

TMT STEEL PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2022

Independent Auditor's Report

To the shareholders of TMT Steel Public Company Limited

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of TMT Steel Public Company Limited (the Company) as at 31 December 2022, 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 2022;
- 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 including Independence Standards issued by the Federation of Accounting Professions (TFAC Code) that are relevant to my audit of the financial statements and I have fulfilled my other ethical responsibilities in accordance with the TFAC Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

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

| Key audit matter | How my audit addressed the key audit matter |
|---|--|
| <p>Valuation of inventories</p> <p>Refer to Note 7 ‘Critical accounting estimates and judgment’ and Note 12 ‘Inventories’ in the financial statements:</p> <p>As at 31 December 2022, the Company had raw materials totalling Baht 977.46 million and finished goods totalling Baht 1,799.82 million before deducting the allowance for net realisable value, which represents 31 percent of the total assets.</p> <p>The Company measured the inventory value at the lower of cost or net realisable value. The management estimated the net realisable value from an estimate of selling prices in the ordinary course of business, deducted by the expenses necessary to make the products ready for sale. This included selling expenses such as marketing and transportation expenses.</p> <p>Management prepared a net realisable value calculation report and evaluated the adequacy of the allowance for net realisable value at year end and period end.</p> <p>I focused on this area because the valuation of the inventory is significant for the financial statements and the estimation of the allowance for net realisable value is based on domestic market prices. This might be affected by the fluctuation of raw material prices in global markets, competitive marketing and the situation in the industry.</p> | <p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • Understood the Company’s policy for net realisable value calculation, the procedure of data collection and accuracy review, and the consistency in the implementation of the Company’s accounting policies. • Tested internal controls over the procurement cycle from the purchase requisition, purchase order, goods received, production cost allocation and payment until recording to reflect the accuracy of inventory costs. • Inquired the management and assessed the appropriateness of the selling prices per unit used to estimate the allowance for net realisable value, by comparing quotations and selling price lists with year-end market prices. • Tested the calculation of net realisable value at year end for both raw materials and finished goods, including any reconciliations. There was no significant difference noted. <p>From performing the above procedures, I viewed that the allowance for net realisable value was reasonable and consistent with the available evidence.</p> |

Other information

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

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

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

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

Responsibilities of the directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

PricewaterhouseCoopers ABAS Ltd.

Kan Tanthawirat
Certified Public Accountant (Thailand) No. 10456
Bangkok
24 February 2023

TMT Steel Public Company Limited
Statement of Financial Position
As at 31 December 2022

| | Notes | 2022 Baht | 2021 Baht |
|---|--------------|----------------------------|----------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 141,427,387 | 121,336,142 |
| Trade accounts receivable and other receivables | 10 | 2,788,466,203 | 3,367,019,598 |
| Inventories, net | 12 | 2,744,523,017 | 3,231,522,856 |
| Advance payments for purchases of inventories | | 5,718,116 | 144,039,896 |
| Income tax refundable | | 19,666,787 | - |
| Other current assets | | 26,572,412 | 5,578,200 |
| Total current assets | | 5,726,373,922 | 6,869,496,692 |
| Non-current assets | | | |
| Investment properties | 13 | 55,729,000 | 55,729,000 |
| Property, plant and equipment, net | 14 | 3,138,509,659 | 3,053,275,799 |
| Right-of-use assets, net | 15 | 50,672,121 | 14,325,033 |
| Intangible assets, net | 16 | 40,039,380 | 34,900,375 |
| Deferred income tax assets, net | 17 | 45,057,971 | 34,685,877 |
| Other non-current assets | | 5,316,249 | 4,972,389 |
| Total non-current assets | | 3,335,324,380 | 3,197,888,473 |
| Total assets | | 9,061,698,302 | 10,067,385,165 |

Director _____

Director _____

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

TMT Steel Public Company Limited
Statement of Financial Position
As at 31 December 2022

| | Notes | 2022 Baht | 2021 Baht |
|--|--------------|----------------------------|----------------------------|
| Liabilities and equity | | | |
| Current liabilities | | | |
| Short-term borrowings from financial institutions | 18 | 2,762,496,204 | 3,485,596,976 |
| Trade accounts payable and other payables | 19 | 513,050,439 | 399,198,543 |
| Derivative liabilities | | 4,439,294 | - |
| Income tax payable | | - | 122,715,468 |
| Advance received from customers for goods | | 56,969,272 | 42,475,348 |
| Current portion of long-term borrowing from a financial institution | 18 | 639,317,843 | 539,269,303 |
| Current portion of lease liabilities | 18 | 23,409,632 | 10,705,047 |
| Total current liabilities | | 3,999,682,684 | 4,599,960,685 |
| Non-current liabilities | | | |
| Long-term borrowings from financial institutions | 18 | 1,680,976,801 | 1,627,618,605 |
| Lease liabilities | 18 | 27,867,968 | 4,028,333 |
| Employee benefit obligations | 20 | 103,228,852 | 81,770,396 |
| Total non-current liabilities | | 1,812,073,621 | 1,713,417,334 |
| Total liabilities | | 5,811,756,305 | 6,313,378,019 |
| Equity | | | |
| Share capital | | | |
| Authorised share capital | | | |
| 870,758,034 ordinary shares of par Baht 1 each | | 870,758,034 | 870,758,034 |
| Issued and paid-up share capital | | | |
| 870,758,034 ordinary shares of paid-up Baht 1 each | | 870,758,034 | 870,758,034 |
| Premium on share capital | | 427,323,198 | 427,323,198 |
| Retained earnings | | | |
| Appropriated - Legal reserve | 22 | 87,075,803 | 87,075,803 |
| Unappropriated | | 1,864,784,962 | 2,368,850,111 |
| Total equity | | 3,249,941,997 | 3,754,007,146 |
| Total liabilities and equity | | 9,061,698,302 | 10,067,385,165 |

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 2022

| | Notes | 2022 Baht | 2021 Baht |
|---|--------------|----------------------|----------------------|
| Sales | | 22,187,858,680 | 21,559,340,187 |
| Costs of sales | | (21,194,904,413) | (18,897,845,926) |
| Gross profit | | 992,954,267 | 2,661,494,261 |
| Other income | 24 | 77,510,548 | 66,782,248 |
| Selling expenses | | (208,863,455) | (187,860,957) |
| Administrative expenses | | (442,631,320) | (536,084,623) |
| Finance costs - interest expenses | | (118,708,930) | (102,917,850) |
| Profit before income tax | | 300,261,110 | 1,901,413,079 |
| Income tax | 25 | (57,806,911) | (371,352,669) |
| Profit for the year | | 242,454,199 | 1,530,060,410 |
| Other comprehensive income: | | | |
| Item that will not be reclassified to profit or loss | | | |
| Remeasurements of post-employee benefit obligations | | (7,968,774) | - |
| Income tax on items that will not be reclassified | | 1,593,755 | - |
| Other comprehensive income for the year, net of tax | | (6,375,019) | - |
| Total comprehensive income for the year | | 236,079,180 | 1,530,060,410 |
| Earnings per share | | | |
| Basic earnings per share | 27 | 0.27 | 1.76 |

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 2022

| | 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 2021 | | 870,758,034 | 427,323,198 | 75,391,488 | 1,808,229,854 | 3,181,702,574 |
| Dividends paid | | - | - | - | (957,755,838) | (957,755,838) |
| Legal reserve | 22 | - | - | 11,684,315 | (11,684,315) | - |
| Total comprehensive income for the year | | - | - | - | 1,530,060,410 | 1,530,060,410 |
| Closing balances as at 31 December 2021 | | <u>870,758,034</u> | <u>427,323,198</u> | <u>87,075,803</u> | <u>2,368,850,111</u> | <u>3,754,007,146</u> |
| Opening balances as at 1 January 2022 | | 870,758,034 | 427,323,198 | 87,075,803 | 2,368,850,111 | 3,754,007,146 |
| Dividends paid | 21 | - | - | - | (740,144,329) | (740,144,329) |
| Total comprehensive income for the year | | - | - | - | 236,079,180 | 236,079,180 |
| Closing balances as at 31 December 2022 | | <u>870,758,034</u> | <u>427,323,198</u> | <u>87,075,803</u> | <u>1,864,784,962</u> | <u>3,249,941,997</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 2022

| | Notes | 2022 Baht | 2021 Baht |
|--|--------------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Profit before income tax | | 300,261,110 | 1,901,413,079 |
| Adjustments for : | | | |
| Loss allowance | 10 | 4,309,699 | 33,195,423 |
| Loss on declining in value of inventories | 12 | 25,733,443 | 4,718,360 |
| Depreciation and amortisation | 14, 15, 16 | 292,541,522 | 270,404,003 |
| (Gain) Loss on disposals of equipment | | (50,301) | 1,328,242 |
| Loss (Gain) on derivatives | | 4,439,294 | (626,299) |
| Employee benefit expenses | 20 | 14,944,615 | 11,360,042 |
| Interest expenses | | 118,708,930 | 102,917,850 |
| Cash flows before changes in operating assets and liabilities | | 760,888,312 | 2,324,710,700 |
| Changes in operating assets and liabilities: | | | |
| Trade accounts receivable and other receivables | | 574,243,696 | (1,062,776,185) |
| Inventories | | 461,266,396 | (1,304,612,006) |
| Advance payments for purchases of inventories | | 138,321,780 | 209,248,741 |
| Other current assets | | (20,994,212) | 30,295,881 |
| Other non-current assets | | (343,860) | 123,000 |
| Trade accounts payable and other payables | | 129,774,362 | 101,964,587 |
| Advance receipts from customers for goods | | 14,493,924 | 4,926,720 |
| Employee benefit obligations paid | 20 | (1,454,933) | (1,220,000) |
| Cash generated from operating activities before interest and income tax paid | | 2,056,195,465 | 302,661,438 |
| Interest paid | | (119,403,979) | (103,761,930) |
| Income tax paid | | (208,967,505) | (338,811,134) |
| Net cash generated from (used in) operating activities | | 1,727,823,981 | (139,911,626) |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | | (359,707,487) | (392,407,315) |
| Purchases of intangible assets | | (15,823,462) | (15,790,040) |
| Proceeds from disposals of equipment and intangible assets | | 2,211,413 | 3,889,323 |
| Net cash used in investing activities | | (373,319,536) | (404,308,032) |

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 2022

| | Notes | 2022 Baht | 2021 Baht |
|--|--------------|----------------------|----------------------|
| Cash flows from financing activities | | | |
| Proceeds from short-term borrowings from financial institutions | 18 | 25,245,577,072 | 21,235,843,126 |
| Repayments to short-term borrowings from financial institutions | 18 | (25,968,677,844) | (20,886,800,722) |
| Repayments to debenture | | - | (1,000,000,000) |
| Proceeds from long-term borrowings from financial institutions | 18 | 743,245,000 | 1,443,629,000 |
| Repayments to long-term borrowings from financial institutions | 18 | (590,000,000) | (275,000,000) |
| Payments for front-end fees of loan agreement | 18 | (635,005) | (1,405,010) |
| Payments for lease liabilities | 15 | (23,778,094) | (23,626,580) |
| Dividends paid | 21 | (740,144,329) | (957,755,838) |
| Net cash used in financing activities | | (1,334,413,200) | (465,116,024) |
| Net increase (decrease) in cash and cash equivalents | | 20,091,245 | (1,009,335,682) |
| Opening balance | | 121,336,142 | 1,130,671,824 |
| Closing balance | | 141,427,387 | 121,336,142 |
| Cash and cash equivalents | | 141,427,387 | 121,336,142 |

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2022 and 2021 are as follows:

| | | |
|---|-----------|------------|
| Other payables from purchases of property, plant and equipment | 5,098,595 | 17,184,271 |
| Other payables from purchases of intangible assets | 255,000 | 2,600,000 |

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

1 General information

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

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

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

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

These financial statements were authorised for issue by the Board of Directors on 24 February 2023.

2 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 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 7.

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.

3 New and amended financial reporting standards

New and amended financial reporting standards effective for the accounting periods beginning on or after 1 January 2022 do not have material impact on the Company.

The Company has not yet early adopted the amended financial reporting standards which are effective on 1 January 2023. The Company's management is currently assessing the impact of adoption of these standards.

4 Accounting policies

4.1 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.

4.2 Cash and cash equivalents

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

4.3 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 4.5(e).

4.4 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.

4.5 Financial asset

a) Classification

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

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

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

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

b) Recognition and derecognition

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

c) Measurement

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

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

d) Debt instruments

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

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

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

e) Impairment

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

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

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

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

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

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

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

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

4.6 Investment properties

Lands that are held for long-term rental yields or for capital appreciation or both, and that are 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.

4.7 Property, plant and equipment

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

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

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

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

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

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

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

4.8 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.

4.9 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.

4.10 Leases

Leases - where the Company is the lessee

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

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

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

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

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

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

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

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

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

4.11 Financial liabilities

a) Classification

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

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

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

b) Measurement

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

c) Derecognition and modification

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

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

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

4.12 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.

4.13 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 benefits

The Company has obligations in respect of the Legal Severance Payment Plan prescribed under Chapter 11 in Section 118 of Thai Labor Protection Act 1998, and other long-service award for employees who are due in accordance with the conditions.

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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

5 Financial risk management

5.1 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.

5.1.1 Market risk

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 manage their exposure to protect foreign currency risk. However, the proportion of purchases in foreign currencies were not material compared to total purchase balance.

The Company does not apply hedge accounting. The foreign currency forwards recognised as derivatives assets or liabilities measured at fair value through profit or loss.

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 and long-term borrowings. 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.

5.1.2 Credit risk

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

a) Risk management

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

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

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

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

b) Impairment of financial assets

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

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

Trade receivables

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Including the consideration of liquidity for certain customers specifically according to the conservatism.

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

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

5.1.3 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 141.08 million (2021: Baht 120.83 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:

| | 2022 | 2021 |
|---|------------------|------------------|
| | Thousand | Thousand |
| | Baht | Baht |
| Floating rate | | |
| Expiring within one year | | |
| - Long-term borrowings from a financial institution | - | 256,371 |
| Expiring beyond one year | | |
| - Bank overdraft | 65,000 | 65,000 |
| - Short-term borrowings from financial institutions | 6,377,504 | 6,254,403 |
| | 6,442,504 | 6,575,774 |

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 2022 | | | | |
| Short-term loans from financial institutions | - | 2,762,496 | - | 2,762,496 |
| Trade accounts payable and other payables | - | 513,050 | - | 513,050 |
| Advance received from customers for goods | 56,969 | - | - | 56,969 |
| Long-term loans from a financial institution | - | 712,220 | 1,771,975 | 2,484,195 |
| Lease liabilities | - | 24,606 | 28,454 | 53,060 |
| Total financial liabilities that is not derivatives | 56,969 | 4,012,372 | 1,800,429 | 5,869,770 |
| Derivative financial instruments | | | | |
| Foreign currency forwards | - | 4,439 | - | 4,439 |
| Total derivatives | - | 4,439 | - | 4,439 |
| Total | 56,969 | 4,016,811 | 1,800,429 | 5,874,209 |
| | On demand Thousand Baht | Within 1 year Thousand Baht | 1 - 5 years Thousand Baht | Total Thousand Baht |
| As at 31 December 2021 | | | | |
| Short-term loans from financial institutions | - | 3,485,597 | - | 3,485,597 |
| Trade accounts payable and other payables | - | 399,199 | - | 399,199 |
| Advance received from customers for goods | 42,475 | - | - | 42,475 |
| Long-term loans from a financial institution | - | 598,028 | 1,711,759 | 2,309,787 |
| Lease liabilities | - | 10,984 | 4,114 | 15,098 |
| Total financial liabilities that is not derivatives | 42,475 | 4,493,808 | 1,715,873 | 6,252,156 |
| Total | 42,475 | 4,493,808 | 1,715,873 | 6,252,156 |

5.2 Capital management

Risk management

The objectives when managing capital are to:

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

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

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

Loan covenants

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

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

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

6 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 4.5 and 4.11.

7 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) 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 20.

b) 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.

c) 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.

d) 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.

e) 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.

8 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. The chief operating decision maker assesses the performance of the reportable segment based on a measure of revenue, cost of goods sold, gross margin and earnings before interest income and expense, tax, depreciation and amortization which are the same information as these financial information.

9 Cash and cash equivalents

| | 2022 | 2021 |
|------------------|--------------------|--------------------|
| | Baht | Baht |
| Cash on hand | 351,132 | 509,370 |
| Current accounts | 23,229,384 | 27,642,667 |
| Saving accounts | 117,846,871 | 93,184,105 |
| Total | 141,427,387 | 121,336,142 |

As at 31 December 2022, the interest rates of saving accounts were 0.01% to 0.40% per annum (2021: 0.01% to 0.125% per annum).

10 Trade accounts receivable and other receivables

| | 2022 | 2021 |
|---------------------------------|----------------------|----------------------|
| | Baht | Baht |
| Trade accounts receivable | 2,842,676,594 | 3,434,934,029 |
| Less Loss allowance | (93,024,718) | (88,715,019) |
| Trade accounts receivable - net | 2,749,651,876 | 3,346,219,010 |
| Other receivables - third party | 14,098,880 | 727,520 |
| Deposits | 4,836,641 | 2,744,838 |
| Prepayments | 14,815,211 | 10,483,785 |
| Rebate receivable | 5,063,595 | 6,844,445 |
| Total | 2,788,466,203 | 3,367,019,598 |

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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 | Not yet due | Up to 1 months | 1 - 3 months | 3 - 6 months | 6 - 12 months | More than 12 months | Total |
|--|------------------|-------------------|------------------|------------------|------------------|------------------------|------------------|
| 31 December 2022 | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht |
| Gross carrying amount - trade receivables | 2,117,775 | 511,662 | 113,231 | 18,210 | 25,171 | 56,628 | 2,842,677 |
| Loss allowance | (8,989) | (6,249) | (9,442) | (2,340) | (9,377) | (56,628) | (93,025) |
| Total | 2,108,786 | 505,413 | 103,789 | 15,870 | 15,794 | - | 2,749,652 |

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

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

| | Trade receivables | |
|---|--------------------------|---------------------|
| | 2022 | 2021 |
| | Baht | Baht |
| As at 1 January | (88,715,019) | (55,519,596) |
| Increase in loss allowance recognised in profit or loss during the year | (5,451,079) | (33,195,423) |
| Receivable written off during the year as uncollectible | 1,141,380 | - |
| As of 31 December | (93,024,718) | (88,715,019) |

11 Financial assets and financial liabilities

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

| | 2022 | 2021 |
|---|-----------------|-----------------|
| | Thousand | Thousand |
| | Baht | Baht |
| Financial assets | | |
| Financial assets at amortised cost | | |
| - Cash and cash equivalents | 141,427 | 121,336 |
| - Trade and other receivables | 2,754,715 | 3,353,063 |
| - Other current assets | 17,749 | - |
| - Other non-current assets | 5,316 | 4,972 |
| Financial liabilities | | |
| Liabilities at amortised cost | | |
| - Short-term borrowings from financial institutions | 2,762,496 | 3,485,597 |
| - Trade accounts payable and other payables | 513,050 | 398,821 |
| - Long-term borrowings from financial institutions | 2,320,295 | 2,166,888 |
| - Lease liabilities | 51,278 | 14,733 |
| Financial liabilities at fair value through profit or loss (FVPL) | | |
| - Derivative liabilities - other | 4,439 | - |

12 Inventories, net

| | 2022 | 2021 |
|--|----------------------|----------------------|
| | Baht | Baht |
| Raw materials | 977,459,981 | 1,226,642,891 |
| Finished goods | 1,799,821,811 | 2,011,905,297 |
| Total inventories | 2,777,281,792 | 3,238,548,188 |
| <u>Less</u> Allowance for net realisable value | | |
| - for raw materials | (3,385,482) | (2,992,809) |
| - for finished goods | (29,373,293) | (4,032,523) |
| Total | 2,744,523,017 | 3,231,522,856 |

In 2022, the Company recorded allowance for net realisable value amounting to Baht 25.73 million (2021: Baht 4.72 million) as expected selling price dropped from the prior year. The amount has been included in cost of sales in the statement of comprehensive income.

13 Investment properties

| At 31 December | Land | |
|------------------------|----------------------|----------------------|
| | 2022 Baht | 2021 Baht |
| <u>Cost</u> | | |
| Opening net book value | 55,729,000 | 55,729,000 |
| Closing net book value | 55,729,000 | 55,729,000 |
| Fair value | 162,158,000 | 162,158,000 |

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

The Company engaged an independent appraiser to assess the fair value of the land. 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.

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14 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 2021 | | | | | | | | | |
| 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 |
| <u>Less</u> 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 |
| For the year ended 31 December 2021 | | | | | | | | | |
| Opening net book amount | 644,942,000 | 159,411,323 | 967,032,440 | 894,061,524 | 17,449,532 | 85,788,561 | 10,214,138 | 126,512,051 | 2,905,411,569 |
| Additions | - | 2,091,522 | 703,322 | 14,212,555 | 12,396,241 | 5,375,900 | 77,256,538 | 280,696,722 | 392,732,800 |
| Transfers in (out) | - | - | 76,398,358 | 297,948,920 | 260,822 | - | (70,333,328) | (304,274,772) | - |
| Disposals, net | - | - | - | (70,293) | (5,359) | (5,108,792) | - | - | (5,184,444) |
| Depreciation charge (Note 25) | - | (10,724,482) | (83,555,977) | (127,660,858) | (8,066,168) | (9,676,641) | - | - | (239,684,126) |
| Closing net book amount | 644,942,000 | 150,778,363 | 960,578,143 | 1,078,491,848 | 22,035,068 | 76,379,028 | 17,137,348 | 102,934,001 | 3,053,275,799 |
| At 31 December 2021 | | | | | | | | | |
| Cost | 644,942,000 | 232,563,005 | 1,703,569,705 | 2,211,597,749 | 138,948,900 | 148,523,189 | 17,137,348 | 102,934,001 | 5,200,215,897 |
| <u>Less</u> Accumulated depreciation | - | (81,784,642) | (742,991,562) | (1,133,105,901) | (116,913,832) | (72,144,161) | - | - | (2,146,940,098) |
| Net book amount | 644,942,000 | 150,778,363 | 960,578,143 | 1,078,491,848 | 22,035,068 | 76,379,028 | 17,137,348 | 102,934,001 | 3,053,275,799 |

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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 2022 | | | | | | | | | |
| Opening net book amount | 644,942,000 | 150,778,363 | 960,578,143 | 1,078,491,848 | 22,035,068 | 76,379,028 | 17,137,348 | 102,934,001 | 3,053,275,799 |
| Additions | - | - | 296,649 | 11,821,629 | 9,661,340 | 10,714,400 | 11,989,551 | 303,138,242 | 347,621,811 |
| Transfers in (out) | - | - | 38,758,528 | 266,752,268 | 1,016,160 | - | (26,811,909) | (279,715,047) | - |
| Disposals, net | - | - | - | (371,230) | (7,082) | (1,782,800) | - | - | (2,161,112) |
| Depreciation charge (Note 25) | - | (10,800,350) | (87,398,774) | (142,691,523) | (9,788,992) | (9,547,200) | - | - | (260,226,839) |
| Closing net book amount | 644,942,000 | 139,978,013 | 912,234,546 | 1,214,002,992 | 22,916,494 | 75,763,428 | 2,314,990 | 126,357,196 | 3,138,509,659 |
| At 31 December 2022 | | | | | | | | | |
| Cost | 644,942,000 | 232,563,005 | 1,742,624,882 | 2,486,825,221 | 147,753,590 | 154,780,589 | 2,314,990 | 126,357,196 | 5,538,161,472 |
| Less Accumulated depreciation | - | (92,584,992) | (830,390,336) | (1,272,822,229) | (124,837,096) | (79,017,161) | - | - | (2,399,651,813) |
| Net book amount | 644,942,000 | 139,978,013 | 912,234,546 | 1,214,002,992 | 22,916,494 | 75,763,428 | 2,314,990 | 126,357,196 | 3,138,509,659 |

Depreciation expenses of Baht 224,765,710 (2021: Baht 205,974,848) and Baht 35,461,129 (2021: Baht 33,709,278) were charged in costs of sales and administrative expenses, respectively.

15 Right-of-use assets, net

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

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | Baht | Baht |
| Land and office buildings | 49,284,496 | 12,479,406 |
| Furniture and fixtures - office equipment | 665,519 | 814,047 |
| Trucks and motor vehicles | 722,106 | 1,031,580 |
| Total | 50,672,121 | 14,325,033 |

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

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | Baht | Baht |
| Depreciation charge of right-of-use assets: | | |
| Land and office buildings | 23,163,853 | 22,713,334 |
| Furniture and fixtures - office equipment | 501,899 | 493,964 |
| Trucks and motor vehicles | 309,474 | 299,034 |
| Total (Note 25) | 23,975,226 | 23,506,332 |
| Addition to the right-of-use assets during the year | 60,322,315 | 1,441,200 |
| Total cash outflow for leases | 23,778,094 | 23,626,580 |
| Expense relating to short-term leases | 37,900 | 19,800 |
| Expense relating to leases of low-value assets | 140,200 | 147,600 |

16 Intangible assets, net

| | Computer software Baht | Computer software during installation Baht | Total Baht |
|--|---------------------------------------|---|-----------------------|
| At 1 January 2021 | | | |
| Cost | 84,169,584 | 4,500,000 | 88,669,584 |
| <u>Less</u> Accumulated amortisation | (64,700,083) | - | (64,700,083) |
| Net book amount | 19,469,501 | 4,500,000 | 23,969,501 |
| For the year ended 31 December 2021 | | | |
| Opening net book amount | 19,469,501 | 4,500,000 | 23,969,501 |
| Additions | 4,939,840 | 13,237,700 | 18,177,540 |
| Transfers in (out) | 2,120,000 | (2,120,000) | - |
| Disposals, net | (33,121) | - | (33,121) |
| Amortisation charge (Note 25) | (7,213,545) | - | (7,213,545) |
| Closing net book amount | 19,282,675 | 15,617,700 | 34,900,375 |
| At 31 December 2021 | | | |
| Cost | 91,194,425 | 15,617,700 | 106,812,125 |
| <u>Less</u> Accumulated amortisation | (71,911,750) | - | (71,911,750) |
| Net book amount | 19,282,675 | 15,617,700 | 34,900,375 |
| For the year ended 31 December 2022 | | | |
| Opening net book amount | 19,282,675 | 15,617,700 | 34,900,375 |
| Additions | 919,800 | 12,558,662 | 13,478,462 |
| Transfers in (out) | 12,311,762 | (12,311,762) | - |
| Amortisation charge (Note 25) | (8,339,457) | - | (8,339,457) |
| Closing net book amount | 24,174,780 | 15,864,600 | 40,039,380 |
| At 31 December 2022 | | | |
| Cost | 104,425,987 | 15,864,600 | 120,290,587 |
| <u>Less</u> Accumulated amortisation | (80,251,207) | - | (80,251,207) |
| Net book amount | 24,174,780 | 15,864,600 | 40,039,380 |

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17 Deferred income taxes, net

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

| | 2022 | 2021 |
|-----------------------------------|-------------------|-------------------|
| | Baht | Baht |
| Deferred tax assets: | 45,923,565 | 35,583,818 |
| Deferred tax liabilities: | (865,594) | (897,941) |
| Deferred income taxes, net | 45,057,971 | 34,685,877 |

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 2021 | 11,103,919 | 461,395 | 105,719 | 14,326,071 | 25,997,104 |
| Charged/(credited) to profit and loss | 6,639,085 | 943,671 | (24,050) | 2,028,008 | 9,586,714 |
| At 31 December 2021 | 17,743,004 | 1,405,066 | 81,669 | 16,354,079 | 35,583,818 |
| Charged to profit and loss | 861,940 | 5,146,689 | 39,426 | 2,697,937 | 8,745,992 |
| Charged to other comprehensive income | - | - | - | 1,593,755 | 1,593,755 |
| At 31 December 2022 | 18,604,944 | 6,551,755 | 121,095 | 20,645,771 | 45,923,565 |
| | | | Temporary difference for depreciation | Temporary difference for front-end fees | Total |
| | | | Baht | Baht | Baht |
| Deferred tax liabilities: | | | | | |
| At 1 January 2021 | | | (549,723) | (263,455) | (813,178) |
| Charged to profit and loss | | | - | (84,763) | (84,763) |
| At 31 December 2021 | | | (549,723) | (348,218) | (897,941) |
| Credited to profit and loss | | | - | 32,347 | 32,347 |
| At 31 December 2022 | | | (549,723) | (315,871) | (865,594) |

18 Borrowings

| | 2022 | 2021 |
|---|----------------------|----------------------|
| | Baht | Baht |
| Current | | |
| Short-term borrowings from financial institutions | 2,762,496,204 | 3,485,596,976 |
| Current portion of long-term borrowings | | |
| Long-term borrowing from financial institutions | 639,317,843 | 539,269,303 |
| Lease liabilities | 23,409,632 | 10,705,047 |
| Total current borrowings | 3,425,223,679 | 4,035,571,326 |
| Non-current | | |
| Long-term borrowings from financial institutions | 1,680,976,801 | 1,627,618,605 |
| Lease liabilities | 27,867,968 | 4,028,333 |
| Total non-current borrowings | 1,708,844,769 | 1,631,646,938 |
| Total borrowings | 5,134,068,448 | 5,667,218,264 |

18.1 Short-term borrowings

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

| | 2022 | 2021 |
|----------------|------------------|------------------|
| | Baht | Baht |
| At 1 January | 3,485,596,976 | 3,136,554,572 |
| Additions | 25,245,577,072 | 21,235,843,126 |
| Repayments | (25,968,677,844) | (20,886,800,722) |
| At 31 December | 2,762,496,204 | 3,485,596,976 |

The short-term borrowings from financial institutions denominated in Thai Baht bear interest rates during the year at 1.00% - 1.96% per annum.

As at 31 December 2022, the short-term borrowings from financial institutions, promissory notes, were unsecured and due within January to March 2023 (2021: January to March 2022) which normally, can be renewed. The Company has provided the Negative Pledge to the financial institutions.

18.2 Long-term borrowings from financial institutions

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

| | 2022 | 2021 |
|---|----------------------|----------------------|
| | Baht | Baht |
| At 1 January | 2,166,887,908 | 998,990,972 |
| Addition | 743,245,000 | 1,443,629,000 |
| Repayment | (590,000,000) | (275,000,000) |
| Deferred front-end fees | (635,005) | (1,405,010) |
| Amortisation of deferred front-end fees | 796,741 | 672,946 |
| At 31 December | 2,320,294,644 | 2,166,887,908 |

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

| Loan Amount (Baht million) | Due on | Interest rate (Per annum) | |
|-------------------------------|------------------|--|--|
| | | 2022 | 2021 |
| 1,000 | 30 December 2025 | Fixed | Fixed |
| 500 | 30 March 2026 | BIBOR (3 months) plus incremental borrowing rate | BIBOR (3 months) plus incremental borrowing rate |
| 700 | 31 August 2026 | BIBOR (6 months) plus incremental borrowing rate | BIBOR (6 months) plus incremental borrowing rate |
| 486.9 | 31 March 2027 | Fixed | Fixed |
| 500 | 27 June 2027 | BIBOR (6 months) plus incremental | - |

The fair value of current borrowings equivalent to 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 from 3.02% to 4.04% are within level 2 of the fair value hierarchy.

19 Trade accounts payable and other payables

| | 2022 | 2021 |
|---------------------------------------|--------------------|--------------------|
| | Baht | Baht |
| Trade accounts payable | 148,198,460 | 76,454,385 |
| Accrued expenses and other payables | 350,105,373 | 292,005,472 |
| Payable from construction in progress | 5,353,595 | 19,784,271 |
| Retention from construction | - | 377,689 |
| Withholding tax payable | 2,359,776 | 2,051,701 |
| Accrued interest expenses | 7,033,235 | 8,525,025 |
| Total | 513,050,439 | 399,198,543 |

20 Employee benefit obligations

| | 2022 | 2021 |
|----------------------------------|-------------|-------------|
| | Baht | Baht |
| Statement of financial position: | | |
| - Retirement benefits | 103,228,852 | 81,770,396 |

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

| | 2022 | 2021 |
|----------------------|-------------|-------------|
| | Baht | Baht |
| At 1 January | 81,770,396 | 71,630,354 |
| Current service cost | 6,725,819 | 10,127,722 |
| Past service cost | 6,332,835 | - |
| Interest cost | 1,885,961 | 1,232,320 |
| Remeasurement | 7,968,774 | - |
| Benefit payment | (1,454,933) | (1,220,000) |
| At 31 December | 103,228,852 | 81,770,396 |

The significant actuarial assumptions used were as follows:

| | 2022 | 2021 |
|-----------------------------|---------------------------|--------------------|
| Discount rate | 1.94% and 2.29% per annum | 2.25% per annum |
| Future salary increase rate | 5% per annum | 5% per annum |
| Employee turnover rate | 1.79% - 38.20% per annum | 0% - 39% per annum |

The Company has addition long service award for employees who retire and have due in accordance with the specified condition. The addition obligation recognised in past service cost amounting to Baht 6.33 million as an expense in the statement of comprehensive income during the year.

Sensitivity analysis for each significant assumption used is as follows:

Legal Severance Pay

| | Impact on defined benefit obligations | | |
|-----------------------------|--|--------------------|--------------------|
| | as at 31 December 2022 | | |
| | Change in | Increase in | Decrease in |
| | assumption | obligations | obligations |
| | % | Baht | Baht |
| Discount rate | +1% | - | (5,232,797) |
| | -1% | 5,883,989 | - |
| Future salary increase rate | +1% | 6,453,894 | - |
| | -1% | - | (5,860,949) |
| Employee turnover rate | +20% from base assumption | - | (6,701,182) |
| | -20% from base assumption | 8,639,534 | - |

Other Long Service Award

| | Impact on defined benefit obligations as at 31 December 2022 | | |
|--------------------------|---|------------------------------------|------------------------------------|
| | Change in assumption % | Increase in obligations Baht | Decrease in obligations Baht |
| Discount rate | +1% | - | (531,017) |
| | -1% | 607,994 | - |
| Long-term Inflation rate | +1% | 672,906 | - |
| | -1% | - | (596,693) |
| Employee turnover rate | +20% from base assumption | - | (780,236) |
| | -20% from base assumption | 1,058,175 | - |

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 22.30 years (2021: 21.15 years).

Expected maturity analysis of undiscounted retirement benefits is as follows:

| | Less than a year Baht | Between 1-5 years Baht | Over 5 years Baht | Total Baht |
|----------------------------|-----------------------------|------------------------------|-------------------------|---------------|
| At 31 December 2022 | | | | |
| Retirement benefits | | | | |
| - Legal Severance Pay | - | 44,752,875 | 58,856,817 | 103,609,691 |
| - Other Long Service Award | - | 1,791,975 | 6,157,686 | 7,949,661 |
| Total | - | 46,544,850 | 65,014,503 | 111,559,353 |

21 Dividends

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

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

22 Legal reserve

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. Currently, the Company has set aside legal reserved at 10% of authorised share capital.

23 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.

24 Other income

| | 2022 | 2021 |
|---------------------------------------|-------------------|-------------------|
| | Baht | Baht |
| Steel cutting service income | 51,314,427 | 41,608,334 |
| Transportation service income | 16,809,797 | 14,271,864 |
| Gain from foreign exchange rates, net | - | 7,700,681 |
| Interest income | 4,963,257 | 2,416,369 |
| Others | 4,423,067 | 785,000 |
| Total | 77,510,548 | 66,782,248 |

25 Expenses by nature

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

| | 2022 | 2021 |
|---|-------------|-------------|
| | Baht | Baht |
| Staff costs | 523,471,118 | 612,405,981 |
| Depreciation on property, plant and equipment (Note 14) | 260,226,839 | 239,684,126 |
| Depreciation on right-of-use assets (Note 15) | 23,975,226 | 23,506,332 |
| Amortisation of intangible assets (Note 16) | 8,339,457 | 7,213,546 |
| Selling and marketing expenses | 208,863,455 | 187,860,957 |
| Professional and consultant fees | 19,493,463 | 14,934,551 |

26 Income tax expense

| | 2022 | 2021 |
|---------------------------------|-------------------|--------------------|
| | Baht | Baht |
| Current tax | 66,585,250 | 380,854,620 |
| Deferred tax | (8,778,339) | (9,501,951) |
| Total income tax expense | 57,806,911 | 371,352,669 |

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:

| | 2022 | 2021 |
|---|-------------------|--------------------|
| | Baht | Baht |
| Profit before income tax | 300,261,110 | 1,901,413,079 |
| Tax calculated at a tax rate of 20% (2021: 20%) | 60,052,222 | 380,282,616 |
| Tax effect of: | | |
| Expenses not deductible for tax purpose | 3,497,821 | 1,013,097 |
| Expenses deductible at a greater amount | (5,743,132) | (9,943,044) |
| Tax charge | 57,806,911 | 371,352,669 |

The weighted average applicable tax rate was 19% (2021: 20%).

27 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.

| | 2022 | 2021 |
|--|-------------|---------------|
| Profit attributable to shareholders (Baht) | 236,079,180 | 1,530,060,410 |
| Weighted average number of ordinary shares in issue during the year (Shares) | 870,758,034 | 870,758,034 |
| Basic earnings per share (Baht) | 0.27 | 1.76 |

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

28 Contingent liabilities

Letters of guarantee

As at 31 December 2022, the Company had outstanding letters of guarantee amounting to Baht 31.27 million (2021: Baht 29.84 million) issued by a bank for electricity usage and purchases of goods. No liabilities are anticipated to be arisen.

Letters of credits

As at 31 December 2022, the Company had outstanding letters of credits amounting to US Dollar 21.23 million (2021: US Dollar 5.65 million and Baht 4.35 million).

29 Commitments

Purchase commitments

As at 31 December 2022, the Company had outstanding commitments relating to the purchases of goods with fixed buying prices of US Dollar 12.13 million. (2021: Baht 5.70 million and US Dollar 1.94 million).

Capital commitments

As at 31 December 2022, 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 6.16 million and US Dollar 0.1 million (2021: Baht 35.71 million and US Dollar 6.41 million).

30 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.

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

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

(a) Purchases and operating expenses

| | 2022 | 2021 |
|---|-------------|-------------|
| | Baht | Baht |
| Computer system purchase and service expenses | 7,925,044 | 3,238,344 |
| Payment on lease liabilities | 5,680,728 | 5,623,927 |
| Interest expense from leases liabilities | 319,272 | 376,073 |

(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:

| | 2022 | 2021 |
|-------------------|-------------|-------------|
| | Baht | Baht |
| Lease liabilities | 8,168,764 | 6,964,898 |

(c) Directors and managements' remuneration

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

| For the years ended 31 December | 2022 | 2021 |
|--|-------------------|-------------------|
| | Baht | Baht |
| Short-term benefits | 47,236,000 | 56,596,240 |
| Post-employee benefits | 2,338,731 | 2,056,418 |
| | 49,574,731 | 58,652,658 |

31 Event after the financial statement date

At the Board of Directors' Meeting on 24 February 2022, it passed a resolution of submission to shareholders for approval the dividends payment in respect of results of operations for the year 2022 of Baht 0.30 per share for 870,758,034 shares, totalling Baht 261.23 million. The Company paid interim dividend for the year 2022 of Baht 0.15 per share amounting to a total of Baht 130.61 million on 9 September 2022. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2022 in April 2023.