

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 2S Metal Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of 2S Metal Public Company Limited and its subsidiaries (the "Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2022, the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of 2S Metal Public Company Limited and its subsidiaries as at 31 December 2022, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with Code of Ethics for Professional Accountants. 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, are of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

| Key audit matters | How the matter was addressed in the audit |
|---|--|
| <p><u>Impairment of investments in subsidiaries and goodwill</u></p> <p>As at 31 December 2022, the separate financial statements include investments in subsidiaries amounting to Baht 216.77 million, and the consolidated financial statements include a goodwill of Baht 15.09 million which arose from a business combination in year 2015. In accordance with Thai Financial Reporting Standards, goodwill is required to be tested annually for impairment and investments in subsidiaries are required to be tested when there is an indicator of impairment.</p> <p>An impairment assessment requires significant judgement by management, specifically in determining the assumptions to develop the cash flows projections of the subsidiary and the selection of the of discount rate which may be affected by changes in the economic condition, market situation and specific risks.</p> <p>Refer to Notes 4.19, 12 and 17 which provide details of the impairment testing performed by management.</p> | <p>My audit procedures included:</p> <ul style="list-style-type: none"> - Obtaining an understanding of how management identified impairment indicators and the testing process - Reviewing the supporting documents prepared by management to assess whether the goodwill is impaired at the end of year and assess the appropriateness of the valuation model and key assumptions used by management - Assessing the reasonableness of the discount rate applied to the estimated future cash flows - Testing the calculation of the recoverable amount - Review the sensitivity analysis provided by management and considered the impact to recoverable amount - Considering the adequacy and appropriateness of the disclosure of the assumptions, methodology and recoverable amount of goodwill and investment in subsidiary. |

| Key audit matters | How the matter was addressed in the audit |
|--|--|
| <p><u>Inventories</u></p> <p>As at 31 December 2022, the Group and the Company have ending inventories of Baht 651.99 million and Baht 638.82 million, respectively.</p> <p>Inventories are carried in the financial statements at the lower of cost and net realizable value. The Group's management has estimated the net realizable value from the estimated selling price after the deduction of direct costs.</p> <p>Management prepared a net realizable value calculation report. and assess the adequacy of allowance for net realizable value at the end of the year and at the end of the period.</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:</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, 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 selling prices used in estimation of the allowance for net realisable value was reasonable and consistent with the available evidence.</p> |

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available for my review after the date of this auditor's report.

My opinion on the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 those charged with governance to revise a material misstatement.

Responsibilities of Management and Those Charged with Governance for the Preparation of the Company's Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Company's Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 Thai Standards on Auditing 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 the consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks to 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Group'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 consolidated and separate 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. I am responsible for the direction, supervision, and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate 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.

Luxsamee Deetrakulwattanapol

Certified Public Accountant

Registration No. 9056

Grant Thornton Limited

Bangkok

21 February 2023

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

| | | (Unit : Thousand Baht) | | | | |
|---------------------------|---|------------------------|------------------|------------------|------------------|------------------|
| | | Consolidated F/S | | Separate F/S | | |
| Notes | | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 | |
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| | Cash and cash equivalents | 8 | 595,294 | 352,593 | 587,359 | 330,383 |
| | Trade and other accounts receivable - net | 7, 9 | 328,159 | 363,557 | 347,046 | 409,367 |
| | Inventories - net | 10 | 651,997 | 1,105,143 | 638,824 | 1,032,484 |
| | Deposits for purchase of goods | | 19,510 | 441 | 19,510 | 441 |
| | Short-term loans and accrued interest receivable - subsidiary | 7 | - | - | 65,921 | 17,415 |
| | Refundable value added tax | | 7,621 | - | 7,621 | - |
| | Refundable income tax | | 10,141 | 3,928 | 1,751 | - |
| | Other current assets | | 5,131 | 5,404 | 3,035 | 2,301 |
| | Total Current Assets | | 1,617,853 | 1,831,066 | 1,671,067 | 1,792,391 |
| NON-CURRENT ASSETS | | | | | | |
| | Restricted deposits with banks | 11 | - | 1,052 | - | 1,052 |
| | Investments in subsidiaries | 12 | - | - | 216,770 | 216,770 |
| | Long-term loans receivable - subsidiary | 7 | - | - | 9,400 | 12,686 |
| | Property, plant and equipment - net | 13 | 639,052 | 593,133 | 277,822 | 278,635 |
| | Rights-of-use assets - net | 14.1 | 8,978 | 11,255 | 73,292 | 80,273 |
| | Investment property - net | 15 | 934 | 1,271 | - | - |
| | Intangible assets - net | 16 | 805 | 2,083 | 684 | 1,915 |
| | Goodwill | 17 | 15,086 | 15,086 | - | - |
| | Other non-current assets | | 2,300 | 1,541 | 1,496 | 1,537 |
| | Deferred tax assets | 23 | 1,012 | 1,012 | - | - |
| | Total Non-Current Assets | | 668,167 | 626,433 | 579,464 | 592,868 |
| | TOTAL ASSETS | | 2,286,020 | 2,457,499 | 2,250,531 | 2,385,259 |

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

| | Notes | Consolidated F/S | | Separate F/S | |
|--|-------|------------------|------------------|------------------|------------------|
| | | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | | | | |
| CURRENT LIABILITIES | | | | | |
| Short-term loans from financial institutions | 18 | 150,000 | - | 150,000 | - |
| Trade and other accounts payable | 7, 19 | 46,038 | 30,229 | 50,194 | 34,968 |
| Current portion of liabilities under finance lease agreements | 14.2 | 1,343 | 1,483 | 5,390 | 5,340 |
| Accrued income tax | | - | 62,281 | - | 55,545 |
| Value added tax payable | | 226 | 4,095 | - | 3,572 |
| Accrued expenses | 20 | 31,770 | 38,908 | 25,323 | 31,159 |
| Other current liabilities | | 5,929 | 6,727 | 4,350 | 5,615 |
| Total Current Liabilities | | 235,306 | 143,723 | 235,257 | 136,199 |
| NON-CURRENT LIABILITIES | | | | | |
| Employee benefits obligation | 21 | 19,094 | 17,794 | 16,993 | 15,562 |
| Liabilities under finance lease agreements - net | 14.2 | 2,875 | 4,219 | 72,160 | 77,551 |
| Deferred tax liabilities - net | 23 | 13,311 | 13,940 | 4,672 | 4,832 |
| Total Non-Current Liabilities | | 35,280 | 35,953 | 93,825 | 97,945 |
| TOTAL LIABILITIES | | 270,586 | 179,676 | 329,082 | 234,144 |

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION

| | | (Unit : Thousand Baht) | | | |
|---|---|------------------------|------------------|------------------|------------------|
| | | Consolidated F/S | | Separate F/S | |
| Notes | | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| LIABILITIES AND SHAREHOLDERS' EQUITY (Continued) | | | | | |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital - common share at Baht 1 par value | | | | | |
| | - Registered 549,997,741 shares | | | | |
| | (2020 : 499,998,995 shares) | 24.1 | 549,998 | 499,998 | 549,998 |
| | - Issued and paid - up 549,995,954 shares | | | | |
| | (2020 : 449,997,946 shares) | 24.1 | 549,996 | 499,998 | 549,996 |
| | Premium on share capital | | 121,762 | 121,762 | 121,762 |
| | Retained earnings | | | | |
| | - Appropriated for legal reserve | 24.2 | 55,000 | 50,000 | 55,000 |
| | - Unappropriated | | 1,272,462 | 1,584,633 | 1,150,309 |
| | Other components of shareholders' equity | | 18,613 | 22,866 | 44,382 |
| | Shareholders' equity of the Company | | 2,017,833 | 2,279,259 | 1,921,449 |
| | Non-controlling interests in subsidiaries | | (2,399) | (1,436) | - |
| | NET SHAREHOLDERS' EQUITY | | 2,015,434 | 2,277,823 | 1,921,449 |
| | TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 2,286,020 | 2,457,499 | 2,250,531 |

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

| | | (Unit : Thousand Baht) | | | |
|--|--|------------------------|------------------|------------------|------------------|
| | | Consolidated F/S | | Separate F/S | |
| Notes | | 2022 | 2021 | 2022 | 2021 |
| REVENUES | | | | | |
| | Revenue from sales | 6,554,448 | 6,352,680 | 6,462,134 | 6,308,927 |
| | Revenue from sales of by-product | 154,517 | 168,133 | 150,548 | 162,021 |
| | Total revenues | 6,708,965 | 6,520,813 | 6,612,682 | 6,470,948 |
| COSTS OF SALES | | | | | |
| | Costs of sales | (6,601,387) | (5,371,701) | (6,529,443) | (5,403,717) |
| | Gross profit | 107,578 | 1,149,112 | 83,239 | 1,067,231 |
| | Interest income | 2,028 | 1,801 | 4,111 | 2,869 |
| | Gain on exchange rate | - | - | 10,932 | 13,252 |
| | Other income | 42,277 | 32,513 | 45,293 | 34,618 |
| | Profit before expenses | 151,883 | 1,183,426 | 143,575 | 1,117,970 |
| | Selling expenses | (147,414) | (127,474) | (143,572) | (129,698) |
| | Administrative expenses | (107,362) | (107,845) | (90,447) | (92,515) |
| | Loss from exchange rate | (20,225) | (21,703) | - | - |
| | Total expenses | (275,001) | (257,022) | (234,019) | (222,213) |
| | Profit (loss) before finance costs | (123,118) | 926,404 | (90,444) | 895,757 |
| | Finance costs | (579) | (1,716) | (4,386) | (5,508) |
| | Profit (loss) before income tax | (123,697) | 924,688 | (94,830) | 890,249 |
| | Income tax expense | 629 | (186,636) | 160 | (178,179) |
| | Profit (loss) for the year | (123,068) | 738,052 | (94,670) | 712,070 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| Items to be reclassified subsequently to profit or loss | | | | | |
| | Translation adjustment for foreign currency financial statement - net of tax | (4,325) | (3,340) | - | - |
| | TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR | (127,393) | 734,712 | (94,670) | 712,070 |

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER

| | (Unit : Thousand Baht) | | | |
|---|------------------------|----------------|-----------------|----------------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| ALLOCATION OF PROFIT (LOSS) FOR THE YEAR | | | | |
| Portion of the Company's shareholders | (122,177) | 737,515 | (94,670) | 712,070 |
| Portion of non-controlling interests | (891) | 537 | - | - |
| | <u>(123,068)</u> | <u>738,052</u> | <u>(94,670)</u> | <u>712,070</u> |
| ALLOCATION OF TOTAL COMPREHENSIVE INCOME (LOSS) | | | | |
| Portion of the Company's shareholders | (126,430) | 734,273 | (94,670) | 712,070 |
| Portion of non-controlling interests | (963) | 439 | - | - |
| | <u>(127,393)</u> | <u>734,712</u> | <u>(94,670)</u> | <u>712,070</u> |
| BASIC EARNINGS PER SHARE | | | | |
| Profit of the Company's shareholders (Baht : Share) | (0.23) | 1.34 | (0.17) | 1.29 |
| Weighted average number of common shares (Unit : Thousand Shares) | <u>549,996</u> | <u>549,996</u> | <u>549,996</u> | <u>549,996</u> |

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

| Shareholders' equity of the Company | | | | | | | | | | | |
|---|----------------------------|-----------------------------|------------------|------------------|-----------------------------------|--|--|--|-------------------------------------|---------------------------|------------------|
| Notes | Retained earnings | | | | Other components of equity | | | | Shareholders' equity of the Company | Non-controlling interests | Total |
| | Paid - up Share Capital | Premium on Share capital | Legal Reserve | Unappropriated | Other comprehensive income | | | Total Other components of equity | | | |
| | | | | | Surplus on revaluation of land | Translation adjustment for foreign currency financial statements | Discount on dilution of investment in subsidiaries company | | | | |
| Consolidated F/S | | | | | | | | | | | |
| Balance as at 1 January 2021 | 449,999 | 121,762 | 50,000 | 1,109,614 | 59,322 | (3,397) | (29,817) | 26,108 | 1,757,483 | (1,875) | 1,755,608 |
| Changes in shareholders' equity | | | | | | | | | | | |
| Increased in capital | 24.1 | 49,999 | - | - | - | - | - | - | 49,999 | - | 49,999 |
| Cash dividend paid | 24.3 | - | - | (262,496) | - | - | - | - | (262,496) | - | (262,496) |
| Total transactions with shareholders | 49,999 | - | - | (262,496) | - | - | - | - | (212,497) | - | (212,497) |
| Comprehensive income (loss) for the year | - | - | - | 737,515 | - | (3,242) | - | (3,242) | 734,273 | 439 | 734,712 |
| Total comprehensive income (loss) for the year | - | - | - | 737,515 | - | (3,242) | - | (3,242) | 734,273 | 439 | 734,712 |
| Balance as at 31 December 2021 | 499,998 | 121,762 | 50,000 | 1,584,633 | 59,322 | (6,639) | (29,817) | 22,866 | 2,279,259 | (1,436) | 2,277,823 |
| Balance as at 1 January 2022 | 499,998 | 121,762 | 50,000 | 1,584,633 | 59,322 | (6,639) | (29,817) | 22,866 | 2,279,259 | (1,436) | 2,277,823 |
| Changes in shareholders' equity | | | | | | | | | | | |
| Increased in capital | 24.1 | 49,998 | - | - | - | - | - | - | 49,998 | - | 49,998 |
| Appropriation for legal reserve during the year | 24.2 | - | - | 5,000 | (5,000) | - | - | - | - | - | - |
| Cash dividend paid | 24.3 | - | - | (184,994) | - | - | - | - | (184,994) | - | (184,994) |
| Total transactions with shareholders | 49,998 | - | 5,000 | (189,994) | - | - | - | - | (134,996) | - | (134,996) |
| Comprehensive income (loss) for the year | - | - | - | (122,177) | - | (4,253) | - | (4,253) | (126,430) | (963) | (127,393) |
| Total comprehensive income (loss) for the year | - | - | - | (122,177) | - | (4,253) | - | (4,253) | (126,430) | (963) | (127,393) |
| Balance as at 31 December 2022 | 549,996 | 121,762 | 55,000 | 1,272,462 | 59,322 | (10,892) | (29,817) | 18,613 | 2,017,833 | (2,399) | 2,015,434 |

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

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Thousand Baht)

| Notes | Paid - up Share Capital | Premium on Share capital | Retained earnings | | Other components of equity | Total |
|---|----------------------------|-----------------------------|-------------------|----------------|-----------------------------------|-----------|
| | | | Legal Reserve | Unappropriated | Other comprehensive income | |
| | | | | | Surplus on revaluation of land | |
| Separate F/S | | | | | | |
| Balance as at 1 January 2021 | 449,999 | 121,762 | 50,000 | 985,399 | 44,382 | 1,651,542 |
| Changes in shareholders' equity | | | | | | |
| Increased in capital | 24.1 | 49,999 | - | - | - | 49,999 |
| Cash dividend paid | 24.3 | - | - | (262,496) | - | (262,496) |
| Total transactions with shareholders | | 49,999 | - | (262,496) | - | (212,497) |
| Comprehensive income for the year | | - | - | 712,070 | - | 712,070 |
| Total comprehensive income for the year | | - | - | 712,070 | - | 712,070 |
| Balance as at 31 December 2021 | 499,998 | 121,762 | 50,000 | 1,434,973 | 44,382 | 2,151,115 |
| Balance as at 1 January 2022 | 499,998 | 121,762 | 50,000 | 1,434,973 | 44,382 | 2,151,115 |
| Changes in shareholders' equity | | | | | | |
| Increased in capital | 24.1 | 49,998 | - | - | - | 49,998 |
| Appropriation for legal reserve during the year | 24.2 | - | - | 5,000 | (5,000) | - |
| Dividend payment | 24.3 | - | - | (184,994) | - | (184,994) |
| Total transactions with shareholders | | 49,998 | - | (189,994) | - | (134,996) |
| Comprehensive income (loss) for the year | | - | - | (94,670) | - | (94,670) |
| Total comprehensive income (loss) for the year | | - | - | (94,670) | - | (94,670) |
| Balance as at 31 December 2022 | 549,996 | 121,762 | 55,000 | 1,150,309 | 44,382 | 1,921,449 |

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

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

| | (Unit : Thousand Baht) | | | |
|--|------------------------|-----------|--------------|-----------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Cash flows from operating activities | | | | |
| Profit (loss) before income tax | (123,697) | 924,688 | (94,830) | 890,249 |
| Adjustments to reconcile profit before income tax to net cash provided from operating activities: | | | | |
| Reversal of allowance for doubtful debts | (719) | (2,838) | (631) | (2,797) |
| Provision (reversal of allowance) for decline value of inventories | (3,145) | 17,678 | (3,838) | 17,678 |
| Depreciation | 50,076 | 48,527 | 25,383 | 24,690 |
| Unrealized gain on exchange rate | (1,355) | (3,163) | - | - |
| Loss on disposal and written off of fixed assets | 985 | 15 | 850 | 23 |
| Amortization | 431 | 483 | 381 | 385 |
| Interest income | (2,028) | (1,801) | (4,111) | (2,869) |
| Interest expense | 579 | 1,716 | 4,386 | 5,508 |
| Provision for post employee benefits obligation | 1,300 | 1,633 | 1,431 | 1,418 |
| Cash flows provided from operations before changes in operating assets and liabilities | (77,573) | 986,938 | (70,979) | 934,285 |
| Decrease (increase) in operating assets: | | | | |
| Trade and other accounts receivable | 36,117 | (85,328) | 62,952 | (92,701) |
| Inventories | 456,291 | (66,761) | 397,498 | (36,479) |
| Deposits for purchase of goods | (19,069) | 10,638 | (19,069) | 10,638 |
| Refundable value added tax | (7,621) | 10,012 | (7,621) | 10,012 |
| Refundable income tax | (6,213) | (2,246) | (1,751) | 298 |
| Other current assets | 2,851 | 3,507 | (618) | 496 |
| Other non-current assets | (759) | - | 41 | - |
| Increase (decrease) in operating liabilities: | | | | |
| Trade and other accounts payable | 15,703 | (118,861) | 15,226 | (120,614) |
| Accrued expenses | (7,160) | 11,799 | (5,814) | 9,729 |
| Value added tax payable | (3,869) | 1,360 | (3,572) | 3,572 |
| Other current liabilities | (798) | 1,936 | (1,265) | 2,774 |
| Employee benefit paid | - | (6,142) | - | (4,311) |
| Cash received from operating activities | 387,900 | 746,852 | 365,028 | 717,699 |
| Interest payment | (557) | (1,881) | (4,364) | (5,672) |
| Income tax paid | (64,859) | (170,784) | (55,655) | (166,839) |
| Net cash provided from operating activities | 322,484 | 574,187 | 305,009 | 545,188 |

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

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER

| | (Unit : Thousand Baht) | | | |
|---|------------------------|------------------|-----------------|------------------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Cash flows from investing activities | | | | |
| Interest received | 2,028 | 1,801 | 4,105 | 2,869 |
| Decrease in restricted deposits with banks | 1,052 | 71,305 | 1,052 | 71,305 |
| Acquisition of building and equipment | (93,499) | (33,958) | (17,589) | (15,953) |
| Sale of equipment | 89 | 100 | - | 91 |
| Addition to intangible assets | (3) | (1,263) | - | (1,245) |
| Short-term loan granted to subsidiary | - | - | (48,500) | - |
| Net cash provided from (used in) investing activities | (90,333) | 37,985 | (60,932) | 57,067 |
| Cash flows from financing activities | | | | |
| Increase (decrease) in short-term loans from financial institutions | 150,000 | (176,240) | 150,000 | (176,240) |
| Repayment of short-term loans from subsidiary | - | - | - | (1,000) |
| Proceeds from short-term loans from subsidiary | - | - | 3,286 | 3,701 |
| Repayment for liabilities under finance lease agreement | (1,484) | (2,776) | (5,391) | (5,091) |
| Proceeds from conversion of warrants to common shares | - | 49,999 | - | 49,999 |
| Cash dividend payment | (134,996) | (262,496) | (134,996) | (262,496) |
| Net cash provided from (used in) financing activities | 13,520 | (391,513) | 12,899 | (391,127) |
| Exchange rate losses on cash and cash equivalents | (2,970) | (177) | - | - |
| Net increase in cash and cash equivalents - net | 242,701 | 220,482 | 256,976 | 211,128 |
| Cash and cash equivalents at beginning of year | 352,593 | 132,111 | 330,383 | 119,255 |
| Cash and cash equivalents at end of year | 595,294 | 352,593 | 587,359 | 330,383 |
| Supplemental disclosure for cash flows information | | | | |
| Non - cash item : | | | | |
| Recognition of rights-of-use assets and long-term lease liabilities | 106 | - | - | - |

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

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

1. NATURE OF OPERATIONS

The Company

2S Metal Public Company Limited is principally engaged in the manufacturing of steel pipes, steel plates, light lip channel and steel wire mesh and trading of steel products. The Company has following 3 subsidiaries that are engaged in its business supporting.

Its subsidiaries

- Neastern Steel Co., Ltd., registered in Thailand, is engaged in the manufacturing of steel pipes, steel plates, light lip channels and steel wire mesh.
- Mega Trans and Logis Co., Ltd., registered in Thailand, is engaged in providing transportation services.
- Grand Steel Pipe Industry Co., Ltd., registered in Lao People's Democratic Republic, is engaged in the manufacturing of steel pipes, steel plates and light lip channel and trading of steel products.

2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH TFRS

2S Metal Public Company Limited is a public limited company incorporated and domiciled in Thailand. The address of its registered business office is 8/5 Moo 14, Tambon Thachang, Amphur Bangklam, Songkhla Province. The Company has three warehouses located in Nakhon Ratchasima, Bangkok and Suratthani Provinces.

The accompanying consolidated and separate financial statements have been prepared in accordance with the Accounting Act B.E. 2543, Thai Financial Reporting Standards ("TFRS") issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Thai Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. These financial statements are officially prepared in the Thai language. The translation of these financial statements to another language must conform to the official report in Thai.

The consolidated and separate financial statements have been prepared on the historical cost basis except accounting policies for property, plant and equipment - net (Note 13) and post – employment benefit plans (Note 21).

3. CHANGES IN ACCOUNTING POLICIES

- 3.1 Thai Financial Reporting Standards and guidance which are amended and effective for the accounting period beginning on or after 1 January 2022

Amendments to the Thai Financial Reporting Standards due to Interbank Offered Rate (IBOR) reform – phase 2 are as follows:

- Thai Financial Reporting Standard 9, “Financial instruments”
- Thai Financial Reporting Standard 7, “Disclosure of Financial instruments”
- Thai Financial Reporting Standard 16, “Lease”
- Thai Financial Reporting Standard 4, “Insurance Contracts”
- Accounting guidance, financial instruments and disclosures for insurance business

Interbank Offered rate benchmark (IBOR) reform – phase 2 provide relief measures addressing issues that might affect financial reporting during the reform, including the effects of changes to contractual cash flow or hedging relationship arising from the change of interest rate benchmark to alternative benchmark rates.

However, the amendments do not have any significant impact to the Group’s financial statements.

- 3.2 Financial Reporting Standards which are amended and effective for the accounting period beginning on or after 1 January 2023 are as follows:

- 3.2.1 Thai Accounting Standard 16, “Property, Plant and Equipment”

The amendments prescribe the recognition of the proceeds from selling any items, produced while the entity is preparing that assets for its intended use, as revenue instead of deducting from the cost of an item of those Property Plant and Equipment.

- 3.2.2 Thai Accounting Standard 37, “Provisions, Contingent Liabilities and Contingent Assets”

The amendments are to clarify the incremental cost of fulfilling the contract and an allocation of other costs that relate directly to fulfilling contracts which need to be considered whether a contract is onerous.

- 3.2.3 Thai Accounting Standard 41, “Agriculture”

This standard was amended to remove the requirement to exclude cash flows for taxation when measuring fair value of biological assets.

3.2.4 Thai Financial Reporting Standard 1, “First-time Adoption of Thai Financial Reporting Standards”

The amendment provides the application for a subsidiary that is a first-time adopter to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent at the parent's date of transition to TFRS.

3.2.5 Thai Financial Reporting Standard 3, “Business Combinations”

This standard was amended to clarify the references to the present Conceptual Framework for Financial Reporting and added a consideration to recognize liabilities and contingent liabilities acquired from business combinations together with the contingent assets that cannot be recognized at the acquisition date.

3.2.6 Thai Financial Reporting Standard 9, “Financial Instruments”

The amendment is to clarify the fees in assessing derecognition of financial liabilities when performing the 10 percent test by included those fees paid net from fees received (only fees paid or received between the borrow and the lender, including fee paid or received by either the borrower or lender on the other's behalf).

However, the Group has not early adopted the certain amended TFRSs and the management believes that there is no significant impact to the Group's financial statements, when adoption.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Overall consideration

The consolidated and separate financial statements have been prepared using the significant accounting policies and measurement basis summarized below.

4.2 Basis of consolidation

The Company prepares the consolidated financial statements from those of the Company and all its subsidiaries for which all subsidiaries have the same reporting date as the Company at 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed in the consolidation, the underlying asset is also tested for impairment from the group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the Company and the non-controlling interests based on their respective ownership interests.

4.3 Business combinations

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the seller. For each business combination, the Company measures the non-controlling interest, in the acquiree either at fair value or at the proportionate share of the seller's identifiable net assets.

Goodwill is measured at fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

4.4 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.

4.5 Segment reporting

The Group has two operating segments: production and trading. In identifying these operating segments, management generally follows the Group's operations representing its main products (see Notes 1 and 26).

Each of these operating segments is managed separately as each requires different marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in standalone sales of identical goods.

For management purposes, the Group uses the same measurement policies as those used in its financial statements.

4.6 Related parties

Related parties comprise enterprises and individuals that control, or are controlled by the Group, whether directly or indirectly, or which are under common control with the Group. They also include associated companies and individuals which directly or indirectly own voting interest in the Group that gives them significant influence over the Group, key management personnel, directors, and officers with authority in the planning and directing the Group's operations.

4.7 Revenue

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.

Revenues are recognized 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 recognized 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 7 days to 120 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.

4.8 Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred.

4.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized over time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported as part of finance costs.

4.10 Cash and cash equivalents

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

4.11 Accounts receivable

Accounts 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 7 days to 120 days and therefore are all classified as current.

Accounts 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 accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The Group applies the TFRS 9 simplified approach to measuring expected credit losses with the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes. The impairment losses are recognised in profit or loss within administrative expenses.

4.12 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 for entire total in 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 assesses on a forward-looking basis for expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment measurement depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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

4.13 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.

4.14 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.

4.15 Investments in subsidiaries

Investments in subsidiaries in the separate statement of financial position are accounted for by the cost method. The Company recognizes gain or loss on sale of investment in the statement of profit or loss in the year the investment is sold. In the case of impairment, the Company will recognize the loss from impairment as an expense in the statement of profit or loss. The Company recognizes dividend income upon the subsidiary's declaration of the payment.

4.16 Property, plant and equipment

Land

Land held for use in production is stated at revalued amounts. Revalued amounts are fair values based on appraisals of independent professional appraisers once the market factors indicate a material change in fair value (see Note 13). Any revaluation surplus is recognized as other comprehensive income and credited to the revaluation reserve under equity. To the extent that any revaluation decreases, or impairment loss (if any) has previously been recognized in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognized in other comprehensive income. Downward revaluations of land are recognized upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrement recognized in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Buildings and other equipment

Buildings and other equipment are initially booked at acquisition cost or construction cost, including any costs directly attributable to bringing assets to the location and condition necessary for operation in the manner intended by the Group's management. Buildings and other equipment are subsequently measured at cost less accumulated depreciation and impairment losses (if any).

Depreciation is recognized on a straight-line basis to write down the cost over the following estimated useful lives.

| | |
|--------------------------------|---------------|
| Land improvement | 5 - 20 years |
| Buildings and construction | 15 - 50 years |
| Machinery and factory tools | 5 - 20 years |
| Furniture and office equipment | 5 - 10 years |
| Vehicles | 5 - 15 years |

Asset residual value estimates and estimated useful lives are updated as required, but at least annually.

Gains or losses arising from disposal of property, plant and equipment are determined based on the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss as other income or other expenses.

4.17 Investment property

Investment property is measured initially at its cost including related transaction costs and valued at cost less accumulated depreciation and allowance for impairment (if any). The depreciation for building is computed by straight-line method at the useful lives of 15 years.

4.18 Intangible assets

Computer software is presented at cost less accumulated amortization. Amortization is calculated by reference to cost on a straight-line basis over the estimated time frame of 5 - 10 years.

4.19 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses (if any). Refer to Note 17 for a description of impairment testing procedures.

4.20 Lease assets

Leases - where the Group is the lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated and separated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After the initial measurement, the lease liability will be reduced from the payment and increased from interest expense. This is a measure to reflect a new appraisal or adjustment or significant changes to the fixed lease. When the lease liability is remeasured, the right-of-use assets have decreased to be zero, the lessee must recognize the remainder of the remeasurement in profit or loss.

The rent paid under short-term leases and low value asset leases are recognized as expense on a straight-line method. The short-term lease is a lease with a lease term less than or equal 12 months, the assets with low value comprises small office equipment lease.

4.21 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.

The Group are derecognized financial assets when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Classification and initial measurement of financial assets

Financial assets are initially recognized at fair value plus or less directly costs attributable to the acquisition of the asset. For financial assets measured at fair value through profit or loss (FVTPL), the Group recognizes the associated costs as an expense in profit or loss.

The Group classify financial assets measurement by amortized cost method, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL) the classification is determined by both as follow:

1. The entity's business model for managing the financial asset, and
2. The contractual cash flow characteristics of the financial asset (SPPI).

The Group classified revenue and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions.

1. They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows, and
2. The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than hold to collect contractual cash flows or hold to collect contractual cash flows and sell financial assets are categorized at fair value through profit or loss (FVTPL). Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at financial assets at fair value through profit or loss. All derivative financial instruments fall into this category.

Financial assets at fair value through other comprehensive income (FVOCI)

The Group accounts for financial assets at fair value through other comprehensive income if the assets meet the following conditions:

1. The Group held under a business model whose objective is “hold to collect” the associated cash flows and sell, and
2. the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) on the specified day.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment

The Group has considered impairment for financial assets that are measured at amortized cost. And measure fair value through other comprehensive income (FVOCI).

The Group uses a simplified approach to recognize impairment of accounts receivable and other receivable and loan to other entity and related party. According to estimates of credit losses over the life of such assets since the Group recognize accounts receivable and other receivable and loan to other entity and related party.

In determining the expected credit loss, management grouped receivables by type of customers and consider credit risks that are of a common nature. The expected credit loss rate is determined by the nature of the payment in the past. Information of credit losses from experience, external factors, and future factors that may affect debtor payment.

The Group assesses credit risk of financial assets at the end of every period whether there has been a significant change.

The Group considers and recognizes the expected credit loss by taking into account the past experience and anticipating the future. The recognized credit losses arise from the weighted average credit loss probability estimate. The amount of cash expected to be discounted the effective interest rate.

Losses and reversals of impairment losses are recorded in profit or loss separately.

Classification and measurement of financial liabilities

The Group classifies the financial instruments issued by the Group as financial liabilities or equity instruments considered based on contractual obligations to deliver the financial assets to other persons or entities.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs of financial liability.

Subsequent measurement of financial liabilities

Financial liabilities are subsequently measured at amortized cost. Interest expense is to be calculated by using effective interest rate and charged to statement of profit or loss except for derivatives liabilities are measured at fair value through other comprehensive income (FVOCI).

4.22 Impairment testing of assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset recoverable amounts are estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset value in use and fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.23 Interest-bearing liabilities

Interest-bearing liabilities are recognized initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortized cost with any difference between cost and redemption value being recognized in profit or loss over the period of the borrowings on an effective interest basis.

4.24 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

4.25 Equity

Share capital represents the value of shares that have been issued.

Share premium includes any premiums received on the issuance of share capital. Any transaction costs associated with the issuance of shares are deducted from share premium, net of any related income tax benefits.

Other components of shareholders' equity include the following:

Other comprehensive income

- revaluation of land reserve – comprises gains and losses from the revaluation of land (see Note 4.16)
- translation adjustment for foreign currency financial statement – comprises gains and losses from the translation of foreign operations entity with a functional currency other than Thai Baht (see Note 4.4)
- discount on dilution of investment in subsidiaries company - comprises dilution loss arose on shares issued by the subsidiaries and sold to third parties.

Retained earnings includes all current and prior period retained profits.

All transactions with owners of the Company are recorded separately as part of equity.

4.26 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.

4.27 Post-employment benefits and short-term employee benefits

Post-employment benefit plans

The Group provides post-employment benefits through various defined contribution and retirement benefit plans.

Defined contribution plans

The Group has set up a registered provident fund that is contributed to by employees and by the Group for which assets are held in a separate trustee fund and managed by an authorised fund manager. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognized as an expense in the period that related employee services are received.

Retirement benefit plans

The Group has a legal obligation to pay retirement benefits by reference to the employee's length of service and the latest payment of salary. The liability recognized in the statement of financial position for retirement benefit plans is the present value of the retirement benefit obligation at the reporting date.

Management estimates the retirement benefits annually by reference to the calculation of the independent actuary. This is based on salary growth rate, turnover and mortality. Discount factors are determined close to each year-end by reference to Thai government bonds with terms to maturity approximating the terms of the related pension liability.

Gains and losses resulting from remeasurements of the net retirement benefit liability under the new regulation are included in other comprehensive income and directly transferred to the retained earnings.

Short-term employee benefits

Short-term employee benefits, including salaries, wages, bonuses and contribution to the social security as expenses when incurred.

4.28 Income tax

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax is the expected tax payable or claimable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of earlier years.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary differences will be utilized against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognized in full, except for the exemption under TAS 12: "Income Taxes". As a result of these exemptions, the Group does not recognize deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

4.29 Basic earnings per share

Basic earnings per share are computed by dividing the income for the year by the weighted average number of common shares outstanding during the year.

4.30 Provisions, contingent assets and contingent liabilities

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

4.31 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.

Reduction of inventory cost to net realizable value

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

Building and equipment, investment property and computer software

Management determines the estimated useful lives and residual values of the Company's building and equipment, investment property and computer software and will revise the depreciation and amortization charges where useful lives and residual values previously estimated have changed or are subject to be written down or if they are no longer in use.

Leases

Determine the lease terms

Critical judgement in determining the lease term, the Group 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 Group 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 Group 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 Group.

Determination of the discount rate on lease liabilities

The Group determines the incremental borrowing rate as follows:

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

Impairment of investments in subsidiaries and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Uncertainty in the estimation relates to assumptions about future operating results and the determination of a suitable discount rate.

Defined employee benefit obligation

Management's estimates of the defined employee benefit obligation based on number of critical underlying assumptions such as standard rates of inflation, mortality rate, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined employee benefit obligation amount and the annual defined benefit expenses.

Fair value measurement

Management uses valuation techniques to determine the fair value of land. This involves developing estimates and assumptions consistent with how market participants to price the assets. Management determines the assumptions based on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved on an arm's length transaction at the end of year.

Allowance for doubtful accounts to reflect impairment

The Group sets an allowance for doubtful accounts to reflect impairment of trade accounts receivable resulting from possible non-collection of receivables. The allowance is based on a review of the expected credit loss. Management groups receivables by type of customers and considers credit risks that are of a common nature. The expected credit loss rate is determined by the nature of payments in the past. Information of credit losses from experience, external factors, and future factors that may affect debtor payment which is considered at the end of every period.

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Classification of financial assets and financial liabilities

The balance of financial assets and financial liabilities as at 31 December 2022 are as follows:

| | Consolidated F/S | | | (Unit : Thousand Baht) |
|--|------------------|-----------------------------------|---|------------------------|
| | Amortized cost | Fair value through profit or loss | Fair value through other comprehensive profit or loss | Total |
| <u>Financial assets</u> | | | | |
| Cash at banks | 595,227 | - | - | 595,227 |
| Trade and other accounts receivable - net | 328,159 | - | - | 328,159 |
| Total | 923,386 | - | - | 923,386 |
| <u>Financial liabilities</u> | | | | |
| Short-term loans from financial institutions | - | 150,000 | - | 150,000 |
| Trade and other accounts payable | 46,038 | - | - | 46,038 |
| Lease liabilities | 4,218 | - | - | 4,218 |
| Total | 50,256 | 150,000 | - | 200,256 |

(Unit : Thousand Baht)

| | Separate F/S | | | Total |
|--|----------------|-----------------------------------|---|-----------|
| | Amortized cost | Fair value through profit or loss | Fair value through other comprehensive profit or loss | |
| Financial assets | | | | |
| Cash at banks | 587,325 | - | - | 587,325 |
| Trade accounts receivable and other - net | 347,046 | - | - | 347,046 |
| Loan to subsidiary company | 75,321 | - | - | 75,321 |
| Total | 1,009,692 | - | - | 1,009,692 |
| Financial liabilities | | | | |
| Short-term loans from financial institutions | - | 150,000 | - | 150,000 |
| Trade and other accounts payable | 50,194 | - | - | 50,194 |
| Lease liabilities | 77,550 | - | - | 77,550 |
| Total | 127,744 | 150,000 | - | 277,744 |

6. INTERESTS IN SUBSIDIARIES

Composition of the group

Details of the subsidiaries held directly by the Company are as follow:

| Subsidiary companies | Country of incorporation and business | Proportion of ownership interest held by the Group at year ended (percentage) | | Principal activity |
|-------------------------------------|---------------------------------------|---|-------|---|
| | | 2022 | 2021 | |
| Neastern Steel Co., Ltd. | Thai | 99.99 | 99.99 | Manufacturing of steel pipes, steel plates, light lip channels and steel wire mesh |
| Mega Trans and Logis Co., Ltd. | Thai | 99.99 | 99.99 | Transportation services for heavy products |
| Grand Steel Pipe Industry Co., Ltd. | Laos | 97.11 | 97.11 | Manufacturing and sale of steel pipe, steel plates and light lip channel and trading of steel products. |

Subsidiary

A subsidiary is an entity controlled by the Company. The Company controls an entity when it has exposure to, or has rights to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the entities. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

7. RELATED PARTY TRANSACTIONS

The Group has transactions with related parties that are related through common shareholding and/or directorship. Thus, the consolidated and separate financial statements reflect the effects of those transactions on the basis agreed upon between the Group and its related parties, which might be different from the basis used for transactions with unrelated parties.

Nature of relationship

| Name of entities | Country of incorporation/ nationality | Nature of relationship |
|----------------------------------|--|---|
| <i>Related parties</i> | | |
| Nana Watsadu Furniture Co., Ltd. | Thailand | Co-shareholders |
| Panichsawad Co., Ltd. | Thailand | Co-related party |
| United Steel Pipe Co., Ltd. | Thailand | Co-shareholders |
| City Metal Co., Ltd. | Thailand | Co-shareholders |
| Kwangfha Lohakit | Thailand | Co-shareholders |
| <i>Key management</i> | Thailand | Directors and managements |
| <i>Related person</i> | Laos | Person who is a close member of the family of a director and management of a subsidiary |

Pricing policies

| Transactions | Pricing policies |
|---|--|
| Revenue from sales, purchase of goods, and transportation service | Agree-upon basis based on market price |
| Rental of assets and other service income and expenses | Mutually agreed |
| Interest income and expenses | As specified in agreement |
| Manufacturing cost | Cost plus margin |
| Management compensation | According to the shareholders' meeting |

Significant balances with related parties as at 31 December 2022 and 2021 are as follows:

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|--------|--------------|--------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Trade and other accounts receivable | | | | |
| Subsidiary companies | - | - | 23,205 | 56,077 |
| Related company | - | 37,385 | - | 37,385 |
| Total | - | 37,385 | 23,205 | 93,462 |

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|------|--------------|--------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Deposits for purchase of goods | | | | |
| Related company | 9,654 | - | 9,654 | - |
| Short-term loans and interest receivable | | | | |
| Subsidiary companies | - | - | 65,921 | 17,415 |
| Long-term loans receivable | | | | |
| Subsidiary company | - | - | 9,400 | 12,686 |
| Total loans and interest receivable | - | - | 75,321 | 30,101 |

Significant movements in loans to subsidiaries and accrued interest income for the year ended 31 December 2022 are as follows:

| | (Unit: Thousand Baht) | | | |
|----------------------|-----------------------|-----------------|----------|-------------|
| | 1 January | During the year | | 31 December |
| | 2022 | Increase | Decrease | 2022 |
| Subsidiary companies | 30,101 | 48,505 | 3,285 | 75,321 |

Short-term loans to subsidiaries in Thailand have been granted without collateral and bear interest at MRR per annum and are repayable on demand.

Long-term loans to the subsidiary in Thailand have been granted without collateral and bear interest at 4.00 percent per annum. The interest is payable monthly while the principal amount is due at the end of year 2026.

| | (Unit: Thousand Baht) | | | |
|---|-----------------------|-------|--------------|--------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Trade and other accounts payable | | | | |
| Subsidiary companies | - | - | 8,900 | 7,995 |
| Related parties | 8,659 | 6,268 | 8,659 | 6,268 |
| Total | 8,659 | 6,268 | 17,559 | 14,263 |

| | (Unit: Thousand Baht) | | | |
|--------------------------|-----------------------|--------------|---------------|---------------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Lease Liabilities | | | | |
| Subsidiary companies | - | - | 73,332 | 77,188 |
| Related parties | 3,361 | 4,384 | 3,361 | 4,384 |
| Total | 3,361 | 4,384 | 76,693 | 81,572 |

Employee benefits obligation

| | | | | |
|----------------------------|--------|--------|--------|--------|
| Key management personnel | | | | |
| - Post-employment benefits | 15,083 | 14,372 | 12,007 | 11,381 |

Significant transactions with the related parties for the years ended 31 December 2022 and 2021 are as follows:

| Transaction | (Unit: Thousand Baht) | | | |
|---|---------------------------------|----------------|------------------|----------------|
| | Consolidated F/S | | Separate F/S | |
| | For the years ended 31 December | | | |
| | 2022 | 2021 | 2022 | 2021 |
| Revenue from sales | | | | |
| Related parties | 190,671 | 356,086 | 190,671 | 356,086 |
| Subsidiary company | - | - | 85,882 | 232,895 |
| Total | 190,671 | 356,086 | 276,553 | 588,981 |
| Rental assets and other service income | | | | |
| Subsidiary company | - | - | 277 | 266 |
| Interest income | | | | |
| Subsidiary companies | - | - | 2,092 | 1,077 |
| Purchase of goods and service | | | | |
| Related parties | 1,017,033 | 839,887 | 1,017,033 | 839,887 |
| Subsidiary company | - | - | 57 | 1 |
| Total | 1,017,033 | 839,887 | 1,017,090 | 839,888 |
| Manufacturing cost | | | | |
| Subsidiary company | - | - | 85,821 | 83,511 |

| Transaction | (Unit: Thousand Baht) | | | |
|---|---------------------------------|--------|--------------|--------|
| | Consolidated F/S | | Separate F/S | |
| | For the years ended 31 December | | | |
| | 2022 | 2021 | 2022 | 2021 |
| Transportation service | | | | |
| Subsidiary company | - | - | 78,047 | 66,364 |
| Rental assets and other service expenses | | | | |
| Related parties | 1,200 | 1,200 | 1,200 | 1,200 |
| Subsidiary company | - | - | 9,458 | 9,663 |
| Total | 1,200 | 1,200 | 10,658 | 10,863 |
| Key management personnel compensation | | | | |
| Short-term employee benefits | 31,972 | 37,483 | 22,831 | 28,295 |
| Post-employment benefits | 1,024 | 6,358 | 625 | 4,497 |
| Total | 32,996 | 43,841 | 23,456 | 32,792 |

A subsidiary company jointly guaranteed the Company's credit facilities granted by a financial institution totaling Baht 37.98 million by mortgaging land amounting to Baht 6 million as a secondary guarantee.

8. CASH AND CASH EQUIVALENTS

| | (Unit: Thousand Baht) | | | |
|-------------------|-----------------------|---------|--------------|---------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Cash on hand | 67 | 63 | 34 | 29 |
| Cash at banks | | | | |
| - Current account | 74,006 | 28,742 | 68,813 | 25,130 |
| - Saving account | 521,221 | 323,788 | 518,512 | 305,224 |
| Total | 595,294 | 352,593 | 587,359 | 330,383 |

As at 31 December 2022 and 2021, most of cash and cash equivalents were cash at banks in savings accounts with interest rates of 0.05% – 0.25% per year (2021: interest rates were 0.05% – 0.25% per year).

9. TRADE AND OTHER ACCOUNTS RECEIVABLE – NET

| | (Unit: Thousand Baht) | | | |
|--|-----------------------|----------------|----------------|----------------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Trade accounts receivable | | | | |
| - general customers - net | 328,151 | 326,163 | 323,841 | 315,905 |
| Trade accounts receivable - Subsidiary companies | - | - | 23,205 | 56,069 |
| Trade accounts receivable - related companies | - | 37,385 | - | 37,385 |
| Total | <u>328,151</u> | <u>363,548</u> | <u>347,046</u> | <u>409,359</u> |
| Other accounts receivable - general customers | 8 | 9 | - | - |
| Other accounts receivable - subsidiary company | - | - | - | 8 |
| Total | <u>8</u> | <u>9</u> | <u>-</u> | <u>8</u> |
| Total trade and other accounts receivable - net | <u>328,159</u> | <u>363,557</u> | <u>347,046</u> | <u>409,367</u> |

Aging analysis of the trade accounts receivable - general customers and related companies as at 31 December 2022 and 2021 are as follows:

| | (Unit : Thousand Baht) | | | |
|---|------------------------|-----------------|-----------------|-----------------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| <u>Trade accounts receivable - general customers</u> | | | | |
| <u>and related companies</u> | | | | |
| Not yet due | 289,517 | 290,678 | 292,523 | 309,524 |
| Past due | | | | |
| Less than 3 months | 33,260 | 68,011 | 35,435 | 94,980 |
| 3 - 6 months | 927 | 1,331 | 927 | 1,331 |
| 6 - 12 months | 1,379 | 3,893 | 15,097 | 3,893 |
| Over 12 months | 18,193 | 15,479 | 18,189 | 15,387 |
| Total | <u>343,276</u> | <u>379,392</u> | <u>362,171</u> | <u>425,115</u> |
| <u>Less</u> Allowance for doubtful accounts | <u>(15,125)</u> | <u>(15,844)</u> | <u>(15,125)</u> | <u>(15,756)</u> |
| Trade accounts receivable - general customers and related companies - net | <u>328,151</u> | <u>363,548</u> | <u>347,046</u> | <u>409,359</u> |

During the years, the movements in the allowance for doubtful accounts are as follows:

| | (Unit : Thousand Baht) | | | |
|--|------------------------|-----------------|-----------------|-----------------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Balance as at 1 January | (15,844) | (18,682) | (15,756) | (18,553) |
| <u>Add</u> Allowance for doubtful accounts during the year | (1,406) | (1,031) | (1,406) | (1,026) |
| <u>Less</u> Reversal of allowance for doubtful accounts | 2,125 | 3,869 | 2,037 | 3,823 |
| Balance as at 31 December | <u>(15,125)</u> | <u>(15,844)</u> | <u>(15,125)</u> | <u>(15,756)</u> |

10. INVENTORIES – NET

| | (Unit : Thousand Baht) | | | |
|--|------------------------|------------------|----------------|------------------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Raw materials | 219,197 | 440,222 | 219,018 | 435,651 |
| Work in process | 58,733 | 85,926 | 57,618 | 71,485 |
| Finished goods | 374,296 | 590,344 | 364,355 | 540,430 |
| Materials and goods in transit | 9,346 | 8 | 9,346 | 8 |
| Factory supplies | 5,244 | 6,607 | 2,613 | 2,874 |
| Total | <u>666,816</u> | <u>1,123,107</u> | <u>652,950</u> | <u>1,050,448</u> |
| <u>Less</u> Allowance for decline values | (14,819) | (17,964) | (14,126) | (17,964) |
| Net | <u>651,997</u> | <u>1,105,143</u> | <u>638,824</u> | <u>1,032,484</u> |

During the years, the movements in allowance for cost of goods anticipated to be higher than net realizable value are as follows:

| | (Unit : Thousand Baht) | | | |
|---|------------------------|-----------------|-----------------|-----------------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Balance as at 1 January | (17,964) | (286) | (17,964) | (286) |
| <u>Add</u> Additional allowance during the year | (151,092) | (25,656) | (150,399) | (25,656) |
| <u>Less</u> Reversal of allowance during the year | 154,237 | 7,978 | 154,237 | 7,978 |
| Balance as at 31 December | <u>(14,819)</u> | <u>(17,964)</u> | <u>(14,126)</u> | <u>(17,964)</u> |

Items included in the costs of goods sold are as follows:

| | (Unit : Thousand Baht) | | | |
|---|------------------------|------------------|------------------|------------------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Costs of goods sold | 6,604,532 | 5,354,035 | 6,533,281 | 5,386,039 |
| <u>Add</u> Allowance for cost of goods anticipated to be higher than net realizable value | 151,092 | 25,656 | 150,399 | 25,656 |
| <u>Less</u> Reverse of allowance for cost of goods anticipated to be higher than net realizable value | (154,237) | (7,978) | (154,237) | (7,978) |
| Total costs of sales | <u>6,601,387</u> | <u>5,371,713</u> | <u>6,529,443</u> | <u>5,403,717</u> |

11. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2021, the Company's saving and fixed deposits with term of maturity of 12 months with interest at 0.65 – 1.05 % per annum, have been pledged as collateral for the use of electricity and short-term credit line from financial institutions.

12. INVESTMENTS IN SUBSIDIARIES - NET

| | (Unit : Thousand Baht) | | | | | | | |
|-------------------------------------|------------------------|---------|-------------------------------|---------|--------------------|----------|--------------------|----------|
| | Paid-up capital | | Percentage of shareholding | | Separate F/S | | | |
| | | | | | 2022 | | 2021 | |
| | | | | | Investments | | Investments | |
| 2022 | 2021 | 2022 | 2021 | At cost | Dividend income | At cost | Dividend income | |
| Neastern Steel Co., Ltd. | 90,000 | 90,000 | 99.99 | 99.99 | 99,000 | - | 99,000 | - |
| Mega Trans and Logis Co., Ltd. | 30,000 | 30,000 | 99.99 | 99.99 | 30,000 | - | 30,000 | - |
| Grand Steel Pipe Industry Co., Ltd. | 121,970 | 121,970 | 97.11 | 97.11 | 87,770 | - | 87,770 | - |
| Total | | | | | <u>216,770</u> | <u>-</u> | <u>216,770</u> | <u>-</u> |

13. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Thousand Baht)

| Consolidated F/S | | | | | | | |
|---------------------------------------|-------------------------|----------------------------------|-----------------------------------|--------------------------------------|----------|--|-----------|
| | Land and improvement | Buildings and construction | Machinery and factory tools | Furniture and office equipment | Vehicles | Assets in transit and in progress | Total |
| Cost | | | | | | | |
| 1 January 2022 | 191,036 | 323,163 | 558,920 | 25,795 | 149,539 | 3,554 | 1,252,007 |
| Acquisitions | - | 2,400 | 2,304 | 1,681 | 2,904 | 84,335 | 93,624 |
| Disposals | - | - | (480) | (18) | (200) | - | (698) |
| Transfer in / (out) | - | 30,106 | 28,407 | 22 | 6,062 | (64,597) | - |
| 31 December 2022 | 191,036 | 355,669 | 589,151 | 27,480 | 158,305 | 23,292 | 1,344,933 |
| Accumulated depreciation | | | | | | | |
| 1 January 2022 | (16,518) | (164,517) | (384,345) | (21,952) | (71,542) | - | (658,874) |
| Depreciation for the year | (1,682) | (13,065) | (22,424) | (1,603) | (8,706) | - | (47,480) |
| Depreciation for disposals | - | - | 328 | 18 | 127 | - | 473 |
| 31 December 2022 | (18,200) | (177,582) | (406,441) | (23,537) | (80,121) | - | (705,881) |
| Net book value | | | | | | | |
| 31 December 2022 | 172,836 | 178,087 | 182,710 | 3,943 | 78,184 | 23,292 | 639,052 |
| Depreciation for the year 2022 | | | | | | | |
| Cost of goods sold | | | | | | | 35,573 |
| Administrative expenses | | | | | | | 11,906 |
| Total | | | | | | | 47,479 |

(Unit : Thousand Baht)

| Consolidated F/S | | | | | | | |
|---------------------------------|-------------------------|----------------------------------|-----------------------------------|--------------------------------------|----------|--|-----------|
| | Land and improvement | Buildings and construction | Machinery and factory tools | Furniture and office equipment | Vehicles | Assets in transit and in progress | Total |
| Cost | | | | | | | |
| 1 January 2021 | 183,855 | 321,347 | 552,146 | 26,154 | 136,772 | 243 | 1,220,517 |
| Acquisitions | 4,700 | 24 | 2,360 | 2,095 | 965 | 23,814 | 33,958 |
| Disposals | - | - | - | (2,468) | - | - | (2,468) |
| Transfer in / (out) | 2,481 | 1,792 | 4,414 | 14 | 11,802 | (20,503) | - |
| 31 December 2021 | 191,036 | 323,163 | 558,920 | 25,795 | 149,539 | 3,554 | 1,252,007 |
| Accumulated depreciation | | | | | | | |
| 1 January 2021 | (14,899) | (152,131) | (362,419) | (22,831) | (63,049) | - | (615,329) |
| Depreciation for the year | (1,619) | (12,386) | (21,926) | (1,474) | (8,493) | - | (45,898) |
| Depreciation for disposals | - | - | - | 2,353 | - | - | 2,353 |
| 31 December 2021 | (16,518) | (164,517) | (384,345) | (21,952) | (71,542) | - | (658,874) |

(Unit : Thousand Baht)

Consolidated F/S

| | Land and improvement | Buildings and construction | Machinery and factory tools | Furniture and office equipment | Vehicles | Assets in transit and in progress | Total |
|---------------------------------------|-------------------------|----------------------------------|-----------------------------------|--------------------------------------|----------|--|---------|
| Net book value | | | | | | | |
| 31 December 2021 | 174,518 | 158,646 | 174,575 | 3,843 | 77,997 | 3,554 | 593,133 |
| Depreciation for the year 2021 | | | | | | | |
| Cost of goods sold | | | | | | | 34,071 |
| Administrative expenses | | | | | | | 11,827 |
| Total | | | | | | | 45,898 |

(Unit : Thousand Baht)

Separate F/S

| | Land and improvement | Buildings and construction | Machinery and factory Tools | Furniture and office equipment | Vehicles | Assets in transit and in progress | Total |
|---------------------------------------|-------------------------|----------------------------------|-----------------------------------|--------------------------------------|----------|--|-----------|
| Cost | | | | | | | |
| 1 January 2022 | 116,874 | 144,827 | 252,293 | 14,740 | 10,466 | 2,941 | 542,141 |
| Acquisitions | - | - | 730 | 1,161 | - | 15,716 | 17,607 |
| Disposals | - | - | - | (18) | - | - | (18) |
| Transfer in / (out) | - | - | 10,981 | - | - | (10,981) | - |
| 31 December 2022 | 116,874 | 144,827 | 264,004 | 15,883 | 10,466 | 7,676 | 559,730 |
| Accumulated depreciation | | | | | | | |
| 1 January 2022 | (5,373) | (63,302) | (175,177) | (11,822) | (7,832) | - | (263,506) |
| Depreciation for the year | (546) | (6,027) | (10,193) | (1,217) | (437) | - | (18,420) |
| Depreciation for disposals | - | - | - | 18 | - | - | 18 |
| 31 December 2022 | (5,919) | (69,329) | (185,370) | (13,021) | (8,269) | - | (281,908) |
| Net book value | | | | | | | |
| 31 December 2022 | 110,955 | 75,498 | 78,634 | 2,862 | 2,197 | 7,676 | 277,822 |
| Depreciation for the year 2022 | | | | | | | |
| Cost of goods sold | | | | | | | 12,585 |
| Administrative expenses | | | | | | | 5,835 |
| Total | | | | | | | 18,420 |

(Unit : Thousand Baht)

| | Separate F/S | | | | | | Total |
|---------------------------------------|----------------------|----------------------------|-----------------------------|--------------------------------|----------------|-----------------------------------|------------------|
| | Land and improvement | Buildings and construction | Machinery and factory Tools | Furniture and office equipment | Vehicles | Assets in transit and in progress | |
| Cost | | | | | | | |
| 1 January 2021 | 112,174 | 143,256 | 248,017 | 14,672 | 9,587 | 243 | 527,949 |
| Acquisitions | 4,700 | 24 | 625 | 1,815 | 879 | 7,910 | 15,953 |
| Disposals | - | - | - | (1,761) | - | - | (1,761) |
| Transfer in / (out) | - | 1,547 | 3,651 | 14 | - | (5,212) | - |
| 31 December 2021 | <u>116,874</u> | <u>144,827</u> | <u>252,293</u> | <u>14,740</u> | <u>10,466</u> | <u>2,941</u> | <u>542,141</u> |
| Accumulated depreciation | | | | | | | |
| 1 January 2021 | (4,827) | (57,339) | (165,466) | (12,456) | (7,372) | - | (247,460) |
| Depreciation for the year | (546) | (5,963) | (9,711) | (1,013) | (460) | - | (17,693) |
| Depreciation for disposals | - | - | - | 1,647 | - | - | 1,647 |
| 31 December 2021 | <u>(5,373)</u> | <u>(63,302)</u> | <u>(175,177)</u> | <u>(11,822)</u> | <u>(7,832)</u> | <u>-</u> | <u>(263,506)</u> |
| Net book value | | | | | | | |
| 31 December 2021 | <u>111,501</u> | <u>81,525</u> | <u>77,116</u> | <u>2,918</u> | <u>2,634</u> | <u>2,941</u> | <u>278,635</u> |
| Depreciation for the year 2021 | | | | | | | |
| Cost of goods sold | | | | | | | 12,093 |
| Administrative expenses | | | | | | | <u>5,600</u> |
| Total | | | | | | | <u>17,693</u> |

As at 31 December 2022 and 2021, the Company's and subsidiary's land and construction thereon, and machinery used for manufacturing with book values of Baht 55.76 million and Baht 103.96 million, respectively, in the consolidated financial statements, and Baht 41.87 million and Baht 94.25 million, respectively, in the separate financial statements have been mortgaged as collaterals for bank overdrafts, loans and other credit facilities with financial institutions as mentioned in Notes 18 and 28.2.

As at 31 December 2022 and 2021, the cost of fully depreciated assets that are still in use are Baht 379.45 million and Baht 359.60 million, respectively, in the consolidated financial statements and of Baht 180.56 million and Baht 167.64 million, respectively, in the separate financial statements.

14. LEASE

14.1 Rights-of-use- assets

During the year ended 31 December 2022 and 2021, the Company and subsidiaries have the following condensed movements in rights-of-use assets:

| | (Unit : Thousand Baht) | |
|---|------------------------|--------------|
| | Consolidated F/S | Separate F/S |
| Cost | | |
| 1 January 2021 | 16,026 | 92,649 |
| 31 December 2021 | 16,026 | 92,649 |
| 31 December 2022 | 16,026 | 92,649 |
| Accumulated depreciation | | |
| 1 January 2021 | (2,479) | (5,379) |
| Depreciation for the year | (2,292) | (6,997) |
| 31 December 2021 | (4,771) | (12,376) |
| Depreciation for the year | (2,277) | (6,981) |
| 31 December 2022 | (7,048) | (19,357) |
| Net book value | | |
| 31 December 2021 | 11,255 | 80,273 |
| 31 December 2022 | 8,978 | 73,292 |
| Depreciation | | |
| Administrative expenses for the year 2021 | (2,292) | (6,997) |
| Administrative expenses for the year 2022 | (2,277) | (6,981) |

As at 31 December 2022, the prepaid land rental expenses of a subsidiary in Lao People's Democratic Republic amounted to Baht 3.51 million represents the right to use land under two lease agreements from another person for 15 - 30 years. The subsidiary amortizes the prepaid land rental expense based on the straight-line method in accordance with the lease agreement.

14.2 Lease liabilities

| | (Unit: Thousand Baht) | |
|----------------------------------|-----------------------|--------------|
| | Consolidated F/S | Separate F/S |
| | 2022 | 2022 |
| Lease liabilities | | |
| Not over 1 year | 1,500 | 9,005 |
| Over 1 year but not over 5 years | 3,000 | 33,020 |
| Over 5 years | - | 64,468 |
| Total | 4,500 | 106,493 |
| <u>Less</u> Deferred interest | (282) | (28,943) |
| | | |
| <u>Less</u> Current portion | (1,343) | (5,390) |
| Net | 2,875 | 72,160 |

The Company entered into lease agreements with subsidiary and related parties to lease warehouse for 3 - 15 years and the Group entered into land rental agreement for 30 years.

Lease payment not recognised as a liability

The Group has elected not to recognize a lease liability for short-term leases (leases with an expected term of 12 month or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognized as lease liabilities and are expensed as incurred.

The expenses related to the lease not included in the measurement of the lease liability is as follows:

| | (Unit: Thousand Baht) | |
|----------------------------|-----------------------|--------------|
| | Consolidated F/S | Separate F/S |
| Leases of low value assets | 2,768 | 797 |

15. INVESTMENT PROPERTY – NET

| | (Unit : Thousand Baht) |
|---------------------------------|-------------------------|
| | <u>Consolidated F/S</u> |
| Cost | |
| 1 January 2021 | 5,060 |
| 31 December 2021 | 5,060 |
| 31 December 2022 | <u>5,060</u> |
| Accumulated depreciation | |
| 1 January 2021 | (3,451) |
| Depreciation for the year | (338) |
| 31 December 2021 | (3,789) |
| Depreciation for the year | (337) |
| 31 December 2022 | <u>(4,126)</u> |
| Net book value | |
| 31 December 2021 | <u>1,271</u> |
| 31 December 2022 | <u>934</u> |

16. INTANGIBLE ASSETS – NET

The movements in computer software for the years ended 31 December 2022 and 2021 are as follow:

| | (Unit :Thousand Baht) | |
|-------------------------------|-------------------------|---------------------|
| | <u>Consolidated F/S</u> | <u>Separate F/S</u> |
| Cost | | |
| 1 January 2021 | 8,145 | 7,036 |
| Addition | 1,263 | 1,245 |
| 31 December 2021 | 9,408 | 8,281 |
| Addition | 3 | - |
| Write – off during the period | (850) | (850) |
| 31 December 2022 | <u>8,561</u> | <u>7,431</u> |

| | (Unit :Thousand Baht) | |
|---------------------------------|-----------------------|--------------|
| | Consolidated F/S | Separate F/S |
| Accumulated amortization | | |
| 1 January 2021 | (6,842) | (5,981) |
| Amortization for the year | (483) | (385) |
| 31 December 2021 | (7,325) | (6,366) |
| Amortization for the year | (575) | (525) |
| Amortization for write – off | 144 | 144 |
| 31 December 2022 | (7,756) | (6,747) |
| Net book value | | |
| 31 December 2021 | 2,083 | 1,915 |
| 31 December 2022 | 805 | 684 |

17. GOODWILL

Goodwill of Baht 15 million arose from the business acquisition of Grand Steel Pipe Industry Co., Ltd. in 2015.

Impairment testing

The Group tests impairment of goodwill annually by comparing the net book value of goodwill with the recoverable amount of a CGU, which is determined based on value-in-use calculations. These calculations use cash flow projections from financial budgets that are approved by the management. Cash flows beyond the projected period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the average long-term growth rate for the business in which the CGU operates.

As at 31 December 2022, the key assumptions used for value-in-use calculations are as follows:

| | Consolidated F/S | |
|-------------------|------------------|-------|
| | 2022 | 2021 |
| Growth rate (%) | 1.00 | 1.00 |
| Discount rate (%) | 14.09 | 12.56 |

If the discount rate used in the calculation increases by 1.0% per annum, there is no impairment of goodwill recorded in the consolidated financial statements for the year ended 31 December 2022.

18. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Thousand Baht)

| | Consolidated and Separate F/S | |
|--|-------------------------------|------|
| | 2022 | 2021 |
| Liabilities under trust receipt agreements | 150,000 | - |
| Total | 150,000 | - |

The Company has short-term loans from financial institutions which bear interest at 2.68% per annum.

These are collateralized by the mortgages of land and construction thereon and machinery as mentioned in Note 13, the transfer of the right to receive insurance claims, and cross guarantees among the Group totaling Baht 690 million.

19. TRADE AND OTHER ACCOUNTS PAYABLE

(Unit: Thousand Baht)

| | Consolidated F/S | | Separate F/S | |
|--|------------------|--------|--------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| Trade accounts payable – general suppliers | 31,453 | 19,769 | 31,453 | 19,769 |
| Trade accounts payable – related companies | 8,593 | 6,266 | 17,491 | 14,207 |
| Other accounts payable – general suppliers | 5,925 | 4,192 | 1,183 | 936 |
| Other accounts payable – related companies | 67 | 2 | 67 | 56 |
| Total | 46,038 | 30,229 | 50,194 | 34,968 |

20. ACCRUED EXPENSES

(Unit : Thousand Baht)

| | Consolidated F/S | | Separate F/S | |
|--|------------------|--------|--------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| Accrued bonuses | 15,049 | 25,390 | 11,677 | 19,962 |
| Accrued transportation | 9,640 | 7,250 | 9,640 | 7,250 |
| Accrued salary and other employee benefits | 2,055 | 2,699 | 1,539 | 2,090 |
| Accrued utilities | 3,752 | 2,098 | 1,468 | 822 |
| Accrued other expenses | 1,252 | 1,471 | 977 | 1,035 |
| Accrued interest | 22 | - | 22 | - |
| Total | 31,770 | 38,908 | 25,323 | 31,159 |

21. POST - EMPLOYMENT BENEFIT PLANS

21.1 Defined benefit plans

During the years ended 31 December 2022 and 2021, movements in employee benefits obligation are as follow:

| | (Unit : Thousand Baht) | | | |
|---|------------------------|---------|--------------|---------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Beginning Balance | 17,794 | 22,303 | 15,562 | 18,455 |
| Provision expense recorded in the statement of profit or loss | | | | |
| - Current service costs | 1,162 | 1,202 | 1,029 | 1,045 |
| - Financial costs | 450 | 431 | 402 | 373 |
| Employee benefits paid | (312) | (6,142) | - | (4,311) |
| Ending Balance | 19,094 | 17,794 | 16,993 | 15,562 |

Principal actuarial assumptions are as follows:

| | Consolidated F/S | Separate F/S |
|--------------------------------------|-----------------------------|---------------------------|
| Discount rate for salary | 2.02-2.47 percent per annum | 2.47 percent per annum |
| Discount rate for wage | 2.02-2.47 percent per annum | 2.47 percent per annum |
| Mortality rate | Thai Mortality Table 2017 | Thai Mortality Table 2017 |
| Future salary expense increment rate | 5.84-6.04 percent per annum | 5.84 percent per annum |
| Future wage expense increment rate | 2.71-4.87 percent per annum | 2.71 percent per annum |
| Normal retirement age | 60 years | 60 years |
| Number of employees | 411 persons | 274 persons |

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

(Unit: Thousand Baht)

The defined benefit obligation

| | Consolidated F/S | Separate F/S |
|---------------------------------------|------------------|--------------|
| Discount rate (0.5% increment) | (746) | (685) |
| Discount rate (0.5% decrement) | 797 | 733 |
| Future salary growth (0.5% increment) | 1,001 | 908 |
| Future salary growth (0.5% decrement) | (939) | (850) |
| Employee turnover (1.0% increment) | (1,376) | (1,166) |
| Employee turnover (1.0% decrement) | 1,552 | 1,317 |

21.2 Defined provident fund plan

The Group and their employees have jointly established a provident fund plan in accordance with the Provident Fund Act B.E. 2530. The Group and their employees contributed to the fund monthly at the rate of 3.00% of basic salaries. The fund is managed by Kasikorn Asset Management Co., Ltd. and SCB Asset Management Co., Ltd. and will be paid to the employees upon termination in accordance with the fund rules.

For the years ended 31 December 2022 and 2021, the Group contribution amounted to Baht 2.25 million and Baht 1.35 million, respectively, in the consolidated financial statements and Baht 1.54 million and Baht 1.00 million, respectively, in the separate financial statements.

22. INCOME TAX

Reconciliation of income tax expenses are as follows:

| | (Unit : Thousand Baht) | | | |
|--|------------------------|---------|--------------|---------|
| | Consolidated F/S | | Separate F/S | |
| | 2022 | 2021 | 2022 | 2021 |
| Profit before tax | (123,697) | 924,688 | (94,830) | 890,249 |
| Applicable tax rate (Percentage) | 20 | 20 | 20 | 20 |
| Tax multiplied by applicable tax rate | - | 184,938 | - | 178,050 |
| Adjustment for: | | | | |
| Tax on non-deductible expenses | 3,936 | 6,026 | 2,192 | 4,308 |
| Tax on exempted income and additional expendable expense | (3,541) | (4,896) | (2,352) | (4,179) |
| Related transaction | (1,024) | 568 | - | - |
| Income tax | (629) | 186,636 | (160) | 178,179 |
| Income tax consisted of: | | | | |
| Current income tax | - | 184,738 | - | 177,041 |
| Deferred tax from temporary differences | (629) | 1,898 | (160) | 1,138 |
| Total income tax | (629) | 186,636 | (160) | 178,179 |

23. DEFERRED TAX

Deferred income tax asset and liability

The movements in deferred income tax assets/liabilities are as follows:

| | (Unit : Thousand Baht) | | | |
|--|------------------------|----------------------------------|---|---------------------|
| | Consolidated F/S | | | |
| | 1 January 2022 | Recognised as income (expense) | | 31 December 2022 |
| Profit or loss | | Other comprehensive income | | |
| Deferred tax assets from: | | | | |
| Provision for allowance doubtful of accounts receivable | 3,150 | (125) | - | 3,025 |
| Provision for employee benefits obligation | 3,560 | 258 | - | 3,818 |
| Taxable loss carried forward | 1,012 | - | - | 1,012 |
| Deferred tax liabilities from: | | | | |
| Surplus from fair value of land, buildings and equipment | (20,650) | 496 | - | (20,154) |
| Deferred tax liabilities, net | (12,928) | 629 | - | (12,299) |

(Unit : Thousand Baht)

| | Consolidated F/S | | | 31 December 2021 |
|--|-------------------|--------------------------------|----------------------------------|---------------------|
| | 1 January 2021 | Recognised as income (expense) | | |
| | | Profit or loss | Other comprehensive income | |
| Deferred tax assets from: | | | | |
| Provision for allowance doubtful of accounts receivable | 3,710 | (560) | - | 3,150 |
| Provision for employee benefits obligation | 4,461 | (901) | - | 3,560 |
| Taxable loss carried forward | 2,047 | (1,035) | - | 1,012 |
| Deferred tax liabilities from: | | | | |
| Surplus from fair value of land, buildings and equipment | (21,248) | 598 | - | (20,650) |
| Deferred tax liabilities, net | (11,030) | (1,898) | - | (12,928) |

(Unit : Thousand Baht)

| | Separate F/S | | | 31 December 2022 |
|---|-------------------|--------------------------------|----------------------------------|---------------------|
| | 1 January 2022 | Recognised as income (expense) | | |
| | | Profit or loss | Other comprehensive income | |
| Deferred tax assets from: | | | | |
| Provision for allowance doubtful of accounts receivable | 3,151 | (126) | - | 3,025 |
| Provision for employee benefits obligation | 3,112 | 286 | - | 3,398 |
| Deferred tax liabilities from: | | | | |
| Surplus from fair value land | (11,095) | - | - | (11,095) |
| Deferred tax liabilities, net | (4,832) | 160 | - | (4,672) |

(Unit : Thousand Baht)

| | Separate F/S | | | 31 December 2021 |
|---|-------------------|--------------------------------|----------------------------------|---------------------|
| | 1 January 2021 | Recognised as income (expense) | | |
| | | Profit or loss | Other comprehensive income | |
| Deferred tax assets from: | | | | |
| Provision for allowance doubtful of accounts receivable | 3,710 | (559) | - | 3,151 |
| Provision for employee benefits obligation | 3,691 | (579) | - | 3,112 |
| Deferred tax liabilities from: | | | | |
| Surplus from fair value land | (11,095) | - | - | (11,095) |
| Deferred tax liabilities, net | (3,694) | (1,138) | - | (4,832) |

As at 31 December 2022, the Company and subsidiaries have not recognized deferred tax assets in the consolidated financial statements and separate financial statements for the effect on allowance for decline value of inventories of Baht 14.82 million (2021: Baht 17.96 million). This does not have significant effect to the financial statements.

24. EQUITY

24.1 Authorized share capital

Movements in authorized share capital, and fully paid-up share capital are as follow:

| Authorized share capital | Number of Shares | Par value (Baht) | Baht |
|--------------------------------|--------------------|---------------------|--------------------|
| Balance as of 1 January 2022 | 499,998,995 | 1.00 | 499,998,995 |
| Increased share capital | 49,999,795 | 1.00 | 49,999,795 |
| Decreased share capital | (1,049) | 1.00 | (1,049) |
| Balance as of 31 December 2022 | <u>549,997,741</u> | 1.00 | <u>549,997,741</u> |

| Issued and fully paid-up share capital | Number of Shares | Par value (Baht) | Baht |
|--|--------------------|---------------------|--------------------|
| Balance as of 1 January 2022 | 499,997,946 | 1.00 | 499,997,946 |
| Increased share capital | <u>49,998,008</u> | 1.00 | <u>49,998,008</u> |
| Balance as of 31 December 2022 | <u>549,995,954</u> | 1.00 | <u>549,995,954</u> |

At the Annual General Meeting for the year 2022 on 21 April 2022, the shareholders passed a resolution to decrease the registered common share of the Company from Baht 499,998,995 to Baht 499,997,946 by reducing the non-allotment of 1,049 shares at par value of Baht 1 remaining for the stock dividend payment as approved at the Annual General Meeting of Shareholders for the year 2021. The Company registered the share capital decrement with the Department of Business Development on 2 May 2022.

At the Annual General Meeting for the year 2022 on 21 April 2022, the shareholders passed a resolution to increase the registered common share of the Company from Baht 499,997,946 to Baht 549,995,954 by issuing new 49,998,008 common share at par value of 1 Baht, totalling Baht 50.00 million to support stock dividends. The Company registered the share capital increment with the Department of Business Development on 5 May 2022.

24.2 Legal reserve

Under the Public Limited Company Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5% of its net income for the year after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered capital. The legal reserve is not available for dividend distribution.

24.3 Dividend payment

At the Annual General Meeting of Shareholder 2022 on 21 April 2022, the meeting passed the resolution to pay dividend from its net profit after tax for the year 2021 for 499,997,946 common shares for the shareholders on the list at the closing date on 16 March 2022 as follow:

| <u>Dividend</u> | <u>Baht per share</u> | <u>Numbers of shares (Million shares)</u> | <u>Amount (Million Baht)</u> |
|--|-----------------------|---|----------------------------------|
| Stock dividend (at the ratio of 10 existing shares per 1 stock dividend) | 0.10 | 500.00 | 50.00 |
| Cash dividend | 0.27 | 500.00 | 135.00 |
| Total | <u>0.37</u> | | <u>185.00</u> |

The dividend was paid on 19 May 2022.

At the Annual General Meeting for the year 2021 held on 21 April 2021, shareholders passed a resolution to pay dividend from income from operations for the year 2020 from non-promoted business by cash dividend of Baht 0.25 per share for 450 million common shares totalling Baht 112.50 million and stock dividend at the ratio of 9 existing shares per 1 stock dividend of Baht 0.11 per shares totalling Baht 50 million, which made up the total dividend of Baht 162.50 million.

At the Board of Director Meeting No. 3/2021 on 9 August 2021, the directors passed a resolution to approve the payment of interim dividends from non-promoted income for the six-month period end 30 June 2021 of Baht 0.20 per share for 500 million common shares totalling Baht 100 million. The dividend was paid on 6 September 2021.

25. EXPENSES BY NATURE

Significant expenses by nature are as follows:

| | (Unit : Thousand Baht) | | | |
|--|---------------------------------|-----------|--------------|-----------|
| | Consolidated F/S | | Separate F/S | |
| | For the years ended 31 December | | | |
| | 2022 | 2021 | 2022 | 2021 |
| Salaries, wages and other employee benefits | 135,459 | 124,654 | 81,989 | 76,489 |
| Executives' remuneration | 32,996 | 43,842 | 23,457 | 32,792 |
| Depreciation and amortization | 50,868 | 49,427 | 25,765 | 25,074 |
| Transportation expenses | 88,636 | 74,135 | 112,762 | 101,421 |
| Manufacturing service costs | 500 | 154 | 86,321 | 83,665 |
| Reversal of allowance excess of cost of goods over net realizable value | (3,144) | (17,678) | (3,838) | (17,678) |
| Loss from exchange rate | 20,225 | 21,703 | - | - |
| Raw material and supplies used | 3,974,835 | 3,362,214 | 3,929,063 | 3,330,647 |
| Purchase of finished goods | 2,290,223 | 2,098,969 | 2,276,287 | 2,095,597 |
| Change in finished goods and work in process | 221,321 | (219,390) | (189,942) | (175,984) |

26. SEGMENT REPORTING

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and subsidiaries' business operations are categorized mainly into 2 principal segments: (1) trading of steel products including raw material and (2) production and distribution of steel products. Below are revenues of the Company and subsidiaries for the years ended 31 December 2022 and 2021.

(Unit : Million Baht)

| Consolidated F/S | | | | | | | | |
|---|--|-----------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| For the years ended 31 December | | | | | | | | |
| | Trading of products (include raw materials) | | Production and distribution of steel products | | Eliminated | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues from external customers | 2,309.27 | 2,043.19 | 4,399.70 | 4,477.62 | - | - | 6,708.97 | 6,520.81 |
| Revenues from inter-segments | 65.19 | 223.88 | 99.75 | 85.77 | (164.94) | (309.65) | - | - |
| Total revenue | 2,374.46 | 2,267.07 | 4,499.45 | 4,563.39 | (164.94) | (309.65) | 6,708.97 | 6,520.81 |
| Interest income | 1.42 | 0.96 | 2.70 | 1.92 | (2.09) | (1.08) | 2.03 | 1.80 |
| Interest expense | 2.18 | 2.19 | 4.14 | 4.40 | (5.74) | (4.87) | 0.58 | 1.72 |
| Depreciation and amortization expenses | - | - | 55.88 | 54.44 | (5.37) | (5.43) | 50.51 | 49.01 |
| Segment profits | 20.58 | 260.28 | 109.15 | 478.88 | (6.63) | (1.11) | 123.10 | 738.05 |
| Segment assets | 789.66 | 815.66 | 1,496.36 | 1,641.84 | - | - | 2,286.02 | 2,457.50 |
| Increased (decreased) of segment non-current assets | 14.41 | - | 27.32 | (86.25) | - | - | 41.73 | (86.25) |
| Segment liabilities | 93.48 | - | 177.14 | 179.68 | - | - | 270.62 | 179.68 |

The Group disclosed the revenue disaggregated by primary geographical as follows:

(Unit : Million Baht)

| Consolidated F/S | | | | | | | | |
|----------------------------------|------------------------------------|-----------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Trading (include raw materials) | | Production and distribution of steel products | | Eliminated | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Local | 2,361.01 | 2,264.84 | 4,337.51 | 4,289.61 | (164.94) | (309.65) | 6,533.58 | 6,244.80 |
| Lao People's Democratic Republic | 13.45 | 2.23 | 161.94 | 273.78 | - | - | 175.39 | 276.01 |
| Total | 2,374.46 | 2,267.07 | 4,499.45 | 4,563.39 | (164.94) | (309.65) | 6,708.97 | 6,520.81 |

Major Customer

The Group does not have sales to any customer more than 10 percent of total revenues in the consolidated and separate financial statements.

27. INVESTMENT PROMOTION PRIVILEGES

The Company and subsidiary have privileges under investment certificates covered by the Promotion of Investment Act B.E. 2520 (A.D. 1977), as follows:

| Certificate No. | Date | Promoted activity types | Commence date of revenues generated | Expiry date |
|-----------------------|----------------|---------------------------------------|-------------------------------------|------------------|
| <u>The Company</u> | | | | |
| 62-0968-1-04-1-0 | 15 July 2019 | Cold formed structural steel sections | 4 September 2019 | 3 September 2022 |
| <u>The subsidiary</u> | | | | |
| 2488(2)/2557 | 25 August 2014 | Cold formed structural steel sections | 29 February 2016 | 29 February 2024 |

The Company and subsidiary have privileges as follows:

- Exemption from import duty on approved imported machinery.
- Exemption from corporate income tax on profits from the promoted activity not exceeding 50% and 100% of assets, excluding land and capital, for a period of three years and eight years, respectively commencing the date that income was first derived.
- Exemption from income tax on dividends paid to the shareholders from the profit of the promoted operations during the period in which the corporate income tax is exempted.

As a promoted company, the Company and subsidiary must comply with certain conditions and restrictions provided for in the promotional certificates.

Based on the Announcement of the Board of Investment No. Por 14/1998 dated 30 December 1998 regarding revenue reporting of a promoted industry, the subsidiary is required to report the revenues separately for promoted and the non-promoted businesses. The revenue for the years ended 31 December 2022 and 2021 are follows:

| | Thousand Baht | | | |
|--------------------|-------------------|-----------------------|------------|-----------|
| | Consolidated F/S | | | |
| | Promoted business | Non-promoted business | Eliminated | Total |
| 2022 | | | | |
| Revenue from sales | 14,047 | 6,859,856 | (164,938) | 6,708,965 |
| 2021 | | | | |
| Revenue from sales | 13,920 | 6,816,546 | (309,653) | 6,520,813 |

| | Thousand Baht | | |
|--------------------|----------------------|--------------------------|-----------|
| | Separate F/S | | |
| | Promoted business | Non-promoted business | Total |
| 2021 | | | |
| Revenue from sales | - | 6,612,682 | 6,612,682 |
| 2020 | | | |
| Revenue from sales | - | 6,470,948 | 6,470,948 |

28. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2022, the Company has commitments and contingent liabilities as follows:

28.1 The Company has purchase orders for raw materials and finished goods which products have not yet been received for Baht 85.04 million and Baht 59.25 million, respectively, in the consolidated and separate financial statements.

28.2 As at 31 December 2022 and 2021, the credit facilities of the Company and subsidiary are as follows:

(Unit : Million)

| | Currency | Consolidated F/S | | | | | |
|---|----------|------------------|----------|----------|------------------|----------|----------|
| | | 31 December 2022 | | | 31 December 2021 | | |
| | | Total | Utilised | Remained | Total | Utilised | Remained |
| Letters of guarantee | Baht | 8.81 | 1.56 | 7.25 | 9.86 | 2.62 | 7.24 |
| Bank overdraft | Baht | 15.00 | - | 15.00 | 10.00 | - | 10.00 |
| Promissory notes and trust receipt agreement | Baht | 690.00 | 150.00 | 540.00 | 990.00 | 136.48 | 853.52 |

(Unit : Million)

| | Currency | Separate F/S | | | | | |
|---|----------|------------------|----------|----------|------------------|----------|----------|
| | | 31 December 2022 | | | 31 December 2021 | | |
| | | Total | Utilised | Remained | Total | Utilised | Remained |
| Letters of guarantee | Baht | - | - | - | 1.05 | 1.05 | - |
| Bank overdraft | Baht | 10.00 | - | 10.00 | 10.00 | - | 10.00 |
| Promissory notes and trust receipt agreement | Baht | 690.00 | 150.00 | 540.00 | 990.00 | 136.48 | 853.52 |

The above obligations are collateralized by the same assets as for the credit facilities received from the financial institution as mentioned in Note 18.

29. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, restricted deposits with banks, trade and other accounts receivable and payable and loans. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 4 to the financial statements.

Financial risk

The Company has exposures 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.

29.1 Market risk

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 has exposures to interest rate risk relates primarily to its deposits at financial institutions, short-term borrowings, long-term borrowings and debentures. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rates. These exposures are managed by using natural hedges arose from offsetting interest rate sensitive assets and liabilities. Usually, the loan tenors were longer than aging of the Company's accounts receivables.

The Company does not apply hedge accounting.

The significant financial assets and liabilities are classified below, according to interest rate type:

(Unit : Thousand Baht)

| | Consolidated F/S | | | | | | |
|---|--------------------------|----------------------|------------------|------------------|---------|-----------------------|-------------|
| | 2022 | | | | | | |
| | Fixed interest rate | | | Floating | Non | Interest | |
| Within 1 year | More than 1 – 5 years | More than 5 years | Interest rate | Interest rate | Total | Rate (% per annum) | |
| Financial assets | | | | | | | |
| Cash at banks | - | - | - | 521,221 | 74,006 | 595,227 | 0.05 – 0.25 |
| Trade and other accounts receivable - net | - | - | - | - | 328,159 | 328,159 | - |
| Total | - | - | - | 521,221 | 402,165 | 923,386 | |

(Unit : Thousand Baht)

| | Consolidated F/S | | | | | | |
|--|---------------------|-----------------------|-------------------|----------------|---------------|----------------|--------------------------------|
| | 2022 | | | | | | |
| | Fixed interest rate | | | Floating | Non | Total | Interest Rate (% per annum) |
| | Within 1 year | More than 1 – 5 years | More than 5 years | Interest rate | Interest rate | | |
| Financial liabilities | | | | | | | |
| Short-term loans from financial institutions | - | - | - | 150,000 | - | 150,000 | 2.68 |
| Trade and other accounts payable | - | - | - | - | 46,038 | 46,038 | - |
| Lease liabilities | 1,343 | 2,875 | - | - | - | 4,218 | 4.51 – 4.84 |
| Total | 1,343 | 2,875 | - | 150,000 | 46,038 | 200,256 | |

(Unit : Thousand Baht)

| | Consolidated F/S | | | | | | |
|---|---------------------|-----------------------|-------------------|----------------|----------------|----------------|--------------------------------|
| | 2021 | | | | | | |
| | Fixed interest rate | | | Floating | Non | Total | Interest Rate (% per annum) |
| | Within 1 year | More than 1 – 5 years | More than 5 years | Interest rate | Interest rate | | |
| Financial assets | | | | | | | |
| Cash at banks | - | - | - | 323,788 | 28,742 | 352,530 | 0.05 – 0.25 |
| Trade and other accounts receivable - net | - | - | - | - | 363,547 | 363,547 | - |
| Restricted deposit with banks | 1,052 | - | - | - | - | 1,052 | 1.05 |
| Total | 1,052 | - | - | 323,788 | 392,289 | 717,129 | |
| Financial liabilities | | | | | | | |
| Trade and other accounts payable | - | - | - | - | 30,229 | 30,229 | - |
| Lease liabilities | 1,483 | 4,219 | - | - | - | 5,702 | 4.51 – 4.84 |
| Total | 1,483 | 4,219 | - | - | 30,229 | 35,931 | |

(Unit : Thousand Baht)

| | Separate F/S | | | | | | |
|--|---------------------|-----------------------|-------------------|----------------|----------------|------------------|--------------------------------|
| | 2022 | | | | | | |
| | Fixed interest rate | | | Floating | Non | Total | Interest Rate (% per annum) |
| | Within 1 year | More than 1 – 5 years | More than 5 years | Interest rate | Interest rate | | |
| Financial assets | | | | | | | |
| Cash at banks | - | - | - | 518,512 | 68,813 | 587,325 | 0.05 – 0.25 |
| Trade accounts receivable and other - net | - | - | - | - | 347,046 | 347,046 | - |
| Loan to subsidiary companies | 65,921 | 9,400 | - | - | - | 75,321 | 2.80 - 4.00 |
| Total | 65,921 | 9,400 | - | 518,512 | 415,859 | 1,009,692 | |
| Financial liabilities | | | | | | | |
| Short-term loans from financial institutions | - | - | - | 150,000 | - | 150,000 | 2.68 |
| Trade and other accounts payable | - | - | - | - | 50,194 | 50,194 | - |
| Lease liabilities | 5,390 | 21,165 | 50,995 | - | - | 77,550 | 4.51 – 4.84 |
| Total | 5,390 | 21,165 | 50,995 | 150,000 | 50,194 | 277,744 | |

(Unit : Thousand Baht)

| | Separate F/S | | | | | | |
|---|---------------------|--------------------------|----------------------|------------------|------------------|----------|-----------------------|
| | 2021 | | | | | | |
| | Fixed interest rate | | | Floating | Non | Interest | |
| | Within 1 year | More than 1 – 5 years | More than 5 years | Interest rate | Interest rate | Total | Rate (% per annum) |
| Financial assets | | | | | | | |
| Cash at banks | - | - | - | 305,224 | 25,130 | 330,354 | 0.05 - 0.25 |
| Trade accounts receivable and other - net | - | - | - | - | 409,367 | 409,367 | - |
| Loan to subsidiary company | 17,415 | 12,686 | - | - | - | 30,101 | 2.80 - 4.00 |
| Restricted deposit with banks | 1,052 | - | - | - | - | 1,052 | 1.05 |
| Total | 18,467 | 12,686 | - | 305,224 | 434,497 | 770,874 | |
| Financial liabilities | | | | | | | |
| Trade and other accounts payable | - | - | - | - | 34,968 | 34,968 | - |
| Lease liabilities | 5,340 | 26,555 | 50,996 | - | - | 82,891 | 4.51 - 4.84 |
| Total | 5,340 | 26,555 | 50,996 | - | 34,968 | 117,859 | |

Foreign exchange risk

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

As at 31 December 2022, the Company and subsidiaries have assets and liabilities in the foreign currencies are as follows:

(Unit : Thousand Baht)

| | Consolidated F/S | |
|----------------------|------------------|-----------------------|
| | 2022 | |
| | Foreign currency | Average exchange rate |
| Cash at banks | | |
| USD | 1,294 | 34.29 |

(Unit : Thousand Baht)

| | Separate F/S | |
|-------------------------------------|------------------|-----------------------|
| | 2022 | |
| | Foreign currency | Average exchange rate |
| Cash at banks | | |
| USD | 1,171 | 34.29 |
| Trade and account receivable | | |
| USD | 560 | 34.29 |

29.2 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.

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.

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.

Accounts receivable

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

To measure the expected credit losses, trade receivables and contract assets are 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.

29.3 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 595.29 million (2021: Baht 352.59 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.

30. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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 Group 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 Group monitors capital based on gearing ratio which is determined by dividing net debt with equity.

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The amendment to TAS 7, effective 1 January 2018, require the Group to provide disclosures about the changes in liabilities from financing activities. The Group categorizes those changes into changes arising from cash flows and non-cash changes with future sub-categories as required by TAS 7.

The changes in the Group's liabilities arising from financing activities can be classified as follows;

(Unit : Thousand Baht)

| | Consolidated F/S | | | |
|-------------------------|---|---|--|----------------|
| | Short-term loans from financial institutions | Short-term loans from subsidiary | Liabilities under lease agreement | Total |
| 1 January 2022 | - | - | 5,702 | 5,702 |
| Cash-flows: | | | | |
| Repayment | (755,951) | - | (1,484) | (757,435) |
| Proceeds | 905,951 | - | - | 905,951 |
| 31 December 2022 | 150,000 | - | 4,218 | 154,218 |

(Unit : Thousand Baht)

| | Consolidated F/S | | | |
|-------------------------|---|---|--|----------------|
| | Short-term loans from financial institutions | Short-term loans from subsidiary | Liabilities under lease agreement | Total |
| 1 January 2021 | 176,240 | - | 8,478 | 184,718 |
| Cash-flows: | | | | |
| Repayment | (1,951,667) | - | (2,776) | (1,954,443) |
| Proceeds | 1,775,427 | - | - | 1,775,427 |
| 31 December 2021 | - | - | 5,702 | 5,702 |

(Unit : Thousand Baht)

| | Separate F/S | | | |
|-------------------------|---|---|--|----------------|
| | Short-term loans from financial institutions | Short-term loans from subsidiary | Liabilities under lease agreement | Total |
| 1 January 2022 | - | - | 82,891 | 82,891 |
| Cash-flows: | | | | |
| Repayment | (755,951) | - | (5,341) | (761,292) |
| Proceeds | 905,951 | - | - | 905,951 |
| 31 December 2022 | 150,000 | - | 77,550 | 227,550 |

(Unit : Thousand Baht)

| | Separate F/S | | | |
|--------------------|--|-------------------------------------|--------------------------------------|-------------|
| | Short-term loans from financial institutions | Short-term loans from subsidiary | Liabilities under lease agreement | Total |
| 1 January 2021 | 176,240 | - | 87,982 | 264,222 |
| Cash-flows: | | | | |
| Repayment | (1,951,667) | - | (5,091) | (1,956,758) |
| Proceeds | 1,775,427 | - | - | 1,775,427 |
| 31 December 2021 | - | - | 82,891 | 82,891 |

32. FAIR VALUE MEASUREMENT

Fair value is the price that would be received from sale of asset or paid for liability in orderly transactions between market participants at the measurement date.

Number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The fair values are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The carrying value of financial assets and liabilities of the Group are considered to approximate their fair value.

Non-financial assets measured at fair value as at 31 December 2022 is as following;

(Unit : Thousand Baht)

| | Consolidated F/S | | | |
|-------------------------------|------------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| Non - financial assets | | | | |
| Revaluation of land | - | 156,621 | - | 156,621 |

(Unit : Thousand Baht)

| | Separate F/S | | | |
|-------------------------------|--------------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Total |
| Non - financial assets | | | | |
| Revaluation of land | - | 108,857 | - | 108,857 |

The Group re-measured land in 2015 using the Market Approach. The fair value calculated by the market approach was based on the comparable land price, then adjusted with factors which impact both the land and the comparable land. The Weighted Quality Score (WQS) is then used to defend the land fair value. As at 31 December 2022, the Group has not re-measured land.

33. EVENTS AFTER THE REPORTING PERIOD

At the Board of director's meeting No. 1/2023, held on 21 February 2023, the meeting passed the resolution to propose to the Annual General Meeting of Shareholders 2023 for approval to pay dividend from operating results of the year 2022, the Company's financial statements has loss amount of Baht 94.67 million and retained earnings – unappropriated amount of Baht 1,150.31 million, which was considered to pay dividends at the rate of 0.20 baht per share, amounting to Baht 110 million. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2023 in April 2023.

34. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated and separate financial statements for the year ended 31 December 2022 (including comparative financial statements) were approved by the Board of Directors on 21 February 2023.