



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



STRUCTURE OF SUSTAINABILITY

Annual Registration Statement / Annual Report 2021
(56-1 One Report)

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Message from the Board of Directors



“ The Company encountered difficulties during a year of uncertainty, particularly the COVID-19 pandemic in 2020 and 2021, which had a global impact on the supply chain and a variety of industries, including the steel industry. Since the Company prepared effectively and adapted to the situation quickly, the Company continued to operate its business with proper risk management and handled any impact in various areas in a systematic manner. ”



In the first quarter of 2021, the global economy began to recover. This was driven primarily by countries with large economies. The effect of easing the COVID-19 restriction measures increased demand in each country rapidly while the supply chain in the manufacturing sector continued to be an issue because production capacity has not yet resumed to normal. Furthermore, there were issues in the transportation sector due to congestion in major ports in many countries as well as raw material shortages. This included an increase in freight rates as well as an increase in oil prices. As a result, steel prices on the global market increased by nearly 30% compared to the end of 2020. These factors continued to put pressure on product prices which caused them to remain high throughout the year. In regards to the overview of the Thai economy in 2021, the Office of the National Economic and Social Development Council reported that growth was 1.6%, an improvement when compared to 2020. This accounted for a decline of 6.2% while the inflation rate was at 1.2%. The Thai economy in the fourth quarter improved after government lockdown measures were eased and the country reopened to travel. This led to a gradual recovery of the economy at the end of the year. Domestic expenditures have been

slowly increasing since the country reopened but uncertainty caused by labor market vulnerability, incomes that have not fully recovered, and high levels of household debt continue to be a challenge.

Thailand's steel consumption in 2021¹ was approximately 18.64 million tons which was better than the previous year at 16.5 million tons. This was primarily due to increased production in the automobile industry while capacity utilization rates in other industries slowed down. The impact of government and state enterprise infrastructure investment is a clear positive factor as it has aided in the continuation of production because the use of steel products has not yet significantly decreased as a result of the effects of COVID-19. The temporary closure of factories and construction sites in some areas during the second quarter, as well as the continued rise in the price of steel added to market risk factors. As a result, the Company proceeded with caution in such circumstances. However, the Company continued to support customers' businesses in accordance with the Company's vision and the risk management guidelines that covered all dimensions. TMT's performance in 2021 had a sales

¹Iron and Steel Institute of Thailand



volume of approximately 712,101 tons, a decrease of approximately 5.95% from the previous year. The Company's sales revenue increased by Baht 21,559 million, an increase of approximately 47.91% due to the continued rise in steel prices in both the global and domestic markets. This included a steel business management strategy which is specifically designed to suit each customer with the availability and a variety of steel products as well as the potential to provide services with an understanding of the needs of various customers and also finding alternatives for customers. Moreover, the Company is committed to making things easier for our customers' business, supporting the customers' work processes so that they are more efficient. Furthermore, through development and continuous investment, the Company increased its production capacity, work efficiency in advanced technology and product innovation, developed personnel to be ready for digital technology changes while also using information technology to connect existing databases and analyze the business needs of customers. The Company also developed the internal working system to be more efficient, reduced redundant work processes, and increased agility in order to maximize the benefits for customers and all groups of stakeholders.

TMT remains committed to operating its business with sustainability according to four core principles: good corporate governance in the economic dimension, the social dimension which covers respecting human rights and the environmental dimension. This also includes conducting business that creates value for all stakeholders, developing products and services that focus on value creation, adding long-term value to the business and treating all parties involved equally. The Company's sustainability performance report is disclosed in "Driving Business for Sustainability". However, operating a

business in accordance with the sustainable development guidelines will be impossible if the Company lacks the heart of a key element. That is the employee. The Company is concerned about the safety and well-being of all employees. Throughout the COVID-19 outbreak, the Company strictly followed the guidelines of the Ministry of Health's Department of Disease Control for epidemic control and prevention. The epidemic control and prevention plan was disseminated on the Company's website at [www.tmtsteel.co.th.] The Company provided the Sinopharm COVID-19 vaccine for all employees and outsourced staff in order to ensure safety for customers, business partners, visitors and mitigate the risk of spreading COVID-19. The new normal working style has been successfully adapted. This enabled the Company to deal with the situation quickly and efficiently.

We are proud that TMT received an "excellent" or 5-star corporate governance rating for the first time this year from the Thai Institute of Directors Association (IOD). There are numerous awards that demonstrate the Company's achievements in a variety of areas. The information about the awards is available on the Company's website at [www.tmtsteel.co.th.]

The Board of Directors would like to express our gratitude for the continued support of all of our valued customers. We would like to express our heartfelt appreciation to our shareholders, business partners, and business alliances. This includes the executives and all the TMT employees who are physically and mentally committed to their current and future duties and responsibilities. The Company is committed to continuous improvement in order to maintain high operational standards and accomplishments in all areas in order to generate value and sustainable returns for all stakeholders.

Chai Jroongtanapibarn
Chairman of the Board





Awards



“**Business success** is not just achieving today's target but being able to create sustainable results for the future. Therefore, TMT is committed to conducting business on a sustainable development basis by adhering to the importance of 4 principles ”



Good Corporate Governance



Profit & Economy



People & Society



Planet & Environment



Excellent CG Scoring (5 stars)

The rating of "Excellent" (5 stars) in the Corporate Governance Report of Thai Listed Companies 2021 (CGR) by Thai Institute of Directors (IOD).



Member of Thai Private Sector Collective Action Against Corruption (CAC)

A member of Thai Private Sector Collective Action Against Corruption (CAC) (renewal for 2021-2023) by Thai Institute of Directors (IOD).



The list of Thailand Sustainability Investment (THSI)
The list of Thailand Sustainability Investment (THSI), the 2nd consecutive year (2020-2021) by The Stock Exchange of Thailand (SET)



ESG 100

The "ESG 100 Company" for 2021, the 6th consecutive year (2016-2021) by Thaipat Institute.





Sustainability Disclosure Awards

The Sustainability Disclosure Awards for 2021, the 2nd consecutive year (2014-2021) by Thaipat Institute



CSR-DIW Continuous Award

The CSR-DIW Continuous Award for 2021, the 8th consecutive year (2014-2021) by the Department of Industrial Work.



The Excellent Establishment on Labour Relations and Welfare National Level

The Excellent Practices Establishment on Labour Relations and Welfare National Level for 2021, the 2nd consecutive year (2020-2021) by The Ministry of Labour.



The Standard on Prevention and Solution to Drug Problems in an Establishment

The Standard on Prevention and Solution to Drug Problems in an Establishment for 2021, the 3rd consecutive year (2019-2021), by Phranakorn Sri Ayutthaya's Welfare and Labour Protection Office.



MiT (Made in Thailand)

TMT's steel products, 25 items, was certified by MiT (Made in Thailand) from The Federation of Thai Industries.



The Green Industry Awards Level 4 from the Department of Industrial Works.

This shows that the company adheres to business operations that focus on the development of environmentally friendly production processes as well as continuously improving on environmental management.



TRIS RATING "BBB" with a "Stable" outlook

The rating at "BBB" with a "stable" outlook, the 5th consecutive year. This shows robust of the company, product offerings diversity, customer base profitability, and resilience of a steel industry market.





Corporate Profile

TMT STEEL PUBLIC COMPANY LIMITED

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



References

Share Registrar :

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

Auditor :

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

Legal Consultant :

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



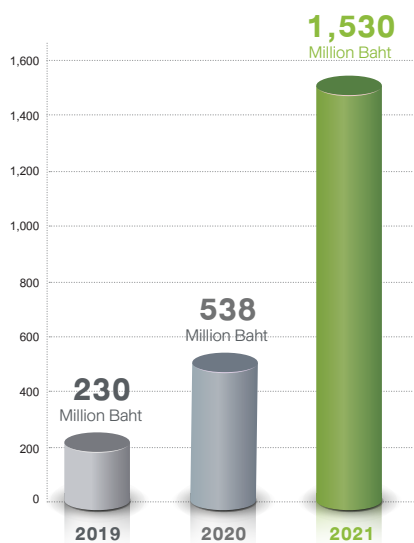
Business Operation and Performance



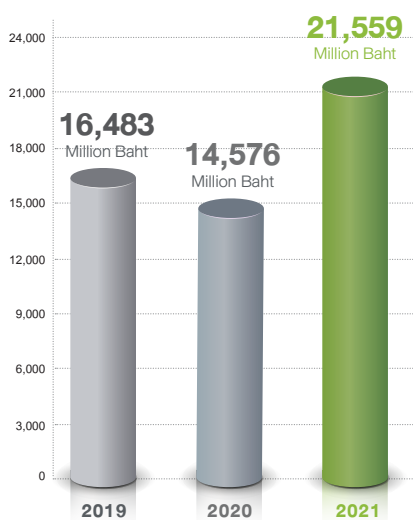


Financial Highlights

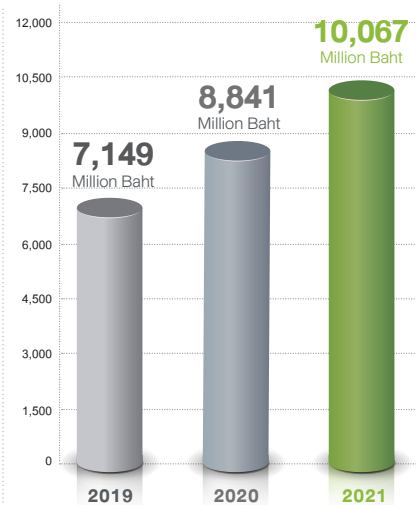
As at 31 December 2021



Net Profit (Million Baht)



Sales Revenue (Million Baht)



Total Assets (Million Baht)

(Baht: million)

| Summary | 2021 | 2020 | 2019 |
|--|--------|--------|--------|
| Sales Revenue | 21,559 | 14,576 | 16,483 |
| Gross Profit | 2,661 | 1,266 | 898 |
| Net Profit | 1,530 | 538 | 230 |
| Total Assets | 10,067 | 8,841 | 7,149 |
| Total Liabilities | 6,313 | 5,659 | 4,244 |
| Total Shareholder's Equity | 3,754 | 3,182 | 2,905 |
| Paid-up Capital | 871 | 871 | 871 |
| Financial Ratio | | | |
| Gross Profit Margin | 12.34% | 8.68% | 5.45% |
| Net Profit Margin | 7.10% | 3.69% | 1.40% |
| Return on Assets (ROA) | 15.20% | 6.08% | 3.22% |
| Return on Fixed Assets (ROFA) | 50.85% | 18.25% | 7.90% |
| Return on Equity (ROE) | 40.76% | 16.91% | 7.92% |
| Current Ratio (Time) | 1.49 | 1.21 | 1.29 |
| Debt to Equity Ratio (Time) | 1.68 | 1.78 | 1.46 |
| Net Interest Bearing Debt to Equity Ratio (Time) | 1.48 | 1.27 | 1.27 |
| Interest Coverage Ratio (Time) | 19.48 | 8.96 | 3.36 |
| Collection period (Day) | 48 | 60 | 57 |
| Inventory turnover period (Day) | 50 | 46 | 37 |
| Book Value per share (Baht) | 4.31 | 3.65 | 3.34 |







Policy and Business overview

“Providing Structure of your imagination”


This vision statement is what we believe in, and we strive every single day to live up to this commitment. To be different, we challenge ourselves at all times to come up with new creative ideas to provide better solutions to customers and to keep improving our business functions, in order to respond to the ever-changing demand.




We provide the structures for architects to materialize great design concepts




We provide the structures for customers to achieve their success



We provide the structures for countless industries to thrive



We provide the structures for the Thai economy to prosper



all for a strong, sustainable growth of Thai society today, tomorrow and beyond...

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

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

TMT is operated based on a sophisticated management system which has proven to be capable, efficient and able to meet all requirements. In addition to these comprehensive facilities, technologies, and good quality control system, we are also concerned regarding to social and environmental responsibilities. Furthermore,

the company has an excellent logistics system in place which offers reliability, inventory management and on time delivery to our customers. All of the above implementations are further complemented by a high performing information system and a hi-speed data communication network to ensure that all customers' requirements will always be treated with great care and fulfilled.

Corporate goal

TMT strives to be the leader in the best integrated steel service center in the country with a vision “**Providing Structure of Your Imagination**”. The company attaches importance to being a structure for the success of every stakeholder, especially as part of the success of our



customers' business. The company does not only focus on innovation to produce quality products that meet the needs of customers, but focuses on the development of various services in order to help customers maximize the production efficiency, production capacity and maximize the benefits of customer's business.

The company set a sales growth target of 10% for at least 3 years in accordance with the investment plan between 2017 and 2022. More information is detailed in the part of Significant of changing and development.

The plan was to support growth so that the company could create a production capacity up to 1 million tons. Under these challenges, the company realizes that the business must be conducted on the basis of sustainable development by adhering to good corporate governance principles, economy, society and the environment, along with appropriate risk management which will build business sustainability from within to deliver good value to all stakeholders and enable the company to achieve sustainable growth.

History and Background

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

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

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

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

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

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



Major Changes and Developments in 2021

- A warehouse construction project: To increase warehouse storage for finished goods, support the increased production line of 3 steel pipe manufacturing machines, and support the expansion of warehouse storage for other product types in order to have a variety of products. The storage capacity is approximately 4,000 tons. This project was completed in the second quarter of 2021.

- A project to increase steel pipe production capacity with 3 steel pipe manufacturing machines which resulted in an increase in the capacity of steel pipe production of 6,500 tons per month, or 78,000 tons per year. This project was completed in the fourth quarter of 2021. The Company currently operates 13 steel pipe manufacturing machines with a total production capacity of 300,000 tons per year.

- Started using an Auto Feed Shearing System in conjunction with an Auto Vacuum Lifting System for flat steel cutting machines. This automation was able to replace any potentially hazardous manual labor involved in handling and cutting metal sheets. This has the potential to completely eliminate accidents 100%. The system has a cutting speed of 170 pieces per hour, which increases the number of finished products by 17.24 % and thus increases efficiency by having more precise cuts and higher quality work.

- Initiated a Modern Infrastructure & Data Automation Project to develop and create a working system through the use of information technology systems to connect existing databases, collect and analyze customer business needs, and also to improve the efficiency of the internal working system.

- Developed and manufactured Carbon Steel Pressure Pipe products in accordance with product diversification guidelines. Every carbon steel pressure pipe product that is manufactured by TMT is tested with a Hydrostatic Tester to meet the specified standards.

- Developed a steel cutting service with laser fiber cutting machines for custom-made steel cuttings. This offers a total solution service with a high quality and precise steel cutting service for customers.

- A project to increase the production capacity of STAY FLAT, the ultimate flat steel sheet. This project, which is expected to begin in the third quarter of 2022, will increase production capacity by 15,000 tons per month, or 180,000 tons per year. It will also improve the STAY FLAT, the ultimate flat steel sheet production line with a thickness range of up to 16 mm.

- A project to increase production capacity with one slitter machine to meet the increasing customer demand for steel pipe and slitting film. The project is expected to begin in the third quarter of 2022 with a capacity of approximately 74,000 tons per year.





Nature of Business

Our Products & Services

The principal activity of the Company is to act as total steel solution provider. The Company places priority on serving the needs of customers and providing the type of product customers require through its management and warehousing system. The Company also delivers products at a pre-specified time and place. These activities comprise value-added for customers in terms of providing product variety, quality, optimal cost and convenience with professionalism and dependable expertise which are at the core of all TMT operations including a modern technology, as follows:

1. Steel Distribution Center

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

2. Steel Processing

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

3. Cold Forming Process

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

4. Value Added Products and Services

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

As the fully integrated steel service center with supreme quality of products and services, TMT was certified a Quality Management Systems Standard - ISO 9001:2015 together with TIS Standard. In addition, the Federation of Thai Industries has certified 25 of TMT's steel products as MiT or Made in Thailand. This increases consumer confidence, both domestically and internationally, in regards to the quality and standard of



steel products manufactured in Thailand. This also expands future opportunities for the sustainable development of Thai products. Moreover, our products with the “Verified by TMT” mark will ensure and guarantee the quality that all the products have passed the finest quality control by the expert in every step of our production line.

Business Innovation Development

The Company places great emphasis on bringing innovation to improve the quality of products and services, creating value in both production and management in order to best meet the different needs of customers, as well as creating opportunities and increasing business competitiveness. This included enhancing employees’ quality of life, creating a safe work environment, and reducing the environmental impact on society and the surrounding communities. More details are disclosed under the topic of Driving Business for Sustainability clause Innovation Management and Product Quality Development. The Company allocated a sufficient budget to continually support research, work process development, and various innovations. The expenses over the past three years (2019-2021) are as follows;

| | 2019-2021 (Baht) |
|------------------------|------------------|
| Innovation Development | 72,631,282.46 |

The expenses included designing, developing, and constructing labor-saving machinery in order to increase efficiency and safety in the production process, developing and installing extensible prototype equipment for other machines in order to create new business opportunities, as well as developing and designing software programs that increase convenience, speed and accuracy, especially for the product and service delivery. This also included business research and analysis to develop new business models.

Marketing and Competition

With a complex requirement of customers which is diverse as its industrial needs and variety of its business application, it creates a complicated need not only in pattern, quality, standard or utilization to meet their requirement, but also a need of services which can ensure a committed delivery, secured source of material and valuable recommendation on alternatives of efficient material planning. In the meantime, this management should be synchronized and conformed to upstream material management in both local and foreign mills’ constraints and conditions which are described as below:



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

The Company, as a full-service center and distribution center, manages and serves the varying preferences of both mill and consumers to meet their requirements at the same time by placing orders to mills in a large volume, with some products maintained in its warehouse and others were reprocessed in order to provide various products to customers in each industry and value-added service. The Company assists its customers in saving time, reducing handling and storage costs and expenses by providing a product sourcing service. The Company also helps mills reduce transportation costs by delivering the products to each consumer directly.

Sources of Supply

In 2021 the Company's products were from its production and procurement from other sources which were raw materials for use in its production and finished goods for sale, described as follows:

The Production

The company has 18 warehouses and factories. In 2021, the addition of 1 warehouse building, 3 steel pipe manufacturing lines, and 1 hydrostatic tester for water pressure testing to ensure that the manufactured Carbon Steel Pressure Pipe system meets specified standards.



The Company, also increased the efficiency of the original machines, as well as the equipment and support tools for the manufacturing of STAY FLAT, the ultimate flat steel sheet, to maximize the efficiency. The operating process has also been improved to increase efficacy. In 2021, the Company's production capacity was 901,670 tons per year, with a capacity utilization rate of 71.37%

Raw Material Sourcing

Hot Rolled Coil is the main raw material for the Company's production. The Company purchased Hot Rolled Coil from various domestic and foreign mills, where the domestic sourcing from 3 main suppliers and other suppliers, was accounted for 78.36% and the import sourcing was 2.65% of the total products purchasing amount in 2021.

Products for Sale Sourcing

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

1. Hot Rolled Steel Section

The Company purchased Hot Rolled Steel Section products from various domestic mills, accounting for 13.11% of the 2021 total products purchase. These products are H or I Sections, Equal and Angle.

2. Cold Forming Steel Section

Though the Company can produce some types of this Cold Forming Steel Section, TMT also purchases the others mostly are Pipes from various domestic manufacturers which accounted for 1.13 % of the total products purchased in 2021.

3. Hot Rolled Plate

This product type is not the production from Hot Rolled Coil or cannot be processed through the Company's production line. Therefore, the Company purchased from various domestic and foreign mills at 3.19% of the total products purchase amount.

4. Other Steel Products

As a Total Steel Solution Provider, TMT has to source and procure to serve the variety of customers' needs such as D Formed Bars, Steel Rods, Stainless Steel, Wire Mesh, etc., amounting to 1.56% of the total products purchased in 2021.

Investment Policy Statement in Subsidiaries and Associates

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





Revenue structure

The Company's revenue structure over the past three years
covering its financial period ended 31 December 2019 to 2021 is as follows:

| Product Category | 2021 | | 2020 | | 2019 | |
|--|-------------------|---------------|-------------------|---------------|-------------------|---------------|
| | Baht thousands | % | Baht thousands | % | Baht thousands | % |
| Trading | | | | | | |
| 1. Hot-Rolled Coil | 701,799 | 3.24 | 370,164 | 2.52 | 333,983 | 2.02 |
| 2. Hot Formed Shape Steel | 2,757,605 | 12.74 | 2,302,073 | 15.70 | 3,029,208 | 18.29 |
| 3. Steel Pipe and C-Channel | 295,122 | 1.36 | 246,882 | 1.68 | 233,558 | 1.41 |
| 4. Sheet and Plate Steel | 578,188 | 2.67 | 459,339 | 3.13 | 735,861 | 4.44 |
| 5. Others* | 257,165 | 1.19 | 144,655 | 0.99 | 108,987 | 0.66 |
| Total | 4,589,879 | 21.20 | 3,523,113 | 24.03 | 4,441,597 | 26.82 |
| Processing | | | | | | |
| 1. Steel Sheet (Cutting) | 4,154,704 | 19.19 | 2,636,417 | 17.98 | 3,192,941 | 19.28 |
| 2. Steel Sheet (Shearing and Pressing) | 3,724,341 | 17.20 | 2,417,534 | 16.49 | 2,874,987 | 17.36 |
| 3. Slit Coil | 914,513 | 4.22 | 546,641 | 3.73 | 510,192 | 3.08 |
| Cold Formed Steel Processing | | | | | | |
| 4. Steel Pipe | 6,494,094 | 30.00 | 4,349,084 | 29.67 | 4,163,521 | 25.14 |
| 5. C-Channel | 1,706,096 | 7.88 | 1,134,836 | 7.74 | 1,328,679 | 8.02 |
| Total | 16,993,749 | 78.49 | 11,084,512 | 75.61 | 12,070,320 | 72.90 |
| Other Income** | 66,782 | 0.31 | 52,771 | 0.36 | 46,448 | 0.28 |
| Total Revenue | 21,650,410 | 100.00 | 14,660,396 | 100.00 | 16,558,365 | 100.00 |

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

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





Shareholders Structure/Dividend Policy

The Top 10 Shareholders of the Company as of August 30, 2021⁽¹⁾

| No. | Shareholders | Number of shares | Percentage of shareholding |
|-----|------------------------------------|--------------------|----------------------------|
| 1 | Mr. Soon Tarasansombat | 195,300,000 | 22.43 |
| 2 | Mr. Paisal Tarasansombat | 104,349,400 | 11.98 |
| 3 | Mr. Chamnan Tarasansombat | 68,112,000 | 7.82 |
| 4 | Ms. Patitta Tarasansombat | 67,889,800 | 7.80 |
| 5 | Mr. Komsan Tarasansombat | 66,090,150 | 7.59 |
| 6 | Mrs. Pornjit Tarasansombat | 64,000,000 | 7.35 |
| 7 | CREDIT SUISSE AG, SINGAPORE BRANCH | 47,000,000 | 5.40 |
| 8 | Mrs. Panlapa Tarasansombat | 35,621,000 | 4.09 |
| 9 | Thai NVDR Company Limited | 15,536,801 | 1.78 |
| 10 | MR. KIAT TECHAPONGTADA | 10,200,000 | 1.17 |
| 11 | Other Shareholders | 196,658,883 | 22.59 |
| | Total | 870,758,034 | 100.00 |

Source: Thailand Securities Depository Company Limited

⁽¹⁾ Record date for the right to receive Interim Dividend Payment as of August 30, 2021

Dividend Policy

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

Dividend payments for the last 5 years are as follows.

| Performance Year | Net Profit (Baht) | Net Profit per share (Baht) | Dividend per share (Baht) | Dividend Yield | Total Dividend Payment (Baht) ⁽²⁾ | Dividend Payout ratio (%) |
|------------------|-------------------|-----------------------------|---------------------------|----------------|--|---------------------------|
| 2020 | 537,878,156 | 0.62 | 0.50 | 7.04% | 435,379,017 | 80.94% |
| 2019 | 229,946,286 | 0.26 | 0.30 | 7.85% | 261,227,410 | 113.60% |
| 2018 | 405,883,466 | 0.93 | 1.07 ⁽³⁾ | 8.05% | 465,855,548 | 114.78% |
| 2017 | 641,038,206 | 1.47 | 1.20 | 7.10% | 522,454,820 | 81.50% |
| 2016 | 908,949,758 | 2.09 | 1.50 | 8.29% | 653,068,525 | 71.85% |

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

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





Risk Management and Risk Factors

TMT Steel Public Company Limited recognizes the importance of risk management and believes that risk management is one of the processes that will assist the Company in developing its business strategy to accomplish the objectives and goals. A good risk management and control system will assist in reducing obstacles or unexpected events and preventing damage to corporate resources. This strengthens the organization's ability to respond effectively to changes in the business environment, instills confidence and creates value for all stakeholders, while also creating business opportunities that can drive the Company to sustainable growth.

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

In 2021, the Company assessed the significant risk factors that may affect the Company's business operations, financial position, and the Company's operating results. The Company developed appropriate and effective operational guidelines for controllable risks in accordance with the policy of risk management and corporate strategy development.

In summary, the risk factors and operational guidelines for risk management are classified into 6 aspects as follows:

1. Strategic Risk

1.1. Dependence Risk on Large Raw Material Manufacturers

In 2021, the Company ordered hot-rolled coil steel (HRC) from domestic manufacturers, as well as domestic and international traders. In regards to domestic manufacturers, the Company purchased products from the Sahaviriya Steel Industries Public Company Limited, GJ Steel Public Company Limited and G Steel Public Company Limited. This accounted for 73.27% of the total order or an increase of 65.23% compared to 2020. In addition, the Company ordered structural steel products from Siam Yamato Steel Company Limited, the largest structural steel manufacturer in the country, accounting for 2.26% of the total orders or a 5.88% decrease compared to 2020.

The limitations of having only 4 manufacturers of the hot-rolled coil in the country, the anti-dumping measures, and the anti-circumvention law issued by the Department of Foreign Trade continue to cause barriers to imports. This exposes the Company to dependence risk on large steel manufacturers. If the manufacturer is unable to deliver the products on schedule or encounters a disruption for any reason, the Company may experience a raw material shortage and may be unable to obtain replacement of raw materials from other sources.

However, the Company has the policy to maintain inventory levels for a period of 30 to 60 days as well as plans to order raw materials approximately 30 to 60 days in advance. The Company collaborates with manufacturers to exchange product information based on customer needs and promote marketing continually in order to allow the manufacturers to have flexible production plans. In addition, the Company has the policy to build good relationships with all manufacturers as well as other distributors, domestically and internationally. This helps the Company to have reserves and builds the stability of raw materials. Additionally, the Company imported



products that were not impacted by the anti-dumping tax measures. In 2021, the Company's total imports equaled to 2.65% of the total orders which was a 6.09% decrease compared to 2020.

1.2 Price Risk of Hot-Rolled Coil Steel (HRC)

In 2021, the Company's total revenue from distributing and processing hot-rolled coil products accounted for 85.77% of the total sales revenue. In 2020, this accounted for 82.95% of the total sales revenue. The Company purchased hot-rolled coils from domestic manufacturers in 2021 and 2020 at 96.73% and 92.11% of the total order of HRC respectively. Therefore, the fluctuating domestic price of hot-rolled coil inevitably affects the cost of the Company's product and inventory management. The movement of the domestic hot-rolled coil prices is subject to change in accordance with the overseas hot-rolled coil prices.

The Company attempted to reduce the impact of price fluctuations by using pricing policies that focus on maintaining profit margins. The Company also closely monitored raw material prices to evaluate the situation and raw material price trends to determine the order placement and raw material inventory management which is the Company's primary cost so that they are appropriate and in line with market prices while maintaining sufficient volume to meet market demand.

2. Financial Risk

2.1 Customer Credit Risk

As of December 31, 2021, the Company's net trade receivable totaled Baht 3,346.22 million, or 15.52% of the sales volume. The average collection period in 2021 was 49 days. The Company had trade receivables in which the payment due date has not arrived worth Baht 2,693.03 million or 80.48% of the net trade receivables. The Company may be exposed to the risk of debt collection from debtors. If the Company's debtors experience operational difficulties, the Company's profits and financial position may be impacted.

However, the Company has the policy to mitigate risk by regularly monitoring the quality of debtors. The Company has a policy of setting aside an allowance for doubtful accounts for unsecured debts that lack collateral and are more than 180 days past due or the Company will set aside an allowance for doubtful accounts if it is determined that the debtor may have difficulty repaying the debt, regardless of whether the debtor is past due less than 180 days. The Company determines the allowance for doubtful accounts in accordance with the Financial Reporting Standards No. 9. The Company strictly considers granting credit to debtors by forming a credit committee composed of executives from various departments to consider granting credit to debtors who have had a business relationship with the Company for a reasonable period of time. The Company requested debtors to have financial protection tools and risk insurance policy in order to ensure that risk is managed without impacting the Company's working capital. In addition, the Company has a diverse and large debtor base. The Company, on the other hand, is not bound to any particular group of debtors.

2.2 Interest Rate Risk

As of December 31, 2021, the Company's liabilities are short-term liabilities from financial institutions in the amount of 3,485.60 million Baht or 55.21% of the total liabilities and the long-term liabilities from financial institutions amount to Baht 2,166.89 million, accounting for 34.32% of total liabilities. The majority of liabilities are short-term loans in the form of promissory notes, trust receipts, and letters of credit that are used as working capital to purchase products from manufacturers. Generally, the loan repayment period is longer than the credit period granted to the debtors. Long-term loans from financial institutions are debt with a maturity of five years that are used as long-term capital to replace debentures maturing in 2021 and for investments in machinery and warehouses for storage to support the Company's business expansion.



Changes in market interest rates may affect interest expenses and the business operations of the Company. The interest expenses in 2021 accounted for 0.48% of the sales volume and 0.56% in 2020. In 2021, the interest repayment capacity was 19.48 times when calculated from earnings before interest and taxes. In 2020, the interest repayment capacity was 8.96 times.

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

2.3. Currency Risk

In 2021 and 2020, the Company's imports accounted for 2.65% and 6.09% of the total orders respectively. The orders were made in US dollars. Therefore, the Company is exposed to the fluctuation of exchange rate risk. In the past, the Company reduced the impact of foreign exchange risk by entering into forward contracts or converting the price into Thai Baht or paying off the debt prior to the payment due date depending on the cash flow and the circumstances at that time.

In the future, the Company expects to continue purchasing products from overseas. As a result, the Company will continue to maintain a policy of mitigating the impact of foreign exchange risk through the use of the aforementioned methods, depending on the circumstances.

3. Regulatory Risk

3.1 Risks from Anti-Dumping Measures to Protect Domestic Manufacturers

The anti-dumping duty issued by the Dumping and Subsidies Committee of the Ministry of Commerce imposed high tariffs on hot rolled steel and hot rolled coil

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

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

4. Operational Risk

4.1 Human Resources Risk

Human resource management is one of the Company's priorities that must be managed effectively to promote potential and good welfare in order to be a key driving force to operate business continuity smoothly. In 2021, the Company had a total of 1,311 employees, an increase from 1,268 in 2020.

Effective human resource management helps create sufficient manpower and not be burdensome to the business. Good communication and workplace culture helps the operations to be consistent and unified. Empowering employees will also increase the Company's potential and develop the Company to have continuous growth. The Company also paid attention to safety and occupational health at the workplace for employees to work safely, efficiently and happily.

Due to the COVID-19 pandemic over the past year, the Company operated the prevention and reduction of the impact on workers that may be required to move and they may not be able to fully perform their duties by strictly complying with epidemic control and prevention measures in accordance with the guidelines of the Department of



Disease Control, Ministry of Health. The Company also prepared a plan to control and prevent the spread of the pandemic which was published on the Company website at [www.tmtsteel.co.th]. In addition, the Company provided 1-2 doses of Sinopharm COVID-19 for all employees and outsourced staff of the Company and supported employees to receive a booster vaccination.

The Company regularly evaluated and analyzed the human resource plan to be in accordance with the business operation in order to maintain stable production levels and appropriately shift employees to receive overtime hours thoroughly. The Company evaluated and analyzed employees' commitment and potential continuously through TMT Academy courses, E-Learning courses, and projects in order to enhance the knowledge and competence of employees so that they are prepared for any changes that may occur. Important work-related matters are continually communicated to create mutual understanding. Useful information and new technologies were disseminated through various communication channels within the Company in order to raise risk awareness in various aspects.

5. Society and Environment

5.1 Natural Disasters

A natural disaster is an event that can occur without any prediction in advance. The great flood in 2011 affected the production and transportation of the Wangnoi factory and its distribution center causing business disruption. The Company prevented all risks by purchasing insurance to cover all types of risk with the limitation of flood protection. However, the Company formulated a flood risk prevention plan by putting both permanent and movable concrete panels around the factory and around the factory buildings as well as preparing a centralized drainage system, tools and equipment to prevent flooding in the factory if flooding occurs. The Company evaluates the protection system and drainage system annually as well as continually reviewing and improving the business operational plan. In addition to the expansion plan to build

factories in the future, the Company will have a risk management plan to prevent such incidents as well.

5.2 Pandemic Risk

The Company considered risk factors that could arise in the future and affect the Company's ability to conduct business in its current form. This included the situation that developed as a result of the COVID-19 pandemic. This impacted the need for adjustments to cope with operations in the New Normal. The Company assessed risks, impacts and actions and mitigated such impacts by preparing operational guidelines as follows:

- Prepare an emergency plan in the event of a severe pandemic.
- Screen and monitor pandemic risk associated with employee travel and accommodation.
- Provide practice guidelines, develop a proper understanding with employees, and enforce strict preventative practice guidelines.
- Clean and disinfect common areas and tools shared by employees.
- Prepare a back- up plan for production in the event that the infected people are in the Company's area.
- Manage third-party risk by conducting a risk assessment prior to entering the Company's area.
- Coordinate with external agencies in the event that infected people are identified.

6. Emerging Risk from Environment and Business Landscape

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



However, the emerging risk from the environment and business landscape needs to be evaluated and planned to cover all aspects. This was disclosed in the Risk Management and Corporate Strategy Development Manual which was approved by the Risk Management and Strategy Committee. This included the technological risk that may cause changes to the business model, security of information technology risk, behavior change

risk, climate change risk, and supply chain change risk. The Risk Management and Corporate Strategy Development Committee assigned the Risk Management Team to be responsible for reviewing and monitoring changes in the major risks that affect the achievement of the organization's goals by reporting any changes to the Risk Management and Corporate Strategy Development Committee for acknowledgment.





Driving Business for Sustainability

Policy and Sustainability Management Goals

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

The Company established a Corporate Governance and Sustainability Committee by aiming to be an efficient mechanism for the Board of Directors to supervise sustainable development, review and communicate the policy and practice guidelines through the subcommittee and sustainable development working group of the Company in all 7 aspects. This includes corporate governance, economy, society and community development, the environment and safety, labor and human rights, innovation and technology development, and communication & whistleblowing report so that TMT is an organization that operates its business with responsibility, transparency, and fairness in order to build confidence among stakeholders and develop the Company toward sustainable growth.

The details of the "Sustainability Policy" are disclosed on the website at [[www.tmtsteel.co.th/investorrelations/ other policies /sustainability policy](http://www.tmtsteel.co.th/investorrelations/other_policies/sustainability_policy)]

Key Performance in Sustainability Development 2021

Corporate Governance



CGR Score **91%**
"Excellence" or 5 Stars

Economy



Sales Revenue **21,559.34** million baht
Sales Volume 712,101 metric tons

Environment



Electricity saving from Energy Conservation Project **95,472** kilowatt-hours/year,
saving electricity expenses **364,549.91** baht/year



Society

Employee



People development with an average of **14** hours of training per person
Employee turnover **17.94%**
Employee engagement score **82.65%**

Society & Community



Customer satisfaction in all aspects **89%**
No complaints from society
No human rights violation issues

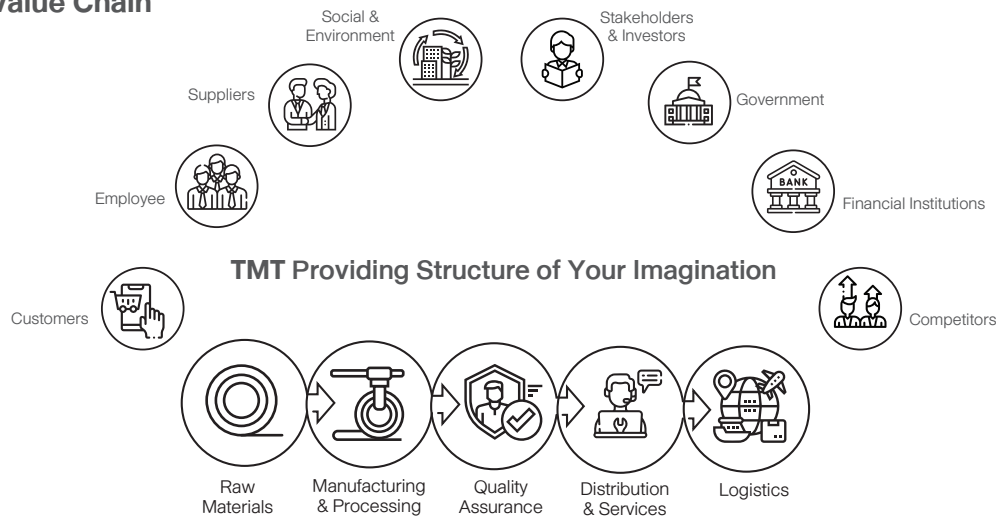


Increased green area of 27 rai or **13.35%** of the area in the factory,
number of trees **1,080** trees



Managing the Impact on Business Value Chain Stakeholders

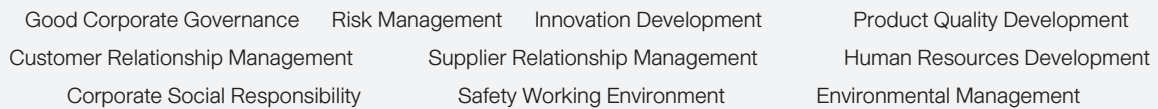
Business Value Chain



Enterprise Risk Management



Good Governance and Code of Conduct



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

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



| Raw Materials Sourcing | Production/ Processing | Quality Assurance | Distribution and Service | Logistics |
|---|---|---|--|--|
| <ul style="list-style-type: none"> - Raw materials for production/ processing - Quality control of raw materials - Developing relationships with manufacturers | <ul style="list-style-type: none"> - Efficient production and reduced environmental impact - Processing with modern technology - Integrate automatic system development with work process and production | <ul style="list-style-type: none"> - Standardized testing and quality control - Consulting Department regarding product standards | <ul style="list-style-type: none"> - Communicate and provide accurate and complete information about the use of products and services - Department that receives feedback or suggestions regarding products and services - Pricing appropriately and fairly | <ul style="list-style-type: none"> - Warehouse/ distribution center that is convenient for transportation, supporting the system with high-speed communication network connecting modern information systems - Transportation/ delivery of quality products and services on time - Inventory management |

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

- 1 Value Creation for Sustainable Profit.
- 2 Innovation and Quality of Products & services
- 3 Customer Experiences Management
- 4 Human Resources Development
- 5 Corporate Social Responsibility

This goes together with managing sustainability issues that cover economic, social and environmental dimensions, and take all stakeholders into account in order for the Company to achieve sustainable growth. The

Company has described these details in Analysis of Significant Sustainability Issues.

Analysis of Business Value Chain Stakeholders

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






| Stakeholders | Relevance to Business Processes | Engagement/Frequency | Expectations | Responding to Expectations |
|--|---|--|--|--|
| Customers  | <ul style="list-style-type: none"> • Distribution and Service | <ul style="list-style-type: none"> • Customer satisfaction survey once a year • Meet regularly with customers through the year to be aware of their needs • Provide regular visits to factories and production processes throughout the year • Train to consistently educate customers throughout the year • Communicate to customers via an online channel, Website, Facebook, Line | <ul style="list-style-type: none"> • Quality products and services • Complete range of products • Correct usage of steel products • On-time delivery • Steel knowledge, standards and guideline for application | <ul style="list-style-type: none"> • Develop innovations in products and services • Produce quality products that meet customers' needs • Logistics management to have on-time delivery • Provide technical and academic consultations by the Technical Service Team • Systematic inventory management in order to have products ready to instantly respond to customers' needs |
| Employees  | <ul style="list-style-type: none"> • Production/ Processing • Quality Inspection • Logistics • Distribution and Service | <ul style="list-style-type: none"> • Channels to receive suggestions, comments and complaints through the company's complaint system throughout the year • Survey of corporate values or employee satisfaction once every 2 years • Internal communication channels such as TMT Magazine, email, Line@, Touch Point and public relations board at least once a month • TMT Talk / TMT Day once a year • Meeting of Welfare Committee in the workplace 4 times per year • Training seminars according to the company's training plan • E-Learning 178 courses • TMT Talk & Knowledge Sharing 5 times/year | <ul style="list-style-type: none"> • Career Advancement • Acquiring development of capabilities • Benefits both monetary and non-monetary • Equality without discrimination • Promote and supervise work safety | <ul style="list-style-type: none"> • Equitable and fair treatment, and respect for human rights • Communicate business Target and policies via CEO Message/TMT Talk • Performance evaluations 2 times per year • Develop employees to be promoted • Talent Management • Average staff development is 14 hours/person • Join the wage survey with the HR Center each year • 13 Projects for employee benefits whether monetary or non-monetary. |



| Stakeholders | Relevance to Business Processes | Engagement/Frequency | Expectations | Responding to Expectations |
|--|---|--|---|---|
| Trade Partners/ Suppliers  | <ul style="list-style-type: none"> • Procurement of Raw Materials • Production/ Processing • Logistics | <ul style="list-style-type: none"> • Evaluate trade partners once a year • Meeting online Regularly with partners to have plans for purchase orders throughout the year • Training on safety and occupational health for the subcontractors 44 times | <ul style="list-style-type: none"> • Fair competition without discrimination • Efficient procurement system that is transparent and verifiable | <ul style="list-style-type: none"> • Have policies and practice guidelines regarding procurement • Develop trade partners to have good practice guidelines such as Code of Business Conduct of trade partners and anti-corruption policy • Provide and vaccinate for 294 subcontractors |
| Society, the Community and the Environment  | <ul style="list-style-type: none"> • Production/ Processing • Logistics | <ul style="list-style-type: none"> • Community visits 4 times per year • Open factories and production processes for visits and provide regular iron education throughout the year • Install a solar rooftop generation system of 2.5 MW to generate electricity from renewable energy • Cooperate with the education sector in providing bilateral education and internships • Cooperate in standards that prevent and solve drug problems in the workplace. | <ul style="list-style-type: none"> • Caring for the environment around the community • Conduct business that does not negatively impact the community • Share useful thing to promote a good quality of life for people in the community | <ul style="list-style-type: none"> • Improve the production process and environmentally friendly work processes by controlling air and noise pollution • Improve the environment inside and outside the factory so it is clean and increase green space • Regularly share and provide knowledge for institutions, departments, and organizations on issues that the company has expertise • Support resources and equipment that is useful such as a community drinking water project, steel project for sustainability, etc. • Signing an MOU with educational institutions in bilateral projects. • Project to stop smoking |
| Shareholders, Investors, Analysts  | <ul style="list-style-type: none"> • Distribution, and Services | <ul style="list-style-type: none"> • Shareholders' Meeting once a year • Analyst Meeting once a year • Opportunity Day 2 times per year • Provide channels for inquiries through the investor relations website and telephones throughout the year | <ul style="list-style-type: none"> • Operating results of the company • Transparency in business operations and good corporate governance | <ul style="list-style-type: none"> • Annual Report / 56-1 One Report • Explanation of operating results through the company website and the Stock Exchange of Thailand • Manage the company's operating results under appropriate risk management • Proceed according to the investment plan • CG Score 5 Stars • Listed in the ESG100 group of companies (6th year) • Listed in SET THSI (2nd year) |



| Stakeholders | Relevance to Business Processes | Engagement/Frequency | Expectations | Responding to Expectations |
|---|--|---|---|---|
| Government Sectors  | <ul style="list-style-type: none"> • Product/ Processing • Quality Inspection • Logistics • Distribution and | <ul style="list-style-type: none"> • Report business performance and operating results to relevant government agencies at the specified frequency • Continuous participation in government activities and projects Service | <ul style="list-style-type: none"> • Comply with regulations, laws and policies of regulatory agencies | <ul style="list-style-type: none"> • Report business results and provide information that is true, correct and complete as stipulated • Cooperate and support various projects of government agencies • Certified by MiT (Made in Thailand) • Certified Industrial product licenses • Comply with the laws related to tax management |
| Financial Institution  | <ul style="list-style-type: none"> • Product/ Processing • Quality Inspection • Logistics • Distribution and Service | <ul style="list-style-type: none"> • Business update meeting 1 time / quarter • Negotiation for terms and conditions • Joint seminars 9 times/year | <ul style="list-style-type: none"> • Operate business as plan and target • Paid back as terms and conditions | <ul style="list-style-type: none"> • News submit to SET (MD&A. Financial Statement) • Appropriate Risk Management • Operate business as Investment Plan |
| Competitors  | <ul style="list-style-type: none"> • Distribution and Service | <ul style="list-style-type: none"> • Joint meetings with associations and organizations that are relevant to the business according to the agenda and appropriate opportunities • Provide channels to regularly receive suggestions, comments and complaints through the company complaint system | <ul style="list-style-type: none"> • Company business information • Market share • Conduct business transparently and fairly | <ul style="list-style-type: none"> • Disclose operating results through the company website and the Stock Exchange of Thailand. • Create fair business competition conditions |

Analysis of Significant Sustainability Issues

1. Identification Significant Issues

This was considered from the analysis of external factors, challenges in the steel industry, and sustainability issues that were significant or had an impact on stakeholders and businesses (economy, society, environment). This included analysis of internal factors which were weaknesses, strengths, risk factors, and the business performance of the Company.

2. Prioritization

The Company considered the priority of issues by

measuring the importance from the Company's perspective, external stakeholders, both in terms of opportunities and the impact each issue had on the economy, society and the environment.

3. Verification Issues

The Sustainability Subcommittee and Working Group proposed issues raised from prioritization and a reporting framework to the Board of Directors for approval after it had been approved by the Corporate Governance and Sustainability Committee in order to be disclosed in the 56-1 One Report and disseminated on the Company's website. In addition, the Company assigned the relevant



departments, subcommittees and working groups to review the accuracy and completeness of significant issues in order to cover all aspects, whether in the economic, social, or environmental dimension. The Company's annual significant issues are analyzed through business value chain stakeholders. The results will be

used to formulate policies, strategies/operational plans, and goals in order to appropriately manage significant sustainability issues.

In 2021, the significant issues were as follows:

There are materiality issues in 2021 as follow;



As a result of the preparation of significant issues, the Company categorized the significant issues and established sustainability operation plans to be in accordance with the strategy and business goals for 2021 which covered the aspects of economic, social, environmental and stakeholder dimensions as follows:

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



Sustainability Management in the Economic Dimension

Corporate Governance for Sustainability

Policy

The Board of Directors realized the importance of the Company's good corporate governance by adhering to moral and ethical principles as a guideline in conducting business. The Company established various policies in order to perform duties with responsibility, caution, honesty, anti-corruption, and uphold virtues. This included products and service development that focus on value creation and added long-term value to the business and is equally responsible to all stakeholders. This will enable the Company to progress, have sustainable growth and gain trust from shareholders, investors and all stakeholders.

The details of Good Corporate Governance Principles, Code of Business Conduct, Measures and best practice guidelines for code of business conduct also Code of business conduct for partners, contractors and subcontractors are disseminated on the website at [www.tmtsteel.co.th/ investor relations /corporate governance / principles of good corporate governance and code of business conduct]

Goals

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

Strategies/Operational Plans

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

Performance

The Governance and Sustainability Committee was appointed to be an effective mechanism for the Board of Directors to supervise and oversee the Company so that it operates in accordance with the good corporate governance guidelines, builds confidence, trust, and value of stakeholders in order to create sustainability and stability for the business. In 2021, the Corporate Governance and Sustainability Committee assigned a Corporate Governance working group to review and take action on various matters and then report to the Board of Directors and the Audit Committee to acknowledge after it was approved by the Corporate Governance and Sustainability Committee. This is as follows:

1. Implemented a corporate governance policy, a code of business conduct, an Anti-Corruption policy, a securities trading policy, and other related policies to cover all stakeholders. This included business partners, consultants and business agents.
2. Developed measures and best practice guidelines for a code of business conduct so that directors, executives, and employees at all levels would follow them as a guideline. This has been communicated to directors, executives, and employees via effective channels of communication.
3. Complied with the laws governing the Company's business operations across the entire business chain. In 2021, the Company was not prosecuted for non-compliance with the law and there were no complaints against the Company.



4. Reviewed the Company's regulations as well as Articles of Association to be up to date.

5. Reviewed the internal control system. The Audit Committee considered and appointed EY Corporate Services Company Limited to be responsible for planning, auditing and reviewing the Audit Committee-approved plans. In 2021, EY Corporate Services Company Limited reviewed the internal control system, submitted the review report and reported to the Audit Committee for consideration.

6. Appropriately applied the good corporate governance principles for listed companies in 2017 (CG Code) with the business context.

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

Performance

- Received an "excellent" or five-star rating for corporate governance.
- Selected to be on the Sustainability stocks list or Thailand Sustainability Investment (THSI) in 2020.
- Selected as 1 of the ESG 100 listed companies from Thaipat Institute, as an organization with outstanding performance on environment, social and governance ESG for the 6th consecutive year.

Risk Management

Policy

TMT Steel Public Company Limited realized the importance of risk management. We believe that risk management is one of the processes that will help the Company develop business strategies to achieve its objectives and goals. A good risk management and control system will help reduce obstacles or any unexpected events that might arise, and prevent damage to corporate resources. It also helps to increase the adaptation ability to the changing business environment effectively, build confidence, and create value for all stakeholders as well as creating business opportunities to drive the organization

to sustainable growth. The details of the "Risk Management Policy and Corporate Strategy Development" are published on the website at [[www.tmtsteel.co.th / investor relations / other policies / risk management policy and corporate strategy development](http://www.tmtsteel.co.th/investor-relations/other-policies/risk-management-policy-and-corporate-strategy-development).]

Goals

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

Strategies/Operational Plans

The Risk Management and Corporate Strategy Development Committee developed policy and a risk management and corporate strategy development manual which was approved by the Board of Directors in order to be used as a guideline to determine operational procedures, communication, and develop efficient work processes under controlled risk in accordance with the COSO - ERM 2017 international standard which covers risk management in the following 6 categories, which are 1. Strategic Risk, 2. Operational Risk, 3. Financial Risk, 4. Compliance Risk, 5. Social and Environmental Risk and 6. Emerging Risk

Operations

1. Determine the structure, roles and responsibilities in enterprise risk management.

2. Set up a Risk Management Team to be responsible for enterprise risk management in accordance with the risk management policy, develop the corporate strategy, and report the performance to the Board of Directors through the Risk Management and Corporate Strategy Development Committee, twice a year.

3. Determine Risk Owner and Risk Champion to represent the department by identifying, assessing, and reviewing corporate risks. This includes gathering risk information, risk management measures, and the risk assessment results of the responsible party and submitting them to the Risk Management Working Group.



4. Set up a process for identifying and assessing corporate risk level, as well as risk indicators and Risk Assessment Criteria. This includes preparing any risk assessment documents, creating a systematic process for monitoring, reviewing, reporting, and managing corporate risk. The risk factors and operational guidelines for risk management are summarized in "Part 1, Risk Management"

5. Establish guidelines and integration risk across departments. Establish guidelines to develop skills, knowledge, and abilities of any relevant personnel for enterprise risk management.

6. Improve internal and external risk communication and cross-departmental risk management knowledge sharing as well as maintaining regular communication with those involved in risk management.

Performance

- Business was not disrupted.
- There were no complaints or disputes that affected the operations and the business performance.
- Delivered value of products and services to customers continually. There was stability and consistency in services, the availability of goods, as well as product quality and standards. The customers were satisfied with the products and services of TMT. The average rate of satisfaction for all aspects was equal to 89%.



Innovation Management and Product Quality Development

Policy

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

The Company disseminated the policy on the website [[www.tmtsteel.co.th/investor relations/corporate governance/other policy/innovation policy](http://www.tmtsteel.co.th/investor%20relations/corporate%20governance/other%20policy/innovation%20policy)].

Goals

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

Strategies/Operational Plans

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

Operations

1. Use technology to improve efficiency in work process development

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

1) Develop and use the Auto Feed Shearing System in conjunction with the Auto Vacuum Lifting system with the flat steel cutting machine. This automation system can replace risky manual labor involved in handling and cutting steel sheets. This can help to reduce accidents by 100%. The system has a cutting speed of 170 pieces per hour, increasing the number of products by 17.24%, thereby increasing efficiency of cutting precision and the work quality even more.

2) Install a Mill Scale Filter in the steel pipe production process to avoid the accumulation of metal scrap inside the coolant system used in the production process. This makes it possible to prolong the service life of the coolant, reduce production costs, and maintain the consistency of the anti-rust coating coolant's effectiveness. This includes reducing the risk from working in confined spaces for employees who separate metal scrap. It also helps create a better working environment. Currently, the mill scale filter has been installed in 1 production line and in the process of being studied and extending developments to all steel pipe machines.

3) Increase the efficiency of the stretcher leveling machine by installing auxiliary pinch rolls to increase production efficiency from thicknesses of 6 millimeters to 9 millimeters. This also helps to reduce breakdowns in the production process which allows the machine to operate at full efficiency as designed.



4) Install a wooden stacker to automatically place the wood under the products at the Stretcher Leveling machine. This helps workers who have to work in an incorrect posture which leads them to be fatigued. This reduced accidents by 100% and also reduced the work process of employees. Employees only need to press a button on the machine to automatically place the wood.

5) Increase customer service efficiency with information technology system development. This includes Customer Relationship Management (CRM), Sales Order System, Steel Pipe Production Planning Phase 1 (GD FINDI Phase I), and Warehouse Management Enhance III that have been improved continuously along with modern transport management processes. This was done by integrating such information technology systems with work processes. The overall customer satisfaction towards the services of TMT in 2021 was 88%. The warehouse staff (which is the last department to prepare products for customer delivery) finished work at approximately 7:42 p.m. which was earlier than 2020 at 8:00 p.m.

6) Initiate a Modern Infrastructure and Data Automation project to develop and create a working system that connects important databases, and also collects and analyzes customer business needs. The internal working system has been developed to be more efficient. There were 3 projects under development.

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

The Company promoted creative development activities, whether they were methods, models, sequences, procedures, or devices. This started from work process improvement for the operating staff to the departmental level in order to improve existing procedures, reduce errors, and help increase quality or add value to the work responsibilities. This also instilled an awareness of continuous development which is an important factor for sustainable innovation development as well as developing employees to be ready for digital technology change. The Company supported different departments to create

development projects from the work processes of employees, beginning at the operational level to the supervisor level. Over the past year, employees were able to create and extend the following results:

1) Results from work improvement and development by of factory staff 299 tasks.

2) The projects and activities that promote creativity and employee engagement include the Think Idea Project season 2. There were 36 competitive ideas from employees. The WoW Steel Project with 17 teams submit the ideas and 7 teams competed in the TMT Got Challenge activities and 10 teams competed in the Challenging Xmas activities.

3) SMART Team Project season 2 applied the concept of agile work through the teamwork of employees from all departments related to customers. The team has the authority to make their own decisions, be flexible to change, and be able to fix errors quickly, work faster, reduce decision-making made by executives, encourage collaboration, and stimulate creativity to generate new ways of working. This helped to create value for customers and at the same time, working processes within the organization were more efficient.

4) TMT Innovation Framework Project leads to new business innovations from within the organization. It was operated as follows:

- Organized a workshop on Process Automation for the target audience to understand and be able to create an Idea Canvas.
- Set up a Digital Clinic to advise and develop work processes into automation and a digital system. In the past year, there were 4 ideas that employees proposed for development.
- Established a TMT Innovation Team to drive Innovation Culture within the organization.
- Provided idea pitch and proposed the ideas to executives in order to proceed in the next sandbox experiment.



3. Product Quality and Standard Development

1) Develop Carbon Steel Pressure Pipe products in accordance with the product diversity guidelines. All Carbon Steel Pressure Pipes produced by TMT are tested with water pressure by a Hydrostatic Tester according to specified standards.

2) Develop a custom-made steel cutting service with a fiber laser for the work that requires precision and high quality in order to provide Total Solution services for customers.

3) Expand production capacity of STAY FLAT, the ultimate flat steel sheet which is expected to begin in the 3rd quarter of 2022 in order to increase production capacity by 15,000 tons per month or 180,000 tons per year. This also enhances the production line of STAY FLAT ultimate flat steel to produce products in a thickness range of up to 16 millimeters.

4) Certified MiT or Made in Thailand by the Federation of Thai Industries. TMT's 25 steel products are certified as manufactured in Thailand. This helps to build consumer confidence both domestically and internationally in regards to the quality and standard of steel products manufactured in Thailand. This also increases sustainable steel product development opportunities in the future.

5) Granted a license to manufacture industrial products TIS 1228-2561 cold-formed structural steel for general structural work and TIS 528-2560 25600 hot-rolled flat steel for general and drawing work by the Thai Industrial Standards Institute (TISI), Ministry of Industry. This helps to increase customer confidence in quality standards.

Performance

- The customer satisfaction rate with the product was 88%.
- Total capacity utilization was 71.37%, a decrease from 82.23% in 2020. This resulted from the

alignment of production management with lower sales volumes due to the impact of the COVID-19 pandemic.

- Utilized technology to increase work process efficiency in 6 issues.
- 369 works resulted from improvements, developments, and extending the creativity of employees.

Supplier Relationship Management

Policy

The Company sustainably manages its supply chain to earn the trust of its stakeholders, create value, effectively increase competitiveness, and mitigate business risk. This includes social and environmental risks as well as supply chain governance. The Company researched and integrated sustainability issues into supply chain management for economic, social, and environmental development to increase business competitiveness and meet the needs of all stakeholders.

Goals

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

Strategies/Operational Plans

- Define roles, duties, and responsibilities within the organization's supply chain management.
- Establish processes/procedures/methods/guidelines that integrate sustainability issues with management.
- Engage with business partners to communicate the Company's expectations and intentions regarding sustainability management and find ways to increase potential and abilities in business competition and cooperation.
- Review policies and establish relevant guidelines to be completed in 2022.

Operations

- Treat business partners fairly and comply with the terms of trade agreements by adhering to human rights



principles and providing whistleblowing and feedback channels via the Company's website.

- Disseminate and communicate the Company's Code of Business Conduct to business partners via the Company's website. This includes communicating anti-corruption and no-gift policies as well as inviting business partners to take part in the Thai Private Sector Collective Action Coalition Against Corruption (CAC). Details are disseminated at [www.tmtsteel.co.th/investor relations/corporate governance/Code of Business Conduct/Code of Business Conduct for partners, contractors and subcontractors]

- Drive business partner management with sustainability by incorporating Quality Management Systems (ISO9001), Occupational Health and Safety Management Systems (ISO45001), and Environmental Management Systems (ISO14001) through annual supplier self-audits to properly identify and manage supply chain risk.

- Encourage collaboration with business partners who uphold the code of conduct, and take social and environmental responsibility as well as respect human rights.

- Developed and built good relationships with one another by visiting and making study visits to the factories of business partners, having meetings to understand the needs, expectations, and cooperation guidelines.

- Organize training regularly to educate employees of business partners regarding occupational health and safety. This includes topics on Covid-19 Appropriate Behavior, and Driver Safety Awareness through "SMART TRUCK DRIVER" video media, a total of 44 times.

- Obtain and provide Sinopharm Covid-19 vaccines to the outsourced staff so that they are immune and less likely to spread COVID-19. This ensures the safety of customers and other parties involved.

Performance

- The Company did not receive any complaints from business partners.

- The evaluation score for the key business partners was 98.90%

- Obtained raw materials and factors as agreed upon.

- There were no violations of human rights.

Customer Relationship Management

Policy

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

Goals

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

Strategies/Operational Plans

- Provide suggestions to solve problems, help with product sourcing, create new services, and invent various options for customers. This includes adding value to the product under an integrated management system to meet the customer needs in all aspects.

- Visit customers regularly to understand their needs and develop quality products and services that meet the needs of customers.

- Survey customer satisfaction and use the results to improve and develop better services.

- Have regular communication within the organization about customer needs so that every department understands customers and responds to their needs accurately and on time.

Operations

The Company recognizes and highly appreciates customers for its success and sustainable growth. The Company strives to respond to customer needs in order



to create maximum customer satisfaction. In addition to the implementation of the aforementioned strategies and plans, including a channel to receive feedback through the Company's website at www.tmtsteel.co.th, the Company implemented the following activities in 2021:

1. Improve and develop customer satisfaction.

The 2020 survey results found that the factor that most impacted purchase decisions was "product variety". The Company analyzed and prioritized the survey results, interviewed additional target customers and considered the following actions:

- Expand the production capacity of steel pipes with 3 machines in order to increase the production capacity of 6,500 tons per month or 78,000 tons per year. Currently, the Company operates 13 steel pipe manufacturing machines with a total production capacity of 300,000 tons per year in order to increase the diversification of sizes and adequacy of steel pipe products.
- Manufacture Carbon steel pressure pipe according to the product diversification guidelines. Every Carbon steel pressure pipe product manufactured by TMT is tested with a Hydrostatic Tester to meet the specified standards.
- Developed a steel cutting service with laser fiber machines for custom-made steel cuttings. This offers a total solution service with high quality and precise steel cutting service for customers.
- Use information technology systems to connect existing databases, collect and analyze customer business needs. This includes finding alternatives for customers in order to make things easier and increase the efficiency of the customer's work process.

2. Factory visit, by customers from 31 different companies. The number of customers visiting the factory decreased due to the spread of COVID-19. Due to

concerns for the safety and health of customers, the Company established collaboration standards with customers in order to prevent the spread of COVID-19. This included improving the New Normal of working and increasing customer communication through online systems.

3. The average customer satisfaction rating in 2021 was 89%. This was an improvement from 88% in 2020. The Company found that customers are most satisfied that "TMT's products meet specified standards". Factors that affect TMT's purchase decisions are product quality, product price, service of sales staff, timely delivery, product variety, and after-sales service, respectively. Customer feedback received in 2021 will be analyzed and prioritized for improvement and development. The relevant departments are jointly responsible for achieving the established goals.

Performance

- The average customer satisfaction rating was 89%.

Sustainability Management in the Social Dimension

Human Resources and Human Rights Management

Policy

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



against gender, age, educational institution, race, and religion, as well as supporting employment of disadvantaged groups in order to create career opportunities and stable incomes.

The Company disseminated the policy on the website [[www.tmtsteel.co.th/Investor Relations / Corporate Governance/Related Policies/Human Rights Policy](http://www.tmtsteel.co.th/InvestorRelations/CorporateGovernance/RelatedPolicies/HumanRightsPolicy).]

Goals

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

Strategies/Operational Plans

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

Operations

The Company is aware of the importance of conducting business with the respecting of human rights principle, which is the fundamental right to equality that every person should receive without any discrimination. As a result, the Company developed a human rights policy

in accordance with the code of business conduct in order to prevent human rights violations against the Company's involved stakeholders and to ensure that the Company's business operations can operate in accordance with the Company's objectives, corporate values in order to build credibility, and strengthen relationships with employees and other stakeholders.

In 2021, the major operations of the Company are as follows:

1. Announced and communicated a human rights policy through various channels, both internally and externally.
2. Reviewed personal information protection policy of employees and the privacy policy for customers, business partners and visitors.
3. Provided whistleblowing channels internally and externally.
4. Communicated measures and best practices for the code of business conduct to the Company's employees through various channels.
5. Complied with human rights principles in recruiting and selecting employees based on qualifications, characteristics, skills, knowledge, abilities and attitudes that are suitable for the job position and corporate values. In addition, the "Friends Recommend Friends" Project was organized to recruit employees who have qualifications and abilities that match the position and corporate values. This provides more channels and opportunities to find suitable candidates for certain positions. The Company rewarded employees who referred friends or acquaintances who had suitable qualifications to apply for jobs and passed the probation. There were 31 employees from the Friends Recommend Friends Project. Over the past year, the Company was able to recruit employees in accordance with the corporate growth goals. As of December 31, 2021, the Company had a total of 1,311 employees, an increase of 43 employees, which represented a 3.39 % increase from 2020. The details are as follows:



| Details | Number of Employees in 2021 | |
|----------------------------------|-----------------------------|------------|
| | Male | Female |
| Employee | 917 | 393 |
| Employee with Disabilities | 1 | - |
| Total | 918 | 393 |
| Total Number of Employees | 1,311 | |

6. Surveyed the satisfaction and commitment of employees to the organization. This was analyzed to develop and improve human resource operations. The evaluation of employee engagement to the organization in 2021 was 82.65%. This was communicated through internal communication channels. The summary of the important issues was reported to executives, managers, supervisors, and welfare committees in order to jointly lead to determining relevant action plans in 2022. In addition, the election of a welfare committee in the workplace in 2021 was held to replace the previous welfare committee that retired by rotation. The meetings were organized once a quarter. This included meeting with employees' activities to provide opportunities for employees to participate in proposing opinions and suggestions that are useful for the improvement and development of the organization in all aspects. This will be forwarded to all relevant parties for consideration. The Company pays attention to every matter that comes from employees at all levels.

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

- Established short-term and long-term employee remuneration policies. In regards to short-term remuneration, the Company determined a hiring method, remuneration, benefits, and welfare that was fair and appropriate based on the potential and responsibilities of employees in each level as well as the operating results of the Company and comparing it with other companies in the same industry. In regards to long-term remuneration,

the Company established a provident fund for its employees. Employees were able to choose an investment policy that was suitable for their own savings. This included improving benefits for health, life and accident insurance for the benefits of employees' health and well-being.

- Established a "retirement bonus" to motivate and retain employees, as well as to reward people who remained committed to and actively participated in driving the business for an extended period of time prior to retirement. Employees are compensated at a discounted rate based on their length of service with the Company. The date of retirement has been determined by the Company to be February 28 of the month following the employee's 55th birthday.

- Provided financial assistance to employees whose current residence was affected by flooding in the area of Phra Nakhon Si Ayutthaya Province and nearby provinces.

- Organized a scholarship program to support TMT employees' children annually by using the performance of the target employees as evaluation criteria to consider scholarships for the children of the employees as well as encouraging and motivating employees to work. There were 15 scholarships.

- Labor Day activities promoted and communicated the awareness of various dimensions related to work and quality of life. This included providing knowledge and understanding on welfare or government policies that are beneficial to employees. Additionally, the Company provided alcohol spray to all employees to raise awareness about the importance of self-protection against the spread of COVID-19 and other viruses.

- Renovated the bicycle parking area to have an air for tires service point in order to facilitate convenience and reduce the accidental risk from pushing or pulling a friend's bike or towing bikes on a flat tire to fill up air that is far from the bicycle parking lot.



- Care of employees during the COVID-19 pandemic by raising awareness in various fields through education and regularly communicating messages of concern from the Chief Executive Officer. This included the management of a suitable and safe work environment, as well as developing policies and procedures for managing employees in a systematic manner, organizing employees to work from home while considering the safety of traveling to work, and providing Sinopharm COVID-19 vaccines for all employees, outsourced staff as well as employee's families who were at risk during the COVID-19 pandemic in order to build herd immunity. Also, the collaboration with Wang Noi Hospital in order to boost immunity with the third dose of the vaccine, the Company provided shuttle vehicle services that were available for employees who received their third vaccination at Mahachulalongkornrajavidyalaya University. Additionally, the Company collaborated with the Federation of Thai Industries on the "Field Hospital for Industrialized People in Ayutthaya" project in Phra Nakhon Si Ayutthaya Province. This was a collaborative effort with the government to assist infected individuals or patients in receiving treatment.

- Conduct the No Smoking Campaign to encourage employees to quit smoking through a variety of internal public relations channels. The topic was quitting smoking completely. This was a collaborative project with the National Network Confederation for a smoke-free Thai society, as it was discovered that smoking was considered a risky behavior during the COVID-19 pandemic, as smokers do not wear masks and put cigarettes in their mouths with their hands. Before smoking, the majority of smokers do not thoroughly wash their hands. There have been confirmed cases of COVID-19 in individuals with a history of smoking. The majority of them have deteriorated lungs, which can result in severe symptoms and even death.

- Blood donation activities have been held four consecutive years, four times a year, to allow employees to give back to society while also promoting employee

health. Additional activities were organized to aid in the operation of the canteen. Additionally, employees who donated blood received a coupon for a meal and beverage worth 30 Baht per person at the canteen.

- Organized various activities that promote corporate values, both directly and indirectly. This included TMT Got Challenge and Challenging x Christmas which encouraged employees to express themselves creatively through online channels via the MS Team program. This helped employees relax and alleviated stress brought on by work or the COVID-19 pandemic. Additionally, the Company hosted the TMT Day 2021 Live Party Real Moment event to demonstrate its appreciation for all the effort of employees throughout the year. All employees from three branches participated in these activities online.

- In 2021, the Company organized 13 projects and employee welfare for employees, whether they were monetary or nonmonetary benefits in order to motivate, encourage and promote the quality of life and good working conditions for TMT employees.

7. The Company does not support the infringement of copyrights or intellectual properties. The Company has a policy regarding intellectual rights infringements to prevent employees and the Company from offending information laws, copyright infringement laws, and regulations concerning the performance of the Company.

Employee Development

Every employee is valued by the Company, and the appropriate development plans have been prepared for employees at all levels. TMT Knowledge Center is a learning and development center for employees. The employee development plan was designed and developed by the Company based on the corporate goals and strategies. The Company also surveyed the needs for employee training and development by interviewing executives in each department, analyzing job positions,



performance appraisals, and individual development plans, and also implementing the development in accordance with the plan. This included developing a work environment and culture that promotes creativity and knowledge among employees through activities that promote knowledge. In 2021, Employees received an average of 14 hours of training per person. This was a decrease from the previous year due to the COVID-19 pandemic. However, the Company was able to complete more than 80% of the annual training plans and the department development plans through the following projects and activities:

- TMT Talk activities are an online program that provides discussions with the Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Operating Officer (COO). TMT Knowledge Sharing activities encourage employees to ask questions and express their opinions, as well as develop their critical thinking skills.

- Promote online learning by utilizing an e-learning system and an online platform. There were a total of 178 courses from which employees could select and allocate their time to learn on their own. Other forms of learning, such as Project-Based Learning, Coaching, On the Job Training (OJT), etc., were made available to employees at all levels in the organization.

- Career Management and succession plans by creating a Successor Profile in critical positions. The Company created career paths for employees at all levels. There are guidelines for developing employees' competence in each position, as well as opportunities to change career paths in order to meet increased capabilities. Furthermore, employees promoted to the supervisor level and above are required to develop an Individual Development Plan (IDP), follow-up, and systematically report the self-development results to executives for acknowledgment. Over the past year, 118 employees were promoted from within. One employee was promoted to the management level, 2 to the supervisor level, 17 to the staff level, and 98 to the operational level.

This accounted for 9% of the total employees.

- Develop the Focus Group through the New Gen project and the Innovation Lab project. The selected employees will develop an Individual Development Plan (IDP), participate in development training, and activities to develop digital skills and innovative mindsets. There is a plan for follow-up, and they must report the self-development results to the executives systematically.

- Promote corporate values, Challenging, by encouraging employees to broaden their creative ideas and try new things, dare to think, and present as well as develop and improve work processes through the Think Idea project, Wow Steel project, and Smart Team project. These are projects that bring representatives from all departments involved with customers to collaborate as a team. The team is given the authority to make their own decisions while remaining adaptable to change. This leads to faster correction of errors, encourages collaboration, and stimulates creativity in new ways of working to help create value for customers while also making work processes within the organization more efficient.

- TMT Academy's Knowledge Management. There are learning and training courses that cover every department. New courses have been added, and the original course has been improved to stay updated. The knowledge was passed on to employees, particularly new employees so that they would have the necessary knowledge, skills, and ability to perform their assigned tasks correctly.

Performance

- The evaluation rate of employee engagement was 82.65%.

- The turnover rate was 17.94%.
- TMT employees were continually developed with an average of 14 hours/person/year of training.

- There were no cases of labor disputes or human rights violations.



Occupational Health and Safety

Policy

The Company is committed to developing a safety management system to be in compliance with any laws and related regulations in order to prevent and reduce occupational hazards with the cooperation of all our employees.

The details of the "Occupational Health and Safety Policy" are disclosed on the website at [[www.tmtsteel.co.th / investor relations / corporate governance / others policies / occupational health and safety policy.](http://www.tmtsteel.co.th/investor_relations/corporate_governance/others_policies/occupational_health_and_safety_policy)]

Goals

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

Strategy/Operational Plans

- Comply with relevant laws, rules and regulations of the safety and environmental management system.
- Reduce workplace hazards
- Build and promote safety awareness among employees.

Operations

1. Comply with any relevant laws, rules, and regulations, including the requirements of the safety and environmental management system.

- Assess regulatory compliance with any related laws and requirements every 6 months.
- Control and take corrective actions to improve operations in accordance with the applicable laws or regulations.

2. Reduce Workplace Hazards

- Review risk assessment whenever there is a new activity or changes to the working methods and annually revise them so they are up to date.
- Establish plans and methods to eliminate hazards and reduce occupational health and safety risk

using a "hierarchy of control".

- Provide a process to control and plan changes that occur within the organization, whether temporary or permanent.
- Regularly review and conduct emergency response plans at least once per year.
- Construct a Safety Interlock System and Sensor Systems on the fence and machine guarding to increase safety.
- Monitor industrial hygiene and the environment.

3. Build and Promote Safety Awareness among Employees.

The Company has occupational health and safety management in accordance with the requirements of the Occupational Health and Safety Management System Standards (ISO 45001:2018) in order to develop and promote knowledge regarding a safe workplace to employees. Over the past year, the Company organized various activities to promote the following safety behaviors:

1) Employees in the Production 1 focus group were given a training course "Safety Awareness for Machine Work." There were 100 employees who participated in the program which accounted for 81.97% of the focus group.

2) A risk detective project called "Point Out Risk, Create Safety Culture" was launched to encourage all employees to participate in reporting workplace hazards by scanning the QR code on the hazard report form. There were 64 employees that participated in the project.

3) Hearing Conservation Project in work environments with noise levels of 85 decibels dB(A) or higher. This included the manufacturing area as well as the warehouse. There were a total of six buildings. The procedures are as follow:

- Train and educate all employees in the aforementioned areas on the topics of Hearing Conservation



Policy of the Company, ears and hearing, types of hearing loss, hearing tests, hearing assessments and noise control, the application of protective hearing devices, and related laws.

- Prepare and install a noise map in the manufacturing area and the warehouse. There were a total of 6 buildings that were designated as noise monitoring areas and hearing monitoring areas.

4. COVID-19 Preventative Measures

1) The Company strictly complies with the epidemic control and prevention measures in accordance with the guidelines of the Ministry of Health's Department of Disease Control. The Company created and disseminated an epidemic control and prevention plan on the Company's website at [www.tmtsteel.co.th/Investor_Relations/Corporate_Governance/Risk_Management/Control_and_Prevention_of_TMT's_COVID-19].

2) There are inspection and monitoring measures to prevent and control the spread of COVID-19. Every employee was required to follow the following procedures:

- Check employee travel history to prevent outbreaks within the Company and screen employees on a regular basis by surveying employee's risk data.

- Always provide useful information to employees during the COVID-19 pandemic

- Provide and arrange vaccinations for employees. All employees received 2 doses of Covid 19-vaccines.

- Require random testing to proactively look for people infected with Covid-19 by randomly checking 40 employees with an ATK test every Monday.

3) Screen all external visitors by requiring them to submit a COVID-19 risk assessment form before visiting the factory or working in the factory area. A preliminary screening test with an ATK test kit is also required.

4) Provide hand sanitizers in every office and building. In addition, the multi-surface disinfectant spray

was also provided to disinfect the common areas on a regular basis. In addition, the Company assigned certain groups of employees to work from home rather than coming to the office in order to reduce workplace congestion and mitigate the risk of spreading the disease.

Performance

- The Company was certified with ISO 45001: 2018 for the Surveillance round from SGS (Thailand) Company Limited in July 2021.

- The LTIFR (Lost Time Injury Frequency Rate) was 4.59 times per working hour.

- Developed and promoted employee safety awareness with 3 projects.

Society/Community Engagement and Development

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

Goals

- There were no external complaints.
- Continue to implement projects that create cooperation between the Company and society every year.

Strategies/Operation Plans

- Engage with all stakeholders by making the best use of TMT's resources, potential, and expertise.



- Create positive experiences for all stakeholders through the collaboration of beneficial activities or projects.

Operations

The Company complied with social responsibility policy, focusing on community engagement and development to promote a good quality of life for the community, whether economically, socially, or environmentally, by prioritizing the community's needs and necessities. Additionally, the Company promotes and raises awareness among all employees throughout the organization in order to create good relationships and demonstrates friendship with the community through collaboration with the community, assigning representatives to consult with the community on a variety of issues from conservation to problem analysis, in order to gather accurate information from the community. The satisfaction survey was used to assess the surrounding community's level of satisfaction. The results were analyzed, prioritized, and considered alongside various projects with the goal of promoting a good quality of life, creating knowledge, developing the potential of individuals in the community and society, and adding value to the Company's products. Priority will be given to nearby communities that are likely to be directly impacted by the Company's operations. The Company places a high value on assisting and promoting a good quality of living for Thai society without discriminating and fully supports the community in every way possible. The following projects were undertaken over the last year:



1. Steel for Sustainability Project

- Provided structural steel products to Wat Chumphon Nikayaram School in Ban Len, Bang Pa-In, Phra Nakhon Si Ayutthaya to build an additional canteen roof to accommodate 804 students. This helped to promote the quality of life as well as food hygiene and safety while also providing students with more indoor activities.

- Provided structural steel products to Wat Santi Thammaram, Wang Noi, Phra Nakhon Si Ayutthaya to repair the pavilion's damaged roof.

2. From School to the Steel Factory Project

- Supported students in one of 18 teams from King Mongkut's University of Technology, Thonburi, that competed in the research and design project for the construction of energy-efficient homes in Solar Decathlon Europe 2021/2022 (SDE21/22) competition in Wuppertal, Germany. The Company provided assistance in the form of products, services, and TMT knowledge. TMT contributed to the long-term sustainability of the project by donating cold-formed structural steel, a location to assemble the steel structure, as well as consulting and giving advice on steel structure preparation. When the construction is complete, this energy-efficient home will be showcased at the university to provide continuous learning opportunities for students and serve as a testing ground for university-based research as well as an energy-efficient on-campus learning center for university staff. This can also serve individuals interested in designing energy-efficient homes for a three-year period.





- Created educational opportunities and promoted vocational skill training as well as hands-on experience to prepare students before they enter the workforce by accepting internship students and bilateral students. There were 21 undergraduate students that received internships with the Company and 70 high-vocational bilateral students. This has been a continual collaboration between the Company and 6 technical colleges since 2018. Over the past year, the Company was able to recruit a total of 8 employees from the bilateral program.

3. TMT Contribution for Sustainability Project

- Contributed a Versana Premier Ultrasound system, medical supplies and necessities to Wang Noi Hospital in Phra Nakhon Si Ayutthaya to support doctors and nurses in their work with the public. This included assisting COVID-19 patients in the surrounding area.

- Donated computers and IT equipment to the Department of Automobile Engineering at Ayutthaya Technical College for the computer-aided mechanical drawing design course.

- Continually supported the waste for merit project with other companies in the area by donating money from waste sales to Lam Sai Subdistrict Administrative Organization, Wang Noi, in order to help people with disabilities, the elderly, and bed-ridden patients in the area.

- Donated 1000 sets of Andrographis paniculata to help COVID-19 patients in communities, waiting for centers, hospitals, foundations, and various agencies including families of employees.

- Supported the Federation of Thai Industries in Phra Nakhon Si Ayutthaya to build a field hospital to care for patients infected with the COVID-19 virus in Phra Nakhon Si Ayutthaya.

- Supported the Thai Listed Companies Association in the project “Unity of Listed Companies for the Community” to help alleviate the suffering of people in the community and small restaurants in Bangkok that were affected by COVID-19.

Details and photos of these activities can be found on the Company's website at [[www.tmtsteel.co.th/About/TMT Activities](http://www.tmtsteel.co.th/About/TMT_Activities).]

Performance

- There were no external complaints.
- Conducted 3 projects that created cooperation between the Company and society each year. These projects have been carried out continually.

Sustainability Management in Environmental Dimensions

- Efficient Energy and Resource Management
- Greenhouse Gas Management

Policy

The Company is committed to environmental management by reducing emissions and energy consumption of natural resources for a sustainable environment. The Company disseminated the policy on the website at [[www.tmtsteel.co.th/investor relations/ corporate Governance/others policy/environmental policy](http://www.tmtsteel.co.th/investor%20relations/corporate%20Governance/others%20policy/environmental%20policy)]



Goals

- Reduce greenhouse gas emissions per unit of production (ton CO₂eq /ton product) by 20% compared to the base year (2018) by 2027.
- Reduce electric energy consumption by 0.6%.

Strategy/Operational Plans

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

Operations

1. Efficient energy and resource management

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

1.1 H.I.D High Bay Lamp to High Bay LED Replacement Project at Factory F

Goal: Reduce the amount of electricity consumption by 0.5891% (saving goal: 95,272 kWh/year which accounts for 372,627.22 Baht/year).

Performance: Replaced 51 light bulbs at Factory F area with High Bay LED 200W lights. This can reduce the amount of electricity consumption by 95,472 kWh/year and save electricity costs approximately 364,549.91 Baht/year.

1.2 Greenhouse Gas Management

Goal:

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

Performance:

The greenhouse gas emissions from corporate activities was 1,394,311 tonCO₂eq. Other indirect greenhouse gas emissions, such as those resulting from the purchase of raw materials and services, fuel and energy-related activities, upstream transportation and distribution, and downstream transportation and distribution (scope 3) totaled 1,384,307 tonCO₂eq. This accounted for 99.28% of all greenhouse gas emissions.

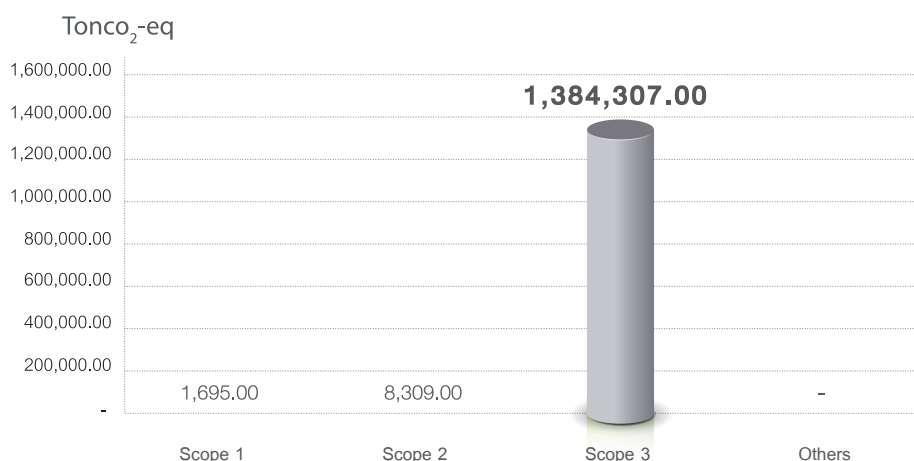
Indirect greenhouse gas emissions from raw material purchases totaled 1,358,696.19 tonCO₂eq which represented 98.15 % of all greenhouse gas emissions.

1. Upgrade Green Industry to Level 4 Project

Goal: Request for Green Industry Certification Level 4 (upgrade from Level 3).

Performance: In 2021, the Company cooperated with Natural Maker (Thailand) Company Limited, assigned by Environment Technology Promotion Division, Department of Industrial Works, developed environmental operations in accordance with the Green Industry Regulations Level 4. The Company passed the evaluation and was certified with the Green Industry Level 4 certification from the Department of Industrial Works.





Note: In 2021, Thailand Greenhouse Gas Management Organization (TGO) required the Company to assess the significance of indirect greenhouse gas emissions (Scope 3).

2. Water Management

The Company used 0.0714 cubic meters per ton of tap water and groundwater for production, a decrease from 2020 at 0.09 cubic meters per ton for production. There is constant maintenance and inspection of the water distribution system within the production process along with efficient wastewater management. Every parameter regarding the wastewater discharged from the factory is in accordance with the quality standards as defined by the law. Moreover, this includes raising employee awareness of the importance of using water resources wisely through internal communication channels as well as upgrading the office buildings and Knowledge Center's faucets to a sensor-based system.

3. Increase of Green Areas

Increase green areas inside the factory to filter out air pollution and create a good environment, both within the Company and nearby areas. The Company registered trees in the factory area. In the previous year, there were 1,080 trees which represented 27 rai or 13.35% of the total area that filter air pollution and create a good environment.

Additionally, the Company studied and planned the agricultural project with advice and input from the Faculty of Agricultural Technology Valaya Alongkorn Rajabhat University, regarding plant species and planting

processes that are suitable for the TMT area. This is expected to begin in 2022.

4. Garbage, Waste and Pollution Management

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

Performance

- Reduce electricity consumption from the Energy Conservation Project by 95,472 kilowatt-hours/year and save electricity costs by approximately 364,549.91 Baht/year
- Manage garbage, waste and pollution in accordance with the industrial waste and unused materials management standards.




Sustainable Development Goals (SDGs)

The Company is committed to supporting and taking part in the United Nations Sustainable Development Goals (SDGs) to ensure that the Company conducts business in accordance with international goals and creates benefits for all stakeholders. The Company is striving to succeed with 17 goals and continues to do the same in the future. In 2021, the Company's performance is in accordance with the 16 sustainable development goals.



Source: <https://thailand.un.org/th/sdgs/17>

The operations can be summarized as follows:

| Sustainable Development Goals (SDGs) | The Company's Sustainability Issues | Activities/ Projects that Support the Goal | Benefits to the Company | Benefits to Society and the Environment |
|---|---|---|--|---|
| 1 No Poverty  | <ul style="list-style-type: none"> - Human Resource and Human Rights Management - Society/ Community Engagement and Development | <ul style="list-style-type: none"> - Employee Welfare in monetary form - Friends Recommend Friends Project - TMT Market - "Unity of Listed Companies for the Community" Project - Waste to Merit Project | <ul style="list-style-type: none"> - Motivate employees - Increase employment channels and lessen time on recruitment - Build good relationships with the community | <ul style="list-style-type: none"> - Promote employment - Increase income for merchants in the community - Create income distribution from employees to the community - Support the small restaurant in Bangkok that were affected by the COVID-19 pandemic. <p>To alleviate the impact of Covid-19 on small restaurants in Bangkok</p> |





| Sustainable Development Goals (SDGs) | The Company's Sustainability Issues | Activities/ Projects that Support the Goal | Benefits to the Company | Benefits to Society and the Environment |
|---|---|--|--|--|
| 2 Zero Hunger  | <ul style="list-style-type: none"> - Human Resources and Human Rights Management - Society/ Community Engagement and Development | <ul style="list-style-type: none"> - Food Welfare and Free Rice - “Listed Companies for the Community” Project | <ul style="list-style-type: none"> - Motivate Employees - Build good relationships with the community - The community cooperated with the Company's activities | <ul style="list-style-type: none"> - Promote quality of living for people in the community to have access to adequate food by giving food boxes purchased from stores in the community for COVID-19 patients in Bangkok |
| 3 Good Health and Well Being  | <ul style="list-style-type: none"> - Human Resource and Human Rights Management - Occupational health and safety - Innovation management and product quality development | <ul style="list-style-type: none"> - Care for employees during the COVID-19 pandemic - Provide Covid-19 vaccines for employees and outsourced staff - Develop and use the Auto Feeding Shearing system in conjunction with the Auto Vacuum Lifting system with the steel cutting machine and equipment to improve safety and reduces work fatigue | <ul style="list-style-type: none"> - Create bonds with employees - Reduce the sick leave rate for employees - Reduce accidents | <ul style="list-style-type: none"> - Employees are in good health and reduce illness - Prevent the spread of COVID-19 - Reduce the spread of influenza to people nearby |
| 4 Quality Education  | <ul style="list-style-type: none"> - Employee potential Development - Society/ Community Engagement and Development | <ul style="list-style-type: none"> - Employee Training Program - Dual Vocational Training projects - From School to Steel Factory Project - Scholarship Project for the children of employees | <ul style="list-style-type: none"> - More employees have quality knowledge and skills - Increase employment opportunities for students/ project participating students - Build relationships with employees | <ul style="list-style-type: none"> - Support equal and inclusive education and promote lifelong learning for employees, employees' children, students and teachers |
| 5 Gender Equality  | <ul style="list-style-type: none"> - Human Resource and Human Rights Management - Employee potential development | <ul style="list-style-type: none"> - Equitable Treatment of Labor - Recruit women to work in suitable positions - Have women work at the management level | <ul style="list-style-type: none"> - Have employees who are qualified for the job and position. - Employees fully utilize their potential at work - Build relationships with employees | <ul style="list-style-type: none"> - Promote gender equality - Develop the role of women to be able to work and earn wages - No discrimination in employment |
| 6 Clean Water and Sanitation  | <ul style="list-style-type: none"> - Energy and resources management | <ul style="list-style-type: none"> - Effectively manage water and wastewater as well as conserving water - Always create water-saving awareness among employees through internal communication channels and using faucets with sensors in the toilet at the Knowledge Center building | <ul style="list-style-type: none"> - encourage employee engagement - Build good relationships with the community | <ul style="list-style-type: none"> - Communities have clean and safe drinking water - Reduce costs for the community |




| Sustainable Development Goals (SDGs) | The Company's Sustainability Issues | Activities/ Projects that Support the Goal | Benefits to the Company | Benefits to Society and the Environment |
|--|---|--|--|---|
| 7 Affordable and Clean Energy  | <ul style="list-style-type: none"> - Cost-effective energy and resources management - Greenhouse gas management | <ul style="list-style-type: none"> - Solar power generation system - Use 51 High Bay LED 200 W bulbs in the warehouse building F - Renovated buildings to use more natural light | <ul style="list-style-type: none"> - Reduce the consumption of main energy and use more alternative energy - Reduce costs for the Company in the long run | <ul style="list-style-type: none"> - Reduce greenhouse gas emissions - Increase awareness of alternative energy use |
| 8 Decent Work and Economic Growth  | <ul style="list-style-type: none"> - Human Resource and Human Rights Management - Employee potential development | <ul style="list-style-type: none"> - Use an automation system in the production process instead of human labor for risk-prone processes. - Employee promotion - Compliance with Human Rights principles - Legal Employment | <ul style="list-style-type: none"> - Increase productivity in the production process - Create bonds with employees - Reduce turnover rate | <ul style="list-style-type: none"> - Promote effective employment and appropriate positions for women and men - Promote career advancement for employees |
| 9 Industry, innovation and infrastructure  | <ul style="list-style-type: none"> - Innovation management and product quality development | <ul style="list-style-type: none"> - Utilize technology in the semi-automatic and automatic system in the production process - support work improvement culture | <ul style="list-style-type: none"> - Reduce the occurrence of waste - Increase the quality of products and services - Increase productivity in work processes - Increase customer satisfaction | <ul style="list-style-type: none"> - Investment in technology and innovation - High-quality steel sheet products - Environmentally-friendly production and reduce energy consumption |
| 10 Reduce Inequality  | <ul style="list-style-type: none"> - Human Resource and Human Rights Management - Employee potential development - Society/ Community Engagement and Development | <ul style="list-style-type: none"> - Equitable treatment of labor without discrimination - Employ people with disabilities | <ul style="list-style-type: none"> - No prosecution for non-compliance with the law and no labor disputes - Build engagement with employees | <ul style="list-style-type: none"> - Promote equality in society |
| 11 Sustainable Cities and Communities  | <ul style="list-style-type: none"> - Society/ Community Engagement and Development | <ul style="list-style-type: none"> - Steel for Sustainability Project (Supporting steel for a benefit of public use) - Donated steel for education - Support the competition of students from King Mongkut's University of Technology Thonburi for the research, design and construction of energy saving houses Solar Decathlon Europe 2021/2022 | <ul style="list-style-type: none"> - Build good relationships with the community - Create added value to the Company's products - Build good relationships with educational institutions | <ul style="list-style-type: none"> - Support the community to have strong, safe, and suitable steel structure buildings - Use steel for the right type of work - Promote knowledge of steel structure building construction and energy saving for students |



| Sustainable Development Goals (SDGs) | The Company's Sustainability Issues | Activities/ Projects that Support the Goal | Benefits to the Company | Benefits to Society and the Environment |
|--|--|---|--|---|
| 12 (Responsible Consumption and Production)  | <ul style="list-style-type: none"> - Innovation management and product quality development - Cost-effective energy and resources management - Greenhouse gas management | <ul style="list-style-type: none"> - Operate in accordance with the environmental impact reduction policy - Certified with MiT, Made in Thailand - Received a license to manufacture industrial products TIS 1228-2561/TIS 528-2560 - Upgraded green industry project to level 4 | <ul style="list-style-type: none"> - Reduce energy consumption - Reduce the occurrence of waste in the production process - 100% of scrap steel can be sold and recycled - Create added value for the Company's products | <ul style="list-style-type: none"> - Use resources efficiently - Support the circular economy - Create consumer confidence domestically and internationally regarding the quality and standards of steel products manufactured in Thailand and increase future sustainable development of steel products |
| 13 Climate Action  | <ul style="list-style-type: none"> - Cost-effective energy and resources management - Greenhouse gas management | <ul style="list-style-type: none"> - Carbon Footprint Project - Solar power generation system - Water management - Green areas | <ul style="list-style-type: none"> - Reduce the consumption of main energy and use more alternative energy - Reduce costs for the Company in the long run | <ul style="list-style-type: none"> - Reduce greenhouse gas emissions that cause global warming - Increase awareness of alternative energy use |
| 15 Life on Land  | <ul style="list-style-type: none"> - Society/ Community Engagement and Development - Cost-effective energy and resources management - Greenhouse gas management | <ul style="list-style-type: none"> - Plant and register trees in the factory - Collaborate in the project "You Take Care of the Forest, We Take Care of You" - Study and plan the Agricultural Plantation Project with the faculty of Agricultural Technology Valaya Alongkorn Rajabhat University | <ul style="list-style-type: none"> - Increase green area inside the factory - Engage with remote communities and increase the Company's knowledge regarding forest care and carbon credit information - Utilize empty spaces in the factory | <ul style="list-style-type: none"> - Increase green areas - Promote sustainable forest management and resolve deforestation - Support agricultural technology |
| 16 Peace and Justice, Strong Institutions  | <ul style="list-style-type: none"> - Corporate governance for sustainability - Human Resource and Human Rights Management | <ul style="list-style-type: none"> - Comply with the Thai Labor Standards (TLS) for human rights - Collaborate with the prevention and solution to drugs in the workplace project - Corporate Anti-Corruption Policy - Measures and best practices for the Code of Business Conduct - Code of Business Conduct for business partners | <ul style="list-style-type: none"> - no prosecution for non-compliance with the law and no labor disputes - Build credibility and transparency in the Company's business - Promote morality and ethics | <ul style="list-style-type: none"> - Reduce conflicts - Reduce social problems - Prevention and anti-corruption - Promote morality and ethics |



| Sustainable Development Goals (SDGs) | The Company's Sustainability Issues | Activities/ Projects that Support the Goal | Benefits to the Company | Benefits to Society and the Environment |
|--|--|--|--|--|
| 17 Partnership for the Goal  | <ul style="list-style-type: none"> - Innovation management and product quality development - Society/ Community Engagement and Development | <ul style="list-style-type: none"> - Extension of the expansion of Stretcher Leveling, an advanced manufacturing innovation from the United States for the second Stay Flat machinery. - Use modern technology and machines to develop and expand business opportunities such as Laser Cutting Machine - Support the competition of students from King Mongkut's University of Technology Thonburi for the research, design and construction of energy saving houses Solar Decathlon Europe 2021/2022 | <ul style="list-style-type: none"> - Obtain knowledge of new technology from foreign partners (USA, China) - increase productivity in the production process - Increase quality of products and services - Increase customer satisfaction - Create added value for the Company's products | <ul style="list-style-type: none"> - Enhance the quality of steel sheet products in Thailand - Help customers' businesses to have more success from using quality products - Save energy from reduced freight cycles - Build the reputation of Thai students internationally |

This report represents the information from January 1, 2021, to December 31, 2021.

For more information and suggestions, please contact:

Governance and Sustainability Committee

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Summary of Sustainability Performance in 2019-2021

| Significant Issue | Indicator | 3 Years Performance | | | | Goals |
|---|--|--------------------------------|---------------------------|------------------------------|------------------------------|--|
| | | Unit | 2019 | 2020 | 2021 | |
| Sustainability Management in the Economic Dimension | | | | | | |
| Corporate Governance toward Sustainability | CGR Score | Percent | 88 | 89 | 91 | >90 |
| | Continuously selected on the Sustainability Stocks List (THSI) | Yes/No | No | Yes | Yes | SET Sustainability Award |
| Risk Management | To be a stable and consistent product provider | Yes/No | Yes | Yes | Yes | consistent/always |
| | Continuity in delivering the value of products and services | Yes/No | Yes | Yes | Yes | consistent/always |
| Innovation Management and Product Quality Development | The evaluation results of customer satisfaction with the product | Percent | 88 | 87 | 88 | >80 or more from the previous year |
| | Capacity utilization rate | Percent | 82.68 | 82.23 | 71.37 | 80-85 |
| | The number of work results/ technologies used to optimize the work process | Subject | 4 | 5 | 6 | continue to have work results every year |
| | The number of work results from the improvement and development of employees | Subject | 265 | 711 | 352 | continue to have work results every year |
| Responsible Supply Chain Management | Number of complaints from partners | Point | 0 | 0 | 0 | 0 |
| | Adequacy of raw materials and factors in business operations | Yes/No | Yes | Yes | Yes | consistent/always |
| Customer Relationship Management | The evaluation results of the customer satisfaction in all aspects | Percent | 86.80 | 88 | 89 | >80 or more from the previous year |
| Sustainability Management in the Social Dimention | | | | | | |
| Human Resource Management and Human Rights | The evaluation result of employee engagement or culture survey results | Percent | 86.55 (Culture survey) | 82.54 (Engagement survey) | 82.65 (Engagement survey) | >80 or more from the previous year |
| Human Resources Development | Employee turnover rate | Percent | 24.94 | 17.41 | 17.94 | <10 |
| | Continual training and development of TMT employees | Hours/ Person/ Year | 23 | 17 | 14 | 25 hours |
| | Number of labor disputes and human rights violations | Number of Complaints/ Disputes | 0 | 0 | 0 | 0 |
| Occupational Health and Safety | Compliance with relevant laws and regulations | Yes/No | Yes | Yes | Yes | Yes |
| | Employee Injury Frequency Rate: (IFR) | Times/ Hours of Operation | 7.80 | 1.32 | 4.59 | Continued decline every year |
| Society/ Community Engagement and | Number of complaints from society/ outside community | Number of Complaints | 0 | 0 | 0 | 0 |
| | Number of projects that create cooperation between the Company and society | Number of Projects | 7 | 3 | 3 | Continued every year |



| Significant Issue | Indicator | 3 Years Performance | | | | Goals |
|--|--|--|--------------|----------------|----------------|---|
| | | Unit | 2019 | 2020 | 2021 | |
| | | | | | | |
| Sustainability Management in the Environmental Dimension | | | | | | |
| Greenhouse Gas Management | The Amount of Greenhouse Gas Emissions per Production Unit | (ton CO ₂ eq /ton Product)/year | 0.0115 | 0.0110 | 2.6682* | Reduce the amount of greenhouse gas emissions |
| Cost-Effective of Energy and Resources Management | Increase green area | Percent, Number of Trees | 13.46 - | 13.50 1,069 | 13.35 1,080 | 20% of the total area by 2027 |
| | Reduce Electricity Consumption | Kilowatt-Hour/Year | 637,064.70 | 3,074,926.68 | 95,472 | Comply with the standard measurement of Energy Conservation Project |
| | Save on Electric Bill | Baht/Year | 2,484,552.31 | 11,776,969.20 | 364,549.91 | Comply with the standard measurement of Energy Conservation Project |
| | Reduce Water Consumption | Cubic Meter/Person | 65 | 70 | 58 | < 80 Cubic Meter/Person |
| | Control the Amount of Waste (Industrial Waste) | Ton | 260.95 | 445.60 | 536.50 | Standard handling of industrial waste and waste materials |

* **Note:** In 2021, Thailand Greenhouse Gas Management Organization (TGO) required the Company to assess the significance of indirect greenhouse gas emissions (Scope 3).

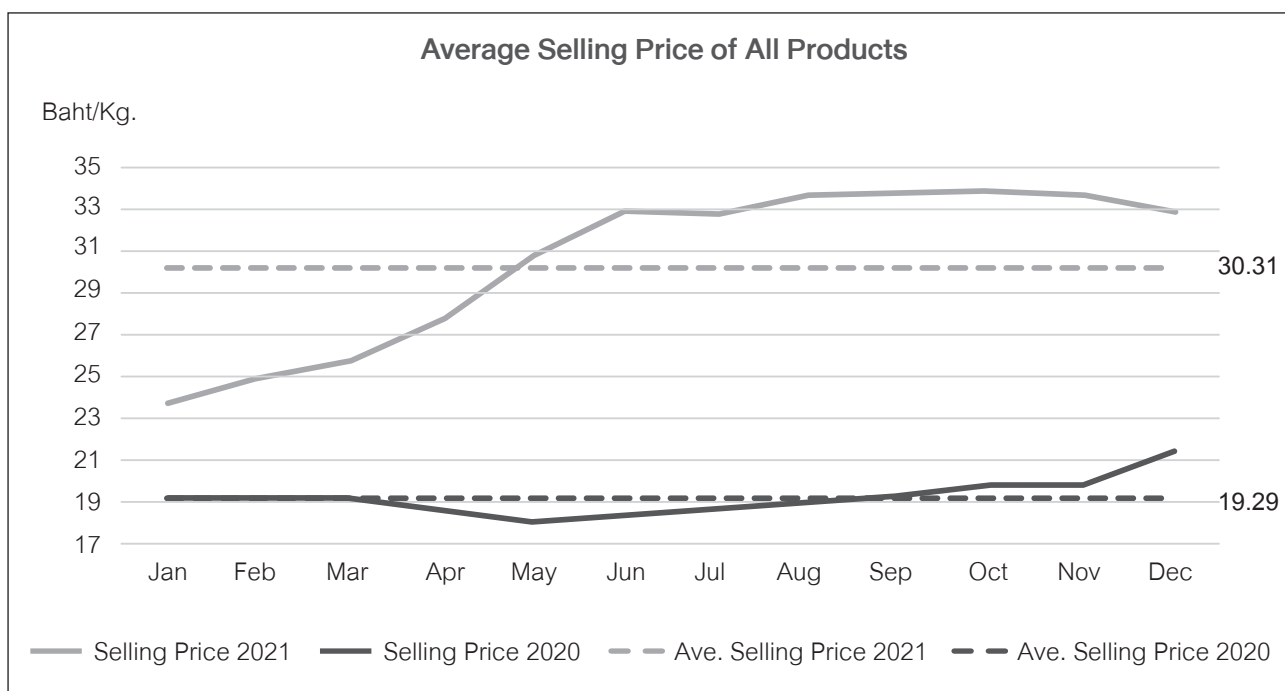




Management and Discussion Analysis

Performance

In 2021, the Company had a net profit of Baht 1530.06 million, an increase of 184.46% from 2020. The gross profit margin accounted for 12.34% which was an increase of 8.68% from the previous year due to an increase in the average sales price of 57.11% in 2021 when compared to the previous year.



Domestic steel prices continued to rise in lockstep with global market prices from May 2020 to the middle of 2021. This was due to the stress beginning to be relieved from an economy that was severely impacted in the previous year. Governments throughout the world began to ease restrictions such as lockdowns measures within the country and in different regions. Production in a variety of industries began to resume and the monetary and fiscal policies were used to stimulate the recovery of the economy. The major manufacturing sectors, which were disrupted, began to resume production in order to return to normal production levels. The increased demand for raw materials and goods resulted in a significant increase in cargo activity across multiple industries. However, domestic transportation systems in many countries, including the United States, China, and Europe, were unable to support the increased freight volume due to the unavailability of related businesses and a shortage of

laborers. The overall market's inventory level of excess steel continued to decrease in 2021, putting pressure on the prices of goods and raw materials, particularly energy raw materials, to significantly increase. The concerns over the United States trade war with China caused numerous industries to adjust their production bases in the supply chain to cope with the impact. Therefore, the market inventory levels for production and distribution were lower than usual and insufficient to meet the needs of various industrial sectors. As a result, product prices rose due to an increase in demand that exceeded the quantity of goods produced and rising production costs. This condition resulted in a significantly higher gross profit margin in 2021.

In 2021, the sales volume totaled 712,101 tons, a decrease of 5.95% from 2020. Even though the overall steel consumption increased, it was an increase of the



domestic and international automobile industry in which TMT does not have a part. Consumption in other industries encountered a fragile economy and remained vulnerable to the COVID-19 pandemic, particularly in the retail and construction industries. There were closures of branches, sites, and construction camps, as well as labor shortages in certain areas. However, the Company retained its existing customer base and steadily increased its market share as a result of a strategy that aims to become an integrated service provider and maintain an adequate inventory level capable of serving a broad range of services continuously and steadily.

Impact Management of the COVID-19 Pandemic

The Company prepared and implemented a Business Continuity Plan to cope with the impact arising

Sales Revenue

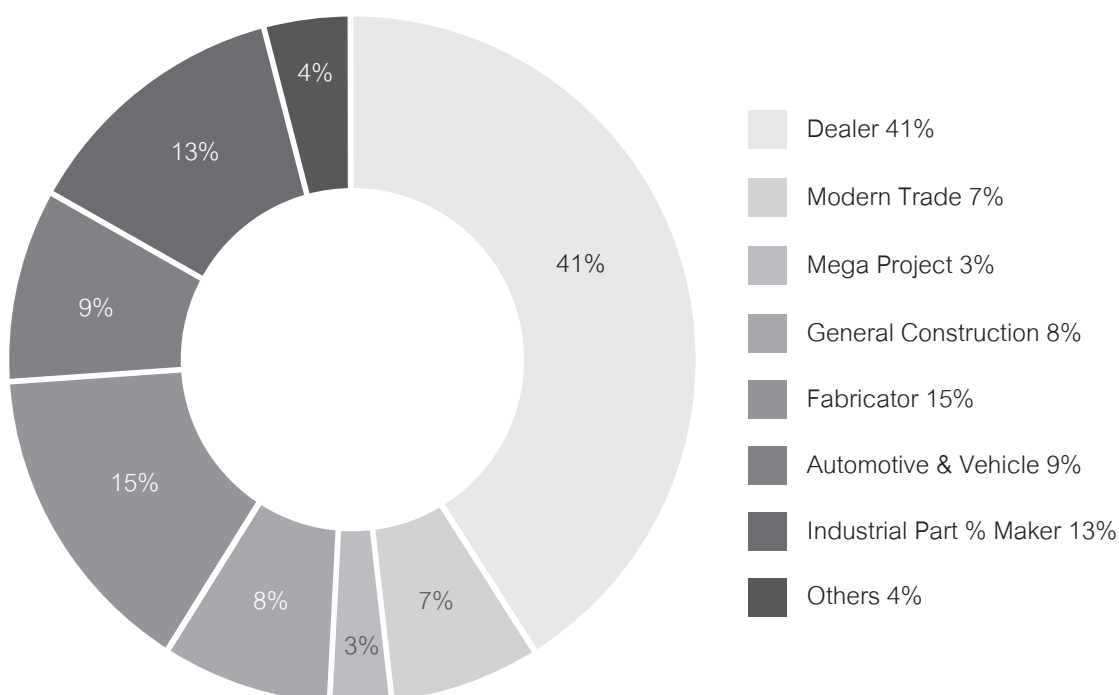
The Company's sales revenue in 2021 equaled 21,559 million Baht, an increase of 47.91% compared to the previous year. The average selling price increased by 57.11%. There was a 5.95% decrease in sales volume. In 2021, the average selling price was 30.31 Baht per kilogram. The sales revenue structure can be categorized as follows:

from the COVID-19 pandemic. The details are disclosed in the "TMT COVID-19 Crisis Management Guidelines" which was compiled in the Sustainable Development Showcase 2020 prepared by the Stock Exchange of Thailand. For more information, please scan the QR code below:



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

Revenue Structure 2021 (Classified by Business Group)



In terms of the Company's sales proportion in 2021, the proportion of processed products to goods supplied was 79:21 compared to 76:24 in 2020. This was the result of an increase in production volume expansion since 2017.

Operating Expenses

In 2021, the Company's selling expenses were 187.86 million Baht, an increase of 13.14 million Baht or 7.5% from the previous year. This was an increase of approximately 5 million Baht. This was due to rising fuel prices and marketing costs by approximately 8 million Baht.

Administrative expenses were 536.08 million Baht, an increase of 127.35 million Baht or 31.2% from 2020 because of the increase in remuneration for employees and directors of 109 million Baht from salary, bonus and welfare. This included the accounting adjustments in accordance with the Thai financial reporting standards No. 9 which totaled approximately 7 million Baht. Most of which was an allowance for doubtful accounts based on the new evaluation criteria. Administrative expenses increased by approximately 11 million Baht. These were office expenses, depreciation, and professional consultant fees.

In 2021, the Company's interest expenses equaled 102.90 million Baht, an increase of 20.85 million Baht or 25.41% compared to the previous year. This was due to an increase in interest expenses on short-term loans due to the increased need for revolving loans, which is in line with the rising product prices. This included interest expenses on long-term loans for machinery purchases and the construction of warehouses for storing goods to support the Company's business expansion.

Financial Position

Assets

In 2021, the Company's total assets were 10,067.39 million Baht, an increase of 13.88% from the previous year. Total assets were 8,840.68 million Baht. The current assets increased by 1,080.59 million Baht or 18.67%. The major change in current assets is summarized as follows:

- Cash and cash equivalents decreased by 1,009.34 million Baht, which was due to the repayment of debentures due in 2021.
- Trade receivables and other debtors decreased by 1,029.58 million Baht. This was an increase in sales value from the previous year due to an increase in product prices. The average collection period was 48 days, a decrease from the previous year which was 60 days because debtors repaid debts more quickly. The sales of credit terms that did not exceed 60 days in 2020 was 86%, the same as in 2019. The allowance for doubtful accounts increased from 2020 in the amount of 33.2 million Baht. As a result, the allowance for doubtful accounts accounted for 2.58% of the total trade receivables, which was a 2.33% increase compared to the previous year in accordance with the Financial Reporting Standard No. 9, which became effective in 2020.
- Inventories increased by 1,300 million Baht, an increase from the previous year as a result of rising steel and raw material prices. This was consistent with market conditions in 2021, when steel and raw material prices increased both domestically and internationally. As a result, the average sales period was 50 days, which was in line with the policy to have adequate inventory for the average sales period of 30-60 days.
- Advanced payments for procurement costs decreased by 209 million Baht in order to maintain appropriate and sufficient inventory levels in accordance with the policy to maintain inventories in order to manage dependency risk on major manufacturers.
- Other current assets decreased by 30 million Baht. This was an excess of value added tax from procurement of goods which was higher than the sales



volume at the end of 2021, decreased compared to 2020

The Company's current assets had a higher percentage than current liabilities at 1.49 times compared to 1.21 times in 2020.

The Company's non-current assets increased by 146.11 million Baht, or an increase of 4.79%. In 2020, the acquisition of assets increased by 392.73 million Baht, most of which was investment in machinery, construction projects, factory equipment, and the purchase of trucks to support future business expansion. The assets disposal was 5.18 million Baht. The net intangible assets were computer programs which increased by 18.18 million Baht. Total depreciation and amortization was 246.90 million Baht. The right-of-use asset was the lease agreement in accordance with Financial Reporting Standards No.16, an increase of 14.33 million Baht, with the depreciation for the right-of-use assets 23.51 million Baht. Deferred tax assets increased by 9.50 million Baht.

Liabilities

- In 2021, the Company's total liabilities were 6,313.38 million Baht, an increase of 654.4 million Baht, or an increase of 11.56% from the previous year. This is summarized as follows:

- Short-term loans from financial institutions increased by 349 million Baht. This included trade payable and creditors which increased by 103 million Baht according to the increased price of goods and raw materials.

- Accrued income tax increased by 42 million Baht which was in line with increased net profit.

- Cash advance received from customers increased by 5 million Baht from customer's deposit payments.

- Long-term loans and debentures that were due within one year increased to a total of 539 million Baht in accordance with the repayment conditions due in 2022. The Company has adequate cash flow from operations to repay these loans.

- Long-term loans increased by 828 million Baht which was long-term loans from financial institutions with a term of 5 years which can be paid in installments.

- Long-term lease liabilities and the current portion of long-term debt decreased by a total of 22 million Baht, this was an update to Financial Reporting Standard No. 16 which became effective in 2020.

- Employee benefit obligation increased by 10 million Baht which was in accordance with the legal reserve for employee benefits.

The Company had a debt to equity ratio of 1.68 times, a decrease from the previous year at 1.78 times. The net interest-bearing debt to equity ratio was 1.48 times, an increase from the previous year at 1.27 times. Interest coverage ratio was 19.48 times, an increase of 8.96 times from the previous year.

Shareholder's Equity

In 2021, the Company had shareholders' equity of 3,754.01 million Baht, an increase of 572.30 million Baht or 17.98% from the previous year. Shareholders' equity was 3,181.70 million Baht which was an increase in comprehensive income for the year of 1,530.06 million Baht. The Company paid dividends of 957.76 million Baht. In addition, the Company allocated retained earnings as legal reserves in 2021 in the amount of 11.68 million Baht.

Factors that May Affect the Financial Position or Business Operations of the Company in the Future.

Product Price and Market Supply

The COVID-19 pandemic that occurred in 2021 resulted in stresses beginning to relieve but the economic system had already been severely affected. Governments around the world began to ease measures and implement monetary measures and fiscal measures to restore and stimulate economic recovery. As a result, the main manufacturing sector that had been disrupted began to resume normal production. This contributed to the world's total crude steel production increasing by 3.60% over the past year.



Every part of the supply chain considerably reduced its material accumulation and inventory levels in 2020. Therefore, when production began to recover and resume, the accumulation of raw materials and the production of upstream raw materials was still unable to resume normal production and keep up with the demand. Consequently, the price of raw materials and products continued to increase in 2021.

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

Economic Conditions

In 2021, the Thai economy and the world faced problems and risk factors that continually impacted the Company, whether the factors were from the pandemic, the international trade conflict, geopolitical change, or political factors. This resulted in the disruption of investments from both the private and government sectors. However, governments began to ease measures and implement monetary and fiscal measures to restore and stimulate economic recovery in order to increase purchasing power of people and consumption confidence that had deteriorated and dropped drastically in the previous year. This included measures to stimulate exports as well as stimulating the service and tourism industry. However, the activities and the overall economic system has not fully recovered due to the COVID-19 outbreak that occurred again in the third quarter of 2021. Therefore, forecasting economic conditions is difficult and uncertain. The stimulation and recovery of the economy may intermittently occur in segments at different times. As a result, each type of business may recover at different levels and different times.

The Company's market base must widen to different segments in order to reduce the risk of an uneven recovery cycle for each market as well as cooperating to add value and build business strength. If the Company is unable to expand its market base or maintain a wide market, the Company's sustainable growth and operations could be affected.

Social and Environment Factors

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

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

The Company realized that the epidemic continued throughout the year and may continue into the following year. Therefore, the Company focused on safety and occupational health at work and expanded its results in order to create public health safety for neighboring communities and supply chain stakeholders. This will help to ensure business continuity.

Creating Value for Supply Chain Stakeholders

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



The Empowerment and Development of Employee Potential

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

Future Operational Direction

The Company continues to strive to operate its business as a comprehensive steel service center which aims to meet the comprehensive range of customer needs by developing the Company's personnel and continually

investing in warehouse expansion in order to maintain adequate inventory levels to ensure sufficient and stable inventory. In 2021, the Company built a factory with new machines for 4 additional production lines on new land that the Company had previously invested in to expand production capacity and create product diversity in order to support public and private infrastructure. Investment projects that may occur in the future, utilize new technologies and innovations to improve production efficiency and work processes by focusing on the systematic use of tools to speed up management and creating a collaborative network between business partners to help enhance product management and delivery. These are factors that will enable the Company to achieve its mission to expand its market share and create business value for its customers at the same time.





Table of Financial Statement

TMT Steel Public Company Limited
Statement of Financial Position
As at 31 December 2019-2021

(Baht: Thousand)

| | Year 2021 | % | Year 2020 | % | Year 2019 | % |
|---|----------------------|---------------|---------------------|---------------|---------------------|---------------|
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | 121,336.14 | 1.21 | 1,130,671.82 | 12.79 | 256,617.10 | 3.59 |
| Trade accounts receivable and other receivables | 3,367,019.60 | 33.44 | 2,337,438.84 | 26.44 | 2,448,856.38 | 34.26 |
| Inventories, net | 3,231,522.86 | 32.10 | 1,931,629.21 | 21.85 | 1,395,372.11 | 19.52 |
| Advance payments for purchases of inventories | 144,039.90 | 1.43 | 353,288.64 | 4.00 | 6,933.43 | 0.10 |
| Other current assets | 5,578.20 | 0.06 | 35,874.08 | 0.41 | 1,376.50 | 0.02 |
| Total current assets | 6,869,496.69 | 68.24 | 5,788,902.59 | 65.48 | 4,109,155.52 | 57.48 |
| Non-current assets | | | | | | |
| Investment properties | 55,729.00 | 0.55 | 55,729.00 | 0.63 | 55,729.00 | 0.78 |
| Property, plant and equipment, net | 3,053,275.80 | 30.33 | 2,905,411.57 | 32.86 | 2,938,265.46 | 41.10 |
| Right-of-use assets, net | 14,325.03 | 0.14 | 36,390.16 | 0.41 | - | - |
| Intangible assets, net | 34,900.38 | 0.35 | 23,969.50 | 0.27 | 27,709.34 | 0.39 |
| Deferred income tax assets, net | 34,685.88 | 0.34 | 25,183.93 | 0.28 | 12,639.05 | 0.18 |
| Other non-current assets | 4,972.39 | 0.05 | 5,095.39 | 0.06 | 5,225.06 | 0.07 |
| Total non-current assets | 3,197,888.47 | 31.76 | 3,051,779.55 | 34.52 | 3,039,567.90 | 42.52 |
| Total assets | 10,067,385.17 | 100.00 | 8,840,682.14 | 100.00 | 7,148,723.42 | 100.00 |



TMT Steel Public Company Limited
Statement of Financial Position
As at 31 December 2019-2021

(Baht: Thousand)

| | Year 2021 | % | Year 2020 | % | Year 2019 | % |
|---|----------------------|---------------|---------------------|---------------|---------------------|---------------|
| Liabilities and equity | | | | | | |
| Current liabilities | | | | | | |
| Short-term borrowings from financial institutions | 3,485,596.98 | 34.62 | 3,136,554.57 | 35.48 | 2,953,864.78 | 41.32 |
| Trade accounts payable and other payables | 399,198.54 | 3.97 | 296,448.00 | 3.35 | 198,871.66 | 2.78 |
| Derivative liabilities | - | - | 626.30 | 0.01 | - | - |
| Income tax payable | 122,715.47 | 1.22 | 80,671.98 | 0.91 | 12,473.79 | 0.17 |
| Advance received from customers for goods | 42,475.35 | 0.42 | 37,548.63 | 0.42 | 18,584.59 | 0.26 |
| Current portion of long-term borrowing from a financial institution | 539,269.30 | 5.36 | 199,657.97 | 2.26 | - | - |
| Current portion of lease liabilities | 10,705.05 | 0.11 | 23,385.97 | 0.26 | - | - |
| Current portion of debentures | - | - | 999,590.00 | 11.31 | 1,542.28 | 0.02 |
| Total current liabilities | 4,599,960.69 | 45.69 | 4,774,483.42 | 54.01 | 3,185,337.11 | 44.56 |
| Non-current liabilities | | | | | | |
| Long-term borrowings from financial institution | 1,627,618.61 | 16.17 | 799,333.00 | 9.04 | - | - |
| Lease liabilities | 4,028.33 | 0.04 | 13,532.79 | 0.15 | - | - |
| Debentures | - | - | - | - | 996,505.44 | 13.94 |
| Employee benefit obligations | 81,770.40 | 0.81 | 71,630.35 | 0.81 | 61,829.11 | 0.86 |
| Total non-current liabilities | 1,713,417.33 | 17.02 | 884,496.15 | 10.00 | 1,058,334.55 | 14.80 |
| Total liabilities | 6,313,378.02 | 62.71 | 5,658,979.56 | 64.01 | 4,243,671.65 | 59.36 |
| Equity | | | | | | |
| Authorised share capital | 870,758.03 | | 870,758.03 | | 870,758.03 | |
| Issued and paid-up share capital | 870,758.03 | 8.65 | 870,758.03 | 9.85 | 870,758.03 | 12.18 |
| Premium on share capital | 427,323.20 | 4.24 | 427,323.20 | 4.83 | 427,323.20 | 5.98 |
| Retained earnings | | | | | | |
| Appropriated - Legal reserve | 87,075.80 | 0.86 | 75,391.49 | 0.85 | 63,894.17 | 0.89 |
| Unappropriated | 2,368,850.11 | 23.53 | 1,808,229.85 | 20.45 | 1,543,076.36 | 21.59 |
| Total equity | 3,754,007.15 | 37.29 | 3,181,702.57 | 35.99 | 2,905,051.77 | 40.64 |
| Total liabilities and equity | 10,067,385.17 | 100.00 | 8,840,682.14 | 100.00 | 7,148,723.42 | 100.00 |



TMT Steel Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2019-2021

(Baht: Thousand)

| | Year 2021 | Year 2020 | Year 2019 |
|---|---------------------|---------------------|-------------------|
| Sales | 21,559,340.19 | 14,575,724.81 | 16,483,406.68 |
| Costs of sales | (18,897,845.93) | (13,309,865.35) | (15,585,837.48) |
| Gross Profit | 2,661,494.26 | 1,265,859.46 | 897,569.20 |
| Other income | 66,782.25 | 52,770.77 | 46,448.19 |
| Selling expenses | (187,860.96) | (174,716.13) | (200,175.30) |
| Administrative expenses | (536,084.62) | (408,736.08) | (354,980.69) |
| Finance costs - interest expenses | (102,917.85) | (82,064.85) | (115,653.62) |
| Profit before income tax | 1,901,413.08 | 653,113.15 | 273,207.78 |
| Income tax | (371,352.67) | (115,235.00) | (43,261.49) |
| Profit for the year | 1,530,060.41 | 537,878.16 | 229,946.29 |
| Other comprehensive income: | | | |
| Item that will not be reclassified to profit or loss | | | |
| Remeasurements of post employee benefit obligations | - | - | 1,520.01 |
| Income tax on items that will not be reclassified | - | - | (304.00) |
| Other comprehensive income for the year, net of tax | - | - | 1,216.01 |
| Total comprehensive income for the year | 1,530,060.41 | 537,878.16 | 231,162.30 |
| Earnings per share | | | |
| Basic earnings per share* | 1.76 | 0.62 | 0.26 |

Note: * Basic earnings per share are calculated by paid-up capital of 870,758,034 shares that increased in the year 2019.



TMT Steel Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2019-2021

(Baht: Thousand)

| | Year 2021 | Year 2020 | Year 2019 |
|---|---------------------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Profit before income tax | 1,901,413.08 | 653,113.15 | 273,207.78 |
| Adjustments for | | | |
| Loss allowance | 33,195.42 | 26,144.96 | 1,213.90 |
| Gain on declining in value of inventories | 4,718.36 | (3,364.61) | (4,306.97) |
| Depreciation and amortisation | 270,404.00 | 257,226.82 | 204,834.72 |
| (Gain) Loss on disposals of equipment | 1,328.24 | (349.04) | 316.48 |
| Loss on derivatives | (626.30) | 626.30 | - |
| Employee benefit expenses | 11,360.04 | 9,801.24 | 20,627.52 |
| Interest expenses | 102,917.85 | 82,064.85 | 115,653.62 |
| Cash flows before changes in operating assets and liabilities | 2,324,710.70 | 1,025,263.67 | 611,547.05 |
| Changes in operating assets and liabilities | | | |
| Trade accounts receivable and other receivables | (1,062,776.19) | 85,272.59 | 257,455.20 |
| Inventories | (1,304,612.01) | (532,892.50) | 373,554.08 |
| Advance payments for purchases of inventories | 209,248.74 | (346,355.21) | 65,636.16 |
| Other current assets | 30,295.88 | (34,497.58) | 695.28 |
| Other non-current assets | 123.00 | 129.67 | (1,381.50) |
| Trade accounts payable and other payables | 101,964.59 | 90,364.37 | (118,347.25) |
| Advance receipts from customers for goods | 4,926.72 | 18,964.04 | 4,188.92 |
| Employee benefit obligations paid | (1,220.00) | - | (1,089.33) |
| Cash generated from operating activities before interest and income tax paid | 302,661.44 | 306,249.04 | 1,192,258.60 |
| Interest paid | (103,761.93) | (82,053.78) | (113,973.93) |
| Income tax paid | (338,811.13) | (59,581.69) | (61,069.62) |
| Net cash generated from operating activities | (139,911.63) | 164,613.57 | 1,017,215.06 |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | (392,407.32) | (189,027.45) | (337,934.03) |
| Purchases of intangible assets | (15,790.04) | (4,344.13) | (11,755.69) |
| Proceeds from disposals of equipment | 3,889.32 | 4,700.53 | 1,029.91 |
| Net cash used in investing activities | (404,308.03) | (188,671.05) | (348,659.81) |



| | Year 2021 | Year 2020 | Year 2019 |
|--|-----------------------|-------------------|---------------------|
| <u>Cash flows from financing activities</u> | | | |
| Proceeds from short-term borrowings from financial institutions | 21,235,843.13 | 17,905,608.32 | 32,278,947.17 |
| Repayments to short-term borrowings from financial institutions | (20,886,800.72) | (17,722,918.53) | (32,892,809.75) |
| Proceeds from long-term borrowing from financial institutions | 1,443,629.00 | 1,000,000.00 | - |
| Payments for front-end fees of loan agreement | (1,405.01) | (1,010.01) | - |
| Repayments to long-term borrowings from financial institutions | (275,000.00) | - | - |
| Repay the debentures | (1,000,000.00) | - | - |
| Payments for interest on finance lease liabilities | - | - | (13.82) |
| Payments for finance lease liabilities | - | - | (408.18) |
| Payments for lease liabilities | (23,626.58) | (22,340.24) | - |
| Dividends paid | (957,755.84) | (261,227.35) | (30,476.53) |
| Net cash (used in) from financing activities | (465,116.02) | 898,112.20 | (644,761.12) |
| <u>Net increase (decrease) in cash and cash equivalents</u> | (1,009,335.68) | 874,054.72 | 23,794.13 |
| Opening balance | 1,130,671.82 | 256,617.10 | 232,822.97 |
| Closing balance | 121,336.14 | 1,130,671.82 | 256,617.10 |

Cash and cash equivalents are made up as follows

| | | | |
|------------------------------------|-------------------|---------------------|-------------------|
| Cash on hand | 509.37 | 429.89 | 400.15 |
| Deposits at financial institutions | 120,826.77 | 1,130,241.94 | 256,216.95 |
| | 121,336.14 | 1,130,671.82 | 256,617.10 |

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2019 - 2021 are as follows:

| | | | |
|--|-----------|-----------|------------|
| Other payables from purchases of property, plant and equipment | 17,184.27 | 16,858.79 | 8,327.12 |
| Other payables from purchases of intangible assets | 2,600.00 | 212.50 | - |
| Issuance of share dividends | - | - | 435,379.02 |



TMT Steel Public Company Limited
Financial Ratio
For the year ended 31 December 2019-2021

| | Year 2021 | Year 2020 | Year 2019 |
|---|-----------|-----------|-----------|
| Liquidity ratio | | | |
| Current Ratio (time) | 1.49 | 1.21 | 1.29 |
| Quick Ratio (time) | 0.75 | 0.72 | 0.84 |
| Operating Cash Flow to Current Liabilities (time) | -0.03 | 0.04 | 0.28 |
| Account Receivable Turnover (time) | 7.61 | 6.13 | 6.44 |
| Average Collection Period (day) | 48 | 60 | 57 |
| Inventory Turnover (time) | 7.32 | 8.00 | 9.86 |
| Average Inventory Period (day) | 50 | 46 | 37 |
| Account Payable Turnover (time) | 180.58 | 146.87 | 149.30 |
| Average Payment Period (day) | 2 | 2 | 2 |
| Cash Cycle (day) | 96 | 104 | 92 |
| Profitability ratio | | | |
| Gross Profit Margin (%) | 12.34 | 8.68 | 5.45 |
| Operating profit margin (%) | 8.99 | 4.68 | 2.08 |
| Operating Cash Flow to Operating Profit (time) | -0.07 | 0.24 | 2.97 |
| Net Profit Margin (%) | 7.10 | 3.69 | 1.40 |
| Return on Equity (%) | 40.76 | 16.91 | 7.92 |
| Efficiency ratio | | | |
| Return on Asset (%) | 15.20 | 6.08 | 3.22 |
| Return on Fixed Assets (%) | 50.85 | 18.25 | 7.90 |
| Total Assets Turnover (time) | 2.28 | 1.82 | 2.22 |
| Financial policy ratio | | | |
| Debt to Equity Ratio (time) | 1.68 | 1.78 | 1.46 |
| Net Interest Bearing Debt to Equity Ratio* (time) | 1.48 | 1.27 | 1.27 |
| Interest Coverage Ratio (time) | 19.48 | 8.96 | 3.36 |
| EBITDA Coverage Ratio (Cash basis) (time) | -0.09 | 0.29 | 2.06 |
| Per Share Information | | | |
| Book Value Per Share: BVPS (Baht) | 4.31 | 3.65 | 3.34 |
| Earnings Per Share : EPS (Baht) (Par Value per share THB 1) | 1.76 | 0.62 | 0.26 |

Note: * The company issued debentures in 2018, such debentures were redeemed in April 2021. The Company maintained the Net Interest Bearing Debt to Equity Ratio stood at not more than 2:1 (two to one) throughout the term of the debentures at each fiscal year-end, calculated from the information shown in the consolidated financial statements for the year 2019-2020.



Corporate Governance





Corporate Governance Policy

Overview of Corporate Governance Policy and Practices

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

1. Rights of shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. The Board's responsibilities

The details of the Company's good corporate governance are disclosed on the website at [[www.tmtsteel.co.th/investor-relations/corporate-governance/good corporate governance](http://www.tmtsteel.co.th/investor-relations/corporate-governance/good-corporate-governance)]

6.1 Policy and Practice for The Board of Directors

(1) Board of Directors

The Board of Directors has established the board diversity policy, which the Board should be comprised of appropriate diversity of necessary skills, experience and particular expertise without any discrimination of gender, race, religion or age in order to combine and enhance the various capabilities for the best benefit of the Company and establish the sustainability development for the Company.

The Board of Directors has its quorum of 7 persons comprised of 3 independent directors, 3 executive directors and 1 director who is not in management position. The Chairman of the Board is an independent

director. In this regard, such proportion is well counterbalance in the Board and complies with laws. Further Information about their scope of work, duties, and responsibilities is detailed in Management Structure section.

The term of directorship complied with the regulation detailed in the Company's Articles of Association at the Annual General Meeting of Shareholders, one-third of the Board of Directors shall retire by rotation, and if the number of directors can not be divided exactly into three parts, directors in a number close to one-third shall vacate office. The directors who remained in office for the longest time shall vacate office and such directors can be re-elected.

The directors who are positioned in the Board are forbidden to position in the Company that may have conflicts of interest in order to perform their duty efficiently unless the shareholders' meeting had been notified prior to appointment thereto. Further details of members of the Board's working experience are provided in the Board of Directors and Executives section.

The details of work experience of each director are disclosed in the section "Details of Directors, Executives, Controlling Persons and the Company Secretary".

(2) Subcommittees

The Board of Directors appointed 4 subcommittees, the Audit Committee, the Nomination and Remuneration Committee, the Risk Management and Corporate Strategy Development Committee, and the Corporate Governance and Sustainability Committee. The qualifications, period of position holding and the scope of duties and responsibilities were defined in accordance with each committee's charter. The name of the subcommittees, their responsibilities, number of meetings, the number of meetings attended, and their performance will be reported to the Board of Directors' Meeting for acknowledgment on a regular basis. The performance over the past year



will be disclosed in the 56-1 One Report annually. The details are disclosed in the section, "Corporate Governance Structure".

(3) Leadership and Vision

The Board of Directors shall possess leadership, vision, and independence on decision-making to set out the business development plan and targets and to consider the operating budget for the optimum benefits to shareholders and for the business growth of the Company. In 2021, the Board of Directors reviewed the vision, policies and strategies which was implemented during the year and evaluated and followed up the result to make sure that such execution is effective. In the meantime, the target for the year 2021 was delivered and also communicated to the management and staff for their acknowledgment in order to set their KPI together.

(4) Board of Directors' Meeting

The Company scheduled meetings throughout the year in advance and proposed to the Board of Directors for acknowledgment at the end of the year in order to add the meeting to their schedules. Special meetings may be arranged when it is deemed necessary and appropriate. This will be agreed upon and the directors will be notified in advance. The Board of Directors will receive the meeting invitation letter at least seven days prior to the meeting. When a meeting is adjourned, the Company Secretary is responsible for preparing and submitting meeting minutes to the Board of Directors for approval at the following meeting.

The chairman of the Board shall affix his signature to certify the accuracy. The certified meeting minutes and the supporting documents for each agenda will be systematically stored electronically in accordance with the level of confidential documents for convenient reference searching.

In addition, the Board of Directors scheduled meetings of non-executive directors to exchange views on management guidelines, the business operation and

duty performance review of independent directors annually. The summary of meeting resolutions shall be proposed to the Board of Directors' acknowledgement. The details are disclosed in the section "Meeting of the Board of Directors and Sub-committees".

(5) The Nomination and Appointment of Directors and Senior Executives

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

(6) Directors and Executives Development

The Board of Directors attaches importance to the attendance of training and seminars related to the Board Skill Matrix for the knowledge and capability development of directors in order to perform their duties even more efficiently. Additionally, the Company promotes and encourages senior executives to attend relevant courses. This included seminars organized by external organizations or specific internal training organized by the Company. The Company invited professional experts who are specialized in a particular field to organize training courses and be guest speakers to share and exchange their skills, knowledge, and experience for the continual development of the Company.

The details are disclosed in the section "Development and Training of Directors and Executives".

(7) The Remuneration of directors and executives

The remuneration of each committee was determined by the Nomination and Remuneration Committee, which can be decomposed into 3 types;



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

The details are disclosed in, "Remuneration for the Chief Executive Officer (CEO)".

(8) Chief Executive Officer (CEO) Remuneration

The Nomination and Remuneration Committee determined the Chief Executive Officer's remuneration based on the performance of the Chief Executive Officer which was assessed by the Board of Directors. The review of evaluation results, remuneration guidelines of other CEOs in the same industry, success of the Company's business operations in relation to short-term goals and strategies for long-term business sustainability was also considered. This is done to motivate the Chief Executive Officer to perform duties as effectively and efficiently as possible and create value and sustainability for stakeholders. Remuneration is divided into two categories: short-term remuneration, which includes fixed remuneration, bonuses, and other benefits. The long-term remuneration includes monetary and non-monetary remuneration allocated to the Chief Executive Officer in accordance with the Company's long-term goals to create success and benefit the Company and all relevant stakeholders. The remuneration of the Chief Executive Officer is in accordance with the operating procedures of the Company's Human Resources Management Department.

The details are disclosed in the section "Remuneration for the Chief Executive Officer (CEO)"

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

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

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

1

The Board of Directors Self-Assessment Form is used to evaluate the overall performance of the Board of Directors.

2

The Subcommittee Self-Assessment Form is to assess the performance of the entire committee board assigned by the Board of Directors

3

The Individual Self-Assessment Form for the Board of Directors and Subcommittees is to assess the individual performance of directors.

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

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

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

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

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



Part 1: Corporate Goals

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

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

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

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

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

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

Criteria for rating in the assessment form,
divided into;

- | | | |
|----------|---|---|
| 0 | = | Strongly disagreed or no action is taken on that matter |
| 1 | = | Disagreeing or having to do little about that matter |
| 2 | = | Agree or proceed with the matter |
| 3 | = | Quite a lot or Well done in that regard |
| 4 | = | Strongly agree or Excellent action on that matter |

- The company secretary submits the assessment forms to the Board, all Sub-Committee and CEO within December of every year.

- All directors and CEO assess and return to the company secretary within January of every year.

- The company secretary gathers the assessment data and summarizes the results proposed to the Board of Directors for acknowledgment within February of every year.

- The Board of Directors considers, reviews and approves the assessment within February of every year. The details are disclosed in the section "Performance Evaluation of the Board of Directors and the Chief Executive Officer (CEO)".

(10) System of Control and Internal Audit

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

(11) Report on the responsibilities of the Board of Directors towards the financial report

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



Policies and Practice Guidelines Concerning Shareholders and Stakeholders

The Company established policies and practice guidelines concerning shareholders and stakeholders that cover shareholder care, equitable treatment of shareholders, and the exercise of shareholders' rights. The guidelines are as follows:

Rights of Shareholders

1. Rights to Appoint the Board of Directors

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

1.1 Each shareholder shall be entitled to one vote for each shareholding;

1.2 Each shareholder shall be entitled to cast all the votes under 1.1 to elect one or several persons to be the Company's director but cannot distribute their votes to any particular person or persons;

1.3 Persons who receive the highest votes arranged in order from highest to lowest in a number equal to that of the number of directors to be appointed are elected to be the Company's directors. In the event of a tie at a lower place, which would make the number of directors greater than the required, the Chairman of the meeting shall cast the deciding vote.

Furthermore, prior to the meeting date, one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of its total issued and paid up shares has the rights to nominate candidates to be elected as the Company's directors in advance according to date, time, and criteria disclosed by the Company via SET's channel and the Company's website. And, this year 2021 no shareholder nominated candidate as said.

In the 2021 Annual General Meeting of Shareholders, shareholders cast their vote to elect the director individually and directors who have a conflict of interest could not cast the vote.

2. Rights in shareholders' meeting

2.1 The Company sent the notice of the 2021 shareholder's meeting which indicated date, time, place, agenda, opinion of the Board, and supporting documents to all shareholders at least 21 days prior to the meeting date, and also such all relevant information will be posted on the Company's website at [www.tmtsteel.co.th] at least 30 days prior to the meeting date to support all shareholders, including institutional investors, to attend the meeting and shareholders will have adequate time to study on each agenda thoroughly. In this regard, the meeting agenda and supporting documents as said were provided based on transparent and sufficient information for shareholders to make their best decision.

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

2.3 The Company also published such notice of the meeting in the public daily newspaper for 3 consecutive days and not less than 3 days prior to the meeting date in order to provide multi-channel for receiving information.

2.4 The Company arranged the area where the Company's head office is located to be the meeting venue to facilitate travel convenience for shareholders and strictly comply with the public health measures issued by the Ministry of Public Health and Bangkok to prevent the spread of COVID-19. In 2021, the Company held the Annual General Meeting of Shareholders on April 8, 2021 at 2 p.m. at the Crowne Room, 21st Floor, Crowne Plaza Hotel, Rama 4 Road, Suriyawong, Bang Rak, Bangkok. Equipment and amenities were arranged to facilitate convenience for shareholders during the meeting. For



example, a barcode system was used for registration, there were adequate registration points, extra set of meeting invitation letters for shareholders who did not bring their invitation letters, ballots and staff to collect ballots, devices to send text messages for inquiry instead of using a microphone for public health safety, social distancing and screening measures for meeting attendees. All meeting attendees were required to wear masks at all times. A spare meeting room was also prepared in case the main meeting room was crowded. A screen was also used to support the presentation of the meeting agenda, etc.

2.5 At the beginning of the meeting, the Company explained how to execute the shareholder's voting rights on each agenda item, and announced the number of shareholders attending the meeting together with total shares which are entitled to vote.

2.6 The Company invited an independent legal advisor to attend the meeting in order to observe and verify the voting procedure on each agenda.

2.7 The Board of Directors gave an opportunity for shareholders to raise any questions and suggestions on each agenda and took responsibility to clarify those questions.

2.8 The Company published the minutes and resolution of the shareholders' meeting via SET's channel and the Company's website within 14 days after the meeting so as to accurately provide the information for shareholders who attended or did not attend the meeting as well as other investors.

2.9 The Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the executive committee have recognized the importance of attending the meeting and deemed it an important duty and responsibility to proceed. Therefore, the 2021 Annual General Meeting of Shareholders all committees which included the Board of Directors and the aforesaid sub-committees together attended the meeting.

3. Rights to receive the dividend payment

The Company's dividend payment policy for the previous year's operating results is not less than 50

percent of its net profit after legal reserve deduction as required by law.

4. Rights to access the adequate Company's information

The Company has disclosed all significant information such as operating results or financial statements via SET's channel as well as published on the Company's website within the date and time stipulated by law in order to provide multi-channel for stakeholders to receive information.

5. Rights to appoint the Company's auditor and fix audit's fee

In 2021, the Board of Directors proposed the Shareholders' Meeting to appoint the Company's auditor and fix the audit fee for the year 2021. The proposed audit company and auditor have no relationship or conflict of interest in the Company, directors, executives and the Company's major shareholders or any related to those parties as said.

Equitable Treatment of Shareholders

1. The Company provided an opportunity for shareholders to propose agendas for the shareholders' meeting in advance by fixing that one single shareholder or several shareholders together hold the Company's shares of not less than 5 percent of their issued and paid up shares, can exercise as said. And in 2021, the Company disclosed the aforementioned above via its website and SET's channel at least 30 days prior to the date of shareholders' meeting, and there was no shareholder who proposed the agenda in advance.

2. The Company made the notice of the meeting, all supporting documents, and proxy in both Thai and English for the convenience of both local and foreign shareholders.

3. For the shareholders' meeting in 2021, the Company will not propose the additional agendas without prior notice.

4. The Company authorized an independent director to safeguard the interest of its minor shareholders



and be a candidate proxy for the Shareholder's Meeting by creating the email address : [ind_dir@tmtsteel.co.th] for shareholders to express their opinions, suggestions, or complaints related to the Company's performance. The independent director will consider and proceed as deemed appropriate.

5. All directors and executives will promptly report the corporate secretary when any conflict of interest of their own or related person occurred according to the Securities and Exchange Acts so that the corporate secretary will gather and submit to the Audit Committee and the Board of Directors to consider such conflict of interest and to decide base on the Company's benefit. In this regard, the director and executive who have a conflict of interest with a transaction cannot present in the meeting and have no voting rights.

Insider Trading Protection

The Board of Directors is aware of the importance of protection against insider trading for personal gain. The Company established securities trading policies for directors, executives, and employees. The details of securities trading policies are disclosed on the website at [[www.tmtsteel.co.th /investor relations/corporate governance /other policy / securities trading policies.](http://www.tmtsteel.co.th/investor%20relations/corporate%20governance/other%20policy/securities%20trading%20policies)]

Anti-Corruption

The Company pays attention to fighting against fraud and corruption, as well as encouraging personnel at all levels to have an awareness of anti-corruption to fight against all forms of corruption. The Board of Directors established an anti-corruption policy and an anti-bribery policy in the Anti-Corruption Policy and Procedures of TMT Steel Public Company Limited for executives and employees at all levels to comply with. And the Company was renewed a member of Thai Private Sector Collective Action Against Corruption (CAC) the 2nd consecutive year by Thai Institute of Directors (IOD). The details of the anti-corruption policy are disclosed on the website at [[www.tmtsteel.co.th/ investor relations/corporate governance/anti-corruption](http://www.tmtsteel.co.th/investor%20relations/corporate%20governance/anti-corruption)]

The performance details are disclosed in the section "Monitoring the Compliance of Policies and Corporate Governance Guidelines".

Conflicts of Interest

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

The details are disclosed in the section "Connected Transactions".

Treatment of stakeholders in accordance with good corporate governance guidelines

The code of business conduct was established as guidelines for directors, executives and employees to perform their duties by taken into account of all stakeholders, understand the roles, duties and maintain integrity, transparency and good ethics without seeking for personal gain or profit from duties. Have a sense of responsibility to communities, society and the environment. In addition, the Company has set up a monitoring system and whistle blowing process within the organization. This risk may cause damage to property, reputation, personnel, complaint, illegal acts, or clues of corruption

The details are disclosed in the section "Whistleblowing and Reporting Complaints".

• Code of Business Conduct

The Board of Directors realizes the importance of the code of business conduct. Therefore, the business code of conduct manual was prepared as a guideline for the Management to conduct business with transparency, adhere to morality by taking into account stakeholders and comply with the requirements of the law. This is considered as employee guidelines to perform their duties with honesty in an appropriate manner.



In 2021, the Company reviewed the code of business conduct and practice guidelines to be in compliance with the changing laws and business conditions. The Company established and proposed the measures and best practices for the Code of Business Conduct to the Board of Directors through the Corporate Governance and Sustainability Committee. This was approved in the Board of Directors Meeting No. 4/2021.

In addition, the Board of Directors promoted and raised awareness of the Code of Conduct compliance for directors, executives and employees through various communication channels. The implementation of the guidelines was monitored through board meetings on a regular basis. The responsible person was assigned to report any non-compliance with the code of business conduct to the Board of Directors through the Company Secretary immediately for acknowledgment.

The code of business conduct, measures, the best practices for code of business conduct, and the details of the performance for 2021 were disseminated on the Company's website at [[www.tmtsteel.co.th/ investor relations / corporate governance / code of conduct](http://www.tmtsteel.co.th/investor%20relations/corporate%20governance/code%20of%20conduct)].

Major Changes and Developments in Policies, Practice Guidelines and Governance Systems in 2021

The Board of Directors reviewed the appropriateness of applying the Good Corporate Governance Principles for Listed Companies 2017 (CG Code) set by the Securities and Exchange Commission with the business context of the Company at least once a year. The Board of Directors was of the opinion that the Company applied most of the principles with the business context and operated its business with efficiency, honesty, integrity, free from any corruption, transparent, and verifiable as well as building confidence among shareholders, investors, stakeholders, society and all related parties. In 2021, the Board of Directors assigned the Corporate Governance Committee to review the practice guidelines in accordance with the Good Corporate Governance for

Listed Companies 2017 (CG Code) and report to the Board of Directors at the Meeting No. 7/2021. Major changes and developments regarding the implementation of the CG Code. Policies, practice guidelines, and good governance systems were revised as follows:

Enhanced the Effectiveness of the Board of Directors

- Reviewed the Charter of Independent Committees, the Nomination and Remuneration Committee, the Risk Management and Corporate Strategy Development Committee, and the Corporate Governance and Sustainability Committee to be consistent with the good corporate governance policy. There were no improvements based on the review because it remained consistent with the Company's current objectives and operating strategies.

Details of the charter were disseminated on the website at [[www.tmtsteel.co.th/investor relations/ corporate governance/charter](http://www.tmtsteel.co.th/investor%20relations/corporate%20governance/charter)].

Reviewed and revised the Company's policies, regulations and practice guidelines to create sustainable value for the Company.

- Reviewed the code of business conduct for business partners, contractors and subcontractors. Established measures and best practices for the Code of Business Conduct. This included monitoring and supervising the compliance of the Code of Conduct.

- Determined the remuneration policy for directors and the Chief Executive Officer (CEO).
- Determined sustainable development policies.
- Determined human rights policies.
- Determined innovation development policies.
- Determined policies, rules and regulations regarding media device connections and the importing and exporting of data in information technology systems to protect against cyber threats.

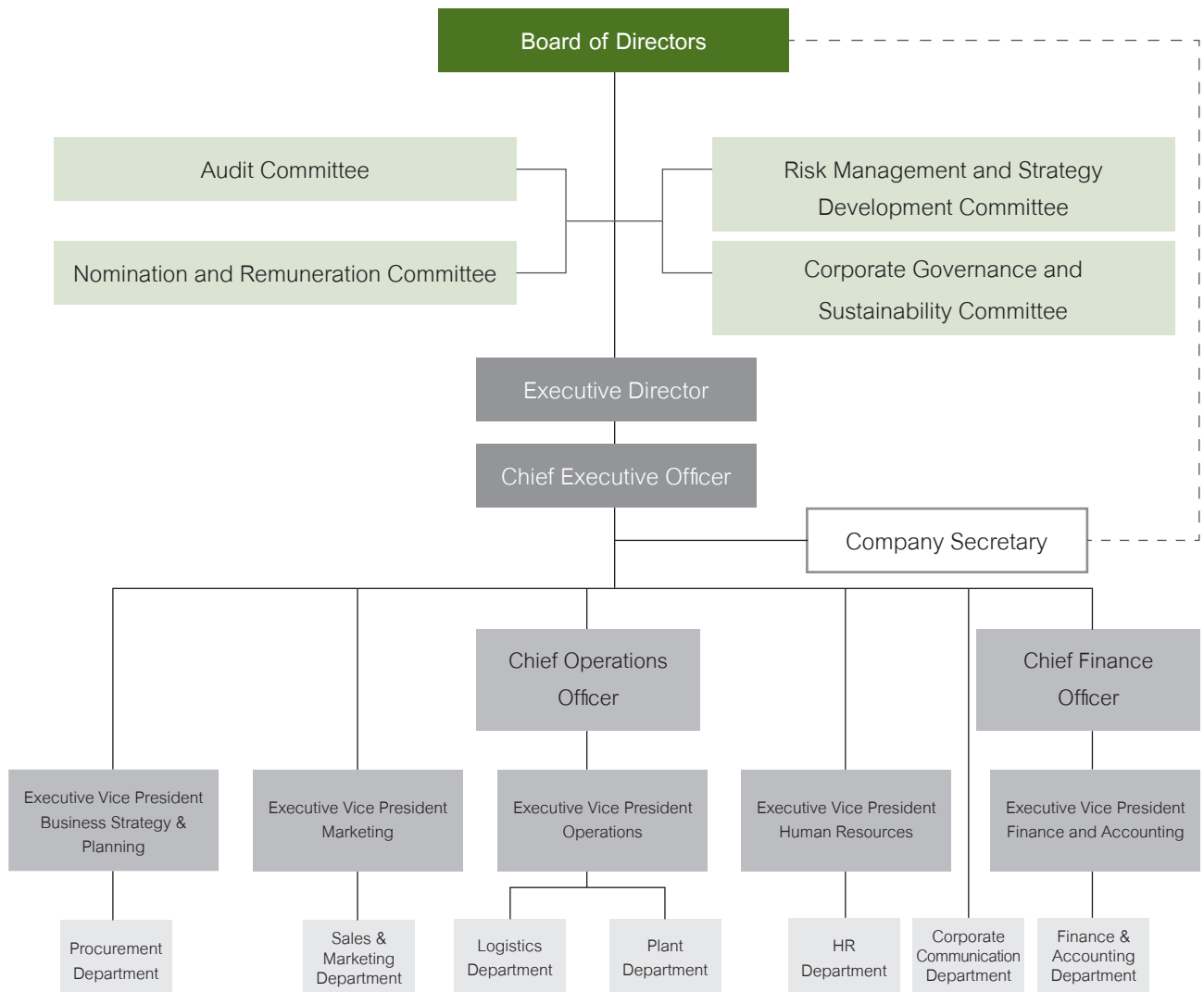
Details of these policies were disseminated on the website at [[www.tmtsteel.co.th/investor relations/ corporate governance / other policy](http://www.tmtsteel.co.th/investor%20relations/corporate%20governance/other%20policy)].





Management Structure

Organization Chart as of December 31, 2021



Board of Directors

As of December 31, 2021, the Board of Directors consisted of seven members as follows:

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

Authorized Directors:

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

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

Scope, Duties, and Responsibilities of the Board

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

1. To hold the Company's annual general meeting of shareholders within no later than four months from the

end of the Company's fiscal year;

2. To hold the Company's Board of directors' meeting at least once every three months;

3. To arrange the preparation of financial statement as at the end of the Company's fiscal year which is audited by the auditor, and then shall propose to the shareholder's meeting for their consideration and approval;

4. The Board of directors may delegate their authority to anyone or several directors or other people to take any action on their behalf and under the supervision of the Board of directors, or empower such person/persons to have power according to the Board of directors deem appropriate and within the time limit as the Board of directors indicate. The Board of directors may cancel, revoke, change, or amend such authorities whenever it deems appropriate. The Board of Directors may authorize the Executive Director to manage any operations, which was already described in scope, duties, and responsibilities of the Executive Director, however, such authorization shall not include the consideration and approval of any transaction in respect of which his or any persons have interest or conflict of interests with the Company or its subsidiary, except where the transactions



are in accordance with policies and measures as considered and approved by the Board of directors;

5. To set target, guidelines, policy, business plan and budget of the Company as well as to monitor the operation and management of Executive Director to ensure that they perform in compliance with such policies, except the following matters which must be approved by the meeting of shareholders before conducting: the issue that required by laws to obtain the majority votes of shareholders' meeting such as capital increasing, capital reduction, debenture issuance, the sale or transfer of the business of the Company in whole or in essential part to other persons or the purchase or acceptance of transfer of the business of other companies, and the amendment of the Company's memorandum of association. Furthermore, the Board of directors has its duty to conduct the Company to perform in compliance with the Securities and Exchange laws and rules issued by SET such as connected transaction and the acquisition or disposal of assets according to the regulations issued by SET, or relevant legislation with the Company's business;

6. To consider the management structure, and to appoint the Executive Director, Chief Executive Officer, and other Committees as deemed appropriate;

7. To supervise and monitor the operating results in order to meet the business plan and budget continuously;

8. The Director is forbidden to operate a business of the same nature as, and in competition with that of the Company, or to enter to be a partner in an ordinary partnership or a partner of limited partnership or a director of a private company or other Company which operates a business of the same nature as and in competition with that of the Company, whether for their own or other's benefit, unless the meeting of shareholders has been notified prior to appointment thereto;

9. The Director shall file to the Company a report on his interest which may cause a conflict of interest

directly or indirectly when the Company enters into a contract or has any changes in shares or debenture holding in the Company or its subsidiary.

An Independent Directors

- The Independent Directors of the Company have possessed the qualification according to the independent standard set forth in the notification of the Capital Market Supervisory Board no. TorChor 4 / 2552 Re: Application for and Approval of Offer for Sale of Newly Issued Shares (No.2),

- All those 3 independent directors are independent of the management and have expertise in accounting, finance, experience in high management in other industries, and understanding of the Company's business. And The directors therefore can review the creditability of financial statements and audit work.

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

1. The Chairman of the Board has scope, duties and responsibilities as a Director

2. Encourage the Board of Directors to work with their utmost ability.

3. Supervise and follow up the work of the Board of Directors and other sub-committees to ensure that work objectives are reached.

4. Call the Board meeting and/or Shareholders' meeting.

5. Conduct as a Chairman in the Board of Directors meeting and/or the Shareholders' meeting.

6. Encourage all directors and/or shareholders to participate in the meeting. Provide the opportunity for participants to comment or express the idea independently and creatively and Conduct the meeting to be done successfully as its objectives.



7. Cast a decisive vote in Board meetings and/or the Annual general meeting of the shareholder in case of equal votes of both sides.

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

1. Approve the annual revenue and expenditure budget.

2. Approve the annual budget for any projects that exceeding the approval limit of the Executive Director.

3. Approve the budget for short term and long term investment that exceeding the approval limit of the Executive Director.

4. Approve the financing sources for short term and long term that exceeding the approval limit of the Executive Director.

5. Approve the cancellation of all or part of the budget that exceeding the approval limit of the Executive Director.

6. Approve the connected transaction according to the size of the transaction which is required by law.

7. Approve meeting agenda items to be proposed to the shareholder's meeting for approval.

The Audit Committee

As of December 31, 2021, the Audit Committee consisted of three knowledgeable members as follows:

| | Name | Position |
|----|---------------------------|--|
| 1. | Mr. Chai Jroongtanapibarn | Chairman of the Audit Committee (Independent Director) |
| 2. | Mrs. Ratanavalee Gorsanan | Audit Committee (Independent Director) |
| 3. | Mr. Anake Pinvanichkul | Audit Committee (Independent Director) |

Scope, Duties, and Responsibilities of Audit Committee

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

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;

2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine the independence of the internal audit unit, as well as to approve the

appointment, transfer and dismissal of the head of the internal audit unit or any other unit in charge of internal audit;

3. To review compliance with the Securities and Exchange Act, regulation of the Stock Exchange of Thailand and any other relevant regulations or laws related to the Company's business;

4. To consider, select, and nominate or terminate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with the auditor at least once a year;



5. To review the connected transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;

6. To prepare, and to disclose in the Company's annual report, an Audit Committee' report which must be signed by the Chairman of Audit Committee and consist of at least the following information:

6.1 an opinion on the accuracy, completeness and reliability of the Company's financial report,

6.2 an opinion on the adequacy of the Company's internal control system,

6.3 an opinion on the compliance with the law on the Securities and Exchange, the Exchange's regulations, or the laws relating to the Company's business,

6.4 an opinion on the suitability of an auditor,

6.5 an opinion on the transactions that may lead to conflicts of interests,

6.6 the number of audit committee's meetings, and the attendance of such meetings by each committee member,

6.7 an opinion or overview comment acknowledged by the audit committee from its performance of duties in accordance with the charter, and

6.8 other transactions which, according to the audit committee's opinion, should be disclosed to the shareholders and investors, subject to the scope of duties and responsibilities assigned by the Board.

7. To report the Audit Committee's operation to the Board at least once every quarter;

8. To perform any duties as designated by the Board with the consent of the Audit Committee.

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

- Chairman of the Audit Committee 3 years
- Audit Committee 3 years

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

The Nomination and Remuneration Committee

As of December 31, 2021, the Nomination and Remuneration Committee consisted of five members as follows:

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

Remarks : ⁽¹⁾ Mr. Anake Pinvanichkul began serving as the Chairman of the Nomination and Remuneration Committee by the resolutions of the Board of Directors Meeting No.7/2021 on December 17, 2021.

⁽²⁾ Mr. Soon Tarasansombat began serving as the Nomination and Remuneration Committee by the resolutions of the Board of Directors Meeting No.7/2021 on December 17, 2021.



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

1. To set the policy, criteria, and method of remuneration payment and nomination process for the Board of directors, Sub-Committee and Chief Executive Officer;

2. To nominate, determine, and propose the suitable directorial candidates as the set criteria, in order to replace the retired directors of the Board or Sub-Committee, or Chief Executive Officer, or when those positions are vacant as well as the new position set by the Board of directors or set by laws, and then propose to the Board and/or the shareholder's meeting to approve;

3. To draw up guidelines for remuneration criteria and fix the remuneration for the Board of directors, Sub-Committee and Chief Executive Officer, either cash or noncash and propose to the Board of directors for approval. The remuneration for the Board of directors will be proposed to shareholders' meeting for final approval;

4. To review the appropriateness of the current remuneration and nomination criteria;

5. To perform any duties as designated by the Board.

The Risk Management and Strategy Development Committee

As of December 31, 2021, the Risk Management and Strategy Development Committee consisted of four members as follows:

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

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

1. To review policy and guidelines of the Risk Management and Strategy Development to propose to the Board of directors.

2. To supervise and raise suggestions to prevent and to reduce the risk to an acceptable level and follow up, evaluate and improve the business plan to reduce the risk to be well controlled and to encourage the sustainable business.

3. To promote and support the improvement and the development of the risk management system by integrating with the guidelines to develop the operating system to create efficiency, stability and business value.

4. To study and explore the possibilities to develop and improve business models to create business opportunities for sustainable growth.

5. To communicate and exchange information and coordinate on corporate governance risks or internal controls with the Audit Committee and/or the Corporate Governance and Sustainability Committee at least once a year.



The Corporate Governance and Sustainability Committee

As of December 31, 2021, the Corporate Governance and Sustainability Committee consisted of four members as follows:

| | Name | Position |
|----|----------------------------|---|
| 1. | Mrs. Ratanavalee Gorsanan | Chairman of the Corporate Governance and Sustainability Committee (Independent Director) |
| 2. | Mr. Paisal Tarasansombat | Corporate Governance and Sustainability Committee |
| 3. | Mr. Komsan Tarasansombat | Corporate Governance and Sustainability Committee |
| 4. | Mrs. Panlapa Tarasansombat | Corporate Governance and Sustainability Committee |

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

1. To set and consider the policy and guidelines of good corporate governance, anti-corruption, business ethics to align with the requirements issued under SET, SEC or other related institutions as well as the good corporate governance guidelines according to international standards and present to the Board of Directors.

2. To review the policy and guidelines of good corporate governance, anti-corruption, business ethics to be updated at least once a year by comparing with the laws, the international and leading company practices including the suggestions from other institutions to propose to the Board of Directors.

2. To review policy and practice of sustainable operation to be updated at least once a year by comparing with the laws, the international and leading company practices including the suggestions from other institutions to propose to the Board of Directors.

3. To approve the sustainability report before publishing.

1) To communicate and exchange information and coordinate on good corporate governance and sustainability with the Audit Committee and/or sub-committee at least once a year.

2) To report the meeting result that is significant and beneficial to the Company to the Board of Directors.

3) To perform other responsibilities as assigned by the Board of Directors.

Sustainability

1. To propose policy, guidelines and operation plan to align with the sustainable business to stakeholders in economic, social and environmental aspects.



The Director's meeting

| NO. | The Board's Meeting | The Independent Committee's Meeting | The Audit Committee's Meeting | The Nomination and Remuneration Committee's Meeting | The Risk Management Committee's Meeting | The Corporate Governance and Sustainability Committee's Meeting |
|-----|---------------------|-------------------------------------|-------------------------------|---|---|---|
| 1 | February 19, 2021 | October 1, 2021 | February 19, 2021 | February 19, 2021 | May 14, 2021 | August 13, 2021 |
| 2 | May 14, 2021 | | May 14, 2021 | April 19, 2021 | October 1, 2021 | December 17, 2021 |
| 3 | August 13, 2021 | | August 13, 2021 | | | |
| 4 | October 1, 2021 | | November 12, 2021 | | | |
| 5 | November 12, 2021 | | | | | |
| 6 | November 30, 2021 | | | | | |
| 7 | December 17, 2021 | | | | | |

Executive Director

As of December 31, 2021, the Executive Director consisted of four members as follows:

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

Scope, Duties, and Responsibilities of the Executive Director

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

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



4. To approve the expenses for investment as annual budget as approved by the Board of directors or in accordance with the approved principle by the Board of Directors;

5. To provide consultancy to the management in respect of financial, investment, marketing, human resources management, and other operational matters;

6. To allocate pension funds approved by the Board of Directors to employees or any persons employed to work for the Company;

7. To control the operation and/or daily management of the Company.

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

Management Team

As of December 31, 2021, the management of the Company consisted of seven members as follows:

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

Scope, Duties, and Responsibilities of Chief Executive Officer

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

1. To control and supervise the operation and/or manage day-to-day business of the Company;

2. To operate or carry out the business in respect of execution of policies, business plan, and budgets approved by the Board of Directors and/or the Executive Director;

3. To act as the attorney of the Company in management to comply with objectives, Articles of Association, policies, guidelines, regulations, orders, resolutions of shareholder's meeting and/or resolutions of the Board of Directors or the Executive Director.



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

The Executive Director and Management Remuneration

In the year 2021, the Company paid out the remuneration for 4 Executive Directors and 7 Managements in terms of salary, bonus, and provident fund, totaling Baht 46,596,240. The remuneration was considered by the Company's operating result and the performance evaluation.

Employee

As of December 31, 2021, the employee of the Company consisted of 1,311 members which can be divided into 918 males and 393 females, detail as follows;

| Department | Number of employees |
|-------------------------------|---------------------|
| Executive | 7 |
| Corporate Communication Dept. | 4 |
| Procurement Dept. | 10 |
| Sales & Marketing Dept. | 110 |
| Logistics Dept. | 501 |
| Plant Dept. | 561 |
| Human Resources Dept. | 74 |
| Finance & Accounting Dept. | 44 |
| Total | 1,311 |

In the year 2021, the Company paid out the remuneration for the employees (excluding management) in terms of salary, wage, bonus and provident fund

excluding other employee's expenses, totaling Baht 378,839,791.30.



The proportion of employee members in Provident Fund compare to total employees, as of December 31, 2021, as follow :

| Year | Number of employee members in Provident Fund | The proportion of employee members in Provident Fund / Total employees (%) |
|------|--|--|
| 2021 | 683 | 52.09 % |

People Development Policy

TMT employee's potential is one of the most important keys in the Company's structure. Thus, we developed our people to be professional, knowledgeable, experienced, have the expertise and be ready to give advice through systematic knowledge management. The Company gives everyone opportunities to participate in presenting ideas that lead to action, work methods that are committed to success, supporting technology learning and new innovations in order to support the demand of unlimited steel and developing TMT employees ready to be a structure of the imagination. The Company set the people development policy in accordance with our vision (More details were stated in a part of Sustainable Development / Sustainability Report 2021, Subject: Human Resources Development)

Labor disputes over the past 3 years

-None-

Other Important Information

Company Secretary

Responsible for organizing the meetings of the Board of directors, committees and shareholders, and preparing the minutes of the Board's meeting, the minutes of other Committees' meetings, the minutes of Shareholders' meeting and 56-1 One Report as well as filing documents as specified by laws. Support and supervise the Company to perform in compliance with the laws and regulations of the Stock Exchange of Thailand.

Company Secretary as of December 31, 2021

| Name | Position |
|-------------------------|-------------------|
| Mr. Somjate Tretarnthip | Company Secretary |

More details were stated in the part of Details of Chief Financial Officer (CFO), Chief Accountant and Company Secretary

Head of Internal Audit

The Audit Committee appointed EY Corporate Services Limited to present and conduct an internal risk management audit in the year 2021. The results were directly reported to the Audit Committee, the person who was responsible for being an internal auditor.

Head of Internal Audit as of December 31, 2021

| Name | Position |
|---------------------|----------------|
| Mr. Term Techasarin | Internal Audit |

- More details were stated in the part of Details of Internal Audit and Corporate Governance

Head of Corporate Compliance

The Board of Directors has appointed the Corporate Governance and Sustainability Committee to oversee and perform a good corporate governance practice. (More details were stated in the part of Scope, Duties, and Responsibilities and the Report of the Corporate Governance and Sustainability Committee)



Audit Fee

The Company paid the fee to audit firm for year 2019-2021 as the following:

| Year | Audit fee (Baht) | Non-Audit fee (Baht) |
|------|------------------|----------------------|
| 2021 | 1,700,000 | 13,750 |
| 2020 | 1,650,000 | 13,650 |
| 2019 | 1,650,000 | 15,400 |

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

| Name | C.P.A. No. | Audit Year | Total |
|-----------------------------|------------|------------|---------|
| Mr. Paiboon Tunkoon | 4298 | 2017-2021 | 5 Years |
| Mr. Chanchai Chaiprasit | 3760 | 2012-2016 | 5 years |
| Miss Nopanuch Apichatsatien | 5266 | 2007-2011 | 5 years |

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





Good Corporate Governance Report

Summary of The Board of Directors' Performance

Remuneration for the Company's Directors and Sub-committees

• Nomination of Directors and Chief Executive Officers

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

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

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

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

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

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

The Recruitment and Appointment Procedures

1. The Nomination and Remuneration Committee considers, recruits, and nominates qualified persons that meet specified criteria as well as considered other qualifications that are in line with the Company's business strategy, prepared a succession plan to replace directors and senior executives who retire by rotation or vacant positions, or as required by the Board of Directors or the law.

2. Check the nomination list to see whether they have qualifications that are in accordance with the legal requirements and related regulations. Contact qualified persons who meet the criteria to ensure that such persons are willing to take the position if they are appointed by the Board of Directors and/or shareholders. Propose a list of people who are the most qualified for the position along with their personal information and supporting documents to the Board of Directors and/or the Shareholders' Meeting to consider the approval.

In 2021, the Company granted shareholders the right to nominate a candidate who is deemed qualified to serve as the company director from January 15, 2021, to February 15, 2021, and disseminated the announcement on the website at [[www.tmtsteel.co.th/investor-relations/shareholder/information/shareholders meeting](http://www.tmtsteel.co.th/investor-relations/shareholder/information/shareholders-meeting).]



However, no shareholders nominated a candidate to be elected as Director.

Development of the Board of Director

The Company established a Board Skill Matrix as a guideline to develop knowledge, expertise, and specialized fields that are essential to the Company by considering suitable and diverse qualifications in terms of education, profession, skill, experience, and expertise as well as specialized fields that are essential to the Board of Directors. There were eleven topics included in the Board Skill Matrix as follows:

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

In 2021, the Board of Directors considered and reviewed the Board Skill Matrix, which included 11 specialized skills, and all directors completed a self-assessment. The top three topics that the Board of Directors requested for improvement were:

1. Information Technology & Cyber Security
2. Innovation and Technology
3. Business/Marketing Transportation and Distribution

Therefore, the Company proposed appropriate training courses to support the continuous development of directors. The details are disclosed in the section, "Development and Training of Directors and Executives".

Director and Management Orientation

In case that new director is appointed, and has never been in the position of any committee or executive of the Company before, said director will be oriented by top management or the corporate secretary for his or her acknowledgment of related code and conduct, corporate profile, nature of business, good corporate governance policy, business ethics, and other important information of the Company.

Development and Training of Directors and Executives

The Company encouraged and supported directors and senior executives to pursue training in related fields in order to develop their knowledge and abilities. The Company allocated a sufficient budget to use the acquired skills, knowledge, and experience for the continual development of the Company. In 2021, the following actions were taken:

- The Board Skill Matrix Results were used to determine the selection of topics that the Board of Directors needed. The entire board received the following training:
 - "Fraud & Cyber Security Risks"
by PricewaterhouseCoopers ABAS Company Limited.
 - "TMT Digital And Beyond"
by Fire One One Company Limited.

All of the Company's directors attended the training and shared their perspectives during both sessions.

- Training for executives and the Company Secretary - In 2021, directors and executives received training as a result of various institutions opening courses and the Company organizing courses in response to the survey results to increase operational knowledge in the following aspects:



| Name | Position | Course | Institute |
|--------------------------|--|---|---|
| Mr. Paisal Tarasansombat | Director/Corporate Governance and Sustainability Committee/ Chief of Executive Director/ Chief Executive Officer | Fraud & Cyber Security Risks | PricewaterhouseCoopers ABAS Company Limited |
| | | - TMT Digital And Beyond - F11 Alpha Method | Fire One One Company Limited |
| | | Enterprise Risk Management | EY Corporate Advisory Services Company Limited |
| Mr. Prawas Sontawakul | The Risk Management and Strategy Development Committee/Executive Director and Chief Operations Officer | Fraud & Cyber Security Risks | PricewaterhouseCoopers ABAS Company Limited |
| | | TMT Digital And Beyond | Fire One One Company Limited |
| | | Enterprise Risk Management | EY Corporate Advisory Services Company Limited |
| | | A project to promote the use of recycling technology to develop and implement alternative raw materials for industry. | Department of Primary Industries and Mines |
| Mr. Somjate Tretarathip | Director/The Risk Management and Strategy Development Committee/Nomination and Remuneration Committee/ Executive Director and Chief Finance Officer/Company Secretary | Fraud & Cyber Security Risks | PricewaterhouseCoopers ABAS Company Limited |
| | | TMT Digital And Beyond | Fire One One Company Limited |
| | | - Economic update for CFO - The modern CFO: Driving Digital Transformation of the Finance and Accounting - ESG related Financial Innovation | ThailistedCompaniesAssociation |
| | | Enterprise Risk Management | EY Corporate Advisory Services Company Limited |
| Mr. Komsan Tarasansombat | Director/The Risk Management and Strategy Development Committee/ Corporate Governance and Sustainability Committee/Executive Director/ Executive Vice President - Operation | Fraud & Cyber Security Risks | PricewaterhouseCoopers ABAS Company Limited |
| | | TMT Digital And Beyond | Fire One One Company Limited |
| | | Enterprise Risk Management | EY Corporate Advisory Services Company Limited |
| | | A project to promote the use of recycling technology to develop and implement alternative raw materials for industry. | Department of Primary Industries and Mines |



| Name | Position | Course | Institute |
|----------------------------|--|--|---|
| Mrs. Panlapa Tarasansombat | Corporate Governance and Sustainability Committee/ Executive Vice President - Human Resources | Fraud & Cyber Security Risks | PricewaterhouseCoopers ABAS Company Limited |
| | | - TMT Digital And Beyond - F11 Alpha Method | Fire One One Company Limited |
| | | Enterprise Risk Management | EY Corporate Advisory Services Company Limited |
| | | People Analytic program | Personnel Management Association of Thailand |
| | | THSI Guideline | The Stock Exchange of Thailand (SET) |
| Ms. Petrung Measincee | Executive Vice President - Business Strategy & Planning | Fraud & Cyber Security Risks | PricewaterhouseCoopers ABAS Company Limited |
| | | - TMT Digital And Beyond - F11 Alpha Method | Fire One One Company Limited |
| | | Enterprise Risk Management | EY Corporate Advisory Services Company Limited |
| Mr. Somsak Tomorakul | Executive Vice President - Marketing | Fraud & Cyber Security Risks | PricewaterhouseCoopers ABAS Company Limited |
| | | TMT Digital And Beyond | Fire One One Company Limited |
| | | Enterprise Risk Management | EY Corporate Advisory Services Company Limited |

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

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

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

1: The Board of Directors Self-Assessment Form is used to evaluate the overall performance of the Board of Directors.

2: The Subcommittee Self-Assessment Form is to assess the performance of the entire committee board assigned by the Board of Directors

3: The Individual Self-Assessment Form for the Board of Directors and Subcommittees is to assess the individual performance of directors.

In 2021, The Board of Directors and Chief Executive Officer (CEO) conducted the assessment. The evaluation results are as follows:

The performance evaluation of the Board of Directors: 7 members were evaluated. The results are as follows:

- The self-assessment average score of the Board of Directors was 99.88%.
- The individual self-assessment average score was 100%.



The performance evaluation of the subcommittees includes the Audit Committee, the Nomination and Remuneration Committee, The Risk Management and Strategy Development Committee, and the Corporate Governance and Sustainability Committee. The individual and the board of subcommittee's performance evaluations are based on specific topics. The evaluation results for the year 2021, were as follows:

- The Audit Committee: 3 members were evaluated. The evaluation results were as follows:

- The self-assessment average score of the entire committee was 99.58%.
- The individual self-assessment average score was 99.17%.

- The Nomination and Remuneration Committee: 5 members were evaluated. The evaluation results were as follows:

- The self-assessment average score of the entire committee was 95.79%.
- The individual self-assessment average score was 98.13%.

- The Risk Management and Strategy Development Committee: 4 members were evaluated. The evaluation results were as follows:

- The self-assessment average score of the entire committee was 99.17%.
- The individual self-assessment average score was 100%.

- The Corporate Governance and Sustainability Committee: 4 members were evaluated. The evaluation results were as follows:

- The self-assessment average score of the entire committee board was 98.33%.
- The individual self-assessment average score was 98.75%.

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

Part 1: Corporate Goals

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

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

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

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

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

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

The Evaluation of the Chief Executive Officer: 7 Directors including the Chief Executive Officer evaluated. The average score was 98.94%.



Meeting of the Board of Directors and Subcommittees

| Name | Meetings in 2021 | | | | | | 2021 Annual General Meeting of Shareholders |
|----------------------------|--------------------|----------------------|-----------------|---------------------------------------|--|---|---|
| | Board of Directors | Independent Director | Audit Committee | Nomination and Remuneration Committee | The Risk Management and Strategy Development Committee | Corporate Governance and Sustainability Committee | |
| | 7 Times | 1 Time | 4 Times | 2 Times | 2 Times | 2 Times | |
| Mr. Chai Jroongtanapibarn | 7/7 | 1/1 | 4/4 | 2/2 | - | - | 1/1 |
| Mr. Soon Tarasansombat | 6/7 | - | - | 2/2 | - | - | 1/1 |
| Mr. Paisal Tarasansombat | 7/7 | - | - | - | - | 2/2 | 1/1 |
| Mr. Komsan Tarasansombat | 7/7 | - | - | - | 2/2 | 2/2 | 1/1 |
| Mr. Somjate Tretarnthip | 7/7 | - | - | 2/2 | 2/2 | - | 1/1 |
| Mrs. Ratanavalee Gorsanan | 7/7 | 1/1 | 4/4 | 2/2 | - | 2/2 | 1/1 |
| Mr. Anake Pinvanichkul | 7/7 | 1/1 | 4/4 | 2/2 | 2/2 | - | 1/1 |
| Mr. Prawas Sontawakul | - | - | - | - | 2/2 | - | 1/1 |
| Mrs. Panlapa Tarasansombat | - | - | - | - | - | 2/2 | 1/1 |

Remuneration of directors and management

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

The Board and Other Subcommittee Remuneration

The annual general meeting of shareholders on April 8, 2021, approved the directors' remuneration for Baht 6,000,000 per annum and bonus for the Board Baht 4,000,000 (increased from the previous year that was Baht 1,700,000). The Nomination and Remuneration Committee allocated the remuneration of the seven committee members into two parts, a remuneration limit of 5,720,000 Baht and a meeting allowance limit of 280,000 Baht as follows:



| Name | Position | Directors Allowance (Baht) | Meeting Allowance (Baht) | Bonus from 2020 operating results (Baht) | Total (Baht) |
|---------------------------------------|--|----------------------------|--------------------------|--|-------------------|
| Mr. Chai Jroongtanapibarn | Chairman of the Board/ Independent Director/Chairman of Audit Committee/Nomination and Remuneration Committee | 1,160,000 | 40,000 | 680,000 | 1,880,000 |
| Mr. Soon Tarasansombat ⁽¹⁾ | Director/Chairman of Nomination and Remuneration Committee | 850,000 | 40,000 | 560,000 | 1,450,000 |
| Mr. Paisal Tarasansombat | Director/Corporate Governance and Sustainability Committee | 670,000 | 40,000 | 540,000 | 1,250,000 |
| Mr. Komsan Tarasansombat | Director/The Risk Management and Strategy Development Committee/ Corporate Governance and Sustainability Committee | 670,000 | 40,000 | 540,000 | 1,250,000 |
| Mr. Somjate Tretarntip | Director/Nomination and Remuneration Committee/ The Risk Management and Strategy Development Committee | 670,000 | 40,000 | 540,000 | 1,250,000 |
| Mrs. Ratanavalee Gorsanan | Independent Director/ Chairman of Corporate Governance and Sustainability Committee/Audit Committee/ Nomination and Remuneration Committee | 850,000 | 40,000 | 570,000 | 1,460,000 |
| Mr. Anake Pinvanichkul ⁽²⁾ | Independent Director/ Chairman of The Risk Management and Strategy Development Committee/ Audit Committee/ Nomination and Remuneration Committee | 850,000 | 40,000 | 570,000 | 1,460,000 |
| Total | | 5,720,000 | 280,000 | 4,000,000 | 10,000,000 |

Note: Directors and subcommittees in these positions are not entitled to any other benefits besides the above remuneration.

⁽¹⁾ Mr. Soon Tarasansombat began serving as the Nomination and Remuneration Committee by the resolutions of the Board of Directors Meeting No.7/2021 on December 17, 2021.

⁽²⁾ Mr. Anake Pinvanichkul began serving as the Chairman of the Nomination and Remuneration Committee by the resolutions of the Board of Directors Meeting No.7/2021 on December 17, 2021.

Monitoring the Compliance of Policies and Corporate Governance Guidelines

The Company placed an emphasis on good corporate governance by establishing relevant policies in the good corporate governance principles and the code of business conduct of the Company as well as promoting the actual practice in order to create confidence in all stakeholder groups.

In 2021, the Company took the following steps to ensure the compliance of the good corporate governance principles:

Prevention of Conflicts of Interest

The Board of Directors, in collaboration with the Audit Committee, carefully supervised any transactions that may have had conflicts of interest in order to verify the reasonableness and necessity of the transactions. The Board of Directors ensured that the Company disclosed information related to transactions that may have conflicts of interest for stakeholders and related agencies after such transactions were approved.



In 2021, the Company's directors, executives and related parties were required to report their stakes to the Company through the Company Secretary by presenting a stakes report to the Audit Committee and the Board of Directors to consider the transactions that may have conflicts of interest. Directors and executives who have a conflict of interest were not permitted to attend the meeting and vote.

However, there were no actions that violated the conflict of interest policy. The details are disclosed in the section "Connected Transactions".

Insider Trading Protection

The Board of Directors is aware of the importance of protection against insider trading for personal gain. The Company established securities trading policies for directors, executives and employees. The details are disclosed on the website at [www.tmtsteel.co.th.] Directors, executives and the Company's designated persons must comply with the prohibition of insider trading as defined by the Securities and Exchange Act. The Company's directors and executives are required to submit a securities holding report and a report of changes in securities holdings to the Securities and Exchange Commission ("SEC") as required by law. However, the Company's designated persons (persons who are involved, know or possess internal information) are responsible for submitting a securities holding report and a report of changes to securities holdings to the Company Secretary within the prescribed time, from the day securities or derivatives, are traded, sold, transferred or received. In addition, the Company set a blackout period by prohibiting directors, executives and the Company's designated persons from trading the Company's securities during the following periods:

(1) 30 days prior to the disclosure of the quarterly and annual financial statements and 1 business day after the quarterly and annual financial statements have been disclosed to the Stock Exchange of Thailand.

(2) 14 days prior to the disclosure of the Board of Directors' resolutions to approve important events that affect the price or value of securities and 1 business day after the resolutions have been disclosed to the Stock Exchange of Thailand.

In addition, the Company set a quiet period to not release the Company's internal information to any other person for 14 days prior to the disclosure of the quarterly and annual financial statements. This included the resolution of the Board of Directors to approve important events that affect the price or value of securities to the Stock Exchange of Thailand.

However, if directors, executives and employees of the Company use any of the Company's internal information for personal gain and cause damage to the Company, the Company will execute disciplinary action, which may include dismissal or being charged with a criminal offense or civil offense under the Securities and Exchange Act B.E. 2535 and/or relevant notifications of government agencies.

In 2021, the Company performed the following actions:

- Notified the blackout period via the Company's email to directors, executives, and individuals listed by the Company 30 days prior to the disclosure of the quarterly and annual financial statements and 1 business day after the disclosure.
- Reported the securities holdings of the Board of Directors, executives, and related persons who acknowledge or possess the internal information to the Company Secretary on a quarterly basis.

However, there were no directors, executives or employees who had access to inside information that violated the securities trading policy of directors, executives and employees of the Company.



In 2021, the changes of the Securities Holdings of Directors and Executives are as follows:

| Name | Position | Share as of | | Changes increase/ (decrease) |
|---------------------------------------|---|-------------|-------------|------------------------------|
| | | Jan 1, 21 | Dec 31, 21 | |
| Mr. Chai Jroongtanapibarn | Chairman of the Board / Chairman of Audit Committee / Nomination and Remuneration Committee /Independent director | 1,045,500 | 1,045,500 | -no changes- |
| Mr. Soon Tarasansombat ⁽¹⁾ | Director and Nomination and Remuneration Committee | 195,300,000 | 195,300,000 | -no changes- |
| Mr. Paisal Tarasansombat | Director Corporate Governance and Sustainability Committee / Chief of Executive Director/Chief Executive Officer | 112,349,400 | 106,767,700 | (5,581,700) |
| Mr. Komsan Tarasansombat | Director / Risk Management and Strategy Development Committee/Corporate Governance and Sustainability Committee/ Executive Director/Executive Vice President Operations | 66,000,150 | 66,110,150 | 110,000 |
| Mr. Somjate Tretarnthip | Director/Nomination and Remuneration Committee/Risk Management and Strategy Development Committee/Executive Director/ Chief Finance Officer/Company Secretary | 4,000,000 | 4,000,000 | -no changes- |
| Mrs. Ratanavalee Gorsanan | Independent Director/Chairman of the Corporate Governance and Sustainability Committee/Audit Committee/ Nomination and Remuneration Committee | 544,000 | 544,000 | -no changes- |
| Mr. Anake Pinvanichkul ⁽²⁾ | Independent Director/Chairman of Nomination and Remuneration Committee/Chairman of a Risk Management and Strategy Development Committee/Audit Committee | 544,000 | 544,000 | -no changes- |
| Mr. Prawas Sontawakul | Risk Management and Strategy Development Committee/Executive Director/Chief Operations Officer | 140,000 | 280,000 | 140,000 |
| Mrs. Panlapa Tarasansombat | Corporate Governance and Sustainability Committee / Executive Vice President - Human Resources | 35,621,000 | 35,621,000 | -no changes- |
| Ms. Petrung Measincee | Executive Vice President - Business Strategy & Planning | 3,317,200 | 3,377,100 | 59,900 |
| Mr. Somsak Tomorakul | Executive Vice President - Marketing | 2,308,362 | 2,298,362 | (10,000) |

⁽¹⁾ Mr. Soon Tarasansombat began serving as the Nomination and Remuneration Committee by the resolutions of the Board of Directors Meeting No.7/2021 on December 17, 2021.

⁽²⁾ Mr. Anake Pinvanichkul began serving as the Chairman of the Nomination and Remuneration Committee by the resolutions of the Board of Directors Meeting No.7/2021 on December 17, 2021.



Disclosure and Transparency

- The Board of Directors has monitored for disclosure the significant information related to the Company's financial information and non-financial information in accordance with the regulations of SEC and SET and other relating notification with precisely, completely, on-time, and transparently for the equity of investors and stakeholders through various channel and procedure such as SET's channel, the Annual Registration Statement, 56-1 One Report, and the Company's website. The Company also appointed the corporate secretary to take duty and responsibility to provide and preserve such information as stated.

- The Company's financial statement is audited and reviewed by a certified public accountant from PricewaterhouseCoopers ABAS Company Limited who is independent, specialized and skillful, and is certified by the Securities and Exchange Commission Thailand. The Audit Committee was reported by such an auditor that they were independent, no difficulties and had no disagreements with management while they were conducting a review or audit. The Company has disclosed the audit and other fees in the 56-1 One Report. Furthermore, the Audit Committee also appointed EY Corporate Services Limited to plan and audit the internal control to ensure that the Company has proper conduct and control as well as risk management in terms of adequacy and efficiency.

- The Board of Directors prepared a report on the responsibilities for financial statements which was presented along with the auditor's report in the 56-1 One Report of the Company.

- The Board of Directors has monitored the disclosure of directors' roles and duties, management remuneration and the number of attending the meeting of the Board and other subcommittees as individuals in the Company's 56-1 One Report.

- The Company has set up a Corporate Communication Department to keep in touch with investors, analysts, and government and public sectors. Below are the contact channels;

Telephone No. : 02 685 4000 ext. 4003

Facsimile No. : 02 670 9093

E-mail : ir@tmtsteel.co.th

- The Company held a quarterly analyst meeting to clarify the Company's operating results and financial position after the Company disclosed its financial statements to the Stock Exchange of Thailand. The aforementioned information was disseminated to shareholders and investors on the website at: [www.tmtsteel.co.th/investor_relations/shareholder_information/presentation]

- The Company participated in the Opportunity Day activity organized by the Stock Exchange of Thailand twice which included the 2020 performance on April 2, 2021 and the quarterly performance for the first quarter of 2021 on June 24, 2021.

Anti-Corruption

The Company pays attention to the fight against fraud and corruption and encourages personnel at all levels to be aware of anti-corruption to fight against all forms of corruption. The Board of Directors established an anti-corruption policy and an anti-bribery policy in the Anti-Corruption Policy and Procedures of TMT Steel Public Company Limited for executives and employees at all levels to comply.

In 2021, the Company demonstrated its commitment to anti-corruption and reported the performance of implementing anti-corruption measures to the Board of Directors through the Governance and Sustainability Committee at Meeting No. 7/2021. The details are as follows:



- Reviewed and updated the Code of Business Conduct for suppliers, contractors and subcontractors by recommending business partners to join the Thai Private Sector Collective Action Coalition Against Corruption (CAC). Communicated the code of business conduct to business partners for acknowledgment and disseminated the details on the Company's website at [www.tmtsteel.co.th /investor relations /corporate governance/code of business conduct/code of business conduct for business partners contractors and subcontractors.]

- Announced and communicated the 2021 No Gift Policy to outsiders, customers, business partners and those involved in the Company's business through the Company's communication channels, both internally and externally. Details were disseminated on the website at [www.tmtsteel.co.th/investor relations/corporate governance/anti-corruption and anti-corruption policy/no gift policy]

- Communicated and publicized information, news and knowledge related to anti-corruption through various communication channels such as TMT Magazine, Touch Point, SMART TV, Line@ TMT, email and e-learning in the Company's HRMS.

- Educated new employees through the orientation training courses on the topic of anti-corruption policies and procedures. In 2021, there were a total of 377 people who participated in the training.

In 2021, there was no whistleblowing or complaints reported and no corruption perpetrators were found.

Whistleblowing and Reporting Complaints

The Company established a whistleblowing process to collect information concerning wrongdoing within the organization in order to prevent, monitor, and investigate any wrongdoing that could damage property, reputation, and individuals. This category included complaints, illegal acts, and signs of corruption.

As a result, the Company established whistleblowing channels for all stakeholders to report wrongdoing within the organization or complaints about the operations, as well as any violation of the Company's Articles of Association, code of business conduct, or anti-corruption policies. Whistleblowers or complainants may submit documents and evidence in support of their allegations via the following channels:

Whistle Blowing Channels for anonymous or identified whistleblowers.

- Vice President of Human Resources Division**
email: panlapa@tmtsteel.co.th
- Communication and Whistleblowing Working Group**
email: sd@tmtsteel.co.th
- Audit Committee: Mrs. Ratanavalee Gorsanan**
email: ind_dir@tmtsteel.co.th
- Company Secretary: Mr. Somjate Tretarnthip**
email: somjate@tmtsteel.co.th

The Company disclosed the process, protective measures for whistleblowers or complainants, and whistleblowing channels on the website at [www.tmtsteel.co.th/investor relations/corporate governance / prevent corruption and anti-corruption]

In 2021, there were no complaints against the operations or violations of the Company's Articles of Association, code of business conduct, and corruption.





Internal Control

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

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

In 2021, The Audit Committee has appointed EY Corporate Services Limited to be responsible for internal audit planning and review according to the approved audit plan by the Audit Committee. The reputation and qualification of this internal auditor both its firm and people are well experienced and verified in relevant business and industry and can be confident that the auditing process will be conducted fairly and independently.





Connected Transactions

In the Year 2021, the Company had entered into connected transactions as follows;

Connex Business Online Co., Ltd.

Relationship:

Mr. Paisal Tarasansombat, the Company's authorized director and Chief Executive Officer, and Mr. Somjate Tretarnthip, the Company's authorized director and Chief Finance Officer, each person is director and holding 4 percent of its total issued and paid up shares in aforesaid the Company, Mr. Komsan Tarasansombat, the Company's authorized director and Executive Vice President - Operations, brother of Mr. Chamnan Tarasansombat who is authorized director and major shareholders of CONNEX as well as one of the top ten shareholders of the Company by holding 7.82⁽¹⁾ percent of its issued and paid up shares.

General Characteristics of the transaction:

1. Renewal maintenance contract for Warehouse Management System (WMS) from January 1, 2021, to December 31, 2021.
2. Renewal maintenance contract for Weighing Machine System from January 1, 2021, to December 31, 2021.
3. Renewal maintenance contract for CC Online from January 1, 2021, to December 31, 2021.

4. Contract on design and develop software for Warehouse Management System Enhance (WMS) III from January 1, 2021, to December 31, 2021.

5. Contract on design and develop software for Customer Relationship Management (CRM) period 10 months.

6. Contract on design and develop software for TMT Sales Order period 2 months.

Total Value of transactions: 7,320,643.75 Baht

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

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

Remarks:

(1) The name of shareholders and their shareholding proportion is the latest as of August 30, 2021 (The record date for the rights of Interim Dividend Payment)

For the past three years of connected transactions, please find more details in Annual Report on Company's website at www.tmtsteel.co.th.





Report of Directors Relating to Responsibility for Financial Statements

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

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

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

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

The Board of Directors opinion that the internal control and risk management system of the Company are in good and efficient conduct and can ensure rationally that the operations are in compliance with best practice and proper risk management as well as the Company's financial report for the fiscal year ended December 31, 2021, is in accordance with generally accepted auditing standards and its compliance with the laws and related legislation.



Financial Report



Independent Auditor's Report

To the shareholders of TMT Steel Public Company Limited

My opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of TMT Steel Public Company Limited (the Company) as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

What I have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

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



Key audit matter**How my audit addressed the key audit matter****Valuation of inventories**

Refer to Note 8 'Critical accounting estimates and judgment' and Note 13 'Inventories' in the financial statements:

As at 31 December 2021, the Company had raw materials totalling Baht 1,227 million and finished goods totalling Baht 2,012 million before deducting the allowance for net realisable value, which represents 32 percent of the total assets.

The Company measured the inventory value at the lower of cost or net realisable value. The management estimated the net realisable value from an estimate of selling prices in the ordinary course of business, deducted by the expenses necessary to make the products ready for sale. This included selling expenses such as marketing and transportation expenses.

Management prepared a net realisable value calculation report and evaluated the adequacy of the allowance for net realisable value at year end and period end.

I focused on this area because the valuation of the inventory is significant for the financial statements and the estimation of the allowance for net realisable value is based on domestic market prices. This might be affected by the fluctuation of raw material prices in global markets, competitive marketing and the situation in the industry.

My audit procedures included the following:

- Understood the Company's policy for net realisable value calculation, the procedure of data collection and accuracy review, and the consistency in the implementation of the Company's accounting policies.
- Tested internal controls over the procurement cycle from the purchase requisition, purchase order, goods received, production cost allocation and payment until recording to reflect the accuracy of inventory costs.
- Inquired the management and assessed the appropriateness of the selling prices per unit used to estimate the allowance for net realisable value, by comparing quotations and selling price lists with year-end market prices.
- Tested the calculation of net realisable value at year end for both raw materials and finished goods, including any reconciliations. There was no significant difference noted.

From performing the above procedures, I viewed that the allowance for net realisable value was reasonable and consistent with the available evidence.

Other information

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

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

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

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



Responsibilities of the directors for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



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

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

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

PricewaterhouseCoopers ABAS Ltd.

Paiboon Tunkoon

Certified Public Accountant (Thailand) No. 4298

Bangkok

18 February 2022



TMT Steel Public Company Limited
Statement of Financial Position
As at 31 December 2021

| | Notes | 2021 Baht | 2020 Baht |
|---|--------------|-----------------------|----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 10, 12 | 121,336,142 | 1,130,671,824 |
| Trade accounts receivable and other receivables | 11 | 3,367,019,598 | 2,337,438,836 |
| Inventories, net | 13 | 3,231,522,856 | 1,931,629,210 |
| Advance payments for purchases of inventories | | 144,039,896 | 353,288,637 |
| Other current assets | | 5,578,200 | 35,874,081 |
| Total current assets | | 6,869,496,692 | 5,788,902,588 |
| Non-current assets | | | |
| Investment properties | 14 | 55,729,000 | 55,729,000 |
| Property, plant and equipment, net | 15 | 3,053,275,799 | 2,905,411,569 |
| Right-of-use assets, net | 16 | 14,325,033 | 36,390,164 |
| Intangible assets, net | 17 | 34,900,375 | 23,969,501 |
| Deferred income tax assets, net | 18 | 34,685,877 | 25,183,926 |
| Other non-current assets | 12 | 4,972,389 | 5,095,389 |
| Total non-current assets | | 3,197,888,473 | 3,051,779,549 |
| Total assets | | 10,067,385,165 | 8,840,682,137 |

Director _____

Director _____



TMT Steel Public Company Limited
Statement of Financial Position
As at 31 December 2021

| | Notes | 2021 Baht | 2020 Baht |
|--|--------|-----------------------|----------------------|
| Liabilities and equity | | | |
| Current liabilities | | | |
| Short-term borrowings from financial institutions | 12, 19 | 3,485,596,976 | 3,136,554,572 |
| Trade accounts payable and other payables | 20 | 399,198,543 | 296,447,996 |
| Derivative liabilities | 12 | - | 626,299 |
| Income tax payable | | 122,715,468 | 80,671,982 |
| Advance received from customers for goods | 12 | 42,475,348 | 37,548,628 |
| Current portion of long-term borrowing from a financial institution | 12, 19 | 539,269,303 | 199,657,974 |
| Current portion of lease liabilities | 12, 19 | 10,705,047 | 23,385,966 |
| Current portion of debentures | 12, 19 | - | 999,590,001 |
| Total current liabilities | | 4,599,960,685 | 4,774,483,418 |
| Non-current liabilities | | | |
| Long-term borrowings from financial institutions | 12, 19 | 1,627,618,605 | 799,332,998 |
| Lease liabilities | 12, 19 | 4,028,333 | 13,532,793 |
| Employee benefit obligations | 21 | 81,770,396 | 71,630,354 |
| Total non-current liabilities | | 1,713,417,334 | 884,496,145 |
| Total liabilities | | 6,313,378,019 | 5,658,979,563 |
| Equity | | | |
| Share capital | | | |
| Authorised share capital | | | |
| 870,758,034 ordinary shares of par Baht 1 each | | 870,758,034 | 870,758,034 |
| Issued and paid-up share capital | | | |
| 870,758,034 ordinary shares of paid-up Baht 1 each | | 870,758,034 | 870,758,034 |
| Premium on share capital | | 427,323,198 | 427,323,198 |
| Retained earnings | | | |
| Appropriated - Legal reserve | 23 | 87,075,803 | 75,391,488 |
| Unappropriated | | 2,368,850,111 | 1,808,229,854 |
| Total equity | | 3,754,007,146 | 3,181,702,574 |
| Total liabilities and equity | | 10,067,385,165 | 8,840,682,137 |



TMT Steel Public Company Limited
Statement of Comprehensive Income
For the year ended 31 December 2021

| | | 2021 | 2020 |
|---|--------------|----------------------|----------------------|
| | Notes | Baht | Baht |
| Sales | | 21,559,340,187 | 14,575,724,811 |
| Costs of sales | | (18,897,845,926) | (13,309,865,354) |
| Gross profit | | 2,661,494,261 | 1,265,859,457 |
| Other income | 25 | 66,782,248 | 52,770,765 |
| Selling expenses | | (187,860,957) | (174,716,134) |
| Administrative expenses | | (536,084,623) | (408,736,084) |
| Finance costs - interest expenses | | (102,917,850) | (82,064,850) |
| Profit before income tax | | 1,901,413,079 | 653,113,154 |
| Income tax | 27 | (371,352,669) | (115,234,998) |
| Profit for the year | | 1,530,060,410 | 537,878,156 |
| Other comprehensive income: | | | |
| Item that will not be reclassified to profit or loss | | | |
| Remeasurements of post-employee benefit obligations | | - | - |
| Income tax on items that will not be reclassified | | - | - |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | 1,530,060,410 | 537,878,156 |
| Earnings per share | | | |
| Basic earnings per share | 28 | 1.76 | 0.62 |



TMT Steel Public Company Limited
Statement of Changes in Equity
For the year ended 31 December 2021

| | | Issued and paid-up share capital | Premium on share capital | Retained earnings | | |
|--|-------|--|--------------------------------|---------------------------------|----------------------|----------------------|
| | | | | Appropriated - Legal reserve | Unappropriated | Total |
| | Notes | Baht | Baht | Baht | Baht | Baht |
| Opening balances as at 1 January 2020 | | 870,758,034 | 427,323,198 | 63,894,173 | 1,543,076,363 | 2,905,051,768 |
| Dividends paid | 22 | - | - | - | (261,227,350) | (261,227,350) |
| Legal reserve | 23 | - | - | 11,497,315 | (11,497,315) | - |
| Total comprehensive income for the year | | - | - | - | 537,878,156 | 537,878,156 |
| Closing balances as at 31 December 2020 | | <u>870,758,034</u> | <u>427,323,198</u> | <u>75,391,488</u> | <u>1,808,229,854</u> | <u>3,181,702,574</u> |
| Opening balances as at 1 January 2021 | | 870,758,034 | 427,323,198 | 75,391,488 | 1,808,229,854 | 3,181,702,574 |
| Dividends paid | 22 | - | - | - | (957,755,838) | (957,755,838) |
| Legal reserve | 23 | - | - | 11,684,315 | (11,684,315) | - |
| Total comprehensive income for the year | | - | - | - | 1,530,060,410 | 1,530,060,410 |
| Closing balances as at 31 December 2021 | | <u>870,758,034</u> | <u>427,323,198</u> | <u>87,075,803</u> | <u>2,368,850,111</u> | <u>3,754,007,146</u> |



TMT Steel Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2021

| | Notes | 2021 Baht | 2020 Baht |
|--|------------|-----------------|---------------|
| Cash flows from operating activities | | | |
| Profit before income tax | | 1,901,413,079 | 653,113,154 |
| Adjustments for : | | | |
| Loss allowance | 11 | 33,195,423 | 26,144,955 |
| Loss (Gain) on declining in value of inventories | 13 | 4,718,360 | (3,364,605) |
| Depreciation and amortisation | 15, 16, 17 | 270,404,003 | 257,226,815 |
| Loss (Gain) on disposals of equipment | | 1,328,242 | (349,042) |
| (Gain) Loss on derivatives | | (626,299) | 626,299 |
| Employee benefit expenses | 21 | 11,360,042 | 9,801,242 |
| Interest expenses | | 102,917,850 | 82,064,850 |
| Cash flows before changes in operating assets and liabilities | | 2,324,710,700 | 1,025,263,668 |
| Changes in operating assets and liabilities: | | | |
| Trade accounts receivable and other receivables | | (1,062,776,185) | 85,272,587 |
| Inventories | | (1,304,612,006) | (532,892,498) |
| Advance payments for purchases of inventories | | 209,248,741 | (346,355,212) |
| Other current assets | | 30,295,881 | (34,497,578) |
| Other non-current assets | | 123,000 | 129,667 |
| Trade accounts payable and other payables | | 101,964,587 | 90,364,368 |
| Advance receipts from customers for goods | | 4,926,720 | 18,964,036 |
| Employee benefit obligations paid | 21 | (1,220,000) | - |
| Cash generated from operating activities before interest and income tax paid | | 302,661,438 | 306,249,038 |
| Interest paid | | (103,761,930) | (82,053,780) |
| Income tax paid | | (338,811,134) | (59,581,688) |
| Net cash (used in) generated from operating activities | | (139,911,626) | 164,613,570 |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | | (392,407,315) | (189,027,448) |
| Purchases of intangible assets | | (15,790,040) | (4,344,132) |
| Proceeds from disposals of equipment and intangible assets | | 3,889,323 | 4,700,529 |
| Net cash used in investing activities | | (404,308,032) | (188,671,051) |



TMT Steel Public Company Limited
Statement of Cash Flows
For the year ended 31 December 2021

| | Notes | 2021 Baht | 2020 Baht |
|---|-------|------------------|------------------|
| Cash flows from financing activities | | | |
| Proceeds from short-term borrowings | | | |
| from financial institutions | 19 | 21,235,843,126 | 17,905,608,321 |
| Repayments to short-term borrowings | | | |
| from financial institutions | 19 | (20,886,800,722) | (17,722,918,529) |
| Repayment to debenture | 19 | (1,000,000,000) | - |
| Proceeds from long-term borrowings | | | |
| from financial institutions | 19 | 1,443,629,000 | 1,000,000,000 |
| Repayments to long-term borrowings | | | |
| from financial institutions | 19 | (275,000,000) | - |
| Payments for front-end fees of loan agreement | 19 | (1,405,010) | (1,010,005) |
| Payments for lease liabilities | 16 | (23,626,580) | (22,340,235) |
| Dividends paid | 22 | (957,755,838) | (261,227,350) |
| Net cash (used in) generated from financing activities | | (465,116,024) | 898,112,202 |
| Net (decrease) increase in cash and cash equivalents | | (1,009,335,682) | 874,054,721 |
| Opening balance | | 1,130,671,824 | 256,617,103 |
| Closing balance | | 121,336,142 | 1,130,671,824 |
| Cash and cash equivalents are made up as follows: | | | |
| - Cash on hand | 10 | 509,370 | 429,886 |
| - Deposits at financial institutions | 10 | 120,826,772 | 1,130,241,938 |
| | | 121,336,142 | 1,130,671,824 |

Non-cash transactions

Significant non-cash transactions for the years ended 31 December 2021 and 2020 are as follows:

| | | |
|---|------------|------------|
| Other payables from purchases of property, plant and equipment | 17,184,271 | 16,858,786 |
| Other payables from purchases of intangible assets | 2,600,000 | 212,500 |



1 General information

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

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

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

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

These financial statements were authorised for issue by the Board of Directors on 18 February 2022.

2 Significant events during the current year

Coronavirus disease 2019 outbreak

In the year 2021, COVID-19 has continued to spread and its impact was felt by various industrial businesses around the world, including Thailand. However, the management considers that the impact of COVID-19 will not have any significant impact on the Company. The Company operates as usual with the appropriate measures to tackle the COVID-19 and has monitored the pandemic situation closely.

In addition, the Company is managing the risks of selling products to all customers as usual. However, the Company has increased its customer selection requirements, focusing on customers that are highly competitive, have sufficient liquidity and have lower business risk including request for advance for goods received from some customers.

3 Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards ("TFRS") and the financial reporting requirements issued under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except certain financial assets and liabilities (including derivative instruments).

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 8.

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



4 New and amended financial reporting standards

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

a) Revised Conceptual Framework for Financial Reporting added the following key principals and guidance:

- Measurement basis, including factors in considering difference measurement basis
- Presentation and disclosure, including classification of income and expenses in other comprehensive income
- Definition of a reporting entity, which maybe a legal entity, or a portion of an entity
- Derecognition of assets and liabilities

The amendment also includes the revision to the definition of an asset and liability in the financial statements, and clarification to the prominence of stewardship in the objective of financial reporting.

b) Amendment to TFRS 3, Business combinations amended the definition of a business which requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers and to exclude returns in the form of lower costs and other economic benefits.

c) Amendment to TFRS 9, Financial instruments and TFRS 7, Financial instruments: disclosures amended to provide relief from applying specific hedge accounting requirements to the uncertainty arising from interest rate benchmark reform such as IBOR. The amendment also requires disclosure of hedging relationships directly affected by the uncertainty.

d) Amendment to TAS 1, Presentation of financial statements and TAS 8, Accounting policies, changes in accounting estimates and errors amended to definition of materiality. The amendment allows for a consistent definition of materiality throughout the Thai Financial Reporting Standards and the Conceptual Framework for Financial Reporting. It also clarified when information is material and incorporates some of the guidance in TAS 1 about immaterial information.

e) Amendment to TFRS 16, Leases amended to provide a practical expedient where lessees are exempted from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications. It applies to rent concessions that reduce the lease payments due by 30 June 2022.

The new and amended financial reporting standards do not have significant impacts to the Company.



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

Interest rate benchmark (IBOR) reform - phase 2, amendments to TFRS 9, TFRS 7, TFRS 16 and TFRS 4, and accounting guidance, financial instruments and disclosures for insurance business provide relief measures addressing issues that might affect financial reporting during the reform, including the effects of changes to contractual cash flows or hedging relationship arising from the replacement of one benchmark with an alternative benchmark.

Key relief measures of the phase 2 amendments are as follows:

- When changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), changes that are necessary as a direct result of the IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement. TFRS 16 has also been amended to require lessees to use a similar practical expedient when accounting for lease modifications that change the basis for determining future lease payments as a result of the IBOR reform.
- Hedge accounting relief measures will allow most TFRS 9 hedge relationships that are directly affected by the IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

TFRS 7 requires additional disclosure about:

- the nature and extent of risks arising from the IBOR reform to which the entity is exposed to
- how the entity manages those risks
- the entity's progress in transitioning from the IBOR to alternative benchmark rates and how the entity is managing this transition.

The Company is currently reviewing the impacts of certain amended financial reporting standards that have been issued that are not mandatory for current reporting period and have not been early adopted by the Company.

5 Accounting policies

5.1 Foreign currency translation

a) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.



5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement between 30 to 60 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The impairment of trade receivables are disclosed in Note 5.5(e).

5.4 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined by the moving average method. Cost of raw materials comprise all purchase cost and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated based on normal operating capacity. It excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

5.5 Financial asset

a) Classification

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

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

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

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

b) Recognition and derecognition

Regular way of purchases, acquisitions and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial



c) Measurement

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

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

d) Debt instruments

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

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

e) Impairment

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

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

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



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

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

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

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

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

5.6 Investment property

Land that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property is measured initially at cost, including directly attributable costs and borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

5.7 Property, plant and equipment

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

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

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

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

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

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

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



5.8 Intangible asset - Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised using the straight-line method over their estimated useful lives in five years.

Cost associated with maintaining computer software are recognised as an expense as incurred.

5.9 Impairment of assets

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

5.10 Leases

Leases - where the Company is the lessee

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

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

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

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

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



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

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

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

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

5.11 Financial liabilities

a) Classification

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

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

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

b) Measurement

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

c) Derecognition and modification

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

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

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



5.12 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

5.13 Employee benefits

Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, and bonuses that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

Defined benefit plans - retirement benefit

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.



The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

Defined contribution plans - provident fund

The Company operates a provident fund, being a defined contribution plan. The assets are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Company. The Company's contributions to the provident fund are charged to the profit or loss in the years to which they relate.

5.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5.15 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares (net of tax) are shown as a deduction in equity.

5.16 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

5.17 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The Company recognised the change in fair value of derivatives in administrative expenses or other income.

Fair value of derivatives is classified as a current or non-current following its remaining maturity.

5.18 Revenue recognition

Revenue includes all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Company's ordinary activities are also presented as revenue.

Revenue are recognised in accordance with the provision of goods or services, provided that collectability of the consideration is probable.

Multiple element arrangements involving delivery or provision of multiple products or services are separated into individual distinct performance obligations. Total transaction price of the bundled contract is allocated to each performance obligation based on their relative standalone selling prices or estimated standalone selling prices. Each performance obligation is recognised as revenue on fulfilment of the obligation to the customer.



Sale of goods

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Sales are recognised when control of the products has transferred, being when the products are delivered.

The goods are often sold with retrospective volume discounts based on aggregate sales over a 12 month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No significant element of financing is deemed present as the sales are made with a credit term between 30 days to 60 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Services

Revenue from rendering services is based on the stage of completion.

Interest income and other income

Interest income is recognised on an accrual basis, using the effective interest method.

Other income is recognised on an accrual basis.

Payments to customers

Payments to customers or on behalf of customers to other parties, including credited or subsequent discounts, are recognised as a reduction in revenue unless the payment constitutes consideration of a distinct goods or service from the customer.

6 Financial risk management

6.1 Financial risk

The Company exposes to a variety of financial risk: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain exposures.

Financial risk management is carried out by the Company's management. The Company's policy includes areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The framework parameters are approved by the Board of Directors and uses as the key communication and control tools for financial risks.

6.1.1 Market risk

a) Foreign exchange risk

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



b) Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company is exposed to interest rate risk relates primarily to its deposits at financial institutions, short-term borrowings, long-term borrowings and debentures. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. These exposures are managed by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities. Usually, the loan tenors was longer than aging of the Company's accounts receivables.

The Company does not apply hedge accounting.

6.1.2 Credit risk

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

a) Risk management

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

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

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

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

b) Impairment of financial assets

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

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

Trade receivables

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2021 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

6.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Company held deposits at call of Baht 120.83 million (2020: Baht 1,130.24 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Company Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors i) rolling forecasts of the Company's liquidity reserve (comprising the undrawn borrowing facilities below); and ii) cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary, monitoring balance sheet liquidity ratios and maintaining financing plans.

a) Financing arrangements

The Company has access to the following undrawn credit facilities as at 31 December as follows:

| | 2021 | 2020 |
|---|------------------|------------------|
| | Thousand | Thousand |
| | Baht | Baht |
| Floating rate | | |
| Expiring within one year | | |
| - Long-term borrowings from a financial institution | 256,371 | - |
| Expiring beyond one year | | |
| - Bank overdraft | 65,000 | 65,000 |
| - Short-term borrowings from financial institutions | 6,254,403 | 6,303,445 |
| | 6,575,774 | 6,368,445 |



b) Maturity of financial liabilities

The tables below analyse the maturity of financial liabilities grouping based on their contractual maturities. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | On demand Thousand Baht | Within 1 year Thousand Baht | 1 - 5 years Thousand Baht | Total Thousand Baht |
|--|-------------------------------|--------------------------------------|---------------------------------|---------------------------|
| As at 31 December 2021 | | | | |
| Short-term loans from financial institutions | - | 3,485,597 | - | 3,485,597 |
| Trade accounts payable and other payables | - | 399,199 | - | 399,199 |
| Advance received from customers for goods | 42,475 | - | - | 42,475 |
| Long-term loans from a financial institution | - | 539,269 | 1,627,619 | 2,166,888 |
| Lease liabilities | - | 10,705 | 4,028 | 14,733 |
| Total financial liabilities that is not derivatives | 42,475 | 4,434,770 | 1,631,647 | 6,108,892 |
| Total | 42,475 | 4,434,770 | 1,631,647 | 6,108,892 |
| | | | | |
| | On demand Thousand Baht | Within 1 year Thousand Baht | 1 - 5 years Thousand Baht | Total Thousand Baht |
| As at 31 December 2020 | | | | |
| Short-term loans from financial institutions | - | 3,136,555 | - | 3,136,555 |
| Trade accounts payable and other payables | - | 296,448 | - | 296,448 |
| Advance received from customers for goods | 37,549 | - | - | 37,549 |
| Long-term loans from a financial institution | - | 199,658 | 799,333 | 998,991 |
| Lease liabilities | - | 23,386 | 13,533 | 36,919 |
| Debentures | - | 999,590 | - | 999,590 |
| Total financial liabilities that is not derivatives | 37,549 | 4,655,637 | 812,866 | 5,506,052 |
| Derivative financial instruments | | | | |
| Foreign currency forwards | - | 626 | - | 626 |
| Total derivatives | - | 626 | - | 626 |
| Total | 37,549 | 4,656,263 | 812,866 | 5,506,678 |



6.2 Capital management

Risk management

The objectives when managing capital are to:

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

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

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

Loan covenants

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

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

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

7 Fair value

The Company has financial liabilities that are measured at fair value which are Foreign currency forwards. Financial derivatives are measured at fair value through profit or loss based on fair value level 2.

The Company presents non-financial assets that are measured at fair value which are Investment property. The assets were used fair value level 3 in disclosure.

Fair values are categorised into hierarchy based on inputs used as follows:

- Level 1: The fair value of financial instruments is based on the quoted price (unadjusted) in active markets for identical assets or liabilities.
- Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.
- Level 3: The fair value of financial instruments is not based on observable market data.

The fair values of financial assets and liabilities is in accordance with accounting policies disclosed in Note 5.5 and 5.11.



8 Critical accounting estimates and judgement

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

a) Fair value of certain financial assets and derivatives

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of key assumptions used are included in note 7.

b) Defined retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of assumptions. Key assumptions used and impacts from possible changes in key assumptions are disclosed in note 21.

c) Determination of lease terms

Critical judgement in determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on offices and vehicles leases have not been included in the lease liability, because the Company considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Company.

d) Determination of discount rate applied to leases

The Company determines the incremental borrowing rate as follows:

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

e) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about default risk and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs used in the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

f) Reduction of inventory cost to net realisable value

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



g) Property, plant and equipment

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

9 Segment information

The Company does not present segment information. The Company's business operations are trading and transforming the structural steel, plates and sheets which are fallen within the same product group and its products are mainly sold in domestic market.

10 Cash and cash equivalents

| | 2021 Baht | 2020 Baht |
|------------------|----------------------|----------------------|
| Cash on hand | 509,370 | 429,886 |
| Current accounts | 27,642,667 | 29,421,871 |
| Saving accounts | 93,184,105 | 1,100,820,067 |
| Total | 121,336,142 | 1,130,671,824 |

As at 31 December 2021, the interest rates of saving accounts were 0.01% to 0.125% per annum (2020: 0.05% to 0.30% per annum).

11 Trade accounts receivable and other receivables

| | 2021 Baht | 2020 Baht |
|---------------------------------|----------------------|----------------------|
| Trade accounts receivable | 3,434,934,029 | 2,378,406,624 |
| <u>Less</u> Loss allowance | <u>(88,715,019)</u> | <u>(55,519,596)</u> |
| Trade accounts receivable - net | 3,346,219,010 | 2,322,887,028 |
| Other receivables - third party | 727,520 | 438,909 |
| Deposits | 2,744,838 | 893,768 |
| Prepayments | 10,483,785 | 7,237,574 |
| Rebate receivable | 6,844,445 | 5,981,557 |
| Total | 3,367,019,598 | 2,337,438,836 |

Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.



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Impairments of trade receivables

The loss allowance for trade receivables was determined as follows:

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

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

| | Trade receivables | |
|---|--------------------------|----------------------|
| | 2021 Baht | 2020 Baht |
| As at 1 January | (55,519,596) | (29,374,641) |
| Increase in loss allowance recognised in profit or loss during the year | (33,195,423) | (26,330,751) |
| Receivable written off during the year as uncollectible | - | 185,796 |
| As of 31 December | (88,715,019) | (55,519,596) |

12 Financial assets and financial liabilities

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

| | 2021 Thousand Baht | 2020 Thousand Baht |
|------------------------------------|-----------------------------------|-----------------------------------|
| Financial assets | | |
| Financial assets at amortised cost | | |
| - Cash and cash equivalents | 121,336 | 1,130,672 |
| - Trade and other receivables | 3,353,063 | 2,328,869 |
| - Other current assets | - | 28,569 |
| - Other non-current assets | 4,972 | 5,095 |



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| | 2021 Thousand Baht | 2020 Thousand Baht |
|---|--------------------------|--------------------------|
| Financial liabilities | | |
| Liabilities at amortised cost | | |
| - Short-term borrowings from financial institutions | 3,485,597 | 3,136,555 |
| - Trade accounts payable and other payables | 183,017 | 205,748 |
| - Advance received from customers for goods | 42,475 | 37,549 |
| - Long-term borrowings from financial institutions | 2,166,888 | 998,991 |
| - Lease liabilities | 14,733 | 36,919 |
| - Debentures | - | 999,590 |
| Financial liabilities at fair value through profit or loss (FVPL) | | |
| - Derivative liabilities - other | - | 626 |

13 Inventories, net

| | 2021 Baht | 2020 Baht |
|--|----------------------|----------------------|
| Raw materials | 1,226,642,891 | 835,494,241 |
| Finished goods | 2,011,905,297 | 1,098,441,941 |
| Total inventories | 3,238,548,188 | 1,933,936,182 |
| <u>Less</u> Allowance for net realisable value | | |
| - for raw materials | (2,992,809) | (871,033) |
| - for finished goods | (4,032,523) | (1,435,939) |
| Total | 3,231,522,856 | 1,931,629,210 |

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

14 Investment properties

| | Land | |
|------------------------|----------------------|----------------------|
| At 31 December | 2021 Baht | 2020 Baht |
| <u>Cost</u> | | |
| Opening net book value | 55,729,000 | 55,729,000 |
| Closing net book value | 55,729,000 | 55,729,000 |
| Fair value | 162,158,000 | 162,158,000 |

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

The Company engaged an independent appraiser to assess the fair value of the land in September 2019 and August 2020. The valuation used the market approach which is based on the sales price of comparable nearby land, with adjustments for differences in key attributes such as size and shape, location and condition of the land. Such information is used to determine the fair value of the properties. As the valuation technique used significant unobservable inputs, the Company classified the fair value measurement in level 3 of the fair value hierarchy (Note 7).

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15 Property, plant and equipment, net

| | Land Baht | Land improvements Baht | Buildings and building improvements Baht | Machinery and equipment Baht | Furniture and fixtures Baht | Trucks and motor vehicles Baht | Construction in progress Baht | Machinery under installation Baht | Total Baht |
|--|--------------|------------------------------|---|------------------------------------|-----------------------------------|---|-------------------------------------|--|-----------------|
| At 1 January 2020 | | | | | | | | | |
| Cost | 644,942,000 | 226,941,142 | 1,594,367,890 | 1,769,474,621 | 123,387,632 | 153,767,811 | 15,530,041 | 109,439,175 | 4,637,850,312 |
| <u>Less</u> Accumulated depreciation | - | (60,445,206) | (577,989,594) | (894,534,935) | (105,587,545) | (61,027,568) | - | - | (1,699,584,848) |
| Net book amount | 644,942,000 | 166,495,936 | 1,016,378,296 | 874,939,686 | 17,800,087 | 92,740,243 | 15,530,041 | 109,439,175 | 2,938,265,464 |
| For the year ended 31 December 2020 | | | | | | | | | |
| Opening net book amount | 644,942,000 | 166,495,936 | 1,016,378,296 | 874,939,686 | 17,800,087 | 92,740,243 | 15,530,041 | 109,439,175 | 2,938,265,464 |
| Additions | - | 1,089,002 | 52,790 | 9,029,005 | 5,193,152 | 4,019,000 | 23,262,076 | 155,481,085 | 198,126,110 |
| Transfers in (out) | - | 2,441,339 | 32,047,345 | 130,745,772 | 1,184,732 | - | (28,577,979) | (137,841,209) | - |
| Disposals, net | - | - | - | (3,458,632) | (1,079) | (891,777) | - | (567,000) | (4,918,488) |
| Depreciation charge (Note 26) | - | (10,614,954) | (81,445,991) | (117,194,307) | (6,727,360) | (10,078,905) | - | - | (226,061,517) |
| Closing net book amount | 644,942,000 | 159,411,323 | 967,032,440 | 894,061,524 | 17,449,532 | 85,788,561 | 10,214,138 | 126,512,051 | 2,905,411,569 |
| At 31 December 2020 | | | | | | | | | |
| Cost | 644,942,000 | 230,471,483 | 1,626,468,025 | 1,903,478,006 | 128,646,184 | 156,373,812 | 10,214,138 | 126,512,051 | 4,827,105,699 |
| <u>Less</u> Accumulated depreciation | - | (71,060,160) | (659,435,585) | (1,009,416,482) | (111,196,652) | (70,585,251) | - | - | (1,921,694,130) |
| Net book amount | 644,942,000 | 159,411,323 | 967,032,440 | 894,061,524 | 17,449,532 | 85,788,561 | 10,214,138 | 126,512,051 | 2,905,411,569 |



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| | Land Baht | Land improvements Baht | Buildings and building improvements Baht | Machinery and equipment Baht | Furniture and fixtures Baht | Trucks and motor vehicles Baht | Construction in progress Baht | Machineries under installation Baht | Total Baht |
|--|--------------|------------------------------|---|------------------------------------|-----------------------------------|---|-------------------------------------|--|-----------------|
| For the year ended 31 December 2021 | | | | | | | | | |
| Opening net book amount | 644,942,000 | 159,411,323 | 967,032,440 | 894,061,524 | 17,449,532 | 85,788,561 | 10,214,138 | 126,512,051 | 2,905,411,569 |
| Additions | - | 2,091,522 | 703,322 | 14,212,555 | 12,396,241 | 5,375,900 | 77,256,538 | 280,696,722 | 392,732,800 |
| Transfers in (out) | - | - | 76,398,358 | 297,948,920 | 260,822 | - | (70,333,328) | (304,274,772) | - |
| Disposals, net | - | - | - | (70,293) | (5,359) | (5,108,792) | - | - | (5,184,444) |
| Depreciation charge (Note 26) | - | (10,724,482) | (83,555,977) | (127,660,858) | (8,066,168) | (9,676,641) | - | - | (239,684,126) |
| Closing net book amount | 644,942,000 | 150,778,363 | 960,578,143 | 1,078,491,848 | 22,035,068 | 76,379,028 | 17,137,348 | 102,934,001 | 3,053,275,799 |
| At 31 December 2021 | | | | | | | | | |
| Cost | 644,942,000 | 232,563,005 | 1,703,569,705 | 2,211,597,749 | 138,948,900 | 148,523,189 | 17,137,348 | 102,934,001 | 5,200,215,897 |
| <u>Less</u> Accumulated depreciation | - | (81,784,642) | (742,991,562) | (1,133,105,901) | (116,913,832) | (72,144,161) | - | - | (2,146,940,098) |
| Net book amount | 644,942,000 | 150,778,363 | 960,578,143 | 1,078,491,848 | 22,035,068 | 76,379,028 | 17,137,348 | 102,934,001 | 3,053,275,799 |

Depreciation expenses of Baht 205,974,848 (2020: Baht 193,941,086) and Baht 33,709,278 (2020: Baht 32,120,431) were charged in costs of sales and administrative expenses, respectively.



16 Right-of-use assets, net

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

| | 2021 Baht | 2020 Baht |
|---|----------------------|----------------------|
| Land and office buildings | 12,479,406 | 35,192,740 |
| Furniture and fixtures - office equipment | 814,047 | 1,104,706 |
| Trucks and motor vehicles | 1,031,580 | 92,718 |
| Total | 14,325,033 | 36,390,164 |

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

| | 2021 Baht | 2020 Baht |
|---|----------------------|----------------------|
| Depreciation charge of right-of-use assets: | | |
| Land and office buildings | 22,713,334 | 22,095,353 |
| Furniture and fixtures - office equipment | 493,964 | 495,323 |
| Trucks and motor vehicles | 299,034 | 278,154 |
| Total (Note 26) | 23,506,332 | 22,868,830 |
| Addition to the right-of-use assets during the year | 1,441,200 | 10,515,619 |
| Total cash outflow for leases | 23,626,580 | 22,340,235 |
| Expense relating to short-term leases | 19,800 | 9,200 |
| Expense relating to leases of low-value assets | 147,600 | 158,000 |



17 Intangible assets, net

| | Computer software Baht | Computer software during installation Baht | Total Baht |
|--|---------------------------------------|---|-----------------------|
| At 1 January 2020 | | | |
| Cost | 77,586,952 | 6,526,000 | 84,112,952 |
| <u>Less</u> Accumulated amortisation | (56,403,615) | - | (56,403,615) |
| Net book amount | 21,183,337 | 6,526,000 | 27,709,337 |
| For the year ended 31 December 2020 | | | |
| Opening net book amount | 21,183,337 | 6,526,000 | 27,709,337 |
| Additions | 210,632 | 4,346,000 | 4,556,632 |
| Transfers in (out) | 6,372,000 | (6,372,000) | - |
| Amortisation charge (Note 26) | (8,296,468) | - | (8,296,468) |
| Closing net book amount | 19,469,501 | 4,500,000 | 23,969,501 |
| At 31 December 2020 | | | |
| Cost | 84,169,584 | 4,500,000 | 88,669,584 |
| <u>Less</u> Accumulated amortisation | (64,700,083) | - | (64,700,083) |
| Net book amount | 19,469,501 | 4,500,000 | 23,969,501 |
| For the year ended 31 December 2021 | | | |
| Opening net book amount | 19,469,501 | 4,500,000 | 23,969,501 |
| Additions | 4,939,840 | 13,237,700 | 18,177,540 |
| Transfers in (out) | 2,120,000 | (2,120,000) | - |
| Disposals, net | (33,121) | - | (33,121) |
| Amortisation charge (Note 26) | (7,213,545) | - | (7,213,545) |
| Closing net book amount | 19,282,675 | 15,617,700 | 34,900,375 |
| At 31 December 2021 | | | |
| Cost | 91,194,425 | 15,617,700 | 106,812,125 |
| <u>Less</u> Accumulated amortisation | (71,911,750) | - | (71,911,750) |
| Net book amount | 19,282,675 | 15,617,700 | 34,900,375 |



18 Deferred income taxes, net

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

| | 2021 Baht | 2020 Baht |
|--|-------------------|-------------------|
| Deferred tax assets: | | |
| Deferred tax assets to be recovered within 12 months | 19,199,935 | 11,591,822 |
| Deferred tax assets to be recovered more than 12 months | 16,383,883 | 14,405,282 |
| | 35,583,818 | 25,997,104 |
| Deferred tax liabilities: | | |
| Deferred tax liabilities to be recovered within 12 months | (146,139) | (130,054) |
| Deferred tax liabilities to be settled more than 12 months | (751,802) | (683,124) |
| | (897,941) | (813,178) |
| Deferred income taxes, net | 34,685,877 | 25,183,926 |

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

| | Net impairment losses Baht | Allowance for net realisable value Baht | Lease liabilities Baht | Employee benefits obligations Baht | Total Baht |
|---------------------------------------|-------------------------------------|--|------------------------------|---|---------------|
| Deferred tax assets: | | | | | |
| At 1 January 2020 | - | 1,134,316 | - | 12,365,822 | 13,500,138 |
| Charged/(credited) to profit and loss | 11,103,919 | (672,921) | 105,719 | 1,960,249 | 12,496,966 |
| At 31 December 2020 | 11,103,919 | 461,395 | 105,719 | 14,326,071 | 25,997,104 |
| Charged/(credited) to profit and loss | 6,639,085 | 943,671 | (24,050) | 2,028,008 | 9,586,714 |
| At 31 December 2021 | 17,743,004 | 1,405,066 | 81,669 | 16,354,079 | 35,583,818 |

| | Temporary difference for depreciation Baht | Temporary difference for front- end fees Baht | Total Baht |
|----------------------------------|---|---|---------------|
| Deferred tax liabilities: | | | |
| At 1 January 2020 | (567,540) | (293,551) | (861,091) |
| Charged to profit and loss | 17,817 | 30,096 | 47,913 |
| At 31 December 2020 | (549,723) | (263,455) | (813,178) |
| Credited to profit and loss | - | (84,763) | (84,763) |
| At 31 December 2021 | (549,723) | (348,218) | (897,941) |



19 Borrowings

| | 2021 Baht | 2020 Baht |
|---|----------------------|----------------------|
| Current | | |
| Short-term borrowings from financial institutions | 3,485,596,976 | 3,136,554,572 |
| Current portion of long-term borrowings | | |
| Long-term borrowing from financial institutions | 539,269,303 | 199,657,974 |
| Lease liabilities | 10,705,047 | 23,385,966 |
| Debentures | - | 999,590,001 |
| Total current borrowings | 4,035,571,326 | 4,359,188,513 |
| Non-current | | |
| Long-term borrowings from financial institutions | 1,627,618,605 | 799,332,998 |
| Lease liabilities | 4,028,333 | 13,532,793 |
| Total non-current borrowings | 1,631,646,938 | 812,865,791 |
| Total borrowings | 5,667,218,264 | 5,172,054,304 |

19.1 Short-term borrowings

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

| | 2021 Baht | 2020 Baht |
|----------------|------------------|------------------|
| At 1 January | 3,136,554,572 | 2,953,864,780 |
| Additions | 21,235,843,126 | 17,905,608,321 |
| Repayments | (20,886,800,722) | (17,722,918,529) |
| At 31 December | 3,485,596,976 | 3,136,554,572 |

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

| | 2021 | 2020 |
|------------------|---------------|---------------|
| Promissory notes | 1.00% - 1.07% | 1.00% - 1.75% |
| Trust receipts | 1.02% - 1.35% | 1.10% - 1.74% |

As at 31 December 2021, the short-term borrowings from financial institutions, promissory notes, were unsecured and due within January to March 2022 (2020: January to March 2021) which normally, can be renewed. The Company has provided the Negative Pledge to the financial institutions.



19.2 Long-term borrowings from financial institutions

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

| | 2021 Baht | 2020 Baht |
|---|---------------|---------------|
| At 1 January | 998,990,972 | - |
| Addition | 1,443,629,000 | 1,000,000,000 |
| Repayment | (275,000,000) | - |
| Deferred front-end fees | (1,405,010) | (1,010,005) |
| Amortisation of deferred front-end fees | 672,946 | 977 |
| At 31 December | 2,166,887,908 | 998,990,972 |

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

| Loan Amount (Baht million) | Due on | Interest rate (Per annum) | |
|-------------------------------|------------------|---|-------|
| | | 2021 | 2020 |
| 1,000 | 30 December 2025 | Fixed | Fixed |
| 500 | 30 March 2026 | BIBOR (3 months) plus incremental borrowing rate | - |
| 700 | 31 August 2026 | BIBOR (6 months) plus incremental borrowing rate | - |
| 243.63 | 31 March 2027 | Fixed | - |

The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate of 2.78% and 3.08% are within level 2 of the fair value hierarchy.

19.3 Debentures

The movement in debentures during the year is as follows:

| | 2021 Baht | 2020 Baht |
|--------------------------------|-----------------|--------------|
| At 1 January | 999,590,001 | 998,047,718 |
| Repayment | (1,000,000,000) | - |
| Amortisation of issuance costs | 409,999 | 1,542,283 |
| At 31 December | - | 999,590,001 |

On 5 April 2018, the Company issued name-registered, unsubordinated and unsecured debentures totalling 1,000,000 units with the fixed interest of 3.75% per annum payable every 6 months. The issued debentures have the face value of Baht 1,000. The debentures were redeemed on 5 April 2021.



20 Trade accounts payable and other payables

| | 2021 Baht | 2020 Baht |
|---------------------------------------|--------------------|--------------------|
| Trade accounts payable | 76,454,385 | 132,849,269 |
| Accrued expenses and other payables | 292,005,472 | 134,438,609 |
| Payable from construction in progress | 19,784,271 | 17,071,286 |
| Retention from construction | 377,689 | - |
| Withholding tax payable | 2,051,701 | 1,636,782 |
| Accrued interest expenses | 8,525,025 | 10,452,050 |
| Total | 399,198,543 | 296,447,996 |

21 Employee benefit obligations

| | 2021 Baht | 2020 Baht |
|---|--------------|--------------|
| Statement of financial position: | | |
| - Retirement benefits | 81,770,396 | 71,630,354 |
| Profit or loss charge included in operating profit for: | | |
| - Retirement benefits | 11,360,042 | 9,801,242 |
| Remeasurement for: | | |
| - Retirement benefits | - | - |

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

| | 2021 Baht | 2020 Baht |
|-----------------------|-------------------|-------------------|
| At 1 January | 71,630,354 | 61,829,112 |
| Current service cost | 10,127,722 | 8,520,374 |
| Interest cost | 1,232,320 | 1,280,868 |
| Benefit payment | (1,220,000) | - |
| At 31 December | 81,770,396 | 71,630,354 |

The significant actuarial assumptions used were as follows:

| | 2021 | 2020 |
|-----------------------------|--------------------|--------------------|
| Discount rate | 2.25% per annum | 2.25% per annum |
| Future salary increase rate | 5% per annum | 5% per annum |
| Employee turnover rate | 0% - 39% per annum | 0% - 39% per annum |



Sensitivity analysis for each significant assumption used is as follows:

| Impact on defined benefit obligations as at 31 December 2021 | | | |
|---|---------------------------------------|---|---|
| | Change in assumption % | Increase in obligations Baht | Decrease in obligations Baht |
| Discount rate | +1% | - | (4,047,676) |
| | -1% | 4,571,471 | - |
| Future salary increase rate | +1% | 5,593,158 | - |
| | -1% | - | (5,018,602) |
| Employee turnover rate | +1% | - | (4,445,575) |
| | -1% | 2,697,440 | - |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised in the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 21.15 years (2020: 22.15 years).

Expected maturity analysis of undiscounted retirement benefits is as follows:

| | Less than a year Baht | Between 1-2 years Baht | Between 2-5 years Baht | Over 5 years Baht | Total Baht |
|---------------------|--------------------------------------|---------------------------------------|---------------------------------------|----------------------------------|-----------------------|
| At 31 December 2021 | | | | | |
| Retirement benefits | 15,945,937 | 8,594,527 | 19,734,632 | 44,090,042 | 88,365,138 |

22 Dividends

At the Board of Director's Meeting on 13 August 2021, the Board of Directors approved the interim dividend payment of Baht 0.60 per share for 870,758,034 shares totalling Baht 522.45 million. The dividends had been paid to the shareholders on 10 September 2021.

At the Annual General Shareholders' Meeting on 8 April 2021, the shareholders approved the dividend payment of Baht 0.50 per share for 870,758,034 shares, in respect of the 2020 operating results, totalling Baht 435.38 million. The dividends had been paid to the shareholders on 30 April 2021 and appropriate its retained earnings to legal reserve amounting to Baht 11.68 million.

At the Board of Director's Meeting on 24 March 2020, the Board of Directors approved the interim dividend payment of Baht 0.30 per share for 870,758,034 shares, in respect of the 2019 operating results and retained earnings, totaling Baht 261.23 million. The interim dividends had been paid to the shareholders on 22 April 2020. When the Company paid interim dividends, the Company also appropriate its retained earnings to legal reserve amount of Baht 11.50 million. Further, at Annual General Shareholders' Meeting on 23 July 2020, the shareholders acknowledged such interim dividend payment.



23 Legal reserve

| | 2021 Baht | 2020 Baht |
|-------------------------------|--------------|--------------|
| At 1 January | 75,391,488 | 63,894,173 |
| Appropriation during the year | 11,684,315 | 11,497,315 |
| At 31 December | 87,075,803 | 75,391,488 |

Under the Public Company Act, B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the authorised share capital. The legal reserve is non distributable.

24 Promotional privileges

The Company received promotional privileges from the Board of Investment 60-1479-1-04-1-0 dated 28 December 2017 in respect of investment in manufacturing of steels, metal tubes, and metal cutting for an improvement of the production efficiency for alternative energy utilisation. Under these privileges, the Company is exempted from various taxes and duties including exemption from import duties on imported machine and exemption from corporate income tax for the promoted activities in an amount not over than 50% of the investment for an improvement of the production efficiency which excludes investment on land and current assets for a period of three years from the date the promoted operation commenced generating revenue.

The Company had already used all of the promotional privileges for the exemption from corporate income tax for the promoted activities in 2019.

25 Other income

| | 2021 Baht | 2020 Baht |
|---------------------------------------|--------------|--------------|
| Steel cutting service income | 41,608,334 | 30,343,609 |
| Transportation service income | 14,271,864 | 18,125,823 |
| Gain from foreign exchange rates, net | 7,700,681 | - |
| Interest income | 2,416,369 | 2,154,998 |
| Others | 785,000 | 2,146,335 |
| Total | 66,782,248 | 52,770,765 |



26 Expenses by nature

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

| | 2021 Baht | 2020 Baht |
|---|--------------|--------------|
| Staff costs | 612,405,981 | 476,412,355 |
| Depreciation on property, plant and equipment (Note 15) | 239,684,126 | 226,061,517 |
| Depreciation on right-of-use assets (Note 16) | 23,506,332 | 22,868,830 |
| Amortisation of intangible assets (Note 17) | 7,213,546 | 8,296,468 |
| Selling and marketing expenses | 187,860,957 | 174,716,134 |
| Professional and consultant fees | 14,934,551 | 11,206,459 |

27 Income tax expense

| | 2021 Baht | 2020 Baht |
|--------------------------|--------------|--------------|
| Current tax | 380,854,620 | 127,779,877 |
| Deferred tax | (9,501,951) | (12,544,879) |
| Total income tax expense | 371,352,669 | 115,234,998 |

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

| | 2021 Baht | 2020 Baht |
|---|---------------|--------------|
| Profit before income tax | 1,901,413,079 | 653,113,154 |
| Tax calculated at a tax rate of 20% (2020: 20%) | 380,282,616 | 130,622,631 |
| Tax effect of: | | |
| Expenses not deductible for tax purpose | 1,013,097 | 762,310 |
| Expenses deductible at a greater amount | (9,943,044) | (16,149,943) |
| Tax charge | 371,352,669 | 115,234,998 |

The weighted average applicable tax rate was 20% (2020: 18%). The tax rate was higher in 2021 due to the lower promotional privileges according to the Royal Decrees No.604, regarding the exemption from corporate income tax for an investment in assets.



28 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

| | 2021 | 2020 |
|--|---------------|-------------|
| Profit attributable to shareholders (Baht) | 1,530,060,410 | 537,878,156 |
| Weighted average number of ordinary shares in issue during the year (Shares) | 870,758,034 | 870,758,034 |
| Basic earnings per share (Baht) | 1.76 | 0.62 |

There are no potential dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

29 Contingent liabilities

Letters of guarantee

As at 31 December 2021, the Company had outstanding letters of guarantee amounting to Baht 29.84 million (2020: Baht 29.84 million) issued by a bank for electricity usage and purchases of goods. No liabilities are anticipated to be arisen.

Letters of credits

As at 31 December 2021, the Company had outstanding letters of credits amounting to US Dollar 5.65 million and Baht 4.35 million in relation to purchases of goods (2020: US Dollar 8.15 million).

30 Commitments

Operating leases - Lessee

As at 31 December 2021, the future minimum lease payments under operating leases arising from the office equipment which were not recognised in the financial information according to recognition exemptions for short-term leases and leases of low-value assets in accordance with the first adoption of TFRS16.

The details of leases as at 31 December are as follow

| | 2021 Baht | 2020 Baht |
|---------------------------------------|--------------|--------------|
| Due within 1 year | 112,900 | 163,800 |
| Due over 1 year but less than 5 years | 46,700 | 158,400 |
| Total | 159,600 | 322,200 |

Purchase commitments

As at 31 December 2021, the Company had outstanding commitments relating to the purchases of goods with fixed buying prices of Baht 5.70 million and US Dollar 1.94 million. (2020: US Dollar 7.41 million).



Capital commitments

As at 31 December 2021, the Company had capital expenditure contracted from the purchase of machineries and the construction of the factory building but not yet recognised in this financial statements of Baht 35.71 million and US Dollar 6.41 million (2020: Baht 56.42 million and US Dollar 10.37 million).

31 Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Major shareholders of the Company are members of Tarasarnsombat family.

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

The Company has entered into operating lease agreements of a land and building on Rama III road with Combine Asset Co., Ltd. Certain shareholders of the Company have significant holding in the shares of Combine Asset Co., Ltd. The lease agreements are for a period of 3 years. The first agreement is from April 2019 until March 2022, at an agreed price of Baht 2.40 million per year. The second agreement is from October 2020 until October 2023, at an agreed price of Baht 3.6 million per year (Agreement from October 2017 until October 2020, at an agreed price of Baht 3 million per year).

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

(a) Purchases and operating expenses

| | 2021 Baht | 2020 Baht |
|--|--------------|--------------|
| Purchases of software programme | 2,656,700 | 2,086,000 |
| Computer system service expenses | 581,644 | 581,644 |
| Payment on lease liabilities | 5,623,927 | 4,996,746 |
| Interest expense from leases liabilities | 376,073 | 253,254 |

(b) Outstanding balances arising from purchase and operating expenses

The outstanding balances at the end of the reporting period in relation to transactions with related parties are as follows:

| | 2021 Baht | 2020 Baht |
|---|--------------|--------------|
| Trade accounts payable and other payables | - | 227,375 |
| Lease liabilities | 6,964,898 | 12,588,825 |



(c) Directors and managements' remuneration

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

For the years ended 31 December

| | 2021 Baht | 2020 Baht |
|------------------------|----------------------|----------------------|
| Short-term benefits | 56,596,240 | 42,892,740 |
| Post-employee benefits | 2,056,418 | 1,844,762 |
| | 58,652,658 | 44,737,502 |

32 Event after the financial statement date

At the Board of Directors' Meeting on 18 February 2022, it passed a resolution of submission to shareholders for approval the dividends payment in respect of results of operations for the year 2021 of Baht 1.30 per share for 870,758,034 shares, totalling Baht 1,131.99 million. The Company paid interim dividend for the year 2021 of Baht 0.60 per share amounting to a total of Baht 522.45 million on 10 September 2021. However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the Shareholders for fiscal year 2022 in April 2022.



Appendix





Board of Directors and Executives



Mr. Chai Jroongtanapibarn

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

Age : 67 years

Education:

- Bachelor of Accounting, Chulalongkorn University
- Master of Accounting, Thammasat University

Training for Director Course of IOD :

- Director Certification Program (DCP) : Class 29/2003
- Audit Committee Program (ACP) : Year 2005

Family Relationship between Directors and Management :

None

Number of Shares (include related person as section 258) :

1,045,500 shares or 0.12%

Experience (5 years past) Listed Company :

| | |
|------------------|--|
| May15-Present | Chairman of the Board / Chairman of Audit Committee / Nomination and Remuneration Committee and Independent Director / TMT Steel Plc. / Steel Service Center |
| Nov 18-Present | Chairman of the Board and Independent Director / Veranda Resort Plc. / Hotel business |
| 2007-Present | Independent Director and Audit Committee / Siam Food Products Plc. / Food processing for export |
| 2006-Present | Independent Director and Audit Committee / Oishi Group Plc. / Food and Beverage business |
| 2002-Present | Independent Director and Chairman of Audit Committee / Major Cineplex Group Plc. / Cinema and Bowling |
| 2000-Present | Independent Director and Chairman of Audit Committee / Team Precision Plc. / Electronics Board |
| 2003-Aug 30,2021 | Independent Director / Siam Future Development / Shopping Center |

Non-Listed Company :

None

Date of First Appointment as a Director :

Sep 1, 2004

Illegal Record in The Past 10 years :

None





Mr. Soon Tarasansombat

Director / Nomination and Remuneration Committee

Age : 80 years

Education :

Mattayom 6

Training for Director Course of IOD :

Director Accreditation Program (DAP) : Class 19/2004

Family Relationship between Directors and Management :

Father of Mr. Paisal Tarasansombat and Mr. Komsan Tarasansombat

Number of Shares (include related person as section 258) :

259,300,000 shares or 29.78%⁽¹⁾

Experience (5 years past) Listed Company :

Dec 17, 21-Present Director / Nomination and Remuneration Committee /
TMT Steel Plc. / Steel Service Center

May 15-Dec 17, 21 Director / Chairman of Nomination and Remuneration Committee / TMT Steel Plc. /
Steel Service Center

Non-Listed Company :

Jan 19-Present Director / S.G.T. Property Company Limited / Real Estate Development

1986-Dec 19 Director / Soon Huat Steel Co.,Ltd. / Property Lessor

Date of First Appointment as a Director :

Sep 1, 2004

Illegal Record in The Past 10 years :

None



Mr. Paisal Tarasansombat

Director Corporate Governance and Sustainability Committee / Chief of Executive Director / Chief Executive Officer



Age : 56 years

Education :

- Diploma, Assumption Commercial College
- Diploma in Business Study, Eastbourne College of Art & Technology, United Kingdom
- Mini IE, Chulalongkorn University
- Top Executive Program: Class 10/2010, Capital Market Academy
- Top Executive Program in Energy Science: Class 13, Thailand Energy Academy
- Business reform and innovation networking: BRAIN Class 2, The Federation of Thai Industries
- The Rule of Law for Democracy: Class 8, The College of Constitutional Court

Training for Director Course of IOD :

- Director Accreditation Program (DAP) : Class 21/2004
- Director Certification Program (DCP) : Class 197/2014

Family Relationship between Directors and Management :

Son of Mr. Soon Tarasansombat, brother of Mr. Komsan Tarasansombat and spouse of Mrs. Panlapa Tarasansombat

Number of Shares (include related person as section 258) :

144,388,700 shares or 16.58⁽²⁾

Experience (5 years past) Listed Company :

| | |
|----------------|---|
| Feb 20-Present | Director / Corporate Governance and Sustainability Development Committee / Chief of Executive Board and Chief Executive Officer TMT Steel Plc. / Steel Service Center |
| Mar 11-Nov 19 | Director / Chief of Executive Board and Chief Executive Officer / TMT Steel Plc. / Steel Service Center |
| Feb 20-Present | Independent Director / BTS Group Holdings Public Company Limited / Transportation & Logistics |
| Jun 14-Jan 20 | Chairman of Audit Committee / Independent Director / Master Ad Plc. / Outdoor Advertising |

Non-Listed Company :

| | |
|----------------|--|
| Apr 21-Present | Advisory of Association President / Thai Listed Companies Association / Independent nonprofit organization |
| 2004-Present | Director / CONNEX Business Online Co., Ltd. / Software Solution |
| Apr 15-Apr 21 | Director / Thai Listed Companies Association / Independent nonprofit organization |
| 1986-Dec 19 | Director / Soon Huat Steel Co., Ltd. / Property Lessor |

Date of First Appointment as a Director:

Sep 1, 2004

Illegal Record in The Past 10 years :

None



Mr. Komsan Tarasansombat

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



Age : 53 years

Education:

- Bachelor of Industrial Engineering, Khon Kaen University
- M.B.A. (Finance), Middle Tennessee State University, USA.

Training for Director Course of IOD :

Director Accreditation Program (DAP) : Class 19/2004

Training for Director Course of TLCA :

Executive Development Program (EDP) : Class 14/2014

Family Relationship between Directors and Management :

Son of Mr. Soon Tarasansombat and Brother of Mr. Paisal Tarasansombat

Number of Shares (include related person as section 258) :

69,110,150 shares or 7.94 (3)

Experience (5 years past) Listed Company :

| | |
|----------------|--|
| Feb 20-Present | Director / Risk Management and Strategy Development Committee / Corporate Governance and Sustainability Committee / Executive Director and Executive Vice President-Operations / TMT Steel Plc. / Steel Service Center |
| Mar 11-Nov 19 | Director / Executive Director / Executive Vice President Operations / TMT Steel Plc. / Steel Service Center |

Non-Listed Company :

| | |
|----------------|--|
| Oct 17-Present | Director / Combine Asset Co., Ltd. / Property Lessor |
|----------------|--|

Date of First Appointment as a Director :

Sep 1, 2004

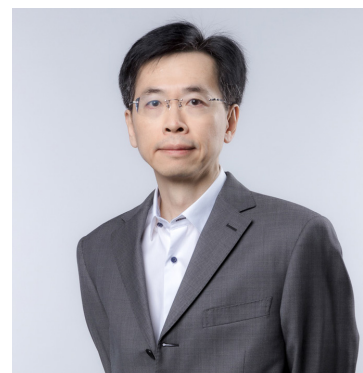
Illegal Record in The Past 10 years :

None



Mr. Somjate Tretarnthip

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



Age : 57 years

Education :

- Bachelor of Business Administration, Ramkamhaeng University
- Mini M.B.A., Kasetsart University

Training for Director Course of IOD :

Director Accreditation Program (DAP) : Class 19/2004

Family Relationship between Directors and Management :

None

Number of Shares (include related person as section 258) :

4,000,000 shares or 0.46%

Experience (5 years past) Listed Company :

| | |
|----------------|--|
| Feb 20-Present | Director / Nomination and Remuneration Committee / Risk Management and Strategy Development Committee / Executive Director / Chief Finance Officer / Company Secretary / TMT Steel Plc. / Steel Service Center |
| Mar 11-Nov 19 | Director / Nomination and Remuneration Committee / Executive Director / Chief Finance Officer / Company Secretary / TMT Steel Plc. / Steel Service Center |

Non-Listed Company :

| | |
|----------------|--|
| 2004 - Present | Director / CONNEX Business Online Co.,Ltd. / Software Solution |
|----------------|--|

Date of First Appointment as a Director :

Sep 1, 2004

Illegal Record in The Past 10 years :

None



Mrs. Ratanavalee Gorsanan

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



Age : 57 years

Education :

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

Training for Director Course of IOD:

- Director Accreditation Program (DAP) : Class 21/2004

Family Relationship between Directors and Management :

None

Number of Shares (include related person as section 258) :

544,000 shares or 0.06%

Experience (5 years past) Listed Company :

| | |
|----------------|---|
| Feb 20-Present | Independent Director / Chairman of Corporate Governance and Sustainability Committee / Audit Committee / Nomination and Remuneration Committee / TMT Steel Plc./ Steel Service Center |
| Aug10-Nov 19 | Independent Director / Audit Committee / Nomination and Remuneration Committee / TMT Steel Plc. / Steel Service Center |

Non-Listed Company :

| | |
|----------------|---|
| Aug 19-Present | Finance and Compliance Director / Central Watson Co., Ltd. / Retailer of health and beauty products |
| Apr 17-Aug 19 | Finance, Compliance and IT Director / Central Watson Co., Ltd. / Retailer of health and beauty products |
| Feb 12-Mar 17 | Finance Director / Central Watson Co., Ltd. / Retailer of health and beauty products |

Date of First Appointment as a Director :

Sep 1, 2004

Illegal Record in The Past 10 years:

None



Mr. Anake Pinvanichkul

Independent Director / Chairman of Nomination and Remuneration Committee / Chairman of a Risk Management and Strategy Development Committee / Audit Committee



Age : 57 years

Education:

- Bachelor of Science, Kasetsart University
- MBA, New York University

Training for Director Course of IOD :

Director Accreditation Program (DAP) : Class 23/2004

Family Relationship between Directors and Management:

None

Number of Shares (include related person as section 258) :

544,000 shares or 0.06%

Experience (5 years past) Listed Company :

| | |
|--------------------|---|
| Dec 17, 21-Present | Independent Director / Chairman of Nomination and Remuneration Committee / Chairman of the Risk Management and Strategy Development Committee / Audit Committee / TMT Steel Plc. / Steel Service Center |
| Feb 20-Dec 17, 21 | Independent Director / Chairman of the Risk Management and Strategy Development Committee / Audit Committee / Nomination and Remuneration Committee / TMT Steel Plc. / Steel Service Center |
| Aug 10-Nov 19 | Independent Director / Audit Committee / Nomination and Remuneration Committee / TMT Steel Plc. / Steel Service Center |
| Jan 20-Jun 20 | Chairman of the Board (Acting) / Chief of Executive Board and Chief Executive Officer / Nex Point Plc. / Electronic components manufacturer |

Non-Listed Company :

| | |
|----------------|---|
| Mar 13-Present | Director / Nadmon Business and Consultant Co., Ltd. / Restaurant Business |
| Present | Director / Wamar Solution Co.,/ Organization of trade shows |
| Present | Director /Viewpoint Technology Co.,/ Electric power generation and transmission |
| Present | Director/ Amarit APG Co.,/ Restaurants activities |

Date of First Appointment as a Director:

Sep 1, 2004

Illegal Record in The Past 10 years :

None





Mr. Prawas Sontawakul

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

Age : 63 years

Education :

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

Training for Director Course of IOD :

Director Accreditation Program (DAP) : Class 12/2004

Family Relationship between Directors and Management :

None

Number of Shares (include related person as section 258) :

280,000 shares or 0.03%

Experience (5 years past) Listed Company :

| | |
|----------------|--|
| Feb 20-Present | Risk Management and Strategy Development Committee / Executive Director and Chief Operations Officer / TMT Steel Plc. / Steel Service Center |
| Feb 19-Nov 19 | Committee Executive Director/ Chief Operations Officer / TMT Steel Plc. / Steel Service Center |
| Mar 11-Jan 19 | Chief Operations Officer / Thai Metal Trade Plc. / Steel Service Center |

Non-Listed Company :

| | |
|---------------|--|
| Nov 12-Nov 17 | Director / Eco Living Co.,Ltd. / Home Building |
|---------------|--|

Illegal Record in The Past 10 years :

None





Mrs. Panlapa Tarasansombat

Corporate Governance and Sustainability Committee / Executive Vice
President - Human Resources

Age : 54 years

Education :

- BBA, Majoring in Accounting, Assumption University
- Mini IE, Chulalongkorn University
- Graduate Diploma in Human Resource Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Training for Director Course of IOD :

None

Family Relationship between Directors and Management :

Spouse of Mr. Paisal Tarasansombat

Number of Shares (include related person as section 258) :

144,388,700 shares or 16.58(4)

Experience (5 years past) Listed Company :

| | |
|----------------|---|
| Dec 19-Present | Corporate Governance and Sustainability Committee / TMT Steel Plc. / Steel Service Center |
| Aug 9-Nov 19 | Executive Vice President-Human Resources / TMT Steel Plc. / Steel Service Center |

Non-Listed Company :

None

Illegal Record in The Past 10 years :

None





Ms. Petrung Maesincee

Executive Vice President – Business Strategy & Planning

Age : 56 years

Education :

- Bachelor of Art (Economics), Thammasat University
- Master of Art (Economics), Thammasat University

Training for Director Course of IOD :

None

Family Relationship between Directors and Management :

None

Number of Shares (include related person as section 258) :

3,377,200 shares or 0.39%

Experience (5 years past) Listed Company :

| | |
|----------------|---|
| Feb 17-Present | Executive Vice President – Business Strategy & Planning / TMT Steel Plc. / Steel Service Center |
| Aug 9-Jan 17 | Executive Vice President - Marketing / Thai Metal Trade Plc. / Steel Service Center |

Non Listed Company :

None

Illegal Record in The Past 10 years :

None





Mr. Somsak Tomorakul

Executive Vice President-Marketing

Age : 50 years

Education :

- Bachelor of Business Chinese, Assumption University
- Master of Computer Engineering Management, Assumption University

Training for Director Course of IOD :

None

Family Relationship between Directors and Management :

None

Number of Shares (include related person as section 258) :

2,298,362 shares or 0.26%

Experience (5 years past) Listed Company :

| | |
|----------------|---|
| Jan 19-Present | Executive Vice President – Marketing / TMT Steel Plc. / Steel Service Center |
| Feb 17-Dec 18 | Senior Vice President - Marketing / Thai Metal Trade Plc. / Steel Service Center |
| Feb 16-Jan 17 | Vice President – Sales & Marketing / Thai Metal Trade Plc. / Steel Service Center |
| May 6-Jan 16 | Vice President - Sales / Thai Metal Trade Plc. / Steel Service Center |

Non Listed Company :

None

Illegal Record in The Past 10 years :

None

Remarks:

(1) Mr. Soon Tarasansombat holds the Company's share of total 195,300,000 shares, which equivalent to 22.43 percent of its total issued and paid up shares, and Mrs. Pornjit Tarasansombat, his spouse, hold of total 64,000,000 shares, which equivalent to 7.35 percent of its total issued and paid up shares.

(2) Mr. Paisal Tarasansombat holds the Company's share of total 106,767,700 shares, which equivalent to 12.26 percent of its total issued and paid up shares, and Mrs. Panlapa Tarasansombat, his spouse, holds of total 35,621,000 shares, which equivalent to 4.09 percent of its total issued and paid up shares, and Mr. Patis Tarasansombat, the child is underage, holds of total 2,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.

(3) Mr. Komsan Tarasansombat holds the Company's share of total 66,110,150 shares, which equivalent to 7.59 percent of its total issued and paid up shares, Mrs. Wimol Tarasansombat, his spouse, hold of total 3,000,000 shares, which equivalent to 0.34 percent of its total issued and paid up shares.

(4) Mrs. Panlapa Tarasansombat holds the Company's share of total 35,621,000 shares, which equivalent to 4.09 percent of its total issued and paid up shares, Mr. Paisal Tarasansombat, her spouse, holds of total 106,767,700 shares, which equivalent to 12.26 percent of its total issued and paid up shares, and Mr. Patis Tarasansombat, the child is underage, holds of total 2,000,000 shares, which equivalent to 0.23 percent of its total issued and paid up shares.

In this regard, the number of shares and percentage of shareholding of all directors and executives are as of Dec 31, 2021.





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

Mr. Somjate Tretarnthip

Details of Chief Financial Officer (CFO) and Company Secretary

Age : 57 year

Date of First Appointment :

Mar 1, 2011

Education :

- Bachelor of Business Administration, Ramkamhaeng University
- Mini M.B.A., Kasetsart University

Number of Shares (include related person as section 258) :

4,000,000 shares or 0.46%

Training for Director Course of IOD :

Director Accreditation Program (DAP) : Class 19/2004

Training for Accounting Course :

- Economic update for CFO The modern CFO : Driving Digital / 2 hours / Thai Listed Companies Association
- Transformation of the Finance and Accounting / 2 hours / Thai Listed Companies Association
- ESG Related Financial Innovation / 2 hours / Thai Listed Companies Association

Family Relationship between Directors and Management :

None

Experience (5 years past) Listed Company :

| | |
|----------------|--|
| Dec 19-Present | Director/Nomination and Remuneration Committee/Risk Management and Strategy Development Committee / Executive Director/ Chief Finance Officer and Company Secretary / TMT Steel Plc./ Steel Service Center |
| Mar 11-Nov 19 | Director/Nomination and Remuneration Committee/Executive Director/ Chief Finance Officer and Company Secretary / TMT Steel Plc. / Steel Service Center |

Illegal Record in The Past 10 years :

None

Ms. Supaporn Chalermjirarat

Details of Chief Accountant

Age : 41 years

Date of First Appointment :

Nov 13, 2017

Education :

- Bachelor of Accountancy , Bangkok University

Number of Shares (include related person as section 258) :

76,000 shares or 0.01%

Training for Accounting Course :

- TFRS for PAEs 2021 / 6 hours / SET
- Financial Analysis for Management Decisions / 7 hours / NYC Management Co.,Ltd.

Family Relationship between Directors and Management :

-None-

Experience (5 years past) Listed Company :

| | |
|-----------------|--|
| July 20-Present | Senior Accounting Manager / TMT Steel Plc. / Steel Service Center |
| Nov 17-Aug 20 | Accounting Manager / TMT Steel Plc. / Steel Service Center |
| July 13-Oct 17 | Accounting and Tax Senior Manager / ItalThai Industrial Co. Ltd. / Heavy Equipment Distributor |

Illegal Record in The Past 10 years :

None



Information of Director in related Companies

As of Dec 31, 2021

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

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

Details of Subsidiary Committee

- None-





Details of Internal Audit and Corporate Governance

Internal Audit

The Audit Committee appointed EY Corporate Services Limited to present and conduct internal risk management in the year 2021. The results were directly reported to the Audit Committee, the person who was responsible for being an internal auditor.

Name

Mr. Term Techasarin

Position

Business Advisory's partner Thailand

Qualification

- Internal Auditor certified by The Institute of International Auditors (CIA)
- Certificate in Risk Management Assurance (CRMA)
- Certificate in Thai Institute of Directors (DCP 127)
- Business Continuity Management BSI25999
- BSI Certificate - Implementation ISO 22301:2012
- Master of Business Administration (Finance) Southwest Missouri State University, USA
- Bachelor of Business Administration (Accountancy) Assumption University

Work Experience

| | |
|--------------|---|
| 2017-Present | Partner, Advisory Services at EY Corporate Services Limited |
| 2008-2016 | Partner / KPMG Phoomchai Business Advisory Co.,Ltd |
| 2004-2008 | Executive Director / KPMG Phoomchai Business Advisory Co.,Ltd |
| 1998-2003 | Senior Manager / Inthanon Business Advisory Co., Ltd (Former name: Arthur Andersen Business Consulting Co., Ltd) |
| 1994-1997 | Senior advisor / S.G.V.-Na Thalang Co.,Ltd |

Compliance and Corporate Governance

The Board of Directors has appointed the Corporate Governance and Sustainability Committee to oversee and perform a good corporate governance practice. (More details were stated in the part of Scope, Duties, and Responsibilities and the Report of the Corporate Governance and Sustainability Committee)





Assets Used in Business Operations

Main Assets - As of December 31, 2021. The Company's main assets used in the business operations are as follows:

Unit: Millions of Baht

| Asset | Capital Value | Accumulated Depreciation | Net Book Value | Type of Ownership | Obligation |
|--|-----------------|--------------------------|-----------------|----------------------|---------------|
| Property and Land Improvements | | | | | |
| Center Rama 3 Property | | | | | |
| - Land size: 5 Rai 2 Ngan 91 Square Wa | - | - | - | Tenant ^{1/} | No obligation |
| Wang Noi Center Property | | | | | |
| - Land size: 44 Rai 3 Ngan 80 Square Wa | 51.94 | - | 51.94 | Owner | No obligation |
| - Land size: 67 Rai 3 Ngan 67 Square Wa | 81.50 | - | 81.50 | Owner | No obligation |
| - Land size: 22 Rai 2 Ngan 16 Square Wa | 50.00 | - | 50.00 | Owner | No obligation |
| - Land size: 46 Rai 2 Ngan 1 Square Wa | 237.00 | - | 237.00 | Owner | No obligation |
| - Land size: 153 Rai 1 Ngan 49 Square Wa | 224.50 | - | 224.50 | Owner | No obligation |
| Land Improvements | 232.56 | 81.78 | 150.78 | | |
| Buildings and Structures | | | | | |
| - Office Building and Warehouse- Rama 3 Center ^{2/} | - | - | - | Tenant ^{1/} | No obligation |
| - Office Building-Rama 3 Center (Improvement) ^{2/} | 5.82 | 5.51 | 0.31 | Owner | No obligation |
| - Building Improvements- Bangkok City Tower 3 ^{3/} | 30.39 | 25.28 | 5.11 | | |
| - Wang Noi Center ^{4/} | 1,491.59 | 617.79 | 873.80 | Owner | No obligation |
| - Knowledge Center ^{5/} | 175.77 | 94.41 | 81.36 | Owner | No obligation |
| Machinery and Equipment | | | | | |
| Rama 3 Center | 16.85 | 14.27 | 2.58 | Owner | No obligation |
| Wang Noi Center ^{4/} | 2,194.75 | 1,118.84 | 1,075.91 | Owner | No obligation |
| Furnishings, Fixtures, and Office Equipment | 138.95 | 116.91 | 22.04 | Owner | No obligation |
| Intangible Assets ^{6/} | 91.19 | 71.91 | 19.28 | Owner | No obligation |
| Vehicles ^{7/} | 148.52 | 72.14 | 76.38 | Owner | No obligation |
| Property Plant and Equipment - Net | 5,171.33 | 2,218.84 | 2,952.49 | | |

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

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

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

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

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

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

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



Important Contracts Details

| Contract | Counterparty | Time Period | Details |
|---|--|---|---|
| 1. Land and building lease agreement for the current Rama 3 factory and distribution center | Lessor: Combine Asset Company Limited | A period of 3 years From October 10, 2020 until October 9, 2023. | Rental Property A total of 6 plots of land. The title deed numbers are 1390, 17976, 17977, 17978, 17979 Bang Khlo Subdistrict (Ban Tawai), Yannawa District (Bang Rak), Bangkok and title deed no.1454, Bang Kho Laem Subdistrict, Yannawa District, Bangkok, with a total area of 5 rai 2 ngan 91 square wa. Rental Rate The rental rate is 300,000 Baht per month. The payment is due in December of every year. |
| 2. Office building lease agreement for the Rama 3 factory and distribution center | Lessor: Combine Asset Company Limited | A period of 3 years from April 1, 2019 to March 31, 2022 | Rental Property Building No. 131 Rama 3 Road Bang Kho Laem Subdistrict, Bang Kho Laem District, Bangkok Rental Rate The rental rate is 200,000 Baht per month, The due date is the 5 th day of every month |
| 3. Building lease agreement for offices and business establishments | Lessor: Government Pension Fund | A period of 3 years from May 1, 2019 to April 30, 2022 | Rental Property 1. A 912 square meter area on the 22 nd floor of Bangkok City Tower, No. 179 South Sathorn Road, Thungmahamek, Sathorn, Bangkok 2. A 500 square meter area on the 20 th floor of Bangkok City Tower, No. 179 South Sathorn Road, Thungmahamek Subdistrict, Sathorn District, Bangkok |
| | | A period of 2 years and 10 months from July 1, 2019 to April 30, 2022 | 3. A 480 square meter area on the 23 rd floor of Bangkok City Tower, No. 179. South Sathorn Road, Thungmahamek, Sathorn, Bangkok Rental Rate 1. The rental rate is a fixed rate charged on a monthly basis. Payment is due on the 5 th of every month. This includes a certain amount of rental insurance. 2. The tenant is responsible for paying the building and land tax. |
| 4. Document storage service contract | Service Provider : Bangkok Warehouse Company Limited | A period of 3 years from September 1, 2020 to August 31, 2023. | Document Storage Location Bangpakong Warehouse, No. 11/1, Village 1, Pimpa-San Phu Dad Road, San Phu Dad, Ban Pho, Chacoengsao, 24140 Rental Rate The service rate is charged according to the number of boxes stipulated in the contract. |





Report of the Audit Committee

The Audit Committee of TMT Steel Public Company Limited is composed of 3 Independent Directors. The Company's Chief Finance Officer serves as committee secretary. The Audit Committee is empowered by the Board of Directors to examine all matters related to the financial status of the Company and its internal and external audits. The Committee pursues and promotes good corporate governance by actively creating awareness and providing advice to management regarding sound risk management and internal control practices.

For the year 2021, the Audit Committee held 4 meetings to review the Company's financial statements which were certified by the external auditor and discussed the Company's other related activities in compliance with the rules and regulations of the Stock Exchange of Thailand as well as good internal control practices.

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

The Internal Auditor who was appointed by the Audit Committee, EY Corporate Services Limited, assigned Mr. Term Techasarin to be the Internal Audit team leader who serves to propose the annual internal

audit plan as well as to identify and verify business risk and control weaknesses within the Company by carrying out audit activities systematically. The reports on compliance with good internal control practices and procedures with recommendations were discussed with the relevant management team to incorporate the action plans that were agreed up and submitted to the Audit Committee. Furthermore, the Internal Auditor has held regular meetings with the Audit Committee to give updates on the audit results. The Audit Committee is fully committed to ensure that both corrective and preventive actions are taken in an effective and timely manner.

The Board of Directors along with the Audit Committee approved the policy and reports for related party transactions in 2021.

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

1. The Company's financial reports are accurate, complete and reliable.
2. The Company's assets are safeguarded, proper accounting records are maintained, and resources are utilized effectively and efficiently.
3. The Company complied with the securities laws, the Exchange's regulations, and other laws relating to the Company's business.
4. Mr.Pai boon Tunkoon of PricewaterhouseCoopers ABAS, the Company's auditor, is suitable and provided appropriate services.
5. The related transactions arising in 2021 were rational and made for the optimal benefits of the Company.



6. In 2021, the number of the audit committee meetings and the attendance of such meetings by each committee member were as follows:

| | | |
|---------------------------|---------------------------------|-----|
| Mr. Chai Jroongtanapibarn | Chairman of the Audit Committee | 4/4 |
| Mrs. Ratana alee Gorsanan | Member of the Audit Committee | 4/4 |
| Mr. Anake Pinvanichkul | Member of the Audit Committee | 4/4 |

7. The Audit Committee performed its duties in accordance with its charter, approved by the Board of Directors.

The Audit Committee proposed to the Board of Directors to appoint Mr. Kan Tanthawirat, Certified Public Accountant No. 10456 and Mr. Paiboon Tunkoon, Certified Public Accountant No. 4298, and Mr. Chanchai Chaiprasit, Certified Public Accountant No. 3760 from PricewaterhouseCoopers ABAS Company Limited to be the Company's auditors. One of them will be responsible

for auditing and expressing an opinion on the Company's financial statements. If none of them are able to perform their duties, PricewaterhouseCoopers ABAS Company Limited will provide a replacement auditor for the fiscal year ending December 31, 2022. The appointment of an auditor and the auditor's fee will be subject to shareholder approval at the Company's Annual General Meeting, held on April 7, 2022.

Mr. Chai Jroongtanapibarn
Chairman of the Audit Committee





The Nomination and Remuneration Committee Report

The Nomination and Remuneration Committee was appointed by the Board of Directors. The term of office is 3 years. The Nomination and Remuneration Committee consists of 3 Independent Directors and 2 Directors. The Independent Director is the Chairman. The Board of Directors assigned the Nomination and Remuneration Committee to be responsible for considering policies, criteria and methods for the recruitment, appointment, assignment, allocation, nomination and monetary or non-monetary remuneration for the Board of Directors, subcommittees, and the Chief Executive Officer. This included a review of the qualification requirements and the performance evaluation criteria as well as surveying the needs for skill and knowledge development of the Company directors, subcommittees, and the Chief Executive Officer.

- Considered the proposal of the directors' remuneration to the Board of Directors to be proposed to the Shareholders' Meeting for approval. Proposed the allocation of remuneration methods to the Board of Directors regarding the operating results, responsibilities, achievement of goals, overall economic conditions and comparing it with other companies in the same industry.

- Considered the selection of suitable personnel for the Board of Directors to be proposed to the Shareholders' Meeting for the replacement of directors who retire by rotation by considering the qualifications, experience, knowledge, and ability to achieve the Company's guidelines and goals.

- Considered the selection of suitable personnel for the Board of Directors to appoint directors for 2 subcommittees. They were the Risk Management and Corporate Strategy Committee and the Governance and Sustainability Committee. The qualifications, knowledge, abilities and experience suitable for the assigned responsibilities were taken into account.

- Considered and reviewed the qualifications, the Board Skill Matrix and surveyed the needs for knowledge and skill development of Company directors to enhance their potential to lead and develop the Company to sustainable growth. Considered the performance evaluation guidelines for the Board of Directors and individual directors. Proposed the performance evaluation and the remuneration of the Chief Executive Officer to the Board of Directors.

- Considered and proposed to the Board of Directors the appointment of an independent director to be the Chairman of the Nomination and Remuneration Committee in order to comply with the subcommittee charter that requires an independent director to be the chairman and to comply with the good corporate governance principles at the Board of Directors Meeting No. 7/2021, dated December 17, 2021.

- Followed up and considered the progress of the succession plan for senior executives.

- Considered, reviewed and improved the charter and related criteria of the Nomination and Remuneration Committee as well as the performance of duties in accordance with the charter approved by the Board of Directors.

All members of the Nomination and Remuneration Committee attended the 2 meetings. The results of the meetings and the performance were reported to the Board of Directors for acknowledgment.

Mr. Anake Pinvanichkul
Chairman of the Nomination
and Remuneration Committee





The committee consists of 1 Independent Director, 3 Executive Directors, and 1 Vice President who is the secretary of the committee. The term of the office is 3 years. The chairman of the committee is an independent director. The committee members are responsible for supervising, monitoring, reviewing, evaluating and supporting the Company to have effective risk management and an effective management system in order to appropriately control risk and contribute to corporate strategy development to support business operations that create value and benefits for stakeholders toward sustainable growth.

In 2021, the committee held 2 meetings. The performance of duties can be summarized as follows:

1. Supervise Risk Management

The Risk Management Committee developed a risk management policy as well as a risk management and corporate strategy development manual. These were approved by the Board of Directors in order to be used as a practical guideline to determine operational procedures, communicate understanding, and develop effective work processes under controlled risk in order to be in accordance with the COSO - ERM 2017 international standard and a systematic review of risk assessment. This covers the following 6 aspects of risk management: 1. Strategic Risk, 2. Operation Risk, 3. Financial Risk 4. Compliance Risk, 5. Environmental and Social Risk 6. Emerging Risk

2. Consider and Monitor Enterprise Risk Management in 2021

The committee monitored the performance of business risk factors in all 6 areas from the management and the risk management working group who assessed risk factors that may have affected the business

operations, the financial status, and the results of the Company. The committee developed working guidelines to achieve efficiency under properly controlled risks which were aligned with the risk management policy and corporate strategy development. This included giving suggestions and opinions to improve, evaluate and review risk management plans in order to be aligned with the ever-changing, volatile, uncertain and complex business environment, especially with the emerging risk management plans from the COVID-19 outbreak. The Company followed the epidemic control and prevention measures strictly in accordance with the guidelines of the Department of Disease Control Ministry of Health. The committee reviewed TMT's approach to managing the COVID-19 crisis and formulated an epidemic control and prevention plan which was published on the Company's website at [www.tmtsteel.co.th / Corporate Governance / Risk Management] so that all stakeholders could be confident that the Company's business operations were efficient and continuous.

3. Promote and Support a Risk Management Culture and Corporate Strategy Development

The committee emphasizes the tone at the top to promote and instill corporate values that create a work culture that recognizes risk management. The Risk Management Team was established to be responsible for enterprise risk management in accordance with the risk management policy and corporate strategy development. This included the Risk Owner and the Risk Champion to represent the department in order to identify, evaluate and review corporate risks. This also included collecting risk information, risk management measures, and the risk assessment results along with developing and creating effective operational methods for systematic risk management. This included building a risk management network or developing strategies with stakeholders by



establishing communication principles to create an understanding of risk factors, requiring risk management and corporate strategy development as a part of the performance assessment, supporting communication channels, and networking to exchange knowledge and cooperating risk management. This also included communicating and reporting to the Board of Directors and subcommittees, to acknowledge the guidelines and the performance in risk management and corporate strategy development.

4. Consider and Monitor the Corporate Strategy Development Plan

The committee monitored the plan implementation of the corporate goals and corporate strategy development guidelines to ensure that the Company's business direction was in accordance with the goals, whether short-term goals or goals for sustainable growth. The committee acknowledged and monitored the progress of the corporate development plan in 3 significant areas:

- Developing a working style to be an Agile Organization
- Developing to become a Data Driven and Digital Transformation Company
- Continuously creating added value for products and services

5. Performance of Charter of Duties Approved by the Board of Directors.

In 2021, the committee performed the primary duties specified in the Charter as follows:

- Considered, reviewed and improved the enterprise risk management policy. Acknowledged, suggested and promoted risk management guidelines to ensure that they were efficient and appropriate for the business and sustainable growth.
- Promoted and encouraged the Company to study and layout business model development guidelines to create sustainable growth.
- Communicated with the Board of Directors and other subcommittees. Reported the performance to the Board of Directors for acknowledgment.
- All members of the committee attended the 2 meetings.

Mr. Anake Pinvanichkul
Chairman of the Risk Management
and Strategy Development Committee





The Corporate Governance and Sustainability Committee Report

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

In 2021, the Corporate Governance and Sustainability Committee held a total of 2 meetings. The performance of the committee are described below

Good Corporate Governance

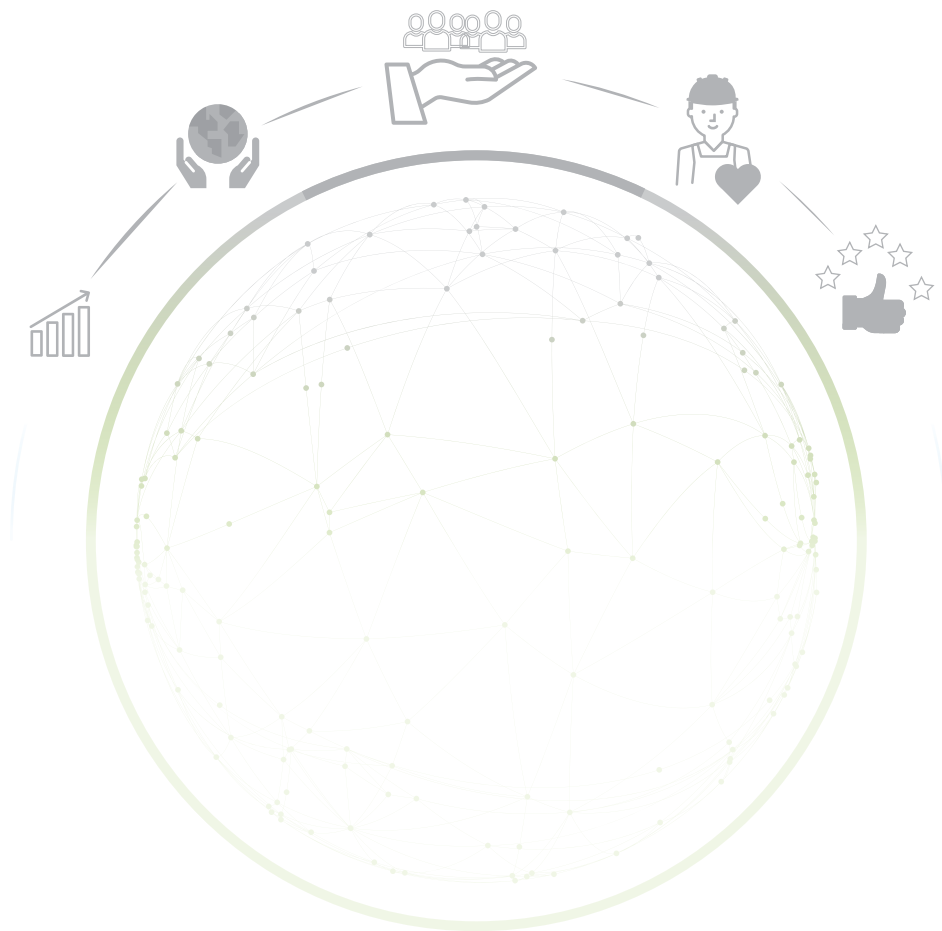
The committee reviewed the code of business conduct and considered the proposal of the measures and best practices for the code of business conduct to the Board of Directors for approval. This included the annual reviewing of good corporate governance principles in order to keep them current and in line with the SEC's guidelines, the application of the CG Code to be in line with the business context, and the securities trading policy. To ensure that the directors, executives and employees considered, acknowledged and monitored the compliance of code of business conduct, anti-corruption, and no-gift policy. The Company received an "excellent" rating or 5-star for the Corporate Governance Report of Thai Listed Companies 2021 (CGR)

Sustainability

The committee approved the sustainability reporting framework 2021, which consists of sustainability and value chain policy as well as 10 materiality issues as a guideline for operating and monitoring the results with an alignment of sustainability in 3 dimensions: economic, social and environmental. The Company was selected as one of the Thailand Sustainability Investment (THSI) lists in 2021 from SET for the second consecutive year and received the status of sustainable business practices "ESG100 Company" for 6 consecutive years from Thaipat Institute. This included the Sustainability Disclosure Award for the second consecutive year from Thaipat Institute.


Mrs. Ratanavalee Gorsanan
Chairman of the Corporate Governance and
Sustainability Committee






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