

TMT STEEL PUBLIC COMPANY LIMITED

**INTERIM CONSOLIDATED AND SEPARATE FINANCIAL
INFORMATION
(UNAUDITED)**

30 JUNE 2023

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

I have reviewed the interim consolidated financial information of TMT Steel Public Company Limited and its subsidiaries, and the interim separate financial information of TMT Steel Public Company Limited. These comprises the consolidated and separate statement of financial position as at 30 June 2023, the related consolidated and separate statements of comprehensive income for the three-month and six-month periods then ended, the related consolidated and separate statements of changes in equity, and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim consolidated and separate financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers ABAS Ltd.

Kan Tanthawirat
Certified Public Accountant (Thailand) No. 10456
Bangkok
11 August 2023

TMT Steel Public Company Limited
Statement of Comprehensive Income
For the three-month period ended 30 June 2023

	Note	Consolidated	Separate	
		financial	financial information	
		information	(Unaudited)	(Unaudited)
		2023	2023	2022
		Baht	Baht	Baht
Sales		4,936,369,557	4,936,369,557	5,677,419,624
Cost of sales		(4,692,429,752)	(4,692,429,752)	(5,287,440,256)
Gross profit		243,939,805	243,939,805	389,979,368
Other income		19,642,596	19,630,463	15,008,413
Selling expenses		(55,777,351)	(55,777,351)	(49,313,820)
Administrative expenses		(126,538,387)	(124,760,309)	(121,289,600)
Finance costs - interest expenses		(39,507,136)	(39,507,136)	(29,090,005)
Profit before income tax		41,759,527	43,525,472	205,294,356
Income tax	5	(6,730,702)	(6,730,702)	(40,598,677)
Profit for the period		35,028,825	36,794,770	164,695,679
Other comprehensive income		-	-	-
Total comprehensive income for the period		35,028,825	36,794,770	164,695,679
Total comprehensive income attributable to:				
Owners of the parent		35,558,609	36,794,770	164,695,679
Non-controlling interests		(529,784)	-	-
		35,028,825	36,794,770	164,695,679
Earnings per share				
Basic earnings per share		0.04	0.04	0.19

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

TMT Steel Public Company Limited
Statement of Comprehensive Income
For the six-month period ended 30 June 2023

	Note	Consolidated	Separate	
		financial	financial information	
		information	(Unaudited)	(Unaudited)
		2023	2023	2022
		Baht	Baht	Baht
Sales		10,401,926,810	10,401,926,810	11,931,187,682
Cost of sales		(9,686,591,170)	(9,686,591,170)	(11,218,582,654)
Gross profit		715,335,640	715,335,640	712,605,028
Other income		41,372,348	41,360,215	35,257,736
Selling expenses		(114,344,364)	(114,342,914)	(102,413,095)
Administrative expenses		(272,312,624)	(270,528,336)	(227,836,189)
Finance costs - interest expenses		(75,448,327)	(75,448,327)	(55,558,234)
Profit before income tax		294,602,673	296,376,278	362,055,246
Income tax	5	(54,819,395)	(54,819,395)	(70,421,452)
Profit for the period		239,783,278	241,556,883	291,633,794
Other comprehensive income :				
Item that will not be reclassified to profit or loss				
Loss on remeasurements of defined				
employee benefit obligations		-	-	(7,968,774)
Income tax on item that will not be reclassified		-	-	1,593,755
Total comprehensive income for the period		239,783,278	241,556,883	285,258,775
Total comprehensive income attributable to:				
Owners of the parent		240,315,360	241,556,883	285,258,775
Non-controlling interests		(532,082)	-	-
		239,783,278	241,556,883	285,258,775
Earnings per share				
Basic earnings per share		0.28	0.28	0.33

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

TMT Steel Public Company Limited
Statement of Changes in Equity
For the six-month period ended 30 June 2023

(Unaudited)

Consolidated financial information							
Attributable to owners of the parent							
Note	Issued and paid-up share capital Baht	Premium on share capital Baht	Retained earnings		Total owners of the parent Baht	Non-controlling interests Baht	Total equity Baht
			Appropriated - Legal reserve Baht	Unappropriated Baht			
Opening balances at 16 Marh 2023 (Date of incorporation)	870,758,034	427,323,198	87,075,803	1,864,784,962	3,249,941,997	4,500,005	3,254,442,002
Dividends paid 11	-	-	-	(130,613,705)	(130,613,705)	-	(130,613,705)
Total comprehensive income (loss) for the period	-	-	-	240,315,360	240,315,360	(532,082)	239,783,278
Closing balances at 30 June 2023	<u>870,758,034</u>	<u>427,323,198</u>	<u>87,075,803</u>	<u>1,974,486,617</u>	<u>3,359,643,652</u>	<u>3,967,923</u>	<u>3,363,611,575</u>

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

Statement of Changes in Equity

For the six-month period ended 30 June 2023

	Separate financial information				
	Issued and paid-up share capital	Premium on share capital	Retained earnings		Total
			Appropriated - Legal reserve	Unappropriated	
Note	Baht	Baht	Baht	Baht	Baht
Opening balances at 1 January 2022	870,758,034	427,323,198	87,075,803	2,368,850,111	3,754,007,146
Dividends paid	-	-	-	(609,530,624)	(609,530,624)
Total comprehensive income for the period	-	-	-	285,258,775	285,258,775
Closing balances at 30 June 2022	<u>870,758,034</u>	<u>427,323,198</u>	<u>87,075,803</u>	<u>2,044,578,262</u>	<u>3,429,735,297</u>
Opening balances at 1 January 2023	870,758,034	427,323,198	87,075,803	1,864,784,962	3,249,941,997
Dividends paid	11	-	-	(130,613,705)	(130,613,705)
Total comprehensive income for the period	-	-	-	241,556,883	241,556,883
Closing balances at 30 June 2023	<u>870,758,034</u>	<u>427,323,198</u>	<u>87,075,803</u>	<u>1,975,728,140</u>	<u>3,360,885,175</u>

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

TMT Steel Public Company Limited
Statement of Cash Flows
For the six-month period ended 30 June 2023

	Notes	Consolidated	Separate	
		financial	financial information	
		information	(Unaudited)	(Unaudited)
		2023	2023	2022
		Baht	Baht	Baht
Cash flows from operating activities				
Profit before income tax		294,602,673	296,376,278	362,055,246
Adjustments for:				
Loss allowance	6	(22,631,248)	(22,631,248)	10,815,952
(Reversal) Allowance for net realisable value	7	(9,913,073)	(9,913,073)	59,494,416
Depreciation and amortisation		150,682,824	150,671,605	143,420,441
(Gain) loss on disposals of equipment		(324,880)	(324,880)	89,713
Gain on derivatives		(8,239,076)	(8,239,076)	-
Employee benefit expenses		4,398,471	4,398,471	10,638,725
Interest expenses		75,448,327	75,448,327	55,558,234
Cash flows before changes in operating assets and liabilities		484,024,018	485,786,404	642,072,727
Change in operating assets and liabilities:				
Trade accounts receivable and other receivables		(166,410,556)	(166,287,636)	(39,144,126)
Inventories		355,306,479	355,306,479	(611,952,839)
Advances paid for purchases of inventories		(69,041,927)	(69,041,927)	96,874,790
Other current assets		19,012,561	19,189,655	(17,666,971)
Other non-current assets		(4,800)	(4,800)	(326,660)
Trade accounts payable and other payables		58,036,024	57,977,243	(82,305,454)
Advances received from customers for goods		(8,302,600)	(8,302,600)	20,066,656
Employee benefit obligations paid		(1,660,000)	(1,660,000)	(1,454,933)
Cash flows generated from operations before interest and income tax paid		670,959,199	672,962,818	6,163,190
Interest paid		(76,552,272)	(76,552,272)	(57,707,149)
Income tax paid		(3,422,860)	(3,422,860)	(123,829,843)
Net cash generated from (used in) operating activities		590,984,067	592,987,686	(175,373,802)
Cash flows from investing activities				
Payment for a subsidiary	8	-	(10,499,995)	-
Purchases of property, plant and equipment		(237,155,708)	(237,135,708)	(206,972,674)
Purchases of intangible assets		(5,237,052)	(3,137,052)	(8,247,280)
Proceeds from disposals of equipment		3,974,093	3,974,093	1,128,037
Net cash used in investing activities		(238,418,667)	(246,798,662)	(214,091,917)

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

TMT Steel Public Company Limited
Statement of Cash Flows
For the six-month period ended 30 June 2023

	Notes	Consolidated	Separate	
		financial	financial information	
		information	(Unaudited)	(Unaudited)
		2023	2023	2022
		Baht	Baht	Baht
Cash flows from financing activities				
Proceeds from increasing of non-controlling interest		4,500,005	-	-
Proceeds from short-term borrowings				
from financial institutions	10.1	9,916,406,259	9,916,406,259	14,948,790,781
Repayments on short-term borrowings				
from financial institutions	10.1	(9,776,098,105)	(9,776,098,105)	(13,834,692,633)
Proceeds from long-term borrowings				
from financial institutions		-	-	205,980,000
Repayments on long-term borrowings				
from financial institutions	10.2	(320,000,000)	(320,000,000)	(270,000,000)
Payments for loan issuance costs		-	-	(635,005)
Payments for finance lease liabilities		(12,007,430)	(12,007,430)	(11,958,029)
Dividends paid		(130,613,705)	(130,613,705)	(609,530,624)
Net cash (used in) generated from financing activities		(317,812,976)	(322,312,981)	427,954,490
Net increase in cash and cash equivalents		34,752,424	23,876,043	38,488,771
Opening balance		141,427,387	141,427,387	121,336,142
Closing balance		176,179,811	165,303,430	159,824,913
Cash and cash equivalents are made up as follows:				
- Cash on hand		560,005	560,005	487,814
- Deposits at financial institutions		175,619,806	164,743,425	159,337,099
		176,179,811	165,303,430	159,824,913

Non-cash transactions

Significant non-cash transactions for the six-month periods ended 30 June 2023 and 2022 are as follows:

Other payables from purchases of property, plant and equipment	23,944,165	23,944,165	10,533,424
Other payables from purchases of intangible assets	797,209	797,209	-

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

1 Basis of preparation

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

The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

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

2 Accounting policies

The accounting policies used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2022. The Group has applied addition accounting policies used in the preparation as follows:

Principal to consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost method. Historical cost also includes direct attributable costs of investment.

Intercompany transactions on consolidation

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

New and amended Thai Financial Reporting Standards effective for the accounting periods beginning on or after 1 January 2023 do not have material impact on the Group.

3 Accounting estimates

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

4 Segment information

The Group does not present segment information. The Group's main 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. Management considered no change in segment information meet condition follow Thai Financial Reporting Standard no.8.

TMT Steel Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the six-month period ended 30 June 2023

5 Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2023 is 18%, compared to 20%, for the six-months ended 30 June 2022.

6 Trade accounts receivable, net

As at 30 June 2023, outstanding trade receivables, included in trade and other receivables in statement of financial position, can analyse aging as follows:

	Consolidated and separate financial information (Unaudited) 30 June 2023 Baht	Separate financial information (Audited) 31 December 2022 Baht
Current balance	2,397,981,488	2,117,773,832
Overdue: less than 1 month	467,963,933	511,662,482
Over 1 month to 3 months	89,298,501	113,230,735
Over 3 months to 6 months	3,751,809	18,210,433
Over 6 months to 12 months	2,371,689	25,171,398
Over 12 months	44,898,720	56,627,714
<u>Less</u> Loss allowance	(70,393,470)	(93,024,718)
Total	2,935,872,670	2,749,651,876

7 Inventories, net

	Consolidated and separate financial information (Unaudited) 30 June 2023 Baht	Separate financial information (Audited) 31 December 2022 Baht
Raw materials	857,222,299	977,459,981
Finished goods	1,564,753,014	1,799,821,811
Total inventories	2,421,975,313	2,777,281,792
<u>Less</u> Allowance for net realisable value		
- for raw materials	(5,604,261)	(3,385,482)
- for finished goods	(17,241,441)	(29,373,293)
Total	2,399,129,611	2,744,523,017

The Company has reversed allowance for net realisable value amounting to Baht 9.91 million which has been included in cost of sales in the statement of comprehensive income.

TMT Steel Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the six-month period ended 30 June 2023

8 Investment in subsidiary

Movements of Investment in subsidiary for the six-month period ended 30 June 2023 are as follows:

	Separate financial information
	Baht
Opening book amount (Audited)	-
Additions	10,499,995
Closing book amount (Unaudited)	10,499,995

Establishment of subsidiary

The Company established new entity name Red Rocco Digital Co., Ltd (“The subsidiary”). The Group held common shares at Baht 2.50 per share of 4,199,998 shares, totalling Baht 10.50 million which is 70.00% of ownership interest. The Group first prepare financial information on consolidation basis on 31 March 2023.

9 Property, plant and equipment and intangible assets, net

Movements of Property, plant and equipment and intangible assets for the six-month period ended 30 June 2023 are as follows:

	Consolidated financial information	
	Property, plant and Equipment	Intangible assets
	Baht	Baht
Opening net book value (Audited)	3,138,509,659	40,039,380
Additions	256,001,278	5,779,261
Disposals, net	(3,649,213)	-
Depreciation and amortisation	(133,114,714)	(5,448,740)
Closing net book value (Unaudited)	3,257,747,010	40,369,901
	Separate financial information	
	Property, plant and Equipment	Intangible assets
	Baht	Baht
Opening net book value (Audited)	3,138,509,659	40,039,380
Additions	255,981,278	3,679,261
Disposals, net	(3,649,213)	-
Depreciation and amortisation	(133,114,536)	(5,437,699)
Closing net book value (Unaudited)	3,257,727,188	38,280,942

10 Borrowings

10.1 Short-term borrowings from financial institutions

Movements of short-term borrowings for the six-month period ended 30 June 2023 are as follows:

	Consolidated and separate financial information
	Baht
Opening book amount (Audited)	2,762,496,204
Additions	9,916,406,259
Repayments	(9,776,098,105)
Closing book amount (Unaudited)	2,902,804,358

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

10.2 Long-term borrowings from financial institutions

Movements of long-term borrowings from financial institutions for the six-month period ended 30 June 2023 are as follows:

	Consolidated and separate financial information
	Baht
Opening book amount (Audited)	2,320,294,644
Repayments	(320,000,000)
Amortisation of deferred front-end fees	361,677
Closing book amount (Unaudited)	2,000,656,321

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a discount rate based upon the borrowings rate of 3.02 - 4.74 and are within level 2 of the fair value hierarchy.

11 Dividends

At the Annual General Shareholder's Meeting on 7 April 2023, the shareholders approved the dividend payment of Baht 0.15 per share for 870,758,034 shares, in respect of the 2022 operating results, totalling Baht 130.61 million. The dividends had been paid to the shareholders on 3 May 2023.

12 Contingent liabilities

Letters of guarantee

As at 30 June 2023, the Company had outstanding letters of guarantee amounting to Baht 31.27 million (31 December 2022: Baht 31.27 million) issued by a bank for electricity usage and purchases of goods. No liabilities are anticipated to be arisen.

Letters of credits

As at 30 June 2023, the Company had outstanding letters of credit amounting to US Dollars 23.56 million in relation to purchases of goods and machineries (31 December 2022: US Dollar 21.23 million).

13 Commitments

Lease

The future minimum lease payments arising from the office equipment which were not recognised in the financial information according to recognition exemptions for short-term leases and leases of low-value assets are as follows:

	Consolidated and separate financial information (Unaudited) 30 June 2023 Baht	Separate financial information (Audited) 31 December 2022 Baht
Within 1 year	186,600	171,300
Over 1 year but not over 5 years	404,600	212,400
Total	591,200	383,700

Purchase commitments

As at 30 June 2023, the Company had outstanding commitments relating to the purchases of goods with fixed buying price of US Dollars 19.04 million. (31 December 2022: US Dollars 12.13 million).

Capital commitments

As at 30 June 2023, the Company had capital expenditure contracted but not yet recognised of Baht 83.64 million, US dollars 2.31 million, and Yen 672.21 million. (31 December 2022: Baht 6.16 million and US Dollar 0.10 million).

14 Related party transactions

Major shareholders of the Company are members of Tarasarnsombat family.

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

The Company has entered into operating lease agreements of a land and building on Rama III road with Combine Asset Co., Ltd. Certain shareholders of the Company have significant holding in the shares of Combine Asset Co., Ltd. The lease agreements are for a period of 3 years. The first agreement is from April 2022 to March 2025, at an agreed price of Baht 2.40 million per year. The second agreement is from October 2020 to October 2023, at an agreed price of Baht 3.60 million per year.

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

a) Purchases and operating expenses

For the three-month periods ended 30 June	Consolidated and separate financial information	Separate financial information
	(Unaudited) 2023 Baht	(Unaudited) 2022 Baht
Computer system purchase and service expenses	1,104,147	745,013
Payment on lease liabilities	1,450,585	1,401,763
Interest expense from leases liabilities	49,415	98,237
For the six-month periods ended 30 June	Consolidated and separate financial information	Separate financial information
	(Unaudited) 2023 Baht	(Unaudited) 2022 Baht
Computer system purchase and service expenses	1,725,891	2,816,232
Payment on lease liabilities	2,888,804	2,840,955
Interest expense from leases liabilities	111,196	159,045

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:

	Consolidated and separate financial information	Separate financial information
	(Unaudited) 30 June 2023 Baht	(Audited) 31 December 2022 Baht
Trade accounts payable and other payables	853,013	-
Lease liabilities	5,279,959	8,168,764

TMT Steel Public Company Limited
Condensed Notes to Interim Financial Information (Unaudited)
For the six-month period ended 30 June 2023

c) Directors and managements' remuneration

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

	Consolidated and separate financial information	
	(Unaudited) 2023	(Unaudited) 2022
	Baht	Baht
For the three-month periods ended 30 June		
Short-term employee benefits	12,046,000	14,109,000
Retirement employee benefits	603,936	584,683
	12,649,936	14,693,683
For the six-month periods ended 30 June		
Short-term employee benefits	25,092,000	25,218,000
Retirement employee benefits	1,207,873	1,169,366
	26,299,873	26,387,366

15 Authorisation of financial information

The interim financial information was authorised for issue by the Board of Directors on 11 August 2023.

16 Event after the financial statement date

At the Board of Director's Meeting on 11 August 2023, Board of Directors approved the interim dividend payment of Baht 0.15 per share for 870,758,034 shares, in respect of the 2023 operating results, totalling Baht 130.61 million. The interim dividends will be paid to the shareholders on 8 September 2023.