

**2564**  
**รายงานประจำปี**  
**แบบ 56-1 ONE REPORT**



**บริษัท 2 เอส เมทัล จำกัด (มหาชน)**  
**2S METAL PUBLIC COMPANY LIMITED**

## *Message from the Board*

As a result of China's export restrictions and reduction in domestic steel production, global and domestic steel prices had continuously risen in 2021. At the same time, Covid-19 situation began to relax to a better direction as private sectors have adapted to new ways of conducting business by applying technology into use, allowing economic activities to resume from the stagnation since 2020. A strong recovery in the construction and steel industries should situate as a result of government's promotion of massive infrastructure projects, which will cause market steel prices in the first half of the year to stay stable at a high level.

As a result of strategic adjustments to the changing situation and the production line developments for added value, the company managed to increase the revenue for the 6th consecutive year in 2021 and had a profit of up to 738.05 million baht, an increase of more than 79 percent from the previous year. This is also a reflection of success from the Outstanding Company Performance SET Awards from the Stock Exchange of Thailand received by the company.

According to the operating results of last year, it is clear that company has been capable of handling and managing challenging situations, including the rising oil prices which affected the cost of transportation, preventive management and supervision of personnel's safety and the spread of the Covid-19 for the company to be able to operate continuously and personnel to have good hygiene, and participation in social and community services to alleviate the sufferings of the people in this epidemic situation. The company has arranged the donations of high-flow oxygen aerators, food for COVID-19 patients and many other necessities.

The company's next commitment is environmental stewardship and efficient use of resources, starting from joining in the Green Industry Project and encouraging employees to participate in organizational development activities in accordance with the company's sustainability policy.

In the midst of the economically, politically and environmentally challenging situation, combined with the outbreak of COVID-19, the Board of Directors and Executives continue to strive to operate with due regard for all stakeholders and are thankful for all given supports over the years.

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### **Part 3 Financial Statement**

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## Part 1 Business and Operational Results

### Business Overview

#### **Business Goals**

The main goal of the Company is to become a domestic steel entrepreneur that can produce and distribute steel product as a One-Stop Service Center that is well-known. The Company has a policy to produce and distribute products with manufacturing process that meets the Thai industrial standard using standard machinery, and to respond to customers' requirement quickly and efficiently for the highest customer satisfaction.

Production policy of the Company is set to perform at the highest capability and to control cost of production so it is at the lowest level. Lowering losses in manufacturing process, running at full capacity, and performing machinery maintenance regularly will be a cost advantage and increase its competitive advantage in the long run. This will lead to the highest return to the Company's shareholders.



1. To produce and procure a diversified and complete suit of steel products for the customers.
2. To develop effective logistics system to serve customers more conveniently, quickly and cost-effectively through cooperation with business partners.
3. To develop and encourage personnel to uphold morality, have high performance and be happy in the organization.

#### **Background**

The Company was established in 1992 under the name of Southern Steel Company Limited with an initial registered capital of Baht 50 million to engage in production of cold-rolled structural steel comprising steel sheet, steel pipe and C-channel steel. Its head office and factory are located in Bang Klam District, Songkhla Province. In 1996, the Company started procurement for distribution business covering such products as galvanized steel pipe, angle bar, H-beam, I-beam, channel, checkered plate, rolled steel, reinforcing bar, etc, to better fulfill customers' demand.

In 2006, the Company increased its registered capital to Bt. 85 million for invest in Neastern Steel Co., Ltd. ("the Subsidiary") with 99.99% shareholding. The objective is to expand manufacturing base and also customer base to the northeastern region and its plant is located in ChaloemPhraKiat District, Nakhon Ratchasima Province. The Subsidiary engages in the same type of business as the Company.

As the business ongoing expansion, The company became a Public Company in 2008 and also increased its registered capital from Bt. 140 million to Bt. 200 million by issuing common stocks offering to the public with the total of 60 million shares. The Company became a listed company in the Market of Alternative Investment (MAI) of the Stock Exchange of Thailand and started its first trading day on 2 September 2009. At present, the Company's paid-up capital was Baht 449,999,095 at par value Baht 1 per share.

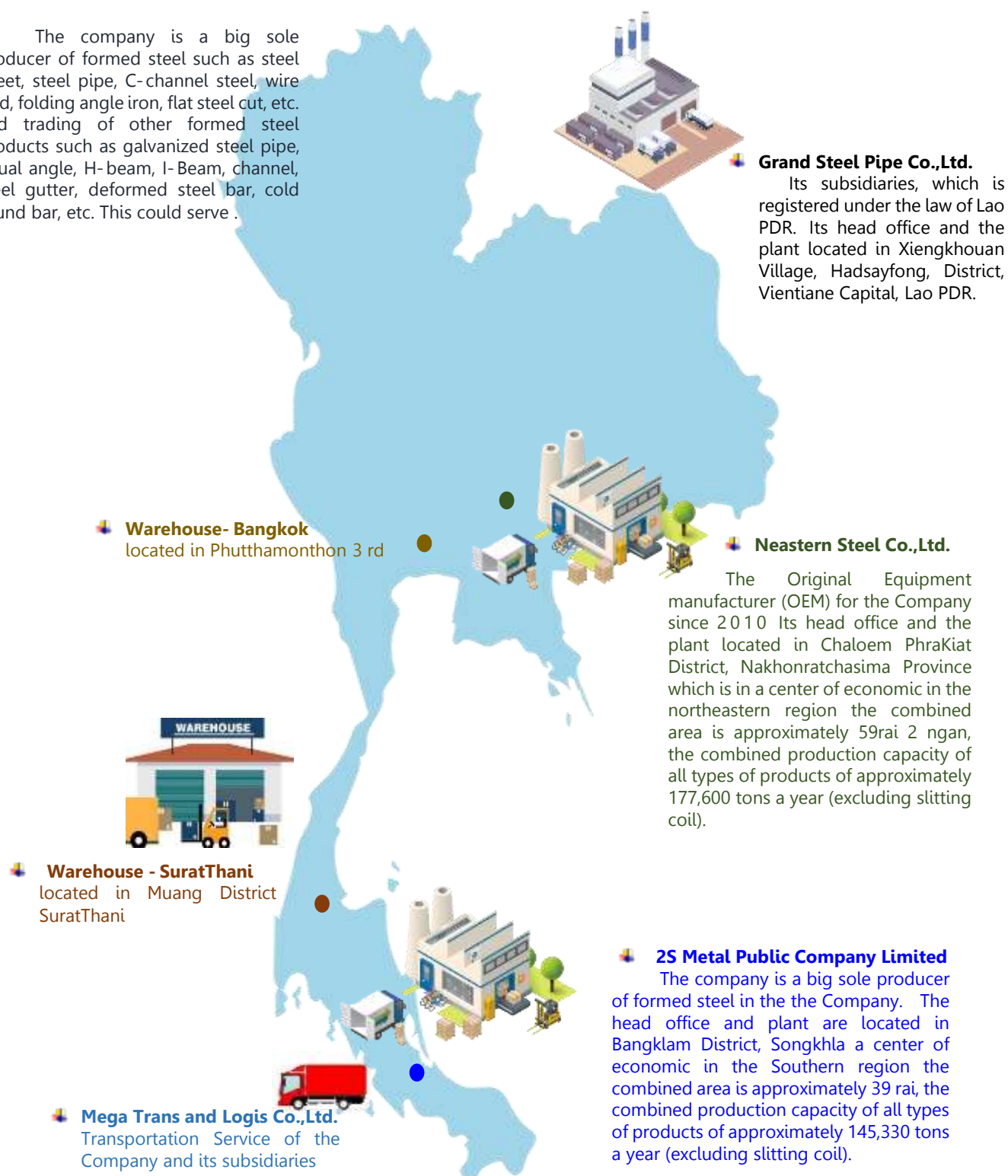


## Part 1 Business and Operational Results

### Business Overview

#### Nature of Operation

The company is a big sole producer of formed steel such as steel sheet, steel pipe, C-channel steel, wire grid, folding angle iron, flat steel cut, etc. and trading of other formed steel products such as galvanized steel pipe, equal angle, H-beam, I-Beam, channel, steel gutter, deformed steel bar, cold round bar, etc. This could serve .



## Part 1 Business and Operational Results

### Business Overview

#### Products and Service

The Company's business operations can be classified into manufacture and distribution of steel products and trading of steel products as below

#### Formed steel products

Products	size*	production capacity (tons/year)**	Raw material
Steel Pipe round, square, rectangular,	0.7 - 6.0 mm. length ≤ 7.0 เมตร	162,900	HRC, GI, MAZ
Steel Sheet	4' x 8' - 5' x 20'	36,000	HRC
C - Channel Steel	1.0 - 9.0 mm. width 6' length ≤ 7.0 เมตร	96,000	HRC, GI
Wire Mesh and different types of wire	Diameter 3.0 - 8.0 mm. width ≤ 3.5 m. length ≤ 7.0 m.	17,100	steel wire
steel purlin C-Line Stirrups	0.50 - 0.65 mm. 6.0 - 8.5 kg. Diameter 6.0-12.0 mm. length ≤ 7.0 m.	4,680	GI GI steel wire

HRC = Hot Rolled Coil

GI = Galvanized Steel

MAZ = Zinc-Aluminum Magnesium Coated Steel Coil

\* Details of each products size on [www.ss.co.th](http://www.ss.co.th)

\*\* Included its subsidiaries' capacity

#### Other formed steel Products

The Company also produces and distributes other formed steel products, e.g. angle bar, flat bar, light lip channel and U channel, by cutting HRC into slitting coil of the size required which is similar to production of C-channel steel. The slitting coil is then fold into various shapes according to customers' demand. And new product Galvanized Steel Bar, Metal Framework and C-line.

#### Trading of steel products

The Company also procure and then distribute other types of steel products. These include galvanized steel pipe, equal angle, H beam, I beam, channel steel, checkered plate, deformed bar, HRC, cold round bar, etc., or steel pipe, light lip channel and wire mesh, which are of the sizes cannot be produced by the Company. This could match up to various needs of the customers who are steel wholesalers, and customers in construction and furniture industries, thereby the products are used as structures of buildings, residences, factories or bridges

## Part 1 Business and Operational Results

### Business Overview

#### Marketing Strategy

##### Product and Service

The manufacturing product of the Company achieved the certification of Thai Industrial Standard Institute. By the main goal to provide efficient service for customers' highest satisfaction and a policy to produce and distribute products as a One-Stop Service Center of South and East with 4 warehouses in different areas; Songkla Province, Suratthani Province, Nakhonratchasima Province and Bangkok, thus delivering of steel products can be done on-time.

##### Standard Products



##### Mandatory Standards

1. **มอก. 528-2560**  
(Quality level : HR1) Carbon Seteel for Forming
2. **มอก. 1479-2558**  
(Quality level : SS400) Hot Rolled Carbon Steel, Sheet, Rolled
3. **มอก. 1228-2561**  
Cold forming, C type
4. **มอก. 1227-2539**  
Hot forming – Beam, Angle bar, Channel steel
5. **มอก. 20-2543**  
Reinforcement, round bar
6. **มอก. 24-2548**  
Round bar-reinforced, Deformed Bar



##### General Standards

1. **มอก. 107-2561**  
Round pipe
2. **มอก. 737-2549**  
Wire -mesh reinforced
3. **มอก. 747-2531**  
Cold Drawn Wire
4. **มอก. 277-2532**  
Gavanized Pipe
5. **มอก. 943-2533**  
Reinforced Deformed bar

##### Price

The Company has set a pricing policy to sell its products a suitable price base on supply and demand in the market at the time, cost of raw materials using in the manufacturing process, and future trend of supply and demand, in order to be able to set the price that is suitable according to market situation and able to compete in the market. However, the Company does not have a policy to reduce the price to gain advantage in a competitive market but will focus on quality and variety of steel product to meet customer's requirement. The Company's policy to compete in the market is to be differentiated other than lowering the price.

##### Place

The Company has used technology to develop and expand its distribution channels for dealers, both wholesalers and retailers

more 1000 deals for cooperate and develop service to the customers together.

Further, the Company create more channels to communicate with customers or prospects and share product information via Facebook, D- connect application via mobile phone, and e-order system [www.2sonline.com](http://www.2sonline.com) on company's website by dairy and 24 hours.

##### Promotion

The Company has promotion for both wholesalers and retailers. Customers with orders of high quantity will get discount, where as customers with good credit will get advertisement and public relation to build up brand awareness and acceptance. The Company has done public relation through its website at [www.ss.co.th](http://www.ss.co.th) and also accessing target customers directly.

## Part 1 Business and Operational Results

### Business Overview

#### ***Nature of Customers***

There are different groups of customers which are steel shops, construction businesses, furniture businesses, modern trade businesses and end users, which are mainly located in the northeastern and southern regions. The company does not rely on any one customer who has sales volume of more than 10% of the sales revenue.

#### ***Sources of Supply***

##### **Raw materials**

The main raw materials used in production are divided into 2 groups;

1. Hot rolled steel and galvanized rolled steel for the production of C-channel steel pipes and cut-to-size steel sheet
2. Wire rod for the production of wire mesh sieve

The company purchases the mentioned types of steel from both domestic and foreign steel manufacturers and distributors, considering on the quality, delivery and reasonable price. To place order, the company has to pre-order from 15 to 45 days in advance in order to have sufficient raw materials for production.

The two subsidiaries i.e. Neastern Steel Ltd. and Grand Industry Steel Processing Co., Ltd. have the same raw material purchasing policy and under the same management. By pooling the purchase of all the companies together, the resulting higher volume contributes to better purchasing terms and conditions.

##### **Production**

At present, the Company and subsidiaries have 5 plants and warehouses. The total capacities 347,000 tons/year and storing finished goods and raw material (HRC) for production line approximate 15-30 days. These can reduce the price fluctuates in line with the global demand-supply situation and products are sufficited to delivery customers.

Location	Type	Area
Songkhla Province (HQ)	Factory and Warehouse	Apx. 39rai -0-40, 3 Buildings
Suratthanee province	Warehouse and Distribution	Apx. 3rai -0-84, 2 Buildings
Nakornratchaseema Province	Factory and Warehouse	Apx. 59rai -2-82, 4 Buildings
Bangkok	Warehouse and Distribution	Apx. 2rai -3-0, 2 Buildings
Vientiane Capital, Lao PDR.	Factory and Warehouse	Apx. 9rai -3-2, 2 Buildings

Manufacturing policy of the Company and the Subsidiary is a made to order production and inventory for distribution. Starting from production planning according to orders the sales department received from customers, the manufacturing department will take into consideration production capacity from the orders together with an estimation of the market demand to have an economy of scale; lead time and amount of raw materials that the procurement department is responsible to provide with quality; and product volume required by customers. The plant can run for 20 hours a day dividing into 2 shifts. When the product is ready, the quality control department will perform a test in accordance with the industrial standard and the Company's policy in quality control before storing the product in the warehouse to be delivered to the customers.

In 2021, the company and Neastern Steel Company Limited had an average capacity utilization rate of all types of machinery at 35.96% of the existing production capacity, calculated from the estimated size and weight that the machine can produce in tons in which the actual production line may weigh less depending on the product size and weight according to the market demand.



## Part 1 Business and Operational Results

### Business Overview

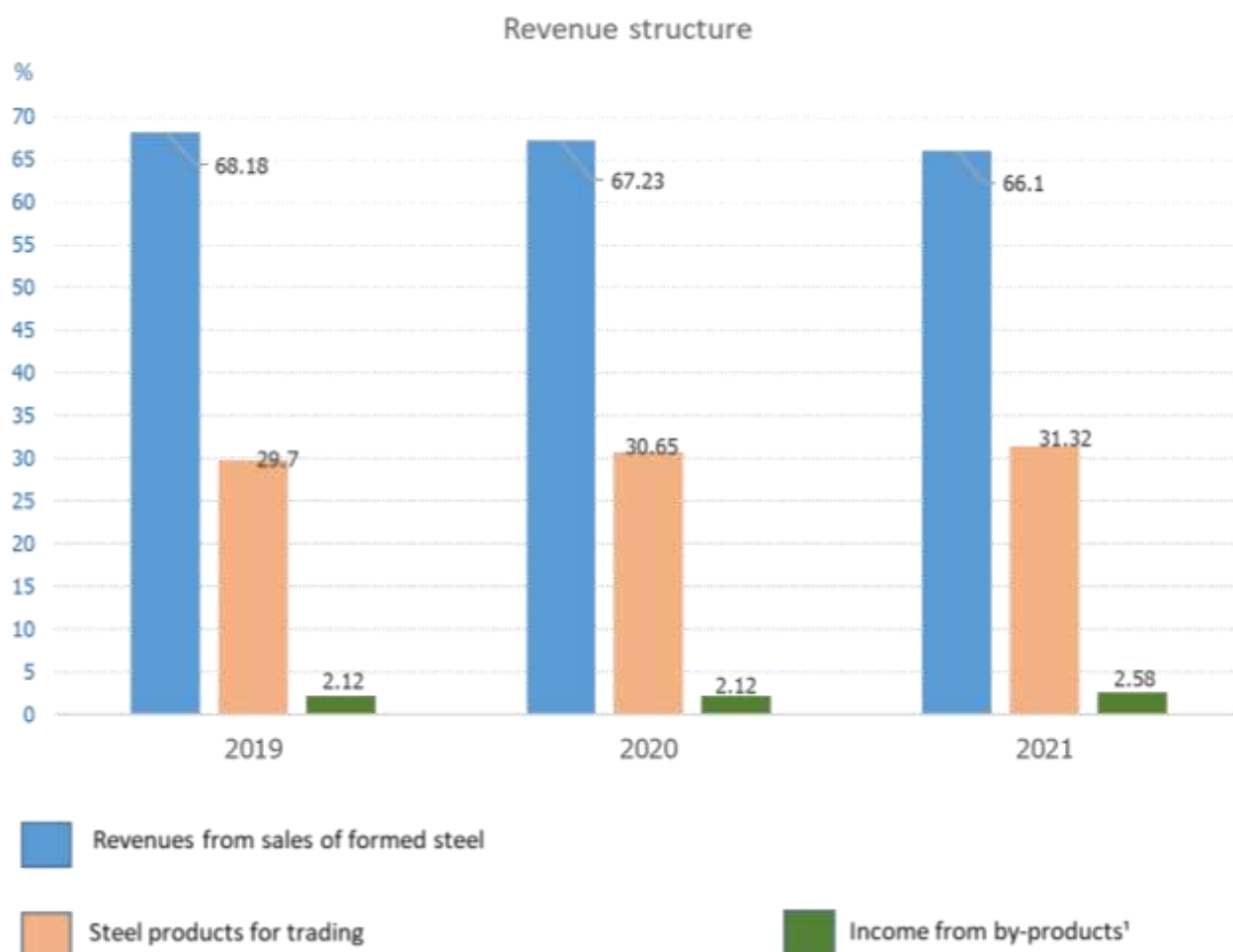
Grand Steel Industry Co., Ltd. (GSP) used actual production capacity of approximately 32.93% of the existing production capacity, a decrease of 8.7% compared to 2020 due to the government's measures to prevent the spread of COVID-19 in Lao PDR, according to Prime Minister's Order No. 15/N. The measures include the reduction of the number of employees working in the factory, the prohibition of cross-province travelling, and implementation of a curfew along with other preventative measures, starting from April 22nd 2020 to throughout 2020, resulting in a decline in productivity as mentioned above.

### On hand

As of 31 December 2021, there was no work that has not been delivered.

### Revenue Structure

Revenue structure of the Company and its subsidiaries was classified by type of products for 3 years are as follows:



**Remark :** By-products refer to B-grade and C-grade steel that have defects or have the length not up to the standards.

## Part 1 Business and Operational Results

### Business Overview

#### *Investment Promotion Privileges*

##### **2S Metal Public Company Limited**

Promotion certificate number 62-0968-1-01-1-0, on 15 July 2019, received benefit of the exemption of corporate income tax on net profits derived from the business operation for a total of not more than 50 percent of the investment value. This benefit is given out to improve production efficiency ( Solar Roof) which it will not include the cost of land and working capital in a period of 3 years, starting from the date of income collecting after receiving the promotional certificate.

##### **Neastern Steel Co., Ltd. (subsidiary)**

Investment Promotion no. 2488(2)2557 was issued on August 25th 2014, under the Investment Promotion Act BE 2520, Section 25 26 28 31 34 35(3), 8-year entitled corporate income tax exemption for the net profit 100% of investment excluding land and working capital. According the income tax exempted under Section 31, Paragraphs 1 and 3, with a value not exceeding Baht 28.97 million for manufacturing of steel products by 31,200 tons/year which effectively February 29th 2016 until February 28th 2024.

## Part 1 Business and Operational Results

### Shareholding Structure



**Neastern Steel Co., Ltd.**  
99.9%

- Address: 147 Moo 9, Nong-Ngulueam, ChaloenPhraKiat, Nakhonrat chasima Province 30330
- Tel: 044-207247-51 Facsimile: 044-207272
- Nature of Business: Original Equipment Manufacturer (OEM) for the Company.
- Paid-up Capital: Baht 90,000,000
- Par value: 50 Baht /share



**Mega Trans and Logis Co.,Ltd.**  
99.9%

- Address: 8 / 5 Moo 14 , Tha- chang, Bangklam District, Songkhla Province 90110
- Tel: 074-800111 Facsimile: 074-801286
- Nature of Business: Transportation
- Paid-up Capital: Baht 30,000,000
- Par value: 100 Baht /share



**Grand Steel Pipe Co.,Ltd.**  
97%

- Address: 121/ 10 part2, Xiengkhouan Village, Hadsayfong, District, Vientiane Capital, Lao PDR.
- Tel: +856 21 820112-3 Facsimile: +856 21 820222
- Nature of Business: Manufacturing and Distribution of steel products
- Paid-up Capital: LAK 28,000,000,000
- Par value: 8,000 LAK /share

## Part 1 Business and Operational Results

### Risk Management and risk factors

#### ***Risk Management Policy***

In order to achieve the goals, create added value and sustainability for the best interests of the company's stakeholders in accordance with the principles of good corporate governance, risk management is something that everyone in the organization needs to religiously cooperate and continue to do until it becomes the company's corporate culture. Any existing or remaining risks in place must be controlled and managed to be in an acceptable level while continuously improving risk management process at all time. The Board of Directors, therefore, determined risk management policies as follows:

1. Determined risk management as the responsibility of employees at all levels. All employees shall be aware of the risks involved in their operations and the organization and focus on risk management in various aspects to be at an appropriate and controllable level.
2. Assigned all departments to be responsible for risk assessment, indication, and prevention. All employees are responsible for determining preventive approaches to mitigate risks or losses that may occur, including regularly monitoring and evaluating risk management results, as well as continually reviewing and improving the risk management process as well as preparing risk reports in accordance with the operational framework and risk management procedures.
3. Determined risk management as part of the decision, strategic planning, and operations of the company.
4. When employees acknowledge risks that may affect the company, such risks must be reported to the relevant parties immediately for those parties to immediately manage those risks.
5. Promote and spread the knowledge and understanding of the company's risk management process and guidelines to all employees and executive of all levels in order to instill a habit for personnel at all levels to realize the importance of the issue and encourage them to participate in the company's risk management operations.

Executive Director, Managing Director, Executives, Internal Audit Department and all responsible parties together must assess risks annually to formulate corporate governance guidelines and prevent potential losses from happening. The company broadly classified risks according to stakeholder groups divided into 3 categories, namely economic, social and environmental groups as follows:

#### **1. Raw material procurement**

Hot Rolled Coil (HRC) is an important raw material for the Company's steel processing. The main domestic producers are Sahaviriya Steel Industries PLC, G Steel PLC and GJ Steel. Due to the limitations of having only 3 manufacturers in the country, together with the production capability that may not be sufficient to meet the demand in the country, as well as the purchase of raw materials at the spot price, the company might be exposed to risks arising from the lack of raw materials in the country and price competition issues if the company is unable to procure raw materials from other sources to meet the demand.

However, the company has a policy of storing sufficient raw materials for the production of approximately 15-30 days and orders raw materials approximately 15-45 days in advance. With good and long relationship with the 3 raw material manufacturers, we have been sharing information which has been useful in raw material warehouse management. As a result, the company has never encountered a shortage of raw materials.

#### **2. Price fluctuation in raw material**

The cost of HRC, the major raw material in the steel product manufacturing, Although the supply is procured domestically, HRC price fluctuates in line with the global demand-supply situation. Such price fluctuation will pose material impact on the revenues and gross profit margin, particularly if the Company cannot adjust its product selling prices in line with the higher raw material prices.

However, the Company has placed importance to managing such risk, with regular and consistent tracking of HRC price changes to predict HRC supply and price trends and ensure proper raw material and finished product management. This can relieve the impact from price fluctuation in raw material to a certain extent.

## Part 1 Business and Operational Results

### Risk Management and risk factors

#### 3. Risk from fluctuation of foreign exchange

Fluctuation of Exchange rate will affect to the Income and Expenses, as the Company export the raw material to GSP its subsidiary in LAO PDR. and import the raw material or machinery. Thus exposed to foreign exchange risk. In order to minimize such risk, the company utilizes financial hedging tools e.g. forward and option.

#### 4. Risk from Providing credits to customers

Risk factors are related to customer credit volumes and selling prices that fluctuate and trade debtors not paying on time. The company has taken measures to reduce such risks by establishing credit line, by analyzing customer demand for products and the ability to repay debt. This must be approved in writing by the executive authority in the matter. According to COVID-19 in 2021, the Company has trade accounts receivable Bt. 363.55 million which decreased 32.01% from previous year. Such these factors did not significantly affect liquidity of the company.

#### 5. Executives of the Company and the Subsidiary having close relatives engaged in similar businesses

The Company and the Subsidiary's executives, Mr. Sombat Leeswadtrakul has close relatives operating business relating to steel products in line with the family backgrounds, i.e. being directors and/ or major shareholders of companies engaging in steel products, hence similar business to that of the Company and the Subsidiary and considered the competitors thereof which could lead to conflict of interest.

The Company's shareholder structure comprises shareholders that are not related to or have influence on one another. Also, the Board of Directors is composed of 10 members which have 5 independent directors. This can ensure balance of power and protection of maximum benefit to the Company. In this regard, the Board has delegated power and authority to Mr. Sangrungs Nitipawachon (Managing Director), who is not a close relative, to administer the business relating to steel products, or the Executive Committee, excluding the members with vested interest in certain transactions, to approve related transactions.

#### 6. Information Technology and Communication

As the world is rapidly evolving, technology is applied and utilized in the company to support business operations and enhance the ability to manage all departments. On the other hand, it could also pose serious risks to both the business and all stakeholders as well.

The company places great importance on education and training of Information Technology (IT) personnel to always be up-to-date with today's technology so they are capable of planning and assessing risks that are IT-related. IT-related risks could range from ill-developed software system, inadequate system responsiveness to data leaks which the company's trained IT personnel are responsible and capable of identifying and minimizing these risks to an acceptable level.

#### 7. Risk from Coronavirus Pandemic in 2019 (COVID-19)

Due to the epidemic situation of COVID-19, there have been affects in the work process and health of employees. The company responded to the situation by modifying work processes to fit with the situation as well as organizing a team to take care of employees' health while communicating to all employees to be aware of the impacts and protection methods for them to operate continuously and effectively in the business.

#### 8. Risk from the change in regulations, policies, guidelines in the countries where the Company has investments

In connection with the company's investment in Laos PDR, there may be risk of change in law, guidelines, regulation, policies of that country which is unavoidable e.g. laws on stamp duty, labor laws, environmental laws etc. Nevertheless, the company has already consulted legal counsel in Lao PDR to seek alternative in reducing the risk.

#### 9. Internal Control and Fraud Risk

The assessment of internal control system is performed annually to assess the efficiency and adequacy of the internal control system in both financial reports and corporate compliance operations to prevent risks that may cause frauds including corruption. The company has policies and guidelines in place for anti-corruption practices and business ethics strengthening by communicating and training personnel to learn and apply to their practices in the company.



## Part 1 Business and Operational Results

Driving business for sustainability

### ***Sustainability Management Policy***

The company is committed to develop business and create knowledge to increase personnel's efficiency in the increasingly competitive business environment while generating maximum profits. The company also places emphasis on its responsibilities to those involved in all business sectors, both directly and indirectly, so that the operations are balanced in terms of economy, society and environment. The business operates in the way that all stakeholders are taken into consideration in both supply and demand side within the framework of sustainable development using the principles of good corporate governance as a guideline in formulating 3 different strategies and policies as follows:

1. Operate the business with the ultimate goal. Avoid focusing solely on generating profits but also creating mutual benefits for all stakeholders involved in a sustainable way.
2. Develop the community and maintain the environment. Use resources to their maximum capacity and value and participate in helping to drive and improve the quality of life of people in the communities wherever the

company does business in to be able to grow sustainably while contributing to society at the same time.

3. Operate the business with sustainable development principles and make them a part of the company's normal business operations. Drive the country's economy through the company's profits.

The company encourages directors, executives and employees to comply with these policies to ensure that operations are consistent with and support its sustainable development goals and vision. The company has defined the principles of organizational management to be concrete and continuous which are divided into 6 guidelines as follows:

1. Innovation and technology development
2. Responsibility to consumer
3. Environment and safety
4. Human rights and labor
5. Participation in community and social development
6. Good corporate governance

### ***Impact Management on Stakeholders in the Business Value Chain***

#### **Business Value Chain**

The company has reviewed the management of stakeholder engagement in all aspects throughout the business process, including procurement of raw materials and products, production, sales, transportation, after sales and supporting activities. Assessment of impacts and influences have been conducted to identify issues that stakeholders focused on and use it as a guideline for creating and developing processes to respond to those issues.

#### **Business Chain Stakeholder Analysis**

Stakeholder	Operation	Expectation	Response
Shareholders	<ul style="list-style-type: none"> <li>• Annual Shareholders' Meeting</li> <li>• Preparation of annual reports</li> <li>• Investor meeting activities</li> <li>• Access to information and disclosure of information through the stock market</li> </ul>	<ul style="list-style-type: none"> <li>• Generating good returns</li> <li>• Equitable treatment of shareholders</li> <li>• Transparency in business operations and good governance</li> <li>• Operations with social and environmental responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate payment of dividends to shareholders</li> <li>• Organizational management and development for sustainable growth</li> <li>• Disclosure of information through the company website</li> <li>• Provide a channel for inquiries via investor relations email</li> <li>• Member of the Thai Private Sector Anti-Corruption Program (CAC)</li> </ul>
Employee	<ul style="list-style-type: none"> <li>• There is a channel for receiving suggestions, opinions or complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Get access to programs for career advancement</li> <li>• Receive fair compensation and welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the workplace to have a clean and safe working environment</li> </ul>

## Part 1 Business and Operational Results

Driving business for sustainability

Stakeholder	Operation	Expectation	Response
	<ul style="list-style-type: none"> <li>Organize trainings to develop potential of work</li> <li>Set compensation fairly and appropriately to the responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Good and safe working environment</li> </ul>	<ul style="list-style-type: none"> <li>Organize training courses to develop skills and knowledge</li> <li>Evaluation of performance and consideration for compensation according to it</li> </ul>
Customer	<ul style="list-style-type: none"> <li>Customer satisfaction and customer service</li> <li>Visit customers and participate in customer activities</li> <li>Create communication channels for customers</li> </ul>	<ul style="list-style-type: none"> <li>Quality of products, prices and services from the company</li> <li>Convenience to contact for help.</li> <li>Product knowledge for correct use</li> </ul>	<ul style="list-style-type: none"> <li>Deliver quality products and on time</li> <li>Develop products to meet expectations</li> <li>Participate in activities and listen to the needs of customers</li> <li>Communicate product information and company's news via Facebook and Line</li> </ul>
Partners	<ul style="list-style-type: none"> <li>Opportunity to visit the production process</li> <li>Provide communication channels and accurate and clear information</li> <li>Strictly comply with the terms and conditions of the commercial contracts</li> <li>Participate in the company, partnering companies and social activities</li> </ul>	<ul style="list-style-type: none"> <li>Work in cooperation and grow together</li> <li>Conduct business with honesty</li> <li>Procurement system that is transparent and verifiable</li> </ul>	<ul style="list-style-type: none"> <li>Policy and procurement practice manual</li> <li>Determine returns that are suitable for quality</li> <li>Pay within the specified period</li> <li>Communicate anti-corruption policies</li> </ul>
Competitor	<ul style="list-style-type: none"> <li>Meetings on the right occasions</li> <li>Exchange opinions and avoid searching for information to take advantage or information that is unfair</li> </ul>	<ul style="list-style-type: none"> <li>Organize training to develop work potential</li> </ul>	<ul style="list-style-type: none"> <li>Do not seek confidential information of competitors</li> <li>Do not damage the reputation of competitors by slandering or attacking</li> <li>Have a code of ethics to conduct business with transparency</li> </ul>
Community, society and environment	<ul style="list-style-type: none"> <li>Visit the community to exchange opinions</li> <li>Support community and public activities</li> <li>Promote learning skills and improve the living around the community</li> </ul>	<ul style="list-style-type: none"> <li>Operate business in the way that does not affect the community and the environment</li> <li>Support community and public activities</li> <li>Promote learning skills and improve the living around the community</li> </ul>	<ul style="list-style-type: none"> <li>Control the quality of the environment in accordance with the standards prescribed by the law</li> <li>Promote the activities of educational institutions to develop students, grant factory visits and donate equipment to promote learning</li> <li>Public benefit programs such as blood donations, donating items to the disabled, the blind or nursing homes</li> </ul>
Public sector	<ul style="list-style-type: none"> <li>Follow up on government policy news</li> <li>Participate in activities or support projects that create common interests</li> </ul>	<ul style="list-style-type: none"> <li>* Comply with the rules and regulations of the agencies in contact</li> </ul>	<ul style="list-style-type: none"> <li>Comply with the law on tax management</li> <li>Correct and complete Information</li> <li>Continue to cooperate in social activities of the public sector</li> </ul>

## Part 1 Business and Operational Results

Driving business for sustainability

### Air Pollution



From the result of air quality test, the average yield was 0.03 micrograms/m<sup>3</sup>, lower than the standard, because the company has installed a smoke treatment system from the combustion of machinery and regularly inspected the company's trucks.

standards required by the law.

Occupational Health and Safety policies were set and issued since October 2014 as a chapter on the topic of trainings that all employees must learn as the company's production line is mostly related to machinery work.

### Occupational Safety Statistics (The Company / Subsidiaries)

	Unit	2021	2020	2019
No. of work accidents	Times	14 / 9	18 / 27	16 / 13
No. of stop working	Person	14 / 4	12 / 21	14 / 10
No. of deaths from work	Person	-	-	-
No. of days of absence	< 3 days	6 / 5	8 / 11	10 / 9
	> 3 days	8 / 4	4 / 10	4 / 1

### policy of Occupational Health and Safety

2S Metal Co.,Ltd produced and distributed metal products with Occupational Health and Safety management system which was critical to the business and that led the company to implement policies as follows:

1. Commit to improve and innovate management system with regard to Occupational Health and Safety in workplace in accordance with the legal requirements laws of Thailand including international laws and other related requirements.
2. Inform all employees about the importance of work. Prioritize safety especially personal safety and fire incidents.
3. Review and improve workplace, machinery, tools, and equipments to protect personal safety to be available to use at full capacity at all time.
4. Inform all employees of all levels and sectors to follow the safety rules established by the company
5. Support human resources in appropriate manners suitable with the nature of their work in regard of the Occupational Health and Safety principle. Aim to develop the company's human resources with knowledge and build ethical foundation in term of health and safety, and work environment.
6. The company places importance on safety at top priority in overall performance assessment. The Directors of all levels are responsible to supervise and support safe operation and efficient performance. All employees should also fully cooperate in operating safety principles.

Dated 15 October 2014

In addition, the company pays attention to the prevention of COVID-19 by providing body temperature check points, alcohol to wash hands in all working areas, and ATK testing for all employees every 14-21 days,

including ATK testing for employees who are found to be at risk from their residential community. Meetings and communication were organized to raise awareness to protect employees and inform them of how to take care

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## Part 1 Business and Operational Results

### Driving business for sustainability

of themselves. Consulting, advice, and follow-up services were provided for the entire group of employees, including employees in quarantine and in hospitals. The company has been coordinating with the Public Health Sector in the district to provide advice, inspection, supervision of the premises and preventive measures for the company to build trust among employees and communities.

The company has created a white factory project and performed drug tests in urine without prior notices. The company plans to perform drug tests 2 times a year and expects employees to be healthy and not abusing drugs. In the urine tests, the company has been in cooperation with Narcotics Control Officers from Chaloem Phrakiat Police Station, Nakhon Ratchasima Province. The results of the examination revealed no drugs were found in any of the company's employees.



#### - Relationship building activity

In addition to compensation in the form of salaries, the company believes that relationship building activities enhance employees' potential and create awareness of the organizational value. The company, therefore, supports the organization of activities to stimulate the participation of employees in the organization both in terms of social responsibility and social responsibility reflection.

For example, the company has organized events to express gratitude to employees at the end of 2021 and a new year party in 2022 by providing food and beverages to employees and organizing games. Apart from that, the company has also been gifting employees, gifting on employees' birthdays, leading merit making activities at the community temple, and giving condolences to employees who lost family members by giving them welfare money along with wreaths, etc.



## Part 1 Business and Operational Results

Driving business for sustainability



### Responsibility to Customer

The company places importance on customer service and takes into account the needs and satisfaction of the customers. Each year the company conducts a survey and assesses customer satisfaction with the company's products and services in order to use the information to assess and improve the products and services to be more efficient in the future. The responded survey results show that around 686 customers gave out a high satisfaction score on customer service at 49.7%, price at 60.05%, and product quality at 44.46% in all branches, including Hat Yai, Bangkok and Korat.

In addition, the company has established several channels to spread news and information so that customers can have access to product information and useful news about business and safety information about steel products. There is also a channel provided for customers to easily report complaints to the company

### Community and Social Responsibility

1. Donated 1 high flow oxygen aerator with equipment and money to Songkhla Nakarin Hospital and Maharaj Nakhon Ratchasima Hospital to fight COVID-19.
2. Donated food to COVID- 19 patients and medical officers to Sanam Hospital, Bang Klam District (1<sup>st</sup> and 2<sup>nd</sup> time) and Maharat Nakhon Ratchasima Hospital.
3. 2S Metal Public Company Limited collected unused boxes and cartons and sent them to Lotus for recycling. For the production of paper field beds, SCGP donated to field hospitals across the country to fight COVID-19.
4. Donated 100,000 baht to Songkhla Nakarin Hospital to fight COVID-19.
5. Donated food to COVID- 19 patients and medical officers to Sanam Hospital, Bang Klam District (1<sup>st</sup> and 2<sup>nd</sup> time).





## Part 1 Business and Operational Results

Driving business for sustainability



6. Collected unused boxes and cartons and sent them to Lotus for recycling. For the production of paper field beds, SCGP donated to field hospitals across the country to fight COVID-19.



## Part 1 Business and Operational Results

### Sustainability Management – Environmental

#### *Sustainability Management Policy in Environmental Dimension*

Although the company operates in the steel processing industry, the company's approaches to environmental management are not the only minimizing the business's impact on the environment but also considering the development of the surrounding environment to achieve business value to the community.

In 2021, the company has set guidelines to determine a concrete environmental work plan, emphasizing on the coexistence with the community, guidelines for the Sustainable Development Goals (SDGs), guidelines for reducing greenhouse gas and community's access to energy.

At present, the company has continuously promoted in creating a culture of conservation and energy saving, starting with things that are close to the employees, such as saving water, saving electricity, or reducing the use of paper. The company also promotes transportation planning that helps reduce fuel use, etc. Considering all these factors, the company has no environmental disputes.

In addition, the company has appointed a Safety and Occupational health Committee to assess risks in the working environment. The risk management and monitoring system covers:

- Chemical
- Equipment and machinery
- Working environment
- Personal safety protection
- Fire



#### **Performance on Environment**

The company pays attention to the environment both in terms of noise pollution and air pollution. There is an annual factory and production line check consistently. The company began to manage the environment in the production line first as it is the main work section which is highly relevant to the use of resources and environment. The company has developed and invested in projects that promote work and cost efficiency.

In addition, according to the principles of factory operation on the subject of standards of the safety, health and working environment administration, regarding heat, light and sound 2006, the company has arranged an environmental inspection by hiring a company registered with the Department of Labor Welfare to inspect. The result of the annual inspection in 2021 is that the company has operated within the standards prescribed by the law.

#### **Noise Pollution**



According to the results of the annual environmental inspection, the noise produced by the machinery operating outside the company is 67.98dB(A), which the standard stipulates not to exceed 70dB(A). This level of noise does not affect communities around the plant. However, ear muffs and ear plugs are used in the factory for sound protection with signs indicating the sound level in the factory that exceeds the set standard.

#### **Production Waste**



Because wastes such as scrap iron, steel scale powder, raw material wrapping paper, etc. are created in the production process, the company has procedures for disposing of these wastes by dividing them into value-added waste such as scrap, which will be sold to potential buyers that are licensed by the Department of Factory.

For the wastes that must be disposed, the company will apply for a permit to send the wastes from the production to be disposed by a company that has been authorized by the Department of Industrial Works with the amount of 21 tons.

#### **Water Pollution**



1. The company had an annual environmental inspection by Health and Envitech Company Limited. The result is the PH value of the water that is discharged outside is 5.5, which is lower what is prescribed by the law (PH value from 5.5-9.0). Every month the company sends reports to Subdistrict Administrative Organization.

The record of statistics and data showing the performance of the wastewater treatment system from pollution sources and report summarizing the results of the wastewater treatment system .

2. The company has disposed waste or unused materials such as water contaminated with oil / sludge from grinding to Better World Green Public Company Limited. The waste is caused by cleaning of coolant reservoirs and cooling towers by scooping into 200-liter tanks for disposal to Better World Green PCL.

### Air Pollution



From the result of air quality test, the average yield was 0.03 micrograms/m<sup>3</sup>, lower than the standard, because the company has installed a smoke treatment system from the combustion of machinery and regularly inspected the company's trucks.

### Greenhouse Gas Emissions Reduction Management

The company uses part of electricity from the Solar Roof top installed within the company. In the company's production process, the electricity produced from the solar roof top is used during the day. From regular monitoring and control in 2021, the amount of electricity generated from the solar roof top system is 1.235 GWh, which is equivalent to a reduction of 692.84 Ton of Co<sub>2</sub> emissions, thereby reducing the increase in greenhouse gas emissions.

\*\*\* Calculated from the formula  $P \times EF$

$P$  = Power (electric power in KWh).

$EF$  = Emission factor is a constant value that turns activity data into greenhouse gas emissions values for electricity use 0.5610 kgCO<sub>2</sub>e/kWh.





## Part 1 Business and Operational Results

### Sustainability Management - Society

#### *Social and Community Policy and Practice*

The company recognizes that society and environment are essential for sustainable development in the future. The company intends to apply the criteria and framework for reporting information on social and environmental responsibility to stakeholders according to 8 principles to adjust and practice in management. The goal of the action is for the organization to coexist with the community and society peacefully and to enhance their progress at the same time by defining guidelines for joint practice as follows:

1. Conduct business with honesty, transparency and accountability. Focusing on the growth of the company's group while improving the quality of life of employees, communities and society.
2. Operate business by placing importance on the corporate governance under the framework of ethical management, especially

processes that are related to corruption risks within the organization and all forms of corruption, both directly and indirectly.

3. Conduct business with respect for human rights. Do not take advantages of employees and treat them equally and fairly.
4. Place importance on personnel development training for employees to develop and grow in their line of work appropriately.
5. Develop service and technology to be modern and continually beneficial to employees, customers, partners and society.
6. Support activities and projects that lead to community and society development in education, labor and community potential, including helping to alleviate the suffering of disaster victims.

#### *Operation and Report*

The company prepares reports according to the Stock Exchange of Thailand's social responsibility report preparation guidelines to demonstrate the company and its subsidiaries' principles and guidelines for all stakeholders and to improve all aspects that could lead to sustainability and growth. The company has compiled the information of the year 2021 to disclose to shareholders and investors for acknowledgement and understanding of the company's responsibilities all dimensions, including economic, social and environmental dimensions according to the following policies and guidelines.

#### *Employee and Labor Treatment*

1. Respect for human rights

The Company has set employee regulations under the principle of respect for basic human rights according to international standards, without discrimination as regards birth place, race, religion, sex, age, skin color, disability, status, educational institute, or any other status not related directly to the work performance, including also respect for individuals and human dignity, as part of business ethics toward stakeholders. So far, the Company has had no record of being complained of violating human rights. At present, the Company and subsidiaries has total Male employee by 397 persons and Female employee by 115 persons (this total was included disability by 5 persons)

2. Fair treatment of labor

The company is always aware that all employees are invaluable resources of the Company. It is one of the factors of success in achieving the goals of the company. Therefore, the company has established a code of conduct for stakeholders to provide fair treatment in terms of opportunities, compensation, appointment, transferring, welfare and other matters such as

- Wage, compensation and other benefits

The company takes motivations of employees into account, lets employees work to the best of their ability and treats them fairly in any occasions. The employees are treated according to legal requirements and a standardized system of practice. Assessment



## Part 1 Business and Operational Results

### Sustainability Management - Society

and analysis of the value of the work has been conducted to ensure it is up- to- date, appropriate to the level of duties and responsibilities, consistent with business operations and is at a competitive level or suitable to the rate of compensation of other companies in the same business.

#### - Skill development

The company has set up a human resource development plan for annual training courses for the company and subsidiaries' employees so that employees can apply knowledge to enhance their line of work and to be more effective. In 2021, employees have received continuous internal and external

trainings, averaging 49.03 hours per person per year, divided into 32 people receiving external trainings and 464 people receiving internal training per year, a total of 158 trainings and development courses per year.

#### - Safety and hygiene in workplace

The company cares about life and health of all employees. Thus, exercise activities in the morning before work have been organized for employee's good health and their readiness to work. Because the company's main line of work is related to machinery, the company has organized a division to manage safety and working environment so that employees are safe at work and comfortable in good hygiene in the working environment, exceeding the standards required by the law.

Occupational Health and Safety policies were set and issued since October 2014 as a chapter on the topic of trainings that all employees must learn as the company's production line is mostly related to machinery work.

#### Occupational Safety Statistics (The Company / Subsidiaries)

	Unit	2021	2020	2019
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3. Review and improve workplace, machinery, tools, and equipments to protect personal safety to be available to use at full capacity at all time.
4. Inform all employees of all levels and sectors to follow the safety rules established by the company

## Part 1 Business and Operational Results

### Sustainability Management - Society

5. Support human resources in appropriate manners suitable with the nature of their work in regard of the Occupational Health and Safety principle. Aim to develop the company's human resources with knowledge and build ethical foundation in term of health and safety, and work environment.
6. The company places importance on safety at top priority in overall performance assessment. The Directors of all levels are responsible to supervise and support safe operation and efficient performance. All employees should also fully cooperate in operating safety principles.

Dated 15 October 2014

In addition, the company pays attention to the prevention of COVID-19 by providing body temperature check points, alcohol to wash hands in all working areas, and ATK testing for all employees every 14-21 days, including ATK testing for employees who are found to be at risk from their residential community. Meetings and communication were organized to raise awareness to protect employees and inform them of how to

take care of themselves. Consulting, advice, and follow-up services were provided for the entire group of employees, including employees in quarantine and in hospitals. The company has been coordinating with the Public Health Sector in the district to provide advice, inspection, supervision of the premises and preventive measures for the company to build trust among employees and communities.



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## Part 1 Business and Operational Results

### Sustainability Management - Society



For example, the company has organized events to express gratitude to employees at the end of 2021 and a new year party in 2022 by providing food and beverages to employees and organizing games. Apart from that, the company has also been gifting employees, gifting on employees' birthdays, leading merit making activities at the community temple, and giving condolences to employees who lost family members by giving them welfare money along with wreaths, etc.

#### Responsibility to Customer

The company places importance on customer service and takes into account the needs and satisfaction of the customers. Each year the company conducts a survey and assesses customer satisfaction with the company's products and services in order to use the information to assess and improve the products and services to be more efficient in the future. The responded survey results show that around 686 customers gave out a high satisfaction score on customer service at 49.7%, price at 60.05%, and product quality at 44.46% in all branches, including Hat Yai, Bangkok and Korat.



In addition, the company has established several channels to spread news and information so that customers can have access to product information and useful news about business and safety information about steel products. There is also a channel provided for customers to easily report complaints to the company.

#### Community and Social Responsibility

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## Part 1 Business and Operational Results

### Sustainability Management - Society



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6. Collected unused boxes and cartons and sent them to Lotus for recycling. For the production of paper field beds, SCGP donated to field hospitals across the country to fight COVID-19.



### ***Company's Performance***

In 2021, the company had earned a net profit of 738.05 million baht, an increase of 327.85 million baht or 79.92% compared to the net profit of 2020 due to higher sales revenue, lower selling expenses and lower finance costs.

#### **Total Revenue from Sales**

Total revenue from sales in 2021 amounted to 6,520.81 million baht, an increase of 16.38% with a 46.77% increase in sales volume, while the average selling price fell 20.71%. There are two main businesses, namely steel processing business accounting for approximately 70.0% and steel product procurement business accounting for approximately 30.0%.

The share of sales was from both in Thailand and Lao PDR. Sales volumes from head office branch (southern region) decreased by 27.58%, Korat branch (Northeastern region) decreased 7.34% and Bangkok branch decreased 25.99%. Sales volumes in Lao PDR decreased with 30.04% in 2020, despite a temporary suspension during the COVID-19 epidemic.

#### **Cost of Sales**

In 2021, the company had total cost of sales of 5,371.70 million baht, or 82.38% of sales revenue, increased at a rate of 10.40% compared to the year 2020 due to an increase in the cost of raw materials used in production. The cost of goods sold can be divided into cost of sales incurred from steel processing, accounted for approximately 65-70%, most of which was the cost of raw materials which include hot-rolled coils, which fluctuate in line with global steel prices and other costs of sales such as transportation costs for raw materials, direct labor costs, production costs, etc.

The cost of sales from the business of procuring steel products for distribution accounts for about 25-30% of the total cost of sales. Increases or decreases occurred were the result of the vary in the value of steel products that the company sells.

### ***Financial position***

#### **Asset**

The company had total assets of 2,457.50 million baht, an increase of 11.45% compared to the end of 2020, divided into current assets of 1,831.07 million baht or 74.51% of total assets, inventory of 1,105.14 million baht and trade accounts receivable of 363.56 million baht, accounting for 44.97% and 14.79% of the total assets. As for the deposit for payment of goods, it amounted to 0.44 million baht, a decrease of 96.03% due to the adjustment of payment conditions.

#### **Gross Profit**

The company had a gross profit of 1,149.11 million baht, representing a gross profit margin of 17.62% from total sales, an increase from the year 2020 with a gross profit margin of 13.16%, as a result of a decrease in the costs of raw materials used in production being lower than the average selling price in the market resulting in the profit increase.

#### **Operating Cost**

The company's main costs of sales are related to transportation, fuel, and promotional expenses. The company's costs of sales amounted to 127.47 million baht, a decrease of 7.33% compared to 2020 due to a decrease in sales volume.

The administrative expenses amounted to 107.85 million baht, decreased from the year 2020 by 2.10 million baht, proportioning to revenue from sales of 1.65%. Administrative expenses consisted of employees' salary, directors' remuneration, bonuses and employees' benefits (According to Accounting Standard No. 19), including the provision for doubtful accounts.

The Loss on foreign exchange amounted to 21.70 million baht, representing a ratio of 0.33% to sales revenue, which was caused by the currency exchange of a subsidiary in Lao PDR to pay debts and pay for goods to the company.

#### **Cost of Finance - Interest Expense**

The company had interest expenses of 1.72 million baht, a decrease of 78.39% from the year 2020 due to the repayment of loans from financial institutions and loaning from financial institutions to use as working capital for the business during the period.

As for non-current assets, they amounted to 626.43 million baht, a decrease of 86.25 million baht from 2020, which was a decrease of bank deposits used as collateral for the company and property, building and equipment.

Therefore, the return on assets in 2021 was 31.66%, an increase from the year 2020 with a 20.66% return on assets.



### Inventory

The company had net inventory of 1,105.14 million baht, an increase of 4.65% from the year 2020. The company kept inventories in the form of raw materials, finished goods and goods in process.

From steel price situation in 2021, there was an increase in steel prices during this year and a decrease at the end of it. As a result, the cost of goods was higher than the net realizable value at the end of 2021, an increase of 17.96 million baht (see more details in the topic "Loss from cost of goods being higher than received value") with an average sales period of approximately 34 days. Considering all directions, the company set policies on inventory management to operate and correspond to sales volume effectively while keeping full consideration on product price adjustments and amount of customer demand combined.

### Account Receivable and Note Receivable - Net

In 2021, the company had accounts receivable of 363.56 million baht, representing a ratio of accounts receivable to total assets of 14.79%. In 2021, there was an increase of 88.17 million baht in accounts receivable, or an increase of 32.02% compared to the end of 2020, and the provision for doubtful accounts has decreased compared to 2020.

For sales policies and customer credits, the company has policies in considering credit terms for each customer. In the case of a new customer, the company will only receive payment in cash. Granting short-term credit and further credit extension (credit period of 7-60 days) will be considered after multiple deals are made with the customer.

	2019		2020		2021	
	Million Bt.	%	Million Bt.	%	Million Bt.	%
Trade AR - general customers						
Not yet due	278.01	77.73%	236.54	80.45%	290.68	76.63%
Past due						
Less than 3 months	63.20	17.67%	37.58	12.78%	68.01	17.93%
3 - 6 months	6.13	1.71%	1.14	0.39%	1.33	0.35%
6 - 12 months	0.68	0.19%	3.78	1.29%	3.89	1.03%
Over 12 months	9.67	2.70%	15.02	5.11%	15.48	4.08%
<b>Total</b>	<b>357.69</b>	<b>100.00%</b>	<b>294.06</b>	<b>100.00%</b>	<b>379.39</b>	<b>100.00%</b>
Less Allowance for doubtful accounts	(8.62)	(2.41%)	(18.68)	(6.35%)	(15.84)	(4.18%)
<b>Trade AR - general customers and related companies - net</b>	<b>349.07</b>	<b>97.59%</b>	<b>275.38</b>	<b>93.65%</b>	<b>363.55</b>	<b>95.82%</b>

2021, The Company has criteria in place to analysis Ageing of trade accounts and assessment to be done by the Managers of Accounting Department and Marketing Department and proposed to Managing Director for approval before setting allowance for doubtful accounts. Criteria for setting allowance for doubtful accounts consist of:

1. Trade accounts with over 4 months up to 6 months overdue receivables, who are still contactable and show intention to pay, will be monitored closely and sales may be suspended temporarily probably together with other acceleration measures to be
2. In case of trade accounts with over 6 months up to 1 year of overdue receivables, who are still contactable and show intention to pay, 50% of the total overdue debt value will be set aside as

taken. However, if there is a tendency that the debt may not be collected in full, 25% of total overdue debt value will be set aside as allowance. In case of accounts that cannot be contacted, legal actions will be taken and 50% of total overdue debt value will be set aside as allowance for doubtful accounts.

allowance for doubtful accounts. However, if there is a tendency that the customers cannot be reached, or show intention to avoid payment, or are under prosecution and possibly be unable to pay the debt in full, 75% of the total overdue debt value will be set aside as allowance for doubtful accounts. In the worst

case, if the debt could possibly be completely uncollectable, 100% allowance will be set aside.

3. In all cases of trade accounts with over 1 year of overdue receivables, 100% allowance will be set aside.

### Property, Plants and Equipment

Property, plant and equipment - net at the end of 2021, it amounted to 593.13 million baht, an decreased of 12.06 million baht from the year 2020, representing an increase of 1.99% from new buildings and equipment of the company and its subsidiaries.

### Debt

At the end of 2021, the company had total liabilities of 179.68 million baht, comprising of current liabilities of 143.73 million baht and non-current liabilities of 35.95 million baht. The total liabilities in 2021 decreased by 269.65 million baht or 60.0% compared to the end of 2020 which was mainly due to repayment of loans from financial institutions and payment of accounts payable.

### Equity

At the end of 2021, the company held equity of 2,277.82 million baht, or approximately 92.69% of total assets. When considering return on equity, it was found that, in 2021, the rate was 36.60%, which went according to the company's net profit in each period and the factors mentioned above.

### Liquidity

In 2021, the company has net cash from operating activities of 574.19 million baht from the net profit before corporate income tax of 924.69 million baht and adjusted net profit to cash received (paid) from operations. This was mainly adjusted from the impact of depreciation of 48.53 million baht, resulting in operating profit before changes in operating assets and liabilities amounted to 986.94 million baht and changes in operating assets and liabilities which consisted of an increase in accounts receivable of 85.33 million baht, a decrease in deposits for goods payment of 10.64 million baht, a decrease in cash received from operating activities with existing inventories of 66.76 million baht, interest expenses and corporate income tax of 1.88 million baht and 170.78 million baht, respectively.

Meanwhile, the company had net cash from investing activities of 37.99 million baht and net cash used from financing activities of 391.52 million baht, which was due to the

repayment of loans from financial institutions of 176.24 million baht and dividend payment of 262.50 million baht. This resulted in an increase in cash and cash equivalents in 2021 by 220.48 million baht, of which cash and cash equivalents as of December 31, 2021, amounted to 352.59 million baht.

When considering the liquidity ratio in 2021, it is approximately 12.74 times and the quick ratio is about 12.74 times, accounting for approximately 4.98 times due to the company's use of working capital to support increased sales volume and increased investment-related expenses.

### Capital Structure

The company's capital structure in 2019 - 2021 has a debt- to- equity ratio of approximately 0.28 times, 0.26 times and 0.08 times, respectively. Considering past performance, the ratio shows that the company has a stable financial position.

### ***Factors that may affect Financial Position and Operating Result***

#### Risk from fluctuations of Raw Material prices

Prices of hot rolled coil, the main raw material in production, change according to the global supply and demand situation. If the raw material prices increase, and the Company cannot, partially or fully, pass on the rising cost to the customers through selling price adjustment, the Company's future profitability would be affected. The company's gross profit margin during 2019-2021 was 7.53%, 13.16% and 17.62% respectively.

## Part 1 Business and Operational Results

Financial Information and statistics



### STATEMENTS OF FINANCIAL POSITION

List	Separate F/S						Consolidated F/S					
	2019		2020		2021		2019		2020		2021	
	thousand baht	ratio	thousand baht	ratio	thousand baht	ratio	thousand baht	ratio	thousand baht	ratio	thousand baht	ratio
<b>ASSETS</b>												
Cash and cash equivalents	91.55	5.45%	119.25	5.51%	330.38	13.85%	131.85	7.47%	132.11	5.99%	352.60	14.35%
Trade and other accounts receivable - net	444.78	26.46%	313.87	14.51%	409.37	17.16%	349.08	19.76%	275.39	12.49%	363.56	14.79%
Inventories - net	490.73	29.20%	1,013.68	46.86%	1,032.48	43.29%	557.25	31.55%	1,056.06	47.90%	1,105.14	44.97%
Deposits for purchase of goods	141.09	8.39%	11.08	0.51%	0.44	0.02%	141.09	7.99%	11.08	0.50%	0.44	0.02%
Short-term loans and accrued interest receivable - subsidiary	17.42	1.04%	32.80	1.52%	17.42	0.73%	-	-	-	-	-	-
Refundable value added tax	-	-	10.01	0.46%	-	-	0.26	0.01%	10.01	0.45%	3.93	0.16%
Refundable income tax	0.30	0.02%	0.30	0.01%	-	-	2.35	0.13%	1.68	0.08%	-	-
Other current assets	2.20	0.13%	2.80	0.13%	2.30	0.10%	5.67	0.32%	5.93	0.27%	5.40	0.22%
<b>Total Current Assets</b>	<b>1,188.07</b>	<b>70.69%</b>	<b>1,503.79</b>	<b>69.51%</b>	<b>1,792.39</b>	<b>75.14%</b>	<b>1,187.55</b>	<b>67.23%</b>	<b>1,492.26</b>	<b>67.68%</b>	<b>1,831.07</b>	<b>74.51%</b>
Investments in subsidiaries	216.77	12.90%	216.77	10.02%	216.77	9.09%	-	-	-	-	-	-
Long-term loans receivable - subsidiary	15.39	0.91%	-	-	12.69	0.53%	-	-	-	-	-	-
Property, plant and equipment - net	256.34	15.25%	280.49	12.97%	278.63	11.68%	552.03	31.25%	605.19	27.45%	593.13	24.14%
Rights-of-use assets - net	-	-	87.27	4.03%	80.27	3.37%	-	-	13.55	0.62%	11.26	0.46%
Investment property - net	-	-	-	-	-	-	1.95	0.11%	1.61	0.07%	1.27	0.05%
Prepaid land rental expense - net	0.82	0.05%	-	-	-	-	4.00	0.23%	-	-	-	-
Leasehold rights - net	-	-	-	-	-	-	2.25	0.13%	-	-	-	-
Intangible assets - net	1.45	0.09%	1.05	0.05%	1.92	0.08%	1.65	0.09%	1.30	0.06%	2.08	0.08%
Goodwill	-	-	-	-	-	-	15.09	0.85%	15.09	0.68%	15.09	0.61%
Restricted deposits with banks	1.05	0.06%	72.36	3.35%	1.05	0.04%	1.05	0.06%	72.36	3.28%	1.05	0.04%
Deferred tax assets	-	-	-	-	-	-	-	-	2.04	0.09%	1.01	0.04%
Non - Other current assets	0.94	0.05%	1.54	0.07%	1.54	0.06%	0.94	0.05%	1.54	0.07%	1.54	0.06%
<b>Total Non-Current Assets</b>	<b>492.76</b>	<b>29.31%</b>	<b>659.48</b>	<b>30.49%</b>	<b>592.87</b>	<b>24.86%</b>	<b>578.96</b>	<b>32.77%</b>	<b>712.68</b>	<b>32.32%</b>	<b>626.43</b>	<b>25.49%</b>
<b>TOTAL ASSETS</b>	<b>1,680.83</b>	<b>100.00%</b>	<b>2,163.27</b>	<b>100.00%</b>	<b>2,385.26</b>	<b>100.00%</b>	<b>1,766.51</b>	<b>100.00%</b>	<b>2,204.94</b>	<b>100.00%</b>	<b>2,457.50</b>	<b>100.00%</b>

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## Part 1 Business and Operational Results

Financial Information and statistics



List	Separate F/S						Consolidated F/S					
	2019		2020		2021		2019		2020		2021	
	thousand baht	ratio	thousand baht	ratio	thousand baht	ratio	thousand baht	ratio	thousand baht	ratio	thousand baht	ratio
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>												
Trade and other accounts payable	34.77	2.07%	155.58	7.19%	34.97	1.47%	28.61	1.62%	149.09	6.76%	30.23	1.23%
Current portion of liabilities under finance lease agreements	-	-	5.09	0.24%	5.34	0.22%	-	-	2.78	0.06%	1.48	0.06%
Short – term loans and accrued interest payable - subsidiary	5.00	0.29%	-	-	-	-	-	-	-	-	-	-
Accrued income tax	-	-	45.34	2.10%	55.55	2.33%	-	-	45.34	2.06%	62.28	2.53%
Value added tax payable	1.15	0.07%	-	-	3.57	0.15%	2.48	0.14%	2.74	0.12%	4.10	0.17%
Accrued expenses	24.68	1.47%	21.60	1.00%	31.16	1.31%	30.16	1.70%	27.27	1.24%	38.91	1.58%
Other current liabilities	5.92	0.35%	2.84	0.13%	5.61	0.24%	6.90	0.39%	4.79	0.22%	6.73	0.27%
<b>Total Current Liabilities</b>	<b>353.75</b>	<b>21.04%</b>	<b>406.69</b>	<b>18.80%</b>	<b>136.20</b>	<b>5.71%</b>	<b>350.38</b>	<b>19.83%</b>	<b>408.25</b>	<b>18.45%</b>	<b>143.73</b>	<b>5.85%</b>
Liabilities under finance lease agreements -net	-	-	82.89	3.83%	77.55	3.25%	-	-	22.30	1.01%	4.22	0.17%
Employee benefits obligation	16.93	1.01%	18.46	0.85%	15.56	0.65%	20.63	1.17%	5.70	0.32%	17.79	0.72%
Deferred tax liabilities - net	6.01	0.36%	3.69	0.17%	4.83	0.20%	17.84	1.01%	13.08	0.59%	13.94	0.57%
<b>Total Non-Current Liabilities</b>	<b>22.94</b>	<b>1.37%</b>	<b>105.04</b>	<b>4.86%</b>	<b>97.94</b>	<b>4.11%</b>	<b>38.47</b>	<b>2.18%</b>	<b>41.08</b>	<b>1.92%</b>	<b>35.95</b>	<b>1.46%</b>
<b>TOTAL LIABILITIES</b>	<b>376.69</b>	<b>22.41%</b>	<b>511.73</b>	<b>23.66%</b>	<b>234.14</b>	<b>9.82%</b>	<b>388.85</b>	<b>22.01%</b>	<b>449.33</b>	<b>20.38%</b>	<b>179.68</b>	<b>7.31%</b>
Registered 549,999,244 shares	550.00	32.72%	550.00	25.42%	500.00	20.96%	550.00	31.13%	550.00	24.94%	500.00	20.35%
Issued and paid - up 449,999,095 shares	450.00	26.77%	450.00	20.80%	500.00	20.96%	450.00	25.47%	450.00	20.41%	500.00	20.35%
Premium on share capital	121.76	7.24%	121.76	5.63%	121.76	5.10%	121.76	6.89%	121.76	5.52%	121.76	4.95%
Retained earnings	45.00	2.68%	50.00	2.31%	50.00	2.10%	45.00	2.55%	50.00	2.27%	50.00	2.03%
– Appropriated for legal reserve	643.00	38.26%	985.40	45.55%	1,434.98	60.16%	735.95	41.67%	1,109.62	50.33%	1,584.63	64.48%
- Unappropriated	44.38	2.64%	44.38	2.05%	44.38	1.86%	26.84	1.52%	26.11	1.18%	22.87	0.93%
Other components of shareholders' equity	-	-	-	-	-	-	(1.89)	(0.11%)	(1.88)	(0.09%)	(1.44)	(0.06%)
Non-controlling interests in subsidiaries	-	-	-	-	-	-	(1.89)	(0.11%)	(1.88)	(0.09%)	(1.44)	(0.06%)
<b>Shareholders' equity of the Company</b>	<b>1,304.14</b>	<b>77.59%</b>	<b>1,651.54</b>	<b>76.34%</b>	<b>2,151.12</b>	<b>90.18%</b>	<b>1,377.66</b>	<b>77.99%</b>	<b>1,755.61</b>	<b>79.62%</b>	<b>2,277.82</b>	<b>92.69%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,680.83</b>	<b>100.00%</b>	<b>2,163.27</b>	<b>100.00%</b>	<b>2,385.26</b>	<b>100.00%</b>	<b>1,766.51</b>	<b>100.00%</b>	<b>2,204.94</b>	<b>100.00%</b>	<b>2,457.50</b>	<b>100.00%</b>



## Part 1 Business and Operational Results

Financial Information and statistics



### STATEMENTS OF PROFIT OR LOSS COMPREHENSIVE INCOME

List	2019		Separate F/S 2020		2021		2019		Consolidated F/S 2020		2021	
	Amount	ratio	Amount	ratio	Amount	ratio	Amount	ratio	Amount	ratio	Amount	ratio
Revenue from sales	5,256.99	97.96%	5,428.83	97.94%	6,308.93	97.50%	5,281.85	97.88%	5,484.17	97.88%	6,352.68	97.42%
Revenue from sales of by-product	109.31	2.04%	114.45	2.06%	162.02	2.50%	114.43	2.12%	118.86	2.12%	168.13	2.58%
<b>Total revenues</b>	<b>5,366.30</b>	<b>100.00%</b>	<b>5,543.28</b>	<b>100.00%</b>	<b>6,470.95</b>	<b>100%</b>	<b>5,396.28</b>	<b>100.00%</b>	<b>5,603.03</b>	<b>100.00%</b>	<b>6,520.81</b>	<b>100%</b>
Costs of sales	(4,999.21)	(93.16%)	(4,869.57)	(87.85%)	(5,403.72)	(83.51%)	(4,989.97)	(92.47%)	(4,865.66)	(86.84%)	(5,371.70)	(82.38%)
<b>Gross profit</b>	<b>367.09</b>	<b>6.84%</b>	<b>673.71</b>	<b>12.15%</b>	<b>1,067.23</b>	<b>16.49%</b>	<b>406.31</b>	<b>7.53%</b>	<b>737.37</b>	<b>13.16%</b>	<b>1,149.11</b>	<b>17.62%</b>
Interest income	2.76	0.05%	3.37	0.06%	2.87	0.04%	1.48	0.03%	2.06	0.04%	1.80	0.03%
Gain on exchange rate	-	-	0.44	0.01%	13.25	0.20%	-	-	-	-	-	-
Other income	18.68	0.35%	22.42	0.40%	34.62	0.54%	16.19	0.30%	20.84	0.37%	32.52	0.50%
Selling expenses	(147.32)	(2.75%)	(143.16)	(2.58%)	(129.70)	(2.00%)	(144.14)	(2.67%)	(137.56)	(2.46%)	(127.47)	(1.95%)
Administrative expenses	(80.24)	(1.50%)	(91.24)	(1.65%)	(92.51)	(1.43%)	(99.70)	(1.85%)	(109.94)	(1.96%)	(107.85)	(1.65%)
Loss from exchange rate	(6.36)	(0.12%)	-	-	-	-	(10.24)	(0.19%)	(20.79)	(0.37%)	(21.70)	(0.33%)
<b>Profit before finance costs</b>	<b>154.61</b>	<b>2.88%</b>	<b>465.54</b>	<b>8.40%</b>	<b>895.76</b>	<b>13.84%</b>	<b>169.90</b>	<b>3.15%</b>	<b>491.98</b>	<b>8.78%</b>	<b>926.41</b>	<b>14.21%</b>
Finance costs - Interest expense	(11.63)	(0.22%)	(10.52)	(0.19%)	(5.51)	(0.09%)	(11.41)	(0.21%)	(7.96)	(0.14%)	(1.72)	(0.03%)
Profit before income tax	142.98	2.66%	455.02	8.21%	890.25	13.76%	158.49	2.94%	484.02	8.64%	924.69*	14.18%
Income tax expense	(24.86)	(0.46%)	(76.12)	(1.37%)	(178.18)	(2.75)	(25.21)	(0.47%)	(73.82)	(1.32%)	(186.64)	(2.86%)
<b>Profit for the year</b>	<b>118.12</b>	<b>2.20%</b>	<b>378.90</b>	<b>6.84%</b>	<b>712.07</b>	<b>11.00%</b>	<b>133.28</b>	<b>2.47%</b>	<b>410.20</b>	<b>7.32%</b>	<b>738.05</b>	<b>11.32%</b>
<b>OTHER COMPREHENSIVE INCOME</b>												
Items to be reclassified subsequently to profit or loss												
Actuarial loss – net of tax	(2.74)	(0.05%)	-	-	-	-	(4.05)	(0.08%)	-	-	-	-
Translation adjustment for foreign currency			-	-	-	-	(2.74)	(0.05%)	(0.75)	(0.01%)	(3.34)	(0.05%)
Financial statement – net of tax												
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>115.38</b>	<b>2.15%</b>	<b>378.90</b>	<b>6.84%</b>	<b>712.07</b>	<b>11.00%</b>	<b>126.48</b>	<b>2.34%</b>	<b>409.45</b>	<b>7.31%</b>	<b>734.71</b>	<b>11.27%</b>
Allocation of total comprehensive income (Portion of the Company)	115.38	2.15%	378.90	6.84%	712.07	11.00%	126.66	2.35%	409.43	7.31%	734.27	11.26%
<b>EARNING PER SHARE</b>	<b>0.26</b>		<b>0.76</b>		<b>1.42</b>		<b>0.30</b>		<b>0.82</b>		<b>1.47</b>	

### STATEMENTS OF CASH FLOWS

List	Separate F/S			Consolidated F/S		
	2019	2020	2021	2019	2020	2021
<b>Cash flows from operating activities</b>						
Profit before income tax	142.98	455.02	890.25	158.49	484.01	924.69
<b>Adjustments to reconcile profit before income tax to net cash provided from operating activities:</b>						
Provision (reversal of allowance) for doubtful debts	-0.42	10.07	-2.80	-1.50	10.06	-2.84
Provision (reversal of allowance) for decline value of inventories	-9.98	-3.03	17.68	-9.98	-3.03	17.68
Depreciation	15.70	21.03	24.69	42.22	46.68	48.53
Unrealized gain on exchange rate	0.00	0.00	0.00	0.00	-0.44	-3.16
Loss (gain) on disposal and written off of fixed assets	0.03	-0.10	0.02	-0.44	-0.11	0.01
Amortization	1.11	0.43	0.38	2.17	0.59	0.48
Provision for post employee benefits obligation	4.21	1.66	1.42	5.11	1.94	1.63
Interest income	-2.76	-3.38	-2.87	-1.48	-2.06	-1.80
Interest expense	11.63	10.52	5.51	11.41	7.96	1.72
<b>operating assets and liabilities</b>	<b>162.50</b>	<b>492.22</b>	<b>934.28</b>	<b>206.00</b>	<b>545.60</b>	<b>986.94</b>
<b>Decrease (increase) in operating assets:</b>						
Trade and other accounts receivable	-7.03	120.84	-92.70	6.34	63.63	-85.33
Inventories	72.93	-519.92	-36.48	84.75	-495.78	-66.76
Deposits for purchase of goods	61.91	130.01	10.64	61.91	130.01	10.64
Refundable value added tax	4.38	-10.01	10.01	6.98	-9.76	10.01
Refundable income tax	0.00	0.00	0.30	0.00	0.67	-2.25
Refundable Value added tax	0.00	0.00	0.00	0.00	0.00	0.00
Other current assets	0.57	-0.59	0.50	0.00	-0.25	3.51
Other non-current assets	0.00	-0.60	0.00	0.00	-0.60	0.00
<b>Increase (decrease) in operating liabilities:</b>						
Trade and other accounts payable	9.94	120.81	-120.61	8.67	120.49	-118.86
Accrued expenses	-0.43	-2.46	9.73	-0.06	-2.26	11.80
Value added tax payable	1.15	-1.15	3.57	0.10	0.25	1.36
Other current liabilities	2.78	-3.08	2.77	1.97	-2.11	1.93
Employee benefit paid	0.00	-0.13	-4.31	0.00	-0.26	-6.14
<b>Cash received from operating activities</b>	<b>308.70</b>	<b>325.94</b>	<b>717.70</b>	<b>376.66</b>	<b>350.07</b>	<b>746.85</b>
Interest payment	-11.02	-11.14	-5.67	-10.79	-8.58	-1.88
Income tax paid	-29.39	-33.10	-166.87	-32.24	-35.28	-170.78
<b>Net cash provided from operating activities</b>	<b>268.29</b>	<b>281.70</b>	<b>545.19</b>	<b>333.63</b>	<b>305.76</b>	<b>574.19</b>

## Part 1 Business and Operation Results

Financial Information and Statistics



	งบการเงินเฉพาะบริษัท			งบการเงินรวม		
	ปี 2562	ปี 2563	ปี 2564	ปี 2562	ปี 2563	ปี 2564
<b>Cash flows from investing activities</b>						
Interest received	2.80	3.39	2.87	1.51	2.06	1.80
Acquisition of building and equipment	-7.10	-39.86	-15.95	-48.65	-97.06	-33.96
Sale of equipment	0.04	0.15	0.09	0.84	0.15	0.10
Addition to intangible assets	-1.14	-0.03	-1.25	-1.32	-0.25	-1.26
Decrease (increase) in restricted deposits with banks	16.29	-71.31	71.30	16.29	-71.31	71.31
Short-term loan granted to subsidiary	-2.40	-12.00	0.00	0.00	0.00	0.00
Receipt of repayment of loans to subsidiary	2.69	12.00	0.00	0.00	0.00	0.00
<b>Net cash provided from (used in) investing activities</b>	<b>11.18</b>	<b>-107.66</b>	<b>57.07</b>	<b>-31.33</b>	<b>-166.41</b>	<b>37.99</b>
<b>Cash flows from financing activities</b>						
Decrease in short-term loans from financial institutions	-169.53	-106.00	-176.24	-169.53	-106.00	-176.24
Repayment for liabilities under finance lease agreement	-0.01	-3.84	-5.09	-0.01	-1.29	-2.78
Proceeds from short-term loans from subsidiary	10.01	0.00	3.70	0.00	0.00	0.00
Repayment of short-term loans from subsidiary	-13.51	-5.00	-1.00	0.00	0.00	0.00
Proceeds from conversion of warrants to common shares	0.00	0.00	50.00	0.00	0.00	50.00
Cash dividend payment	-63.00	-31.50	-262.50	-63.00	-31.50	-262.50
<b>Net cash used in financing activities</b>	<b>-236.04</b>	<b>-146.34</b>	<b>-391.13</b>	<b>-232.54</b>	<b>-138.79</b>	<b>-391.52</b>
Exchange rate losses on cash and cash equivalents	0.00	0.00	0.00	-2.74	-0.31	-0.18
Net increase in cash and cash equivalents - net	43.43	27.70	211.12	67.02	0.26	220.48
Cash and cash equivalents at beginning of year	48.12	91.55	119.26	64.83	131.85	132.11
<b>Cash and cash equivalents at end of year</b>	<b>91.55</b>	<b>119.25</b>	<b>330.38</b>	<b>131.85</b>	<b>132.11</b>	<b>352.59</b>

## Part 1 Business and Operation Results

### Financial Information and Statistics



	Separate F/S			Consolidated F/S		
	2019	2020	2021	2019	2020	2021
Liquidity Ratio (time)	3.36	3.70	13.16	3.39	3.66	12.74
Quick ratio (time)	1.52	1.06	5.43	1.37	1.00	4.98
Cash ratio (time)	0.62	0.74	2.01	0.78	0.81	2.08
Account Receivable Turnover Ratio (time)	11.93	14.11	17.08	14.95	17.19	19.37
Average Collection Period (day)	30.00	26.00	21.00	24.00	21.00	19.00
Inventory Turnover Ratio (time)	17.63	14.11	11.69	15.19	17.19	10.74
Average Inventory Period (day)	38.00	56.00	31.00	43.00	60.00	34.00
Account Payable Turnover Ratio (time)	167.75	51.16	56.72	205.60	54.76	59.91
Average Payment Period (day)	2.00	7.00	6.00	2.00	7.00	6.00
Cash Cycle (day)	48.00	43.00	46.00	46.00	41.00	47.00
Gross profit margin (%)	6.84	12.15	16.49	7.53	13.16	17.62
Operating profit margin (%)	2.66	8.21	13.76	2.94	8.64	14.18
Other profit margin (%)	0.40	0.47	0.78	0.33	0.41	0.52
Cash profit margin (%)	187.65	61.91	61.24	210.51	63.26	62.10
Net profit margin (%)	2.19	6.80	10.92	2.46	7.29	11.26
Return On Equity (ROE) (%)	9.24	25.64	37.45	9.90	26.18	36.60
Return On Assets (ROA) (%)	6.82	19.71	31.31	7.36	20.66	31.66
Return On Fixed Asset (ROFA) (%)	51.34	149.00	263.54	31.97	78.96	131.28
Assets Turnover Ratio (time)	3.11	2.90	2.87	2.99	2.83	2.81
Debt to Equity ratio (time)	0.29	0.31	0.11	0.28	0.26	0.08
Interest coverage ratio (time)	26.20	35.02	132.33	32.46	48.76	444.37
Cash Basis (time)	0.90	0.88	0.72	1.02	0.86	0.74
Dividend Payout (%)	53.34	42.89	40.02	47.27	39.62	38.62
Information of share <sup>1</sup> - Reference on Financial Statement						
Book Value Per Share (BVPS) (baht)	2.90	3.67	4.30	3.06	3.90	4.56
EARNING PER SHARE (EPS) (baht) <sup>1/</sup>	0.26	0.76	1.42	0.30	0.82	1.47

## Part 1 Business and Operation Results

### General Information and Company's Securities

Company Name	:	2S Metal Public Company Limited
Symbol	:	2S
Registration Number	:	0107551000100
Nature of Business	:	Manufacturing and Distribution of steel products, comprising steel sheet, steel pipe, light lip channel, wire mesh and trading of steel products.
Registered capital	:	499,998,995 Baht
Paid-up capital	:	499,997,946 Baht
Shares type	:	Ordinary shares 499,997,946
Par Value	:	1 Baht per share
Head Office and Plant Location	:	No. 8/5 Moo 14, Tha-chang, Bangklam District, Songkhla 90110 Tel: 074-800111 Fax: 074-801286
Website	:	<a href="http://www.ss.co.th">www.ss.co.th</a>
Warehouse -Surathani	:	No. 24/19 Moo 4, Karnjanavithi Road, Bangkung, Muang District, Surathani 84000 Tel : 077-289957-8 Facsimile : 077-224664
Warehouse -Bangkok	:	No. 200 Phutthamonthon 3 rd. , NongKhangPhlu, NongKhaem, Bangkok 10160 Tel: 082-7349461-3 Facsimile: 02-8075634
Korat Branch	:	No. 147 Moo 9, Nong-Ngulueam, ChaloenPhraKiat,Nakhonratchasima, 30330 Telephone : 044-207247-51 Fax : 044-207272
Board Office	:	No. 1788 Singha Complex (Regus) Flr 30 <sup>th</sup> , New Pethburi Rd., Bangapi, Huaykwang district, Bangkok 10310 Tel: 02-0883618
Share Registrar	:	Thailand Securities Depository Company limited  The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400 Tel: 02- 009-9000
Auditor	:	Grant Thornton Limited  11 <sup>th</sup> Floor Capital Tower, All Seasons Place, no. 87/1 Wireless Rd., Lumpini, Pathumwan, BKK10330 Tel. 02-2058222 Miss Kanyanat Sriratchatchaval CPA. No. 6549 Miss Kesanee Srathongpool CPA. No. 9262 Miss Luxsamee Deetrakulwattanapol CPA. No. 9056 Miss Saranya Akharamahaphanit CPA. No. 9919 Miss Amornjid Baolorpet CPA. No. 10853



## Part 1 Business and Operation Results

General Information and Company's Securities

### Significant Changes and Developments

- 2016 - the Company received level of the Good Corporate up to 'very good' 
- 2017 - The capital increase from the existing registered capital of Baht 299,999,971 to be the new registered capital of Baht 499,999,951 for supporting the stock dividend payment of Baht 99,999,990 and the issuance of warrants to purchase ordinary shares of the Company no. 1 (2S-W1) of Baht 99,999,990 at par value Baht 1.0 per share.
- Issued the of warrants to purchase ordinary shares of the Company no. 1 (2S-W1) with term 2 years for the Company's existing shareholders on a pro-rata basis with no cost in the ratio of 3 existing shares for 1 unit of warrant.
- Grand Steel Pipe Co.,Ltd., the subsidiaries, increased capital to be LAK28,000 million by issued ordinary shares amount 2,500,000 shares at par value 8,000 LAK/share allocated to the Company for conversion debt under loan agreement. Though, the Company has increased holding 97.1% of registered shares from 90%.
- 2018 - The Company increased its registered capital to Baht 549,999,244 by issuing 50 million new ordinary shares at a par value of Baht 1 per share and allocating them as dividend shares to the existing shareholders at a ratio of 8 existing shares : 1 dividend share. At present, the Company's paid-up capital is Baht 450 million.
- The Company received the SET Awards 2018 on the outstanding performance of the company 'Outstanding Company Performance Awards 2018'
- 2019 - The Company registered its paid-up capital from Baht 449,998,800 to Baht 449,999,095 at a par value of Baht 1 per share, which increased Baht 295 from the last subscription of 2S-W1
- The company has been certified as a private sector that cooperates in combatting corruption by Coalition Against Corruption (CAC)
- 2021 - Increased registered capital to 499,998,995 baht, while issuing 49,999,900 new common shares to support the dividend payment of common shares at the rate of 8 existing shares per 1 dividend share. The company has registered capital of 499,997,946 baht after the dividend share allocation.
- The company is now enlisted in SET in order to stabilize the business and provide opportunities for investors to hold shares in it.
- The company received the Outstanding Performance Award from SET Awards 2021



## Part 1 Business and Operation Results

### General Information and Company's Securities

**Company's Securities** as of February 15<sup>th</sup> 2022 were as follows;

Registered capital	:	499,998,995 Baht
Paid-up capital	:	499,997,946 Baht
Ordinary Shares	:	499,997,946 shares
Par Value	:	1 Baht per share

**Major of Shareholders** top 10 shareholders as at the book closing date on February 15<sup>th</sup> 2022 are as follows;

No	Name	No. of Shares	% of total shares
1	Mr. Sombat Leeswadtrakul	95,234,050	19.05
2	Mr. Sangrung Nitipawachon	29,109,087	5.82
3	Mr. Preeda Wongsatitporn	22,397,165	4.48
4	Ms. Thanika Tungpoonponvivat	20,048,000	4.01
5	Ms. Nisa Rungrattana-ubon	18,562,500	3.71
6	Ms. Bunsri Panyapiamsak	15,417,277	3.08
7	Ms. Umporn Nitipawachon	15,248,348	3.05
8	Mr. Sunt Amornlertvimarn	15,134,415	3.03
9	Mr. Vichian Srimunintnimit	14,600,000	2.92
10	Ms. Sivaporn Nitipawachon	14,064,124	2.81
<b>Total</b>		<b>259,814,966</b>	<b>51.96</b>

### Controlling Shareholders

No	Name	No. of Shares	% of total shares
<b>1</b>	<b>Leeswadtrakul group</b>	<b>106,345,161</b>	<b>21.27</b>
	Mr. Sombat Leeswadtrakul	95,234,050	19.05
	Miss Supatsara Leeswadtrakul	11,111,111	2.22
<b>2</b>	<b>Nitipawachon group</b>	<b>84,545,819</b>	<b>16.91</b>
	Mr. Sangrung Nitipawachon	29,109,087	5.82
	Ms. Umporn Nitipawachon	15,248,348	3.05
	Ms. Suporn Nitipawachon	13,746,490	2.75
	Ms. Sivaporn Nitipawachon	14,064,124	2.81
	Ms. Chonsita Vacharaphunjit	3,033,805	0.61
	Ms. Chonlada Nitipawachon	3,158,466	0.63
	Mr. Jirayu Nitipawachon	1,050,600	0.21
	Ms. Punyavee Nitipawachon	1,740,000	0.35
	Ms. Punchika Nitipawachon	1,706,566	0.34
	Ms. Gunyamanee Nitipawachon	1,688,333	0.34

## Part 1 Business and Operation Results

General Information and Company's Securities

No	Name	No. of Shares	% of total shares
3	<b>Punyapiamsak group</b>	<b>34,194,254</b>	<b>6.84</b>
	Ms. Bunsri Panyapiamsak	15,417,277	3.08
	Mr. Vichai Panyapiamsak	5,250,000	1.05
	Mr. Sombat Panyapiamsak	7,490,000	1.50
	Mr. Somporn Panyapiamsak	2,621,977	0.52
	Ms. Boonchuay Panyapiamsak	3,355,000	0.67
	Ms Lalita Panyapiamsak	60,000	0.01

### Other Securities

-none-

### Dividend payment Policy

The Company has a policy to pay dividend at the rate of at least 40% of net profit after corporate income tax of the Company's Financial Statements and after statutory reserve and other reserve as specified by the Company. Such dividend payment may change subject to the Company's financial position, operating performance, investment plan, and other factors considered necessity and appropriate in the future and as deemed proper by its Board of Directors and/or the Shareholders' meeting. The Subsidiary also has dividend payment policy same as the Company.

### Comparison of the dividend payment

งบการเงินเฉพาะบริษัท	2563	2562	2561
Net Profit (Million Bt.)	378.90	118.12	104.22
Basic profit per share (Baht/share)	0.82	0.30	0.23
Dividend payable per share (Baht/share)	0.3611	0.14	0.14
Total dividend payable (million Baht)	162.50	63.00	0.63
Dividend payout (%)	42.90	53.33	60.45

\*Calculating by paid up capital mainly

### Legal Disputes

As of 31 December 2021, the Company and its subsidiaries have no legal disputes which may affect to the Company's Assets more 5% of the Equity or significantly effect on the business operations.

### Corporate Governance Policy

In current social environment and economic conditions, there are many changes. Guidelines and principles of corporate governance are developed to be comprehensive and clear, in line with changes that occur. The Board of Directors therefore agreed to review and improve the content of the Corporate Governance Handbook. The handbook content is developed in accordance with the changes that have occurred by applying the principles of good corporate governance (CG Code) of the Securities and Exchange Commission. The principles are applied as a guideline for determining and improving the corporate governance manual to be more universal by adopting CG Code, all 8 practices as guidelines for deploying in the business context of the company. This includes adopting the right innovation and technology to support the business strategy, covering all the factors that change around, taking into account "stakeholders" in both impact and value that will occur for managing important resources (Details of the practices appear in the Corporate Governance Manual on the Company's website).

Principle 1 Establish Clear Leadership Role and Responsibilities of the Board

Principle 2 Define Objectives that Promote Sustainable Value Creation

Principle 3 Strengthen Board Effectiveness

Principle 4 Ensure Effective CEO and People Management

Principle 5 Nurture Innovation and Responsible Business

Principle 6 Strengthen Effective Risk Management and Internal Control

Principle 7 Ensure Disclosure and Financial Integrity

Principle 8 Ensure Engagement and Communication with Shareholders

### Overview of Policies and Guidelines Related to the Company's Directors

The Board of Directors is committed to promote business operation to be in accordance with the principles of good governance by focusing on creating benefits for shareholders, employees, and customers while taking all stakeholders and related parties into account. Therefore, corporate governance policies related to Board of Directors are implemented as follows:

- The Board of Directors will perform duties with dedication, responsibility and independence. The roles and duties between the Chairman and the Chief Executive Officer are to be clearly divided.
- The Board of Directors plays an important role in shaping visions, strategies, policies and plans as well as jointly scrutinizing important tasks and management guidelines appropriately.
- The Board of Directors must lead in having good work ethics and supervise communication for personnel to acknowledge and understand the company's code and conduct while work in parallel with the company's rules and regulations.
- The Board of Directors will jointly supervise conflict of interest and related transactions.
- The Board of Directors will arrange disclosure of the company's information in both financial related matters and non-financial related matters with accuracy, reliability, and timeliness.
- The company's shareholders will be treated equally, have the right to access information and have appropriate communication channels with the company.
- The Board of Directors must establish an appropriate recruiting procedure to recruit people in important positions. The recruiting procedures must be transparent and fair. The Board of Directors is also responsible for considering the criteria for those in the Board of Directors who are holding positions in other businesses.
- Company Directors and Executives will support effective anti-corruption operations to ensure that the management personnel realize and place importance on the implementation of the measures.

### Policies and Practices Related to Shareholders and Stakeholders

#### Section 1 The Rights of Shareholders

The Company realizes and values fundamental rights of shareholders, both as the Company's owner and investors, such as right to buy, sell, or transfer stocks, right to receive significant information,

right to receive dividend, right to attend meetings and vote, right to give opinion, right to decide in any significant matter of the Company, e.g. dividend payment.

In practice, the directors encourage the shareholders to exercise their rights by voting in shareholders meetings regardless of whether the issue involves new appointment or removal of directors, the rights to fix directors' compensation package, the right to select and fix compensation package of external auditor or to decide on dividend payment. The shareholders have the prerogative to ask about the company's performance including information on various developments that may have an impact on the company.

The directors offer the opportunity to shareholders to exercise their full rights by disclosure the criteria and methods through the SET's [SETLINK](#) system more than 30 days which sufficient duration to propose agendas and to nominate persons to be elected as the Company directors. They can contact the company including its directors via letters or the company secretary or investor relations at the company's website [www.ss.co.th/th/contactusir](http://www.ss.co.th/th/contactusir) or by postal mail.

## Section 2 The Equitable Treatment of Shareholders

The Annual General Shareholders Meeting of 2021 was held in the Outbreak of Coronavirus Disease 2019 (COVID-19) on 21 April 2021 at Sathorn room, Qhouse Lumpini 4flr., with the preventive measures against COVID-19 for facilitate the shareholders to have access the right, vote or sharing the comments and suggestion.

### Prior calling the Meeting

The company offers the opportunity to the shareholders to propose new agenda for discussion at the shareholders' meeting including proposing new directors or in case if shareholders have any question on the meeting agenda such question can be submitted to the directors in advance of the meeting together with any relevant documents. The company's secretary shall collect such questions for discussion at the meeting. Nevertheless, the directors reserve the right to screen the questions such that only the ones that benefit the shareholders in general and are manageable by the directors without violating any law, guidelines, regulations will be tabled for the meeting's discussion. For the questions that were excluded from the meeting agenda, the company's secretary shall contact and explain the reasons to the individuals who made such proposals.

In addition, the Company disclosed on the Company's website to invite all minority shareholders to nominate qualified persons to be appointed as the Company's [www.ss.co.th](http://www.ss.co.th) directors from 15 December, 2020 to 31 January, 2021. However, no shareholder nominated any person to be the Company's director.

### Organizing the Meeting

The company will organize the meeting within 4 months from end of each year. The company will notify the annual shareholders'

meeting via SET Community Portal (SCP) on the day such date is finalized by the directors. The shareholders will be notified in Thai and English up to 30 days in advance before the meeting date via the company's website that enable shareholders to study the information before the meeting. Subsequently, a written notification will be sent via postal mail.

Sending of invitation letters to shareholder: The company assigned the Thailand Securities Depository Co., Ltd. which is the company's registrar to dispatch invitation letters to shareholders 7 days in advance of the meeting date and there will be similar announcement in the newspaper for 3 consecutive days of more than 7 days in advance of the meeting date

### The right of shareholder in the Meeting

The company has already informed the shareholders on the conditions and method to register for the meeting as enclosed with the invitation letter. The document reveals the time to register, explain how to empower a proxy and how to cast a vote at the meeting.

The company has been promoting the exercise of shareholders' rights at the meeting including casting votes. Those shareholders not convenient to join the meeting can give power of attorney in type B (POA) for others to attend on their behalf. The company explains the required documents/evidence in which a proxy must show together with the POA which were also provided in English for foreigners.



The conditions on using a proxy are simple and uncomplicated. In the circumstance where the shareholders are not convenient to attend the meeting and wish to give proxy to a director to exercise the voting on their behalf, the company has already proposed the names of independent directors so the shareholders can consider giving the POA to them. All above documents are enclosed with the invitation letters. Further the POA in type A and type C, the company would post on the website for any shareholders choose match their requirement.

### **Managing the Meeting**

To facilitate the meeting, the company will make use of computers to assist in registering the shareholders and the vote casting process which contain the names of shareholders in attendant and the eligible number of votes categorized for each agenda. The process also covers vote counting for each agenda whilst the shareholders can register to join the meeting throughout the whole meeting. The computer will update the votes during the registration and will close before the voting of the final agenda.

Before commencement of the meeting, the master of ceremony will inform the audience on the make-up of the quorum consisting of the number of attendants, the number of votes and guidelines on voting including counting. The meeting will proceed according to the order of the agenda which are informed via the invitation letter. There will not be any reshuffle of the agenda order, any addition or change without having informed the shareholders in advance.

Chairman of the meeting will act as the moderator to ensure that the meeting proceeds smoothly by arranging an appropriate time for each agenda to enable the participants to express their opinions, recommendations including fielding questions on various issues relating to the meeting. The chairman allows sufficient time for the directors or concerned management members to clarify the questions raised by the participants. In order to respect the rights of all

participants, the chairman may have to control the meeting such that there is not excessive time spent on each issue. As such, if any issue raised is not related to the meeting agenda, the clarifications may need to be made after the meeting.

Voting, Chairman prescribes to use of voting card for each agenda which can be checked for transparency in case of any dispute. The Company provided voting card for every agenda. Shareholders have right to vote one share for one vote and in the agenda of election director, Chairman will propose the Meeting consider and appoint director who's retiring by rotation individually. The voting card will be filling for evidence. The Shareholder Meeting of previous year had no controversy or distrust of the vote.

### **Preparing Minutes of the Meeting and disclosed of the Meeting decisions**

The company's secretary is responsible for preparing minutes of the meeting disclosing the date, time, quorum and place of the shareholders' meeting. This includes the number of shares and shareholders and the proxies, names of the directors attending the meeting, guidelines on vote casting and counting, meeting agenda together with the decisions based on the votes which will be divided into 'agreed', 'disagreed' or 'abstained' including details on the questions from shareholders and respective explanation from directors, opinions & recommendations from shareholders etc.

After the meeting is over, the company will disseminate the decisions by the participants via the SET system followed by submitting the meeting report to the SET which is also accessible via the company's website within 14 days after the meeting to enable those shareholders who did not attend the meeting to stay informed whilst allowing the shareholders who attended the meeting to review and express opinions without having to wait until the next meeting.

## **Section 3 The Role of Stakeholders**

The Company places an importance to the right of all stakeholders, either inside stakeholders, i.e. employees and administrators, or outside stakeholders, i.e. competitors, partners, and customers. The Company realizes that support and suggestion from all stakeholders are valuable and will benefit the Company's business operation and development. We have complied with the relevant laws and regulations for that the rights of such stakeholders are well taken care of. In addition, cooperation between the Company and each group of the stakeholders is promoted to build confidence in the Company in the following manners: (see more details on the Company's Ethic Business)

## Part 2 Corporate Governance

- Shareholders** : The company aims on being good representative of the shareholders in managing the business to create satisfaction to shareholders by taking into account the long term growth and in transparency of information disclosure that is reliable. The shareholders can inform or file complaint on issues that may cause damage to the company via the company's website.
- Employees** : The company is aware of the importance of the company's staff, a major asset of the company. The company will fairly appoint individuals to various positions in the company by considering the qualifications for each position, education background, experience and other necessary conditions for the job and treat to all employee equally and without discrimination as regards birth place, race, religion, sex, age, skin color, disability, status, educational institute. The Company also support their skill for work improvement and productivity to the Company. Moreover, improve the workplace to have safe working environment.
- Competitors** : Avoid unfair competition, and practice on business ethics.
- Business Partners** : The company does transactions with business partners strictly on good faith basis, abiding by the terms of the agreement and the commitment given. Its staff will not demand any favor from any business partner and will treat all of them as equal without any bias.
- Customers** : Manufacture and deliver products that meet standard quality. Emphasize product development and services to be of high quality with transactions done fairly and mutually beneficial for both parties. The company seriously commits to safeguard the customer's confidential information and not act to derive self-benefits from the privilege of knowing such information. All in all, it should create satisfaction and trust from the customers.
- Creditors** : The Company realizes that maintaining good relationship with the creditors to create confidence and trust as well as honestly following loan agreement are its responsibility.
- Community and the society** : Consistently organize activities that promote the society, community and the environment so the community nearby the company's office has a better quality of life. Such activities can be carried out by the company solely or in cooperation with the state and the community itself. The company cultivates in its staff a sense of responsibility to the society and environment including in efficiently and effectively using the natural resources.

### Conflict of Interests

The Board of Directors has established internal guidelines to prevent anyone using internal information for personal gains in violation of business code of conduct, covering the directors, management and general staff, which forms a part of the orientation trainings for new directors, management and staff. Such code of conduct is broadcast in the company's website with the following gists:

1. The Board of Directors and management members must not derive gain or loss in engaging in business transaction with the company or in business transaction that is competing against the company regardless of whether directly or indirectly.
2. The Board of Directors and management members must perform their duty and avoid any conflict between personal's interest and the company's interest. He/she must declare any potential conflict of interest before entering into any transaction with the company or its subsidiaries. The above benefits include the followings:

- Not derive personal gains from holding director position
  - Not use the company's confidential information in unlawful ways or unethical ways.
  - Not accepting a director position in a rival company.
  - Not derive personal gains from entering into a contract with the company.
3. The Board of Directors must not engage in or be a significant shareholder or having family members become a director or become a major shareholder in a company or any business that is similar to the company and competing against the company regardless of whether for own benefit or for other's benefits.
  4. Prohibit any company's staff with conflict of interest to have the authority to enter into any contract on behalf of the company in order to prevent any conflict of interest that could happen.
  5. In any meeting to consider an agenda where the participant i.e. a company's director, management member or staff has a conflict of interest with the company, that participant is not eligible to vote for that agenda.

In each quarter, the Internal Audit Department will compile information on related transactions and present it in the audit committee meeting. All transaction details and transparency matters will be reported to the Board of Directors for good corporate governance.

### Section 4 Disclosure and Transparency

The Company realizes the importance of disclosure of such information as financial report and general information, that is accurate, complete, and transparent, according to regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as other information that has an effect on the Company's stock price which has influence on decision making of the Company's stakeholders and investors. The Company has published related information through different channels and media provided by the Securities and Exchange Commission and the Stock Exchange of Thailand, and also on the Company's website at [www.ss.co.th](http://www.ss.co.th)

For the investor relations, Mr. Sombat Leesawadtrakul (Chairman of the Executive Committee) and Mr. Sangrungs Nitipawachon (Managing Director) are responsible for communicating with investors, shareholders, analysts and relevant government sectors. For matters of investor relations, Secretary of Company Committee will be the point of contact which can be reached via phone number 02-0883618 or email [pornnica@ss.co.th](mailto:pornnica@ss.co.th)

The Board of Directors is responsible for consolidated financial statement of the Company and the Subsidiary and financial information as appeared in the Annual Report. Such financial statement has been prepared in accordance with the accounting standard of Thailand. The Company abides to appropriate accounting policy and discloses financial information sufficiently. The Audit Committee will verify the quality of financial report and internal control system, as well as sufficiently disclosing of important information in the Notes to Financial Statement.

### Insider Trading

The Company has drawn up policies to prohibit the company's directors and management from using unreleased information for personal gain and investment or selling purposes the following :

- The company's directors and management is obligated to report their shareholding status including those of their spouse and children who are under the age of 20 to the Office of the Securities and Exchange Commission and SET according to section 59 and the provision of a law according to section 275 of securities and Exchange Act B.E. 2535
- The company's directors and management is obligated to report their shareholding status to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand according to section 59 and the provision of a law according to section 275 of securities and Exchange Act B.E. 2535 as well as send a copy of such document to the company on the same date.

## Part 2 Corporate Governance

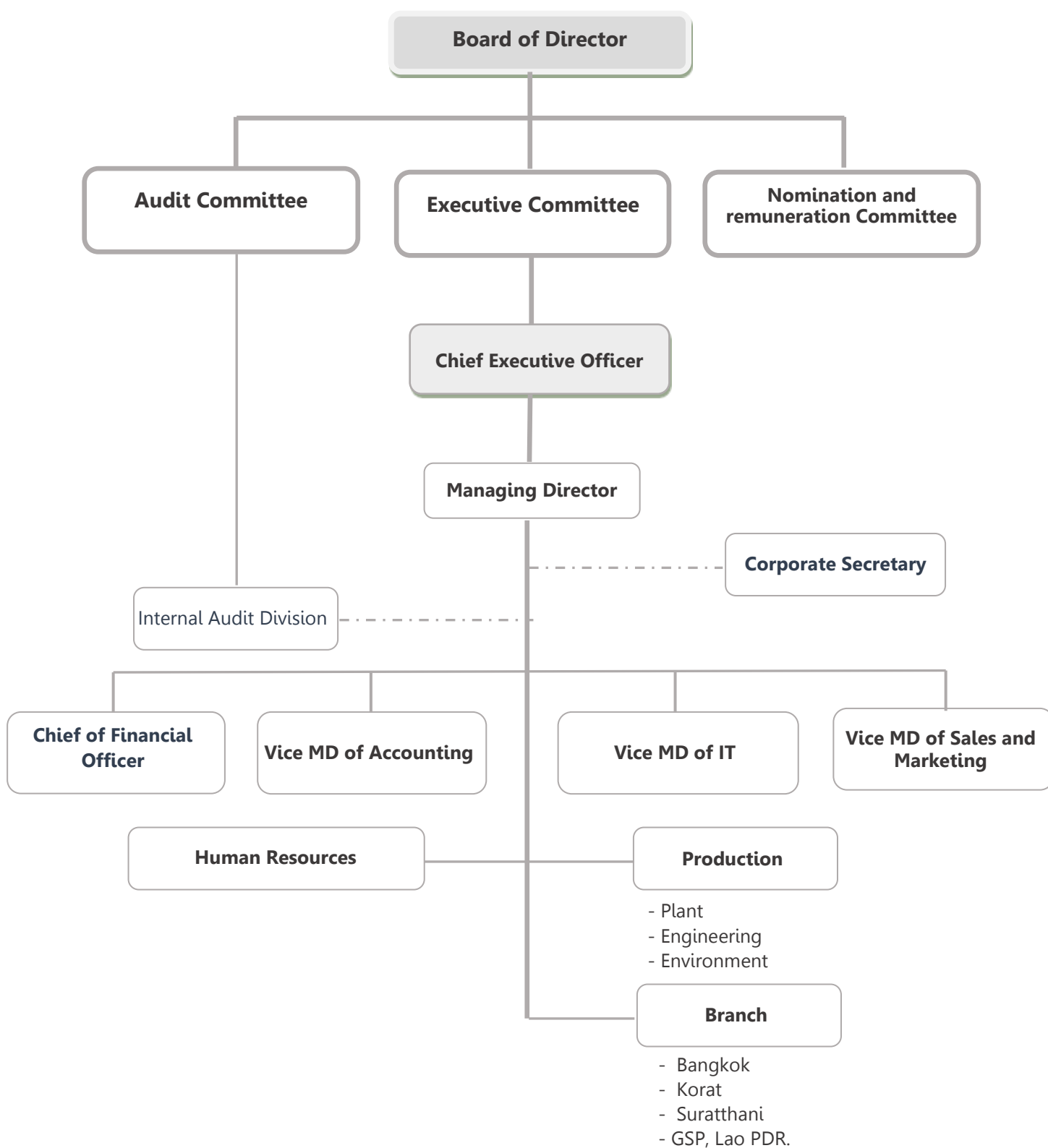
- The company will distribute a memo to inform the Management that executives who receive any significant internal information that may affect the stock's price are refrained from any trading activities for 1 month before such information or the financial statements are made public. In this regard, the company's directors and management are prohibited from releasing such information.
- The company has set the penalties concerning the use of internal information for personal gain and for releasing such information in a wrongful manner. Penalties include verbal warning, written warning, probation and dismissal depending on a case by case basis.

### Business Ethics

The company has established business ethics policies as a component of ethical business operations which cover compliance to the laws, prevention of conflict of interests, use of confidential information, and code of conduct of directors, executives, employees, and stakeholders. Details of policies and rules of the company can be found in the company's website at [http://www.ss.co.th/th/about\\_th/corporate-governance\\_th/จรรยาบรรณธุรกิจ/](http://www.ss.co.th/th/about_th/corporate-governance_th/จรรยาบรรณธุรกิจ/) for all stakeholders including directors, executives, employees, business partners and stakeholders in both the company and its subsidiaries to acknowledge and adhere to the principles. The company has also set up courses for executives and employees to participate in orientations and development training courses to ensure that all parties acknowledge and understand the company's business ethics at all times. The company determined 10 categories in this topic as follows:

1. Respect and compliance with laws, regulations and ordinances.
2. Respect for human rights.
3. Interest and conflict of interest.
4. Responsibility to all stakeholders.
5. Use of inside information and confidential information.
6. Intellectual property, use of information and communication technology.
7. Giving and receiving gifts, assets or any other benefits.
8. Safety, Health and Environment.
9. Internal control and internal audit.
10. Political rights.

**Organization Chart** dated 31 December 2021





### Board of Director as of 31 December 2021

	Board of Director	Audit Committee	Nomination and Remuneration Committee	Executive Committee
*1. Mr. Kunchit Singsuwan	Chairman	✓		
2. Mr. Sombat Leeswadtrakul	✓		✓	Chairman
3. Mr. Sangrungs Nitipawachon	✓			Managing Director
*4. Mr. Surapon Satimanont	Vice Chairman	Chairman		
*5. Mrs. Chintana Techamontrikul	✓	✓	✓	
6. Ms. Bunsri Panyapiamsak	✓			✓
*7. Gen. Phairat Phoubon	✓		Chairman	
8. Mr. Tanatat Chawaldit	✓			
9. Mr. Preeda Wongsathitporn	✓			
*10. Mr. Woravit Chailimpamontri	✓		✓	

\* Independent Director

### Authorized Directors of the Company

Authorized directors for company legal obligation are Mr. Sombat Leeswadtrakul, Mr. Sangrungs Nitipawachon or Ms. Bunsri Panyapiamsak, any two of these 3 persons sign out accompanying with the company's seal.

### Executives as of 31 December 2021

Name	Position
1. Mr. Sombat Leeswadtrakul	Chief Executive Officer
2. Mr. Sangrungs Nitipawachon	Managing Director
3. Ms. Bunsri Panyapiamsak	Chief Financial Officer
4. Ms. Tassanee Phunuch-Aphai	Vice MD of Sales and Marketing
5. Mr. Pakorn On-Kaew	Vice MD of Accounting
6. Ms. Jaruwan Janpra-ob	Vice MD of Information Technology
7. Mr. Pongdech Lersithisak	Branch Manager (GSP Lao PDR)
8. Ms. Kannika Anguravirote	Branch Manager (Korat)
9. Mr. Teerasak Onrachon	Plant Manager
10. Ms. Pattranit Janthong Sasuthum	Human Resources Manager

\* Ms. Natcha Limpakornthanachote, Accountant

### Company Secretary

Ms. Pornnita Lertithibaht

## Part 2 Corporate Governance

### Board's Compositions and Structure of the Executive

#### **Board's Compositions**

The Board of Directors consists of individuals with a wide range of skills, knowledge and abilities in different areas such as management, law, finance and accounting which all jointly supervise the operations of the company, policy formulation and organization overview. The Board also plays an important role in the auditing and evaluation of the company's performance to be in accordance with the plan. (find details in the section "The Organize Structure").

At present, the Board of Directors consists of 10 people, 7 men and 2 women. 3 of which are executive directors and 7 non-

executive directors, 5 of which are qualified as independent directors. This balance results in fair voting and consideration of various business matters. The Board of Directors has appointed 3 sub-committees: Audit Committee, Executive Committee and Nomination and Remuneration Committee to perform specific duties and propose matters to the Board of Directors for consideration or acknowledgment. Each sub-committee has the rights and duties as specified in the powers and duties of each committee. The qualifications of each committee are listed

#### **Definition of the Independent Director and Audit Committee**

Independent Director; the Company sets the qualifications of independent director according to the principle of the SEC as follows;

1. Holding shares no more than 1% of registered and paid-in capital of the Company and related companies, including shares held by related persons of the committee members;
2. Having neither conflict of interest with the Company and related companies nor gain/lost in terms of financial or business management either in the past or at the present, as well as not being a member of independent committee in such nature as,
  - An executive director, an employee, a staff, an advisor who receives salary, or an authorized person of the Company.
  - A professional such as auditor, law consultant, financial consultant, or asset appraiser
  - Any related person that has business relationship with the Company such as buy/ sell product and service, buy/ sell assets, give/receive financial support.
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company and its Subsidiary;
4. Having no business relationship with the Company, the Subsidiary, or juristic person who may have conflicts of interest, in the manner which may interfere with his/ her independent judgment, and in a manner that prevents the committee member from presenting the opinion freely about the Company's operation;
5. Not being a member of the audit committee or any committee in other public companies such have type of business same the Company.

The term of Independent Directors will be as the term of Company's director, even though its over 9 years of tenure of Directorship but suitable for comment freely and perform in accordance with the relevant guidelines. Furthermore, the proportion is more than half of the total number of directors. Therefore, it counterbalance to make decisions on various matters.

Audit Committee consists of independent committee of at least 3 persons. The term of office is three years. In addition, at least one of the Independent Committee who is a member of the Audit Committee must have sufficient knowledge and experience in accounting or financing to be able to perform duty in examining the reliability of the financial statement. The Company will also consider other qualification such as business experience and expertise, and ethics as well.

#### ***Duties and Responsibilities of the Board of Director***

The Board of Directors shall have duties and responsibilities to manage the Company according to the laws, objectives and regulations of the Company. 14 August 2019, the Meeting of Board has solved to revised the Duties and Responsibilities of the Boards to suit the changes as details are follows;

1. Define vision, mission, operation strategy, objectives, KPIs, policy planning, operation planning, budget planning, business direction, and also developing the capable to the universal competition.
2. Monitoring and corporation to Management team or authorized person to perform their duties in accordance with the policy efficiently and effectively for highest benefit of the Company and shareholders with fair to all stakeholders and awareness the Social Responsibilities Environment and Natural Resources.
3. Arrange Board of Directors meeting at least 3 times a month, and The Annual General Meeting of Shareholder within 4 months since the ending of the Company's fiscal year. Also to attend the Meeting unless there is the force majeure, the Chairman and Company's Secretary should be notified.
4. Responsible and authority to run their duties according to laws, objectives, and the regulations of the Company as well as the resolution of the shareholder meetings by honestly, carefully.
5. Have the authority to verify and approve policy, course and plan for large investment project of the Company as proposed by the sub-committee and/or the executives
6. Responsible to shareholders and operate the business with the shareholders' highest benefit in mind, and make sure that information being disclosed to investors and shareholders is complete, accurate, meet required standard, and transparent.
7. To ensure the processing of Nomination and Collecting person to be the Company's Director are transparently, several qualifies match to the Company's business. To set the guidelines of Directors compensation rate to be at appropriate levels. Appoint, assign, and advise sub-committee or task force to consider or perform in such cases as the Board of Directors see fit.
8. Monitoring and Improving the Company's Corporate Governance to be more universal for created of Sustainable business value. Supporting and to be role model for employees to perform accordance with CG, Code of Conduct and Anti-Corruption policy.
9. Set up the Risk management policy and monitoring an internal audit unit to work efficient in internal control system, risk management and reliable financial reports. Appoint the internal audit unit to cooperate with the Audit Committee.
10. Prepare the Board of Director's Annual Report and be responsible to preparing and disclosing of financial statement to report to the shareholder meetings.
11. Monitoring and set the assessed the performant of Director every year, evaluation and review their perform in team of Directors.
12. Directors must inform the Company right away if directors have a vested interest in any contract, directly or indirectly, or hold more or less debenture of the Company or the Subsidiary.
13. Directors must inform the Company right away if directors have a vested interest in any contract, directly or indirectly, or hold more or less debenture of the Company or the Subsidiary.
14. Have the authority to consider and approve such transactions that are necessary and related to the Company or any transactions the directors see fit and bring benefit to the Company. The following activities require an approval from the shareholder meetings.
  - a) Activities that require approval from the shareholder meetings as required by relevant laws, and
  - b) Transactions that the directors may have vested interest. Such transactions require approval from the shareholder meetings as designated by relevant laws or regulations from the Stock Exchange of Thailand.

Other than that the following transactions require approval from the shareholder meetings and at least 3 out of 4 votes from shareholders who attend the meetings and have right to vote.

- a) Selling or transferring of some significant parts or all of the Company's business to other persons.
- b) Buying or receiving businesses from other public or private companies.

## Part 2 Corporate Governance

### Board's Compositions and Structure of the Executive

- c) Amending or canceling contracts concerning renting out some significant parts or all the Company's business, delegating other persons to manage the Company or merging business with other persons with the objective to share profit and loss.
- d) Editing the memorandum or the Company's regulation
- e) Increasing capital, decreasing capital, issuing debenture of the Company
- f) Merging or seizing the operation.

Directors who have a vested interest or conflict of interest with the Company or the Subsidiary in any transaction will have no right to vote in such agenda.

In addition, the directors have to make sure that the Company abides to laws and regulations of the Stock Exchange of Thailand

### *Duties and Responsibilities of the Chairman*

1. Be responsible as the Company's director and the Board of Director's leader.
2. Controlling and monitoring management's and sub-committee's operating to achieve the operating object.
3. Support and encourage the directors perform duties to the best of their ability.
4. Call the Meeting of Board Directors and/or Shareholders Meeting.
5. Be a Chairman of the Board of Directors meeting and/ or Shareholders Meeting and controlling the meeting to properly and achievement.
6. Supporting directors and shareholders to express their opinions independently.

### **Audit Committee**

1.	Mr. Surapon Satimanont	Chairman of Audit Committee
2.	Mrs. Chintana Techamontrikul*	Audit Committee
3.	Mr. Kunchit Singsuwan	Audit Committee

\* Mrs. Chintana has knowledge and experience to review creditability of the Financial Reports.

### *Duties and Responsibilities of the Audit Committee*

1. Check that the company has the correct financial report and sufficiently presented by coordinating with the auditors from outside, and the responsible administrators to create a financial report, including every quarter and annually. The audit committee might suggest the auditors to investigate or check any list that seems necessary and important during the account in being investigated.
2. To review and ensure the Company's internal control and internal audit systems are appropriate and effective and consider the independence of the internal audit work unit, as well as give consent to the appointment, rotation and termination of employment of head of internal audit work unit or any other work unit in charge of internal audit function.
3. To review the Company's compliance with laws of securities and exchange, regulations of the stock exchange, and laws relating to the Company's business.
4. To consider, select and nominate independent person/ party as the Company's auditor and recommend the auditing fee by thinking of the reliability, sufficient amount of resources, and amount of investigating projects of the company's account audit office.as well as have meeting with the auditor without the participation of any management member at least once a year.
5. To consider the related transactions or transactions that could create a conflict of interest is comply to law and SET regulation to ensure that transaction is reasonable and give highest benefit to the company.

## Part 2 Corporate Governance

### Board's Compositions and Structure of the Executive

6. To prepare Audit Committee report to be published in the annual report. This report must be signed by the Chairman of the Audit Committee, and must contain at least information as follow:
  - (a) Comment about making process and revealing the information in the financial report of the company in a correct, complete and reliable way.
  - (b) Comment about the sufficiency of the internal control system within the company.
  - (c) Opinions concerning the operations according to law, including assets and stock exchange, regulation of the stock exchange or law, or law concerning the company's business.
  - (d) To opinion about qualification of auditor.
  - (e) The opinion about transactions that could create a conflict of interest.
  - (f) Time of audit committee meeting and time attendance of each audit committee member.
  - (g) Opinion or notice which audit committee had received comply to audit committee's charter.
- (h) Other relevance information which Shareholders and general investor should acknowledge.
7. To perform any other duty as assigned by the Board of Directors and with the consent of the Audit Committee.
8. To have power to examine and investigate certain issues as deemed necessary and which may materially impair the Company's financial status and operating results, comprising:
  - (a) Issue that has conflict of interest.
  - (b) Issue of fraud or irregularities or material defect in the internal control system.
  - (c) Breach or violation of the laws of securities and exchange, regulations of the stock exchange, and laws relating to the Company's business.

If it's necessary, Audit Committee has an authority to seek the independent opinion from the professional consultant under the Company's expense in order to complete the mission. Audit Committee has duty to report the investigating result to the Company Board of Director in order to make an improvement within the appropriate time determined by Audit Committee.

### Nomination and Remuneration Committee

1. Gen. Phairat Phoubon	Chairman of the Committee
2. Mr. Sombat Leeswadtrakul	Member
3. Mrs. Chintana Techamontrikul	Member
4. Mr. Woravit Chailimpamontri	Member

### Duties and Responsibilities of the Nomination & Remuneration Committee

1. To determine the scope of work and method on the selection and recruitment of the Company's directors or the sub-committee whose retired by rotation or seat is vacantly for approval and/or to the shareholders' meeting, as the case may be.
2. The determine necessary and appropriate compensation both in terms of money and other benefits for the directors, sub-committee's directors and the executive directors each year. The compensation proposal shall be forwarded to the Board of Directors for approval, or to the shareholders' meeting, as the case may be;
3. To consider the criteria for performance appraisal in order to determine appropriate annual compensation, explaining and answering the questions regarding the directors' compensation during the shareholders' meeting.
4. Arrange the meeting at least once a year, Teleconference is available to consider its matters.
5. To execute any other works as assigned by the Board of Directors.



## Part 2 Corporate Governance

### Board's Compositions and Structure of the Executive

#### Executive Committee

1. Mr. Sombat Leeswadtrakul	Chief Executive Officer
2. Mr. Sangrung Nitipawachon	Executive Director
3. Ms. Bunsri Panyapiamsak	Executive Director

#### *Duties and Responsibilities of the Executive Committee*

1. Prepare and present business policy, objectives, operation plan, business plan, investment plan, and annual budget of the Company to get an approval from the Board of Directors.
2. Follow up, manage, and monitor the Company's operation to ensure that the operation is effective and conforms to the Company's goals or business direction in order to strengthen the Company's business; screen topics to be presented to the Board for consideration; and conduct the business as assigned by the Board; as well as report the results to the Board.
3. Supervise and monitor the Company's business operation to conform to policy, objectives, operation plan, business strategy, and budget as approved by the Board.
4. Consider and determine organization structure and management authorization, compensation policy, and salary structure to cover all details including selection, employment, compensation and benefit, transfer, training, and layoff.
5. Plan and screen both long-term and short-term plan to fulfill the Company's objectives and goals.
6. Appoint or assign one person or more to conduct a business in place of the executive committee as see fit, whereas the executive committee can cancel, withdraw, change, or revise such authorization.
7. Have the authority to approve any operation or expenses for business operation which is exceed the amount of the normal operation or the amount that the administrators can authorize according to the Company's regulations or annual budget approved by the Board.
8. Consider regulations regarding authorization for management level and operation level which cover financing, accounting, procurement, investment, mortgage and loan, guaranty, selling and transferring of assets, signing contract or agreement, and other operation as see fit.
9. Perform their duties as being assigned by the Board.
10. Perform their duties according to laws, objectives, rules and regulations of the Company.
11. Plan and screen financial management for financial relief and stronger financial structure.
12. Plan and screen proactive public relation for good and sustainable image.

However, approval of any transaction by the Executive Committee will not include approval of such transactions that the Executive Committee or persons who may have conflicts of interest with the Company and/ or the Subsidiary; transactions that have to get consent of the shareholders for related transactions; and trading of important assets of the Company and/ or the Subsidiary; to comply with laws relating to the Company's business and regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand.

#### *Duties and Responsibilities of the Company Secretary*

1. preparing and keeping the following documents:
  - (a) a register of directors;
  - (b) a notice calling director meeting, a minutes of meeting of the board of directors and annual report of the company.

## Part 2 Corporate Governance

### Board's Compositions and Structure of the Executive

- (c) a notice calling shareholder meeting and minutes of the shareholders' meeting
2. Keeping a report on interest filed by a director or an executive,
3. Performing any other acts as specified in the notification of the Capital Market supervisory board.

Management Remuneration	2020		2021	
	Person	Amount (MB.)	Person*	Amount (MB.)
Salary	10	16.25	11	16.57
Bonus	10	7.13	11	7.12
Others –Commission and Provident fund	10	0.75	11	3.88
** Allowance from Subsidiaries		3.27		5.83
<b>รวม</b>		<b>27.28</b>		<b>33.40</b>

\* 1 executive was quit while a year.

\*\* Only management who seat in Subsidiaries such Neistern Steel Co.Ltd., Megga Trans and Logist Col,Ltd and Grand Steel Pipe Co.,Ltd

### Other Remuneration

Directors and officers' liability insurance amounted 100,000,000 baht with policy period starting from January 1, 2021 to December 31, 2021 with a premium of 120,000 baht.

### Employee

The total of company employees as on December 31, 2021. This consists of the employee according to the working lines as follows:

Division	No.of Employees		Division	No.of Employees	
	2020	2021		2020	2021
1. Plant	112	115	6. Information Technology (IT)	15	18
2. Sales and Marketing	47	59	7. The office of Committee	1	1
3. Accounting	8	8	8. Internal audit	1	1
4. Financial	3	3	9. Warehouses (4)	65	66
5. Personnel	13	14	<b>รวม</b>	<b>265</b>	<b>285</b>

3 Subsidiaries consisted Neastern Steel Co.,Ltd., Mags Trans and LogisCo.,Ltd. and Grand Steel Pipe Co.,Ltd. have total employee 269 persons which excluded management.

In a period of the past 3 years, The company did not have any conflict about labor

### Employee's compensation of 2021

The total compensation of the company's employees (excluded management) was 73.24 Bt. million. This compensation was the form of salary, bonus wage, overtime wage, provident fund and other welfare.

## Part 2 Corporate Governance

### Board's Compositions and Structure of the Executive

The total compensation of 3 subsidiaries, Neastern Steel Co.,Ltd., Maga Trans and Logis Co.,Ltd. and Grand Steel Pipe Co.,Ltd. was 29.75 and 16.90 and 8.56 Bt. Million respectively.

### **Personnel Development Policy**

The Company has the policy regarding personnel development to advance the employees' knowledge and skill for better performance and higher quality service. Necessary trainings and seminars will be arranged regularly. This will help the staff to be able to apply the knowledge and perform their task efficiently. As details shown in the part 1.3 Driving business for sustainability 'Sustainability Management – Society'

### **Audit fee**

Year 2021, the Company and its subsidiaries paid the audit fee as bellows;

Company	Audit fee (baht)	Non-Audit fee*	ผู้สอบบัญชี
2S Metal Public Company Limited	1,931,000	95,973.10	Grant Thornton Co., Ltd.
Neastern Steel Co., Ltd.	289,000	13,399	Grant Thornton Co., Ltd.
Mega Trans and Logis Co., Ltd.	255,000	7,461	Grant Thornton Co., Ltd.
Grand Steel Pipe Co., Ltd.	80,652.0	0.00	TBS Accounting Consultant Service Co., Ltd

\*Non-Audit fee : accommodation, travel expenses, etc.

### *Board of Director's Performance Summary*

#### **1. Selection of the Board of Directors and Top Executive**

Director, according to the Company's regulations, at every annual general shareholder meeting, one third of the directors must leave the Board. Every year the Company will invite the Company's shareholders to propose person to be elected as the Company's director which will be considered the qualification of the candidate by the Nomination and Remuneration Committee for propose the Annual General Shareholders Meeting.

1. The directors must perform their duties according to laws, objectives, and regulations of the Company, as well as the resolutions of the shareholder meetings.
2. The Board of Directors must consist of no less than five persons and more than half of the Board members must be residences of Thailand. All of the Board members must have qualification as required by laws.
3. The Board of Directors must compose of independent committee members of no less than one third of all members and no less than three persons. The Independent Committee must hold shares no more than 1% of the registered and paid-up capital of the Company and related companies, including shares held by related persons of the committee members. Directors who are independent committee members of other related companies must disclose such information and remuneration receiving form that company as well.
4. The shareholder meeting is responsible for appointing directors on the basis of majority votes under the following rules and methods,
  - a) A shareholder shall have one vote for each share held.
  - b) Committee election can be made through an individual or a group to be committee according to shareholder meeting. To vote, no matter individual or group who the shareholder vote will be the voice according to the number of stocks that the shareholder holds under Item 1 in which the mentioned shareholder cannot divide their voices to any individual more or less than others.
  - c) Candidates shall be decided on the basis of majority of the vote cast. In case of a tie of votes, the Chairman presiding over the meeting shall have the casting vote to decide who will win the tie.
5. In case there is a vacant seat in the Board because of a particular reason other than expiration of terms, the Board shall select a person who meets qualification and qualified by laws according the Public Company Limited Act B.E. 2535 to be an acting board member for the next meeting, unless the term of the Board is less than two months. The acting board member will be in position for the remaining term of the member being replaced. The resolution of the Board of Directors must be from the vote of no less than three-fourth of the remaining members of the Board.
6. The shareholder meeting may vote to have any of the directors to leave the Board of Directors before the end of the term. The vote must be no less than three-fourth of the number of shareholders attending the meeting and having rights to vote with the total number of shares no less than half of total numbers of shares of all shareholders who attend the meeting and have rights to vote.
7. Term of Audit Committee follows to the Director's tenure. When retire by rotation the Annual General Shareholder Meeting may re-election to be direct another term.
8. In case there is a vacant seat in the Audit committee, Board can appoint the person who meets qualification and qualified by law to replace and continuous term remaining.

Year 2021, there were 4 directors who retired by rotate. Mr. Sombat Leeswadtrakul, Mr. Sangrung Nitipawachon, Pol.Gen Phairat Phoubon and Mr. Worawit Chailimpamontri. According to the Company invited shareholders to propose suitably qualified persons to be nominated for director position in the Annual General Shareholders Meeting 2021, which had no proposing. Thus, the board of directors propose those 4 directors who's retired by rotate to be director and independent director another term

**Nomination of Chief Executive Officer/ Managing Director** The Nomination and Remuneration Committee will nominate qualified candidate with skills, competence, expertise and experience in the specific field of the Company's business, under the following criteria:

1. Have qualifications according to Section 68 of the Public Limited Companies Act, B.E. 2535 and notifications or regulations of the Stock Exchange of Thailand ("SET") and Office of the Securities and Exchange Commission ("SEC").
2. Have specific skills, competence and expertise and diversified experience beneficial to the efficient business operation of the Company.
3. Have personal traits that support corporate governance principles, such as be a person with morality, independence, assertiveness, creativity, prudence, honesty and full dedication to performance of duty for the Company.

**Succession of Executive Director** At the monthly management meeting for discussing and exchange information, planning and strategies, will assign work to create continuity in the management.

## 2. Meeting of the Board of Director

The committee holds regular meetings every 3 months and additional special meetings may be held as needed with meeting dates set annually in advance. According to the company's regulations and rules and procedures prescribed by law and information security standards, meetings of the Board of Directors can be held via electronic media.

In 2021, 4 Board of Directors' meetings were held via electronic media while the 2021 Annual General Meeting of Shareholders was held in April 2021 amid the COVID-19 pandemic via semi-electronic method to prevent the spread of the epidemic and reduce congestion in the meeting place but still maintained the shareholders' rights and benefits.

For each meeting, the company will send invitation letter together with accompanying documents not less than 7 days before the meeting date to allow the directors sufficient time to review the information, unless there is a case of urgency. Written minutes of meeting and acknowledge documents have to be compiled for future reference and examination.

The company stipulated a policy on the minimum quorum in meetings where the directors must present to vote at the meetings not less than two-thirds of the total number of directors. The Chairman of the Board who is also the chairman of the meetings will present directors with an opportunity to express their opinions freely. In some agendas, there may be senior executives and/or independent experts attending in the meetings to provide additional useful information as stakeholders, and they will also be directly informed of the policies in order for them to be able to implement those policies effectively

In November 2021, Independent Directors attended a meeting without the participation of management which was held before the start of the Board of Directors' meeting to exchange ideas on management or issues of independent interests and bring those ideas that have been discussed together to be presented to the Board of Directors' meeting for acknowledgment.

The Meeting 2021	Attendance / No. of Meeting				
	Board of Director	Audit Committee	Nomination & Remuneration	Shareholder Meeting	Ind. Director
1. Mr. Kunchit Singsuwan	4/4	3/4		1/1	1/1
2. Mr. Sombat Leeswadtrakul	4/4	-	2/2	1/1	-
3 Mr. Sangrungs Nitipawachon	4/4	-	-	1/1	-
4. Mr. Surapon Satimanont	4/4	4/4		1/1	1/1



The Meeting 2021	Attendance / No. of Meeting				
	Board of Director	Audit Committee	Nomination & Remuneration	Shareholder Meeting	Ind. Director
5. Mrs. Chintana Techamontrikul	4/4	4/4	2/2	1/1	1/1
6. Ms. Bunsri Panyapiamsak	4/4	-	-	1/1	-
7. Mr. Tanatat Chawaldit	4/4	-	-	1/1	-
8. Mr. Preeda Wongsathitporn	4/4	-	-	1/1	-
9. Gen. Phairat Phoubon	4/4	-	2/2	1/1	1/1
10. Mr. Woravit Chailimpamontri	4/4	-	1/2	1/1	1/1

### Compensation

The Company has set guidelines and payment rates for directors to be at appropriate levels. Remuneration for directors and executives would be based on their scope of responsibility, the Company's overall performance, and conform to similar business/industry. Directors' and executives' remuneration packages should be attractive enough to keep the qualified persons and should be comparable to that of other companies in similar industries. Directors and Executives being assigned more duties and responsibilities will receive more compensation accordingly.

In 2021, Nomination and Remuneration Committee determined the remuneration data of the listed company in SET compared with the evaluation of performance to set the transparently remuneration before propose to the shareholder meeting.

The director's remuneration in cash for non-executive director consists the Salary and meeting allowance in the total amount by Baht 4.00 million

	Salary	Meeting allowance /time
Chairman of the Board	50,000	15,000
Chairman of Audit Committee	30,000	20,000
Chairman of the Committee	30,000	20,000
Director	30,000	15,000

Name	Compensation	
	2020	2021
1. Mr. Kunchit Singsuwan	750,000.-	720,000.-
Salary	600,000	600,000
Meeting allowance	150,000	120,000
2. Mrs. Chintana Techamontrikul	540,000.-	525,000.-
Salary	360,000	360,000
Meeting allowance	180,000	165,000
3. Mr. Surapon Satimanont	530,000.-	515,000.-
Salary	360,000	360,000
Meeting allowance	170,000	155,000
4. Mr. Surapon Satimanont	450,000.-	435,000.-
Salary	360,000	360,000
Meeting allowance	90,000	75,000

Name	Compensation	
	2020	2021
5. Mr. Preeda Wongsathitporn		435,000.-
Salary	450,000.-	
Meeting allowance	360,000	360,000
Allowance from Subsidiaries*	90,000	75,000
	20,000	10,000
6. Gen. Phairat Phoubon	490,000.-	475,000.-
Salary	360,000	360,000
Meeting allowance	130,000	115,000
7. Mr. Woravit Chailimpamontri	480,000.-	465,000.-
Salary	360,000	360,000
Meeting allowance	120,000	105,000
	<b>3,690,000</b>	<b>3,570,000</b>

\* out of the calculating.

### Other Remuneration

Directors and officers' liability insurance amounted 100,000,000 baht with policy period starting from January 1, 2021 to December 31, 2021 with a premium of 120,000 baht.

### 3. Development Programs for Directors and Executives

The Board of Directors has a policy to promote and facilitate training and educating directors who are involved in the corporate governance system of the company such as directors, audit committees, executives, etc. in order to continuously improve their operations and develop the organization.

#### Training for Directors and Executives 2021

Dr.Kanchit Singsuwan	Corporate Governance Roundup 2021 and Board Governance of SPACs, Singapore Institute of Directors
Mr. Boonsri PanyaPiamsak	Corruption news stories on standard accounting of the Listed Company #1/2021, Federation of Accounting Professions
Mr. Pakorn Onkaew	Trend and direction of M&A 'significant point and strategy of M&A', the Stock Exchange of Thailand.

### 4. Evaluation for the performance of the Board of Directors

The company has assessed the performance of their Board of Directors at least 1 time per year with the aim to focus on the evaluation that reflects the efficiency of the operation, according to the principles of corporate governance. The goal is for the joint committee to review performance and improve the next solution.

Year 2021, the Board of Director agreed an evaluation of the CEO's performance which assigned to the remuneration committee consider and evaluate. The summary of result each part are following;

1. The self-evaluation of the entire Board of Directors 94.22% increased by 1.2%
2. The self-assessment of sub-committee 98.16% increased by 2.0%
3. The self-assessment of Individual 96.57% closely to the last year
4. the evaluation of the CEO's performance 97.0%

### 5. Supervision the operations of subsidiaries

3 Subsidiaries consist of Neastern Steel Co., Ltd., Mega Trans and Logis Co., Ltd., and Grand Steel Pipe Co.,Ltd. was held by the company more 90% of registered capital. Hence the management policy will be set by the company to match the business. The directors in subsidiaries are the representatives from the company to determine the operation policy.

3 subsidiaries use same both the Internal Control and Statement of compliance with TFRSs, including Related Transactions.

	NES	MEGA	GSP
Mr. Sombat Leeswadtrakul	Chairman		Chairman
Mr. Sangrung Nitipawachon	Managing Director		Director
Miss Bunsri Panyapiamsak	Director		Director
Mr. Montian AmornLertvimarn	Director		
Mr. Swad Panapongwasin	Director		
Mr. Supot Wongstitporn	Director		
Mr. Preeda Wongstitporn	Director		
Mr Pakorn Onkeaw		Managing Director	
Mrs. Chuthamas Pewnuan		Director	
Miss Kulwarint Saphu		Director	
Mr. Pongdet Lersithisak			Director / GM

**NES** : Neastern Steel Co., Ltd.

**MEGA**: Mega Trans and Logis Co., Ltd.

**GSP**: Grand Steel Pipe Co.,Ltd.

### 6. Monitoring and Compliance

In the past year, the Board of Directors has monitored and reviewed the policies on compliance with good corporate governance and issued sustainability management policies which cover business operations with responsibility to stakeholders in all 3 dimensions, namely the economic dimension, the social dimension, and the environmental dimension.

### Preventing the Insider Information

The Company has set guidelines concerning the use and protection of inside Information for trading of the Company's securities by related persons which include directors, executives, and employees in departments that have connection with such inside information (including spouse and underage child of such persons). Selling or buying of the Company's stock by such related persons is prohibited for at least one month before disclosure of quarterly financial statements and annual financial statements. Stock trading by relevant parties can be done after the information is disclosed to the public more than 24 hours.

### The movement of shareholding of 2021

	17 February 2021		Changing	15 February 2022*		% of Capital
	Personally	Spouses and minor Children		Personally	Spouses and minor Children	
1. Mr. Kunchit Singsuwan	-	-	-	-	-	-
2. Mr. Surapon Satimanont	-	-	-	-	-	-
3. Mr. Sombat Leeswadtrakul	82,380,645	-	3,700,000	95,234,050	-	19.05%
4. Mr. Sangrung Nitipawachon	26,198,179	945,000	-	29,109,087	1,050,600	6.03%
5. Mrs. ChintanaTechamontrikul	-	-	-	-	-	-
6. Miss Bunsri Panyapiamsak	13,875,550	-	-	15,417,277	-	3.08%
7. Mr. Tanatat Chawaldit	12,150,308	-	(64,750)	13,435,592	-	2.69%
8. Mr. Preeda Wongsathitporn	20,157,449	-	-	22,397,165	-	4.48%
9. Gen. Phairat Phoubon	-	-	-	-	-	-
10.Mr. Woravit Chailimpamonti	-	-	-	-	-	-
11. Mrs. Tassanee Phunuchaphai	-	-	-	-	-	-
12. Mr Pakorn Onkeaw	49,500	-	-	55,000	-	0.01%
13. Mrs. Kannika Angruvirote	-	-	-	-	-	-
14. Mr.Pongdech Lersithisak	-	-	-	-	-	-
15. Mr. Teerasak Onrachorn	-	-	-	-	-	-
16. Mrs. Pattranit Janthong Sasutham	-	-	-	-	-	-
17. Ms.Jaruwan Janpra-Ob	101,250	-	-	112,500	-	0.02%

\* the number of holding increased by proportion of stock dividend as the AGM 2021 approved to paid stock dividend in ratio 9 existing share per 1 stock dividend

### Anti-Corruption

The company has been certified as a member of the CAC Private Sector Collective Coalition against Corruption. In 2021, the Board of Directors has revised the company's policies and guidelines in order to effectively control and prevent risks that may occur from changing situations and disseminate through the organization's learning channels as well as assess the understanding of personnel in the form of actions that may cause corruption. In term of following up, the Audit Committee has established an internal audit plan each year and regularly reports the results to the Board of Directors' meetings which in the past year the Internal Audit Department did not find any issues that could cause corruption.

The company has published details of the anti-corruption and whistle blowing policies so that personnel within the organization and outsiders can access and study the guidelines at the company's website under the topic of corporate governance [http://www.ss.co.th/th/about\\_th/corporate-governance\\_th/](http://www.ss.co.th/th/about_th/corporate-governance_th/)

#### Whistle brawling

- Postal : Audit Committee  
2S Metal Public Company Limited  
No. 1788 Singha Complex (Regus) 30 Flr., New Petchburi Rd.,  
Bang kapi, Huaykwang  
Bangkok 10310
- Email : [auditcom@ss.co.th](mailto:auditcom@ss.co.th)

### Whistleblowing and Complaint

In order to encourage stakeholders both inside and outside the organization to take part in good governance, the company has established guidelines for whistleblowers to notify and report issues on the company's website under the topic of Corporate Governance [http://www.ss.co.th/th/about\\_th/corporate-governance\\_th/](http://www.ss.co.th/th/about_th/corporate-governance_th/)

### 7. Report of the Board of Directors

The Audit Committee is appointed to reviewed the financial statements together with accounting manager and propose to the Board of directors' meeting as opinion on each quarter. The Board of Directors is responsible for the consolidated balance sheets of the Company and its subsidiaries. Such balance sheets shall be executed according to the accounting standard. The applicable accounting method shall be appropriate and consistent.

#### *Audit Committee's Performance Summary*

In the year 2021, the Audit Committee held a total of 4 meetings with certified auditors, internal auditors, Accounting Manager and related executives to consider reviewing the company's financial information and related transactions, listen to suggestions, improve the efficiency of internal control, perform duties in accordance with the regulations of the Stock Exchange of Thailand, and independently supervise operations according to the scope and goals that have been set and report to the Board of Directors for acknowledgment. The summary of the duties to evaluate performance as follows:

1. Review quarterly financial statements and financial statements for the year 2021 together with auditors and related management to ensure that the company's financial reports are properly prepared in accordance with generally accepted accounting principles with information disclosure adequacy, reliability and completion. Take feedback and suggestions from auditors, Accounting Manager and related executives about information based on financial reports which auditors have already certified without conditions.
2. Review the operation of internal audits to be in accordance with the approved internal audit plan for the year 2021. Follow up on internal audit reports and progress in making improvements according to recommendations from auditors and the internal audit unit every quarter.
3. Review compliance with the laws on securities and exchange requirements of the Stock Exchange of Thailand, including other laws related to the company's business every quarter to create confidence for shareholders and investors.
4. Consider remunerations, select and nominate auditors for the year 2021 to the Board of Directors for shareholders in the general meeting to consider and approve. In addition, the Audit Committee held a meeting with the company's auditors without the management attending on November 12, 2021.
5. Review connected transactions or transactions that may have conflicts of interest to ensure they are in accordance with the laws and regulations of the Stock Exchange of Thailand and ensure that the company has disclosed information accurately and completely. Ensure that such transactions are in accordance with the company's policies and procedures and are normal business transactions with general trading terms that are reasonable and fair without conflicts of interest.
6. Acknowledge various activities in the business operations to be in accordance with anti-corruption measures which the company has been certified as a member of the Thai Private Sector Collective Action Coalition Against Corruption since the third quarter of 2019.



The Audit Committee is of the opinion that the company has accurately reported financial and operating information, has an internal control system, has proper risk management measures, operates according to legal terms and obligations, and has handled the company's related transactions with proper disclosure, sufficiency, transparency and reliability in accordance with good corporate governance.

#### ***Nomination and Remuneration Committee's performance Summary***

In 2021, the Nomination and Remuneration Committee has performed duties as assigned by the Board of Directors in the recruitment, selection and nomination of the persons to be directors and high-level executives of the company. The Nomination and Remuneration Committee has considered compensations and other benefits under the company's corporate governance policies where 2 meetings were held to consider important matters which can be summarized as follows:

1. Consider the qualifications of the persons nominated for the positions of independent directors and directors replacing those who have retired which were in accordance with the requirements of the Securities and Exchange Commission. The qualifications include the absence of legally prohibited characteristics, experience and knowledge that are beneficial to the company to present to the Board of Directors' meeting before the shareholders' meeting.
2. Review the performance of directors from the original assessment of the whole committee. Assess the performance of the sub-committees and self-assessment of individual directors which has increased the performance appraisal of the Chief Executive Officer. The Board of Directors assigned the Nomination and Remuneration Committee to consider, evaluate performance and report to the Board of Directors in order to manage the business in accordance with the objectives, main goals and strategies in line with the long-term plans.
3. Propose policies to determine the number of companies that each director can hold a position in which cannot be more than 5 companies.
4. Consider and review directors' remuneration according to their duties and responsibilities by comparing compensations from other companies in the similar industries while considering economic situation and the company's performance as criteria

Nomination and Remuneration Committee has performed their duties independently and have not been excessively controlled by the management. Nomination and Remuneration Committee has used discretion and considered carefully and reasonably while taking into account the benefits of minority shareholders in accordance with the principles of good corporate governance.

#### **Internal Control**

There is an internal audit unit in internal operation which is responsible for monitoring performances of all departments in the company to be in accordance with the company's policy and criteria. The audit's responsibilities include assessing the efficiency of the internal control system of each department and reporting to the Audit Committee to conduct a review to ensure the company has a sufficient and efficient internal control system before presenting matters to the Board of Directors.

In 2020, the Audit Committee and the Board of Directors jointly evaluated the company's internal control system 12<sup>th</sup> November 2021 according to the Securities and Exchange Commission's internal control system adequacy assessment form. It is viewed that the Company's internal control system is sufficient and appropriate for the operations to meet the goals, objectives and relevant laws and regulations of the 5 components as follow:

1. Internal Control - The company has a clear organizational structure and scope of management. With management meetings held, the company was able to determine core company goals and annual goals and to use past performances to review and set operational goals for the years to come. In addition, the company has established business ethics as a guideline for executives and employees to follow and has set penalties in the employee handbook.
2. Risk Management - The management of each department assesses risk at least once a year and performs revision regularly to analyze both internal and external risk factors that may occur to keep up with today's rapidly changing situations and find measures to reduce those risks. They will notify relevant departments to acknowledge and cooperate to prevent or reduce the risks that may occur.

Covid-19 pandemic, in 2021, has been an important external factor which all departments had to jointly analyze impacts that may and have occurred to business operation. All departments had to propose risk management measures and assign responsible persons to follow up on the assessed risks.

3. Operational Control - The company has clearly defined and assigned scope of duties and authorities for each level of management in writing with assessment system use.

At present, the company has adequate and concise internal control system for transactions with major shareholders, directors, executives and related persons. The company has been making sure that transactions made are always reasonable transactions.

There is a process of price comparison from at least 2 vendors that are legally reliable with general commercial terms. The company will always ensure that there is no conflict of interest involved in any transactions with approval from authorities who have no interest in the matter and opinions from the Audit Committee in accordance with the regulations of the Stock Exchange of Thailand.

In addition, the Audit Committee has reviewed and approved the annual audit plan that covers all operational processes with high risks. The company is confident that all departments have sufficient operational control system that covers both financial operation and compliance with the laws, rules and regulations.

4. Information and Communication System - It is an important part of supporting an effective internal control. The meeting of the Board of Directors and the sending of meeting invitations together with supporting documents were conducted not less than 7 days in advance as required by the laws. Accounting-related operation, information storage, and daily operation were managed and assisted by the company's information and communication system to keep in place and up to date at all time.
5. Tracking system - The company holds a weekly meeting for management to follow up on business and KPI and to discuss solutions in case set goals have not been achieved with opinions from internal Audit Department to examine matters and report independently to the Audit Committee

## Part 2 Corporate Governance

### Internal Control and Related transaction

In addition, the company's certified public accountant has assessed the efficiency of the internal control system and audited the financial statements of the company and its subsidiaries for the year ended December 31, 2021. The provided comments in the audit report about the company's internal control system deficiency are:

1. Sale invoices for GrandSteelPipe Co., Ltd in the system do not have an authorized signature but the actual sale invoices sent to GrandSteelPipe Co.,Ltd has a signature which raises issue of which type of invoice to be used as the official invoice.
2. Journal vouchers are created and approved for entry by the same person (Accounting manager).

However, during the year, the company has corrected the issues that were found to be incorrect as mentioned above in December 2021.

### Related transaction

Every quarter, the internal audit department gathers information about business activities and transactions between the company and all companies involved. The information will be reported to the audit committee and board of directors to consider the reasonability and appropriateness by general trading terms and standards. Transactions should be conducted in professional fashion that aligns with company's policy with no conflicts of interest which in the fiscal year 2021 ending on December 31, 2021, transaction activities are summarized as followed.

#### • Normal business transaction of Steel product

Company	Nature of Relationship	Description	Value (Bt. million)
Neastern Steel Co., Ltd.	- The subsidiary,	The Company has sold the finished products such as square tube , round tube for maintenance	5.22
		- accounts receivable	0.00
		The Company has bought consumable such cable tire for trading	0.00
		- accounts payable	0.00
Grand Steel Pipe Co.,Ltd.,Ltd (Lao PDR.)	- The subsidiary,	The Company has sold the finished products such as square tube , round tube for trading	193.46
		- accounts receivable	56.06
Mega Trans and Logis Co., Ltd.	- The subsidiary,	The Company has sold the finished products and tools for business.	0.21
		- accounts receivable	0.00
United Steel Pipe Co. , Ltd.	- Group of Executive management has hold the Company's share	The Company has sold raw material.	22.64
		- accounts receivable	0.00
		The Company has bought the finished goods for trading.	330.91
		- accounts payable	6.27

Company	Nature of Relationship	Description	Value (Bt. million)
City Metal Co., Ltd.	- Group of Executive management has hold the Company's share	The Company has sold raw material.	508.92
		- accounts receivable	0.00
Panich Swad Co., Ltd.	- Group of Executive management has hold the Company's share	The Company has sold raw material.	333.42
		- accounts receivable	37.38

### • Equipment and Others

Company	Nature of Relationship	Description	Value (Bt. million)
Nana Watsadu Furnitures Co., Ltd.	- Director is the close relationship with the company's management	Company has bought some facilities for production, such glove, glue, etc.	0.02
		- accounts payable	0.00
		The Company has sold Distance Measurer Laser	0.00
		- accounts receivable	0.00
Kwangfha Lohakit	- Director is the close relationship with the company's management	Company has bought some facilities for production, such Steel welding mark, brush paint, Stone grinding, etc.	0.03
		- accounts payable	0.00
		The Company has sold Welding Rods	0.02
		- accounts receivable	0.00

### • Properties

Company	Nature of Relationship	Description	Value (Bt. million)
United Steel Pipe Co.,Ltd.	- Group of Executive management has hold the Company's share	Warehouse rental, Period 3 years for Baht 100,000 per month. - accounts payable	1.20 0.00
Neastern Steel Co., Ltd.	- The subsidiary,	Warehouse rental (included crane and equipment), Period 3 years for Baht 740,000 per month. - accounts payable	9.36 0.05
Mega Trans and Logis Co.,Ltd.	- The subsidiary,	Mega rent area and office supply, Period 5 years for Baht 21,700 per month (included Utilities) - Accrued Income	0.26 0.00

#### • Loan

Company	Nature of Relationship	Description	Value (Bt. million)
Mega Trans and Logis Co.,Ltd.	- The subsidiary,	Mega loans for operations - Interest income	30.10 1.08
Neastern Steel Co., Ltd.	- The subsidiary,	The Company loans for working capital - Interest income	1.00 0.00

#### • Engagement

Company	Nature of Relationship	Description	Value (Bt. million)
Mega Trans and Logis Co.,Ltd.	- The subsidiary,	Transportation service for the Company's products - accounts payable	66.59 1.69
Neastern Steel Co., Ltd.	- The subsidiary,	Neaster produces products for the Company. - accounts payable	83.51 6.25

**Remark :** Audit Committee has reviewed and considered that the transaction was reasonable. Shareholders or Investors may find 3 previous transaction on the Company's website [www.ss.co.th](http://www.ss.co.th)



#### **Approval Process of Related Transactions**

At present, the Company's approval process of related transactions is in line with Securities and Exchanges Act, and regulations, announcements, directions, and provisions of the Stock Exchange of Thailand. Directors or related parties who may have a vested interest or conflict of interest with the Company or the Subsidiary in any transaction have no right to vote in such matter.

#### **Future Related Transactions**

##### Normal business transactions and other supporting transactions with general business conditions

Selling and purchasing of steel products between the related companies and the Company and the Subsidiary occur continuously. The Company and the Subsidiary will take necessary action when consider that there is a necessity to meet the customers' demand and benefit can be gained from such transactions at an appropriate rate.

The Company and the Subsidiary place policy in related transactions to comply with normal course of business. Price and conditions are clear and justified and can be compared to market price of unrelated persons thus transfer of profit cannot occur. However, the internal audit department will review and inspect such transactions and prepare reports for the Audit Committee to consider and give opinion about price and transaction reasonability in every quarter.

As the persons with possible conflict of interest of the Company and/or the Subsidiary are largely involved in the steel industry and the Company and the Subsidiary have high possibility to make the related transaction of the steel product. Therefore, the Company has set stringent measure on delegation of approval authority for such related transactions of the Company and the Subsidiary to ensure transaction transparency and reasonableness and pricing appropriateness, as summarized below.

The total amount per approval of 1 related transaction per 1 person with possible conflict of interest	Authorized persons
Not exceed Bt. 10,000,000 per week	The Managing Director Reports to the Board of Directors in a meeting in which the Audit Committee is also attending. Such transactions will be reported quarterly.
More than Bt. 10,000,000 but not exceed 25,000,000 per week	The Board of Directors Reports to the Board of Directors in a meeting in which the Audit Committee is also attending. Such transactions will be reported quarterly.
More than Bt. 25,000,000 per week	The Board of Directors Informs the Audit Committee about details of such transactions prior to processing of the transaction.

**Note:** An initial approval of transaction by an authorized person will not include an approval of a transaction that an authorized person or a person with possible conflict of interest is a stakeholder or a person that has any conflict of interest with the Company and/or the Subsidiary; a related transaction that must receive a written consent of shareholders; and an acquisition or disposition of important assets of the Company and/or the Subsidiary. So it is conforming to regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, or any regulations related to the business.

All members of the Audit Committee are aware of such duty regarding approval of related transactions. In case of an appointing of a new audit committee member in the future, the Board of Committee or the Managing Director will inform the candidate about this duty prior to the nomination.

#### Normal business transactions and other supporting transactions without general business conditions

The Company expects that in the future such transactions may occur in both the Company and the Subsidiary. Therefore, the Company and the Subsidiary will ensure transaction transparency and fairness and make sure that there is no transfer of profit related to such transactions in order to comply with Securities and Exchanges Act, and regulations, announcements, directions, and provisions of the Stock Exchange of Thailand. The Company and the Subsidiary will also follow regulations regarding disclosure of related transactions and acquisition or disposal of corporate assets. Stringent measurement on delegation of approval authority for such related transactions will be set so that persons with conflicts of interest will have no involvement in considering and approving of such matters. The Audit Committee shall give opinion regarding the related transactions and present to the Board of Directors and/or the shareholders meeting to use as support information for consideration and approval of the transaction. In addition, disclosure of related transactions shall be followed up to make sure its compliance to the Company's policy and the result shall be reported in the Notes to Financial Statements audited by the Company's auditors, as well as Form 56-1 and Annual Report.

## Part 3 Financial Statements

### Independent Auditor's Report

#### **INDEPENDENT AUDITOR'S REPORT**

#### **To the Shareholders of 2S Metal Public Company Limited**

##### **Opinion**

I have audited the consolidated and separate financial statements of 2S Metal Public Company Limited and its subsidiaries (the "Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2021, the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of 2S Metal Public Company Limited and its subsidiaries as at 31 December 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

##### **Basis for Opinion**

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

Key audit matters	How the matter was addressed in the audit
<p><u>Impairment of investments in subsidiaries and goodwill</u></p> <p>As at 31 December 2021, the separate financial statements include investments in subsidiaries amounting to Baht 216.77 million, and the consolidated financial statements include a goodwill of Baht 15.09 million which arose from a business combination in year 2015. In accordance with Thai Financial Reporting Standards, goodwill is required to be tested annually for impairment and investments in subsidiaries are required to be tested when there is an indicator of impairment.</p> <p>An impairment assessment requires significant judgement by management, specifically in determining the assumptions to develop the cash flows projections of the subsidiary and the selection of the discount rate which may be affected by changes in the economic condition, market situation and specific risks.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of how management identified impairment indicators and the testing process</li> <li>- Reviewing the supporting documents prepared by management to assess whether the goodwill is impaired at the end of year and assess the appropriateness of the valuation model and key assumptions used by management</li> <li>- Assessing the reasonableness of the discount rate applied to the estimated future cash flows</li> <li>- Testing the calculation of the recoverable amount</li> <li>- Review the sensitivity analysis provided by management and considered the impact to recoverable amount</li> </ul>

## Part 3 Financial Statements

### Independent Auditor's Report

Key audit matters	How the matter was addressed in the audit
Refer to Notes 4.19, 12 and 17 which provide details of the impairment testing performed by management.	Considering the adequacy and appropriateness of the disclosure of the assumptions, methodology and recoverable amount of goodwill and investment in subsidiary.
<p><u>Inventories</u></p> <p>As at 31 December 2021, the Group and the Company have ending inventories of Baht 1,105.14 million and Baht 1,032.48 million, respectively.</p> <p>Inventories are carried in the financial statements at the lower of cost and net realizable value. The Group's management has estimated the net realizable value from the estimated selling price after the deduction of direct costs.</p> <p>Management prepared a net realizable value calculation report and assess the adequacy of allowance for net realizable value at the end of the year and at the end of the period.</p> <p>I focused on this area because the valuation of the inventory is significant for the financial statements and the estimation of the allowance for net realisable value is based on domestic market prices. This might be affected by the fluctuation of raw material prices in global markets, competitive marketing and the situation in the industry.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- Tested internal controls over the procurement cycle from the purchase requisition, purchase order, goods received, and payment until recording to reflect the accuracy of inventory costs.</li> <li>- 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.</li> <li>- 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.</li> </ul> <p>From performing the above procedures, I viewed that the selling prices used in estimation of the allowance for net realisable value was reasonable and consistent with the available evidence.</p>

### Other matter

The consolidated and separate financial statements of 2S Metal Public Company Limited for the year ended 31 December 2020, presented as comparative information, were audited by another auditor from the same firm as mine, who expressed an unmodified opinion on those statements on dated 25 February 2021.

### Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance to revise a material misstatement.

## Part 3 Financial Statements

### Independent Auditor's Report

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

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

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

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

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

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

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

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



## Part 3 Financial Statements

### Independent Auditor's Report

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

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

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

### **Luxsamee Deetrakulwattanapol**

Certified Public Accountant

Registration No. 9056

Grant Thornton Limited

Bangkok

24 February 2022

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

(Unit : Thousand Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2021	31 December 2020	31 December 2021	31 December 2020
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	352,593	132,111	330,383	119,255
Trade and other accounts receivable - net	7, 9	363,557	275,391	409,367	313,869
Inventories - net	10	1,105,143	1,056,060	1,032,484	1,013,683
Deposits for purchase of goods		441	11,079	441	11,079
Short-term loans and accrued interest receivable	7	-	-	17,415	32,802
Refundable value added tax	0	-	10,012	-	10,012
Refundable income tax	0	3,928	1,682	-	298
Other current assets	0	5,404	5,926	2,301	2,797
Total Current Assets		1,831,066	1,492,261	1,792,391	1,503,795
NON-CURRENT ASSETS					
Restricted deposits with banks	11	1,052	72,357	1,052	72,357
Investments in subsidiaries	12	-	-	216,770	216,770
Long-term loans receivable - subsidiary	7	-	-	12,686	-
Property, plant and equipment - net	13	593,133	605,188	278,635	280,489
Rights-of-use assets - net	14	11,255	13,547	80,273	87,270
Investment property - net	15	1,271	1,609	-	-
Intangible assets - net	16	2,083	1,303	1,915	1,055
Goodwill	17	15,086	15,086	-	-
Other non-current assets		1,541	1,541	1,537	1,537
Deferred tax assets	23	1,012	2,047	-	-
Total Non-Current Assets		626,433	712,678	592,868	659,478
TOTAL ASSETS		2,457,499	2,204,939	2,385,259	2,163,273

\_\_\_\_\_  
 Directors  
 ( Mr. Sombat Leeswadtrakul )

\_\_\_\_\_  
 Directors  
 ( Mr. Sangrungs Nitipawachon )

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

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

(Unit : Thousand Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2021	31 December 2020	31 December 2021	31 December 2020
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loans from financial institutions	18	-	176,240	-	176,240
Trade and other accounts payable	7, 19	30,229	149,090	34,968	155,582
Current portion of liabilities under finance lease agreements	0				
	14.2	1,483	2,776	5,340	5,092
Accrued income tax	0	62,281	45,343	55,545	45,343
Value added tax payable	0	4,095	2,735	3,572	-
Accrued expenses	20	38,908	27,274	31,159	21,595
Other current liabilities	0	6,727	4,791	5,615	2,840
Total Current Liabilities	0	143,723	408,249	136,199	406,692
Current Liabilities					
Employee benefits obligation	21	17,794	22,303	15,562	18,455
Liabilities under finance lease agreements - net	14.2	4,219	5,702	77,551	82,890
Deferred tax liabilities - net	23	13,940	13,077	4,832	3,694
Total Non-Current Liabilities		35,953	41,082	97,945	105,039
TOTAL LIABILITIES		179,676	449,331	234,144	511,731
SHAREHOLDERS' EQUITY					
Share capital - common share at Baht 1 par value					
- Registered 499,998,995 shares					
(2020 : 549,999,244 shares)	24.1	499,998	550,000	499,998	550,000
- Issued and paid - up 499,997,946 shares					
(2020 : 449,999,095 shares)	24.1	499,998	449,999	499,998	449,999
Premium on share capital		121,762	121,762	121,762	121,762
Retained earnings					
- Appropriated for legal reserve	24.2	50,000	50,000	50,000	50,000
- Unappropriated		1,584,633	1,109,614	1,434,973	985,399
Other components of shareholders' equity		22,866	26,108	44,382	44,382
Shareholders' equity of the Company		2,279,259	1,757,483	2,151,115	1,651,542
Non-controlling interests in subsidiaries					
		(1,436)	(1,875)	-	-
NET SHAREHOLDERS' EQUITY	0	2,277,823	1,755,608	2,151,115	1,651,542
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,457,499	2,204,939	2,385,259	2,163,273

\_\_\_\_\_  
 Directors  
 ( Mr. Sombat Leeswadtrakul )

\_\_\_\_\_  
 Directors  
 ( Mr. Sangrung Nitipawachon )

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

(Unit : Thousand Baht)

		Consolidated F/S		Separate F/S	
	Notes	2021	2020	2021	2020
REVENUES					
Revenue from sales		6,352,680	5,484,167	6,308,927	5,428,829
Revenue from sales of by-product		168,133	118,858	162,021	114,452
Total revenues	26	6,520,813	5,603,025	6,470,948	5,543,281
COSTS OF SALES					
Costs of sales		(5,371,701)	(4,865,660)	(5,403,717)	(4,869,570)
Gross profit		1,149,112	737,365	1,067,231	673,711
Interest income	26	1,801	2,059	2,869	3,375
Gain on exchange rate		-	-	13,252	436
Other income		32,513	20,837	34,618	22,418
Profit before expenses		1,183,426	760,261	1,117,970	699,940
Selling expenses	25	(127,474)	(137,563)	(129,698)	(143,158)
Administrative expenses	25	(107,845)	(109,944)	(92,515)	(91,246)
Loss from exchange rate		(21,703)	(20,783)	-	-
Total expenses		(257,022)	(268,290)	(222,213)	(234,404)
Profit before finance costs		926,404	491,971	895,757	465,536
Finance costs	26	(1,716)	(7,957)	(5,508)	(10,517)
Profit before income tax		924,688	484,014	890,249	455,019
Income tax expense	22	(186,636)	(73,817)	(178,179)	(76,119)
Profit for the year		738,052	410,197	712,070	378,900
OTHER COMPREHENSIVE INCOME					
Items to be reclassified subsequently to profit or loss					
Translation adjustment for foreign currency financial statement - net of tax		(3,340)	(754)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		734,712	409,443	712,070	378,900
ALLOCATION OF PROFIT FOR THE YEAR					
Portion of the Company's shareholders		737,515	410,165	712,070	378,900
Portion of non-controlling interests		537	32	-	-
		738,052	410,197	712,070	378,900
ALLOCATION OF TOTAL COMPREHENSIVE INCOME					
Portion of the Company's shareholders		734,273	409,433	712,070	378,900
Portion of non-controlling interests		439	10	-	-
		734,712	409,443	712,070	378,900
BASIC EARNINGS PER SHARE					
Profit of the Company's shareholders (Baht : Share)		1.47	0.82	1.42	0.76
Weighted average number of common shares (Unit : Thousand Shares)		499,997.95	499,997.95	499,997.95	499,997.95

\_\_\_\_\_  
 ( Mr. Sombat Leeswadtrakul ) Directors

\_\_\_\_\_  
 ( Mr. Sangrungs Nitipawachon ) Directors

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

## Part 3 Financial Statements

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

Shareholders' equity of the Company												
Notes	Paid - up  Share Capital	Premium on  Share capital	Retained earnings	Unappropriated	Other components of equity				Total Other compon ents of equity	Sharehold ers' equity of the Company	Non-controll ing interests	Total
			Legal		Surplus on  revaluation of land	Translation adjustment for foreign currency  financial statements	Discount on dilution of investment in subsidiaries company					
			Reserve									
<b>Consolidated F/S</b>												
Balance as at 1 January 2020	0	449,999	121,762	45,000	735,949	59,322	(2,665)	(29,817)	26,840	1,379,550	(1,885)	1,377,665
Changes in shareholders' equity	0											
Appropriation for legal reserve during the year	24.1	-	-	5,000	(5,000)	-	-	-	-	-	-	-
Cash dividend paid	24.3	-	-	-	(31,500)	-	-	-	-	(31,500)	-	(31,500)
Total transactions with shareholders		-	-	5,000	(36,500)	-	-	-	-	(31,500)	-	(31,500)
Comprehensive income for the year		-	-	-	410,165	-	(732)	-	(732)	409,433	10	409,443
Total comprehensive income for the year		-	-	-	410,165	-	(732)	-	(732)	409,433	10	409,443
Balance as at 31 December 2020		449,999	121,762	50,000	1,109,614	59,322	(3,397)	(29,817)	26,108	1,757,483	(1,875)	1,755,608
Balance as at 1 January 2021		449,999	121,762	50,000	1,109,614	59,322	(3,397)	(29,817)	26,108	1,757,483	(1,875)	1,755,608
Changes in shareholders' equity												
Increased in capital	24.1	49,999	-	-	-	-	-	-	-	49,999	-	49,999
Cash dividend paid	24.3	-	-	-	(262,496)	-	-	-	-	(262,496)	-	(262,496)
Total transactions with shareholders		49,999	-	-	(262,496)	-	-	-	-	(212,497)	-	(212,497)
Comprehensive income for the year		-	-	-	737,515	-	(3,242)	-	(3,242)	734,273	439	734,712
Total comprehensive income for the year		-	-	-	737,515	-	(3,242)	-	(3,242)	734,273	439	734,712
Balance as at 31 December 2021		499,998	121,762	50,000	1,584,633	59,322	(6,639)	(29,817)	22,866	2,279,259	(1,436)	2,277,823

\_\_\_\_\_  
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 ( Mr. Sangrung Nitipawachon )

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## Part 3 Financial Statements

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

(Unit : Thousand Baht)

				Retained earnings		Other components of equity	
	Notes	Paid - up Share Capital	Premium on Share capital	Legal Reserve	Unappropriated	Other comprehensive income Surplus on revaluation of land	Total
<b>Separate F/S</b>							
<b>Balance as at 1 January 2020</b>	0	449,999	121,762	45,000	642,999	44,382	1,304,142
<b>Changes in shareholders' equity</b>	0						
Appropriation for legal reserve during the year	24.1	-	-	5,000	(5,000)	-	-
Cash dividend paid	24.3	-	-	-	(31,500)	-	(31,500)
<b>Total transactions with shareholders</b>		-	-	5,000	(36,500)	-	(31,500)
Comprehensive income for the year		-	-	-	378,900	-	378,900
<b>Total comprehensive income for the year</b>		-	-	-	378,900	-	378,900
<b>Balance as at 31 December 2020</b>		449,999	121,762	50,000	985,399	44,382	1,651,542
<b>Balance as at 1 January 2021</b>		449,999	121,762	50,000	985,399	44,382	1,651,542
<b>Changes in shareholders' equity</b>							
Increased in capital	24.1	49,999	-	-	-	-	49,999
Dividend payment	24.3	-	-	-	(262,496)	-	(262,496)
<b>Total transactions with shareholders</b>		49,999	-	-	(262,496)	-	(212,497)
Comprehensive income for the year		-	-	-	712,070	-	712,070
<b>Total comprehensive income for the year</b>		-	-	-	712,070	-	712,070
<b>Balance as at 31 December 2021</b>		499,998	121,762	50,000	1,434,973	44,382	2,151,115

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

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
<b>Cash flows from operating activities</b>				
Profit before income tax	924,688	484,014	890,249	455,019
<b>Adjustments to reconcile profit before income tax to net cash provided from operating activities:</b>				
Provision (reversal of allowance) for doubtful debts	(2,838)	10,059	(2,797)	10,066
Provision (reversal of allowance) for decline value of inventories	17,678	(3,030)	17,678	(3,030)
Depreciation	48,527	46,682	24,690	21,034
Unrealized gain on exchange rate	(3,163)	(446)	-	-
Loss (gain) on disposal and written off of fixed assets	15	(106)	23	(105)
Amortization	483	593	385	426
Interest income	(1,801)	(2,059)	(2,869)	(3,375)
Interest expense	1,716	7,957	5,508	10,517
Provision for post employee benefits obligation	1,633	1,934	1,418	1,655
Cash flows provided from operations before changes in operating assets and liabilities	986,938	545,598	934,285	492,207
<b>Decrease (increase) in operating assets:</b>				
<b>Trade and other accounts receivable</b>	(85,328)	63,627	(92,701)	120,842
Inventories	(66,761)	(495,784)	(36,479)	(519,919)
Deposits for purchase of goods	10,638	130,013	10,638	130,013
Refundable value added tax	10,012	(9,755)	10,012	(10,012)
Refundable income tax	(2,246)	668	298	-
Other current assets	3,507	(254)	496	(593)
Other non-current assets	-	(600)	-	(599)
<b>Increase (decrease) in operating liabilities:</b>				
Trade and other accounts payable	(118,861)	120,485	-120,614	120,810
Accrued expenses	11,799	(2,259)	9,729	(2,456)
Value added tax payable	1,360	254	3,572	(1,149)
Other current liabilities	1,936	(2,113)	2,774	(3,081)
Employee benefit paid	(6,142)	(256)	(4,311)	(125)
<b>Cash received from operating activities</b>	<b>746,852</b>	<b>349,624</b>	<b>717,699</b>	<b>325,938</b>
Interest payment	(1,881)	(8,581)	(5,672)	(11,140)
Income tax paid	(170,784)	(35,280)	(166,839)	(33,095)
<b>Net cash provided from operating activities</b>	<b>574,187</b>	<b>305,763</b>	<b>545,188</b>	<b>281,703</b>

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

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
<b>Cash flows from investing activities</b>				
Interest received	1,801	2,060	2,869	3,375
Decrease (increase) in restricted deposits with banks	71,305	(71,305)	71,305	(71,305)
Acquisition of building and equipment	(33,958)	(97,067)	(15,953)	(39,855)
Sale of equipment	100	152	91	152
Addition to intangible assets	(1,263)	(249)	(1,245)	(27)
Receipt of repayment of loans to subsidiary	-	-	-	12,000
Short-term loan granted to subsidiary	-	-	-	(12,000)
<b>Net cash provided from (used in) investing activities</b>	<b>37,985</b>	<b>(166,409)</b>	<b>57,067</b>	<b>(107,660)</b>
<b>Cash flows from financing activities</b>				
Decrease in short-term loans from financial institutions	(176,240)	(105,994)	(176,240)	(105,994)
Repayment of short-term loans from subsidiary	-	-	(1,000)	(5,000)
Proceeds from short-term loans from subsidiary	-	-	3,701	-
Repayment for liabilities under finance lease agreement	(2,776)	(1,291)	(5,091)	(3,843)
Proceeds from conversion of warrants to common shares	49,999	-	49,999	-
Cash dividend payment	(262,496)	(31,500)	(262,496)	(31,500)
<b>Net cash used in financing activities</b>	<b>(391,513)</b>	<b>(138,785)</b>	<b>(391,127)</b>	<b>(146,337)</b>
Exchange rate losses on cash and cash equivalents	(177)	(308)	-	-
<b>Net increase in cash and cash equivalents - net</b>	<b>220,482</b>	<b>261</b>	<b>211,128</b>	<b>27,706</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>132,111</b>	<b>131,850</b>	<b>119,255</b>	<b>91,549</b>
<b>Cash and cash equivalents at end of year</b>	<b>352,593</b>	<b>132,111</b>	<b>330,383</b>	<b>119,255</b>
	(0)	-	(0)	-
<b>Supplemental disclosure for cash flows information</b>				
Non - cash item :				
Recognition of rights-of-use assets and long-term lease liabilities	-	9,769	-	42,599

\_\_\_\_\_  
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**2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2021 AND 2020**

**1. NATURE OF OPERATIONS**

*The Company*

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

*Its subsidiaries*

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

**2. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH TFRS**

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

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

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

Coronavirus disease 2019 pandemic

The Coronavirus 2019 pandemic has affected economic slowdown and adversely impact most businesses and industries. This situation has brought about uncertainties and have impacted the industry in which the Group operates. The Group's management has continuously monitored ongoing situation and assess the financial impact in respect of the revenues and expenses, valuation of assets, provisions, and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved, using the best information obtained up to the date of this report. However, the Coronavirus 2019 pandemic does not have a negative effect on the Group's operations during the year.

**3. CHANGES IN ACCOUNTING POLICIES**

3.1 New and revised financial reporting standards, interpretations and guidance which effective from 1 January 2021 are as follows:

- 3.1.1 Thai Accounting Standard No. 1 "Presentation of financial statements" and Thai Accounting Standard No. 8 "Accounting policies, Changes in Accounting Estimates and Errors"

## Part 3 Financial Statements

### Notes to the Financial Statement

There is an amendment to the definition of the term “Materiality” to comply with the Financial Reporting Standards and frameworks. Including the explanation that clarifies the materiality application to Thai Financial Reporting Standard No.1. The amendment also makes consequential amendments to other TFRS including TAS 8, TAS 10, TAS 34 and TAS 37.

#### 3.1.2 Thai Financial Reporting Standard No.3 “Business combinations”

This standard was amended to provide more consideration as follow;

- Provide an option for the entity to use “Concentration Test” that allows a simplified assessment of purchase to distinguish the consideration for purchase of assets and the business combination.
- Amend the definition of the term “Business” to define the business combination to include, at a minimum, an input and a substantive process that are collectively significant contribution to the ability to create outputs. Furthermore, amendment definition of “Outputs” which focusing on goods and services provided to customers and removing the reference to an ability to lower the costs.

#### 3.1.3 Thai Financial Reporting Standard No.9 “Financial instruments” and Thai Financial Reporting Standard No.7 “Disclosure of Financial instruments”

These standards change specific hedge accounting requirements to relief the uncertainties arising from impact of interest rate benchmark reform including the effects of changes to contractual cash flow or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate such as Interbank offer rates – IBORs. In addition, the amendment requires the entity to disclose all hedging relationships directly affected by such uncertainty.

#### 3.1.4 Conceptual Framework for Financial Reporting

The conceptual framework definition was amended to define assets and liabilities and criteria for recognizing assets and liabilities in financial statements by adding the conceptual and application consideration as follow:

- Measurement including factors to be considered when selecting a benchmark basis
- Presentation and disclosure including classification of revenue and expenses in other comprehensive income.
- Derecognition assets and liabilities from financial statements.

In addition, this framework describes about responsibilities by function, conservative consideration concept, and uncertainty in the measurement of values in the preparation of financial information. The revision in conceptual framework also affect the revision in others framework including TAS 1, TAS 8, TAS 34, TAS 37, TAS 38, TFRS 2, TFRS 3, TFRS 6, TFRIC 12, TFRIC 19, TFRIC 20, TFRIC 22 and TSIC 32.

#### 3.1.5 Thai Financial Reporting Standard No.16 “Lease”

This standard amends the discount of rent relating to Covid-19 by permitting lessees, as a practical expedient, not to assess the rent concessions that meet specified conditions as lease modification.

However, the Group has initially applied revised TFRS that are effective for annual period beginning on 1 January 2021 and has not early adopted TFRS which are not yet effective. The of this standard application has no impact on the Company’s financial statements.

### 3.2 Financial Reporting Standards, Interpretations, and guidance which are effective from 1 January 2022

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



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

- Applying a practical expedient on relief measurement when changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), have to comply with 2 conditions are 1) the changes that are necessary as a direct result of the IBOR reform and 2) the new basis for determining contractual cash flows are considered economically equivalent, will not result in an immediate gain or loss in the statement of profit or loss. 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.

TFRS7 requires addition disclosures as follows:

- The nature and extent of risks arising from the IBOR reform including methods that the entity uses in managing for the transition to alternative benchmark rates.
- The quantitative information related to the financial instruments that have yet transitioning to an alternative benchmark rate as at the end of the reporting period, by separate significant benchmark rates under the IBOR reform.
- The changing to an entity's risk management strategies that the risk arising from financial instruments and transition to alternative benchmark rates.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Overall consideration

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

##### 4.2 Basis of consolidation

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

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

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

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

##### 4.3 Business combinations

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the seller. For each business combination, the

Company measures the non-controlling interest, in the acquiree either at fair value or at the proportionate share of the seller's identifiable net assets.

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

#### 4.4 Foreign currency translation

##### a) *Functional and presentation currency*

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

##### b) *Transactions and balances*

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

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

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

#### 4.5 Segment reporting

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

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

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

#### 4.6 Related parties

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

#### 4.7 Revenue

Revenue includes all revenues from ordinary business activities. All ancillary income in connection with the delivery of goods and rendering of services in the course of the Company's ordinary activities are also presented as revenue.

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 7 days to 120 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### Services

Revenue from rendering services is based on the stage of completion.

### Interest income and other income

Interest income is recognised on an accrual basis, using the effective interest method.

Other income is recognised on an accrual basis.

### Payments to customers

Payments to customers or on behalf of customers to other parties, including credited or subsequent discounts, are recognised as a reduction in revenue unless the payment constitutes consideration of a distinct goods or service from the customer.

#### 4.8 Operating expenses

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

#### 4.9 Borrowing costs

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

#### 4.10 Cash and cash equivalents

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

#### 4.11 Accounts receivable

Accounts receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement between 7 days to 120 days and therefore are all classified as current.

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

The Group applies the TFRS 9 simplified approach to measuring expected credit losses with the simplified approach, which requires expected lifetime losses to be recognised from initial

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

#### 4.12 Financial asset

##### a) Classification

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

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

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

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

##### b) Recognition and derecognition

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

##### c) Measurement

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

Financial assets with embedded derivatives are considered 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 assesses on a forward looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

### 4.13 Financial liabilities

a) Classification

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

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

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

b) Measurement

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

c) Derecognition and modification

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

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

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

#### 4.14 Inventories

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

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

#### 4.15 Investments in subsidiaries

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

#### 4.16 Property, plant and equipment

##### *Land*

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

##### *Buildings and other equipment*

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

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

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

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

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



### 4.17 Investment property

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

### 4.18 Intangible assets

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

### 4.19 Goodwill

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

### 4.20 Lease assets

#### Leases - where the Group is the lessee

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

#### Measurement and recognition of leases as a lessee

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

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

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

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

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

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

### 4.21 Financial instruments

#### *Recognition and derecognition*

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

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

#### *Classification and initial measurement of financial assets*

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

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

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

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

#### *Subsequent measurement of financial assets*

##### Financial assets at amortized cost

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

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

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

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

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

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

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

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

#### *Impairment*

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

The Group uses a simplified approach to recognize impairment of accounts receivable and other receivable and loan to other entity and related party. According to estimates of credit

losses over the life of such assets since the Group recognize accounts receivable and other receivable and loan to other entity and related party.

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

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

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

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

### *Classification and measurement of financial liabilities*

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

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

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

### *Subsequent measurement of financial liabilities*

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

## 4.22 Impairment testing of assets

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

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

### *Calculation of recoverable amount*

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

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

### 4.23 Interest-bearing liabilities

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

### 4.24 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

### 4.25 Equity

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

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

Other components of shareholders' equity include the following:

#### *Other comprehensive income*

- revaluation of land reserve – comprises gains and losses from the revaluation of land (see Note 4.14)
- translation adjustment for foreign currency financial statement – comprises gains and losses from the translation of foreign operations entity with a functional currency other than Thai Baht (see Note 4.4)
- discount on dilution of investment in subsidiaries company - comprises dilution loss arose on shares issued by the subsidiaries and sold to third parties.

Retained earnings includes all current and prior period retained profits.

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

### 4.26 Dividend distribution

Dividend distributed to the Company's shareholders is recognised as a liability when interim dividends are approved by the Board of Directors, and when the annual dividends are approved by the shareholders.

### 4.27 Post-employment benefits and short-term employee benefits

#### *Post-employment benefit plans*

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

#### Defined contribution plans

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

#### Retirement benefit plans

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

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

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

*Short-term employee benefits*

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

### 4.28 Income tax

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

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

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

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

### 4.29 Basic earnings per share

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

### 4.30 Provisions, contingent assets and contingent liabilities

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

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

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

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

### 4.31 Critical accounting estimates and judgement

Estimates and judgement are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstance.

Reduction of inventory cost to net realizable value

In determining a reduction of inventory cost to net realizable value, the management makes judgement and estimates the net realizable value of inventory based on the amount of the

inventories are expected to realize. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring at the year ended.

### Building and equipment, investment property and computer software

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

### Leases

#### *Determine the lease terms*

Critical judgement in determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of properties, the most relevant factors are historical lease durations, the costs and conditions of leased assets.

Most extension options on offices and vehicles leases have not been included in the lease liability, because the Group considers i) the underlying asset condition and/or ii) insignificant cost to replace the leased assets.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstance affecting this assessment occur, and that it is within the control of the Group.

#### *Determination of the discount rate on lease liabilities*

#### The Group determines the incremental borrowing rate as follows:

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

### Impairment of investments in subsidiaries and goodwill

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

### Defined employee benefit obligation

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

### Fair value measurement

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

### Allowance for doubtful accounts to reflect impairment

The Group sets an allowance for doubtful accounts to reflect impairment of trade accounts receivable resulting from possible non-collection of receivables. The allowance is based on a review of the expected credit loss. Management groups receivables by type of customers and



## Part 3 Financial Statements

### Notes to the Financial Statement

considers credit risks that are of a common nature. The expected credit loss rate is determined by the nature of payments in the past. Information of credit losses from experience, external factors, and future factors that may affect debtor payment which is considered at the end of every period.

#### 5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Classification of financial assets and financial liabilities

The balance of financial assets and financial liabilities as at December 31, 2021 are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S			
	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive profit or loss	Total
<b><u>Financial assets</u></b>				
Cash at banks	352,530	-	-	352,530
Trade and other accounts receivable - net	363,547	-	-	363,547
Restricted deposit with banks	1,052	-	-	1,052
Total	717,129	-	-	717,129
<b><u>Financial liabilities</u></b>				
Trade and other accounts payable	30,229	-	-	30,229
Lease liabilities	5,702	-	-	5,702
Total	35,931	-	-	35,931

(Unit : Thousand Baht)				
	Separate F/S			
	Amortized cost	Fair value through profit or loss	Fair value through other comprehensive profit or loss	Total
<b><u>Financial assets</u></b>				
Cash at banks	330,354	-	-	330,354
Trade accounts receivable and other - net	409,367	-	-	409,367
Loan to subsidiary company	30,101	-	-	30,101
Restricted deposit with banks	1,052	-	-	1,052
Total	770,874	-	-	770,874
<b><u>Financial liabilities</u></b>				
Trade and other accounts payable	34,968	-	-	34,968
Lease liabilities	82,891	-	-	82,891
Total	117,859	-	-	117,859

#### 6. INTERESTS IN SUBSIDIARIES

*Composition of the group*

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

Subsidiary companies	Country of incorporation and business	Proportion of ownership interest held by the Group at year ended (percentage)		Principal activity
		2021	2020	
Neastern Steel Co., Ltd.	Thai	99.99	99.99	Manufacturing of steel pipes, steel plates, light lip channels and steel wire mesh
Mega Trans and Logis Co., Ltd.	Thai	99.99	99.99	Transportation services for heavy products
Grand Steel Pipe Industry Co., Ltd.	Laos	97.11	97.11	Manufacturing and sale of steel pipe, steel plates and light lip channel and trading of steel products.

### Subsidiary

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

## 7. RELATED PARTY TRANSACTIONS

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

Nature of relationship

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

### Pricing policies

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

Significant balances with related parties as at 31 December 2021 and 2020 are as follows:

	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
<b>Trade and other accounts receivable</b>				
Subsidiary companies	-	-	56,077	51,331
Related company	37,385	-	37,385	-
Total	37,385	-	93,462	51,331
<b>Short-term loans and interest receivable</b>				
Subsidiary company	-	-	17,415	32,802

## Part 3 Financial Statements

### Notes to the Financial Statement

	(Unit: Thousand Baht)	
	Consolidated F/S	Separate F/S
	2021	2020
<b>Long-term loans receivable</b>		
Subsidiary company	-	-
<b>Total loans and interest receivable</b>	-	-

Significant movements in loans to subsidiary and accrued interest income for the year ended 31 December 2021 are as follows:

	(Unit: Thousand Baht)		
	1 January 2021	During the year	31 December 2021
		Increase	Decrease
Subsidiary companies	32,802	1,000	3,701

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

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

	(Unit: Thousand Baht)	
	Consolidated F/S	Separate F/S
	2021	2020
<b>Trade and other accounts payable</b>		
Subsidiary companies	-	-
Related parties	6,268	18,914
<b>Total</b>	<b>6,268</b>	<b>18,914</b>
<b>Lease Liabilities</b>		
Subsidiary companies	-	-
Related parties	4,384	5,362
<b>Total</b>	<b>4,384</b>	<b>5,362</b>

#### Employee benefits obligation

Key management personnel		
- Post-employment benefits	14,372	13,647

Significant transactions with the related parties for the years ended 31 December 2021 and 2020 are as follows:

Transaction	(Unit: Thousand Baht)	
	Consolidated F/S	Separate F/S
	2021	2020
<b>Revenue from sales</b>		
Related parties	356,086	526,412
Subsidiary company	-	-
<b>Total</b>	<b>356,086</b>	<b>526,412</b>

## Part 3 Financial Statements

### Notes to the Financial Statement

Transaction	Consolidated F/S		(Unit: Thousand Baht) Separate F/S	
	For the years ended 31 December			
	2021	2020	2021	2020
<b>Rental assets and other service income</b>				
Subsidiary company	-	-	266	325
<b>Interest income</b>				
Subsidiary companies	-	-	1,077	1,323
<b>Purchase of goods and service</b>				
Related parties	839,887	702,445	839,887	702,445
Subsidiary company	-	-	1	-
Total	839,887	702,445	839,888	702,445
<b>Manufacturing cost</b>				
Subsidiary company	-	-	83,511	98,685
<b>Transportation service</b>				
Subsidiary company	-	-	66,364	66,395
<b>Rental assets and other service expenses</b>				
Related parties	1,200	1,200	1,200	1,200
Subsidiary company	-	-	9,663	-
Total	1,200	1,200	10,863	1,200
<b>Interest expense</b>				
Subsidiary company	-	-	-	26
<b>Key management personnel compensation</b>				
Short-term employee benefits	37,483	31,348	28,295	24,133
Post-employment benefits	6,358	991	4,497	808
Total	43,841	32,339	32,792	24,941

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

## 8. CASH AND CASH EQUIVALENTS

	Consolidated F/S		(Unit: Thousand Baht) Separate F/S	
	For the years ended 31 December			
	2021	2020	2021	2020
Cash on hand	63	156	29	40
Cash at banks				
- Current account	28,742	47,288	25,130	40,951
- Saving account	323,788	84,667	305,224	78,264
Total	352,593	132,111	330,383	119,255

As at 31 December 31 2021 and 2020, most of cash and cash equivalents were cash at banks in savings accounts with interest rates of 0.05% – 0.25% per year (2020 interest rates were 0.05% – 0.25% per year).

**9. TRADE AND OTHER ACCOUNTS RECEIVABLE – NET**

	(Unit: Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Trade accounts receivable				
- general customers - net	326,163	275,382	315,905	262,537
Trade accounts receivable - Subsidiary companies	-	-	56,069	-
Trade accounts receivable - related companies	37,385	-	37,385	51,331
Total	363,548	275,382	409,359	313,868
Other accounts receivable - general customers	9	9	-	1
Other accounts receivable - subsidiary company	-	-	8	-
Total	9	9	8	1
Total trade and other accounts receivable - net	363,557	275,391	409,367	313,869

Aging analysis of the trade accounts receivable - general customers and related companies as at 31 December 2021 and 2020 are as follows:

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Trade accounts receivable - general customers and related companies				
Not yet due	290,678	236,537	309,524	272,091
Past due				
Less than 3 months	68,011	37,584	94,980	34,565
3 - 6 months	1,331	1,142	1,331	7,097
6 - 12 months	3,893	3,784	3,893	3,780
Over 12 months	15,479	15,017	15,387	14,888
Total	379,392	294,064	425,115	332,421
Less Allowance for doubtful accounts	(15,844)	(18,682)	(15,756)	(18,553)
Trade accounts receivable - general customers and related companies - net	363,548	275,382	409,359	313,868

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

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Balance as at 1 January	(18,682)	(8,623)	(18,553)	(8,487)
Add Allowance for doubtful accounts during the year	(1,031)	(11,193)	(1,026)	(11,193)
Less Reversal of allowance for doubtful accounts	3,869	1,134	3,823	1,127
Balance as at 31 December	(15,844)	(18,682)	(15,756)	(18,553)

**10. INVENTORIES – NET**

	(Unit : Thousand Baht)			
	Consolidated F/S		Separate F/S	
	2021	2020	2021	2020
Raw materials	440,222	394,486	435,651	383,705
Work in process	85,926	53,683	71,485	51,682
Finished goods	590,344	410,325	540,430	384,250

## Part 3 Financial Statements

### Notes to the Financial Statement

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2021	2020	2021	2020
Materials and goods in transit	8	190,883	8	190,883
Factory supplies	6,607	6,969	2,874	3,449
Total	1,123,107	1,056,346	1,050,448	1,013,969
<u>Less</u> Allowance for decline values	(17,964)	(286)	(17,964)	(286)
Net	1,105,143	1,056,060	1,032,484	1,013,683

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

	(Unit : Thousand Baht) Consolidated and Separate F/S	
	2021	2020
Balance as at 1 January	(286)	(3,316)
<u>Add</u> Additional allowance during the year	(25,656)	(5,061)
<u>Less</u> Reversal of allowance during the year	7,978	8,091
Balance as at 31 December	(17,964)	(286)

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

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2021	2020	2021	2020
Costs of goods sold	5,354,035	4,868,690	5,386,039	4,872,600
<u>Add</u> Allowance for cost of goods anticipated to be higher than net realizable value	25,656	5,061	25,656	5,061
<u>Less</u> Reverse of allowance for cost of goods anticipated to be higher than net realizable value	(7,978)	(8,091)	(7,978)	(8,091)
Total costs of sales	5,371,713	4,865,660	5,403,717	4,869,570

## 11. RESTRICTED DEPOSITS WITH BANKS

As at 31 December 2021 and 2020, the Company's saving and fixed deposits with term of maturity of 12 months with interest at 0.65 – 1.05 % per annum, have been pledged as collateral for the use of electricity and short-term credit line from financial institutions.

## 12. INVESTMENTS IN SUBSIDIARIES - NET

	Paid-up capital		Percentage of shareholding		(Unit : Thousand Baht) Separate F/S			
					2021		2020	
					Investments		Investments	
	2021	2020	2021	2020	At cost	Dividend income	At cost	Dividend income
Neastern Steel Co., Ltd.	90,000	90,000	99.99	99.99	99,000	-	99,000	-
Mega Trans and Logis Co., Ltd.	30,000	30,000	99.99	99.99	30,000	-	30,000	-
Grand Steel Pipe Industry Co., Ltd.	121,970	121,970	97.11	97.11	87,770	-	87,770	-
Total					216,770	-	216,770	-



## Part 3 Financial Statements

Notes to the Financial Statement

### 13. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Thousand Baht)

	Consolidated F/S						
	Land and Improvement	Buildings and Construction	Machinery and factory Tools	Furniture and office Equipment	Vehicles	Assets in transit and in progress	Total
<b>Cost</b>							
1 January 2021	183,855	321,347	552,146	26,154	136,772	243	1,220,517
Acquisitions	4,700	24	2,360	2,095	965	23,814	33,958
Disposals	-	-	-	(2,468)	-	-	(2,468)
Transfer in / (out)	2,481	1,792	4,414	14	11,802	(20,503)	-
31 December 2021	191,036	323,163	558,920	25,795	149,539	3,554	1,252,007
<b>Accumulated depreciation</b>							
1 January 2021	(14,899)	(152,131)	(362,419)	(22,831)	(63,049)	-	(615,329)
Depreciation for the year	(1,619)	(12,386)	(21,926)	(1,474)	(8,493)	-	(45,898)
Depreciation for disposals	-	-	-	2,353	-	-	2,353
31 December 2021	(16,518)	(164,517)	(384,345)	(21,952)	(71,542)	-	(658,874)
<b>Net book value</b>							
31 December 2021	174,518	158,646	174,575	3,843	77,997	3,554	593,133
<b>Depreciation for the year 2021</b>							
Cost of goods sold							34,071
Administrative expenses							11,827
Total							45,898

(Unit : Thousand Baht)

	Consolidated F/S						
	Land and Improvement	Buildings and Construction	Machinery and factory Tools	Furniture and office Equipment	Vehicles	Assets in transit and in progress	Total
<b>Cost</b>							
1 January 2020	180,796	281,557	518,775	25,072	119,265	-	1,125,465
Acquisitions	-	39	4,804	1,107	17,813	73,304	97,067
Disposals	-	-	(1,676)	(25)	(314)	-	(2,015)
Transfer in / (out)	3,059	39,751	30,243	-	8	(73,061)	-
31 December 2020	183,855	321,347	552,146	26,154	136,772	243	1,220,517
<b>Accumulated depreciation</b>							
1 January 2020	(13,419)	(140,836)	(342,018)	(21,595)	(55,565)	-	(573,433)
Depreciation for the year	(1,480)	(11,295)	(22,054)	(1,238)	(7,798)	-	(43,865)
Depreciation for disposals	-	-	1,653	2	314	-	1,969
31 December 2020	(14,899)	(152,131)	(362,419)	(22,831)	(63,049)	-	(615,329)
<b>Net book value</b>							
31 December 2020	168,956	169,216	189,727	3,323	73,723	243	605,188
<b>Depreciation for the year 2020</b>							
Cost of goods sold							27,375
Administrative expenses							16,490
Total							43,865

## Part 3 Financial Statements

### Notes to the Financial Statement

(Unit : Thousand Baht)

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

(Unit : Thousand Baht)

	Separate F/S						
	Land and Improvement	Buildings and Construction	Machinery and factory Tools	Furniture and office Equipment	Vehicles	Assets in transit and In progress	Total
<b>Cost</b>							
1 January 2020	112,174	131,338	224,624	13,813	8,152	-	490,101
Acquisitions	-	23	1,303	884	1,749	35,896	39,855
Disposals	-	-	(1,668)	(25)	(314)	-	(2,007)
Transfer in / (out)	-	11,895	23,758	-	-	(35,653)	-
31 December 2020	112,174	143,256	248,017	14,672	9,587	243	527,949
<b>Accumulated depreciation</b>							
1 January 2020	(4,270)	(51,606)	(158,967)	(11,688)	(7,234)	-	(233,765)
Depreciation for the year	(557)	(5,733)	(8,143)	(770)	(452)	-	(15,655)
Depreciation for disposals	-	-	1,644	2	314	-	1,960
31 December 2020	(4,827)	(57,339)	(165,466)	(12,456)	(7,372)	-	(247,460)
<b>Net book value</b>							
31 December 2020	107,347	85,917	82,551	2,216	2,215	243	280,489
<b>Depreciation for the year 2020</b>							
Cost of goods sold							10,955
Administrative expenses							4,700
Total							15,655

As at 31 December 2021 and 2020, the Company's and subsidiary's land and construction thereon, and machinery used for manufacturing with book values of Baht 103.96 million and Baht 106.47 million, respectively, in the consolidated financial statements, and Baht 94.25 million and Baht 96.06 million, respectively, in the separate financial statements have been mortgaged as collaterals for bank overdrafts, loans and other credit facilities with financial institutions as mentioned in Notes 18 and 28.2.

As at 31 December 2021 and 2020, the cost of fully depreciated assets that are still in use are Baht 359.60 million and Baht 354.47 million, respectively, in the consolidated financial statements and of Baht 167.64 million and Baht 167.09 million, respectively, in the separate financial statements.

## 14. LEASE

### 14.1 Rights-of-use- assets

During the year ended 31 December 2021 and 2020, the Company and subsidiaries have the following condensed movements in rights-of-use assets:

	(Unit : Thousand Baht)	
	Consolidated F/S	Separate F/S
<b>Cost</b>		
1 January 2020	16,026	43,423
Addition	-	49,226
31 December 2020	16,026	92,649
31 December 2021	16,026	92,649
<b>Accumulated depreciation</b>		
1 January 2020	-	-
Depreciation for the year	(2,479)	(5,379)
31 December 2020	(2,479)	(5,379)
Depreciation for the year	(2,292)	(6,997)
31 December 2021	(4,771)	(12,376)
<b>Net book value</b>		
31 December 2020	13,547	87,270
31 December 2021	11,255	80,273
<b>Depreciation</b>		
Administrative expenses for the year 2020	(2,479)	(5,379)
Administrative expenses for the year 2021	(2,292)	(6,997)

As at 31 December 2020, the prepaid land rental expense of the Company amounting to Baht 0.82 million represents the construction cost of two warehouses on the land leased under two lease agreements from an outsider for 15 years. When the land - lease agreements expire, the ownership of the warehouse which are located on leased land will become the properties of the lessor. The Company amortizes prepaid land rental expense based on the straight-line method in accordance with the lease agreement.

As at 31 December 2020, the prepaid land rental expenses of a subsidiary in Lao People's Democratic Republic amounted to Baht 3.18 million represents the right to use land under two lease agreements from another person for 15 - 30 years. The subsidiary amortizes the prepaid land rental expense based on the straight-line method in accordance with the lease agreement.

## Part 3 Financial Statements

### Notes to the Financial Statement

#### 14.2 Lease liabilities

	(Unit: Thousand Baht)
	Consolidated F/S 2021
Lease liabilities	
Not over 1 year	1,700
Over 1 year but not over 5 years	4,500
Over 5 years	-
Total	6,200
<u>Less</u> Deferred interest	(498)
<u>Less</u> Current portion	(1,483)
Net	4,219

(Unit: Thousand Baht)
Separate F/S 2021
9,205
34,520
71,973
115,698
(32,807)
(5,340)
77,551

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

#### Lease payment not recognised as a liability

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

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

	(Unit: Baht)
	Consolidated F/S
Leases of low value assets	1,029

## 15. INVESTMENT PROPERTY – NET

	(Unit : Thousand Baht)
	Consolidated F/S
<b>Cost</b>	
1 January 2020	5,060
31 December 2020	5,060
31 December 2021	5,060
<b>Accumulated depreciation</b>	
1 January 2020	(3,114)
Depreciation for the year	(337)
31 December 2020	(3,451)
Depreciation for the year	(338)
31 December 2021	(3,789)
<b>Net book value</b>	
31 December 2020	1,609
31 December 2021	1,271

## 16. INTANGIBLE ASSETS – NET

The movements in computer software for the years ended 31 December 2021 and 2020 are as follow:

	(Unit :Thousand Baht)	
	Consolidated F/S	Separate F/S
<b>Cost</b>		
1 January 2020	7,896	7,009
Addition	249	27
31 December 2020	8,145	7,036
Addition	1,263	1,245
31 December 2021	9,408	8,281
<b>Accumulated amortization</b>		
1 January 2020	(6,249)	(5,555)
Amortization for the year	(593)	(426)
31 December 2020	(6,842)	(5,981)
Amortization for the year	(483)	(385)
31 December 2021	(7,325)	(6,366)
<b>Net book value</b>		
31 December 2020	1,303	1,055
31 December 2021	2,083	1,915

## 17. GOODWILL

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

### Impairment testing

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

As at 31 December 2021, the key assumptions used for value-in-use calculations are as follows:

	Consolidated F/S	
	2021	2020
Growth rate (%)	1.00	1.00
Discount rate (%)	12.56	12.00

If the discount rate used in the calculation increases by 1.0% per annum, there is no impairment of goodwill recorded in the consolidated financial statements for the year ended 31 December 2021.

## Part 3 Financial Statements

Notes to the Financial Statement

### 18. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	(Unit : Thousand Baht)	
	Consolidated and Separate F/S	
	2021	2020
Promissory notes	-	150,000
Liabilities under trust receipt agreements	-	26,240
Total	-	176,240

The Company has short-term loans from financial institutions which bear interest at MIT, MLR – 3% to MRR per annum.

These are collateralized by the mortgages of land and construction thereon and machinery as mentioned in Note 13, the transfer of the right to receive insurance claims, and cross guarantees among the Group totaling Baht 840 million.

### 19. TRADE AND OTHER ACCOUNTS PAYABLE

	Consolidated F/S		(Unit: Thousand Baht) Separate F/S	
	2021	2020	2021	2020
Trade accounts payable – general suppliers	19,769	124,884	19,769	124,884
Trade accounts payable – related companies	6,266	18,900	14,207	28,398
Other accounts payable – general suppliers	4,192	5,292	936	2,243
Other accounts payable – related companies	2	14	56	57
Total	30,229	149,090	34,968	155,582

### 20. ACCRUED EXPENSES

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2021	2020	2021	2020
Accrued bonuses	25,390	15,240	19,962	11,955
Accrued transportation	7,250	5,828	7,250	5,828
Accrued salary and other employee benefits	2,699	2,180	2,090	1,584
Accrued utilities	2,098	2,776	822	1,274
Accrued other expenses	1,471	1,085	1,035	789
Accrued interest	-	165	-	165
Total	38,908	27,274	31,159	21,595



## 21. POST - EMPLOYMENT BENEFIT PLANS

### 21.1 Defined benefit plans

During the years ended 31 December 2021 and 2020, movements in employee benefits obligation are as follow:

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2021	2020	2021	2020
Beginning Balance	22,303	20,625	18,455	16,925
Provision expense recorded in the statement of profit or loss				
- Current service costs	1,202	1,407	1,045	1,207
- Financial costs	431	527	373	448
Employee benefits paid	(6,142)	(256)	(4,311)	(125)
Ending Balance	17,794	22,303	15,562	18,455

Principal actuarial assumptions are as follows:

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

#### *Sensitivity analysis*

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

	(Unit: Thousand Baht) The defined benefit obligation	
	Consolidated F/S	Separate F/S
Discount rate (0.5% increment)	(757)	(691)
Discount rate (0.5% decrement)	810	741
Future salary growth (0.5% increment)	911	823
Future salary growth (0.5% decrement)	(855)	(771)
Employee turnover (1.0% increment)	(1,253)	(1,055)
Employee turnover (1.0% decrement)	1,408	1,187

### 21.2 Defined provident fund plan

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

For the years ended 31 December 2021 and 2020, the Group contribution amounted to Baht 1.35 million and Baht 1.35 million, respectively, in the consolidated financial statements and Baht 1.00 million and Baht 1.00 million, respectively, in the separate financial statements.

## 22. INCOME TAX

Reconciliation of income tax expenses are as follows:

	Consolidated F/S		(Unit : Thousand Baht) Separate F/S	
	2021	2020	2021	2020
Profit before tax	924,688	484,014	890,249	455,019
Applicable tax rate (Percentage)	20	20	20	20
Tax multiplied by applicable tax rate	184,938	96,803	178,050	91,004
Adjustment for:				
Non-deductible expenses	6,026	2,151	4,308	2,099
Tax-exempted income and additional expendable expense	(4,896)	(5,659)	(4,179)	(3,684)
Profit from promoted operation	-	(13,705)	-	(13,300)
Tax from taxable losses of previous year	-	(702)	-	-
Related transaction	568	(614)	-	-
Change in tax rate	-	(2,410)	-	-
Tax benefit previously unrecognized as deferred tax assets	-	(2,047)	-	-
Income tax	186,636	73,817	178,179	76,119
<b>Income tax consisted of:</b>				
Current income tax	184,738	80,623	177,041	78,438
Deferred tax from temporary differences	1,898	(6,806)	1,138	(2,319)
Total income tax	186,636	73,817	178,179	76,119

## 23. DEFERRED TAX

*Deferred income tax asset and liability*

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

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

## Part 3 Financial Statements

Notes to the Financial Statement

	(Unit : Thousand Baht)			
	Consolidated F/S			
	Recognised as income (expense)			
	1 January 2020	Profit or loss	Other comprehens ive income	31 December 2020
<b>Deferred tax assets from:</b>				
Provision for allowance doubtful of accounts receivable	1,697	2,013	-	3,710
Provision for employee benefits obligation	4,125	336	-	4,461
Taxable loss carried forward	-	2,047	-	2,047
<b>Deferred tax liabilities from:</b>				
Surplus from fair value of land, buildings and equipment	(23,658)	2,410	-	(21,248)
<b>Deferred tax liabilities, net</b>	(17,836)	6,806	-	(11,030)

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

	(Unit : Thousand Baht)			
	Separate F/S			
	Recognised as income (expense)			31
1 January	Profit or loss	Other	comprehensi	December
2020		ve income		2020
<b>Deferred tax assets from:</b>				
Provision for allowance doubtful of accounts receivable	1,697	2,013	-	3,710
Provision for employee benefits obligation	3,385	306	-	3,691
<b>Deferred tax liabilities from:</b>				
Surplus from fair value land	(11,095)	-	-	(11,095)
<b>Deferred tax liabilities, net</b>	(6,013)	2,319	-	(3,694)

As at 31 December 2021, the Company and subsidiaries have not recognized deferred tax assets in the consolidated financial statements and separate financial statements for the effect on allowance for decline value of inventories of Baht 17.96 million (2020: Baht 0.29 million). This does not have significant effect to the financial statements.

## Part 3 Financial Statements

### Notes to the Financial Statement

#### 24. EQUITY

##### 24.1 Authorized share capital

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

Authorized share capital	Number of Shares	Par value (Baht)	Baht
Balance as of 1 January 2021	549,999,244	1.00	549,999,244
Increased share capital	49,999,900	1.00	49,999,900
Decreased share capital	(100,000,149)	1.00	(100,000,149)
Balance as of 31 December 2021	<u>499,998,995</u>	1.00	<u>499,998,995</u>

Issued and fully paid-up share capital	Number of Shares	Par value (Baht)	Baht
Balance as of 1 January 2021	449,999,095	1.00	449,999,095
Increased share capital	<u>49,998,851</u>	1.00	<u>49,998,851</u>
Balance as of 31 December 2021	<u>499,997,946</u>	1.00	<u>499,997,946</u>

At the Annual General Meeting for the year 2021 on 21 April 2021, the shareholders passed a resolution to decreased the registered common share of the Company from Baht 549,999,244 to Baht 499,999,095 by reducing the non-allotment of 100,000,149 shares at par value of 1 Baht per share, consisting of 454 ordinary shares remaining for the stock dividend payment as approve at the Annual General Meeting of Shareholder for the year 2018 and 99,999,695 ordinary shares reserved for the exercise of 2S-W1 which period for exercising expired and delisted since 30 May 2019. The Company registered the share capital decrement with the Department of Business Development on 27 April 2021.

At the Annual General Meeting for the year 2021 on 21 April 2021, the shareholders passed a resolution to increase the registered common share of the Company from Baht 449,999,095 to Baht 499,998,995 by issuing new 49,999,900 ordinary share at par value of 1 Baht, totalling Baht 50.00 million to support stock dividends. The shareholders exercised the right to receive the stock dividend of 49,998,851 shares. The Company registered the share capital increment with the Department of Business Development on 28 April 2021.

##### 24.2 Legal reserve

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

##### 24.3 Dividend payment

At the Board of Director Meeting No. 2/2020 held on 25 March 2020, the board passed a resolution approving the payment of interim dividend from non-promoted profit and retained earnings as of

31 December 2019 of Baht 0.07 per share for 450 million common shares totaling Baht 31.50 million.

The interim dividend was paid on 21 April 2020.

At the Annual General Meeting for the year 2021 on 21 April 2021, the shareholders passed a resolution to pay dividend from income from operation for the year 2020 from non-promoted business for 450 million common shares at Baht 0.3611 per share totalling Baht 162.50 million. The dividend was paid on 20 May 2021 as follows:

## Part 3 Financial Statements

### Notes to the Financial Statement

Dividend	Baht per share	Numbers of shares (Million shares)	Amount (Million Baht)
Stock dividend (at the ratio of 9 existing shares per 1 stock dividend)	0.1111	450	50.00
Cash dividend	0.2500	450	112.50
Total	0.3611	450	162.50

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

## 25. EXPENSES BY NATURE

Significant expenses by nature are as follows:

	Consolidated F/S		(Unit : Thousand Baht)	
			Separate F/S	
	For the years ended 31 December			
	2021	2020	2021	2020
Salaries, wages and other employee benefits	124,654	121,947	76,489	74,096
Executives' remuneration	43,842	32,339	32,792	24,941
Depreciation and amortization	49,427	47,275	25,074	21,460
Transportation expenses	74,135	85,346	101,421	117,060
Manufacturing service costs	154	5	83,665	98,690
Reversal of allowance excess of cost of goods over net realizable value	(17,678)	(3,030)	(17,678)	(3,030)
Loss from exchange rate	21,703	20,783	-	-
Raw material and supplies used	3,362,214	2,977,397	3,330,647	2,959,844
Purchase of finished goods	2,098,969	1,865,239	2,095,597	1,865,239
Change in finished goods and work in process	(219,390)	(74,697)	(175,984)	(102,292)

## 26. SEGMENT REPORTING

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

The Company and subsidiaries' business operations are categorized mainly into 2 principal segments: (1) trading of steel products including raw material and (2) production and distribution of steel products. Below are revenues of the Company and subsidiaries for the years ended 31 December 2021 and 2020.

## Part 3 Financial Statements

Notes to the Financial Statement

(Unit : Million Baht)

	Consolidated F/S							
	For the years ended 31 December							
	Trading of products (include raw materials)		Production and distribution of steel products		Eliminated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	2,043.19	1,717.52	4,477.62	3,885.50	-	-	6,520.81	5,603.02
Revenues from inter-segments	223.88	198.39	85.77	98.68	(309.65)	(297.07)	-	-
Total revenue	2,267.07	1,915.91	4,563.39	3,984.18	(309.65)	(297.07)	6,520.81	5,603.02
Interest income	0.96	1.05	1.92	2.36	(1.08)	(1.35)	1.80	2.06
Interest expense	2.19	3.63	4.40	8.21	(4.87)	(3.88)	1.72	7.96
Depreciation and amortization expenses	-	-	54.44	50.95	(5.43)	(3.68)	49.01	47.27
Segment profits	260.28	84.99	478.88	320.82	(1.11)	4.38	738.05	410.19
Segment assets	815.66	716.00	1,641.84	1,488.94	-	-	2,457.50	2,204.94
Increased (decreased) of segment non-current assets	-	-	(86.25)	133.72	-	-	(86.25)	133.72
Segment liabilities	-	-	179.68	449.33	-	-	179.68	449.33

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

(Unit : Million Baht)

	Consolidated F/S							
	Trading (include raw materials)		Production and distribution of steel products		Eliminated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Local	2,264.84	1,915.03	4,289.61	3,726.93	(309.65)	(296.56)	6,244.80	5,345.40
Lao People's Democratic Republic	2.23	0.88	273.78	257.25	-	(0.51)	276.01	257.62
Total	2,267.07	1,915.91	4,563.39	3,984.18	(309.65)	(297.07)	6,520.81	5,603.02

### Major Customer

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



## Part 3 Financial Statements

Notes to the Financial Statement

### 27. INVESTMENT PROMOTION PRIVILEGES

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

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

The Company and subsidiary have privileges as follows:

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

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

Based on the Announcement of the Board of Investment No. Por 14/1998 dated 30 December 1998 regarding revenue reporting of a promoted industry, the subsidiary is required to report the revenues separately for promoted and the non-promoted businesses. The revenue for the years ended 31 December 2021 and 2020 are follows:

Thousand Baht				
Consolidated F/S				
	Promoted business	Non-promoted business	Eliminated	Total
<b>2021</b>				
Revenue from sales	13,920	6,816,546	(309,653)	6,520,813
<b>2020</b>				
Revenue from sales	1,053,379	4,846,718	(297,072)	5,603,025

Thousand Baht			
Separate F/S			
	Promoted business	Non-promoted business	Total
<b>2021</b>			
Revenue from sales	-	6,470,948	6,470,948
<b>2020</b>			
Revenue from sales	1,038,723	4,504,558	5,543,281

## 28. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2021, the Company has commitments and contingent liabilities as follows:

28.1 The Company has purchase orders for raw materials and finished goods which products have not yet been received for Baht 171.65 million and Baht 65.52 million, respectively, in the consolidated and separate financial statements.

28.2 As at 31 December 2021 and 2020, the credit facilities of the Company and subsidiary are as follows:

		(Unit : Million)					
		Consolidated F/S					
		31 December 2021			31 December 2010		
Currency		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	9.86	2.62	7.24	9.86	2.62	7.24
Bank overdraft	Baht	10.00	-	10.00	10.00	-	10.00
Promissory notes and trust receipt agreement	Baht	990.00	136.48	853.52	990.00	176.24	813.76

		(Unit : Million)					
		Separate F/S					
		31 December 2021			31 December 2020		
Currency		Total	Utilised	Remained	Total	Utilised	Remained
Letters of guarantee	Baht	1.05	1.05	-	1.05	1.05	-
Bank overdraft	Baht	10.00	-	10.00	10.00	-	10.00
Promissory notes and trust receipt agreement	Baht	990.00	136.48	853.52	990.00	176.24	813.76

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

## 29. FINANCIAL INSTRUMENTS

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

### Financial risk

The Company 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.

## Part 3 Financial Statements

### Notes to the Financial Statement

#### 29.1 Market risk

##### Cash flow and fair value interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company 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.

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

(Unit : Thousand Baht)						
Consolidated F/S						
2021						
	Fixed interest rate			Floating	Non	Interest rate
	Within	More than	More than	Interest	Interest	Total
	1 year	1 – 5 years	5 years	Rate	Rate	(% per annum)
<b>Financial assets</b>						
Cash at banks	-	-	-	323,788	28,742	352,530
Trade and other accounts receivable - net	-	-	-	-	363,547	363,547
Restricted deposit with banks	1,052	-	-	-	-	1,052
Total	1,052	-	-	323,788	392,289	717,129
<b>Financial liabilities</b>						
Short-term loans from financial institutions	-	-	-	-	-	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	30,229	30,229
Lease liabilities	1,483	4,219	-	-	-	5,702
Total	1,483	4,219	-	-	30,229	35,931

(Unit : Thousand Baht)						
Consolidated F/S						
2020						
	Fixed interest rate			Floating	Non	Interest rate
	Within	More than	More than	Interest	Interest	Total
	1 year	1 – 5 years	5 years	rate	rate	(% per annum)
<b>Financial assets</b>						
Cash at banks	-	-	-	84,667	47,288	131,955
Trade and other accounts receivable - net	-	-	-	-	275,391	275,391
Restricted deposit with banks	72,357	-	-	-	-	72,357
Total	72,357	-	-	84,667	322,679	479,703
<b>Financial liabilities</b>						
Short- term loans from financial institutions	-	-	-	176,240	-	176,240
Trade and other accounts payable	-	-	-	-	149,090	149,090
Lease liabilities	2,776	5,702	-	-	-	8,478
Total	2,776	5,702	-	176,240	149,090	333,808

## Part 3 Financial Statements

### Notes to the Financial Statement

(Unit : Thousand Baht)							
Separate F/S							
2021							
Fixed interest rate			Floating Interest rate	Non Interest rate	Total	Interest Rate	
Within 1 year	More than 1 – 5 years	More than 5 years					
			rate	rate		(% per annum)	
<b>Financial assets</b>							
Cash at banks	-	-	-	305,224	25,130	330,354	0.05 – 0.25
Trade accounts receivable and other - net	-	-	-	-	409,367	409,367	-
Loan to subsidiary company	17,415	12,686	-	-	-	30,101	2.80 - 4.00
Restricted deposit with banks	1,052	-	-	-	-	1,052	1.05
Total	18,467	12,686	-	305,224	434,497	770,874	
<b>Financial liabilities</b>							
Short- term loans from financial institutions	-	-	-	-	-	-	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	34,968	34,968	-
Lease liabilities	5,340	26,555	50,996	-	-	82,891	4.51 – 4.84
Total	5,340	26,555	50,996	-	34,968	117,859	

(Unit : Thousand Baht)							
Separate F/S							
2020							
Fixed interest rate			Floating Interest rate	Non Interest rate	Total	Interest Rate	
Within 1 year	More than 1 – 5 years	More than 5 years					
			rate	rate		(% per annum)	
<b>Financial assets</b>							
Cash at banks	-	-	-	78,264	40,951	119,215	0.05 – 0.25
Trade accounts receivable and other - net	-	-	-	-	313,869	313,869	-
Loan to subsidiary company	32,802	-	-	-	-	32,802	2.80 - 4.00
Restricted deposit with banks	72,357	-	-	-	-	72,357	1.05
Total	105,159	-	-	78,264	354,820	538,243	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	-	-	-	176,240	-	176,240	MIT, MLR-3 to MRR
Trade and other accounts payable	-	-	-	-	155,582	155,582	-
Lease liabilities	5,092	22,309	60,581	-	-	87,982	4.51 – 4.84
Total	5,092	22,309	60,581	176,240	155,582	419,804	

#### 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.

As at 31 December 2021, the Company and subsidiaries have assets and liabilities in the foreign currencies are as follows:

## Part 3 Financial Statements

### Notes to the Financial Statement

	(Unit : Thousand Baht)	
	Consolidated F/S	
	2021	
	Foreign currency	Average exchange rate
<u>Cash at banks</u>		
USD	548,112.08	33.15
	(Unit : Thousand Baht)	
	Separate F/S	
	2021	
	Foreign currency	Average exchange rate
<u>Cash at banks</u>		
USD	545,705.03	33.15
<u>Trade and account receivable</u>		
USD	1,691,077.94	33.15

#### 29.2 Credit risk

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

##### Risk management

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

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

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

##### Impairment of financial assets

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

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

##### Account 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

## Part 3 Financial Statements

### Notes to the Financial Statement

others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments even if the Company already contacted.

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

#### 29.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the Company held deposits at call of Baht 352.59 million (2020: Baht 132.11 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, the Company Treasury maintains flexibility in funding by maintaining availability under committed credit lines.

### 30. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The objectives when managing capital are to:

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital based on gearing ratio which is determined by dividing net debt with equity.

### 31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

The changes in the Group's liabilities arising from financing activities can be classified as follows;  
(Unit : Thousand Baht)

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



## Part 3 Financial Statements

Notes to the Financial Statement

(Unit : Thousand Baht)

	Consolidated F/S			
	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
1 January 2020	282,234	-	-	282,234
Cash-flows:				
Repayment	(4,035,228)	-	(1,291)	(4,036,519)
Proceeds	3,929,234	-	-	3,929,234
Non-Cash				
Additional lease liabilities from TFRS 16 adoption	-	-	9,769	9,769
31 December 2020	176,240	-	8,478	184,718

(Unit : Thousand Baht)

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

(Unit : Thousand Baht)

	Separate F/S			
	Short-term loans from financial institutions	Short-term loans from subsidiary	Liabilities under lease agreement	Total
1 January 2020	282,234	5,000	-	287,234
Cash-flows:				
Repayment	(4,035,228)	(7,001)	(3,843)	(4,046,072)
Proceeds	3,929,234	2,001	-	3,931,235
Non-Cash				
Additional lease liabilities from TFRS 16 adoption	-	-	42,599	42,599
Acquisition	-	-	49,226	49,226
31 December 2020	176,240	-	87,982	264,222

### 32. FAIR VALUE MEASUREMENT

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

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

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

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

## Part 3 Financial Statements

### Notes to the Financial Statement

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

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

Non-financial assets measured at fair value as at 31 December 2021 is as following;

(Unit : Thousand Baht)			
Consolidated F/S			
	Level 1	Level 2	Level 3
<b>Non - financial assets</b>			
Revaluation of land	-	156,621	-
			Total
			156,621

(Unit : Thousand Baht)			
Separate F/S			
	Level 1	Level 2	Level 3
<b>Non - financial assets</b>			
Revaluation of land	-	108,857	-
			Total
			108,857

The Group re-measured land in 2015 using the Market Approach. The fair value calculated by the market approach was based on the comparable land price, then adjusted with factors which impact both the land and the comparable land. The Weighted Quality Score (WQS) is then used to defend the land fair value. As at 31 December 2021, the Group has not re-measured land.

As at 31 December 2021 and 2020, the Company has forward exchange contract with a commercial bank to hedge the receipt and payment of foreign currencies. The Company has not recorded the forward exchange amount in the financial statements. The maturity dates of open forward exchange contracts which are not over 1 year are detailed as follow:

Contract Value		Contract Value	
Million USD currency		Million BAHT currency	
CONSOLIDATED and SEPARATE F/S		CONSOLIDATED and SEPARATE F/S	
2021	2020	2021	2020
-	0.50	-	15.67

The fair value, (level 2), of the derivatives with an open status at years ended are as follow:

(Unit : Million Baht)	
Consolidated and Separate F/S	
2021	2020
Fair value of forward foreign currency contract	-
	0.05

### **33. EVENTS AFTER THE REPORTING PERIOD**

At the Board of director's meeting No. 1/2022, held on 24 February 2022, the meeting passed the resolution to propose to the Annual General Meeting of Shareholders 2022 for approval to pay dividend from its net profit after tax year 2021 for 499,997,946 common shares as follow:

Dividend	Baht per share	Numbers of shares (Million shares)	Amount (Million Baht)
Stock dividend (at in the ratio of 9 existing shares per 1 stock dividend)	0.10	500.00	50.00
Cash dividend	0.27	500.00	135.00
Total	0.37		185.00

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.

### **34. AUTHORISATION OF FINANCIAL STATEMENTS**

The consolidated and separate financial statements for the year ended 31 December 2021 (including comparative financial statements) were approved by the Board of Directors on 24 February 2022.

### Profile of Board of Directors and Managements

Dr. Kanchit Singсуwan	Mr.Sombat Leeswadtrakul
<b>Chairman /</b> Audit Committee and Independent Director <b>Age</b> 59 years <b>Tenure of Directorship:</b> November 15 <sup>th</sup> 2007 <b>Education Background</b> <ul style="list-style-type: none"> <li>• Doctoral degree in International Business and Administration, Alliant International University, San Diego, CA, USA</li> <li>• M.B.A. (International Business Management), Alliant International University, San Diego, CA. USA</li> <li>• Bachelor of Laws, Chulalongkorn University, Thailand</li> </ul> <b>Training courses</b> <ul style="list-style-type: none"> <li>• Executive Development Program: EDP #8/2012, Fiscal Policy Research Institute Foundation.</li> <li>• CEO #1/2013, Leadership Succession Program (LSP), Institute of Research and Development for Public Enterprises.</li> <li>• Director Accreditation Program (DAP) #68/2551 from IOD</li> <li>• LED 1-8, SID Directors Conference 2021, Board Governance of SPACs, Corporate Governance Roundup 2021 from Singapore Institute of Directors</li> <li>• ACRA-SGX-SID Audit Committee Seminar 2022, SID</li> <li>• TCFD 102: Building experience in climate-related financial reporting from Singapore Exchange</li> <li>• Financial Advisory, Association of Thai Securities Company (ASCO)</li> <li>• Corporate Valuation program &amp; Corporate Finance Law &amp; Restructuring program, Asia Connect</li> </ul> <b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>• Personally -none-</li> <li>• Spouse / minor Children -none-</li> </ul> <b>Family Relationship with the other directors</b> - None –	<b>Director,</b> Chief Executive Officer, Nomination & Remuneration Committee <b>Age</b> 62 years <b>Tenure of Directorship:</b> May 29 <sup>th</sup> 1992 <b>Education Background</b> <ul style="list-style-type: none"> <li>• MBA, Mahidol University, Thailand</li> </ul> <b>Training courses</b> <ul style="list-style-type: none"> <li>• Thailand National Defence College #5222</li> <li>• The program for Senior Executive on Justice Administration (Batch 12)</li> <li>• The 8th: Top Executive Program, Capital Market Academy, Thailand</li> <li>• Director Accreditation Program (DAP) #68/2008, Thai Institute of Directors</li> </ul> <b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>• Personally 95,234,050 shares (19.05%)</li> <li>• Spouse / minor Children -none-</li> </ul> <b>Family Relationship with the other directors</b> - None –
<b>Working experience in the past 5 years:</b> <u>Listed Company</u> (2) 2020 - present Chairman of Board of Director and Audit committee, Yong Thai Pcl. 2019 - present Ind. Director, Nautic AWT Pcl. , SGX (Catalist Exchange) <u>Non-Listed Companies</u> (1) 2017 - present Managing Director, Baupost Associates Co.,ltd. 2017 - 2019 Managing Director, Upventure Co.,ltd. 2016 - 2017 Managing Director, EEGC Waste Management Corp., Ltd. 2016 - 2017 Acting Deputy Managing Director, SAJJA INSURANCE PLC	<b>Working experience in the past 5 years:</b> <u>Listed Company</u> (-) <u>Non-Listed Companies</u> (2) 1994 - present Chairman and Chief Executive Officer, Neastern Steel Co., Ltd. 2015 - present CEO, Grand Steel Pipe Co.,Ltd.

Mr. Surapon Satimanont	Mr. Sangrung Nitipawachon
<b>Vice Chairman /</b> Chairman of Audit Committee Independent Director <b>Age</b> 61 years <b>Tenure of Directorship:</b> November 15 <sup>th</sup> 2007  <b>Education Background</b> <ul style="list-style-type: none"> <li>MBA, Webster University, USA</li> <li>Master of Laws (LL.M.), Howard University School of Law, USA</li> <li>Master of Laws (LL.M.), Southern Methodist University, USA</li> </ul> <b>Training courses</b> <ul style="list-style-type: none"> <li>Director Certification Program (DCP) #40/2004, Thai Institute of Directors</li> <li>Anti - Corruption for Executive, July 2014 from Thai Institute of Directors</li> </ul> <b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally -none-</li> <li>Spouse / minor Children -none-</li> </ul> <b>Family Relationship with the other directors</b> - None – <b>Working experience in the past 5 years:</b> <u>Listed Company</u> (2) <p>2002 - present Director and Audit Committee, Ratchthani Leasing Public Co., Ltd.</p> <p>2006 - present Director and Audit Committee, Baan Rock Garden Public Co., Ltd.</p> <u>Non-Listed Companies</u> (3) <p>2015 - present Director and Audit Committee, Sumitomo Mitsui Trust (Thailand) Bank PLC.</p> <p>2018 - present Chairman, S &amp; Manont Limited.</p> <p>2021 - present Chairman of Audit Committee, N.D.S. 34 Company Limited.</p> <p>2018 – 2021 Director, Audit Committee, JSSR Group PCL.</p> <p>2015 - 2019 Director, Amethyst Asia Focused Fund</p> <p>2017 - 2020 Director, Audit Committee, Hybrid Energy Co., Ltd.</p>	<b>Managing Director</b> <b>Age</b> 52 years <b>Tenure of Directorship:</b> May 29 <sup>th</sup> 1992  <b>Education Background</b> <ul style="list-style-type: none"> <li>MBA , Chulalongkorn University, Thailand</li> <li>MBA, Prince of Songkla University, Thailand</li> </ul> <b>Training courses</b> <ul style="list-style-type: none"> <li>Director Accreditation Program (DAP) # 68/2008 from IOD</li> </ul> <b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally 29,109,087 shares (5.82%)</li> <li>Spouse / minor Children 1,050,600 shares (0.21%)</li> </ul> <b>Family Relationship with the other directors</b> - None – <b>Working experience in the past 5 years:</b> <u>Listed Company</u> (-) <u>Non-Listed Companies</u> (2) <p>2011 - present Director and Executive committee, Neastern Steel Co., Ltd.</p> <p>2015 - present Authorized Director, Grand Steel Pipe Co., Ltd.</p>

Mrs. Chintana Techamontrikul	Miss Bunsri Panyapiamsak
<p><b>Audit Committee/</b> Nomination and Remuneration Committee /Independent Director</p> <p><b>Age</b> 67 years</p> <p><b>Tenure of Directorship :</b> November 15<sup>th</sup> 2007</p> <p><b>Education Background</b></p> <ul style="list-style-type: none"> <li>• MBA (Finance), Kasetsart University, Thailand</li> <li>• MBA, University of the Thai Chamber of Commerce, Thailand</li> <li>• M.A. (Economic law), Faculty of Law, Chulalongkorn University, Thailand</li> </ul> <p><b>Training courses</b></p> <ul style="list-style-type: none"> <li>• Director Certification Program (DCP) 4/2000 from Thai Institute of Directors</li> </ul> <p><b>Shareholding Proportion</b> (15 February 2022)</p> <ul style="list-style-type: none"> <li>• Personally -none-</li> <li>• Spouse / minor Children -none-</li> </ul> <p><b>Family Relationship with the other directors</b> - None –</p> <p><b>Working experience in the past 5 years:</b></p> <p><u>Listed Company</u> ( - )</p> <p><u>Non-Listed Companies</u> (1)</p> <p>1992 - present Managing Director, C&amp;A Auditing</p> <p>2018 - 2021 Director, Audit Committee, JSSR Group PCL.</p>	<p><b>Executives Director /</b> Chief of Financial Officer</p> <p><b>Age</b> 59 years</p> <p><b>Tenure of Directorship :</b> November 15<sup>th</sup> 2007</p> <p><b>Education Background</b></p> <ul style="list-style-type: none"> <li>• High vocational Certificate, Technological and Vocational College, Southern Technical Campus</li> </ul> <p><b>Training courses</b></p> <ul style="list-style-type: none"> <li>• Director Accreditation Program (DAP) 75/2008 from Thai Institute of Directors</li> <li>• TFSR Program, Federation of Accounting Professions</li> <li>• “Insight of financial reporting standard according to accounting principles compared with the principles of business taxation” Class 2nd, Federation of Accounting Professions.</li> <li>• Corruption news stories on standard accounting of the Listed Company #1/2021, Federation of Accounting Professions</li> </ul> <p><b>Shareholding Proportion</b> (15 February 2022)</p> <ul style="list-style-type: none"> <li>• Personally 15,417,277 shares (3.08%)</li> <li>• Spouse / minor Children -none-</li> </ul> <p><b>Family Relationship with the other directors</b> - None –</p> <p><b>Working experience in the past 5 years:</b></p> <p><u>Listed Company</u> (-)</p> <p><u>Non-Listed Companies</u> (2)</p> <p>2011 - present Director and Executive committee, Neastern Steel Co., Ltd.</p> <p>2015 - present Authorized Director, Grand Steel Pipe Co., Ltd.</p>



Gen. Phairat Phoubon	Mr. Woravit Chailimpamontri
<b>Chairman of Nomination and Remuneration committee /Ind. Director</b> <b>Age</b> 65 years <b>Tenure of Directorship:</b> 15 December 2015  <b>Education Background</b> <ul style="list-style-type: none"> <li>The National Defence College (NDC #52)</li> <li>Bachelor of Engineering, Royal Thai Survey Dept.</li> <li>Chulachomklao Royal Military Academy (CRMA#27)</li> </ul> <b>Training courses</b> <ul style="list-style-type: none"> <li>National Defence Course (NDC #52)</li> <li>Bachelor of Engineering Royal Thai Survey Department</li> <li>Chulachomklao Royal Military Academy (CRMA #27)</li> <li>Directorate of Education and Training, RTAF #39</li> <li>Joint War College #47</li> <li>Director Accreditation Program (DAP) 123/2016 from Thai Institute of Directors</li> </ul> <b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally -none-</li> <li>Spouse / minor Children -none-</li> </ul> <b>Family Relationship with the other directors</b> - None – <b>Working experience in the past 5 years:</b> <u>Listed Company</u> ( 1 ) 2002 - present Chairman, Rich Sport Public Co., Ltd. <u>Non-Listed Companies</u> (4) 2018- present Director, Automate Asia Co.,Ltd. 2020- present Director, SermSang Power Corporation Ltd. 2017 - present Director, Council of The War Veterans Organization of TH. 2017 - present Subcommittee on Strategic, Defense Technology Institute 2017 - 2020 Honorary Advisor, Royal Thai Armed Forces Headquarters Saving and Credit Cooperative Limited. 2016 - 2020 Advisor of Chairman, CAT Telecom PCL.	<b>Nomination and Remuneration committee / Ind. Director</b> <b>Age</b> 52 years <b>Tenure of Directorship:</b> 4 April 2018  <b>Education Background</b> <ul style="list-style-type: none"> <li>M.B.A. (International Business Management), Schiller International University, London, England</li> <li>B.B.A. (Marketing), Bangkok University</li> </ul> <b>Training courses</b> <ul style="list-style-type: none"> <li>Cert. of Thailand Government Savings Bank Management Leadership Program,</li> <li>Marshall School of Business, University of Southern California</li> <li>Top Executive Program, Capital Market Academy (CMA) #8/2009</li> <li>Top Executive Program in Commerce and Trade, Commerce Academy, Class 3/2010</li> <li>Director Certification Program (DCP) #100/2008</li> <li>Advanced Audit Committee Program (AACP) #30/2018, Thai IOD</li> </ul> <b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally -none-</li> <li>Spouse / minor Children -none-</li> </ul> <b>Family Relationship with the other directors</b> - None – <b>Working experience in the past 5 years:</b> <u>Listed Company</u> (3) 2018 - present Audit Comm., Siam Future Development Public Co., Ltd. 2018 - present Director and Vice Chairman of Executive Committee, Sabuy Technology PCL 2021- present Director, Audit Committee, Sena Development Plc. 2017 – 2021 Director and Executive director, International Research Corporation Public Co., Ltd <u>Non-Listed Companies</u> (1) 2017 - present Director and Chairman of Audit Committee, National Power Supply Public Co., Ltd.

Mr. Preeda Wongsathitporn	Mr. Tanatat Chavaladit
<b>Director</b> <b>Age</b> 66 years <b>Tenure of Directorship:</b> 10 August 2011 <b>Education Background</b> <ul style="list-style-type: none"> <li>Wattana Colledge</li> </ul> <b>Training courses</b> <ul style="list-style-type: none"> <li>Director Accreditation Program (DAP) #92/2011, Thai IOD</li> </ul> <b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally 22,397,165 shares (4.48%)</li> <li>Spouse / minor Children -none-</li> </ul> <b>Family Relationship with the other directors</b> - None –	<b>Director</b> <b>Age</b> 54 years <b>Tenure of Directorship:</b> 21 May 2008 <b>Education Background</b> <ul style="list-style-type: none"> <li>MBA, Sasin Graduate Institute of Business Administration, Chulalongkorn University</li> </ul> <b>Training courses</b> <ul style="list-style-type: none"> <li>Director Accreditation Program (DAP) # 68/2008, Thai IOD</li> </ul> <b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally 13,435,592 shares (2.69%)</li> <li>Spouse / minor Children -none-</li> </ul> <b>Family Relationship with the other directors</b> - None –
<b>Working experience in the past 5 years:</b> <u>Listed Company</u> ( - ) <u>Non-Listed Companies</u> (4) 2006 - present Authorized Director, Tor. Vijjbulsin Woods Co., Ltd. 2006 - present Authorized Director, Thanapol Laminate Co., Ltd. 2006 - present Authorized Director, ChaivasithParawood (2002) Co., Ltd 2008 - present Director, Neastern Steel Co., Ltd.	<b>Working experience in the past 5 years:</b> <u>Listed Company</u> (-) <u>Non-Listed Companies</u> (4) 2002 - present Director, Relax Comfort Co., Ltd. 2001 - present Director and Vice President, Golden (Thai) Teak Co., Ltd. 2001 - present Director and Vice President,SB Furniture Houses Co., Ltd. 2001 - present Director and Vice President,SB Furniture Industry Co., Ltd

Ms.. Tassanee Phunuchapai	Ms. Jaruwan Janpra-Ob
<b>Vice MD of Sales and Marketing</b> <b>Age</b> 47years <b>Tenure of Directorship :</b> 1 February 2021 <b>Education Background</b> <ul style="list-style-type: none"> <li>MBA, Prince of Songkla University, Thailand</li> <li>B.A. (Finance),Prince of Songkla University</li> </ul> <b>Training courses</b> ( - ) <b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally -none-</li> <li>Spouse / minor Children -none-</li> </ul> <b>Family Relationship with the other directors</b> - None –	<b>Vice MD of IT</b> <b>Age</b> 43 years <b>Tenure of Directorship :</b> 1 February 2021 <b>Education Background</b> <ul style="list-style-type: none"> <li>Master of Science, ICT, Prince of Songkla University,</li> </ul> <b>Training courses</b> ( - ) <b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally 101,250 shares (0.02%)</li> <li>Spouse / minor Children -none-</li> </ul> <b>Family Relationship with the other directors</b> - None –
<b>Working experience in the past 5 years:</b> <u>Listed Company</u> ( - ) <u>Non-Listed Companies</u> (-) 2004-2020 Marketing Manager, 2S Metal PCL.	<b>Working experience in the past 5 years:</b> <u>Listed Company</u> ( - ) <u>Non-Listed Companies</u> (-) 2010- 2020 ICT Manager, 2S Metal PCL.

Mr. Pakorn Onkaew	Ms. Kannika Angruvirote
<b>Vice MD of Accounting /Accountant</b>	<b>Branch Manager</b>
<b>Age</b> 47 years	<b>Age</b> 56 years
<b>Tenure of Directorship :</b> 1 February 2021	<b>Tenure of Directorship :</b> 1 March 2010
<b>Education Background</b> <ul style="list-style-type: none"> <li>B.A. (Accounting), Had Yai Community College</li> </ul>	<b>Education Background</b> <ul style="list-style-type: none"> <li>B.A. Faculty of Arts, Silpakorn University</li> </ul>
<b>Training courses</b> <ul style="list-style-type: none"> <li>Accounting principles compared to business taxation principles #2, FAP</li> </ul>	<b>Training courses ( - )</b>
<b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally 49,500 shares (0.01%)</li> <li>Spouse / minor Children -none-</li> </ul>	<b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally -none-</li> <li>Spouse / minor Children -none-</li> </ul>
<b>Family Relationship with the other directors</b> <p>- None –</p>	<b>Family Relationship with the other directors</b> <p>- None –</p>
<b>Working experience in the past 5 years:</b> <u>Listed Company</u> (-) <u>Non-Listed Companies</u> (1) 2013- present Director and Managing director, Mega Trans and LogisCo.,Ltd. 2007-2020 Accounting Manager, 2S Metal PCL.	<b>Working experience in the past 5 years:</b> <u>Listed Company</u> (-) <u>Non-Listed Companies</u> (-)
Mr. Pongdech Lersithisak	Mr. Teerasak Onrachorn
<b>Branch Manager</b>	<b>Branch Manager</b>
<b>Age</b> 54 years	<b>Age</b> 38 years
<b>Tenure of Directorship :</b> 1 March 2010	<b>Tenure of Directorship :</b> 1 July 2018
<b>Education Background</b> <ul style="list-style-type: none"> <li>Master of Business Administration Program in Finance Chulalongkorn University</li> <li>B.A. (Faculty of Business) Chulalongkorn University</li> </ul>	<b>Education Background</b> <ul style="list-style-type: none"> <li>B.A. (Electrical Engineering), King Mongkut's University of Technology Thonburi.</li> </ul>
<b>Training courses ( - )</b>	<b>Training courses ( - )</b>
<b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally -none-</li> <li>Spouse / minor Children -none-</li> </ul>	<b>Shareholding Proportion</b> (15 February 2022) <ul style="list-style-type: none"> <li>Personally -none-</li> <li>Spouse / minor Children -none-</li> </ul>
<b>Family Relationship with the other directors</b> <p>- None –</p>	<b>Family Relationship with the other directors</b> <p>- None –</p>
<b>Working experience in the past 5 years:</b> <u>Listed Company</u> ( - ) <u>Non-Listed Companies</u> (2) 2008- present Director and Executive, Wattana Mansion 2016 – present Director, Grand Steel Pipe Co.,Ltd.	<b>Working experience in the past 5 years:</b> <u>Listed Company</u> ( - ) <u>Non-Listed Companies</u> (-) 2016 – 2018 Plant Manager, Samchai Steel Co.,Ltd.

**Mrs. Pattranit Janthong Sasutham**

**Human Resources Manager**

**Age** 48 years

**Tenure of Directorship:** 5 August 2021

**Education Background**

- MBA, Prince of Songkla University, Thailand
- Bachelor of Business Administration Faculty of Management Sciences, Prince of Songkla University

**Training courses ( - )**

**Shareholding Proportion** (15 February 2022)

- Personally -none-
- Spouse / minor Children -none-

**Family Relationship with the other directors**

- None -

**Working experience in the past 5 years:**

Listed Company ( - )

Non-Listed Companies (-)

**Miss Pornnica Lertithibaht**

**Corporate Secretary**

**Age** 49 years

**Tenure of Directorship:** 1 July 2008

**Education Background**

- B.A., Marketing, Bangkok University

**Training courses**

- Company Secretary Program (CSP) #27/2008 from Thai Institute of Directors

**Shareholding Proportion** (15 February 2022)

- Personally 5,000 shares
- Spouse / minor Children -none-

**Family Relationship with the other directors**

- None -

**Working experience in the past 5 years:**

Listed Company ( - )

Non-Listed Companies (-)

**Ms. Natcha Limpakornthanachot**

**Accountant/ Accounting Manager**

**Age** 49 years

**Tenure of Directorship:** 14 September 2021

**Education Background**

- Bachelor of Business Administration (Accountancy) Ramkhamhaeng University

**Training courses**

- Corruption news stories on standard accounting of the Listed Company #1/2021, Federation of Accounting Professions
- Update Tax Accounting Year 2021, Invite Training Company Limited

**Shareholding Proportion** (15 February 2022)

- Personally 75,000 shares (0.02%)
- Spouse / minor Children -none-

**Family Relationship with the other directors**

- None -

**Working experience in the past 5 years:**

Listed Company ( - )

Non-Listed Companies (-)

### Details of the Controlling parties of its Subsidiaries

	NES	MEGA	GSP
Mr. Sombat Leeswadtrakul	Chairman		Chairman
Mr. Sangrung Nitipawachon	Managing Director		Director
Miss Bunsri Panyapiamsak	Director		Director
Mr. Montian AmornLertvimarn	Director		
Mr. Swad Panapongwasin	Director		
Mr. Supot Wongstitporn	Director		
Mr. Preeda Wongstitporn	Director		
Mr Pakorn Onkeaw		Managing Director	
Mrs. Chuthamas Pewnuan		Director	
Miss Kulwarint Saphu		Director	
Mr. Pongdet Lersithisak			Director / GM

**NES :** Neastern Steel Co., Ltd.

**MEGA:** Mega Trans and Logis Co., Ltd.

**GSP:** Grand Steel Pipe Co.,Ltd.

## Attachment 3

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### Details of the Head of Internal Audit

2021, Head of Internal Audit is Ms. Karawan Maitripirom      Age: 60 years

Year 2022, details of the head of Internal Audit and AC secretary are following;

1. Name                      Miss Thiparat Phetkwan                      Age : 42 years
2. Position                      Internal Auditor Officer
3. Education                      B.A., Computer Dept., Songkhla Rajabhat University  
Training course      Fundamentals for New Auditor, The Institute of Internal Auditors Thailand
4. Experience  
2014 – 2021                      Analysis IT Officer

## Attachment 4

### Assets Used in Business Operation

As of December 31, 2021. The company's main assets used in the business operation are as follows:

#### Property and Land Improvement

Place	Area (Rai-Ngan-Square wa)	Net Book Value (M.Baht)	Type of Obligation	Ownership
<b>The Company</b>				
Tachang, Bangklum, Songklah <sup>1</sup>	33 - 1 - 20	48.93	Owner	Mortgage
	5 - 3 - 20	4.70		-no obligation-
Nhongkangplu, Nhongkham, Bangkok <sup>1</sup>	2 - 3 - 54	57.87	Owner	Mortgage
<b>Its Subsidiaries</b>				
Nhong-ngulueam, Chaloem-Phrakiea,	18 - 1 - 81	15.19	Owner	Mortgage
Nokhonratchasima <sup>2</sup>	41 - 1 - 1	47.83		-no obligation-
<b>Total</b>		<b>174.52</b>		

#### Building and Structures

Place	Area (m <sup>2</sup> )	Net Book Value (M.Baht)	Type of Obligation	Ownership
<b>The Company</b>				
Tachang, Bangklum, Songklah <sup>1</sup>	21,312	68.80	Owner	Mortgage
Nhongkangplu, Nhongkham, Bangkok <sup>1</sup>	2,492	12.63	Owner	Mortgage
<b>Its Subsidiaries</b>				
Nhong-ngulueam, Chaloem-Phrakiea,	5,580	0.71	Owner	Mortgage
Nokhonratchasima <sup>2</sup>	4,320	4.28	Owner	Mortgage
Nhong-ngulueam, Chaloem-Phrakiea,	7,500	21.61	Owner	-no obligation-
Nokhonratchasima <sup>2</sup>	7,500	25.69	Owner	-no obligation-
	54	0.27	Owner	-no obligation-
Hadsayfong, Vientiane Cap., Lao PDR.	9,060	24.55	เป็นเจ้าของ	-no obligation-
<b>Total</b>		<b>158.64</b>		

#### Machinery and Equipment

Type	Net Book Value (M.Baht)	Type of Obligation	Ownership
<b>The Company</b>			
	77.11	Owner	-no obligation-
<b>Its Subsidiaries</b>			
Neastern Steel Co.,Ltd.	0.00	Owner	Mortgage
	93.95	Owner	-no obligation-
Grand Steel Pipe Co., Ltd.	3.51	Owner	-no obligation-
<b>Total</b>		<b>174.57</b>	



## Attachment 4

### Remarks:

1. The Company's land Improvement and building and structures have been mortgaged in the amount of Bt. 500.0 million with the financial institutions.
2. Its subsidiaries' land Improvement, building and machinery have been mortgaged in the amount of Bt. 246.50 million with the financial institutions.
3. The Company's machineries have been mortgaged in the amount of Bt. 62.63 million with the financial
4. Its subsidiaries' machineries have been mortgaged in the amount of Bt. 10 million with the financial

### Furnishings, Office Equipment and Vehicles

Type	Net Book Value (M.Baht)	Type of Obligation	Ownership
Furnishings and Office Equipment			
<b>The Company</b>	2.92	Owner	-no obligation-
<b>Its Subsidiaries</b>	0.92	Owner	-no obligation-
<b>Total</b>	<b>3.84</b>		
Vehicles			
<b>The Company</b>	2.63	Owner	-no obligation-
<b>Its Subsidiaries</b>	75.37	Owner	-no obligation-
<b>Total</b>	<b>78.00</b>		

### Important Contracts Details

#### 1. Office Space

<b>Counterparty</b>	:	Regus Center (Thailand) Ltd. ("Lessor") which is non-relationship with the Company
	:	2S Metal PLC. ( "Lessee")
<b>Rental Property</b>	:	The space for Board of Directors office of 9.3 m2 on the 30th flr. of Singha Complex, New Petchburi Rd., Bangkok, Huoykwang, Bangkok
<b>Rental rate</b> (Excluded VAT)	:	Baht 26,590 per month, and Kitchen Amenities Bt. The Retainer fee by 2 months (rate at year 2008) with Bt.99,000.
<b>Period</b>	:	2 years ; 1 November 2020 – 31 October 2022
<b>Further Condition</b>	:	Lessor may adjust the rental rate when contract reach the period, the renewal will automatically if Lessee has no notification of breaking.
<b>Cancellation</b>	:	<ol style="list-style-type: none"><li>1. If Lessee wish to cancel before the end of period, the notification is important before more 3 months of the end of period.</li><li>2. In case, Lessee breaches the contract such as arrears of rent payments or violates compliance the regulations. The Lessor has the right to terminate the contract immediately by Notification.</li></ol>

### 2 Lease Land agreement

<b>Counterparty</b>	: The Lessor; Mr. Som Sae-kow (which is non-relationship with the Company)
	: The lessee, 2S Metal PLC.
<b>Rental Property</b>	: Land and Building for the Company's warehouse. The title deed number are 30042 and 9082, allocation Bangkung subdistrict, Muang Surathani District, Surathani Province. With a total area of 2 rai.
<b>Rental rate</b>	: Baht 300,000 by annual. The due date is January 5 <sup>th</sup> day of each year
<b>Period</b>	: 7 years ; 5 January 2019 – 4 January 2026
<b>Renewal Contract</b>	: -no-
<b>Obligation</b>	: The Lessor have mortgage some assets with the Bank.

<b>Counterparty</b>	: The Lessor; Mr. Som Sae-kow (which is non-relationship with the Company)
	: The lessee, 2S Metal PLC.
<b>Rental Property</b>	: Land for the Company's 2 <sup>nd</sup> warehouse. The title deed number are 52083 and 52084, allocation Bangkung subdistrict, Muang Surathani District, Surathani Province. With a total area of appx. 1 rai 84 square wa.
<b>Rental rate</b>	: Baht 200,000 by annual. The due date is January 5 <sup>th</sup> day of each year
<b>Period</b>	: 15 years 3 months; started 1 October 2007 – 31 December 2022
<b>Renewal Contract</b>	: -no-
<b>Obligation</b>	: The Lessor have mortgage some assets with the Bank.

### 4 warehouse agreement

<b>Counterparty</b>	: The Lessor; Neastern Steel Co., Ltd. (its subsidiaries)
	: The lessee, 2S Metal PLC.
<b>Rental Property</b>	: 2 warehouse with a total area of 15,000 m <sup>2</sup> , location no. 147 Moo 9, Nong-Ngulueam, ChaloemPhraKiat District, Nakhonratchasima Province
<b>Rental rate</b>	: Baht 560,000 per month (Baht 280,000 each warehouse), excluded communities expenses and Amenity. Paid date is 7 <sup>th</sup> day of each month
<b>Period</b>	: 1 <sup>st</sup> contact; 3 years which start on 1 July 2020 – 30 June 2023. 2 <sup>nd</sup> contact; 3 years which start on 1 August 2020 – 31 July 2023.
<b>Extra Condition</b>	: The Lessee responsible on maintenance expenses.
	: Either party has breach of any contract. The other has right to terminate the contract and call the compensation with interest 15% per year since the date of termination.

## Attachment 4

<b>Counterparty</b>	: The Lessor; United Steel Co., Ltd. : The lessee, 2S Metal PLC.
<b>Rental Property</b>	: Warehouse with a total area of 999 m <sup>2</sup> , location no. 272 moo 4, Nai-Klongplakod, Phrasamuthjadee district, Samuthprakarn.
<b>Rental rate</b>	: Baht 100,000 per month (included property tax), the communities fee and amenities is responsible by the Lessee.
<b>Period</b>	: 3 year; start on 1 January 2020 – 31 December 2022
<b>Extra Condition</b>	: The Lessee responsible on maintenance expenses : Either party has breach of any contract. The other has right to terminate the contract and call the compensation with interest 15% per year since the date of termination.

### 5 Working Space and storage

<b>Counterparty</b>	: The Lessor; Neastern Steel Co., Ltd. (its subsidiaries) : The lessee, 2S Metal PLC.
<b>Rental Property</b>	: Area of 24 m <sup>2</sup> , on the 1 <sup>st</sup> floor of Buiding and area of 2,800 m <sup>2</sup> in the warehouse, location no. 147 Moo 9, Nong-Ngulueam, ChaloemPhraKiat District, Nakhonratchasima Province
<b>Rental rate</b>	: Baht 40,000 per month, included the communities expenses and amenities. Due date on 7 <sup>th</sup> of each month.
<b>Period</b>	: 3 years which start on 1 July 2019 – 30 June 2022.
<b>Extra Condition</b>	: The Lessee responsible on maintenance expenses : Either party has breach of any contract. The other has right to terminate the contract and call the compensation with interest 15% per year since the date of termination.

### 6 Equipment agreement

<b>Counterparty</b>	: The Lessor; Neastern Steel Co., Ltd. (its subsidiaries) : The lessee, 2S Metal PLC.
<b>Rental Property</b>	: 2 of Crane
<b>Rental rate</b>	: Baht 140,000 per month (Baht 70,000 each), due date 7 <sup>th</sup> of each month.
<b>Period</b>	: Crane of Building 3; 3 years which start on 1 July 2020 – 30 June 2023 : Crane of Building 4; 3 years which start on 1 August 2020 – 30 June 2023
<b>Extra Condition</b>	: The Lessee responsible on maintenance expenses : Either party has right to break the contract by Notification 1 month in advance.

### *Investment on Subsidiaries*

Ended 31 December 2021, The company invested on the Subsidiaries as follows:

Subsidiary	Registered Capital	% of investment	Value of investment (Baht)
Neastern Steel Ltd.	THB 90,000,000	99.9	99,000,000
Mega Trans and Logis Co., Ltd	THB 30,000,000	99.9	30,000,000
Grand Steel Pipe Co.,Ltd	LAK28,000 million	97.1	87,770,000

The total investment in 3 subsidiaries was 216,770,000 Baht in total or 8.82% of total Company's assets.

### **The properties appraisal**

-none-



บริษัท 2 เอส เมทัล จำกัด (มหาชน)  
เลขที่ 8/5 หมู่ 14 ตำบลท่าช้าง  
อำเภอบางกล่ำ จังหวัดสงขลา 90110  
โทร. 074 800111

สำนักงานคณะกรรมการ  
เลขที่ 1788 อาคารสิงห์คอมเพล็กซ์ (รีจัส) ชั้น 30,  
ถนนเพชรบุรีตัดใหม่ แขวงบางกะปิ  
เขตห้วยขวาง กรุงเทพฯ 10310  
โทร. 02-0883618

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