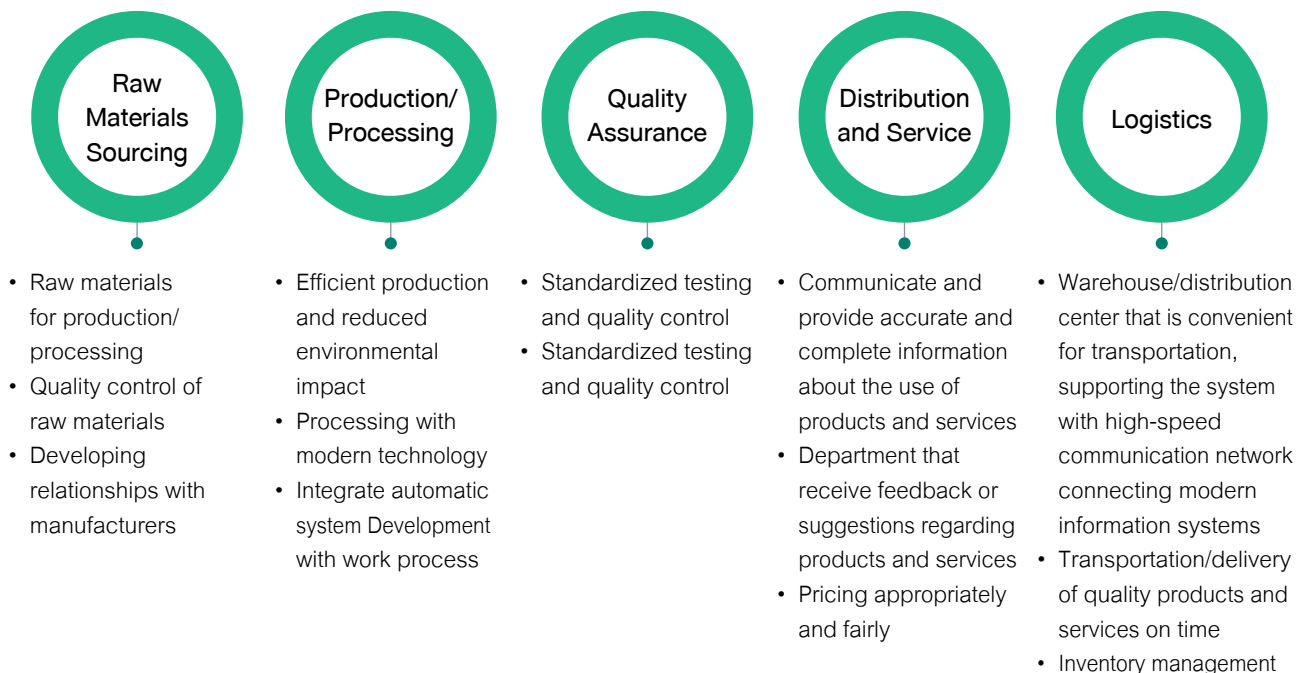
Managing the Impact on Business Value Chain Stakeholders

Business Value Chain



With the vision, “Providing Structure of your Imagination”, TMT is a comprehensive steel service provider that meets every possible expectation of all stakeholders by providing counsel and advice, helping with product sourcing and new services, as well as creating

a wide range of options to add value to the business cooperation process under an integrated management system that serves all needs. This consists of 5 main activities which are linked together in accordance with the overall business operation context. They are as follows:




The Company established 5 aspects of business operation principles to manage risk appropriately and comply with good governance principles and the business code of conduct in order to ensure that the Company's business processes deliver sustainable value to all stakeholders. These include:





This goes together with managing sustainability issues that cover economic, social and environmental dimensions, and take all stakeholders into account in order for the Company to achieve sustainable growth. The Company has described these details in Analysis of Significant Sustainability Issues.




Analysis of Business Value Chain Stakeholders

The Company analyzed and identified the major stakeholders from the Company's business operations beginning with raw material sourcing, production and processing, quality checks, distribution and service, to storage and delivery. All activities are important to the Company's business operations and are relevant to all stakeholders. Therefore, the Company incorporated the interests of stakeholders into its plans and sustainability issues. This included providing communication methods by establishing channels for feedback and suggestions, whether formal or informal, as well as promoting participation with all stakeholders in order to respond to the needs and expectations efficiently, and continue to create value and sustainable returns. This can be summarized as follows.

Stakeholders	Relevance to Business Processes	Engagement/Frequency	Expectations	Responding to Expectations
Customers 	<ul style="list-style-type: none"> Distribution and Service 	<ul style="list-style-type: none"> Customer satisfaction survey once a year Meet regularly with customers through the year to be aware of their needs Provide regular visits to factories and production processes throughout the year Train to consistently educate customers throughout the year Communicate to customers via on-line channel, Website, Facebook, Line 	<ul style="list-style-type: none"> Quality products and services Complete range of products Correct usage of steel products On time delivery Steel knowledge, standards and guideline for application 	<ul style="list-style-type: none"> Develop innovations in products and services Produce quality products that meet customers' needs Logistics management to have on time delivery Provide technical and academic consultations by the Technical Service Team Systematic inventory management in order to have products ready to instantly respond to customers' needs Steel Product Training and seminar by the expert

Stakeholders	Relevance to Business Processes	Engagement/Frequency	Expectations	Responding to Expectations
Employees 	<ul style="list-style-type: none"> • Production/ Processing • Quality Inspection • Logistics • Distribution and Service 	<ul style="list-style-type: none"> • Channels to receive suggestions, comments and complaints through the company's complaint system throughout the year • Survey of corporate values or employee satisfaction once every 2 years • Internal communication channels such as TMT Magazine, email, Line@, Touch Point and public relations board at least once a month • TMT Talk / TMT Day once a year • Meeting of Welfare Committee in the workplace 4 times per year • Training seminars according to the company's training plan • Talk & Share activities 5 times a year 	<ul style="list-style-type: none"> • Career Advancement • Acquiring development of capabilities • Benefits both monetary and non-monetary • Equality without discrimination • Promote and supervise work safety 	<ul style="list-style-type: none"> • Equitable and fair treatment, and respect for human rights • Communicate business Target and policies via TMT Talk/ TMT Day • Performance evaluations 2 times per year • Develop employees to be promoted • Talent Management • Average staff development is 23 hours/person • Join the wage survey with the HR Center each year • 11 Projects for employee benefits whether monetary or non-monetary.
Trade Partners/ Suppliers 	<ul style="list-style-type: none"> • Procurement of Raw Materials 	<ul style="list-style-type: none"> • Evaluate trade partners once a year • Visit trade partner factories once a year • Meet Regularly with partners to have plans for purchase order throughout the year 	<ul style="list-style-type: none"> • Fair competition without discrimination • Efficient procurement system that is transparent and verifiable 	<ul style="list-style-type: none"> • Have policies and practice guidelines regarding procurement • Develop trade partners to have good practice guidelines such as Code of Business Conduct of trade partners and anti-corruption policy

Stakeholders	Relevance to Business Processes	Engagement/Frequency	Expectations	Responding to Expectations
Society, the Community and the Environment 	<ul style="list-style-type: none"> • Production/ Processing • Logistics 	<ul style="list-style-type: none"> • 5 community visits per year • Open factories and production processes for visits and provide regular iron education throughout the year • Install a solar rooftop generation system of 2.5 MW to generate electricity from renewable energy • Cooperate with the education sector in providing bilateral education and internships • Cooperate in standards that prevent and solve drug problems in the workplace. 	<ul style="list-style-type: none"> • Caring for the environment around the community • Conduct business that does not negatively impact the community • Share useful thing to promote a good quality of life for people in the community 	<ul style="list-style-type: none"> • Improve the production process and environmentally friendly work processes by controlling air and noise pollution • Improve the environment inside and outside the factory so it is clean and increase green space • Regularly share and provide knowledge for institutions, departments, and organizations on issues that the company has expertise • Support resources and equipment that is useful such as a community drinking water project, steel project for sustainability, etc. • Signing an MOU with educational institutions in bilateral projects. • Project to stop smoking
Shareholders, Investors, Analysts 	<ul style="list-style-type: none"> • Distribution and Service 	<ul style="list-style-type: none"> • Shareholders' Meeting once a year • Analyst Meeting once a year • Provide channels for inquiries through the investor relations website and telephones throughout the year 	<ul style="list-style-type: none"> • Operating results of the company • Transparency in business operations and good corporate governance 	<ul style="list-style-type: none"> • Annual Report / One Report • Explanation of operating results through the company website and the Stock Exchange of Thailand • Manage the company's operating results under appropriate risk management • Proceed according to the investment plan

Stakeholders	Relevance to Business Processes	Engagement/Frequency	Expectations	Responding to Expectations
				<ul style="list-style-type: none"> • Be selected in the ESG100 group of companies • Listed in SET-THSI • Re-Certified as a member of CAC
Government Sectors 	<ul style="list-style-type: none"> • Product/ Processing • Quality Inspection • Logistics • Distribution and Service 	<ul style="list-style-type: none"> • Report business performance and operating results to relevant government agencies at the specified frequency • Continuous participation in government activities and projects 	<ul style="list-style-type: none"> • Comply with regulations, laws and policies of regulatory agencies 	<ul style="list-style-type: none"> • Report business results and provide information that is true, correct and complete as stipulated • Cooperate and support various projects of government agencies • Comply with the laws related to tax management
Financial Institution 	<ul style="list-style-type: none"> • Product/ Processing • Quality Inspection • Logistics • Distribution and Service 	<ul style="list-style-type: none"> • Business update meeting 1 time / quarter • Negotiation for terms and conditions • Knowledge Sharing 3 times / year 	<ul style="list-style-type: none"> • Operate business as plan and target • Paid back as terms and conditions 	<ul style="list-style-type: none"> • News submit to SET (MD&A, Financial Statement) • Appropriate Risk Management • Operate business as Investment Plan
Competitors 	<ul style="list-style-type: none"> • Distribution and Service 	<ul style="list-style-type: none"> • Joint meetings with associations and organizations that are relevant to the business according to the agenda and appropriate opportunities • Provide channels to regularly receive suggestions, comments and complaints through the company complaint system 	<ul style="list-style-type: none"> • Company business information • Market share • Conduct business transparently and fairly 	<ul style="list-style-type: none"> • Disclose operating results through the company website and the Stock Exchange of Thailand. • Create fair business competition conditions

Analysis of Significant Sustainability Issues

Identification Significant Issues	<p>This was considered from the analysis of external factors, challenges in the steel industry, and sustainability issues that were significant or had an impact on stakeholders and businesses (economy, society, environment). This included analysis of internal factors which were weaknesses, strengths, risk factors, and the business performance of the Company.</p>
Prioritization	<p>The Company considered the priority of issues by measuring the importance from the Company's perspective, external stakeholders, both in terms of opportunities and the impact each issue had on the economy, society and the environment.</p>
Verification Issues	<p>The Sustainability Subcommittee and Working Group proposed issues raised from prioritization and a reporting framework to the Board of Directors for approval after it had been approved by the Corporate Governance and Sustainability Committee in order to be disclosed in the 56-1 One Report and disseminated on the Company's website. In addition, the Company assigned the relevant departments, subcommittees and working groups to review the accuracy and completeness of significant issues in order to cover all aspects, whether in the economic, social, or environmental dimension. The Company's annual significant issues are analyzed through business value chain stakeholders. The results will be used to formulate policies, strategies/operational plans, and goals in order to appropriately manage significant sustainability issues.</p>

In 2020, the significant issues were as follows:



As a result of the preparation of significant issues, the Company categorized the significant issues and established sustainability operation plans to be in accordance with the strategy and business goals for 2020 which covered the aspects of economic, social, environmental and stakeholder dimensions as follows:

Sustainability Management in the Economic Dimension	Sustainability Management in the Social Dimension	Sustainability Management in the Environmental Dimension
<ul style="list-style-type: none"> • Good Corporate Governance for Sustainable Business • Risk Management • Innovation and Quality of Products & services • Value Chain Management • Customer Relationship Management 	<ul style="list-style-type: none"> • Human Resources Management and Human Rights • Human Resources Development • Occupational Health and Safety • Society & Community Development 	<ul style="list-style-type: none"> • Energy and Resources Management • Green Houses Gas Management

Sustainability Management in the Economic Dimension

Corporate Governance for Sustainability

Policy

The Board of Directors realized the importance of the Company’s good corporate governance by adhering to moral and ethical principles as a guideline in conducting business. The Company established various policies in order to perform duties with responsibility, caution, honesty, anti-corruption, and uphold virtues. This included products and service development that focus on value creation and added long-term value to the business and is equally responsible to all stakeholders. This will enable the Company to progress, have sustainable growth and gain trust from shareholders, investors and all stakeholders. The details of “Good Corporate Governance Principles” and “Code of Business Conduct” are disseminated on the website at [www.tmtsteel.co.th /investor relations / corporate governance / Good Corporate Governance](http://www.tmtsteel.co.th/investor%20relations/corporate%20governance/Good%20Corporate%20Governance)

Goals

- Achieve 5 stars rating from the evaluation of good corporate governance by the Thai Institute of Directors Association.
- Be consecutively selected to be on the sustainability stocks list or Thailand Sustainability Investment (THSI) by the Stock Exchange of Thailand every year.
- Be consecutively selected to be one of the ESG100 securities groups with outstanding performance in environmental, social and governance by Thaipat Institute every year.

Strategies/Operational Plans

- Comply with the laws governing the Company’s business operations and the entire business chain.
- Improve the internal control processes, regulations and Company’s Articles of Association to be consistent with the situation at all times.
- Apply the good corporate governance principles for listed companies in 2017 (CG Code).

Operations

The Governance and Sustainability Committee was appointed to be an effective mechanism for the Board of Directors to supervise and oversee the Company so that it operates in accordance with the good corporate governance guidelines, builds confidence, trust, and value of stakeholders in order to create sustainability and stability for the business. In 2020 the Corporate Governance and Sustainability Committee assigned a Corporate Governance working group to review and take action on various matters and then report to the Board of Directors and the Audit Committee to acknowledge after it was approved by the Corporate Governance and Sustainability Committee. This is as follows:

- 1 Implemented a corporate governance policy, a code of business conduct, an anti-Corruption policy, a securities trading policy, and other related policies to cover all stakeholders. This included business partners, consultants and business agents.
2. Complied with the laws governing the Company's business operations across the entire business chain. In 2020, the Company was not prosecuted for non-compliance with the law and there were no complaints against the Company.
3. Reviewed the Company's regulations as well as Articles of Association to be up to date. The Company prepared a securities trading policy for directors, executives, and employees for protection and awareness of the code of business conduct and the responsibility toward insider trading.

- 4 Reviewed the internal control system. The Audit Committee appointed EY Corporate Services Company Limited to be responsible for preparing, auditing, or reviewing various plans as assigned by the Audit Committee. In 2020, EY Corporate Services Company Limited was responsible for reviewing the internal control system regarding enterprise risk management. The audit company performed its duties and submitted a review of the internal corporate risk report to the Audit Committee for consideration.
- 5 Renewed the membership of the Thai Private Sector Collective Action Coalition Against Corruption (CAC) membership. The Company renewed the certification in the third quarter and announced the no gift policy for the second consecutive year.
- 6 Appropriately applied the good corporate governance principles for listed companies in 2017 (CG Code) with the business context.

The Company explained the details of the business operations in "Part 2: Corporate Governance".

Performance

- Received 4 stars rating from the good corporate governance evaluation.
- Selected to be on the Sustainability stocks list or Thailand Sustainability Investment (THSI) in 2020.

Risk Management

Policy

TMT Steel Public Company Limited realized the importance of risk management. We believe that risk management is one of the processes that will help the Company develop business strategies to achieve its objectives and goals. A good risk management and control system will help reduce obstacles or any unexpected events that might arise, and prevent damage to corporate resources. It also helps to increase the adaptation ability to the changing business environment effectively, build confidence, and create value for all stakeholders as well as creating business opportunities to drive the organization to sustainable growth. The details of the “Risk Management Policy and Corporate Strategy Development” are published on the www.tmtsteel.co.th / investor relations / Other policies / risk management policy

Goals

- To be a stable and consistent product provider.
- Deliver value of products and services.

Strategies/Operational Plans

The Risk Management and Corporate Strategy Development Committee developed policy and a risk management and corporate strategy development manual which was approved by the Board of Directors in order to be used as a guideline to determine operational procedures, communication, and develop efficient work processes under controlled risk in accordance with the COSO - ERM 2017 international standard. This covers six aspects of risk management which are strategic risk, operational risk, financial risk, regulatory risk, social and environmental risk, and emerging risk in the environment and business landscape.

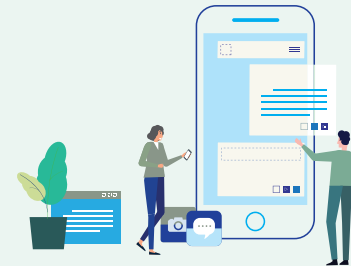
Operations

- Assess risk factors that may affect the business operations, financial position and the Company's performance and appropriately develop efficient working guidelines under controlled risk to be in line with the risk management and corporate strategy development policy. The risk factors and operational guidelines for risk management are summarized in “Part 1, Clause 2, Risk Management”.
- Focus on building corporate culture because it is a critical component of success and achieving corporate goals. This is also an important factor for sustainability and delivering value to all stakeholders. Therefore, the Board of Directors' and senior executives' 'tone at the top' promoted and instilled corporate values, created an awareness of risk management, developed and created practical risk management methods for visible results. The Risk Management and Corporate Strategy Committee approved “The Risk Management and Corporate Strategy Development Manual”. The Company disseminated it on the website at: www.tmtsteel.co.th / investor relations / riskmanagement. This is to be used as a guideline for each department to determine systematic work methods in terms of enterprise risk management. The risk management plan was implemented and assessed to ensure that the business risk factors were correctly identified in accordance with the organizational goals. Over the past year, the Company prepared a Business Continuity Plan and applied it to cope with the impact from the COVID-19 pandemic. The details are in the “TMT's Crisis Management Guidelines for COVID-19”. This was included in the Sustainable Development Showcase 2020 prepared by the Stock Exchange of Thailand. The Company disseminated it on the website at: www.tmtsteel.co.th / investor relations / risk management / crisis management guide COVID-19.

- All departments were required to have an annual risk assessment and a review of the operational risk at least once a year. The assessment was conducted through internal audit activities to ensure that all departments performed their duties in compliance with the related work standards. The Company emphasized communication and continually created understanding among its employees on important and related matters. This included useful information and new technologies through various communication channels within the Company on a regular basis in order to encourage employees to have up to date knowledge, be aware of risk in various fields, and focus on creating a corporate culture that encourages employees to express their opinions and ask questions through participation in activities.

Performance

- Business was not disrupted.
- There were no complaints or disputes that affected the operations and the business performance.
- Delivered value of products and services to customers continually. There was stability and consistency in services, the availability of goods, as well as product quality and standards. The customers were satisfied with the products and services of TMT. The average rate of satisfaction for all aspects was equal to 88%.



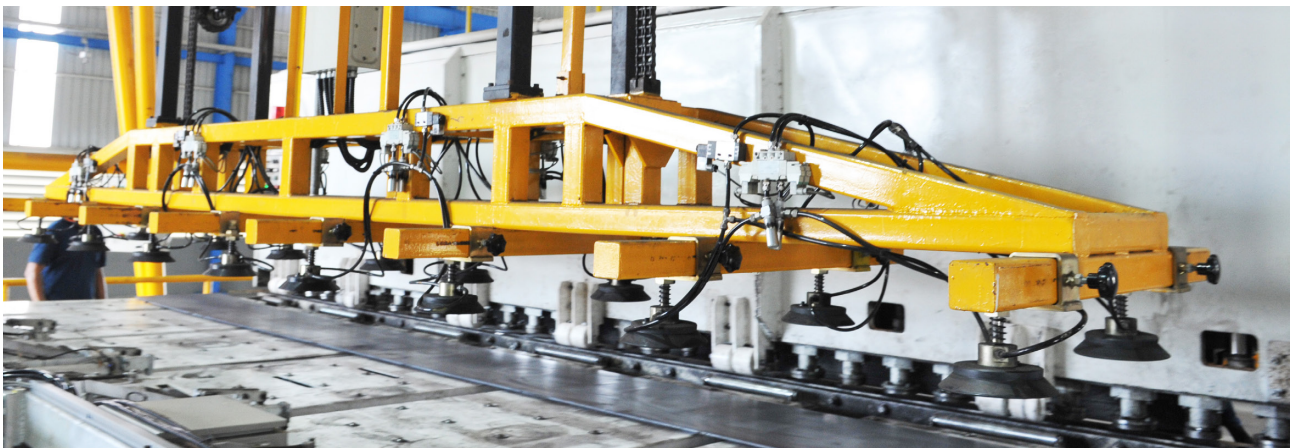
Innovation Management and Product Quality Development

Policy

Under rapid technological change, the Company is aware of the importance of bringing innovation to improve the quality of products and create value in the production process and management in order to best meet the different needs of customers and maintain leadership in the service center business and the distribution of steel products to various industries in Thailand. This also fosters the continual development of process innovation from within in order to increase productivity, reduce work time, create a safe work environment for employees, and reduce the environmental impact. This is an important foundation for sustainable growth.

Goals

- Customer satisfaction percentage for products is higher than 80%.
- Production capacity increased to 1 million tons.
- Use technology to increase efficiency in the work process every year.
- There are results due to the improvement and development of employees every year.



Strategies/Operational Plans

- Study and understand customer needs.
- Use technology as a tool to enhance the efficiency of product development and working processes.
- Evaluate, review risks and opportunities to develop the business and the work processes.
- Promote a work culture that encourages continuous learning, improvement and development.
- Review policies and complete the preparation of the relevant practice guidelines by 2021.

Operations

1. Use technology to improve efficiency in work process development

The Company implemented semi-automatic and automatic systems, information technology systems, and installed modern equipment and tools for the work and as part of the production process in order to increase efficiency, productivity, and safety at work as well as reducing hazardous risk, waste, and energy consumption that may affect the environment in order to be prepared for the automatic production line in the future. The following important projects are being implemented:

- Develop an auto feed cutting system for the flat steel cutting machine. This automatic system can be used to replace human labor in order to reduce accidents from moving steel sheets by 100%. The prototype system was researched, designed and installed in Q3/2020. It is currently being renovated and developed to be installed in all of the flat steel cutting machines. It is expected to be completed in 2021.
- Install a semi-automatic auto vacuum device on the flat steel cutting machines. This semi-automatic system can reduce the workload of employees lifting steel sheets onto the machine which also helps reduce accidents.
- Adapt tractors that are used at airports from the USA to be used as tow trucks to move products within the factory in order to increase the efficiency of transporting products from the production department to the warehouse with greater quantities, preparing products faster, delivering to customers at once, saving more fuel than using forklifts, being safer, and reducing carbon dioxide (CO₂) emissions.
- Design and create a Customer Relationship Management (CRM) software system to help maximize work efficiency of the sales department. Data can be gathered to respond to the customers' overall needs and linking to other departments so that customers have good experiences and are satisfied with a full range of services.
- Improve the Warehouse Management System on Mobile (WMS), a system that was further developed from the existing system to increase the work efficiency of the logistics department. Data links are up to date with faster connections so that customers' products can be managed completely, accurately, and on time.

2. Promote a work culture that supports continuous improvement and development.

- The Company promoted creative development activities, whether they were methods, models, sequences, procedures, or devices. This started from work process improvement for the operating staff to the departmental level in order to improve existing procedures, reduce errors, and help increase quality or add value to the work responsibilities. This also instilled an awareness of continuous development which is an important factor for sustainable innovation development. The Company supported different departments to create development projects from the work processes of employees, beginning at the operational level to the supervisor level. Over the past year, employees were able to create and extend the following results:

- Improved and developed employees in the production department, logistics department and human resources department. There were 711 work results. This helps the Company reduce expenses by approximately one million Baht.
- Increased efficiency in arranging products into one place by using technology and accessories such as Warehouse Management on mobiles and tractors to move products within the factory along with a systematic transportation management process. As a result, employees in the warehouse department were able to finish work earlier, from an average time of work in 2019 at 8:30 pm to 8:00 pm.
- Developed to become an agile organization by applying agile work concepts through the teamwork of employees who were involved with customers. Empowered the team to make their own decisions, be flexible to change, quickly correct errors, work faster, be less dependent on the Management, and also encourage collaboration and creativity in new ways of working to create value for customers and at the same time, increase the efficiency of the work processes within the organization.
- Developed to be a Data Driven Organization by developing Data Mart to reduce data redundancy. This enabled data users to access accurate, up-to-date, and consistent data in accordance with the Single Source of Truth principle. Evolved into a Big Data Platform as a channel for future work system development to be convenient and safe.

3. Enhancement of STAY FLAT, the ultimate in steel sheet

As a result of studying and interviewing customers who use STAY FLAT, the ultimate in steel sheet, the Company found that customers' feedback was very helpful in improving productivity, reducing work hours, and reducing the loss to the customers' business. At the same time, it helped minimize waste in the production and processing procedures as much as possible or <5%. The Company initiated an expansion project of STAY FLAT, special flat steel by increasing the production capacity to 15,000 tons per month or 180,000 tons per year and enhancing the efficiency of the STAY FLAT line production to be able to produce thicker products. This is expected to be completed in Q1/2022

The Management team is committed to creating a corporate culture that favors the creation of new creativity by supporting a budget and resources to encourage employees to participate in the innovation and development of working methods within the organization, together with the continuous development of employees' knowledge and expertise. Therefore, the Company received the SET Award for 2020 from the Stock Exchange of Thailand in the category of Outstanding Innovative Company Award from STAY FLAT, the ultimate in steel sheet. This is an award that we, TMT, are proud of.

Performance

- The result of the customer satisfaction in products was 87%, a decrease from 2019 which was 88% because of the demand for various sizes of products. The Company included this in the operational plans for 2021-2022 and began to expand production capacity and increase the amount of machinery that is able to produce a wide variety of products.
- Total capacity utilization was 957,701 tons, a slight decrease from 2019 which was 962,919 tons because the Company managed production to be in line with the lower sales volume due to the impact of the COVID-19 pandemic.
- Used technology to increase efficiency in the work process to solve 5 issues.
- There were 711 work results resulting from the improvement and development of employees

Responsibility for Supply Chain Management

Policy

The Company realized that effective supply chain management helps increase opportunities, reduce risk, enhance business competitiveness and meets the needs of stakeholders. The Company studied and integrated sustainability issues into supply chain management to develop the economy, society and environment.

Goals

- No complaints from business partners.
- Obtain raw materials and factors as agreed upon.

Strategies/Operational Plans

- Define roles, duties and responsibilities within the organization's supply chain management.
- Establish processes/procedures/methods/guidelines that integrate sustainability issues with management.
- Engage with business partners to communicate the Company's expectations and intentions regarding sustainability management and finding ways to increase potential and abilities in business competition and cooperation.
- Review policies and establish relevant guidelines to be completed in 2021.

Operations

- Treated business partners fairly in accordance with the trading terms and agreements. The Company has a channel to receive complaints and feedback on the Company's website. In 2020, the Company did not receive any complaints from business partners.
- Developed and built good relationships with one another by visiting and making study visits to the factories of business partners, having meetings to understand the needs, expectations, and cooperation guidelines. This included training to educate partners' employees on matters related to occupational health and safety such as COVID-19 etiquette and safe driving awareness through a video "SMART TRUCK DRIVER".
- Prepared a code of business conduct for business partners and disseminated on the Company's website for the acknowledgement of business partners. This included the communication of the anti-corruption policy and the no gift policy and inviting business partners to join the Thai Private Sector Collective Action Coalition Against Corruption (CAC).

Performance

- The Company did not receive any complaints from business partners.
- Obtained raw materials and factors as agreed upon.

Customer Relationship Management

Policy

Over the past years, the Company has never stopped committing to modern technology and qualified personnel development in order to be ready to meet all customer needs with a variety of services. This included being a center for all types of steel distribution with a large warehouse, industrial steel processing, a manufacturer of cold-formed structural steel for construction, and adding value to products to meet all customer needs with the service of experienced and professional employees.

Goals

- A customer satisfaction rating higher than 80% or an increase from the previous year.

Strategies/Operational Plans

- Provide suggestions to solve problems, help with product sourcing, create new services, and invent various options for customers. This includes adding value to the product under an integral management system to meet the customer needs in all aspects.
- Visit customers regularly to understand their needs and develop quality products and services that meet the needs of customers.
- Survey customer satisfaction and use the results to improve and develop better services.
- Have regular communication within the organization about customer needs so that every department understands customers and responds to their needs accurately and on time.
- Review policies and establish relevant guidelines to be completed in 2021.

Operations

The Company recognizes and highly appreciates customers for its success and sustainable growth. The Company strives to respond to customer needs in order to create maximum customer satisfaction. In addition to the implementation of the aforementioned strategies and plans, including a channel to receive feedback through the Company's website at www.tmtsteel.co.th, the Company implemented the following activities in 2020:

- Continued to improve and develop customer satisfaction by using the survey results of 2019

to analyze the results in matters that did not meet the criteria set by the Company. This included other suggestions, along with prospective customer interviews. The results obtained from the data analysis and customer interviews allowed the Company to develop a new business model in 1 area. The service was offered to target customers in 2020.

- Conducted a 2020 Customer Satisfaction Survey. The average customer satisfaction rating was 88%, which was an increase from the previous year. Customers were satisfied with employees, services and products, respectively. This result was different from the previous year as employees had a higher average satisfaction score. However, the Company analyzed the satisfaction scores that did not meet the Company's criteria and made suggestions on 7 issues. The Company plans to improve, correct, and develop every related issue by assigning the responsible department to jointly implement the guidelines in order to improve, resolve and meet the specified goals. This will be continually monitored under the Company's Quality Management System.
- Conducted training programs for customers about steel products and related industrial standards in order to create the understanding of the correct use of steel products. A total of 16 company executives and employees participated in the training. The average post-training satisfaction score was 95%. In addition, customers were also invited to visit the factory regularly to ensure customers that the Company has products and services that truly meet all the customers' needs. In the past year, there were 80 companies that visited the factories. The number of customers attending the training and visiting the Company decreased from the previous year due to the COVID-19 pandemic.
- Enabled the Line Official Account communication channel with target customers to increase communication channels with customers to be more convenient and faster.

Performance

- The average customer satisfaction rating was 88%

Sustainability Management in the Social Dimension

1. Human Resources and Human Rights Management
2. Human Resources Development

Policy

TMT employees are one of the cornerstones of the most important structures. Therefore, the Company develops employees to be professional, knowledgeable, experienced, ready to give advice, and support employees to learn new things. This includes the emphasis on the respect of human rights which is a fundamental right by adhering to human rights principles in accordance with the Thai Labor Standards of Thai businesses social responsibility (TLS 8001-2553) of the Ministry of Labor. The Company emphasizes fair, equitable and non-discriminatory practices and respects human rights, whether in terms of employment, remuneration, promotion, employee training, and development, without discriminating against gender, age, educational institution, race, and religion, as well as supporting employment of disadvantaged groups in order to create career opportunities and stable incomes.

Goals

- An average score of 80% or higher for employee engagement
- A turnover rate of less than 10%.
- TMT employees receive training for an average of 25 hours of training/person/year.
- No labor disputes and no human rights violations.



Strategies/Operational Plans

- Comply with human rights principles in accordance with the Thai labor standards and Thai businesses social responsibility (TLS 8001-2010).
- Study and analyze the needs of employees which includes analyzing the need for employee development.
- Create and promote a good work environment.
- Promote a work culture that encourages learning, continuous improvement and development.
- Promote and develop employees to have career advancement and use their full potential.
- Establish a human rights policy and relevant practice guidelines by 2021.

Operations

The Company adheres to the human rights principles beginning with the employee recruitment process to the systematic and continuous development of employees in order to increase the knowledge and potential of employees thoroughly and comply with the requirements of the Thai labor Standards as follows:

1. Recruit and select employees based on their education, qualifications, skills, knowledge, abilities, and attitudes that are suitable for the job position and corporate values. In addition, the “Friends Recommend Friends” project was organized to recruit employees who have qualifications and attitudes that match the position and corporate values. This provides more channels and opportunities to find suitable candidates for certain positions. The Company rewarded employees who referred friends or acquaintances with suitable qualifications to apply for jobs and passed the probation. The total number of employees resulting from the friends recommend friends project was 36 in the past year. The Company was able to recruit employees to be in line with the corporate growth goals. As of December 31, 2020, the Company had a total of 1,268 employees, an increase of 33 employees, which represented a 2.68% increase from 2019. The details are as follows:

		
Employees	878	389
Employment of disabled	1	-
Total	879	389

2. Conducted employee engagement survey. This was analyzed to develop and improve human resources operations. The evaluation of employee commitment to the organization in 2020 was 82.54%. This was communicated through

internal communication channels. The summary of the important issues was reported to executives, managers, supervisors, and welfare committees in order to jointly lead to the determination of relevant action plans in 2021. In addition, the election of a welfare committee in the workplace in 2020 was held to replace the previous welfare committee that retired by rotation. The meetings were organized once a quarter. This included meeting with employees' activities to provide opportunities for employees to participate in proposing opinions and suggestions that are useful for the improvement and development of the organization in all aspects. This will be forwarded to all relevant parties for consideration. The Company pays attention to every matter that comes from employees at all levels

From the results of the employee satisfaction survey and employee dialogue, the Company analyzed, and prioritized them in order to carry out projects or activities that could be done or planned to continue to proceed as follows:

- Establish short-term and long-term employee remuneration policies. In regards to short-term remuneration, the Company determined a hiring method, remuneration, benefits, and welfare that is fair and appropriate based on the potential and responsibilities for employees in each level as well as the operating results of the Company and comparing it with other companies in the same industry. In regards to long term remuneration, the Company established a provident fund for its employees. Employees are able to choose an investment policy that is suitable for their own savings. This includes improving insurance benefits for health, life and accident insurance for the benefits of employees' health.
- Increase vehicle and motorcycle parking spaces for employees by renovating the parking lot and installing lights to have adequate lighting in order to facilitate convenience for employees when coming to work and makes it safer for employees and people passing by.

- Give scholarships to support TMT employees' children annually by using the performance of the target employees as evaluation criteria to consider scholarships for the children of the employees.
- TMT Market enables employees to purchase good quality products at an affordable price and help promote income distribution to the community by giving opportunities to people with disabilities or people in the community who wish to sell quality products at the Company. The Company does not charge any fees.
- Labor Day activities promote and communicate the awareness of various dimensions related to work and quality of life. This includes providing knowledge and understanding on welfare or government policies that are beneficial to employees.
- Taking care of employees during the COVID-19 pandemic by raising awareness in various fields through education and regularly communicating messages of concern from the Chief Executive Officer. This included the management of a suitable and safe work environment, as well as management.
- Organizing various activities that promote corporate values, both directly and indirectly, such as the TMT Virtual Exercise 2020 which



encourages employees to exercise to have good health, a massage service project from people that are visually impaired to reduce the symptoms of Office Syndrome of target employees. This also helps to promote careers for people with visual impairments. The TMT Day 2020 New Normal was an event organized by the Company to thank all employees for their commitment and working together throughout the year. All employees participated in the new activities.

3. Continue to develop employees' potential. The TMT Knowledge Center is a learning center to develop employees' potential. The Company conducted a training and development survey by interviewing managers in each department as well as analyzing job positions and evaluated the performance in order to use this information to design training programs that are in accordance with the goals and strategies of the organization. This included the creation of an environment and work culture that encourages creativity through activities that promote knowledge for employees such as the TMT Academy Project which is a basic course that helps employees have the necessary knowledge and skills to perform the duties, support learning through E-Learning courses which includes 40 courses, organize Talk & Share activities four times in order to enhance knowledge and modern skills so that employees are equipped for future growth, create quality internal speakers who can convey knowledge, give advice and encourage employees to learn new things at all times. Over the past year, the Company was able to organize training in accordance with the plan. Employees received an average of 17 hours of training per person, a decrease from the previous year due to the COVID-19 pandemic.

4. Encourage career advancement of employees. The Company set a career growth path for each level. There are guidelines to develop the competency of employees in each position. This includes job transfers to meet increased capabilities. Employees that reach the supervisor level need to develop an Individual Development Plan (IDP), follow up, and report the self-development results to the directors for acknowledgement in a systematic manner. The Company has management guidelines for talented employees by considering various dimensions such as performance results, personal capabilities, experience and attributes. This is one aspect of human resource management that helps employees have a clear direction, supports the growth of the organization, and motivates oneself to reach higher goals. Over the past year, the number of employees who were promoted within the Company was 190 people, 9 people were promoted to the management level, 19 were promoted to be supervisors, 49 were employee level, and 113 people for the operational level. This accounted for 15%.
5. The Company does not support the infringement of copyrights or intellectual properties. The Company has a policy regarding intellectual rights infringements to prevent employees and the Company from offending information laws, copyright infringement laws, and regulations concerning the performance of the Company.

Performance

- Employee engagement survey score was 82.54%.
- The turnover rate was 17.41%.
- TMT employees were continually developed with an average of 17 hours/person/year of training.
- There were no cases of labor disputes or human rights violations.



Occupational Health and Safety

Policy

The Company is committed to developing a safety management system to be in compliance with any laws and related regulations in order to prevent and reduce occupational hazards with the cooperation of all our employees. The details of the “Occupational Health and Safety Policy” are disclosed on the website at [www.tmtsteel.co.th /investor relations / corporate governance / other policies / occupational health and safety policy](http://www.tmtsteel.co.th/investor-relations/corporate-governance/other-policies/occupational-health-and-safety-policy).

Goals

- Compliance with laws and related regulations.
- Reduce the Injury Frequency Rate: (IFR) of employees every year.

Strategy/Operational Plans

 <p>Comply with relevant laws, rules and regulations of the safety and environmental management system</p>	 <p>Reduce workplace hazards</p>	 <p>Build and promote safety awareness among employees.</p>
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Operations

1. **Comply with any relevant laws, rules, and regulations, including the requirements of the safety and environmental management system.**
 - Assess regulatory compliance with any related laws and requirements every 6 months.
 - Control and take corrective actions to improve operations in accordance with the applicable laws or regulations.
2. **Reduce Workplace Hazards**
 - Review risk assessment whenever there is a new activity or changes to the working methods and annually revise them so they are up to date.
 - Establish plans and methods to eliminate hazards and reduce occupational health and safety risk using a “hierarchy of control”.
 - Provide a process to control and plan changes that occur within the organization, whether temporary or permanent.
 - Regularly review and conduct emergency response plans at least once per year.
 - Install a noise shield to reduce noise from the manufacturing process around the steel pipe cutting machine.
 - Construct a Safety Interlock System and Sensor Systems on the fence and machine guarding to increase safety.
 - Monitor industrial hygiene and the environment.

3. Build and Promote Safety Awareness among Employees.

- The Company has occupational health and safety management in accordance with the requirements of the Occupational Health and Safety Management System Standards (ISO 45001:2018) in order to develop and promote knowledge regarding a safe workplace to employees. Over the past year, the Company organized various activities to promote the following safety behaviors:
- Provided 19 training courses on occupational health, safety and the work environment for employees.
- Safety Day 2020 activity. The Company organized a safety slogan contest for employees to participate in. There were 41 employees that participated in the contest.
- Safety We Can, an innovative contest project. There was a total of 6 teams (18 employees) that participated in this contest. The winning team created an open-ended dump bucket project that reduced hazards when pouring scrap steel.
- Safety Small Group Activity. The target group was employees in the Production 2 department. The activity was conducted during the morning meetings between February and December 2020. 100% of the employees participated in the activity. The Injury Frequency Rate of employees in the Production 2 department decreased from 2019 by 66.85%.

4. Measures to Prevent the Spread of the COVID-19 Pandemic

The Company had strict surveillance measures to prevent and control the spread of COVID-19 by prescribing measures for all employees to comply with. These measures included checking the employee's travel history to prevent the spread from both domestic and international travel, preventing an outbreak within the Company, screening employees regularly, and conducting employee surveys as well as providing useful information to employees regarding the COVID-19 situation

The Company organized daily screenings of all employees and visitors, installed body temperature meters at the entrances of the factories and offices, provided a disinfectant spray booth before entering the factory, a disinfectant sprayer in the office, and provided alcohol hand gel for every building and office. In addition, there was also disinfectant spray for surfaces by requiring regular cleaning of the common areas. Some employees worked from home without having to travel to the Company office in order to reduce congestion in the workplace and reduce the spread of the outbreak.

Performance

- The Company received ISO 45001: 2018 certification from SGS (Thailand) Company Limited in July 2020.
- The Lost Time Injury Frequency Rate (LTIFR) was 1.32 times/working hour which decreased from 2019 by 81.36%.
- Built and promoted safety awareness for employees by creating 4 projects.



Society / Community Engagement and Development



Policy

The Company is aware of its coexistence with the community and society as well as giving importance to all stakeholders. The Company learns to develop and lives in harmony with the community by engaging in activities that build understanding as well as promoting community and society engagement. This ensures that the Company's business activities do not have an impact or cause distress to normal lifestyles and the surrounding community so that the Company can meet the needs and expectations as well as mutually creating sustainable value and returns. Details of the "Corporate Social Responsibility" are disclosed on the website at [www.tmtsteel.co.th / investorrelations / relatedpolicies / corporate social responsibility policy](http://www.tmtsteel.co.th/investorrelations/relatedpolicies/corporate-social-responsibility-policy).

Goals

- Zero external complaints.
- Continue to implement projects that create cooperation between the Company and society every year.

Strategies/Operation Plans

- Engage with all stakeholders by making the best use of TMT's resources, potential, and expertise.
- Create positive experiences for all stakeholders through the collaboration of beneficial activities or projects.

Operations

Comply with the code of business conduct, cooperate with stakeholders to conduct business with social responsibility and give importance to community participation and development, focus on quality living development of the community in regards to economic, social, or environmental aspects. This is done by expressing the needs and necessities of the community, promoting and raising awareness among personnel throughout the organization in order to build good relationships and friendships between the organization and the community, as well as implementing various projects that promote a good quality of living, create knowledge, and develop potential as much as the organization is able. This is as follows:

Promote Community Engagement

Give importance to community engagement at every step by organizing representatives to consult with the community, beginning with discussions and step by step problem analysis in order to appropriately gather information from the community before cooperating activities with the community.

Program / Project Support

The Company considers the nearby communities that are likely to be directly impacted by the organization first. This is done by taking into account the consistency of the nature of business and the organization's capabilities based on the employees' cooperation in the organization and the community in accordance with the operating guidelines that focus on community development to have a good quality of life, help reduce costs to the community, and create value for the Company's products. In addition, the Company attaches great importance in supporting and promoting a good quality living in Thai society without discrimination and providing support as much as the Company is able to, and be a part of development to create career opportunities and stable income. In the past year, the various projects that were carried out were as follows:

1. Steel for Sustainability Project

- Developed a hands-free alcohol gel dispenser which was made by employees of the Rama 3 branch. The Company donated 11 hands-free alcohol gel dispensers to community schools such as Wangnoi School (Banomyong Witthaya), Wichian Klinsukon Uppatham School, and the graduate institution of Rajamangala University of Technology Thanyaburi in order to prevent and reduce the transmission of COVID-19 virus and help reduce expenses at schools and educational institutions. The procurement of such equipment was valued at about 4,500 Baht.
- Installed a steel grid to place containers when using the drinking water dispenser. This was designed and installed by the maintenance department staff of Wang Noi branch to facilitate convenience to people in the communities at the village leader's office, Village No. 5, Lam Sai Sub-district, Wang Noi District, Ayutthaya Province. This included educating people on the maintenance of water filters and other equipment so that people in the community have good hygiene and reduce the cost of drinking water for each family by approximately 100 Baht.
- Supported and donated structural steel pieces as teaching materials to Tha Luang Cementhai Anuson Technical College, for students majoring in welding, in order to practice welding and cutting skills as well as other learning related to steel. This helped reduce costs on steel procurement for the colleges.
- Supported and donated structural steel to fourth year students in the Department of Civil Engineering, Faculty of Engineering at King Mongkut's University of Technology, Thonburi to be used for thesis study on cold-formed steel work and promote the thesis outline to compete in a contest for Structural Steel Improvement (SSI) for Young Engineers 2020 (SSI4YE).



2. From School to the Steel Factory Project

- Accepted internship students and bilateral students. There were 11 undergraduate students that received internships with the Company and 67 high-vocational bilateral students. This has been a continuous collaboration between the Company and 7 technical colleges since 2018. This helps create educational opportunities and foster professional skill training as well as hands-on experience to prepare students before

entering the workforce. Over the past year, the Company was able to recruit a total of 15 employees from the bilateral program.

- Shared knowledge about steel and steel production/steel processing for teachers and students majoring in Materials Engineering in the Faculty of Engineering, Kasetsart University and the Faculty of Engineering, Khon Kaen University.

3. TMT Share for Sustainability Project

- TMT Market promotes income distribution to the community by giving opportunities to people with disabilities or anyone in the community who wish to come and sell quality products in the Company without charging any fees so that they are able to earn income to support themselves and their families.
- Relaxing massage activities in collaboration with the Foundation for the Employment Promotion of the Blind (FEPB) to promote careers for 6 males and females who have visual impairment.
- Donated notebook computers and fetal heart rate monitors to Wang Noi Hospital, Ayutthaya in order to help support the work of doctors and nurses who serve in the area.
- Co-sponsored a pilot project called "You Take Care of the Forest, We Take Care of You" under the cooperation of the Securities and Exchange Commission (SEC), Thai Listed Companies Association, TRBN, Mae Fah Luang Foundation, the Greenhouse Gas Management Organization, and other partnering organizations.

- Provided social assistance to alleviate suffering of those affected by the COVID-19 pandemic by donating 500 bags of rice to Lam Sai Subdistrict Administrative Organization, Wang Noi, in order to be given to surrounding communities. Donated 2,000 sets of personal protective equipment (PPE) for the safety of medical personnel to the Nurse Association of Thailand.
- Continually supported the waste for merit project with 4 other companies in the area by donating money from waste sales to Lam Sai Subdistrict Administrative Organization, Wang Noi, in order to help people with disabilities, elderly, and bed-ridden patients in the area.

Details and pictures of the above activities have been disseminated on the Company's website at [www.tmtsteel.co.th / about / TMTactivities](http://www.tmtsteel.co.th/about/TMTactivities).

Performance


- No external complaints.
- Conducted 3 projects that create cooperation between the Company and society each year. These projects have been carried out continually.

Sustainability Management in Environmental Dimensions

1. Efficient Energy and Resource Management
2. Greenhouse Gas Management

Policy

The Company is committed to environmental management by reducing emissions and energy consumption of natural resources for a sustainable environment. The Company disseminated the policy on the website at www.tmtsteel.co.th / investor relations / corporate governance / other policies / environmental policy.



Goals

- Reduce greenhouse gas emissions per unit of production (ton CO₂eq/ton product) by 20% compared to the base year (2018) by 2027.
- Increase green areas by 20% by 2027.
- Reduce electric energy consumption by 0.9%.

Strategy/Operational Plans

- Assess electricity consumption, water consumption, and fuel consumption.
- Set operational goals.
- Plan to control/reduce electricity consumption, reduce water consumption, and fuel consumption.
- Implement the plans.
- Compare performance and goals.
- Review, analyze and resolve mistakes.

Operations

1. Efficient energy and resource management

The Company appointed an energy management working group to create efficient and sustainable energy management guidelines. In addition, an environment and safety working group was organized to manage business in accordance with the environmental and safety dimensions relevant to sustainable development. The results of the Environmental Aspect assessment helped the Company to be aware of the business activities that significantly affect the environment which is electricity consumption. The Company focused on operating business in an environmentally friendly way by using renewable energy as follows:



1) Solar power generation system

Goal : Reduce electricity consumption by 30%. The saving target is 3,518,000 kilowatt-hours/year or 13,966,460 Baht/year.

Performance : Solar PV Rooftop 2.5 MW, saves 3,074,926.68 kilowatt-hours/year, or 11,776,969.20 Baht/year and is able to reduce CO₂ gas emissions by 1,537.15 tons/year.



2) Changing H.I.D. Lamp High Bay to High Bay LED around Plant A.

Goal : Reduce electricity consumption by 60% (saving target is 121,305.60 kWh/year, or 473,455.76 Baht/year).

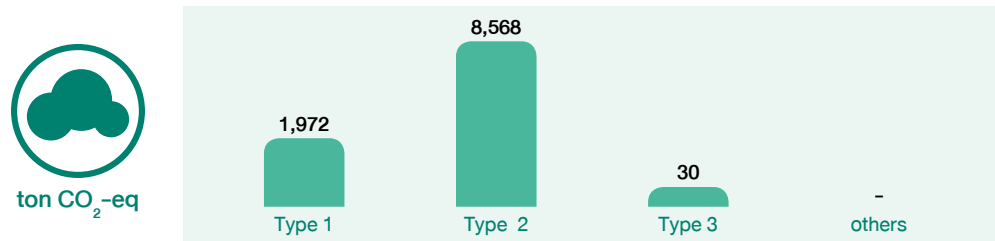
Performance : Switched to 60 180W High Bay LED lamps in the area of Plant A, which is able to reduce electricity consumption by 121,306 kWh/year and save electricity costs approximately 464,585 Baht/year.

2. Greenhouse Gas Management

The corporate carbon footprint project has the following goals:

- Assess the greenhouse gases emitted from the activities of the organization.
- Determine the causes of significant greenhouse gas emissions and find a solution to reduce the amount of greenhouse gas.

Performance : The greenhouse gases emitted by the organization's activities were 10,540 tonCO₂eq. The greenhouse gases emitted from energy activities which included electricity and fuel (Category 2) equaled 8,568 tonCO₂eq which accounted for 81.06% of the total greenhouse gas produced.



3. Use the Life Cycle Assessment and Environmental Labeling Project to create a digital library of building materials for green buildings.

Goal : Prepare LCA/EPD (select 3 impact groups) of 4 product groups: round steel pipe, square steel pipe, rectangle steel pipe, and C-pipe

Performance : In 2020, in collaboration with VGREEN, the Company created a life cycle assessment of 5 product groups. These included round steel pipe, square steel pipe, rectangular steel pipe, C-pipe, and galvanized steel pipe.

4. Water Management

The Company used 0.09 cubic meters per ton of tap water and ground water for production. There is constant maintenance and inspection of the water distribution system within the production process along with efficient wastewater management. Every parameter regarding the wastewater discharged from the factory is in accordance with the quality standards as defined by the law.

5. Increase of Green Areas

Increase green areas inside the factory to filter out air pollution and create a good environment, both within the Company and nearby areas. The Company registered trees in the factory area. In the previous year, there were 1,069 trees which represented 27 rai or 13% of the total area that filter air pollution and create a good environment.

6. Garbage, Waste and Pollution Management

Establish standard procedures for industrial waste and unused material management. The industrial waste and unused materials are classified into two categories which are hazardous and non-hazardous waste. Both types can be classified as waste that can be sold and waste that cannot be sold. In addition, scrap steel from production is classified as a non-hazardous waste in which 100% of it can be recycled or sold. The Company set the KPI of the production department to reduce the amount of scrap steel from the production process. There is a systematic scrap steel management in which there is an area to separate the scrap steel into different types. A scrap metal compactor is used to increase efficiency in recycling scrap steel.

Performance :

- Reduce electricity consumption by 3,074,926.68 kilowatt-hours/year and save electricity costs by approximately 11,776,969.20 Baht/year.
- Reduce CO₂ emissions by 1,537.15 tons/year from the installation of Solar PV Rooftop 2.5 MW.
- The amount of greenhouse gases emitted from corporate activities is 10,540 tonCO₂eq. The GHGs are emitted from energy use activities such as electricity and fuel (Category 2) at 8,568 tonCO₂eq which accounted for 81.06% of all the greenhouse gases.
- There are 1,069 trees, representing 27 rai or 13% of the green area in the factory.
- Manage garbage, waste and pollution to be in accordance with the industrial waste and unused materials management standards.



Sustainable Development Goals (SDGs)

The Company is committed to supporting and taking part in the United Nations Sustainable Development Goals (SDGs) to ensure that the Company conducts business in accordance with international goals and creates benefits for all stakeholders. The Company is striving to succeed with 17 goals and continues to do the same in the future. In 2020, the Company's performance is in accordance with the 16 sustainable development goals. This was an increase of 2 goals from the previous year. These were zero hunger, the second goal, and peace and justice strong institution, the fifteenth goal.



ที่มา: <https://www.un.or.th/globalgoals/th/the-goals/>

The operations can be summarized as follows:

Sustainable Development Goals (SDGs)	The Company's Sustainability Issues	Activities/ Projects that Support the Goal	Benefits to the Company	Benefits to Society and the Environment
1 No Poverty 	<ul style="list-style-type: none"> Human Resource and Human Rights Management Society/ Community Engagement and Development 	<ul style="list-style-type: none"> Friend Recommend Friend Project TMT Market Relaxing massage activities by people with visual impairment 	<ul style="list-style-type: none"> Increase employment channels, reduce time for employee recruitment Build good relationships with the community The staff can relax and relieve office syndrome 	<ul style="list-style-type: none"> Promote employment Increase income for merchants in the community Create income distribution from employees to the community Promote careers for people with visual impairment
2 Zero Hunger 	<ul style="list-style-type: none"> Society/ Community Engagement and Development 	<ul style="list-style-type: none"> Waste to Merit Project TMT Share for Sustainability Project, donated rice to help the community 	<ul style="list-style-type: none"> Build good relationships with the community The community cooperate with the Company 	<ul style="list-style-type: none"> Promote a quality of living for people in the community to have access to adequate food

Sustainable Development Goals (SDGs)	The Company's Sustainability Issues	Activities/ Projects that Support the Goal	Benefits to the Company	Benefits to Society and the Environment
3 Good Health and Well Being 	<ul style="list-style-type: none"> Human Resource and Human Rights Management Occupational health and safety Innovation management and product quality development 	<ul style="list-style-type: none"> TMT Virtual Exercise Care for employees during the COVID-19 pandemic Relaxing massage activities by people with visual impairment. Installation of sensor system, automation systems and equipment to improve safety and reduces work fatigue 	<ul style="list-style-type: none"> Create bonds with employees Reduce the sick leave rate for employees Reduce accidents 	<ul style="list-style-type: none"> Employees are in good health and reduce illness Prevent the spread of COVID-19 Reduce the spread of influenza to people nearby
4 Quality Education 	<ul style="list-style-type: none"> Employee potential Development Society/ Community Engagement and Development 	<ul style="list-style-type: none"> Employee Training Program Dual Vocational Training projects from school to steel factory project 	<ul style="list-style-type: none"> More employees have quality knowledge and skills Increase employment opportunities for students/ project participating students 	<ul style="list-style-type: none"> Support equal and inclusive education and promote lifelong learning for employees, students and teachers
5 Gender Equality 	<ul style="list-style-type: none"> Human Resource and Human Rights Management Employee potential development 	<ul style="list-style-type: none"> Equitable Treatment of Labor Recruit women to work in suitable positions Have women work in the management level 	<ul style="list-style-type: none"> Have employees who are qualified for the job and position. Employees fully utilize their potential at work 	<ul style="list-style-type: none"> Promote gender equality Develop the role of women to be able to work and earn wages
6 Clean Water and Sanitation 	<ul style="list-style-type: none"> Society/ Community Engagement and Development 	<ul style="list-style-type: none"> Install a steel grid to place containers when using a water dispenser. Provide knowledge regarding the maintenance of water filters and equipment 	<ul style="list-style-type: none"> encourage employee engagement Build good relationships with the community 	<ul style="list-style-type: none"> Communities have clean and safe drinking water Reduce costs for the community
7 Affordable and clean energy 	<ul style="list-style-type: none"> Cost-effective of energy and resources management Greenhouse gas management 	<ul style="list-style-type: none"> Solar power generation system Change to 180 W High Bay LED Lamps Renovated buildings to use more natural light 	<ul style="list-style-type: none"> Reduce the consumption of main energy and use more alternative energy Reduce costs for the Company in the long run 	<ul style="list-style-type: none"> Reduce greenhouse gas emissions Increase awareness of alternative energy use

Sustainable Development Goals (SDGs)	The Company's Sustainability Issues	Activities/ Projects that Support the Goal	Benefits to the Company	Benefits to Society and the Environment
8 Decent work and economics growth 	<ul style="list-style-type: none"> Human Resource and Human Rights Management Employee potential development 	<ul style="list-style-type: none"> Use an automation system in the production process instead of human labor for risk prone processes. Employee promotion Legal Employment 	<ul style="list-style-type: none"> Increase productivity in the production process Create bonds with employees Reduce turnover rate 	<ul style="list-style-type: none"> Promote effective employment and appropriate position for women and men Promote career advancement for employees
9 Industry, innovation and infrastructure 	<ul style="list-style-type: none"> Innovation management and product quality development 	<ul style="list-style-type: none"> Using the semi- automatic /automatic system such as Auto feed and Auto vacuum technology with the production process support work improvement culture 	<ul style="list-style-type: none"> Reduce the occurrence of waste Increase the quality of products and services Increase productivity in work processes Increase customer satisfaction 	<ul style="list-style-type: none"> Investment in technology and innovation High quality steel sheet products Environmentally friendly production and reduce energy consumption
10 Reduce Inequality 	<ul style="list-style-type: none"> Human Resource and Human Rights Management Employee potential development Society/ Community Engagement and Development 	<ul style="list-style-type: none"> Equitable treatment of labor without discrimination Employ people with disabilities Massage for Health Project to promote careers for people with visual impairment. 	<ul style="list-style-type: none"> No prosecution for non-compliance with the law and no labor disputes Create bonds with employees 	<ul style="list-style-type: none"> Promote equality in society People with disabilities are able to earn income and support themselves and their families
11 Sustainable cities and communities 	<ul style="list-style-type: none"> Society/ Community Engagement and Development 	<ul style="list-style-type: none"> Steel for Sustainability Project (Supporting steel for a benefit of public use) Donated steel for education 	<ul style="list-style-type: none"> Build good relationships with the community The Company is known in distant communities. Build good relationships with educational institutions 	<ul style="list-style-type: none"> Support the community to have strong, safe, and suitable steel structure buildings Use steel for the right type of work
12 Responsible Consumption and Production 	<ul style="list-style-type: none"> Innovation management and product quality development Cost-effective of energy and resources management Greenhouse gas management 	<ul style="list-style-type: none"> Operate in accordance with the environmental impact reduction policy 	<ul style="list-style-type: none"> Reduce energy consumption Reduce the occurrence of waste in the production process 100% of scrap steel can be sold and recycled 	<ul style="list-style-type: none"> Use resources efficiently Support circular economy

Sustainable Development Goals (SDGs)	The Company's Sustainability Issues	Activities/ Projects that Support the Goal	Benefits to the Company	Benefits to Society and the Environment
13 Climate Action 	<ul style="list-style-type: none"> • Cost-effective of energy and resources management • Greenhouse gas management 	<ul style="list-style-type: none"> • Carbon Footprint Project • Solar power generation system 	<ul style="list-style-type: none"> • Reduce the consumption of main energy and use more alternative energy • Reduce costs for the Company in the long run 	<ul style="list-style-type: none"> • Reduce greenhouse gas emissions that cause global warming • Increase awareness of alternative energy use
15 Life on Land 	<ul style="list-style-type: none"> • Society/ Community Engagement and Development • Cost-effective of energy and resources management • Greenhouse gas management 	<ul style="list-style-type: none"> • Plant and register trees in the factory • Collaborate in the project "You Take Care of the Forest, We Take Care of You" 	<ul style="list-style-type: none"> • Increase green area inside the factory • Engage with remote communities and increase the Company's knowledge regarding forest care and carbon credit information 	<ul style="list-style-type: none"> • Increase green areas • Promote sustainable forest management and resolve deforestation
16 Peace and justice, strong institutions 	<ul style="list-style-type: none"> • Corporate governance for sustainability • Human Resource and Human Rights Management 	<ul style="list-style-type: none"> • Comply with the Thai Labor Standards (TLS) for human rights • Collaborate with the prevention and solution to drugs in the workplace project • Corporate Anti-Corruption Policy 	<ul style="list-style-type: none"> • no prosecution for non-compliance with the law and no labor disputes • Build credibility and transparency in the Company's business 	<ul style="list-style-type: none"> • Reduce conflicts • Reduce social problems • Prevention and anti-corruption
17 Partnership for the goal 	<ul style="list-style-type: none"> • Innovation management and product quality development 	<ul style="list-style-type: none"> • Extension of expansion of Stretcher Leveling, an advanced manufacturing innovation from the United States for the second Stay Flat machinery. • Use modern technology and machines to develop and expand business opportunities such as Hydro Test machines • Bring tractors that are used in airports from the United States to optimize the internal transportation process. 	<ul style="list-style-type: none"> • Obtain knowledge of new technology from foreign partners (USA, China) • increase productivity in the production process • Increase quality of products and services • Increase customer satisfaction 	<ul style="list-style-type: none"> • Enhance the quality of steel sheet products in Thailand • Help customers' businesses to have more success from using quality products • Save energy from reduced freight cycles

Summary of Sustainability Performance in 2019–2020

Sustainability Management in the Economic Dimension

Significant Issue	Indicator	2 Years Performance			Goals
		Unit	2019	2020	
Corporate Governance toward Sustainability	CGR Score	Percent	88	89	>90
	Continuously selected on the Sustainability Stocks List (THSI)	Yes/No	No	Yes	SET Sustainability Award
Risk Management	To be a stable and consistent product provider	Yes/No	Yes	Yes	consistent/always
	Continuity in delivering the value of products and services	Yes/No	Yes	Yes	consistent/always
Innovation Management and Product Quality Development	The evaluation results of customer satisfaction with the product	Percent	88	87	>80 or more from the previous year
	Increased capacity utilization	Ton	962,919	957,701	1 million tons
	The number of work results/ technologies used to optimize the work process	Subject	4	5	continue to have work results every year
	The number of work results from the improvement and development of employees	Subject	265	711	continue to have work results every year
Responsible Supply Chain Management	Number of complaints from partners	Point	0	0	0
	Adequacy of raw materials and factors in business operations	Yes/No	Yes	Yes	consistent/always
Customer Relationship Management	The evaluation results of the customer satisfaction in all aspects	Percent	86.80	88	>80 or more from the previous year

Sustainability Management in the Social Dimension

Significant Issue	Indicator	2 Years Performance			Goals
		Unit	2019	2020	
Human Resource Management and Human Rights	Evaluation result of employee commitment to the organization or corporate values survey results	Percent	86.55 (Survey of corporate values)	82.54 (Affiliate assessment)	>80 or more from the previous year
	Employee turnover rate	Percent	24.94	17.41	<10
	Continual training and development of TMT employees	Hours/ Person/ Year	23	17	an average of 25 hours/ person/year
	Number of labor disputes and human rights violations	Number of Complaints/ Disputes	0	0	0
Occupational Health and Safety	Compliance with relevant laws and regulations	Yes/No	Yes	Yes	Yes
	Employee Injury Frequency Rate: (IFR)	Times/ Hours of Operation	7.80	1.32	Continued decline every year
Society/ Community Engagement and Development	Number of complaints from society/ outside community	Number of Complaints	0	0	0
	Number of projects that create cooperation between the Company and society	Number of Projects	7	3	Continued every year

Sustainability Management in the Environmental Dimension

Significant Issue	Indicator	2 Years Performance			Goals
		Unit	2019	2020	
Greenhouse Gas Management	The amount of greenhouse gas emissions decreased per unit of production	(ton CO ₂ eq / ton Product) / year	0.00030 (2.63%)	0.00018 (1.59%)	A 20% decrease compared to the base year (2018) by 2027
Cost-Effective of Energy and Resources Management	Increase green area	percent	13.46	13.50	20% of the total area by 2027
	Reduce Electricity Consumption	Kilowatt-Hour/Year	637,064.70 Kilowatt-Hour/Year	3,074,926.68 Kilowatt-Hour/Year	Decrease every year
	Save on Electric Bill	Baht/Year	2,484,552.31	11,776,969.20	Decrease every year
	Reduce Water Consumption	Cubic Meter/Person	65 Cubic Meter/Person	70 Cubic Meter/Person	< 80 Cubic Meter/Person
	Control the Amount of Waste (Industrial Waste)	Ton	260.95	445.60	Standard handling of industrial waste and waste materials

This report represents the information from January 1, 2020 to December 31, 2020.

Governance and Sustainability Committee

TMT Steel Public Company Limited

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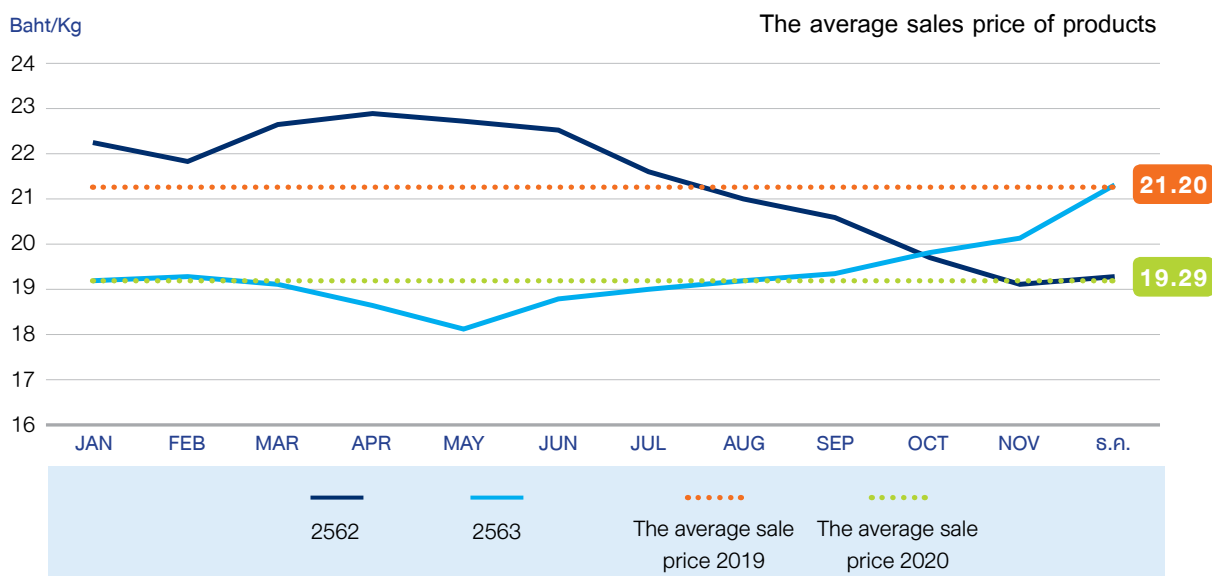
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Management Discussion and Analysis

Performance

In 2020, the Company had a net profit of 537.88 million Baht, an increase of 133.91% from 2019. The gross profit margin accounted for 8.68% which was an increase of 5.45% from the previous year even though the average sales price dropped by 9.01% in 2020 when compared to the previous year.



The price trend of the domestic steel has been aligned with the world market price which has continued to rise since May 2020 and has accelerated over the last quarter of the year due to the recovery of the Chinese economy after the COVID-19 outbreak. At the beginning of 2020, the overall levels of inventory in the market were lower than usual. This was caused by the continuous reduction of surplus steel in the market in 2019 which pressured the price to decline since June 2019. This was due to the quick liquidation of surplus inventories. The manufacturers and traders in the market reduced production volume and the concerns of a Trade War between the United States and China caused many industries to adjust the production in the supply chains in order to cope with this impact. As a result, the inventory levels in the market, both for production and sales, were lower than usual at the beginning of 2020. When the lock down started to ease, both domestically and in Asia, the industrial production began to recover at an accelerating rate after the

adjustment period and entered into a normal inventory accumulation level. This caused the price levels to increase because the demand was higher than the market supply. This situation resulted in gross margins returning to normal in 2020 and being better than 2019 resulting from the declining price pressure from the competition to liquidate the surplus inventories in the market.

In 2020, the sales volume totaled 757,175 tons, a decrease from 2.77% from 2019. This was preferred when compared to the total consumption of prefabricated steel in the country which was 11.60%¹ lower despite the impact from the decline in steel consumption and the economic recession due to negative GDP growth. The Company has been able to maintain its existing customer base and increase its market share as a result of strategies aimed at being a complete service provider and maintaining adequate inventory in order to provide a wide range of service steadily and consistently.

¹ Data from the Iron and Steel Institute of Thailand report, January 2021

Impact Management of the COVID-19 Pandemic

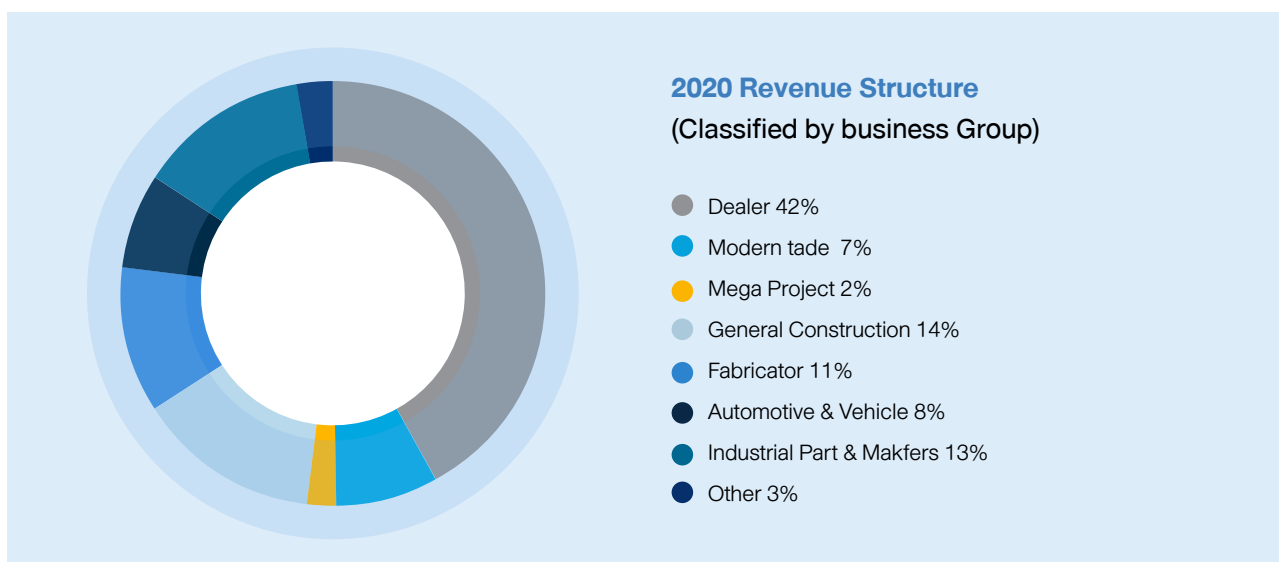
The Company prepared and implemented a Business Continuity Plan to cope with the impact arising from the COVID-19 pandemic. The details are disclosed in the “TMT COVID-19 Crisis Management Guidelines” which was compiled in the Sustainable Development Showcase 2020 prepared by the Stock Exchange of Thailand. For more information, please scan the QR code below:



The Company also disseminated the information on the website at www.tmtsteel.co.th/investorrelations/riskmanagement/COVID-19crisismanagementguidelines.

Sales Revenue

The Company's sales revenue in 2020 equaled 14,576 million Baht, a decrease of 11.57% compared to the previous year. This was a 2.77% decrease in sales volume and a 9.01% decrease in average selling price. In 2020, the average selling price was 19.29 Baht per kilogram. The sales revenue structure can be categorized as follows:



In terms of the Company's sales proportion in 2020, the proportion of processed products to goods supplied was 76:24 compared to 73:27 in 2019. This was the result of an increase in production volume expansion since 2017.

Operating Expenses

In 2020, the Company's selling expenses were 174.72 million Baht, a decrease of 25.46 million Baht or 12.72% from the previous year. This was a decrease of approximately 15 million Baht in transportation costs due to the decrease in oil prices. The marketing expenses also decreased by approximately 10 million Baht due to the decrease in sales volume and marketing activities.

Administrative expenses were 408.74 million Baht, an increase of 53.76 million Baht or 15.14% from 2019 because of the accounting adjustments in accordance with the Thai financial reporting standards No. 9 and 16, which became effective in 2020. This totaled approximately 27 million Baht. Most of which was an allowance for doubtful accounts based on the new evaluation criteria. Employee expenses increased by approximately 22 million Baht. Administrative expenses increased by approximately 5 million Baht. These were office expenses, depreciation, and professional consultant fees.

In 2020, the Company's interest expenses equaled 82.06 million Baht, a decrease of 33.59 million Baht or 29.04% compared to the previous year. This was a decline in interest rates for short-term loans in the money market where there was still a high level of surplus liquidity.

Financial Position

Assets

In 2020, the Company's total assets were 8,840.68 million Baht, an increase of 23.67% from the previous year. Total assets were 7,148.72 million Baht. The current assets increased by 1,679.75 million Baht or 40.88%. The major change in current assets is summarized as follows:

- Cash and cash equivalents increased by 874 million Baht, which was obtained from long-term loans from financial institutions in preparation for the repayment of debentures due in 2021.
- Trade receivables and other debtors decreased by 111 million Baht. This decrease was in line with lower sales from the previous year. The average collection period was 60 days, an increase from the previous year which was 57 days. This was in line with the 60-day credit sales policy for most customers. In 2020, the 60 days credit sales was 86% which was equal to 2019. The allowance for doubtful accounts increased from 2019 in the amount of 26 million Baht. As a result, the allowance for doubtful accounts accounted for 2.33% of the total trade receivables, which was a 1.19% increase compared to the previous year in accordance with the Financial Reporting Standard No. 9, which became effective in 2020.
- Inventories increased by 536 million Baht, an increase from the previous year. As a result, the average sales period was 46 days, which was in line with the policy to have adequate inventory for the average sales period of 30-60 days. At the end of 2019, inventory levels were lower than normal with an average sales period of 37 days because in 2019, the amount of surplus products was higher than usual. There was also a pressure from lower product prices.

- Advanced payments for procurement costs increased by 346 million Baht. This represented the amount of products for the average sales period of 5 days in order to have adequate inventories in 2021 which was in accordance with the policy to maintain inventories in order to manage dependency risk on major manufacturers.
- Other current assets increased by 34 million Baht, most of which were Revenue Department receivables. This was an excess of value added tax from procurement of goods which was higher than the sales volume at the end of the year.

The Company's current assets had a higher percentage than current liabilities at 1.21 times compared to 1.29 times in 2019.

The Company's non-current assets increased by 12.21 million Baht, or an increase of 0.40%. In 2020, the acquisition of assets increased by 198.13 million Baht, most of which was investment in machinery, construction projects, factory equipment, and the purchase of trucks to support future business expansion. The assets disposal was 4.92 million Baht. The net intangible assets were computer programs which increased by 4.56 million Baht. Total depreciation and amortization was 234.36 million Baht. The right-of-use asset was the lease agreement in accordance with Financial Reporting Standards No.16, an increase of 36.39 million Baht, with the depreciation for the right-of-use assets 22.87 million Baht. Deferred tax assets increased by 12.54 million Baht.

Liabilities

In 2020, the Company's total liabilities were 5,658.98 million Baht, an increase of 1,415.31 million Baht, or an increase of 33.35% from the previous year. This is summarized as follows:

- Short-term loans from financial institutions increased by 183 million Baht. This included trade payable and creditors which increased by 98 million Baht in order to increase inventory levels to be sufficient in accordance with the policy.

- Accrued income tax increased by 68 million Baht which was in line with increased net profit.
- Cash advance received from customers increased by 19 million Baht from customer's deposit payments.
- Long-term loans and debentures that were due within one year increased to a total of 1,198 million Baht. This resulted in a decrease in debentures in non-current liabilities of 997 million Baht which was in line with the repayment terms that will be due in 2021. The Company prepared a cash reserve to pay off all of this debt.
- Long-term loans increased by 799 million Baht which was long-term loans from financial institutions with a term of 5 years which can be paid in installments with an interest rate of 3% in order to be used as long-term funds instead of debentures due in 2021.
- Long-term lease liabilities and the current portion of long-term debt increased by a total of 37 million Baht, an increase in accordance with Financial Reporting Standard No.16, which became effective in 2020.
- Employee benefit obligation increased by 10 million Baht which was in accordance with the legal reserve for employee benefits.

The Company had a debt to equity ratio of 1.78 times, an increase from the previous year at 1.46 times. The net interest-bearing debt to equity ratio was 1.26 times, a decrease from the previous year at 1.27 times. Interest coverage ratio was 8.96 times, an increase of 3.36 times from the previous year.

Equity

In 2020, the Company had shareholders' equity of 3,181.70 million Baht, an increase of 276.65 million Baht or 9.52% from the previous year. Shareholders' equity was 2,905.05 million Baht which was an increase in comprehensive income for the year of 537.88 million Baht. The Company paid dividends of 261.23 million Baht. In addition, the Company allocated retained earnings as legal reserves in 2020 in the amount of 11.50 million Baht.

Factors that may Affect the Company's Financial Position or Business Operations of the Company in the Future.

Product Price and Market Supply

The COVID-19 outbreak and the surplus of steel in the market in the first half of 2020 caused the world's total crude steel production to drop approximately 7.20%. After COVID-19 began to spread and the economic system was already severely affected, the governments around the world began to ease measures, including monetary measures and fiscal measures to restore and stimulate economic recovery. This contributed to the world's total crude steel production in the past year to drop 1.80%.

Different countries, including Thailand, gave importance to economic recovery measures. As a result, the main disrupted manufacturing sector tried to resume normal production. However, the previous product surplus caused each part of the supply chain to greatly reduce raw materials and inventory accumulation when it began to recover and production resumed. When the production began to resume, the acquisition of raw materials began as well, while the upstream raw materials production was not able to increase as usual. As a result, the price level of raw materials and products continued to increase since the middle of 2020. The prices are expected to continue to increase in the first half of 2021, while the production of the upstream supply chain is not yet normal. The accumulation of raw materials in each part of the steel supply chain caused the upstream production to not be able to meet the demand in 2021. The inadequate amount of raw materials has occurred since the last quarter of 2020 and is expected to continue until the middle of 2021.

Therefore, the higher price levels from the previous year and the inadequate quantity of raw materials and products in the market may be a factor that affects the operating results and the working capital of the Company. This may need to increase during the period that prices increase.

Economic Conditions

In 2020, the Thai economy and the world faced problems and risk factors that continuously impacted the Company, whether the factors were from the epidemic, the international trade conflict, geopolitical change, or political factors. This resulted in the disruption of investments from both the private and government sectors. More importantly, people's consumption confidence deteriorated and dropped drastically to the point that recovery is not expected. The measures are only to sustain and help so that it does not go down any further. The export recession and the non-recovery of the hospitality and tourism industries has made the forecasting of economic conditions difficult and uncertain. The stimulation and recovery of the economy may occur in segments that happen intermittently and alternately at different times. As a result, each type of business may have a cycle of opportunity to recover and be affected at different times.

Therefore, the Company's market must be widely distributed into different segments in order to reduce the risk of an uneven recovery cycle for each market as well as cooperating to build business strength. If the Company is unable to expand the market base and maintain the market widely, it could have an impact on the Company's sustainable growth and operations.

Social Factors and the Environment

The economic vulnerability and economic structures were affected by both new risk and geopolitical conflicts which caused the Company to attach importance to sustainable development guidelines that focus on creating value for stakeholders in order to be a major key for mutual development and growth. The major social and environmental issues that the Company will focus on this year can be summarized as follows:

- **Safety and Occupational Health for a Good Working Environment and Community Living**

The Company realized that the epidemic continued throughout the year and may continue until next year. Therefore, the Company focused on safety and occupational health at work and expanded results in order to create public health safety for neighboring communities, as well as supply chain stakeholders.

This will help to ensure continuity of operational stability.

- **Creating Value for Supply Chain Stakeholders**

The ability and potential in regards to the competitiveness of the economy has decreased respectively. Therefore, the Company attached great importance to creating value and cooperating to promote business strength with trading partners and will increase the importance of stakeholders in the supply chain in order to create a network of cooperation and develop business together.

- **The Empowerment and Development of Employee Potential**

With the determination to be a service provider for every imagined structure, employees are the most important factor in the business who create and contribute to success. The Company focused on developing knowledge and empowering employees to have opportunities to develop themselves and take part in sharing knowledge with communities, society and business partners.

Future Operational Direction

The Company continues to strive to operate the business to be a center for complete steel service which aims to meet customers' needs in a comprehensive range by developing the Company's personnel and continually investing in warehouse expansion in order to maintain adequate inventory levels in order to ensure sufficient and stable inventory, building a factory with new machines in order to have 4 additional production lines in 2021 on new land that the Company has previously invested in in order to expand production capacity, create product diversity and stability to support investment in public and private infrastructure projects that may happen in the future, bring new technologies and innovations to improve production efficiency and work processes by focusing on the systematic use of tools to speed up management, and creating a collaborative network between business partners to help enhance product management and delivery. These are the factors that will enable the Company to achieve its mission to expand its market share and create business value for its customers at the same time.

Financial Statement

Table of Financial Statement

TMT Steel Public Company Limited
Statement of Financial Position
As at 31 December 2018-2020

(Baht: Thousand)

	Year 2020	%	Year 2019	%	Year 2018	%
Assets						
Current assets						
Cash and cash equivalents	1,130,671.82	12.79	256,617.10	3.59	232,822.97	3.02
Trade accounts receivable and other receivables	2,337,438.84	26.44	2,448,856.38	34.26	2,707,525.47	35.14
Inventories, net	1,931,629.21	21.85	1,395,372.11	19.52	1,764,619.22	22.90
Advance payments for purchases of inventories	353,288.64	4.00	6,933.43	0.10	72,569.58	0.94
Other current assets	35,874.08	0.41	1,376.50	0.02	2,071.79	0.03
Total current assets	5,788,902.59	65.48	4,109,155.52	57.48	4,779,609.03	62.03
Non-current assets						
Investment properties	55,729.00	0.63	55,729.00	0.78	55,729.00	0.72
Property, plant and equipment, net	2,905,411.57	32.86	2,938,265.46	41.10	2,833,035.69	36.77
Right-of-use assets, net	36,390.16	0.41	-	-	-	-
Intangible assets, net	23,969.50	0.27	27,709.34	0.39	23,910.59	0.31
Deferred income tax assets, net	25,183.93	0.28	12,639.05	0.18	9,578.58	0.12
Total non-current assets	5,095.39	0.06	5,225.06	0.07	3,843.56	0.05
Total assets	3,051,779.55	34.52	3,039,567.90	42.52	2,926,097.41	37.97

TMT Steel Public Company Limited
Statement of Financial Position
As at 31 December 2018-2020

(Baht: Thousand)

	Year 2020	%	Year 2019	%	Year 2018	%
Liabilities and equity						
Current liabilities						
Short-term borrowings from financial institutions	3,136,554.57	35.48	2,953,864.78	41.32	3,567,727.37	46.30
Trade accounts payable and other payables	296,448.00	3.35	198,871.66	2.78	351,162.95	4.56
Derivative liabilities	626.30	0.01	-	-	-	-
Income tax payable	80,671.98	0.91	12,473.79	0.17	26,917.44	0.35
Advance received from customers for goods	37,548.63	0.42	18,584.59	0.26	14,935.67	0.19
Current portion of long-term borrowing from a financial institution	199,657.97	2.26	-	-	-	-
Current portion of lease liabilities	23,385.97	0.26	-	-	758.18	0.01
Current portion of debentures	999,590.00	11.31	1,542.28	0.02	1,479.83	0.02
Total current liabilities	4,774,483.42	54.01	3,185,337.11	44.56	3,962,441.44	51.42
Non-current liabilities						
Long-term borrowings from financial institution	799,333.00	9.04	-	-	-	-
Lease liabilities	13,532.79	0.15	-	-	-	-
Debentures	-	-	996,505.44	13.94	995,088.06	12.91
Employee benefit obligations	71,630.35	0.81	61,829.11	0.86	43,810.94	0.57
Total non-current liabilities	884,496.15	10.00	1,058,334.55	14.80	1,038,899.00	13.48
Total liabilities	5,658,979.56	64.01	4,243,671.65	59.36	5,001,340.44	64.90
Equity						
Authorised share capital	870,758.03		870,758.03		463,000.00	
Issued and paid-up share capital	870,758.03	9.85	870,758.03	12.18	435,379.02	5.65
Premium on share capital	427,323.20	4.83	427,323.20	5.98	427,323.20	5.55
Retained earnings						
Appropriated - Legal reserve	75,391.49	0.85	63,894.17	0.89	43,600.00	0.57
Unappropriated	1,808,229.85	20.45	1,543,076.36	21.59	1,798,063.79	23.33
Total equity	3,181,702.57	35.99	2,905,051.77	40.64	2,704,366.00	35.10
Total liabilities and equity	8,840,682.14	100.00	7,148,723.42	100.00	7,705,706.44	100.00

TMT Steel Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2018-2020

(Baht: Thousand)

	Year 2020	Year 2019	Year 2018
Sales	14,575,724.81	16,483,406.68	17,369,987.82
Costs of sales	(13,309,865.35)	(15,585,837.48)	(16,326,337.66)
Gross Profit	1,265,859.46	897,569.20	1,043,650.16
Other income	52,770.77	46,448.19	49,914.77
Selling expenses	(174,716.13)	(200,175.30)	(193,980.92)
Administrative expenses	(408,736.08)	(354,980.69)	(339,533.97)
Finance costs - interest expenses	(82,064.85)	(115,653.62)	(102,647.70)
Profit before income tax	635,113.15	273,207.78	457,402.34
Income tax	(115,235.00)	(43,261.49)	(51,518.87)
Profit for the year	537,878.16	229,946.29	405,883.47
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Remeasurements of post employee benefit obligations	-	1,520.01	-
Income tax on items that will not be reclassified	-	(304.00)	-
Other comprehensive income for the year, net of tax	-	1,216.01	-
Total comprehensive income for the year	537,878.16	231,162.30	405,883.47
Earnings per share			
Basic earnings per share*	0.62	0.26	0.47

Note : * Basic earnings per share is calculated by paid-up capital of 870,758,034 shares that increase approved by the 2020.

TMT Steel Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2018-2020

(Baht: Thousand)

	Year 2020	Year 2019	Year 2018
Cash flows from operating activities			
Profit before income tax	653,113.15	273,207.78	457,402.34
Adjustments for			
Loss allowance	26,144.96	1,213.90	19,568.09
Gain on declining in value of inventories	(3,364.61)	(4,306.97)	9,978.55
Depreciation and amortisation	257,226.82	204,834.72	178,194.05
(Gain) Loss on disposals of equipment	(349.04)	316.48	961.93
Loss on derivatives	626.30	-	-
Employee benefit expenses	9,801.24	20,627.52	6,835.21
Interest expenses	82,064.85	115,653.62	102,647.70
Cash flows before changes in operating assets and liabilities	1,025,263.67	611,547.05	775,587.86
Changes in operating assets and liabilities			
Trade accounts receivable and other receivables	85,272.59	257,455.20	(242,162.61)
Inventories	(532,892.50)	373,554.08	(110,237.79)
Advance payments for purchases of inventories	(346,355.21)	65,636.16	272,515.93
Other current assets	(34,497.58)	695.28	14,115.86
Other non-current assets	129.67	(1,381.50)	189.12
Trade accounts payable and other payables	90,364.37	(118,347.25)	(34,891.66)
Advance receipts from customers for goods	18,964.04	4,188.92	(44,273.09)
Employee benefit obligations paid	-	(1,089.33)	-
Cash generated from operating activities before interest and income tax paid	306,249.04	1,192,258.60	630,843.64
Interest paid	(82,053.78)	(113,973.93)	(92,205.43)
Income tax paid	(59,581.69)	(61,069.62)	(106,056.08)
Net cash generated from operating activities	164,613.57	1,017,215.06	432,582.12
Cash flows from investing activities			
Purchases of property, plant and equipment	(189,027.45)	(337,934.03)	(689,098.57)
Purchases of intangible assets	(4,344.13)	(11,755.69)	(11,958.44)
Proceeds from disposals of equipment	4,700.53	1,029.91	4,401.86
Net cash used in investing activities	(188,671.05)	(348,659.81)	(696,655.14)

TMT Steel Public Company Limited
Statement of Cash Flows (Continue)
For the year ended 31 December 2018-2020

	Year 2020	Year 2019	Year 2018
<u>Cash flows from financing activities</u>			
Proceeds from short-term borrowings from financial institutions	17,905,608.32	32,278,947.17	24,303,913.75
Repayments to short-term borrowings from financial institutions	(17,722,918.53)	(32,892,809.75)	(24,451,206.46)
Proceeds from long-term borrowing from financial institutions	1,000,000.00	-	-
Payments for front-end fees of loan agreement	(1,010.01)	-	-
Payments for interest on finance lease liabilities	-	(13.82)	(85.72)
Payments for finance lease liabilities	-	(408.18)	(356.36)
Payments for lease liabilities	(22,340.24)	-	-
Proceeds from issuance of debentures	-	-	1,000,000.00
Payments for debenture issuance costs	-	-	(3,377.60)
Dividends paid	(261,227.35)	(30,476.53)	(522,454.82)
Net cash (used in) from financing activities	-	-	1,000,000.00
<u>Net increase (decrease) in cash and cash equivalents</u>	874,054.72	23,794.13	62,359.77
Opening balance	256,617.10	232,822.97	170,463.20
Closing balance	1,130,671.82	256,617.10	232,822.97
<u>Cash and cash equivalents are made up as follows</u>			
Cash on hand	429.89	400.15	154.08
Deposits at financial institutions	1,130,241.94	256,216.95	232,668.89
	1,130,671.82	256,617.10	232,822.97
<u>Non-cash transactions</u>			
Significant non-cash transactions for the years ended 31 December 2020 and 2019 are as follows:			
Other payables from purchases of property, plant and equipment	16,858.79	8,327.12	42,457.21
Other payables from issuance of debentures	212.50	-	-
Issuance of share dividends	-	-	1,115.00

TMT Steel Public Company Limited
Financial Ratio
For the year ended 31 December 2018-2020

	Year 2020	Year 2019	Year 2018
Liquidity ratio			
Current Ratio (time)	1.21	1.29	1.21
Quick Ratio (time)	0.72	0.84	0.74
Operating Cash Flow to Current Liabilities (time)	0.04	0.28	0.11
Account Receivable Turnover (time)	6.13	6.44	6.72
Average Collection Period (day)	60	57	54
Inventory Turnover (time)	8.00	9.86	9.52
Average Inventory Period (day)	46	37	38
Account Payable Turnover (time)	146.87	149.30	93.53
Average Payment Period (day)	2	2	4
Cash Cycle (day)	104	92	88
Profitability ratio			
Gross Profit Margin (%)	8.68	5.45	6.01
Operating profit margin (%)	4.68	2.08	2.94
Operating Cash Flow to Operating Profit (time)	0.24	2.97	0.85
Net Profit Margin (%)	3.69	1.40	2.34
Return on Equity (%)	16.91	7.92	15.01
Efficiency ratio			
Return on Asset (%)	6.08	3.22	5.27
Return on Fixed Assets (%)	18.25	7.90	15.69
Total Assets Turnover (time)	1.82	2.22	2.35
Financial policy ratio			
Debt to Equity Ratio (time)	1.78	1.46	1.85
Net Interest Bearing Debt to Equity Ratio* (time)	1.26	1.27	1.60
Interest Coverage Ratio (time)	8.96	3.36	5.46
EBITDA Coverage Ratio (Cash basis) (time)	0.29	2.06	0.33
Per Share Information			
Book Value Per Share : BVPS (Baht)	3.65	3.34	6.21
Earnings Per Share : EPS (Baht) (Par Value per share THB 1)	0.62	0.26	0.47

* The company issued debentures in 2018 which stipulated that the debenture issuer will maintain the Net Interest Bearing Debt to Equity Ratio stood at not more than 2:1 (two to one) at each of fiscal year-end. It is calculated from the information shown in the consolidated financial statements. The ratio at the end of the Company's accounting period is 1.27 times, so the company can maintain the ratio in accordance with the condition.

A Legal Dispute

TMT Steel Public Company Limited (the “Company”) received a summon and a copy of plaint from the Southern Bangkok Civil Court (“Court”) dated November 22, 2019 for Black Case No. Por. 2880/2019 which was served by means of posting. The case was the civil lawsuit filed by Toyota Tsusho (Thailand) Company Limited (“Plaintiff”) against the Company (“Defendant”), alleging that the Company breached the steel purchase agreement with respect to a condition related to the usage of purchased products in automobile industry which caused damage to the Plaintiff as a result of the Customs Department’s demand for safeguard duty in an amount of Baht 173,590,000.96 as stated in the lawsuit, which was considered by the Plaintiff as the amount in dispute for this case, and, is worth more than 5% of the shareholders’ equity of the Company. The Court later determined the date for settling case issues, determining case proceedings and examining the Plaintiff’s witnesses on January 27, 2020. Afterwards, the Court granted its permission to postpone the appointed date to February 18, 2020 and determined the case proceedings and fixed the first hearing date between July 29, 2020 and July 31, 2020. This information has been disclosed by the Company in the Company’s report form 56-1 Year 2019 and informed to the Stock Exchange of Thailand.

The Company would like to inform that, on the scheduled first date of hearing (July 29, 2020), the Plaintiff did not want to proceed with the witness examination in order to defend the case since the Defendant has submitted the evidences to the Court to prove that the purchased products were sold to its customers in automobile industry. The Plaintiff, therefore, filed a petition to withdraw the case and requested the evidences from the Court to further exercise its right to defend its dispute with the Customs Department. In this regards, the Court allowed the Plaintiff to withdraw the case filed against the Company and disposed the case from the Court’s directory. Thus, this civil lawsuit which the Company disclosed to The Stock Exchange of Thailand has been terminated in accordance with the law.

Report on Good Corporate Governance

The Board of Directors has realized the significance of the Company's good corporate governance by endorsing the moral and ethics as business principles in order to conduct the business with responsibilities, due care, and loyalty to bring efficient, transparent, and trustworthy growth from our shareholders, investors, and stakeholders. The Board therefore established the good corporate governance principle and guidelines (The details are disclosed on the website at www.tmtsteel.co.th.) so as to preserve such policy which can be divided into 5 chapters as follows;

Chapter 1 : Rights of shareholders

1. Rights to appoint the Board of Directors

The appointment of the Company's Board of Directors is according to the Company's Articles of Association that shareholders' meeting shall elect the directors in accordance with rules and procedures as follows;

- 1.1 Each shareholder shall be entitled to one vote for each shareholding;
- 1.2 Each shareholder shall be entitled to cast all the votes under 1.1 to elect one or several persons to be the Company's director but cannot distribute their votes to any particular person or persons;
- 1.3 Persons who receive the highest votes arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed are elected to be the Company's directors. In the event of a tie at a lower place, which would make the number of directors greater than the required, the Chairman of the meeting shall cast the deciding vote.

Furthermore, prior to the meeting date, one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of its total issued and paid up shares has the rights to nominate candidates to be elected as the Company's directors in advance according to date, time, and criteria disclosed by the Company via SET's channel and the Company's website. And, this year 2020 no shareholder nominated candidate as said.

In the 2020 Annual General Meeting of Shareholders, shareholders cast their vote to elect the director individually and directors who have conflict of interest could not cast the vote.

2. Rights in shareholders' meeting

2.1 The Company sent the notice of the 2020 shareholder's meeting which indicated date, time, place, agenda, opinion of the Board, and supporting documents to all shareholders at least 21 days prior to the meeting date, and also such all relevant information will be posted on the Company's website at www.tmtsteel.co.th at least 30 days prior to the meeting date to support all shareholders, including institutional investors, to attend the meeting and shareholders will have adequate time to study on each agenda thoroughly. In this regard, the meeting agenda and supporting documents as said were provided based on transparent and sufficient information for shareholders to make their best decision.

2.2 The Company provided the opportunity to shareholders who are unable to attend the meeting for exercising their rights by appointing other person to attend the meeting and cast the vote on their behalf or appoint an independent director who is appointed by the Company as their proxy. The Company therefore facilitates all shareholders by attaching proxy along with the notice of the meeting.

- 2.3 The Company also published such notice of the meeting in the public daily newspaper for 3 consecutive days and not less than 3 days prior to the meeting date in order to provide multi-channel for receiving information
- 2.4 The Company provided the best effort to accommodate the most convenience for shareholders in term of the meeting place which the head office of the Company is situated and adjacent to the main public transportation and prepares any supplemental facility such as barcode system , adequate registration desk, spare notice of the meeting for those who do not bring such document, ballot card and staff members available for collecting the ballot card, wireless microphone in order to provide shareholders opportunities to question and presentation of each agenda etc.
- 2.5 At beginning of the meeting, the Company explained how to execute the shareholder's voting rights on each agenda, and announced the number of shareholders attending the meeting together with total shares which are entitled to vote.
- 2.6 The Company invited an independent legal advisor to attend the meeting in order to observe and verify the voting procedure on each agenda.
- 2.7 The Board of Directors gave an opportunity for shareholders to raise any questions and suggestions on each agenda and took as responsibility to clarify for those questions.
- 2.8 The Company published the minute and resolution of the shareholders' meeting via SET's channel and the Company's website within 14 days after the meeting so as to accurately provide the information for shareholders who attended or did not attend the meeting as well as other investors.
- 2.9 The Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the executive committee has recognized the importance of attending the meeting and deemed it as important duty and responsibility to proceed. Therefore the 2020 Annual General Meeting of Shareholders dated July 23, 2020 all committee which included the Board of Directors and the aforesaid sub-committees together attended the meeting.
- 3. Rights to receive the dividend payment**
The Company's dividend payment policy for the previous year operating results is not less than 50 percent of its net profit after legal reserve deduction as required by law. In 2020 Annual General Meeting of Shareholders, the meeting approved dividend payment from 2020 operating results at the rate of Baht 0.30 (Zero Baht and three zero satang) of net profit. The payment was paid to the Company's shareholders whose name appear on Record Date which was fixed by the resolution of the Board of Directors' meeting and approved by the shareholder's meeting.
- 4. Rights to access the adequate Company's information**
The Company has disclosed all significant information such as operating results or financial statements via SET's channel as well as published on the Company's website within the date and time stipulated by law in order to provide multi-channel for stakeholder to receive information.
- 5. Rights to appoint the Company's auditor and fix audit's fee**
In 2020, the Board of Directors proposed the shareholder's meeting to appoint the Company's auditor and fix audit fee for the year 2020. The proposed audit company and auditor have no relationship or conflict of interest in the Company, directors, executives and the Company's major shareholders or any related to those parties as said.

Chapter 2 : Equitable Treatment of Shareholders

1. The Company provided an opportunity for shareholders to propose agendas for the shareholders' meeting in advance by fixing that one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of their issued and paid up shares, can exercise as said. And, in 2020, the Company disclosed the aforementioned above via its website and SET's channel at least 30 days prior to the date of shareholders' meeting, and there is no shareholder proposed the agenda in advance.
2. The Company made the notice of the meeting, all supporting documents, and proxy in both Thai and English for the convenience of both local and foreign shareholders.
3. For the shareholders' meeting in 2020, the Company will not propose the additional agendas without prior notice to shareholders.
4. The Company has authorized an independent director to safeguard interest of its minor shareholders by creating the E-mail address: ind_dir@tmtsteel.co.th for shareholders to express their opinions, suggestions, or complains related to the Company's operating results. The independent director will consider and proceed as deem appropriate.
5. All directors and executives will promptly report the corporate secretary when any conflict of interest of their own or related person occurred according to the Securities and Exchange Acts so that the corporate secretary will gather and submit to the Audit Committee and the Board of Directors to consider such conflict of interest and to decide base on the Company's benefit. In this regard, the director and executive who have conflict of interest with a transaction is not allowed to present in the meeting and have no voting rights.
6. **Insider Trading Protection**
The Board of Directors is aware of the importance of protection against insider trading for personal gain. The Company established securities trading policies for directors, executives and employees (The details are disclosed on the website at www.tmtsteel.co.th). Directors, executives and the Company's designated persons must comply with the prohibition of insider trading as defined by the Securities and Exchange Act. The Company's directors and executives are required to submit a securities holding report and a report of changes in securities holdings to the Securities and Exchange Commission ("SEC") as required by law. However, the Company's designated persons (persons who are involved, know or possess internal information) are responsible for submitting a securities holding report and a report of changes to securities holdings to the Company Secretary within the prescribed time, from the day securities or derivatives are traded, sold, transferred or received. In addition, the Company set a blackout period by prohibiting directors, executives and the Company's designated persons from trading the Company's securities during the following periods:
 - (1) 30 days prior to the disclosure of the quarterly and annual financial statements and 1 business day after the quarterly and annual financial statements have been disclosed to the Stock Exchange of Thailand.
 - (2) 14 days prior to the disclosure of the Board of Directors' resolutions to approve important events that affect the price or value of securities and 1 business day after the resolutions have been disclosed to the Stock Exchange of Thailand.

In addition, the Company set a quiet period to not release the Company's internal information to any other person for 14 days prior to the disclosure of the quarterly and annual financial statements. This included the resolution of the Board of Directors to

approve important events that affect the price or value of securities to the Stock Exchange of Thailand.

However, if directors, executives and employees of the Company use any of the Company's internal information for personal gain and cause damage to

the Company, the Company will execute disciplinary action, which may include dismissal or being charged with a criminal offense or civil offence under the Securities and Exchange Act B.E. 2535 and/or relevant notifications of government agencies.

Chapter 3 : Role of Stakeholders

1. Customers

- 1.1 The Company provides consultation, business solutions and material planning. These are aimed at creating greater values in order to benefit customers under an integrated management system which will be able to meet all customers' requirements.
- 1.2 The Company's products are manufactured by modern technology of production processes, and will be passed quality control before the delivery to customer, according to fixed standard and mutual covenants.
- 1.3 The product information which is presented to customer is true fact and having sufficient details. So, it is easy for the customers to make decisions.
- 1.4 The Company recognized the importance of logistics system in place which offers reliability, inventory management and cost control so as to reserve the customer's production and ensure that the customers' requirements will always be treated with great care and fulfilled.
- 1.5 The Company is committed to maintain customer private data confidentiality and prevent from using the aforementioned for personal gain without prior notice to customers.
- 1.6 The Company emphasized on the result of evaluation of customer satisfaction, toward company's products and services. The results will be brought to improve and develop for better ability of responding to the customer demands.

2. Employees

The Company attaches great importance to employee training and development as well as fair compensation and benefits. The Company promotes internal activities to create a cooperative atmosphere, unity, and gives opportunities for employees to express their creativity, comments and suggestions that are beneficial through various sub-working groups. In addition, the whistle blowing process was established so that employees can directly file complaints or blow the whistle to directors regarding matters that may cause damage to the Company. (The Company disclosed these details in the 2020 Driving Business for Sustainability/Sustainability Report).

3. Trading Partners

- 3.1 The Company has created a fair treatment with all partners in compliance with business condition and agreement as mutually agreed to develop and maintain a sustainable relationship.
- 3.2 The Company does not involve in any action that may causes trading conflict or fraud, and not to support any business transaction with any other companies which involved in such actions, for example, collusion, hoard, production restraint or unfair price competition etc.
- 3.3 The Company has determined fair criteria for partner evaluation and selection. The company will not support any actions that may cause conflicts of interests.

4. Shareholders

- 4.1 The Company has intended to extend the sustainable and continuous business growth, based on transparency and fairness, to become the leading company in steel industry and to create confidence and long-term value for shareholders.
- 4.2 The Company has disclosed precisely, completely and punctually information that may affect to shareholders' benefit and decision.
- 4.3 The Company monitored the undeliverable dividend cheque which hadn't been received by shareholders and followed to protect their rights.

5. Creditors

The Company has followed the borrowing condition and truthfully reports the Company's financial status as well as fulfills obligation when payment is due. We also facilitate creditors to have convenience and quick channel in receiving payment, such as payment through cash management centre, transferring into account, or receiving at the company.

6. Independent auditors

The Company strongly supports the independent auditors to perform their duties with independence, transparency and compliance with the requirements of the Securities and Exchange Commission and also provides best cooperation without any conflicts or disagreements as well as direct data or relevant document access and operator interview as the auditors' requirement. The Company also arranges an independent meeting for the Auditors and Audit Committee to meet without the management's attendance.

7. Competitors

The Company has committed to do business under the rules of decent competition and do not falsely disparage the reputation with unfair for competitors.

8. Community, Society and the Environment

The Company conducted business with great emphasis on the community, society, and the environment and adhered to strict compliance with environmental laws and regulations. The Company established a social responsibility policy and an environmental policy for employees to uphold and acknowledge as general practice guidelines. The environmental training course was also included in the employee orientation course.

(The Company disclosed these details in the 2020 Driving Business for Sustainability/Sustainability Report).

9. Government Sector

- 9.1 The Company has strictly conducted its business complied with Laws, Rules, and other regulations issued by Government sector.
- 9.2 The company is pleased to provide and share any corporate information for government sector to use as it deems appropriate.

Actions on the good governance guideline

The Company issued a Code of Conduct for Directors, Managements and all employees to be a guideline for all operation to be based on right and equitable treatment with all stakeholders in term of integrity and law. Every employee must not perform any duties for self-benefit or look for its benefit from its operations. By the way, the responsibility to community, society and environment shall be everyone's concern. Furthermore, the Company has set a Whistle Blowing Process to prevent and catch up with any risks or abnormal practices that may arise from the internal process or risks that can cause a damage to any assets, life or reputation and also any complaints, Illegal actions or clues which may lead to fraud or corruption within the organizations. In this regard, the Company has established the channels for all stakeholders to submit such information or complaints about the Company's operation directly to Independent Directors at **E-mail:** ind_dir@tmtsteel.co.th and **Facsimile:** 02 670 9093

Chapter 4 : Disclosure and Transparency

1. The Board of Directors has monitored for disclosure the significant information related to the Company's financial information and non-financial information in accordance with the regulations of SEC and SET and other relating notification with precisely, completely, on-time, and transparently for the equity of investors and stakeholders through various channel and procedure such as SET's channel, the Annual Registration Statement, 56-1 One Report, and the Company's website. The Company also appointed the corporate secretary to take a duty and responsibility to provide and preserve such information as said.
2. In 2020, the analyst meeting is convened regularly at the Company's head office on a quarterly basis to announce the Company's operating results and financial status on the day after disclosure of financial statement to SET.
3. The Company's financial statement is audited and reviewed by a certified public accountant from PricewaterhouseCoopers ABAS Company Limited who is independent, specialized and skillful, and is certified by Securities and Exchange Commission Thailand. The Audit Committee was reported by such auditor that they were independent, no difficulties and no disagreements with management while they were conducting a review or audit. The Company has disclosed the audit and other fee in the 56-1 One Report. Furthermore, the Audit Committee also appointed EY Corporate Services Limited to plan and audit the internal control to ensure that the Company has a proper conduct and control as well as risk management in terms of adequacy and efficiency.
4. The Board of Directors prepared a report on the responsibilities for financial statements which was presented along with the auditor's report in the 56-1 One Report of the Company.
5. The Board of Directors has monitored the disclosure of directors' role and duty, management remuneration and number of attending the meeting of the Board and other sub-committees as individual in the Company's 56-1 One Report.
6. The Company has set up an Corporate Communication Department to keep in touch with investors, analysts and also government and public sectors. Below are the contact channels;
 - Telephone No. : 02 685 4000 ext. 4003
 - Facsimile No. : 02 670 9093
 - E-mail : ir@tmtsteel.co.th

Changes in the Shareholding of the Board and Executive

In 2020, the Board of Directors and Executives has changes in the Shareholding as follows:

Name	Position	Share as of		Changes increase/ (decrease)
		1 Jan. 20	31 Dec.20	
1 Mr. Chai Jroongtanapibarn	Chairman of the Board, Chairman of Audit Committee, Nomination and Remuneration Committee and Independent director	1,045,500	1,045,500	-
2 Mr. Soon Tarasansombat	Director and Chairman of Nomination and Remuneration Committee	195,500,000	195,300,000	(200,000)
3 Mr. Paisal Tarasansombat	Director, Chief of Executive Board and Chief Executive Officer	114,349,400	112,349,400	(2,000,000)
4 Mr. Komsan Tarasansombat	Director, Executive Director and Executive Vice President - Operations	66,000,150	66,000,150	-
5 Mr. Somjate Tretarathip	Director, Nomination and Remuneration Committee, Executive Director and Chief Finance Officer	4,000,000	4,000,000	-
6 Mrs. Ratanavalee Gorsanan	Audit Committee, Nomination and Remuneration Committee and Independent director	544,000	544,000	-
7 Mr. Anake Pinvanichkul	Audit Committee, Nomination and Remuneration Committee and Independent director	544,000	544,000	-
8 Mr. Prawas Sontawakul	Executive Director and Chief Operations Officer	100,000	140,000	40,000
9 Ms. Petrung Measincee	Executive Vice President - Business Strategy & Planning	3,031,800	3,317,200	285,400
10 Mrs. Panlapa Tarasansombat	Executive Vice President - Human Resources	35,621,000	35,621,000	-
11 Mr. Somsak Tomorakul	Executive Vice President - Marketing	2,308,362	2,308,362	-

Chapter 5 : The Board's responsibilities

1 The Board's structure

1.1 The Board of Director

- The Board of Director has established the board diversity policy which the board should be comprised of appropriate diversity of necessary skills, experience and particular expertise without any discrimination of gender, race, religion or age in order to combine and enhance the various capabilities for the best benefit of the Company and establish the sustainability development for the Company.
- At the end of year 2020, the Board of Directors has its quorum of 7 persons comprised of 3 independent directors, 3 executive directors and 1 director who is not in management position. The Chairman of the Board is independent director. In this regard, such proportion is well counterbalance in the Board and complies with laws. Further Information about their scope of work, duties, and responsibilities is detailed in Management Structure section.
- Performance summary of the Board of Directors is as follows:
In year 2020, The Board's meeting held seven meetings with directors' attendance as detailed below:
- The term of directorship complied with the regulation detailed in the Company's Articles of Association that in every the Annual General Meeting of Shareholders, one-third of the Board of Directors shall retire by rotation, and if the number of directors can not be divided exactly into three parts, directors in a number close to one-third shall vacate office. The directors who remained in office for longest time shall vacate office and such directors can be re-elected.
- The directors who positioned in the Board are forbidden to position in the company that may have conflicts of interest in order to perform their duty efficiently, unless the shareholders' meeting had been notified prior to appointment thereto. Further details of member of the Board's working experience provided in Board of Directors and Executives section.

Name	Position	No. of Attendance/ No. of Meeting (times)
1 Mr. Chai Jroongtanapibarn	Chairman of the Board and Independent Director	7 / 7
2 Mr. Soon Tarasansombat	Director	7 / 7
3 Mr. Paisal Tarasansombat	Director	7 / 7
4 Mr. Komsan Tarasansombat	Director	7 / 7
5 Mr. Somjate Tretarnthip	Director and Corporate Secretary	7 / 7
6 Mrs. Ratanavalee Gorsanan	Independent Director	7 / 7
7 Mr. Anake Pinvanichkul	Independent Director	7 / 7

1.2 The Audit Committee

- At the end of year 2020, the Audit Committee who was appointed by the Board of Directors is comprised of three independent directors. The Company's Chief Finance Officer serves as committee secretary. The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, and its internal and external audits. The Committee pursues and promotes good corporate governance by actively creating awareness and providing advice to management on sound risk management and internal control practices.
- The term of directorship of the Audit Committee is 3 years from the date of being appointment. The committee who vacates from the office can be re-elected for another term.
- Performance summary of the audit Committee is as follows;
 - In year 2020, the number of the audit Committee meetings, and the attendance of such meetings by each committee member were as follows:

Name	Position	No. of Attendance/ No. of Meeting (times)
1 Mr. Chai Jroongtanapibarn	Chairman of the Audit Committee	5 / 5
2 Mrs. Ratanavalee Gorsanan	Audit Committee	5 / 5
3 Mr. Anake Pinvanichkul	Audit Committee	5 / 5

- In year 2020, the Audit Committee has its scope of authorities, duties, and responsibilities as authorized on following matters:

In such meetings, the Audit Committee met independently with the management and the internal and external auditors of the Company, conducted reviews and evaluations of accounting policies, the procedures relative to the accounting policies, the internal control assessment, and the audit plan including the independent meeting with auditors without the management's attendance. The Audit Committee also verified and accepted every quarterly financial statements and provided assessments and recommendations to the Board of Directors. Where weaknesses were identified in internal controls, corrective action plans were established to eliminate or reduce the associated risks.

The Internal Auditor who was appointed by the Audit Committee, EY Corporate Services Limited, has assigned to Mr. Term Techasarin as Internal Audit team leader serves to propose the annual internal audit plan as well as to identify and verify business risks and control weaknesses within the Company by carrying out audit activities systematically.

The Board of Directors with the Audit Committee approved the policy and reports for related party transactions in 2020.

According to the mentioned mission, The Audit Committee provided its opinions as the following:

1. The Company's financial reports are accurate, complete and reliable.
2. The Company's assets are safeguarded, proper accounting records are maintained, and resources are utilized effectively and efficiently.
3. The Company complied with the securities laws, the Exchange's regulations, and other laws relating to the Company's business.
4. Mr. Paiboon Tunkoon of PricewaterhouseCoopers ABAS, the Company's auditor, is suitable and provided appropriate services.
5. The related transactions arising in 2020 were rational and made for the optimal benefits of the Company
6. Audit Committee performed its duties in accordance with its charter, approved by the Board of Directors.
7. The Board of Directors that Mr. Paiboon Tunkoon, Certified Public Accountant No.4298 of PricewaterhouseCoopers ABAS Company Limited, be re-appointed as the Company's auditor for the fiscal year ending December 31, 2021. The re-appointment of the auditor and acceptance of its fees will be subjected to the approval of the shareholders at the Annual General Meeting to be held on April 8, 2021.

1.3 The Nomination and Remuneration Committee

- The Nomination and Remuneration Committee was appointed by the Board of Directors. The term of office is 3 years. The Nomination and Remuneration Committee consists of 3 independent directors and 2 directors. The chairman of the committee is a non-executive director. The Board of Directors assigned the Nomination and Remuneration Committee to be responsible for considering policies, criteria and methods for the recruitment, appointment, assignment, allocation, nomination and monetary or non-monetary remuneration for the Board of Directors, sub-committees, and the Chief Executive Officer. This included a review of qualification requirement and performance evaluation criteria as well as surveying the needs for skill and knowledge development of the Company directors, subcommittees, and the Chief Executive Officer.
- Performance summary of Nomination and Remuneration Committee is as follows:
 1. In year 2020, the Nomination and Remuneration Committee's meeting held a total of two meetings with the committee's attendance as detailed below:

	Name	Position	No. of Attendance/ No. of Meeting (times)
1	Mr. Soon Tarasansombat	Chairman of the Nomination and Remuneration Committee	2 / 2
2	Mr. Chai Jroongtanapibarn	Nomination and Remuneration Committee	2 / 2
3	Mrs. Ratanavalee Gorsanan	Nomination and Remuneration Committee	2 / 2
4	Mr. Anake Pinvanichkul	Nomination and Remuneration Committee	2 / 2
5	Mr. Somjate Tretarnthip	Nomination and Remuneration Committee	2 / 2

2. In year 2020, the Nomination and Remuneration Committee performed duties as assigned. This can be summarized as follows:

- Considered the proposal of the directors' remuneration to the Board of Directors to be proposed to the Shareholders' Meeting for approval. Proposed the allocation of remuneration methods to the Board of Directors regarding the operating results, responsibilities, achievement of goals, overall economic conditions and comparing with other companies in the same industry.
- Considered the selection of suitable personnel for the Board of Directors to be proposed to the Shareholders' Meeting for the replacement of directors who retire by rotation by considering the qualifications, experience, knowledge, and ability to achieve the Company's guidelines and goals.
- Considered the selection of suitable personnel for the Board of Directors to appoint directors for 2 subcommittees. They are the Risk Management and Corporate Strategy Committee and the Governance and Sustainability Committee. The qualifications, knowledge, abilities and experience suitable for the assigned responsibilities were taken into account.
- Considered the performance evaluation guidelines for the Board of Directors and individual directors. Proposed the performance evaluation and the remuneration of the Chief Executive Officer to the Board of Directors.
- Reviewed the qualifications, surveyed the needs for skill and knowledge development of the Company's directors so that the Board of Directors is capable of leading and developing the organization with sustainable growth.

1.4 The Risk Management and Strategy Development Committee

- The Risk Management and Corporate Strategy Committee was appointed by the Board of Directors in 2020. The committee consists of one independent director, 3 executive directors, and one senior executive who is the secretary of the committee. The term of the office is 3 years. The chairman of the committee must be an independent director. The committee members are responsible for supervising, monitoring, reviewing, evaluating and supporting the Company to have effective risk management and an effective management system in order to appropriately control risk, and contribute to corporate strategies development to support business operations that create value and benefits for stakeholders toward sustainable growth.
- Performance summary of the Risk Management and Strategy Development Committee is as follows:
In year 2020, the Risk Management and Strategy Development Committee's meeting held a total of three meetings with the committee's attendance as detailed below:

	Name	Position	No. of Attendance/ No. of Meeting (times)
1	Mr. Anake Pinvanichkul	Chairman of a Risk Management and Strategy Development Committee	3 / 3
2	Mr. Somjate Tretarnthip	Risk Management and Strategy Development Committee	3 / 3
3	Mr. Komsan Tarasansombat	Risk Management and Strategy Development Committee	3 / 3
4	Mr. Prawas Sontawakul	Risk Management and Strategy Development Committee	3 / 3

2. In year 2020, the Risk Management and Strategy Development Committee duties as assigned. This can be summarized as follows:

- **Supervise Risk Management**

The Risk Management Committee developed a risk management policy as well as a risk management and corporate strategies development manual. These were approved by the Board of Directors in order to be used as practical guidelines to determine operational procedures, communicate understanding, and develop effective work processes under controlled risk in order to be in accordance with the COSO - ERM 2017 international standard which covers 6 aspects of risk management:

- Strategy
- Performance
- Finances
- Laws, Rules and Regulations
- Society and the Environment
- The Environment and the Emerging Business Landscape

- **Consider and Monitor Enterprise Risk Management in 2020**

The committee followed up on the performance results based on the 6 business risk factors from the Management and the working group. The committee provided suggestions and comments to improve, evaluate, and review the risk management plans in order to be aligned with the changing business environment that fluctuates, is uncertain and more complicated, especially for the emerging of the new risk management plan for the COVID-19 pandemic so that all stakeholders can be confident of the efficiency and the business continuity of the Company. TMT's COVID-19 Crisis Management Guidelines are disclosed in the Sustainable Development Showcase 2020. For more information, please scan the QR code:



- **Promote and Support a Risk Management Culture and Corporate Strategy Development**

The Board of Directors emphasizes the tone at the top to promote and instill corporate values that create a work culture that recognizes risk management along with developing and creating effective working practices. This includes building a risk management network or developing strategies with stakeholders by establishing communication principles to create an understanding of risk factors, requiring risk management and corporate strategy development as a part of the performance assessment, supporting communication channels, and networking to exchange knowledge and cooperating risk management. This also included communicating and reporting to the Board of Directors and subcommittees, to acknowledge the guidelines and the performance in risk management and corporate strategies development.

1.5 The Corporate Governance and Sustainability Committee

- The Board of Directors appointed the Corporate Governance and Sustainability Committee in 2020, which consisted of 1 Independent Director, 2 Executive Directors, and 2 Executives. The Chairman is the Independent Director. The term of directorship of the Corporate Governance and Sustainability Committee is 3 years. The committee has duties and responsibilities to monitor, encourage, follow up and evaluate the Company's operations to align with the good corporate governance 2017 of SEC as well as to conduct the business aligning to the sustainable development principle in economy, social and environment according to The United Nations Sustainable Development Goals: SDGs. To review and communicate the policy through sub-committee and Sustainable Development Working Group of the organization in 7 sectors: Corporate Governance, Economy, Social and Community Development, Environment and Safety, Labor and Human Rights, Innovation and Technology Development, Communication and whistleblowing. This enables the company to conduct its business with responsibility, transparency, fairness and commit to all stakeholders for sustainable development.

1. In year 2020, the Corporate Governance and Sustainability Committee's meeting held a total of two meetings with the committee's attendance as detailed below:

Name	Position	No. of Attendance/ No. of Meeting (times)
1 Mrs. Ratanavalee Gorsanan	Chairman of the Corporate Governance and Sustainability Committee	2 / 2
2 Mr. Paisal Tarasansombat	Corporate Governance and Sustainability Committee	2 / 2
3 Mr. Komsan Tarasansombat	Corporate Governance and Sustainability Committee	2 / 2
4 Mrs. Panlapa Tarasansombat	Corporate Governance and Sustainability Committee	2 / 2

2. In year 2020, the Corporate Governance and Sustainability Committee performed duties as assigned as follow:
Good Corporate Governance

In 2020, the Committee reviewed and updated the good corporate governance's principle to be consistent with the new CG Code of SEC and TMT's business context. Approved the Securities Trading Policy for all directors, executives and employees to protect the use of inside information also raised awareness and responsibility to the code of ethics. Acknowledged the report of Anti-corruption, determined "No Gift Policy". Also, the Company was renewed as a member of Thai Private Sector Collective Action Against Corruption (CAC) in another term.

Sustainability

The committee approved the sustainability reporting framework which consists of sustainability policy, value chain, and 11 materiality issues as a guideline for operating and monitoring the results with an alignment of sustainability in 3 dimensions: economic, social and environmental. The Company has been selected as one of the 2020 Thailand Sustainability Investment (THSI) lists from SET and received the status of sustainable business practices "ESG100 Company" for 5 consecutive years from Thaipat Institute

2. An Independent Directors

- The Independent Directors of the Company have possessed the qualification according to the independent standard set forth in the notification of the Capital Market Supervisory Board no. TorChor 4 / 2552 Re: Application for and Approval of Offer for Sale of Newly Issued Shares (No.2).
- All those 3 independent directors are expertise in accounting and finance, experience in high management in other industries and understanding in the Company's business. The directors therefore can review creditability of financial statements and audit work.

3. The Corporate Secretary

The corporate secretary who was appointed by the Board of Directors is responsible for organizing the meetings of the Board of directors, committees and shareholders, and preparing the minutes of the Board's meeting, the minutes of other Committees' meeting, the minutes of Shareholders' meeting and 56-1 One Report as well as filing documents as specified by laws. Support and supervise the Company to perform in compliance with the laws and regulation of the Stock Exchange of Thailand. More information was detailed in the part of Corporate Governance Structure.

4. The Director's meeting

- In 2020, The Company convened the Board of Directors meeting totally for 7 meetings, the Audit Committee's meeting totally for 5 meetings, the Nomination and Remuneration Committee's meeting totally 2 meetings, the Independent Committee's meetings totally 2 meetings (a non-management meeting), the Risk Management and Strategy Development Committee's meeting totally 3 meetings, the Corporate Communication and Sustainability Committee's totally 2 meetings and the meetings were convened in every quarter as usual agendas and the others meetings were convened to follow up or review the business direction and the progress of approved projects as well as to review the Company's vision, strategy and risks of the business circumstance and good corporate governance. However, the Company may call for the additional meetings as it deems necessary according to the schedule that was planned and committed in advance as follows:

NO	The Board's Meeting	The Audit Committee's Meeting	The Nomination and Remuneration Committee's Meeting	The Risk Management Committee's Meeting	The Corporate Governance and Sustainability Committee's Meeting	The Independent Committee's Meeting
1	24 February 2020	24 February 2020	24 February 2020	8 May 2020	7 August 2020	24 February 2020
2	24 March 2020	8 May 2020	18 December 2020	13 November 2020	18 December 2020	18 December 2020
3	8 May 2020	7 August 2020		18 December 2020		
4	4 June 2020	13 November 2020				
5	7 August 2020	18 December 2020				
6	13 November 2020					
7	18 December 2020					

All directors have deemed it as important duty and responsibility to proceed. The Chairman of the Board regularly promoted prudent consideration and allocated adequate time for management to present significant issues and sufficient time for directors to express their opinion and discuss significant concerns carefully and neatly in the meeting, and assigned the corporate secretary to prepare and send a notice of meeting along with all related supporting documents to directors at least 7 days prior to the meeting date so as to provide the opportunity to directors to study the detail in each agenda. Details of meetings of the Board of Directors and the Audit Committee are provided in Management Structure section.

- The Board of Directors has set the policy of minimum quorum in the charter that the quorum for voting must be at least two-thirds of the total directors.

5. **The Nomination and Appointment of Directors and Senior Executives**

The Nomination and Remuneration Committee considered, recruited, and nominated qualified persons that meet specified criteria and also considered other qualifications that are in line with the Company's business strategy. A succession plan was prepared to replace directors and senior executives who retire by rotation or vacant positions, or as required by the Board of Directors or the law. This must be proposed to the Board of Directors and/or the Shareholders' Meeting for approval. The criteria are as follow;

The Recruitment/Appointment of New Directors and Senior executives (new directors) is based on the following elements:

- Having qualifications in accordance with the legal requirements, relevant regulations, and the Company's Articles of Association.
- Be an eminent person who is skilled, knowledgeable, experienced in various fields and has a specialized field of expertise in the Board Skill Matrix that is beneficial to the performance of duties.
- Consider stakes or conflict of interest of the Company.
- Have other qualifications that are necessary and align with the strategies and business operations of the Company.
- Have ethics and moral responsibilities.

In cases of recruiting independent directors, the following criteria will be considered:

- The number of independent directors for the composition of the Board of Directors must be in line with the requirements of the Securities and Exchange Commission (SEC).
- Having the qualifications of the independent directors as defined by the Capital Market Supervisory Board Notification No. Tor Jor. 4/2552 in regards to permission requests and the approval of selling newly- issued shares (No. 2) or as required by law that will become effective in the future.

The Recruitment/Appointment of Directors and Executives (existing directors) is based on the following elements:

- Previous performance.
- Expressing opinions and providing useful suggestions to the Company.
- Dedicating time and abilities to develop the Company.
- Attending meetings and events of the Company.
- Having ethics and moral responsibilities.

The Recruitment and Appointment Procedures

1. The Nomination and Remuneration Committee considers, recruits, and nominates qualified persons that meet specified criteria as well as considered other qualifications that are in line with the Company's business strategy, prepared a succession plan to replace directors and senior executives who retire by rotation or vacant positions, or as required by the Board of Directors or the law
2. Check the nomination list to see whether they have qualifications that are in accordance with the legal requirements and related regulations. Contact qualified persons who meet the criteria to ensure that such persons are willing to take the position if they are appointed by the Board of Directors and/or shareholders. Propose a list of people who are the most qualified for the position along with their personal information and supporting documents to the Board of Directors and/or the Shareholders' Meeting to consider the approval.

Board Skill Matrix of the Board of Directors for 2020

In 2020, the Company established a Board Skill Matrix as a guideline to develop knowledge, expertise, and specialized fields that are essential to the Company by considering suitable and diverse qualifications in terms of education, profession, skill, age, experience, gender, and expertise as well as specialized fields that are essential to the Board of Directors. This was included in the Board Skill Matrix as follows:

- Steel industry
- Accounting and Finance
- Economics
- Organizational Management
- Risk Management and Crisis Management
- Business/Marketing Transportation and Distribution
- Innovation and Technology
- Information Technology & Cyber Security
- Research and Development
- Laws
- Society and the Environment

6. Director and Management Orientation and Training

In case that new director is appointed, and has never been in the position of any committee or executive of the Company before, said director will be oriented by a top management or the corporate secretary for his or her acknowledgement of related code and conduct, corporate profile, nature of business, good corporate governance policy, business ethics, and other important information of the Company. Besides, the Company promotes and supports all directors and executives to obtain any skill or knowledge enhancement courses. In 2020, Directors have attended the Seminar or Training as follows:

Name	Position	Course	Institute
1 Mr. Paisal Tarasansombat	Director, Corporate Governance and Sustainability Committee, Chief of Executive Board and Chief Executive Officer	The Rule of Law for Democracy : Class 8	The Constitutional Court
		Executive Workshop 2020	TMT
2 Mr. Somjate Tretarathip	Director, Risk Management and Strategy Development Committee, Nomination and Remuneration Committee, Executive Director and Chief Finance Officer	CFO Refresher Course : Class1	SET
		Executive Workshop 2020	TMT
3 Mr. Prawas Sontawakul	Risk Management and Strategy Development Committee, Executive Director and Chief Operations Officer	Corporate Sustainability Report 2020 and ESG Benchmark : The New Corporate Sustainability Tool	Thaipat Institute
		Fundamentals of Business Sustainability Development	SET
		Analysis of sustainability issues	SET
		Executive Workshop 2020	TMT
4 Mr. Komsan Tarasansombat	Risk Management and Strategy Development Committee, Corporate Governance and Sustainability Committee, Executive Director and Executive Vice President - Operations	Personal Data Protection Act : PDPA 2019 for Executive	ORBIS - BANGKOK
		Analysis of sustainability issues	SET
		Executive Workshop 2020	TMT

Name	Position	Course	Institute
5 Mrs. Panlapa Tarasansomba	Corporate Governance and Sustainability Committee, Executive Vice President - Human Resources	Personal Data Protection Act : PDPA 2019 for Executive	ORBIS - BANGKOK
		THAILAND HR FORUM 2020	PMAT
		Fundamentals of Business Sustainability Development	SET
		Executive Workshop 2020	TMT
6 Ms. Petrung Measincee	Executive Vice President - Business Strategy & Planning	1 decades FTA ASEAN - China, the next step of Thai private sector in the dragon land	Department of International Trade Negotiations
		Executive Workshop 2020	TMT
7 Mr. Somsak Tomorakul	Executive Vice President - Marketing	Macroeconomic Update : A Conversation with the Governor of Bank of Thailand	TDRI
		Analysis of sustainability issues	SET
		Executive Workshop 2020	TMT

7. Leadership and Vision

The Board of Directors shall possess leadership, vision, and independency on decision-making to set out the business development plan and targets and to consider the operating budget for the optimum benefits to shareholders and for the business growth of the Company. In 2020, the Board of Directors has reviewed the vision, policies and strategies which was implemented during the year and evaluated and followed up the result to make sure that such execution is effective. In the meantime, the target for the year 2020 was delivered and also communicated to the management and staff for their acknowledgement in order to set their KPI together.

Performance Evaluation of the Board of Directors and Chief Executive Officer (CEO)

The Board of Directors established the performance evaluation for the Board of Directors and individual directors, every subcommittee, and the Chief Executive Officer. The performance evaluation must be carried out at least once a year so that the Board of Directors can jointly consider their previous performance and continue to make improvements.

The details are as follows:

The Performance Evaluation Procedures of the Board of Directors and the Chief Executive Officer

1. The Board of Directors reviewed and approved the performance evaluation form for the Board of Directors and individuals as well as the performance evaluation form for the Chief Executive Officer to be appropriate and to be in line with the Company's business strategies. The evaluation forms are defined as follows:

The Board of Directors Performance Evaluation Form is divided into the following 3 sets:

- 1 : **The Board of Directors Self-Assessment Form** is used to evaluate the overall performance of the Board of Directors.
- 2 : **The Subcommittee Self-Assessment Form** is to assess the performance of the entire committee board assigned by the Board of Directors
- 3 : **The Individual Self- Assessment Form** for the Board of Directors and Subcommittees is to assess the individual performance of directors.

There are 3 main topics in the 3 evaluation forms. They are as follows:

Part 1: Structure and qualifications of the Board of Directors/Subcommittees.

Part 2: Meetings of the Board of Directors/Subcommittees.

Part 3: The roles, duties and responsibilities of the Board of Directors/Subcommittees.

The Chief Executive Officer Performance Evaluation Form - the 3 main topics are evaluated as follows;

Part 1: Corporate Goals

1.1 The business results: consider the percentage of EBITDA, sales revenue or sales volume as set by the target each year.

1.2 The economy, industry, and innovation: consider the production volume against the set target each year and the customer satisfaction percentage.

1.3 Social/Environmental: Consider the percentage of employee satisfaction. Zero complaints from the community/society. The amount of carbon dioxide emissions.

1.4 Good corporate governance: Consider the consistency of business operations and the good corporate governance principles along with the Company's Code of Business Conduct.

Part 2: Operations: Consider the performance of the Chief Executive Officer against the goals set in each aspect.

Part 3: The Development of the Chief Executive Officer: Consider the recommendations of the Board of Directors on the issues that the Chief Executive Officer should improve each year.

Criteria for rating in the assessment form, divided into;

0 = Strongly disagreed or no action is taken on that matter

1 = Disagreeing or having to do little about that matter

2 = Agree or proceed with the matter

3 = Quite a lot or Well done in that regard

4 = Strongly agree or Excellent action on that matter

2. The company secretary submits the assessment forms to the Board, all Sub-Committee and CEO within December of every year.
3. All directors and CEO assess and return to the company secretary within January of every year.
4. The company secretary gathers the assessment data and summarize the results proposing to the Board of Directors for acknowledge within February of every year.
5. The Board of Directors considers, reviews and approves the assessment within February of every year.

In 2020, The Board of Directors, all Sub-Committees and CEO have completely assessed the annual performance. The company secretary had summarized the assessment results and reported to the Board of Directors for considers, reviews and approves in the Board's meeting No.1/2021.

9. The Remuneration of directors and executives

The remuneration of each committee was determined by the Nomination and Remuneration Committee which can be decomposed into 3 types; director allowance, meeting allowance, and bonus according to the criteria that fixed at an appropriate level and comparable with the same level in the industry and complied with the Company's operating results, experiences, duties, responsibilities, and performances of each directors and executives in order to attract and maintain qualified directors. Policy that the Nomination and Remuneration Committee use as guideline to fix such remuneration is according to the policy prescribed by the Board of Directors. In this regard, such remuneration shall take in to account in the Annual General Meeting of Shareholder for approval.

10. Code of Business Conduct

The Board of Directors realizes the importance of Code of Business Conduct. Therefore, a code of business conduct manual was prepared to be used as a practice guideline for the Management to conduct business with transparency, uphold virtue, take all stakeholders into account, comply with the legal requirements, and guide employees to perform their duties with honesty in an appropriate way. The Company promotes and raises awareness of the compliance of code of business conduct to directors, executives, and employees by communicating it through various channels. This includes:

- Orientation
- Dissemination as a document for employees to sign in writing
- Dissemination through various meetings
- Dissemination via email
- Dissemination through the Company's website

In addition, the Board of Directors regularly follows up on the implementation of the guidelines through board meetings and assigns persons to report any acts that violate the code of business conduct to the Board of Directors for acknowledgement immediately through the Company Secretary.

11. Anti-Corruption

The Company pays attention to fight against fraud and corruption, as well as encouraging personnel at all levels to have an awareness of anti-corruption to fight against all forms of corruption. The Board of Directors established an anti-corruption policy and an anti-bribery policy in the Anti-Corruption Policy and Procedures of TMT Steel Public Company Limited for executives and employees at all levels to comply with. The details are disclosed on the website at www.tmtsteel.co.th.

In 2020, the Corporate Governance and Sustainability Committee reported the performance of the Company to the Board of Director in meeting no. 7/2020 in the past year. There was no corruption and the Company took actions against corruption as follows:

1. Announced a No Gift Policy in 2020.
2. Regularly communicated and publicized through various communication channels such as TMT Magazine, Touch Point, SMART TV, Line@TMT, email and e-learning in the HRMS system.
3. All new employees had to be trained in the orientation program in regards to the anti-corruption policy and procedures. There was a total of 325 new employees in 2020.
4. Reviewed the anti-corruption policies and procedures. This was announced on September 21, 2020.
5. The Company renewed its certification as a member of the Thai Private Sector Collective Action Against Corruption (CAC) in the third quarter of 2020. The certification will be valid for 3 years, beginning on December 31, 2020 and expiring on December 31, 2023. The Company has been a certified member since August 18, 2017.

12. Conflicts of Interest

The Board of Directors and the audit committee together took into account and monitored the issue that may cause conflict of interest carefully so as to check reasonability and necessity of entering into the transaction. The Board also arranges the Company to disclose such conflicts to all related stakeholders and agencies after it was approved by the Board.

13. System of Control and Internal Audit

The Company has segregated the authority and duties of operator, supervisor and assessor independently in order to check and balance their performance and control appropriately. Also, the Company has authorized the Audit Committee to review the compliance of operation control with the internal auditor; which was appointed by the committee, EY Corporate Services Limited; who is creditable and independent, to propose and conduct the annual internal audit plan, and to report and recommend according to the result of such audit. This will enhance the system of control and efficiency of work.

14. Report on the responsibilities of the Board of Directors towards the financial report

The Board of Directors is responsible for the financial statements and financial information presented in the 56-1 One Report. The aforementioned financial statements have been prepared in accordance with Generally Accepted Accounting Standards in Thailand, based on the appropriate accounting policies and corresponding to its operation and practice regularly, as well as reasonableness in making projections, and adequately disclosing significant information as indicated in the notes of financial statements. The Board of Directors therefore prepared a report on the responsibilities for said matters and presented along with the auditor's report in the Company's 56-1 One Report.

15. The Implementation of new Corporate Governance Code for listed companies 2017 (CG Code)

In 2020, the Board of Directors reviewed the implementation of new CG Code for listed companies and considered

that the Company has adopted the most of those new CG practices to be consistent with its business context in order to ensure that the company will conduct its business with efficiency and integrity without any frauds or corruption. The Board of Directors has monitored and supervised the management to conduct its business in compliance with the Good Corporate Governance policy of the company which emphasizes the important of being an obligation for all directors, executives and employees to lead the business with efficiency, effectiveness, sustainability and value creation for the company and all stakeholders continuously and sustainably. The Board's Meeting no. 7/2020 approved the sustainability policy and the trading policy of directors, executives and employees as well as approved the board director selection process and Board Skill Matrix to conduct its business in compliance with the Good Corporate Governance policy of the company which emphasizes the important of being an obligation for all directors, executives and employees to lead the business with efficiency, effectiveness, sustainability.

Audit Fee

The Company paid the fee to audit firm for year 2018-2020 as the following:

Year	Audit fee (Baht)	Non-Audit fee (Baht)
2020	1,650,000	13,650
2019	1,650,000	15,400
2518	1,600,000	18,500

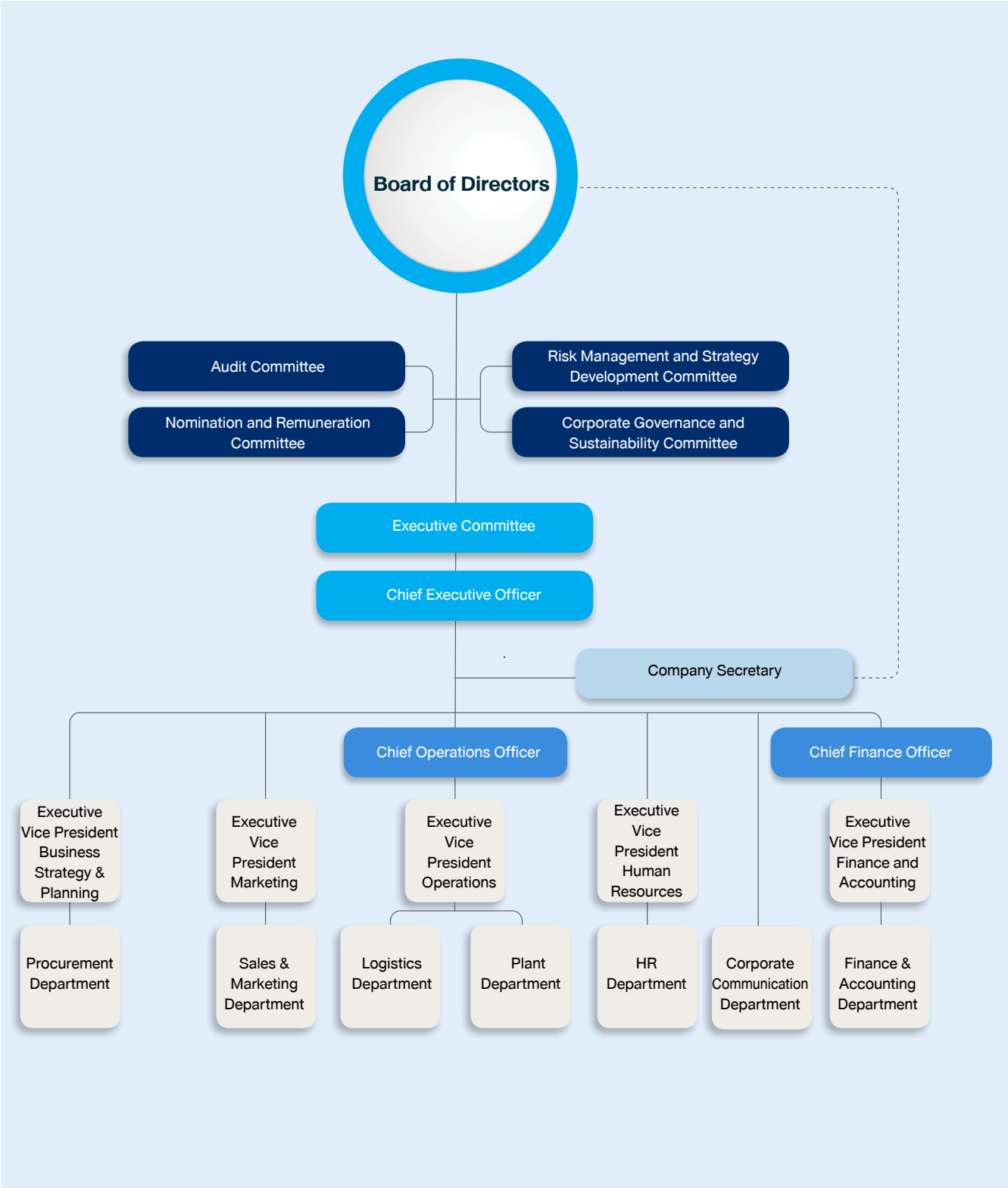
The auditors from PricewaterhouseCoopers ABAS Company Limited are namely as below;

Name	C.P.A. No.	Audit Year	Total
1 Mr. Paiboon Tunkoon	4298	2017 - 2020	4 Years
2 Mr. Prasit Yuengsrikul	4147	2012 - 2016	5 years
3 Mr. Vichien Khingmontri	3977	2007 - 2011	5 years

In this regard, the audit firm and those auditors have no relationship with or conflict of interest in TMT Steel Public Company Limited, directors, executive directors, and the Company's major shareholders.

Management Structure

Organization Chart as of December 31, 2020



Board of Directors

As of December 31, 2020, the Board of Directors consisted of seven seven members as follows:

Name	Position
1 Mr. Chai Jroongtanapibarn	Chairman of the Board and Independent Director
2 Mr. Soon Tarasansombat	Director
3 Mr. Paisal Tarasansombat	Director
4 Mr. Komsan Tarasansombat	Director
5 Mr. Somjate Tretarnthip	Director
6 Mrs. Ratanavalee Gorsanan	Independent Director
7 Mr. Anake Pinvanichkul	Independent Director

Authorized Directors:

1. Mr. Paisal Tarasansombat
2. Mr. Komsan Tarasansombat
3. Mr. Somjate Tretarnthip

Any above two of three directors jointly sign along with the Company's seal affixed.

Scope, Duties, and Responsibilities of the Board

The Board of directors has its duties and responsibilities to perform in compliance with the laws, objectives, and the Company's Articles of Association as well as resolutions of shareholders' meeting with honesty and due care of the Company's benefits, except the transactions that must be approved by shareholders' meeting before conducting such as transactions that required by laws to obtain the majority votes of shareholders' meeting, the connected transaction and the acquisition or disposal of assets in accordance with the regulations specified by SET or any issues defined by government agencies etc. In this regards, the Board of directors may assign any one director or other person to act on behalf of the Board of directors. The Scope, Duties, and Responsibilities of the Board of directors are as follows:

1. To hold the Company's annual general meeting of shareholders within no later than four months from the end of the Company's fiscal year;
2. To hold the Company's Board of directors' meeting at least once every three months;

3. To arrange the preparation of financial statement as at the end of the Company's fiscal year which is audited by auditor, and then shall propose to the shareholder's meeting for their consideration and approval;
4. The Board of directors may delegate their authority to any one or several directors or other person to take any action on their behalf and under the supervision of the Board of directors, or empower such person/persons to have power according to the Board of directors deem appropriate and within time limit as the Board of directors indicate. The Board of directors may cancel, revoke, change, or amend such authorities whenever it deems appropriate. The Board of Directors may authorize the Executive Committee to manage any operations, which was already described in scope, duties, and responsibilities of executive committee, however, such authorization shall not include the consideration and approval of any transaction in respect of which his or any persons have interest or conflict of interests with the Company or its subsidiary, except where the transactions are in accordance with policies and measures as considered and approved by the Board of directors;

5. To set target, guideline, policy, business plan and budget of the Company as well as to monitor the operation and management of executive committee to ensure that they perform in compliance with such policies, except the following matters which must be approved by the meeting of shareholders before conducting : the issue that required by laws to obtain the majority votes of shareholders' meeting such as capital increasing, capital reduction, debenture issuance, the sale or transfer of business of the Company in whole or in essential part to other persons or the purchase or acceptance of transfer of business of other companies, and the amendment of the Company's memorandum of association. Furthermore, the Board of directors has its duty to conduct the Company to perform in compliance with the Securities and Exchange laws and rules issued by SET such as connected transaction and the acquisition or disposal of assets according to the regulations issued by SET, or relevant legislation with the Company's business;
6. To consider the management structure, and to appoint the Executive Committee, Chief Executive Officer, and other Committees as deem appropriate;
7. To supervise and monitor the operating results in order to meet the business plan and budget continuously;
8. The Director is forbidden to operate a business of the same nature as, and in competition with that of the Company, or to enter to be a partner in an ordinary partnership or a partner of limited partnership or a director of a private company or other company which operates a business of the same nature as and in competition with that of the Company, whether for their own or other's benefit, unless the meeting of shareholders has been notified prior to appointment thereto;
9. The Director shall file to the Company a report on his interest which may cause conflict of interest directly or indirectly when the Company enters into a contract, or has any changes in shares or debenture holding in the Company or its subsidiary.

Scope, Duties, and Responsibilities of the Chairman of the Board

1. The Chairman of the Board has scope, duties and responsibilities as a Director
2. Encourage the Board of Directors to work with their utmost ability
3. Supervise and follow up the work of the Board of Directors and other sub-committees to ensure that work objectives are reached.
4. Call the Board meeting and/or Shareholders' meeting.
5. Conduct as a Chairman in Board of Directors meeting and/or the Shareholders' meeting.
6. Encourage all directors and / or shareholders to participate in the meeting. Provide the opportunity for participants to comment or express the idea independently and creatively and Conduct the meeting to be done successfully as its objectives.
7. Cast a decisive vote in Board meetings and/or the Annual general meeting of shareholder in case of equal votes of both sides.

Approval Authorization of the Board of Directors in compliance to the charter including the following matters.

1. Approve the annual revenue and expenditure budget.
2. Approve the annual budget for any projects that exceeding the approval limit of the Executive Committee.
3. Approve the budget for short term and long term investment that exceeding the approval limit of the Executive Committee.
4. Approve the financing sources for short term and long term that exceeding the approval limit of the Executive Committee.
5. Approve the cancellation of all or part of the budget that exceeding the approval limit of the Executive Committee.
6. Approved the connected transaction according to the size of transaction which is required by law.
7. Approve meeting agenda items to be proposed to the shareholders meeting for approval.

Audit Committee

As of December 31, 2020, the Audit Committee consisted of three knowledgeable members as follows:

Name	Position
1 Mr. Chai Jroongtanapibarn	Chairman of the Audit Committee
2 Mrs. Ratanavalee Gorsanan	Audit Committee
3 Mr. Anake Pinvanichkul	Audit Committee

Scope, Duties, and Responsibilities of Audit Committee

The Audit Committee has its scope of authorities, duties, and responsibilities as authorized by the Board of directors, including the report to the Board on following matters:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine independency of internal audit unit, as well as to approve the appointment, transfer and dismissal of the head of internal audit unit or any other unit in charge of internal audit;
3. To review compliance with the Securities and Exchange Act, regulation of the Stock Exchange of Thailand and any other relevant regulations or laws which related to the Company's business;
4. To consider, select, and nominate or terminate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year;
5. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, an Audit Committee' report which must be signed by the Chairman of Audit Committee and consist of at least the following information:
 - 6.1 an opinion on the accuracy, completeness and reliability of the Company's financial report,
 - 6.2 an opinion on the adequacy of the Company's internal control system,
 - 6.3 an opinion on the compliance with the law on the Securities and Exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - 6.4 an opinion on the suitability of an auditor,
 - 6.5 an opinion on the transactions that may lead to conflicts of interests,
 - 6.6 the number of audit committee' s meeting, and the attendance of such meetings by each committee member,
 - 6.7 an opinion or overview comment acknowledged by the audit committee from its performance of duties in accordance with the charter , and
 - 6.8 other transactions which, according to the audit committee's opinion, should be disclosed to the shareholders and investors, subject to the scope of duties and responsibilities assigned by the Board.
7. To report the Audit Committee's operation to the Board at least once every quarter;
8. To perform any duties as designated by the Board with the consent of the Audit Committee.

In addition, The Board of directors has fixed the term for members of Audit Committee as follows:

Chairman of the Audit Committee	3 years
Audit Committee	3 years

In this regard, when they complete their term, Chairman of Audit Committee or audit committee can be re-appointed to their position.

Nomination and Remuneration Committee

As of December 31, 2020, the Nomination and Remuneration Committee consisted of five members as follows:

Name	Position
1 Mr. Soon Tarasansombat	Chairman of the Nomination and Remuneration Committee
2 Mr. Chai Jroongtanapibarn	Nomination and Remuneration Committee
3 Mrs. Ratanavalee Gorsanan	Nomination and Remuneration Committee
4 Mr. Anake Pinvanichkul	Nomination and Remuneration Committee
5 Mr. Somjate Tretarnthip	Nomination and Remuneration Committee

Scope, Duties, and Responsibilities of the Nomination and Remuneration Committee

1. To set the policy, criteria, and method of remuneration payment and nomination process for the Board of directors, Sub-Committee and Chief Executive Officer;
2. To nominate, determine, and propose the suitable directorial candidates as the setting criteria, in order to replace the retired directors of the Board or Sub-Committee, or Chief Executive Officer, or when those positions are vacant as well as the new position set by the Board of directors or set by laws, and then propose to the Board and / or the shareholder's meeting to approve;
3. To draw up guideline for remuneration criteria and fix the remuneration for the Board of directors, Sub-Committee and Chief Executive Officer, either cash or non cash and propose to the Board of directors for approval. The remuneration for the Board of directors will be proposed to shareholders' meeting for final approval;
4. To review the appropriateness of the current remuneration and nomination criteria;
5. To perform any duties as designated by the Board.

The Risk Management and Strategy Development Committee

As of December 31, 2020, the Risk Management and Strategy Development Committee consisted of four members as follows:

Name	Position
1 Mr. Anake Pinvanichkul	Chairman of a Risk Management and Strategy Development Committee
2 Mr. Somjate Tretarnthip	Risk Management and Strategy Development Committee
3 Mr. Komsan Tarasansombat	Risk Management and Strategy Development Committee
4 Mr. Prawas Sontawakul	Risk Management and Strategy Development Committee

Scope, Duties, and Responsibilities of the Risk Management and Strategy Development Committee

1. To review policy and guidelines of the Risk Management and Strategy Development to propose to the Board of directors.
2. To supervise and raise suggestions to prevent and to reduce the risk to an acceptable level and follow up, evaluate and improve business plan to reduce the risk to be well controlled and to encourage the sustainable business.

3. To promote and support the improvement and the development of the risk management system by integrating with the guidelines to develop the operating system to create efficiency, stability and business value.
4. To study and explore the possibilities to develop and improve business models to create business opportunities for sustainable growth.
5. To communicate and exchange the information and coordinate on corporate governance risks or internal controls with the Audit Committee and/ or the Corporate Governance and Sustainability Committee at least once a year.

The Corporate Governance and Sustainability Committee

As of December 31, 2020, the Corporate Governance and Sustainability Committee consisted of four members as follows:

Name	Position
1 Mrs. Ratanavalee Gorsanan	Chairman of the Corporate Governance and Sustainability Committee
2 Mr. Paisal Tarasansombat	Corporate Governance and Sustainability Committee
3 Mr. Komsan Tarasansombat	Corporate Governance and Sustainability Committee
4 Mrs. Panlapa Tarasansombat	Corporate Governance and Sustainability Committee

Scope, Duties, and Responsibilities of the Corporate Governance and Sustainability Committee

Corporate Governance

1. To set and consider the policy and guidelines of good corporate governance, anti-corruption, business ethics to align with the requirements issued under SET, SEC or other related institutions as well as the good corporate governance guidelines according to international standards and present to the Board of Directors.
2. To review the policy and guidelines of good corporate governance, anti-corruption, business ethics to be updated at least once a year by comparing with the laws, the international and leading company practices including the suggestions from other institutions to propose to the Board of Directors.

Sustainability

1. To propose policy, guidelines and operation plan to align with the sustainable business to stakeholders in economy, social and environment aspect.
2. To review policy and practice of sustainable operation to be updated at least once a year by comparing with the laws, the international and leading company practices including the suggestions from other institutions to propose to the Board of Directors.
3. To approve the sustainability report before publishing.
 - 1.) To communicate and exchange the information and coordinate on good corporate governance and sustainability with the Audit Committee and / or sub-committee at least once a year.
 - 2.) To report the meeting result that is significant and beneficial to the company to the Board of Directors.
 - 3.) To perform other responsibilities as assigned by the Board of Directors.

Executive Committee

As of December 31, 2020, the Executive Committee consisted of four members as follows:

Name	Position
1 Mr. Paisal Tarasansombat	Chief of Executive Board
2 Mr. Komsan Tarasansombat	Executive Director
3 Mr. Somjate Tretarnthip	Executive Director
4 Mr. Prawas Sontawakul	Executive Director

Scope, Duties, and Responsibilities of the Executive Committee

The Executive Committee has its scope of authorities, duties, and responsibilities to manage the Company's normal business operation as well as to set a policy, business plan, budget, management structure and job authorization, and business protocol in relation with economic conditions in order to propose to the Board of Directors for approval and/or acceptance, including the verification and supervision of the operating results compared with its policies. The Scope, Duties, and Responsibilities of the Executive Committee are as follows:

1. To consider the annual budget allocation as proposed by management team before submit to the Board of directors' meeting for approval, including the consideration and approval of changes in interim expenses in case of emergency item when there is no Board of Directors' meeting, and then report to the next Board of directors' meeting;
2. To approve buying or selling transaction that value of not exceeding Baht 1,000 Million per transaction;
3. To approve the investment expense which is not in the approved annual budget, and not exceeding Baht 50 Million;
4. To approve the expenses for investment as annual budget as approved by the Board of directors or in accordance with the approved principle by the Board of Directors;

5. To provide consultancy to the management in respect of financial, investment, marketing, human resources management, and other operation matters;
6. To allocate pension funds approved by the Board of Directors to employees or any persons employed to work for the Company;
7. To control the operation and/or daily management of the Company.

However, the authorities of the Executive Committee are not included the approval of any transactions in respect of executive committee who has a conflict or any matters in respect of which executive committee or related persons has interest or conflict of interest with the Company or its subsidiary (if any) pursuant to the rules of SET. The approval on such matters shall proposed to the Board of directors' meeting and/or the shareholder's meeting so as to consider and approve those matters according to the Articles of Association of the Company or any relevant laws, except for normal business transactions that are already prescribed by existing guidelines approved by the Board.

Management Team

As of December 31, 2020, the management of the Company consisted of seven members as follows:

Name	Position
1 Mr. Paisal Tarasansombat	Chief Executive Officer
2 Mr. Prawas Sontawakul	Chief Operations Officer
3 Mr. Somjate Tretarnthip	Chief Finance Officer
4 Ms. Petrung Measincee	Executive Vice President - Business Strategy & Planning
5 Mr. Komsan Tarasansombat	Executive Vice President - Operations
6 Mrs. Panlapa Tarasansombat	Executive Vice President - Human Resources
7 Mr. Somsak Tomorakul	Executive Vice President - Marketing

Scope, Duties, and Responsibilities of Chief Executive Officer

The scope, duties and responsibilities of Chief Executive Officer for managing normal business and operation of the Company are as follows:

1. To control and supervise the operation and/or manage day-to-day business of the Company;
2. To operate or carry out the business in respect of execution of policies, business plan, and budgets approved by the Board of Directors and/or the Executive Committee;
3. To act as the attorney of the Company in management to comply with objectives, Articles of Association, policies, guidelines, regulations, orders, resolutions of shareholder's meeting and/or resolutions of the Board of Directors or the Executive Committee.

However, the authorities of Chief Executive Officer are not included the approval of any transactions in respect of Chief Executive Officer has a conflict, or any matters in respect of which Chief Executive Officer or related persons have interest or conflict of interest with the Company or its subsidiary (if any) pursuant to the rules of SET. The approval on such matters shall proposed to the Board of directors' meeting and/or the shareholder's meeting so as to consider and approve those matters according to the Articles of Association of the Company or any relevant laws, except for normal business transactions that are already prescribed by existing guideline approved by the Board of directors.

Company Secretary

as of December 31, 2020

Name	Position
Mr. Somjate Tretarnthip	Company Secretary

Scope, Duties, and Responsibilities of the Company Secretary

Responsible for organizing the meetings of the Board of directors, committees and shareholders, and preparing the minutes of the Board's meeting, the minutes of other

Committees' meeting, the minutes of Shareholders' meeting and annual report as well as filing documents as specified by laws. Support and supervise the Company to perform in compliance with the laws and regulation of the Stock Exchange of Thailand.

Remuneration of directors and management

The Nomination and Remuneration Committee is responsible for prescribing and considering the remuneration of directors and executive committee by comparing with the others in the same industry and conforming to the Company's operating results, including the accountabilities and responsibilities of those directors and executive committee. The allocation of remuneration is detailed as below;

1. The Board and Other Sub-committee Remuneration

The annual general meeting of shareholders on July 23, 2020 approved the directors' remuneration for Baht 6,000,000 per annum and bonus for the Board Baht 1,700,000 (decreased from the previous year that was Baht 3 million). These remuneration and bonus were considered and allocated to 7 directors by the Nomination and Remuneration Committee as below details:

Name	Position	Directors Allowance (Baht)	Meeting Allowance (Baht)	Bonus from 2019 operating results (Baht)	Total (Baht)
1 Mr. Chai Jroongtanapibarn	Chairman of the Board, Chairman of Audit Committee, Nomination and Remuneration Committee and Independent Director	1,160,000	40,000	290,000	1,490,000
2 Mr. Soon Tarasansombat	Director and Chairman of Nomination and Remuneration Committee	850,000	40,000	240,000	1,130,000
3 Mr. Paisal Tarasansombat	Director, Corporate Governance and Sustainability Committee	670,000	40,000	230,000	940,000
4 Mr. Komsan Tarasansombat	Director, Risk Management and Strategy Development Committee, Corporate Governance and Sustainability Committee	670,000	40,000	230,000	940,000
5 Mr. Somjate Tretarnthip	Director, Nomination and Remuneration Committee, Risk Management and Strategy Development Committee	670,000	40,000	230,000	940,000
6 Mrs. Ratanavalee Gorsanan	Independent Director, Audit Committee, Nomination and Remuneration Committee and Chairman of Corporate Governance and Sustainability Committee	850,000	40,000	240,000	1,130,000

Name	Position	Directors Allowance (Baht)	Meeting Allowance (Baht)	Bonus from 2019 operating results (Baht)	Total (Baht)
7 Mr. Anake Pinvanichkul	Independent Director, Audit Committee, Nomination and Remuneration Committee and Chairman of Risk Management and Strategy Development Committee	850,000	40,000	240,000	1,130,000
Total		5,720,000	280,000	170,000	7,700,000

Remark: The Board and Sub-committee as above mentioned do not receive other benefits except the aforementioned.

2. The Executive Committee and Management Remuneration

In year 2020, the Company paid out the remuneration for 4 executive committees and 7 managements in term of salary, pension fund and bonus, totaling Baht 35,192,740. CEO's remuneration was totally Baht 6,745,000 by considering the Company's operating result and CEO's performance.

Also, the Company provided a provident fund to management. The Company funded 5% of salary. In 2020, the Company paid out the contribution to the provident fund for 7 managements, totaling Baht 1,504,800.

Employee

As of December 31, 2020, the employee of the Company consisted of 1,268 members as follows:

Department	Number of employees
Executive	7
Corporate Communication Dept.	5
Procurement Dept.	8
Sales & Marketing Dept.	109
Logistics Dept.	481
Plant Dept.	540
Human Resources Dept.	76
Finance & Accounting Dept.	42
Total	1,268

The Company had a total of 1,268 employees which can be divided into 879 males and 389 females.

In the year 2020, the Company paid out the remuneration for the employees (excluding managements) in terms of salary, wage, bonus and provident fund excluding other employee's expenses, totaling Baht 344,675,971.42. In the year 2020, as of December 31, 2020, the proportion of Provident Fund Employee members compare to total employees as follow:

Name of company	Number of Provident Fund Employee members	Employee members Employee members / Total employees (%)
TMT Steel Public Company Limited	685	68.09%

People Development Policy

TMT employee's potential is one of the most important keys in the company's structure. Thus, we developed our people to be professional, knowledgeable, experienced, have the expertise and be ready to give advice through systematic knowledge management. The company gives everyone opportunities to participate in presenting ideas that lead to action, work methods that are committed to success, supporting technology learning and new innovations in order to support the demand of unlimited steel and making TMT employees ready to be a structure of the imagination. The Company set the people development policy in accordance with our vision (more information is detailed in the part of Driving Business for Sustainability / Sustainability Report 2020).

Labor disputes over the past 3 years

-None-

Internal Control

The Board of Directors emphasizes the adequacy and efficiency of internal control and risk management by designating Audit Committee to review and assess the 5 components of COSO frame works which are the control environment, risk assessment, control activities, IT and communication system and monitoring activities consistently. The Board of Directors expresses its opinion that the internal control is in good and proper conduct. The Management also effectively provides and utilizes sufficient resources and people to operate its best control practices to ensure both the Company's assets are safeguarded and any fraud or corrupt transactions will not be occurred. The related transactions with any conflict of interest parties will be verified and complied in accordance with related regulations and laws strictly.

The Board of Directors provides its opinion that the internal control system and risk management are good and efficient to ensure rationally that the business operations and practices are well performed with good governance conduct and sound risk management as well as compliance with related regulations and laws and generally accepted with Thai accounting principles and standards.

In 2020, The Audit Committee has appointed EY Corporate Services Limited to be responsible for internal audit planning and review according to approved audit plan by the Audit Committee. The reputation and qualification of this internal auditor both its firm and people are well experienced and verified in relevant business and industry and also can be confident that the auditing process will be conducted fairly and independently.

Connected Transactions

In Year 2020, the Company had entered into connected transactions as follows;

Connex Business Online Co.,Ltd.

Relationship :

Mr. Paisal Tarasansombat, the Company's authorized director and Chief Executive Officer, and Mr. Somjate Tretarnthip, the Company's authorized director and Chief Finance Officer, each person is director and holding 4 percent of its total issued and paid up shares in aforesaid the company, Mr. Komsan Tarasansombat, the Company's authorized director and Executive Vice President - Operations, brother of Mr. Chamnan Tarasansombat who is authorized director and major shareholders of CONNEX as well as one of the top ten shareholders of the Company by holding 7.82 percent of its issued and paid up shares.

General Characteristics of the transaction :

1. Renewal maintenance contract for Warehouse Management System (WMS) from January 1, 2020 to December 31, 2020.
2. Renewal maintenance contract for Weighing Machine System from January 1, 2020 to December 31, 2020.
3. Renewal maintenance contract for CC Online from January 1, 2020 to December 31, 2020.
4. Contract on design and develop software for Customer Relationship Management (CRM) period 10 months.

Total Value of transactions :

6,049,143 Baht

Opinion of the Board / Audit Committee / The importance and reasonableness of the transaction :

The transaction is based on normal business practice and the service rate is not higher than the market price. The Company may purchase from other suppliers whereas CONNEX well understands TMT's business and this will bring the highest benefit to the Company.



Combine Asset Co., Ltd.

Relationship :

Mr. Komsan Tarasansombat is the authorized director of the Company and also one of the top ten shareholders by holding 7.58 percent of its total issued and paid up shares and relationship as Son of Mr. Soon Tarasansombat and Brother of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat also the authorized director of those two companies.

General Characteristics of the transaction :

Lease of 6 plots of land which located at 129 Rama III Road, Bangkholaem Sub-district, Bangkholaem District, Bangkok as Rama III Plant and Distribution center of the Company. The term of lease is 3 years from October 10, 2020 to October 9, 2023 with rental rate of Baht 300,000 per month (More than previous rate which was 50,000 Baht) which its payment date due within December of each year.

Total Value of transaction :

10,800,000 Baht (for a three-year lease contract)

Opinion of the Board / Audit Committee / The importance and reasonableness of the transaction :

This transaction is reasonable and fair with clear stipulation of lease term and rental rate, and such rental rate is lower than the current market price and the appraisal value reported by Agency For Real Estate Affairs (an independent appraiser approved by SEC) on October 5, 2020 of Baht 777,778 per month or Baht 28 million per year that will bring the highest benefit to the Company. The Board of Director's meeting no. 6/2563 , held on November 6, 2020, resolved to approve the Company to terminate the previous lease contract and enter into such transaction for 3 years, the directors who have conflicts of interests were not present in the meeting and had no voting rights in this agenda.

Remarks:

¹ The above information about the name of shareholders and their shareholding is as of June 19, 2020 (the record date for the rights to attend the Annual General Meeting of Shareholders for year 2020)

² For the past 3 years of connected transaction, please find more details in Annual Report in company's website at www.tmtsteel.co.th

Report of Directors Relating to Responsibility for Financial Statements

The Board of Directors is responsible for TMT Steel Public Company Limited (“the Company”)’s financial statements including financial information presented in the 56-1 One Report. The financial statements have been prepared by management in conformity with generally accepted accounting principles, with appropriated accounting policies applying consistently; and based on management’s best estimates and judgments, with adequate disclosure of material issues for the best interest of shareholders and investors.

The Board of Directors has set up and maintains effective internal control system designed to provide management with reasonable assurance that transactions are recorded properly, the assets are safeguarded and that material frauds and malpractices are precluded.

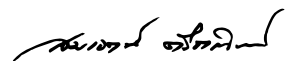
The Board of Directors also appointed the Audit Committee to review accounting policies, accuracy and sufficiency of the company’s financial reports to ensure adequacy and efficiency of the internal control systems in compliance with good conduct and best practice as well as IT audit, and risk management system review. The Audit Committee appointed EY Corporate Services Limited to be internal control auditor to plan and conduct the internal audit as approved plans by the committee. Opinion of the Audit Committee is shown in Audit Committee’s Report published in this 56-1 One Report.

The Company’s financial statements are also audited by an independent certified public accountant from PricewaterhouseCoopers ABAS Company Limited. The Board of Directors also support the management to prepare and provide documents and information so that the auditor can perform its audit independently in accordance with generally accepted auditing standards and to express his independent opinion on the true and fair of the financial positions and the results of the company’s operations as stated in the financial statements. There is no any disagreement or different opinion among auditor, management and audit committee. Auditor’s Report is also shown in this 56-1 One Report.

The Board of Directors is of the opinion that the internal control and risk management system of the Company are in good and efficient conduct and can ensure rationally that the operations are compliance with best practice and proper risk management as well as the Company’s financial report for the fiscal year ended 31 December 2020 is in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.



(Mr. Chai Jroongtanapibarn)
Chairman of the Board



(Mr. Somjate Tretarnthip)
Director

Independent Auditor's Report

To the shareholders and the Board of Directors 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 2020, 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 2020;
- 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

Valuation of inventories

Refer to Note 9 'Critical accounting estimates and judgment' and Note 14 'Inventories' in the financial statements:

As at 31 December 2020, the Company had raw materials totalling Baht 835 million and finished goods totalling Baht 1,098 million before deducting the allowance for net realisable value, which represents 22 percent of the total assets.

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.

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.

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.

My audit procedures included the following:

- 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, 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.

From performing the above procedures, I viewed that the selling prices used in estimation of the allowance for net realisable value was reasonable and consistent with the available evidence.

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

19 February 2021

TMT Steel Public Company Limited
Statement of Financial Position
As at 31 December 2020

	Notes	2020 Baht	2019 Baht
Assets			
Current assets			
Cash and cash equivalents	11, 13	1,130,671,824	256,617,103
Trade accounts receivable and other receivables	12	2,337,438,836	2,448,856,378
Inventories, net	14	1,931,629,210	1,395,372,107
Advance payments for purchases of inventories		353,288,637	6,933,425
Other current assets		35,874,081	1,376,503
Total current assets		5,788,902,588	4,109,155,516
Non-current assets			
Investment properties	15	55,729,000	55,729,000
Property, plant and equipment, net	16	2,905,411,569	2,938,265,464
Right-of-use assets, net	17	36,390,164	-
Intangible assets, net	18	23,969,501	27,709,337
Deferred income tax assets, net	19	25,183,926	12,639,047
Other non-current assets	13	5,095,389	5,225,056
Total non-current assets		3,051,779,549	3,039,567,904
Total assets		8,840,682,137	7,148,723,420

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

TMT Steel Public Company Limited
Statement of Financial Position
As at 31 December 2020

	Notes	2020 Baht	2019 Baht
Liabilities and equity			
Current liabilities			
Short-term borrowings from financial institutions	13, 20	3,136,554,572	2,953,864,780
Trade accounts payable and other payables	21	296,447,996	198,871,657
Derivative liabilities	13	626,299	-
Income tax payable		80,671,982	12,473,793
Advance received from customers for goods	13	37,548,628	18,584,592
Current portion of long-term borrowing from a financial institution	13, 20	199,657,974	-
Current portion of lease liabilities	13, 20	23,385,966	-
Current portion of debentures	13, 20	999,590,001	1,542,283
Total current liabilities		4,774,483,418	3,185,337,105
Non-current liabilities			
Long-term borrowing from a financial institution	13, 20	799,332,998	-
Lease liabilities	13, 20	13,532,793	-
Debentures	13, 20	-	996,505,435
Employee benefit obligations	22	71,630,354	61,829,112
Total non-current liabilities		884,496,145	1,058,334,547
Total liabilities		5,658,979,563	4,243,671,652
Equity			
Share capital	23		
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	23	427,323,198	427,323,198
Retained earnings			
Appropriated - Legal reserve	25	75,391,488	63,894,173
Unappropriated		1,808,229,854	1,543,076,363
Total equity		3,181,702,574	2,905,051,768
Total liabilities and equity		8,840,682,137	7,148,723,420

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

TMT Steel Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2020

	Notes	2020 Baht	2019 Baht
Sales		14,575,724,811	16,483,406,677
Costs of sales		<u>(13,309,865,354)</u>	<u>(15,585,837,482)</u>
Gross profit		1,265,859,457	897,569,195
Other income	27	52,770,765	46,448,194
Selling expenses		(174,716,134)	(200,175,303)
Administrative expenses		(408,736,084)	(354,980,685)
Finance costs - interest expenses		<u>(82,064,850)</u>	<u>(115,653,622)</u>
Profit before income tax		653,113,154	273,207,779
Income tax	29	<u>(115,234,998)</u>	<u>(43,261,493)</u>
Profit for the year		537,878,156	229,946,286
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Remeasurements of post-employee benefit obligations	22	-	1,520,013
Income tax on items that will not be reclassified	19	-	<u>(304,003)</u>
Other comprehensive income for the year, net of tax		-	<u>1,216,010</u>
Total comprehensive income for the year		<u><u>537,878,156</u></u>	<u><u>231,162,296</u></u>
Earnings per share			
Basic earnings per share	30	<u>0.62</u>	<u>0.26</u>

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

TMT Steel Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2020

	Notes	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total Baht
				Appropriated - Legal reserve Baht	Unappropriated Baht	
Opening balances as at 1 January 2019		435,379,017	427,323,198	43,600,000	1,798,063,788	2,704,366,003
Share dividend	23, 24	435,379,017	-	-	(435,379,017)	-
Dividends paid	24	-	-	-	(30,476,531)	(30,476,531)
Legal reserve	25	-	-	20,294,173	(20,294,173)	-
Total comprehensive income for the year		-	-	-	231,162,296	231,162,296
Closing balances as at 31 December 2019		<u>870,758,034</u>	<u>427,323,198</u>	<u>63,894,173</u>	<u>1,543,076,363</u>	<u>2,905,051,768</u>
Opening balances as at 1 January 2020		870,758,034	427,323,198	63,894,173	1,543,076,363	2,905,051,768
Dividends paid	24	-	-	-	(261,227,350)	(261,227,350)
Legal reserve	25	-	-	11,497,315	(11,497,315)	-
Total comprehensive income for the year		-	-	-	537,878,156	537,878,156
Closing balances as at 31 December 2020		<u>870,758,034</u>	<u>427,323,198</u>	<u>75,391,488</u>	<u>1,808,229,854</u>	<u>3,181,702,574</u>

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 2020

	Notes	2020 Baht	2019 Baht
Cash flows from operating activities			
Profit before income tax		653,113,154	273,207,779
Adjustments for :			
Loss allowance	12	26,144,955	1,213,897
Gain on declining in value of inventories	14	(3,364,605)	(4,306,971)
Depreciation and amortisation	16, 17, 18	257,226,815	204,834,724
(Gain) Loss on disposals of equipment		(349,042)	316,480
Loss on derivatives		626,299	-
Employee benefit expenses	22	9,801,242	20,627,516
Interest expenses		82,064,850	115,653,622
Cash flows before changes in operating assets and liabilities		1,025,263,668	611,547,047
Changes in operating assets and liabilities:			
Trade accounts receivable and other receivables		85,272,587	257,455,196
Inventories		(532,892,498)	373,554,083
Advance payments for purchases of inventories		(346,355,212)	65,636,158
Other current assets		(34,497,578)	695,284
Other non-current assets		129,667	(1,381,500)
Trade accounts payable and other payables		90,364,368	(118,347,251)
Advance receipts from customers for goods		18,964,036	4,188,918
Employee benefit obligations paid	22	-	(1,089,332)
Cash generated from operating activities before interest and income tax paid		306,249,038	1,192,258,603
Interest paid		(82,053,780)	(113,973,926)
Income tax paid		(59,581,688)	(61,069,615)
Net cash generated from operating activities		164,613,570	1,017,215,062
Cash flows from investing activities			
Purchases of property, plant and equipment		(189,027,448)	(337,934,032)
Purchases of intangible assets		(4,344,132)	(11,755,687)
Proceeds from disposals of equipment		4,700,529	1,029,907
Net cash used in investing activities		(188,671,051)	(348,659,812)

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 2020

	Notes	2020 Baht	2019 Baht
Cash flows from financing activities			
Proceeds from short-term borrowings			
from financial institutions	20	17,905,608,321	32,278,947,166
Repayments to short-term borrowings			
from financial institutions	20	(17,722,918,529)	(32,892,809,751)
Proceeds from long-term borrowing			
from financial institutions	20	1,000,000,000	-
Payments for front-end fees of loan agreement	20	(1,010,005)	-
Payments for interest on finance lease liabilities		-	(13,819)
Payments for finance lease liabilities		-	(408,181)
Payments for lease liabilities	17	(22,340,235)	-
Dividends paid	24	(261,227,350)	(30,476,531)
Net cash generated from (used in) financing activities		898,112,202	(644,761,116)
Net increase in cash and cash equivalents		874,054,721	23,794,134
Opening balance		256,617,103	232,822,969
Closing balance		1,130,671,824	256,617,103
Cash and cash equivalents are made up as follows:			
- Cash on hand	11	429,886	400,154
- Deposits at financial institutions	11	1,130,241,938	256,216,949
		1,130,671,824	256,617,103

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2020 and 2019 are as follows:

Other payables from purchases of property, plant and equipment	16,858,786	8,327,124
Other payables from purchases of intangible assets	212,500	-
Issuance of share dividends (Note 23, 24)	-	435,379,017

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

TMT Steel Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

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 19 February 2021.

2 Significant events during the current year

Coronavirus disease 2019 outbreak

In the year 2020, COVID-19 has continued to spread and its impact was felt by various industrial businesses around the world, including Thailand.

As a result, the Company's sales volume and sales for the year ended 31 December 2020 slightly decreased by 2.77% and 11.57%, respectively. There was less domestic demand due to the anxiety. However, the management considers that the causes of this slowdown will only remain for a certain period of time and will not have any significant impact on the Company. The Company operates as usual with the appropriate measures to tackle the COVID-19.

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 9.

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 2020 and have significant impacts to the Company

a) Financial instruments

The new financial standards related to financial instruments are as follows:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial instruments: Disclosures
TFRS 9	Financial instruments
TFRIC 16	Hedges of a net investment in a foreign operation
TFRIC 19	Extinguishing financial liabilities with equity instruments

The new financial reporting standards related to financial instruments introduce new classification and measurement requirements for financial instruments as well as provide derecognition guidance on financial assets and financial liabilities. The new guidance also provides an option for the Company to apply hedge accounting to reduce accounting mismatch between hedged item and hedging instrument. In addition, the new rule provides detailed guidance on financial instruments issued by the Company whether it is a liability or an equity. Among other things, they require extensive disclosure on financial instruments and related risks.

The new classification requirements of financial assets require the Company to assess both i) business model for holding the financial assets; and ii) cash flow characteristics of the asset whether the contractual cash flows represent solely payments of principal and interest (SPPI). The classification affects the financial assets' measurement. The new guidance requires assessment of impairment of financial assets as well as contract assets and recognition of expected credit loss from initial recognition.

On 1 January 2020, the Company has adopted the financial reporting standards related to financial instruments in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

b) TFRS 16, Leases

Where the Company is a lessee, TFRS 16, Leases will result in almost all leases being recognised on the balance sheet as the distinction between operating and finance leases is removed. A right-of-use asset and a lease liability will be recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Company has adopted the new lease standard in its financial statements. The impact from the first-time adoption has been disclosed in Note 5.

- c) **Amendment to TAS 12, Income tax** clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- d) **Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement)** clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.
- e) **Amendment to TAS 23, Borrowing costs** clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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

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.

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 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 Interbank offer rates (IBORs). The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.

c) **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.

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

a) **Amendment to TFRS 16, Leases** amended to include a practical expedient for leases that are modified as a direct consequence of IBOR reform (e.g. replacement of THBFIX as a benchmark interest rate due to the cancellation of LIBOR) for lessee to remeasure the lease liability by discounting the revised lease payments using a discount rate that reflects the change in the interest rate. An early application of the amendment is permitted. The Company has chosen not to early apply the exemption for the current reporting period.

TMT Steel Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

5 Impacts from initial application of the new and revised financial reporting standards

This note explains the impact of the adoption of TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosure, TFRS 9 Financial Instruments and TFRS 16 Leases on the Company's financial statements. The new accounting policies applied from 1 January 2020 were disclosed in Note 6.

The Company have adopted those accounting policies from 1 January 2020 by applying the modified retrospective approach. The comparative figures have not been restated. The reclassifications and the adjustments arising from the changes in accounting policies were therefore recognised in the statement of financial position as of 1 January 2020.

The impact of first-time adoption of new financial reporting standards on the statements of financial position are as follows:

	31 December 2019 Baht	TFRS 16 Baht	1 January 2020 Baht
Non-current assets			
Right-of-use assets, net	-	48,743,375	48,743,375
Total assets affected	-	48,743,375	48,743,375
Current liabilities			
Current portion of lease liabilities	-	21,738,933	21,738,933
Non-current liabilities			
Lease liabilities	-	27,004,442	27,004,442
Total liabilities affected	-	48,743,375	48,743,375

5.1 Leases

On adoption of TFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of TAS 17 Leases for leases of land, buildings, equipment and vehicle with lease terms more than 12 months. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2020. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2020 was 3.75%.

The right-of use assets were measured at the amount equal to the lease liability in which the incremental borrowing rate for the remaining lease terms from the initial application date is applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	Baht
Operating lease commitments disclosed as at 31 December 2019	51,345,900
(Less): Discounted using the lessee's incremental borrowing rate of at the date of initial application	(2,180,325)
(Less): Short-term leases recognised on a straight-line basis as expense	(9,200)
(Less): Low-value leases recognised on a straight-line basis as expense	(413,000)
Lease liability recognised as at 1 January 2020	48,743,375
Current lease liabilities	21,738,933
Non-current lease liabilities	27,004,442

TMT Steel Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

Practical expedients applied

In applying TFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2020 as short-term leases
- elect not to reassess whether a contract is, or contains a lease as defined under TFRS 16 at the date of initial application but relied on its assessment made applying TAS 17 and TFRIC 4 Determining whether an arrangement contains a Lease.

5.2 Financial instruments

On 1 January 2020 (the date of initial application), the management has assessed which business models apply to the financial assets and financial liabilities, and has classified its financial instruments into the appropriate TFRS 9 categories below.

	FVPL Thousand Baht	FVOCI Thousand Baht	Amortised cost Thousand Baht	Total Thousand Baht
Financial assets				
Cash and cash equivalents	-	-	256,617	256,617
Trade and other receivables, net	-	-	2,438,879	2,438,879
Other non-current assets	-	-	5,225	5,225
	-	-	2,700,721	2,700,721

	FVPL Thousand Baht	Amortised cost Thousand Baht	Total Thousand Baht
Financial liabilities			
Short-term loans from financial institutions	-	2,953,865	2,953,865
Trade accounts payable and other payables	-	136,597	136,597
Advance received from customers for goods	-	18,585	18,585
Lease liabilities	-	48,743	48,743
Debentures	-	998,048	998,048
	-	4,155,838	4,155,838

Impairment of financial assets

The Company has following financial assets that are subject to the expected credit loss model:

- cash and cash equivalents
- trade and other receivables

The Company was required to revise its impairment methodology under TFRS 9. The impact of the change in impairment methodology is insignificant. Therefore, there is no adjustment on the Company's retained earnings at 1 January 2020.

While cash and cash equivalents is subject to the new impairment requirement, the identified impact was immaterial.

TMT Steel Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

Trade and other receivables

The Company applies the simplified approach in measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales, the corresponding historical credit losses experienced as well as forward-looking information that may affect the ability of the customers to settle the receivables.

As of 1 January 2020, the Company does not have significant impact from the applied approach. During the year, the Company recorded loss allowance as described policy, including specific consideration for the liquidity of some customers according to conservatism concept of Baht 26.14 million for trade receivables.

The loss allowance for trade receivables was determined as follows:

As of 1 January 2020	Not yet due	Up to	1 - 3	3 - 6	6 - 12	More than	Total
	Thousand	1 months	months	months	months	12 months	Thousand
	Baht	Thousand	Thousand	Thousand	Thousand	Thousand	Baht
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Gross carrying amount - trade receivables	1,658,779	406,715	173,964	153,860	43,179	23,766	2,460,263
Loss allowance	(6,409)	(1,665)	(2,176)	(2,222)	(291)	(16,611)	(29,374)
Total	1,652,370	405,050	171,788	151,638	42,888	7,155	2,430,889

Derivatives and hedging activities

Before 1 January 2020 the Company did not recognise derivatives as assets or liabilities in the financial statements. The derivative contracts and related fair values were disclosed in the note.

On 1 January 2020, the Company did not recognise derivative assets and liabilities with the corresponding adjustment to the retained earnings in the financial statements as the impact is immaterial.

6 Accounting policies

6.1 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.

6.2 Cash and cash equivalents

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

6.3 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 6.5(e).

6.4 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.

6.5 Financial asset

a) Classification

From 1 January 2020, 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

From 1 January 2020, the Company assesses on a forward looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 5.2 for details

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

6.6 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.

6.7 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.

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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.

6.8 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.

6.9 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.

6.10 Leases

For the year ended 31 December 2020

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.

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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.

For the year ended 31 December 2019

Leases - where the Company is the lessee

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

6.11 Financial liabilities

For the year ended 31 December 2020

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.

6.12 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.

6.13 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.

6.14 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.

6.15 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.

6.16 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.

6.17 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.

6.18 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.

7 Financial risk management

7.1 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.

7.1.1 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.

7.1.2 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 months before 31 December 2020 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.

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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

Previous accounting policy for impairment of trade receivables for comparative period

In the year 2019, the Company recognised impairment of trade receivables based on the incurred loss model such as uncollectible or past due for a period more than 180 days, which was not taken into account future losses. Therefore, loss allowance and allowance for doubtful accounts are not comparable.

7.1.3 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 1,130.24 million (2019: Baht 256.22 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:

	2020	2019
	Thousand	Thousand
	Baht	Baht
Floating rate		
Expiring beyond one year		
- Bank overdraft	65,000	65,000
- Short-term borrowings from financial institutions	6,303,445	6,486,135
	6,368,445	6,551,135

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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 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

7.2 Capital management

7.2.1 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.

8 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 6.5 and 6.11.

9 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 8.

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 22.

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.

10 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.

11 Cash and cash equivalents

	2020	2019
	Baht	Baht
Cash on hand	429,886	400,154
Current accounts	29,421,871	63,502,356
Saving accounts	1,100,820,067	192,714,593
Total	1,130,671,824	256,617,103

As at 31 December 2020, the interest rates of saving accounts were 0.05% to 0.30% per annum (2019: 0.20% to 0.38% per annum).

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12 Trade accounts receivable and other receivables

	2020	2019
	Baht	Baht
Trade accounts receivable	2,378,406,624	2,460,263,162
<u>Less</u> Loss allowance (2019: Allowance for doubtful accounts under TAS 101)	<u>(55,519,596)</u>	<u>(29,374,641)</u>
Trade accounts receivable - net	2,322,887,028	2,430,888,521
Other receivables - third party	438,909	3,618,209
Deposits	893,768	1,229,381
Prepayments	7,237,574	5,129,506
Rebate	5,981,557	7,990,761
Total	2,337,438,836	2,448,856,378

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.

Impairments of trade receivables

The loss allowance for trade receivables was determined as follows:

As of 31 December 2020	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	1,684,842	508,475	144,605	1,781	8,262	30,442	2,378,407
Loss allowance	(6,178)	(2,144)	(6,713)	(1,781)	(8,262)	(30,442)	(55,520)
Total	1,678,664	506,331	137,892	-	-	-	2,322,887

The reconciliations of loss allowance for trade receivables for the year ended 31 December 2020 are as follow:

	Trade receivables	
	2020	2019
	Baht	Baht
As at 1 January - calculated under TAS 101	(29,374,641)	(28,160,744)
Amounts restated through opening retained earnings	-	-
Opening loss allowance as at 1 January 2020 calculated under TFRS 9 (2019: TAS 101)	(29,374,641)	(28,160,744)
Increase in loss allowance recognised in profit or loss during the year	(26,330,751)	(1,216,037)
Receivable written off during the year as uncollectible	185,796	2,140
As of 31 December - calculated under TFRS 9 (2019: TAS 101)	(55,519,596)	(29,374,641)

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13 Financial assets and financial liabilities

As at 31 December 2020, classification of the Company's financial assets and financial liabilities in accordance with accounting policies disclosed in Note 6.5 and 6.11 are as follows:

	FVPL Thousand Baht	FVOCI Thousand Baht	Amortised cost Thousand Baht	Total Thousand Baht
Financial assets				
Cash and cash equivalents	-	-	1,130,672	1,130,672
Trade and other receivables	-	-	2,328,869	2,328,869
Other current assets	-	-	28,569	28,569
Other non-current assets	-	-	5,095	5,095

	FVPL Thousand Baht	Amortised cost Thousand Baht	Total Thousand Baht
Financial liabilities			
Short-term borrowings from financial institutions	-	3,136,555	3,136,555
Trade accounts payable and other payables	-	205,748	205,748
Derivative liabilities	626	-	626
Advance received from customers for goods	-	37,549	37,549
Long-term borrowings from a financial institution	-	998,991	998,991
Lease liabilities	-	36,919	36,919
Debentures	-	999,590	999,590

14 Inventories, net

	2020 Baht	2019 Baht
Raw materials	835,494,241	585,050,467
Finished goods	1,098,441,941	815,993,217
Total inventories	1,933,936,182	1,401,043,684
Less Allowance for net realisable value		
- for raw materials	(871,033)	(1,473,654)
- for finished goods	(1,435,939)	(4,197,923)
Total	1,931,629,210	1,395,372,107

The Company reversed allowance for net realisable value amounting to Baht 3.36 million as expected selling price rose up from the prior year. The amount reversed has been included in cost of sales in the statement of comprehensive income.

As at 31 December 2020, certain inventories of Baht 808.05 million have been used as collateral for trust receipts (2019: Baht 183.36 million) (Note 20).

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15 Investment properties

At 31 December	Land	
	2020 Baht	2019 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	139,675,000

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 8).

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16 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 2019									
Cost	644,942,000	91,643,543	1,312,535,269	1,452,558,713	114,111,114	149,420,999	349,732,128	226,524,168	4,341,467,934
Less Accumulated depreciation	-	(52,171,233)	(507,976,818)	(795,483,417)	(100,434,312)	(52,366,468)	-	-	(1,508,432,248)
Net book amount	644,942,000	39,472,310	804,558,451	657,075,296	13,676,802	97,054,531	349,732,128	226,524,168	2,833,035,686
For the year ended 31 December 2019									
Opening net book amount	644,942,000	39,472,310	804,558,451	657,075,296	13,676,802	97,054,531	349,732,128	226,524,168	2,833,035,686
Additions	-	1,517,432	4,193,828	25,959,955	11,752,627	8,128,000	75,313,873	176,938,230	303,803,945
Transfers in (out)	-	133,780,167	277,638,793	292,120,223	-	-	(409,515,960)	(294,023,223)	-
Disposals, net	-	-	-	(183,012)	(1,300)	(1,512,075)	-	-	(1,696,387)
Depreciation charge (Note 28)	-	(8,273,973)	(70,012,776)	(100,032,776)	(7,628,042)	(10,930,213)	-	-	(196,877,780)
Closing 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
At 31 December 2019									
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

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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 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 28)	-	(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

Depreciation expenses of Baht 193,941,086 (2019: Baht 166,601,273) and Baht 32,120,431 (2019: Baht 30,276,507) were charged in costs of sales and administrative expenses, respectively.

From 2020, the Company presented right-of-use assets as a separate line item in the financial position as a results of changes in accounting policy in note 17.

As at 31 December 2019, the Company did not have assets under finance lease included in property, plants and equipment which the Company is a lessee.

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17 Right-of-use assets, net

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

	2020	2019
	Baht	Baht
Land and office buildings	35,192,740	-
Furniture and fixtures - office equipment	1,104,706	-
Trucks and motor vehicles	92,718	-
Total	36,390,164	-

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

	2020	2019
	Baht	Baht
Depreciation charge of right-of-use assets:		
Land and office buildings	22,095,353	-
Furniture and fixtures - office equipment	495,323	-
Trucks and motor vehicles	278,154	-
Total (Note 28)	22,868,830	-
Addition to the right-of-use assets during the year	10,515,619	-
Total cash outflow for leases	22,340,235	-
Expense relating to short-term leases	9,200	-
Expense relating to leases of low-value assets	158,000	-

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18 Intangible assets, net

	Computer software Baht	Computer software during installation Baht	Total Baht
At 1 January 2019			
Cost	70,021,765	2,335,500	72,357,265
<u>Less</u> Accumulated amortisation	(48,446,671)	-	(48,446,671)
Net book amount	21,575,094	2,335,500	23,910,594
For the year ended 31 December 2019			
Opening net book amount	21,575,094	2,335,500	23,910,594
Additions	6,254,687	5,501,000	11,755,687
Transfers in (out)	1,310,500	(1,310,500)	-
Amortisation charge (Note 28)	(7,956,944)	-	(7,956,944)
Closing net book amount	21,183,337	6,526,000	27,709,337
At 31 December 2019			
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 28)	(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

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19 Deferred income taxes, net

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

	2020	2019
	Baht	Baht
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	11,591,822	1,134,316
Deferred tax assets to be recovered more than 12 months	14,405,282	12,365,822
	25,997,104	13,500,138
Deferred tax liabilities:		
Deferred tax liabilities to be recovered within 12 months	(130,054)	(231,902)
Deferred tax liabilities to be settled more than 12 months	(683,124)	(629,189)
	(813,178)	(861,091)
Deferred income taxes, net	25,183,926	12,639,047

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

	Net impairment losses	Allowance for net realisable value	Lease liabilities	Employee benefits obligations	Total
	Baht	Baht	Baht	Baht	Baht
Deferred tax assets:					
At 1 January 2019	-	1,995,710	-	8,762,188	10,757,898
Charged/(credited) to profit and loss	-	(861,394)	-	3,907,637	3,046,243
Charged/(credited) to other comprehensive income	-	-	-	(304,003)	(304,003)
At 31 December 2019	-	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

	Temporary difference for depreciation	Temporary difference for front-end fees	Total
	Baht	Baht	Baht
Deferred tax liabilities:			
At 1 January 2019	(663,260)	(516,062)	(1,179,322)
Charged to profit and loss	95,720	222,511	318,231
At 31 December 2019	(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)

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20 Borrowings

	2020	2019
	Baht	Baht
Current		
Short-term borrowings from financial institutions	3,136,554,572	2,953,864,780
Current portion of long-term borrowings		
Long-term borrowing from a financial institution	199,657,974	-
Lease liabilities	23,385,966	-
Debentures	999,590,001	1,542,283
Total current borrowings	4,359,188,513	2,955,407,063
Non-current		
Long-term borrowing from a financial institution	799,332,998	-
Lease liabilities	13,532,793	-
Debentures	-	996,505,435
Total non-current borrowings	812,865,791	996,505,435
Total borrowings	5,172,054,304	3,951,912,498

20.1 Short-term borrowings

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

	2020	2019
	Baht	Baht
At 1 January	2,953,864,780	3,567,727,365
Additions	17,905,608,321	32,278,947,166
Repayments	(17,722,918,529)	(32,892,809,751)
At 31 December	3,136,554,572	2,953,864,780

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

	2020	2019
Promissory notes	1.00% - 1.75%	1.55% - 2.10%
Trust receipts	1.10% - 1.74%	1.49% - 2.11%

As at 31 December 2020, the short-term borrowings from financial institutions, promissory notes, were unsecured and due within January to March 2021 (2019: January to March 2020) which normally, can be renewed. The Company has provided the Negative Pledge to the financial institutions. In addition, short-term borrowings included trust receipts which were secured by part of the Company's inventories (Note 14).

20.2 Long-term borrowing from a financial institution

The movement in long-term borrowing from a financial institution during the year is as follows:

	2020	2019
	Baht	Baht
At 1 January	-	-
Addition	1,000,000,000	-
Deferred front-end fees	(1,010,005)	-
Amortisation of deferred front-end fees	977	-
At 31 December	<u>998,990,972</u>	<u>-</u>

Long-term borrowing from a financial institution is in Thai Baht with the fixed interest of 3.00% 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 borrowing rate of 3.04% and are within level 2 of the fair value hierarchy.

20.3 Debentures

The movement in debentures during the year is as follows:

	2020	2019
	Baht	Baht
At 1 January	998,047,718	996,567,890
Amortisation of issuance costs	1,542,283	1,479,828
At 31 December	<u>999,590,001</u>	<u>998,047,718</u>

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 will be redeemed within 3 years after the issuance date for the amount Baht 1,000 million.

The carrying amounts and fair values of certain debentures are as follows:

	Carrying amounts		Fair values	
	2020	2019	2020	2019
	Baht	Baht	Baht	Baht
Debentures	999,590,001	998,047,718	1,001,694,330	1,006,448,900

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 3.91% and are within level 2 of the fair value hierarchy.

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21 Trade accounts payable and other payables

	2020	2019
	Baht	Baht
Trade accounts payable	132,849,269	48,396,410
Accrued expenses and other payables	134,438,609	127,157,498
Payable from construction in progress	17,071,286	8,327,124
Retention from construction	-	1,519,839
Withholding tax payable	1,636,782	1,830,668
Accrued interest expenses	10,452,050	11,640,118
Total	296,447,996	198,871,657

22 Employee benefit obligations

	2020	2019
	Baht	Baht
Statement of financial position:		
- Retirement benefits	71,630,354	61,829,112
Profit or loss charge included in operating profit for:		
- Retirement benefits	9,801,242	20,627,516
Remeasurement for:		
- Retirement benefits	-	(1,520,013)

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

	2020	2019
	Baht	Baht
At 1 January	61,829,112	43,810,941
Current service cost	8,520,374	7,795,427
Past service cost	-	11,619,236
Interest cost	1,280,868	1,212,853
Remeasurement	-	(1,520,013)
Benefit payment	-	(1,089,332)
At 31 December	71,630,354	61,829,112

The significant actuarial assumptions used were as follows:

	2020	2019
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

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Sensitivity analysis for each significant assumption used is as follows:

	Impact on defined benefit obligations as at 31 December 2020		
	Change in assumption %	Increase in obligations Baht	Decrease in obligations Baht
Discount rate	+1%	-	(3,550,665)
	-1%	4,009,418	-
Future salary increase rate	+1%	4,323,058	-
	-1%	-	(3,898,298)
Employee turnover rate	+1%	-	(3,901,805)
	-1%	2,366,149	-

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 22.15 years (2019: 23.15 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 2020 Retirement benefits	1,856,443	22,299,253	18,564,906	37,408,880	80,129,482

23 Share capital and premium on share capital

	Number of authorised shares Shares	Issued and paid-up ordinary shares Baht	Premium on share capital Baht	Total Baht
At 1 January 2019	436,000,000	435,379,017	427,323,198	862,702,215
Conversion (620,983)	(620,983)	-	-	-
Issue of ordinary shares	435,379,017	435,379,017	-	435,379,017
At 31 December 2019	870,758,034	870,758,034	427,323,198	1,298,081,232
At 31 December 2020	870,758,034	870,758,034	427,323,198	1,298,081,232

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At the Annual General Shareholders' Meeting on 4 April 2019, it passed the resolutions as follows;

1. Approval of a reduction of the registered capital of the Company, from Baht 436,000,000 to Baht 435,379,017, by cutting out the 620,983 ordinary shares that remained from exercising the conversion right of ESOP warrants (ESOP-W) issued in 2008 with a par value of Baht 1.00 each. The Company registered such change in its share reduction with Department of Business Development on 9 April 2019.
2. Approval of an increase in the registered capital of the Company, from Baht 435,379,017 to Baht 870,758,034, by issuing 435,379,017 new ordinary shares with par value of Baht 1.00 each, totaling Baht 435,379,017 and that was then allocated as stock dividends to the existing Company shareholders. The Company registered such change in its share increase with Department of Business Development on 10 April 2019.

24 Dividends

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.

At the Annual General Shareholders' Meeting on 4 April 2019, shareholders approved the dividend payment of Baht 1.07 per share for 435,379,017 shares, in respect of the 2018 operating results and retained earnings, totaling Baht 465.86 million. The dividend payment was made in ordinary shares for 435,379,017 shares with par value of Baht 1.00 each at the ratio of one existing share for one dividend stock for the total value of Baht 435.38 million. The dividend payout ratio is Baht 1.00 per share, and cash dividends at the rate of Baht 0.07 per share for a total of Baht 30.48 million. The dividends had been paid to the shareholders on 18 April 2019. The Company appropriate its retained earnings to legal reserve amounting to Baht 20.29 million.

25 Legal reserve

	2020	2019
	Baht	Baht
At 1 January	63,894,173	43,600,000
Appropriation during the year	11,497,315	20,294,173
At 31 December	75,391,488	63,894,173

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.

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26 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.

Sales classified by BOI promoted activities and non-BOI promoted activities for the year ended 31 December 2020 and 2019 are as follows;

	2020		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Sales	-	14,575,724,811	14,575,724,811

	2019		
	BOI promoted activities Baht	Non-BOI promoted activities Baht	Total Baht
Sales	9,294,308,511	7,189,098,166	16,483,406,677

27 Other income

	2020 Baht	2019 Baht
Steel cutting service income	30,343,609	32,501,146
Transportation service income	18,125,823	10,370,202
Interest income	2,154,998	3,055,631
Others	2,146,335	521,215
Total	52,770,765	46,448,194

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28 Expenses by nature

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

	2020	2019
	Baht	Baht
Staff costs	476,412,355	444,709,651
Depreciation on property, plant and equipment (Note 16)	226,061,517	196,877,780
Depreciation on right-of-use assets (Note 17)	22,868,830	-
Amortisation of intangible assets (Note 18)	8,296,468	7,956,944
Selling and marketing expenses	174,716,134	200,175,303
Professional and consultant fees	11,206,459	10,956,035
Rental expenses	285,500	20,440,800

29 Income tax expense

	2020	2019
	Baht	Baht
Current tax	127,779,877	46,625,967
Deferred tax	(12,544,879)	(3,364,474)
Total income tax expense	115,234,998	43,261,493

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:

	2020	2019
	Baht	Baht
Profit before income tax	653,113,154	273,207,779
Tax calculated at a tax rate of 20% (2019: 20%)	130,622,631	54,641,556
Tax effect of:		
Income not subject to tax	-	(1,369,532)
Expenses not deductible for tax purpose	762,310	910,453
Expenses deductible at a greater amount	(16,149,943)	(10,920,984)
Tax charge	115,234,998	43,261,493

The weighted average applicable tax rate was 18% (2019: 16%). According to Royal Decrees No. 690, the Company is exempted from corporate income tax for an investment in machinery. Meanwhile, in 2019, according to Announcement of the Board of Investment no. 1/2557 regarding Measure to Promote Improvement of Production Efficiency which described in Note 26. The Company has used all the promotional privileges in 2019.

30 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.

	2020	2019
Profit attributable to shareholders (Baht)	537,878,156	229,946,286
Weighted average number of ordinary shares in issue during the year (Shares)	870,758,034	870,758,034
Basic earnings per share (Baht)	0.62	0.26

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

31 Contingent liabilities

Letters of guarantee

As at 31 December 2020, the Company had outstanding letters of guarantee amounting to Baht 29.84 million (2019: Baht 74.84 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 2020, the Company had outstanding letters of credits amounting to US Dollar 8.15 million in relation to purchases of goods (2019: US Dollar 11.51 million in relation to purchases of goods).

Significant litigation

In November 2019, the Company was litigated by a supplier relating to the breach of sales and purchase contract which caused them a custom tax exposure from related imported steels. They claimed for compensation in the total of Baht 173.59 million. Further on 29 July 2020, the plaintiff filled a motion for withdrawal from the Civil court. The court granted approval for case withdrawal and ordered a deletion of this case from the court judicial archive on the same date. Such litigation was then terminated and the Company therefore does not have any losses resulting from such litigation.

32 Commitments

Operating leases - Lessee

As at 31 December 2019, the Company leases land, office buildings, office equipment and vehicles under non-cancellable operating lease agreement expiring with 1 to 5 years.

As at 31 December 2020, 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 in the year 2020.

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The details of leases as at 31 December are as follow

	2020	2019
	Baht	Baht
Due within 1 year	163,800	23,346,800
Due over 1 year but less than 5 years	158,400	27,999,100
Total	322,200	51,345,900

Purchase commitments

As at 31 December 2020, the Company had outstanding commitments relating to the purchases of goods with fixed buying prices of US Dollar 7.41 million (2019: US Dollar 10.46 million).

Capital commitments

As at 31 December 2020, 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 56.42 million and US Dollar 10.37 million (2019: Baht 16.23 million and US Dollar 0.35 million).

33 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).

TMT Steel Public Company Limited
Notes to the Financial Statements
For the year ended 31 December 2020

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

(a) Purchases and operating expenses

	2020	2019
	Baht	Baht
Purchases of software programme	2,086,000	-
Computer system service expenses	581,644	157,500
Land and building rental expenses	-	5,400,000
Payment on lease liabilities	4,996,746	-
Interest expense from leases liabilities	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:

	2020	2019
	Baht	Baht
Trade accounts payable and other payables	227,375	-
Lease liabilities	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	2020	2019
	Baht	Baht
Short-term benefits	42,892,740	45,080,750
Post-employee benefits	1,844,762	2,045,046
	44,737,502	47,125,796

34 Event after the financial statement date

At the Board of Directors' Meeting on 19 February 2021, it passed a resolution to propose the dividends payment in respect of results of operations for the year 2020 of Baht 0.50 per share for 870,758,034 shares, totalling Baht 435.38 million. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2021 in April 2021.

Board of Directors and Executives

Mr. Chai Jroongtanapibarn

Chairman of the Board, Chairman of Audit Committee,
Nomination and Remuneration Committee and Independent director



Age :	66 years
Education:	<ul style="list-style-type: none"> • Bachelor of Accounting, Chulalongkorn University • Master of Accounting, Thammasat University
Training for Director course of IOD :	<ul style="list-style-type: none"> • Director Certification Program (DCP) : Class 29/2003 • Audit Committee Program (ACP) : Year 2005
Family Relationship between directors and management :	None
Number of shares (include related person as section 258) :	1,045,500 shares or 0.12%
Experience (5 years past)	
Listed Company :	
Nov 18 - Present	Chairman of the Board and Independent Director / Veranda Resort Plc. / Hotel business
May 15 - Present	Chairman of the Board, Chairman of Audit Committee, Nomination and Remuneration Committee and Independent Director / TMT Steel Plc. / Steel Service Center
2007 - Present	Independent Director and Audit Committee / Siam Food Products Plc. / Food processing for export
2006 - Present	Independent Director and Audit Committee / Oishi Group Plc. / Food and Beverage business
2003 - Present	Independent Director / Siam Future Development / Shopping Center
2002 - Present	Independent Director and Chairman of Audit Committee / Major Cineplex Group Plc. / Cinema and Bowling
2000 - Present	Independent Director and Chairman of Audit Committee / Team Precision Plc. / Electronics Board
Non Listed Company :	None
Date of first appointment as a Director :	1 September 2004
Illegal record in the past 10 years :	None

Mr. Soon Tarasansombat

Director and Chairman of Nomination and Remuneration Committee



Age :	79 years
Education:	Mattayom 6
Training for Director course of IOD :	Director Accreditation Program (DAP) : Class 19/2004
Family Relationship between directors and management :	Father of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat
Number of shares (include related person as section 258) :	259,300,000 shares or 29.78% ⁽¹⁾
Experience (5 years past) Listed Company : May 15 - Present	Director and Chairman of Nomination and Remuneration Committee / TMT Steel Plc. / Steel Service Center
Non Listed Company : Jan 19 - Present 1986 - Dec 19	Director / S.G.T. Property Company Limited / Real Estate Development Director/ Soon Huat Steel Co.,Ltd./Property Lessor
Date of first appointment as a Director :	1 September 2004
Illegal record in the past 10 years :	None

Mr. Paisal Tarasansombat

Director, Corporate Governance and Sustainability Committee,
Chief of Executive Board and Chief Executive Officer



Age :	55 years
Education:	<ul style="list-style-type: none">• Diploma , Assumption Commercial College• Diploma in Business Study, Eastbourne College of Art & Technology, United Kingdom• Mini IE , Chulalongkorn University• Top Executive Program : Class 10/2010, Capital Market Academy• Top Executive Program in Energy Science : Class 13, Thailand Energy Academy• Business reform and innovation networking : BRAIN Class 2, The Federation of Thai Industries• The Rule of Law for Democracy : Class 8, The College of Constitutional Court
Training for Director course of IOD :	<ul style="list-style-type: none">• Director Accreditation Program (DAP) : Class 21/2004• Director Certification Program (DCP) : Class 197/2014
Family Relationship between directors and management :	Son of Mr. Soon Tarasansombat, brother of Mr. Komsan Tarasansombat and spouse of Mrs. Panlapa Tarasansombat
Number of shares (include related person as section 258) :	149,970,400 shares or 17.22% ⁽²⁾
Experience (5 years past)	
Listed Company :	
Dec 19 - Present	<ul style="list-style-type: none">• Director, Corporate Governance and Sustainability Development Committee, Chief of Executive Board and Chief Executive Officer TMT Steel Plc. / Steel Service Center
Mar 11 - Nov 19	<ul style="list-style-type: none">• Director, Chief of Executive Board and Chief Executive Officer / TMT Steel Plc. / Steel Service Center
Feb 20 - Present	<ul style="list-style-type: none">• Independent Director of BTS Group Holdings Public Company Limited / Transportation & Logistics
Jun 14 - Jan 20	<ul style="list-style-type: none">• Chairman of Audit Committee and Independent Director / Master Ad Plc. / Outdoor Advertising
Non Listed Company :	
Apr 15 - Present	<ul style="list-style-type: none">• Director / Thai Listed Companies Association / Independent nonprofit organization
2004 - Present	<ul style="list-style-type: none">• Director / CONNEX Business Online Co., Ltd. / Software Solution
1986 - Dec 19	<ul style="list-style-type: none">• Director / Soon Huat Steel Co., Ltd. / Property Lessor
,0Date of first appointment as a Director :	1 September 2004
Illegal record in the past 10 years :	None

Mr. Komsan Tarasansombat

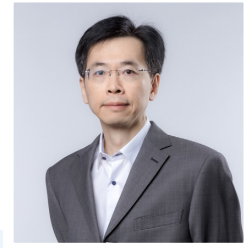
Director, Risk Management and Strategy Development Committee,
Corporate Governance and Sustainability Committee, Executive Director and
Executive Vice President - Operations



Age :	52 years
Education:	<ul style="list-style-type: none">• Bachelor of Industrial Engineering, Khon Kaen University• M.B.A. (Finance), Middle Tennessee State University, USA.
Training for Director course of IOD :	<ul style="list-style-type: none">• Director Accreditation Program (DAP) : Class 19/2004• Training for Director course of TLCA : Executive Development Program (EDP) : Class 14/2014
Family Relationship between directors and management :	Son of Mr. Soon Tarasansombat and Brother of Mr. Paisal Tarasansombat
Number of shares (include related person as section 258) :	71,000,150 shares or 8.15% ⁽³⁾
Experience (5 years past) Listed Company : Dec 19 - Present	Director, Risk Management and Strategy Development Committee, Corporate Governance Committee, Executive Director and Executive Vice President - Operations /TMT Steel Plc. / Steel Service Center
Mar 11 - Nov 19	Director, Executive Director and Executive Vice President - Operations / TMT Steel Plc. / Steel Service Center
Non Listed Company : Oct 17 - Present	Director / Combine Asset Co., Ltd. / Property Lessor
Date of first appointment as a Director :	1 September 2004
Illegal record in the past 10 years :	None

Mr. Somjate Tretarnthip

Director, Nomination and Remuneration Committee, Risk Management and Strategy Development Committee, Executive Director, Chief Finance Officer and Company Secretary



Age :	56 years
Education:	<ul style="list-style-type: none">• Bachelor of Business Administration, Ramkamhaeng University• Mini M.B.A., Kasetsart University
Training for Director course of IOD :	<ul style="list-style-type: none">• Director Accreditation Program (DAP) : Class 19/2004
Family Relationship between directors and management :	None
Number of shares (include related person as section 258) :	4,000,000 shares or 0.46%
Experience (5 years past)	
Listed Company :	
Dec 19 - Present	Director, Risk Management and Strategy Development Committee, Corporate Governance Committee, Executive Director and Executive Vice President - Operations /TMT Steel Plc. / Steel Service Center
Mar 11 - Nov 19	Director, Executive Director and Executive Vice President - Operations / TMT Steel Plc. / Steel Service Center
Non Listed Company :	
2004 - Present	Director / CONNEX Business Online Co.,Ltd. / Software Solution
Date of first appointment as a Director :	1 September 2004
Illegal record in the past 10 years :	None

Mrs. Ratanavalee Gorsanan

Audit Committee, Nomination and Remuneration Committee,
Chairman of Corporate Governance and Sustainability Committee and Independent director



Age : 56 years

Education:

- Bachelor of Accounting, Thammasat University
- M.B.A. (Finance), Middle Tennessee State University, USA.

Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 21/2004
- Bachelor of Accounting, Thammasat University

Family Relationship between directors and management : None

Number of shares
(include related person as section 258) : 544,000 shares or 0.06%

Experience (5 years past)

Listed Company :

Dec 19 - Present

Audit Committee, Nomination and Remuneration Committee,
Chairman of Corporate Governance and Sustainability
Committee and Independent Director /

TMT Steel Plc./ Steel Service Center

Aug 10 - Nov 19

Audit Committee, Nomination and Remuneration Committee and
Independent Director / TMT Steel Plc. / Steel Service Center

Non Listed Company :

Aug 19 - Present

Finance and Compliance Director / Central Watson Co., Ltd. / Retailer
of health and beauty products

Apr 17 – Aug 19

Finance, Compliance and IT Director / Central Watson Co., Ltd. /
Retailer of health and beauty products

Feb 12 - Mar 17

Finance Director / Central Watson Co., Ltd. /
Retailer of health and beauty products

Date of first appointment as a Director : 1 September 2004

Illegal record in the past 10 years : None

Mr. Anake Pinvanichkul

Audit Committee, Nomination and Remuneration Committee, Chairman of Risk Management and Strategy Development Committee and Independent director



Age :	56 years
Education:	<ul style="list-style-type: none">• Bachelor of Science, Kasetsart University• MBA, New York Universit
Training for Director course of IOD :	Director Accreditation Program (DAP) : Class 23/2004
Family Relationship between directors and management :	None
Number of shares (include related person as section 258) :	544,000 shares or 0.06%
Experience (5 years past)	
Listed Company :	
Dec 19 - Present	Audit Committee, Nomination and Remuneration Committee, Chairman of the Risk Management and Strategy Development Committee and Independent Director TMT Steel Plc./ Steel Service Center
Aug 10 - Nov 19	Audit Committee, Nomination and Remuneration Committee and Independent Director / TMT Steel Plc. / Steel Service Center
Jan 20 – June 20	Chairman of the Board (Acting), Chief of Executive Board and Chief Executive Officer / Nex Point Plc. / Electronic components manufacturer
Non Listed Company :	
Mar 13 - Present	Director / Nadmon Business and Consultant Co., Ltd. / Restaurant Business
Date of first appointment as a Director :	1 September 2004
Illegal record in the past 10 years :	None

Mr. Prawas Sontawakul

Risk Management and Strategy Development Committee
Executive Director and Chief Operations Officer



Age : 62 years

Education: Bachelor of Engineering (Mechanical Engineering),
King Mongkut's University of Technology North Bangkok

Training for Director course of IOD :

- Director Accreditation Program (DAP) : Class 12/2004

Family Relationship between
directors and management : None

Number of shares
(include related person as section 258) : 140,000 shares or 0.02%

Experience (5 years past)

Listed Company :

Feb 19 - Present	Risk Management and Strategy Development Committee, Executive Director and Chief Operations Officer / TMT Steel Plc./ Steel Service Center
Feb 19 - Nov 19	Committee Executive Director and Chief Operations Officer / TMT Steel Plc./ Steel Service Center
Mar 11 - Jan 19	Chief Operations Officer / Thai Metal Trade Plc./ Steel Service Center

Non Listed Company :

Nov 12 - Nov 17	Director / Eco Living Co.,Ltd. / Home Building
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Illegal record in the past 10 years : None

Mrs. Panlapa Tarasansombat

Corporate Governance and Sustainability Committee

Executive Vice President - Human Resources



Age :	53 years
Education:	<ul style="list-style-type: none">• BBA, Majoring in Accounting, Assumption University• Mini IE, Chulalongkorn University• Graduate Diploma in Human Resource Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University
Training for Director course of IOD :	None
Family Relationship between directors and management :	Spouse of Mr. Paisal Tarasansombat
Number of shares (include related person as section 258) :	149,970,400 shares or 17.22% ⁽⁴⁾
Experience (5 years past)	
Listed Company :	
Dec 19 - Present	Corporate Governance and Sustainability Committee / TMT Steel Plc. / Steel Service Center
Aug 09 - Nov 19	Executive Vice President-Human Resources/ TMT Steel Plc. / Steel Service Center
Non Listed Company :	None
Illegal record in the past 10 years :	None

Ms. Petrung Maesincee

Executive Vice President - Business Strategy & Planning



Age :	55 years
Education:	<ul style="list-style-type: none">• Bachelor of Art (Economics), Thammasat University• Master of Art (Economics), Thammasat University
Training for Director course of IOD :	None
Family Relationship between directors and management :	None
Number of shares (include related person as section 258) :	3,317,200 shares or 0.38%
Experience (5 years past)	
Listed Company :	
Feb 17 - Present	Executive Vice President - Business Strategy & Planning / TMT Steel Plc. / Steel Service Center
Aug 09 - Jan 17	Executive Vice President - Marketing / Thai Metal Trade Plc. / Steel Service Center
Non Listed Company :	None
Illegal record in the past 10 years :	None

Mr. Somsak Tomorakul

Executive Vice President - Marketing



Age :	49 years
Education:	<ul style="list-style-type: none">• Bachelor of Business Chinese, Assumption University• Master of Computer Engineering Management, Assumption University
Training for Director course of IOD :	None
Family Relationship between directors and management :	None
Number of shares (include related person as section 258) :	2,308,362 shares or 0.27%
Experience (5 years past)	
Listed Company :	
Jan 19 - Present	Executive Vice President - Marketing / TMT Steel Plc. / Steel Service Center
Feb 17 - Dec 18	Senior Vice President - Marketing / Thai Metal Trade Plc. / Steel Service Center
Feb 16 - Jan 17	Vice President – Sales & Marketing / Thai Metal Trade Plc. / Steel Service Center
May 06 - Jan 16	Vice President - Sales / Thai Metal Trade Plc. / Steel Service Center
Non Listed Company :	
Nov 12 - Nov 17	None
Illegal record in the past 10 years :	None

Remarks:

- ⁽¹⁾ Mr. Soon Tarasansombat holds the Company's share of total 195,300,000 shares, which equivalent to 22.43percent of its total issued and paid up shares, and Mrs. Pornjit Tarasansombat, his spouse, hold of total 64,000,000 shares, which equivalent to 7.35 percent of its total issued and paid up shares.
- ⁽²⁾ Mr. Paisal Tarasansombat holds the Company's share of total 112,349,400 shares, which equivalent to 12.90 percent of its total issued and paid up shares, and Mrs. Panlapa Tarasansombat, his spouse, holds of total 35,621,000 shares, which equivalent to 4.09 percent of its total issued and paid up shares, and Mr. Patis Tarasansombat, the child is underage, holds of total 2,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.
- ⁽³⁾ Mr. Komsan Tarasansombat holds the Company's share of total 66,000,150 shares, which equivalent to 7.58 percent of its total issued and paid up shares, Mrs. Wimol Tarasansombat, his spouse, hold of total 3,000,000 shares, which equivalent to 0.34 percent of its total issued and paid up shares, and Mr. Chanon Tarasansombat, the child is underage, holds of total 2,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.
- ⁽⁴⁾ Mrs. Panlapa Tarasansombat holds the Company's share of total 35,621,000 shares, which equivalent to 4.09 percent of its total issued and paid up shares, Mr. Paisal Tarasansombat, her spouse, holds of total 112,349,400 shares, which equivalent to 12.90 percent of its total issued and paid up shares, and Mr. Patis Tarasansombat, the child is underage, holds of total 2,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.

In this regards, the number of shares and percentage of shareholding of all directors and executives are as of December 31, 2020.

Information of and Chief Financial Officer (CFO), Chief Accountant and Company Secretary

Mr. Somjate Tretarntip

Information of and Chief Financial Officer (CFO)
and Company Secretary

Age :	56 years
Date of first appointment :	1 March 2011
Education :	<ul style="list-style-type: none"> • Bachelor of Business Administration, Ramkamhaeng University • Mini M.B.A., Kasetsart University
Number of shares (include related person as section 258) :	4,000,000 shares or 0.46%
Training for Director course of IOD :	Director Accreditation Program (DAP) : Class 19/2004
Training for Accounting course : Nov 2020	CFO Refresher Course Class1 /6 Hours /SET
Family Relationship between directors and management :	None
Experience (5 years past) Listed Company :	
Dec 19 - Present	Director, Nomination and Remuneration Committee, Risk Management and Strategy Development Committee, Executive Director, Chief Finance Officer and Company Secretary / TMT Steel Plc. / Steel Service Center
Mar 11 - Nov 19	Director, Nomination and Remuneration Committee, Executive Director, Chief Finance Officer and Company Secretary / TMT Steel Plc. / Steel Service Center
Illegal record in the past 10 years :	None

Ms. Supaporn Chalermjirarat

Information of Chief Accountant

Age :	40 years
Date of first appointment :	13 November 2017
Education :	Bachelor of Accountancy , Bangkok University
Number of shares (include related person as section 258) :	None
Training for Accounting course :	
June 20	Financial Management for Listed Companies/ 6 Hours/ SET
Sep 20	Accounting for Industry 4.0 /6.30 Hours/ Dharmniti
Sep 20	Internal Control for digital transformation /6.30 Hours/ Dharmniti
Family Relationship between directors and management :	None
Experience (5 years past)	
Listed Company :	
July 20 - Present	Senior Accounting Manager / TMT Steel Plc. / Steel Service Center
Nov 17 - Aug 20	Accounting Manager / TMT Steel Plc. / Steel Service Center
July 13 - Oct 17	Accounting and Tax Senior Manager / Italthai Industrial / Heavy Equipment Distributor
Illegal record in the past 10 years :	None

Information of director in related companies

As of 31 December 2020

รายชื่อ	TMT Steel Plc.	Metal Commerz Pte. Ltd.	CONNEX Business Online Co.,Ltd	COMBINE ASSET
1 Mr. Chai Jroongtanapibarn	X			
2 Mr. Soon Tarasansombat	/			
3 Mr. Paisal Tarasansombat	/, //, O	/	/	
4. Mr. Komsan Tarasansombat	/, ///, E			/
5 Mr. Somjate Tretamthip	/, ///, ////		/	
6 Mrs. Ratanavalee Gorsanan	/			
7 Mr. Anake Pinvanichkul	/			
8 Mr. Prawas Sontawakul	///, ////			
9 Ms. Petrung Measincee	E			
10 Mrs. Panlapa Tarasansombat	E			
11 Mr. Somsak Tomorakul	E			

Remark :

- X = Chairman of Director
- O = Chief Executive Officer
- / = Director
- // = Chief of Executive Board
- /// = Executive Director
- //// = Chief
- E = Executive

Information of Director of Subsidiaries

- None-

Company Secretary

Scope, Duties, and Responsibilities of Company Secretary (more information was detailed in the part of Management structure.)

Details of Chief Internal Auditor and Head of Corporate Governance

Internal Audit

The Audit Committee appointed EY Corporate Services Limited to present and conduct internal risk management in the year 2020. The results were directly

reported to the Audit Committee, the person who was responsible for being an internal auditor.

Name	Mr. Term Techasarin	
Position	Business Advisory's partner Thailand	
Qualification	<ul style="list-style-type: none"> Internal Auditor certified by The Institute of International Auditors (CIA) Certificate in Risk Management Assurance (CRMA) Certificate in Thai Institute of Directors (DCP 127) Business Continuity Management BSI25999 BSI Certificate - Implementation ISO 22301:2012 Master of Business Administration (Finance) Southwest Missouri State University, USA Bachelor of Business Administration (Accountancy) Assumption University 	
Work Experience	2017 - Present	Partner, Advisory Services at EY Corporate Services Limited
	2008 - 2016	Partner / KPMG Phoomchai Business Advisory Co.,Ltd
	2004 - 2008	Executive Director / KPMG Phoomchai Business Advisory Co.,Ltd
	1998 - 2003	Senior Manager / Inthanon Business Advisory Co., Ltd (Former name: Arthur Andersen Business Consulting Co., Ltd)
	1994 - 1997	Senior advisor / S.G.V.-Na Thalang Co.,Ltd

Compliance and Corporate Governance

The Board of Directors has appointed the Corporate Governance and Sustainability Committee to oversee and perform a good corporate governance practice. (More

details were stated in the part of Scope, Duties, and Responsibilities and the Report of the Corporate Governance and Sustainability Committee)

Assets Used in Business Operation

Main Assets

As of December 31, 2020. The Company's main assets used in the business operations are as follows:

Unit: Millions of Baht

Asset	Capital Value	Accumulated Depreciation	Net Book Value	Type of Obligation	Ownership
Property and Land Improvements					
Center Rama 3 Property					
- Land size: 5 Rai 2 Ngan 91 Square Wa	-	-	-	Tenant ^{1/}	No obligation
Wang Noi Center Property					
- Land size: 44 Rai 51.94 3 Ngan 80 Square Wa	-	51.94	Owner	No obligation	
- Land size: 67 Rai 3 Ngan 67 Square Wa	81.50	-	81.50	Owner	No obligation
- Land size: 22 Rai 2 Ngan 16 Square Wa	50.00	-	50.00	Owner	No obligation
- Land size: 46 Rai 2 Ngan 1 Square Wa	237.00	-	237.00	Owner	No obligation
- Land size: 153 Rai 1 Ngan 49 Square Wa	224.50	-	224.50	Owner	No obligation
Land Improvements	230.47	71.06	159.41		
Buildings and Structures					
Office Building and Warehouse - Rama 3 Center ^{2/}	-	-	-	Tenant ^{1/}	No obligation
Office Building - Rama 3 Center (Improvement) ^{2/}	5.82	5.50	0.32	Owner	No obligation
Building Improvements - Bangkok City Tower 3 ^{3/}	30.39	20.67	9.72		
Wang Noi Center ^{4/}	1,414.49	547.65	866.84	Owner	No obligation
Knowledge Center	175.77	85.62	90.15	Owner	No obligation

Unit: Millions of Baht

Asset	Capital Value	Accumulated Depreciation	Net Book Value	Type of Obligation	Ownership
Machinery and Equipment					
Rama 3 Center	16.94	13.51	3.43	Owner	No obligation
Wang Noi Center ^{4/}	1,886.54	995.91	890.63	Owner	No obligation
Furnishings, Fixtures, and Office Equipment	128.65	111.20	17.45	Owner	No obligation
Intangible Assets ^{6/}	84.17	64.70	19.47	Owner	No obligation
Vehicles ^{7/}	156.37	70.58	85.79	Owner	No obligation
Property Plant and Equipment - Net	4,774.55	1,986.40	2,788.15		

Remarks:

^{1/} Rented from Combine Asset Company Limited.

^{2/} The Company has an insurance policy for buildings and structures for a coverage of 3 million Baht.

^{3/} The Company has an insurance policy for the office of Bangkok City Tower for a total coverage of 80 million Baht.

^{4/} The Company has an insurance policy for Property Plant and Equipment for a total of 2,135 million Baht.

^{5/} The Company has an insurance policy for the Knowledge Center building for a coverage of 200 million Baht.

^{6/} The intangible assets include copyrights and computer programs for the Company's operating system.

^{7/} The Company has car insurance for cars, pickup trucks, dump trucks, trailers, and tow trucks for a total of 99 policies.

Important Contracts Details

Contract	Counterparty	Time Period	Details
1 Land and building lease agreement for the current Rama 3 factory and distribution center	<u>Lessor</u> : Combine Asset Company Limited	<u>Contract No.1</u> - a period of 3 years from October 10, 2017 to October 9, 2020. The rental rate was 250,000 Baht per month. The payment was due in December of every year. <u>Contract No. 2</u> - From October 10, 2020 until October 9, 2023. The rental rate is 300,000 Baht per month. The payment is due in December of every year.	<u>Rental Property</u> A total of 6 plots of land. The title deed numbers are 1390, 17976, 17977, 17978, 17979 Bang Khlo Subdistrict (Ban Tawai), Yannawa District (Bang Rak), Bangkok and title deed no.1454, Bang Kho Laem Subdistrict, Yannawa District, Bangkok, with a total area of 5 rai 2 ngan 91 square wa.
2 Office building lease agreement for the Rama 3 factory and distribution center	<u>Lessor</u> : Combine Asset Company Limited	A period of 3 years from April 1, 2019 to March 31, 2022	<u>Rental Property</u> Building No. 131 Rama 3 Road Bang Kho Laem Subdistrict, Bang Kho Laem District, Bangkok <u>Rental Rate</u> The rental rate is 200,000 Baht per month, The due date is the 5 th day of every month
3 Building lease agreement for offices and business establishments	<u>Lessor</u> : Government Pension Fund	A period of 3 years from May 1, 2019 to April 30, 2022 A period of 2 years and 10 months from July 1, 2019 to April 30, 2022	<u>Rental Property</u> 1. A 912 square meter area on the 22 nd floor of Bangkok City Tower, No. 179 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 2. A 500 square meter area on the 20 th floor of Bangkok City Tower, No. 179 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 3. A 480 square meter area on the 23 rd floor of Bangkok City Tower, No. 179. South Sathorn Road, Thungmahamek, Sathorn, Bangkok <u>Rental Rate</u> 1. The rental rate is a fixed rate charged on a monthly basis. Payment is due on the 5 th of every month. This includes a certain amount of rental insurance. 2. The tenant is responsible for paying the building and land tax.

Contract	Counterparty	Time Period	Details
4 Document storage service contract	<u>Service Provider:</u> Bangkok Warehouse Company Limited	A period of 3 years from August 8, 2017 to August 7, 2020.	<u>Document Storage Location</u> Bangpakong Warehouse, No. 11/1, Village 1, Pimpa-San Phu Dad Road, San Phu Dad, Ban Pho, Chacoengsao, 24140 <u>Rental Rate</u> The service rate is charged according to the number of boxes stipulated in the contract.



TMT STEEL PUBLIC COMPANY LIMITED

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