

**G STEEL PUBLIC COMPANY LIMITED AND
ITS SUBSIDIARIES**

Financial Statements

For the Year Ended December 31, 2021

and Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of G Steel Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of G Steel Public Company Limited and its subsidiaries ("the Group"), and of G Steel Public Company Limited ("the Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2021, and the consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the 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 positions of the Group and of the Company as at December 31, 2021, and their consolidated and separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audits 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 and the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audits 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.

Emphases of Matter

I draw attention to:

- a) Notes 1.2 and 4 to the financial statements, following conversion of Debt to Equity since 2017 to 2019 of G J Steel Company Limited ("G J Steel"), the shareholding of the Company in G J Steel reduced from 25.70% to 18.72% in 2017, 17.28% in 2018 and 9.45% since 2019 (8.24% held directly by the Company and 1.21% held by its subsidiary, GS Securities). Based on these circumstances, the Securities and Exchange Commission and the Stock Exchange of Thailand considered that the management control over G J Steel was transferred to ACO I, the Company lost its control in G J Steel since 2017. As a result, the Company has deconsolidated the accounts of G J Steel from the preparation on the consolidated financial statements and treated the investment in G J Steel under "Other long-term investment" and measured at fair value through other comprehensive income. Hence, the consolidated financial statements for the years ended December 31, 2021, 2020 (restated) and 2019 (restated), have been prepared based on loss of control of the Company in G J Steel after the incremental of share capital to ACO I in 2017. The treatment on this matter was approved by the Audit Committee's meeting and the Board of Directors' meeting held on February 25, 2022. The Group has adjusted for preparation consolidated financial statements by deconsolidation of G J Steel. In this regard, the consolidated and separate financial statements for the years ended December 31, 2020 and 2019 (restated), which have been presented herein for comparative purpose, have been restated for the effects of relevant retrospective adjustments. I have audited these retrospective adjustments and in my opinion, such adjustments are appropriate and have been properly adjusted.

b) Note 1 to the financial statements, as at December 31, 2021, the Group's total current liabilities exceeded its total current assets by Baht 472 million and it had deficit of Baht 21,784 million. The Group's ability to continue its operations as a going concern may significantly depend on its success in compliance with restructuring plan and finding source of capital and the management's ability to manage the Group's future operations. These circumstances may give rise to significant doubts as to the Group's ability to continue its operations as a going concern. However, the Company has taken certain actions to improve its financial condition as discussed in Note 1.3 to the financial statements. Moreover, based on the financial statements for year ended December 31, 2021, the Group significantly improved in operating results due to strong uptrend in steel prices globally and improved raw material mix and the Company has repaid principal of borrowings totalling USD 37.1 million and Baht 15.7 million including accrued interest of Baht 49.9 million. Hence, the management believes that the preparation of the financial statements on going concern basis is appropriate.

However, my opinion is not modified in respect of the matters emphasized.

Key Audit Matter

Key audit matter is the matter that, in my professional judgment, was of most significance in my audits of the consolidated and separate financial statements of the current period. This matter was addressed in the context of our 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 this matter.

Key Audit Matter Details	Auditor's Approach
<p><i>Assessment of impairment loss on property, plant and equipment</i></p> <p>The Company has significant property, plant and equipment which are stated at cost less accumulated depreciation and allowance for impairment losses.</p> <p>The management assesses the impairment test on property, plant and equipment when they have an impairment indication by using the estimated recoverable amounts. The recoverable amounts are assessed by the management based on its value in use, determined by discounting future cash flows to be generated from the continuing use of property, plant and equipment and related assumptions such as forecast on industry growth rate, forecast on revenues and steel scrap price spreads margin and forecast on capital expenditures, selling expenses and operating expenses.</p> <p>The management's judgement over key assumptions and discount rate will be affected by changes of future economic and market. Hence, I focused on this area.</p>	<ul style="list-style-type: none"> • Understood the process of estimated recoverable amount using for impairment testing. • Evaluated the significant assumptions applied by the management in preparing the cash flow projections including discount rate used to discount future cash flows. • Compared and evaluated the cash flow projections, key assumptions and discount rate to the management's budget and business plan, historical and current actual operations, economic and industries. • Tested calculation of recoverable amounts according to the management's financial models and compared with the carrying values of property, plant and equipment. • Considered the adequacy and appropriateness of disclosures made in notes to financial statements.

Other Information

Management is responsible for the other information. The other information comprises 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 to us 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 audits 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate 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 is necessary to enable the preparation of the 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate 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, 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 and the Company'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 and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the 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 and the Company 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 and business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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 matter. I describe this matter 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.

(Ms. Wimolsri Jongudomsombut)
Certified Public Accountant, Registration No. 3899
Baker Tilly Audit and Advisory Services (Thailand) Ltd.
Bangkok
February 25, 2022

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

ASSETS

		In Baht					
		Consolidated Financial Statements			Separate Financial Statements		
		December 31, 2020	January 1, 2020		December 31, 2020	January 1, 2020	
Notes	December 31, 2021	"Restated"	"Restated"		December 31, 2021	"Restated"	"Restated"
CURRENT ASSETS							
Cash and cash equivalents	6	419,024,261	330,774,211	40,062,054	418,993,559	330,743,110	39,825,158
Short-term investment in trading security		12,270,883	8,651,734	4,940,906	12,270,883	8,651,734	4,940,906
Trade account receivables - net	7	3,257,136	4,188,642	29,774,823	3,257,136	4,188,642	29,774,823
Other receivables from related parties	5	-	-	18,074,362	1,961,965	4,072,530	3,872,050
Inventories - net	8, 18, 32	1,949,043,134	1,234,190,438	1,265,428,245	1,949,043,134	1,234,190,438	1,265,428,245
Other current assets - net	9	284,066,768	242,427,539	367,968,162	284,066,768	242,353,228	367,893,069
Total Current Assets		<u>2,667,662,182</u>	<u>1,820,232,564</u>	<u>1,726,248,552</u>	<u>2,669,593,445</u>	<u>1,824,199,682</u>	<u>1,711,734,251</u>
NON-CURRENT ASSETS							
Investments in subsidiaries - net	1, 4, 5, 10	-	-	-	22,435,942	22,435,942	448,367,023
Other long-term investment	1, 4, 11	1,179,639,332	385,188,353	288,891,265	1,029,209,332	336,068,353	252,051,265
Advance payments for purchase of equipment - net	5, 12, 19	-	-	-	-	-	-
Property, plant and equipment - net	13, 16, 17, 22, 32	8,123,118,521	8,447,081,163	8,810,335,193	8,123,118,521	8,447,081,163	8,810,335,193
Other intangible assets - net		986,456	1,007,684	2,693,946	986,456	1,007,684	2,693,946
Other non-current assets - net	5, 15	368,124,641	335,378,069	391,348,111	368,124,641	335,378,069	391,348,111
Total Non-Current Assets		<u>9,671,868,950</u>	<u>9,168,655,269</u>	<u>9,493,268,515</u>	<u>9,543,874,892</u>	<u>9,141,971,211</u>	<u>9,904,795,538</u>
TOTAL ASSETS		<u><u>12,339,531,132</u></u>	<u><u>10,988,887,833</u></u>	<u><u>11,219,517,067</u></u>	<u><u>12,213,468,337</u></u>	<u><u>10,966,170,893</u></u>	<u><u>11,616,529,789</u></u>

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (Continued)
AS AT DECEMBER 31, 2021

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht					
		Consolidated Financial Statements			Separate Financial Statements		
		December 31, 2020	January 1, 2020				
Notes	December 31, 2021	"Restated"	"Restated"	December 31, 2021	December 31, 2020	January 1, 2020	
		"Restated"	"Restated"	"Restated"			
CURRENT LIABILITIES							
Trade account payables	8, 18	135,765,920	201,777,744	627,587,833	135,765,920	201,777,744	627,587,833
Other payables to related parties		-	-	-	-	-	91,699,689
Other payables and accrued expenses	5, 19	441,800,396	884,912,333	1,101,379,208	441,939,842	885,051,779	1,099,897,493
Advances received from customers	5	70,362,659	12,364,733	110,871,828	70,362,659	12,364,733	110,871,828
Income tax payable		106,754,145	-	-	106,754,145	-	-
Accrued interest expense	5, 20	1,214,007,712	995,940,912	558,313,297	1,215,518,901	997,452,101	864,949,701
Current portion of liabilities from terminated rehabilitation plan and compromise	5, 21, 32	212,603,496	184,325,339	317,810,467	212,603,496	184,325,339	317,810,467
Current portion of long-term borrowings from related parties	5, 16, 22	47,100,000	314,000,000	314,000,000	47,100,000	314,000,000	314,000,000
Current portion of debentures	17	521,106,502	468,579,964	470,511,788	521,106,502	468,579,964	470,511,788
Current portion of lease liabilities	13	2,781,620	6,962,239	-	2,781,620	6,962,239	-
Short-term borrowings from related parties	5, 16, 22	347,550,791	1,433,190,075	811,362,306	347,550,791	1,433,190,075	1,124,319,573
Borrowing from shareholder		-	-	3,850,000	-	-	3,850,000
Borrowing from other party		3,850,000	3,850,000	-	3,850,000	3,850,000	-
Current provision		-	-	87,117,283	-	-	87,117,283
Other current liabilities	5, 23	35,868,533	50,072,738	318,655,542	35,836,979	50,041,184	66,349,852
Total Current Liabilities		<u>3,139,551,774</u>	<u>4,555,976,077</u>	<u>4,721,459,552</u>	<u>3,141,170,855</u>	<u>4,557,595,158</u>	<u>5,178,965,507</u>
NON-CURRENT LIABILITIES							
Other payables and accrued expenses	5, 19	1,433,234,952	1,132,405,007	1,137,215,016	1,433,234,952	1,132,405,007	1,137,215,016
Accrued interest expense	5, 20	128,509,798	-	-	128,509,798	-	-
Liabilities from terminated rehabilitation plan and compromise - net	5, 21, 32	509,295,911	648,511,941	217,751,857	509,295,911	648,511,941	217,751,857
Long-term borrowings from related parties - net	5, 16, 22	1,245,673,419	887,151,545	885,131,948	1,245,673,419	887,151,545	885,131,948
Lease liabilities - net	13	1,259,733	4,041,353	-	1,259,733	4,041,353	-
Non-current provision for employee retirement benefit	24	103,083,548	101,446,948	78,379,377	103,083,548	101,446,948	78,379,377
Total Non-Current Liabilities		<u>3,421,057,361</u>	<u>2,773,556,794</u>	<u>2,318,478,198</u>	<u>3,421,057,361</u>	<u>2,773,556,794</u>	<u>2,318,478,198</u>
TOTAL LIABILITIES		<u>6,560,609,135</u>	<u>7,329,532,871</u>	<u>7,039,937,750</u>	<u>6,562,228,216</u>	<u>7,331,151,952</u>	<u>7,497,443,705</u>

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (Continued)
AS AT DECEMBER 31, 2021

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		In Baht					
		Consolidated Financial Statements			Separate Financial Statements		
		December 31, 2020	January 1, 2020				
Notes	December 31, 2021	"Restated"	"Restated"	December 31, 2021	December 31, 2020	January 1, 2020	
		"Restated"	"Restated"	"Restated"			
SHAREHOLDERS' EQUITY							
Share capital							
-	Authorized share capital						
	(ordinary share 31,611,951,028 shares at Baht 5 par value)	158,059,755,140	158,059,755,140	158,059,755,140	158,059,755,140	158,059,755,140	
-	Issued and paid-up share capital						
	(ordinary share 28,928,765,432 shares at Baht 5 per share)	144,643,827,160	144,643,827,160	144,643,827,160	144,643,827,160	144,643,827,160	
Additional (discount) paid in capital							
-	Share discount	(116,361,266,965)	(116,361,266,965)	(116,361,266,965)	(116,361,266,965)	(116,361,266,965)	
-	Premium on capital reduction	206,307,094	206,307,094	206,307,094	206,307,094	206,307,094	
Retained earnings (deficit)							
-	Appropriated for legal reserve	763,976,886	763,976,886	763,976,886	763,976,886	763,976,886	
-	Deficit	(21,784,140,609)	(23,109,256,665)	(22,492,735,222)	(21,891,178,514)	(23,214,258,715)	
	Other components of equity	(1,689,782,269)	(2,484,233,248)	(2,580,530,336)	(1,710,425,540)	(2,403,566,519)	
	Equity Attributable to Owners of the Parent	5,778,921,297	3,659,354,262	4,179,578,617	5,651,240,121	3,635,018,941	
	Non-controlling interests	700	700	700	-	-	
	Shareholders' Equity - Net	5,778,921,997	3,659,354,962	4,179,579,317	5,651,240,121	3,635,018,941	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY							
		12,339,531,132	10,988,887,833	11,219,517,067	12,213,468,337	10,966,170,893	
		11,616,529,789					

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

		In Baht				
		Consolidated Financial Statements		Separate Financial Statements		
		2020		2020		
Notes	2021	"Restated"	2021	"Restated"		
REVENUES						
	Revenue from sales - net	5	15,813,876,566	9,313,880,690	15,813,876,566	9,313,880,690
	Gain from write-back the expired legal prescription of liabilities		197,232,712	-	197,232,712	-
	Gain on foreign exchange - net		-	38,097,158	-	38,097,158
	Reversal of loss on confirmed purchase orders for undelivered raw materials		-	87,117,283	-	87,117,283
	Income from forgiveness of other payables to subsidiary	5	-	-	-	292,658,052
	Gain on write-off and deconsolidation of subsidiary	1, 4	-	241,112,967	-	-
	Other income	5	51,845,854	88,027,120	51,845,854	87,351,343
	Total Revenues		<u>16,062,955,132</u>	<u>9,768,235,218</u>	<u>16,062,955,132</u>	<u>9,819,104,526</u>
EXPENSES						
	Cost of sales	5				
	- Cost of goods sold		12,973,710,316	9,246,827,728	12,973,710,316	9,246,827,728
	- Idle cost		87,704,466	144,900,353	87,704,466	144,900,353
	- Loss on decline in value of inventories (Reversal of)	8	974,871	(89,295,097)	974,871	(89,295,097)
	Total Cost of Sales		13,062,389,653	9,302,432,984	13,062,389,653	9,302,432,984
	Selling expenses		163,599,809	147,702,582	163,599,809	147,702,582
	Administrative expenses	5	403,018,714	234,551,032	402,572,403	234,662,338
	Loss on foreign exchange - net		522,868,593	-	522,868,593	-
	Loss on compromise debts	21	-	30,449,706	-	30,449,706
	Other expenses	1, 4, 10, 13, 26	1,339,869	32,195,148	3,822,035	32,195,148
	Finance costs	5	477,859,820	620,498,129	477,859,820	622,984,639
	Total Expenses		<u>14,631,076,458</u>	<u>10,367,829,581</u>	<u>14,633,112,313</u>	<u>10,370,427,397</u>
	Profit (Loss) before Tax		1,431,878,674	(599,594,363)	1,429,842,819	(551,322,871)
	Tax expense	14	(106,762,618)	(165,720)	(106,762,618)	-
	PROFIT (LOSS) FOR THE YEAR		<u>1,325,116,056</u>	<u>(599,760,083)</u>	<u>1,323,080,201</u>	<u>(551,322,871)</u>
Other Comprehensive Income:						
Item that will not be reclassified subsequently to profit or loss:						
	Actuarial losses	24	-	(16,761,360)	-	(16,761,360)
	Gain on change in fair value of equity security designated at fair value through other comprehensive income	1, 4, 11	794,450,979	96,297,088	693,140,979	84,017,088
	Total Other Comprehensive Income for the Year		<u>794,450,979</u>	<u>79,535,728</u>	<u>693,140,979</u>	<u>67,255,728</u>
	TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u><u>2,119,567,035</u></u>	<u><u>(520,224,355)</u></u>	<u><u>2,016,221,180</u></u>	<u><u>(484,067,143)</u></u>

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
 STATEMENT OF COMPREHENSIVE INCOME (Continued)
 FOR THE YEAR ENDED DECEMBER 31, 2021

		In Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2020		2020	
Notes	2021	"Restated"	2021	"Restated"	
Profit (loss) for the year attributable to:					
	Owners of the parent	1,325,116,056	(599,760,083)	1,323,080,201	(551,322,871)
	Non-controlling interests	-	-	-	-
1, 4		<u>1,325,116,056</u>	<u>(599,760,083)</u>	<u>1,323,080,201</u>	<u>(551,322,871)</u>
Total comprehensive income (loss) for the year attributable to:					
	Owners of the parent	2,119,567,035	(520,224,355)	2,016,221,180	(484,067,143)
	Non-controlling interests	-	-	-	-
1, 4		<u>2,119,567,035</u>	<u>(520,224,355)</u>	<u>2,016,221,180</u>	<u>(484,067,143)</u>
Basic Earnings (Loss) per Share Attributable to					
	Owners of the Parent	0.046	(0.021)	0.046	(0.019)
1, 4, 29		<u>0.046</u>	<u>(0.021)</u>	<u>0.046</u>	<u>(0.019)</u>

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

Consolidated Financial Statements (In Baht)												
Notes	and paid-up share capital	Warrants	Additional (discount) paid in capital		Retained earnings (Deficit)		Paid in capital from expired warrants	Other components of equity		Equity attributable to owners of the parent - net	Non-controlling interests	Shareholders' equity - net
			Share discount	Premium on capital reduction	Appropriated for legal reserve	Deficit		Loss on change in value of equity security designated at fair value through other comprehensive income	Net			
Balance as at January 1, 2020												
- As previously reported	144,643,827,160	-	(116,361,266,965)	206,307,094	763,976,886	(22,253,294,756)	14,049,679	-	14,049,679	7,013,599,098	10,168,321,012	17,181,920,110
Adjustments	1, 4	-	-	-	-	(239,440,466)	-	(2,594,580,015)	(2,594,580,015)	(2,834,020,481)	(10,168,320,312)	(13,002,340,793)
Balance as at January 1, 2020 - As restated	144,643,827,160	-	(116,361,266,965)	206,307,094	763,976,886	(22,492,735,222)	14,049,679	(2,594,580,015)	(2,580,530,336)	4,179,578,617	700	4,179,579,317
Total comprehensive income (loss) for the year	1, 4	-	-	-	-	(616,521,443)	-	96,297,088	96,297,088	(520,224,355)	-	(520,224,355)
Balance as at December 31, 2020	144,643,827,160	-	(116,361,266,965)	206,307,094	763,976,886	(23,109,256,665)	14,049,679	(2,498,282,927)	(2,484,233,248)	3,659,354,262	700	3,659,354,962
Total comprehensive income for the year		-	-	-	-	1,325,116,056	-	794,450,979	794,450,979	2,119,567,035	-	2,119,567,035
Balance as at December 31, 2020	<u>144,643,827,160</u>	<u>-</u>	<u>(116,361,266,965)</u>	<u>206,307,094</u>	<u>763,976,886</u>	<u>(21,784,140,609)</u>	<u>14,049,679</u>	<u>(1,703,831,948)</u>	<u>(1,689,782,269)</u>	<u>5,778,921,297</u>	<u>700</u>	<u>5,778,921,997</u>

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2021

Separate Financial Statements (In Baht)											
	Notes	Issued and paid-up share capital	Warrants	Additional (discount) paid in capital		Retained earnings (Deficit)		Paid in capital from expired warrants	Other components of equity		Shareholders' equity - net
				Share discount	Premium on capital reduction	Appropriated for legal reserve	Deficit		Loss on change in value of equity security designated at fair value through other comprehensive income	Net	
Balance as at January 1, 2020 - as previously reported		144,643,827,160	-	(116,361,266,965)	206,307,094	763,976,886	(24,304,263,276)	14,049,679	-	14,049,679	4,962,630,578
Adjustments	1, 4	-	-	-	-	-	1,658,088,792	-	(2,501,633,286)	(2,501,633,286)	(843,544,494)
Balance as at January 1, 2020 - as restated		144,643,827,160	-	(116,361,266,965)	206,307,094	763,976,886	(22,646,174,484)	14,049,679	(2,501,633,286)	(2,487,583,607)	4,119,086,084
Total comprehensive income (loss) for the year	1, 4	-	-	-	-	-	(568,084,231)	-	84,017,088	84,017,088	(484,067,143)
Balance as at December 31, 2020		144,643,827,160	-	(116,361,266,965)	206,307,094	763,976,886	(23,214,258,715)	14,049,679	(2,417,616,198)	(2,403,566,519)	3,635,018,941
Total comprehensive income for the year		-	-	-	-	-	1,323,080,201	-	693,140,979	693,140,979	2,016,221,180
Balance as at December 31, 2021		<u>144,643,827,160</u>	<u>-</u>	<u>(116,361,266,965)</u>	<u>206,307,094</u>	<u>763,976,886</u>	<u>(21,891,178,514)</u>	<u>14,049,679</u>	<u>(1,724,475,219)</u>	<u>(1,710,425,540)</u>	<u>5,651,240,121</u>

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020 "Restated"	2021	2020 "Restated"
CASH FLOWS FROM OPERATING ACTIVITIES:				
Profit (loss) for the year	1,325,116,056	(599,760,083)	1,323,080,201	(551,322,871)
Adjustments to reconcile profit (loss) for the year to net cash provided by operating activities:				
Depreciation and amortization	452,847,670	445,269,848	452,847,670	445,269,848
Work roll amortization	54,686,623	50,527,207	54,686,623	50,527,207
Unrealized loss (gain) on foreign exchange - net	414,073,608	(70,946,266)	414,073,608	(70,946,266)
Unrealized gain on revaluation of short-term investment in trading security	(3,365,619)	(2,772,161)	(3,365,619)	(2,772,161)
Gain on write-off and deconsolidation of subsidiary	-	(241,112,967)	-	-
Income from forgiveness of other payable to subsidiary	-	-	-	(292,658,052)
Gain from write-back the expired legal prescription of liabilities	(197,232,712)	-	(197,232,712)	-
Loss (gain) from compromise debts	(9,159,081)	30,449,706	(9,159,081)	30,449,706
Gain from write-back other payables and accrued expenses and advances received from customers	-	(12,192,202)	-	(12,192,202)
Gain from repayment of liabilities from compromise	(8,617,621)	-	(8,617,621)	-
Allowance for impairment loans to and accrued interest income from subsidiaries	-	-	2,482,165	-
Allowance for decline in value of inventories (reversal)	974,871	(89,295,097)	974,871	(89,295,097)
Reversal of loss on confirmed purchase orders for undelivered raw materials	-	(87,117,283)	-	(87,117,283)
Allowance for impairment loss on investments in subsidiaries and write-off investments in subsidiaries	-	-	-	1,999,955
Write-off other account receivables and loans to subsidiaries	-	-	-	637,610
Allowance for impairment losses on assets	-	4,871,574	-	6,259,349
Loss on sales of fixed assets	-	22,213,404	-	22,213,404
Write-off unclaimed withholding income tax deducted at source	-	2,451,045	-	2,451,045
Provision for employee retirement benefit	7,994,143	7,476,744	7,994,143	7,476,744
Finance costs	477,859,820	620,498,129	477,859,820	622,984,639
Interest income	(494,966)	(973,595)	(494,966)	(299,020)
Dividend income	(284,905)	(2,158,415)	(284,905)	(2,158,415)
Tax expense	106,762,618	165,720	106,762,618	-
Decrease (Increase) in Operating Assets:				
Trade account receivables	931,505	25,586,181	931,505	25,586,181
Other receivables from related parties	-	-	(371,600)	-
Inventories	(715,827,566)	120,532,903	(715,827,566)	120,532,903
Other current assets	(41,639,221)	(21,355,405)	(41,713,532)	(21,219,522)
Other non-current assets	(87,433,194)	(18,447,235)	(87,433,194)	(18,447,235)
Increase (Decrease) in Operating Liabilities:				
Trade account payables	24,577,989	425,392,319	24,577,989	425,392,319
Advances received from customers	57,997,926	(98,507,095)	57,997,926	(98,507,095)
Other payables and accrued expenses	(214,264,284)	(269,967,369)	(214,264,284)	(268,568,134)
Other current liabilities	15,730,647	33,117,895	15,730,647	29,832,520
Employee benefit paid	(6,357,543)	(1,170,533)	(6,357,543)	(1,170,533)
Cash refunded from withholding income tax deducted at sources	-	130,397,507	-	130,397,507
Tax paid	(8,482)	(165,720)	(8,482)	-
Net Cash Provided by Operating Activities	1,654,868,282	403,008,756	1,654,868,681	405,337,051

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2021

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020 "Restated"	2021	2020 "Restated"
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in loans to subsidiaries	-	-	-	(2,122,500)
Proceeds from sales of fixed assets	-	1,033,176	-	1,033,176
Purchases of property, plant and equipment	(188,585,640)	(17,903,675)	(188,585,640)	(17,903,675)
Purchases of other intangible assets	(139,750)	-	(139,750)	-
Interest received	494,966	299,020	494,966	299,020
Dividend received	31,375	1,219,748	31,375	1,219,748
Net Cash Used in Investing Activities	(188,199,049)	(15,351,731)	(188,199,049)	(17,474,231)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayment of liabilities from terminated rehabilitation plan and compromise	(110,895,756)	(63,691,205)	(110,895,756)	(63,691,205)
Repayment of short-term borrowing from related party	(1,120,671,738)	-	(1,120,671,738)	-
Repayment of long-term borrowing from related parties	(15,700,000)	-	(15,700,000)	-
Repayment of lease liabilities	(6,962,239)	(5,878,873)	(6,962,239)	(5,878,873)
Finance costs paid	(126,719,447)	(27,371,672)	(126,719,447)	(27,371,672)
Cash Used in Financing Activities	(1,380,949,180)	(96,941,750)	(1,380,949,180)	(96,941,750)
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,720,053	290,715,275	85,720,452	290,921,070
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	330,774,211	40,062,054	330,743,110	39,825,158
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	2,529,997	(3,118)	2,529,997	(3,118)
CASH AND CASH EQUIVALENTS, AT END OF YEAR	419,024,261	330,774,211	418,993,559	330,743,110
Additional cash flow information :				
1) Property, plant and equipment increased by means of :				
- Other account payables - net	(59,861,589)	68,789,996	(59,861,589)	68,789,996
- Lease liabilities	-	16,882,465	-	16,882,465
- Cash payments	188,585,640	17,903,675	188,585,640	17,903,675
Total	<u>128,724,051</u>	<u>103,576,136</u>	<u>128,724,051</u>	<u>103,576,136</u>
2) Write-off trade account receivables	93,245,216	146,264,749	93,245,216	146,264,749
3) Write-off other receivables from subsidiary	-	-	-	2,366,084,014
4) Write-off loan to and accrued interest income from subsidiary	-	-	-	2,756,416,983
5) From write-back the expired legal prescription of liabilities				
Decrease in trade account payables	93,339,523	-	93,339,523	-
Decrease in other payables and accrued expenses	2,768,104	-	2,768,104	-
Decrease in accrued interest expenses	71,190,232	-	71,190,232	-
Decrease in other current liabilities	29,934,853	-	29,934,853	-

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2021

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020 "Restated"	2021	2020 "Restated"
Additional cash flow information (Continued) :				
6) Transfer other non-current assets (cash guarantee for electricity usage) to settle with liabilities under rehabilitation plan and compromise	-	23,890,070	-	23,890,070
7) Transfer standby letter of credit which settlement with trade account payables to short-term borrowings from related party	-	655,364,519	-	655,364,519
8) Transfer other current assets, trade account payables, accrued interest expense and other current liabilities to liabilities from rehabilitation plan and compromise	-	352,650,294	-	352,650,294
9) Transfer borrowing from shareholder to borrowing from other party	-	3,850,000	-	3,850,000
10) Short-term borrowings from and interest payable to subsidiary decreased from settlement of capital reduction of investment in subsidiary	-	-	-	624,889,490
11) Decrease in other payables to subsidiary from debt forgiveness	-	-	-	91,699,689

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to Financial Statements

December 31, 2021

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G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

The financial statements were approved and authorized for issue by the Board of Directors on February 25, 2022.

1. GENERAL INFORMATION, THE SHAREHOLDING STRUCTURE AND GOING CONCERN

1.1 General information

G Steel Public Company Limited (the “Company”) is incorporated in Thailand and has its registered office as follows:

Head office : 88 Paso Tower, 18th Floor, Silom Road, Suriyawong, Bangrak, Bangkok

Factory : 55 Moo 5, SSP Industrial Estate, Tambol Nonglalog, Amphur Bankhai, Rayong

The Company was listed on the Stock Exchange of Thailand (the “SET”) on January 25, 2006.

The principal activities of the Company are the manufacturing and distribution of hot rolled coil steel products.

1.2 The shareholding structure

The Company’s major shareholders as at December 31, 2021 and 2020 are as follows:

Shareholders’ Name	Proportionate of share (%)	
	2021	2020
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) - incorporated in the Republic of Mauritius	49.99	49.99
M-Power TT Ltd. - incorporated in Malaysia	6.16	11.00
Superior Overseas (Thailand) Company Limited	7.00	7.00
Uob Kay Hian Private Limited - incorporated in Singapore	5.27	-
Apex Prime Capital Ltd. - incorporated in British Virgin Islands	3.48	4.37
New World Intermetal Co., Ltd.	1.96	1.96
D-Sinchai Steel Company Limited	1.96	1.96

Details of the Company’s subsidiaries as at December 31, 2021 and 2020 are as follows:

Name of the entity	Nature of Business	Country of incorporation	Proportionate (%)	
			2021	2020
<i>Direct subsidiaries</i>				
Siam Professional Holdings Co., Ltd. (“SPH”)	Investment holdings company	Thailand	99.99	99.99
GS Securities Holdings Co., Ltd. (“GS Securities”)	Special-purpose restructuring entity	Thailand	99.99	99.99
<i>Indirect subsidiary</i>				
Oriental Access Co., Ltd. * (“OAC”) (held by SPH 99.97%)	Consulting service and investing	Thailand	-	99.97

* OAC was sued by the Revenue Department and the Central Bankruptcy Court ordered absolute receivership a bankruptcy case of OAC on January 13, 2020. The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020. Hence, the management considered to write-off and deconsolidate such subsidiary since such date.

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

Detail of assets and liabilities of this subsidiary at the bankruptcy date were as below:

	Decrease (Increase) (In Million Baht)
Other receivables from related party	(18)
Accrued interest expense	7
Other current liabilities	252
Gain on write-off and deconsolidation of subsidiary	241

Deconsolidation of G J Steel Public Company Limited

Following conversion of Debt to Equity since 2017 to 2019 of G J Steel Company Limited (“G J Steel”), the shareholding of the Company in G J Steel reduced from 25.70% to 18.72% in 2017, 17.28% in 2018 and 9.45% since 2019 (8.24% held directly by the Company and 1.21% held by its subsidiary, GS Securities). Based on these circumstances, the Securities and Exchange Commission and the Stock Exchange of Thailand considered that the management control over G J Steel was transferred to ACO I, the Company lost its control in G J Steel since 2017. As a result, the Company has deconsolidated the accounts of G J Steel from the preparation on the consolidated financial statement and treated the investment in G J Steel under “Other long-term investment” and measured at fair value through other comprehensive income. Hence, the consolidated and separate financial statements for the years ended December 31, 2021, 2020 (restated) and 2019 (restated), have been prepared based on loss of control of the Company in G J Steel after the incremental of share capital to ACO I in 2017. The treatment on this matter was approved by the Audit Committee’s meeting and the Board of Directors’ meeting held on February 25, 2022. The impact of such changes are discussed in Note 4.

For reporting purposes, the Company and its subsidiaries are collectively called “the Group”.

1.3 Going concern

As at December 31, 2021 and 2020, part of financial position of the Group and of the Company are as follows:

Risk effected to the going concern	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
(1) Profit (loss) for the year attributable to owners of the parent	1,325	(600)	1,323	(551)
(2) Deficit	(21,784)	(23,109)	(21,891)	(23,214)
(3) Current liabilities exceed current assets	472	2,736	472	2,733
(4) Equity attributable to owners of the parent	5,779	3,659	5,651	3,635

Before 2021, the Group has had persistent operating losses. As at December 31, 2021, the Group’s total current liabilities exceeded its total current assets by Baht 472 million and it had deficit of Baht 21,784 million. Hence, the Group’s ability to continue its operations as a going concern may significantly depend on its success in compliance with restructuring plan and finding source of capital and the management’s ability to manage the Group’s future operations. These circumstances indicate significant uncertainties as to the Group’s ability to continue its operations as a going concern.

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

The Company is taking the following steps to improve the financial condition:

a) Debt Restructuring

The extraordinary shareholders meeting dated October 11, 2019 approved the Company's Debt to Equity conversion plan by a way of allocation and offering of the newly issued ordinary shares of the Company. Apart from the Debts to Equity conversion, the Company has also restructured some of its current liabilities as below:

- Entered into Agreement with major creditors to reschedule the liability of USD 37.49 million to long-term liability payable on 9th year in a single bullet repayment.
- Entered into another Agreement to reschedule its liability of Baht 146 million to long-term liability payable within 9 years from the agreement date.
- Old liability to Provincial Electricity Authority of Baht 209.59 million has been settled with the outstanding deposit of Baht 23.89 million and outstanding balances of Baht 185.70 million has been restructured to 36 monthly installments payable starting from July 31, 2020.

b) Source of Funding

In April 2019, the Company received credit facility for operation from a foreign company.

The Company maintains a policy of maximizing sales on advance payment terms and accelerating the debt collection from its debtors to ensure adequate turnaround of cash flows.

The Company defaulted on certain payments to Link Capital I (Mauritius) Limited ("Link Capital I"), due to ongoing poor market conditions and outbreak of COVID-19 pandemic. The Company received a Default Letter from Link Capital I dated June 5, 2020 notice to rectify the continuous Events of Default on various facilities pursuant to Credit Facility Agreement dated April 2, 2019 and as amended from time to time. Further to receiving the Default Letter, the Company has defaulted on two Standby letters of credit. The total amount of Default as at December 31, 2021 and 2020 stands at USD 31.06 million and USD 58.97 million, respectively. The Company is currently negotiating with Link Capital I to restructure the default facilities and has entered into a Standstill Agreement with the Lender to allow more time for the negotiations. The management believes that the amount will be restructured according to the future cash flow projections.

c) Production and Sales

The Company has been producing Hot-Rolled Coil ("HRC") strictly based on market demand. Due to various issues described below the Domestic HRC production of Thailand had suffered leading to operating losses in the past quarters:

- Slower Thai Gross Domestic Product (GDP) and overall volatile Steel Industry had led to reduction in demand
- Expiry of safeguard on Alloy Steel in February 2019 and stronger Thai Baht had made imports easier and cheaper which had led to increase in imports
- Impact of outbreak of COVID-19 had further dented the market demand in 2020 but has seen an improving trend in 2021
- The above factors had led to significant reduction in prices of HRC impacting the operating profits adversely.

While, there were short-term impediments in the last year, the current year has seen strong trend especially in HRC consumption and price globally and the Groups has been able to fully leverage on the situation to improve its financial position. The Company remains positive on its long-term outlook due to:

- Several ongoing initiatives by the Government to support the Economy and the Domestic Steel Industry
- Proposed increase in infrastructure spending by the Government
- Emergence of Thailand as strong alternative for companies looking to diversify out of China
- Continuous improvements in operating costs and development of new grades

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

All the management actions taken towards operational improvements coupled with improved market conditions resulted in significant cash accruals during the year ended December 31, 2021. The Group has used this cash mainly to repay its borrowings from related parties as discussed in Note 22. With reduction in uncertainties and improved operational performance the management firmly believes that the Group's ability to continue its operations as a going concern is on track.

Coronavirus Outbreak Situation

Since early 2020, the Coronavirus ("COVID-19") outbreak was recognized as a pandemic of its rapid spread across the globe. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic has brought significant economic uncertainties in Thailand and markets in which the Group operates.

However, based on the financial statement for the year ended December 31, 2021, the Group significantly improved its operating results due to strong uptrend in steel prices globally and improved raw material mix and the Company has repaid principal of borrowings totalling USD 37.1 million and Baht 15.7 million including accrued interest of Baht 49.9 million. The Group will continuously monitor the impact of COVID-19 on its future financial position and financial performance will also be taking appropriate and timely measures to minimize the impact of the COVID-19 pandemic on the Group's future operations.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND PRINCIPLES OF CONSOLIDATION

(a) Statement of Compliance

The statutory financial statements are prepared in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards. Accordingly, the consolidated and separate financial statements are intended solely to present the financial positions, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

For the convenience of the readers, the Group has prepared an English translation of the financial statements from the Thai language statutory financial statements, which are issued solely for domestic financial reporting purposes.

Accounting standards that became effective in the current accounting period

The Group disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after January 1, 2021, in the Note 3.

The Group's management has assessed the effects of the revised accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and considers that they do not have a significant impact to the financial statements for the year ended December 31, 2021.

(b) Principles of Consolidation

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

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

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any gain or loss on loss of control over a subsidiary is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Significant transactions among the Group have been eliminated in these consolidated financial statements.

The financial statements of the subsidiaries are prepared using consistent significant accounting policies as the Company.

Non-controlling interests represent the portion of net profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within shareholder's equity in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash on hand is kept for general use within the Group. Cash equivalents are savings deposits and current accounts, highly liquid investment that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Accounts Receivable and Allowance for Expected Credit Losses

Accounts receivable are stated at amortized cost net of allowance for expected credit losses ("ECL") (if any).

The Group applies a simplified approach in calculating ECL for trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Inventory Valuation

The Group values its inventories at the lower of cost (average cost method) and net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated production cost to complete and selling expenses.

The Group provides an allowance for all deteriorated, damaged, obsolete and slow-moving inventories.

The Group recognizes an asset and corresponding liability in respect of consignment inventories once the Group obtains the rights and responsibilities of legal and economic ownership.

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

Investments

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method less impairment losses.

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

Investment in equity securities that not held for trading but held for strategic purposes are stated at fair value, where an irrevocable election has been made by the management. Changes in the fair value of these securities are recorded in other comprehensive income and not subsequently transferred to profit or loss in the statement of comprehensive income when disposal, instead, it is transferred to retained earnings. Dividends on these investments are recognized in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

The fair value of marketable securities is based on the latest bid price of the last working day of the statement financial position date.

Equity securities which are not marketable securities are stated at cost less impairment losses.

The cost of investments disposed of during the year is determined by the weighted average method.

Property, Plant and Equipment and Depreciation

Land is stated at cost less allowance for impairment losses. Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit or loss.

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Land improvements	5 - 20
Buildings and building improvements	25 - 40
Machinery and equipment	5 - 40
Furniture, fixtures and office equipment	5 - 10
Vehicles	5

The Group does not depreciate on freehold land or assets under construction.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Right-of-Use Assets and Depreciation

Right-of-use assets are recognized at the commencement date of the leases. Right-of-use assets are stated at cost, less accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets include the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The costs of right-of-use assets also include an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the remaining lease term and the estimated useful lives:

	<u>Years</u>
Lease building	3
Vehicles	2 - 5

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Other Intangible Assets and Amortization

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and allowance for impairment losses.

Amortization is charged to profit or loss on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. The estimated useful lives are as follows:

	<u>Years</u>
Computer software licenses	10
Production licenses	25

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Deferred Costs of Rolls

Deferred costs of rolls are stated at cost less accumulated amortization. Amortization is based on consumption.

Deferred Loan Arrangement Fee

The Group amortizes deferred loan arrangement fee as finance cost in profit or loss over the term of the loan agreement.

Impairment of Assets

The Group reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

If the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in the statement of comprehensive income or reducing revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment losses recognized in prior years is recorded as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

Interest-bearing liabilities

Interest-bearing liabilities are recognized at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

Provision

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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Provision for Employee Retirement Benefit

Provision for employee retirement benefit is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs and gains or losses on the curtailment are recognized immediately in profit or loss. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. Actuarial gains or losses are recognized immediately to the statement of comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

Use of Judgements and Estimates

In order to prepare financial statements in conformity with Thai Financial Reporting Standards in Thailand, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements consists of the following:

- Consolidation: whether the Group has de facto control over an investee
- Leases

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the financial statements consists of the following:

- Net realizable value of inventories
- Current and deferred taxation
- Utilization of tax losses
- Business combination
- Key assumptions used in discounted cash flow projections
- Measurement of provision for employee retirement benefit
- Provisions and contingencies
- Valuation of financial instruments
- Determination of impairment of assets

Revenue Recognition

To determine whether to recognize revenue, the Group follows a 5-step process:

- 1) Identifying the contract with a customer
- 2) Identifying the performance obligations
- 3) Determining the transaction price
- 4) Allocating the transaction price to the performance obligations
- 5) Recognizing revenue when/as performance obligations are satisfied.

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Revenue is recognized either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognizes revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, relevant tax and after deduction of any trade discounts and volume rebates.

Sale of goods and services

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data. Revenue for rendering of services is recognized over time as the services are provided.

Interest income

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Dividend income

Dividend income is recognized in the statement of comprehensive income on the date the Group's right to receive payments is established.

Other income

Other income is recognized as income on an accrual basis.

Repair and Maintenance

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related plant and equipment.

Leases

At inception of contract, the Group assesses whether a 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.

The Group (as a lessee) assesses the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

Leases are recognized as assets (right-of-use assets) and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

The Group applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense in profit or loss on a straight-line basis over the lease term.

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Lease Liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying assets.

Financial Instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

• *Classification and measurement of financial assets*

Financial assets are classified, at initial recognition, as financial assets subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortized cost

The Group measures financial assets at amortized cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment assessment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis. Gains and losses recognized in other comprehensive income on these financial assets are never subsequently recycled to profit or loss.

Dividends on these investments are recognized as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognized in other comprehensive income.

Equity investments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on market securities are recognized as other income in profit or loss.

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- ***Classification and measurement of financial liabilities***

Except for derivative liabilities, at initial recognition, the Group's financial liabilities are recognized at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

- ***Derecognition of financial instruments***

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

- ***Impairment of financial assets***

The Group recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at FVTPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the financial instruments (a lifetime ECL).

For trade account receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

- ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair Value Measurement

The Group uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or a quoted market price is not available.

The different levels have been defined as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs for such assets or liabilities, such as uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities, or estimates of future cash flows

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Finance Costs

Interest expense and similar costs are charged to in profit or loss for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in profit or loss using the effective interest rate method.

Foreign Currency Transactions

Foreign currency transactions during the year are translated into Baht at the rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the prevailing bank rates at that date. Gains or losses on translation are credited or charged to current operations in in profit or loss.

Income Tax

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the Group re-assesses unrecognized deferred tax assets. The Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Basic Earnings (Loss) per Share Attributable to Owners of the Parent

Basic earnings (loss) per share attributable to owners of the parent are determined by dividing the profit (loss) for the year attributable to owners of the parent by the weighted average number of shares outstanding during the year.

Segment Reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those can be allocated on a reasonable basis.

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4. RETROSPECTIVE ADJUSTMENTS

Following conversion of Debt to Equity since 2017 to 2019 of G J Steel Company Limited (“G J Steel”), the shareholding of the Company in G J Steel reduced from 25.70% to 18.72% in 2017, 17.28% in 2018 and 9.45% since 2019 (8.24% held directly by the Company and 1.21% held by its subsidiary, GS Securities). Based on these circumstances, the Securities and Exchange Commission and the Stock Exchange of Thailand considered that the management control over G J Steel was transferred to ACO I, the Company lost its control in G J Steel since 2017. As a result, the Company has deconsolidated the accounts of G J Steel from the preparation on the consolidated financial statement and treated the investment in G J Steel under “Other long-term investment” and measured at fair value through other comprehensive income. Hence, the consolidated and separate financial statements for the years ended December 31, 2021, 2020 (restated) and 2019 (restated), have been prepared based on loss of control of the Company in G J Steel after the incremental of share capital to ACO I in 2017. The treatment on this matter was approved by the Audit Committee’s meeting and the Board of Directors’ meeting held on February 25, 2022.

As discussed in Note 1.2, the consolidated financial statements for the year ended December 31, 2021 and 2020, have been prepared based on loss of control of the Company in G J Steel after the incremental of share capital to ACOI in 2017. The impact of such changes are as follows:

	In Million Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	As previously reported	Retrospective adjustments	As restated	As previously reported	Retrospective adjustments	As restated
As at December 31, 2020						
ASSETS						
Current Assets						
Cash and cash equivalents	437	(106)	331	331	-	331
Short-term investment in trading security	9	-	9	9	-	9
Trade account receivables - net	32	(28)	4	4	-	4
Other receivables from related parties	-	-	-	4	-	4
Inventories - net	2,595	(1,361)	1,234	1,234	-	1,234
Other current assets - net	394	(151)	243	243	-	243
Total Current Assets	3,467	(1,646)	1,821	1,825	-	1,825
Non-Current Assets						
Investments in subsidiaries - net	-	-	-	1,066	(1,044)	22
Other long-term investment	-	385	385	-	336	336
Advance payments for purchase of equipment - net	210	(210)	-	-	-	-
Property, plant and equipment - net	21,098	(12,651)	8,447	8,447	-	8,447
Other intangible assets - net	6	(5)	1	1	-	1
Other non-current assets - net	679	(344)	335	335	-	335
Total Non-Current Assets	21,993	(12,825)	9,168	9,849	(708)	9,141
Total Assets	25,460	(14,471)	10,989	11,674	(708)	10,966

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	In Million Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	As previously reported	Retrospective adjustments	As restated	As previously reported	Retrospective adjustments	As restated
As at December 31, 2020						
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Trade account payables	530	(328)	202	202	-	202
Other payables and accrued expenses	1,174	(289)	885	885	-	885
Advances received from customers	23	(11)	12	12	-	12
Accrued interest expense	1,194	(198)	996	998	-	998
Current portion of liabilities from terminated rehabilitation plan and compromise	353	(169)	184	184	-	184
Current portion of long-term borrowings from related parties	625	(311)	314	314	-	314
Current portion of debentures	469	-	469	469	-	469
Current portion of lease liabilities	13	(6)	7	7	-	7
Short-term borrowings from related parties	1,433	-	1,433	1,433	-	1,433
Borrowing from other party	4	-	4	4	-	4
Other current liabilities	65	(15)	50	50	-	50
Total Current Liabilities	5,883	(1,327)	4,556	4,558	-	4,558
Non-Current Liabilities						
Other payables and accrued expenses	1,132	-	1,132	1,132	-	1,132
Liabilities from terminated rehabilitation plan and compromise - net	649	-	649	649	-	649
Long-term borrowings from related parties - net	1,626	(739)	887	887	-	887
Lease liabilities - net	6	(2)	4	4	-	4
Non-current provision for employee retirement benefit	230	(129)	101	101	-	101
Total Non-Current Liabilities	3,643	(870)	2,773	2,773	-	2,773
Total Liabilities	9,526	(2,197)	7,329	7,331	-	7,331
Shareholders' Equity						
Share capital - Issued and paid-up	144,644	-	144,644	144,644	-	144,644
Additional (discount) paid in capital						
- Share discount	(116,361)	-	(116,361)	(116,361)	-	(116,361)
- Premium on capital reduction	206	-	206	206	-	206
Retained earnings (Deficit)						
- Appropriated for legal reserve	764	-	764	764	-	764
- Deficit	(22,927)	(182)	(23,109)	(24,924)	1,710	(23,214)
Other components of equity	14	(2,498)	(2,484)	14	(2,418)	(2,404)
Equity Attributable to Owners of the Parent	6,340	(2,680)	3,660	4,343	(708)	3,635
Non-controlling interests	9,594	(9,594)	-	-	-	-
Shareholders' Equity - Net	15,934	(12,274)	3,660	4,343	(708)	3,635
Total Liabilities and Shareholders' Equity	25,460	(14,471)	10,989	11,674	(708)	10,966

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	In Million Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	As previously reported	Retrospective adjustments	As restated	As previously reported	Retrospective adjustments	As restated
For the year ended December 31, 2020						
Revenues						
Revenue from sales - net	20,693	(11,379)	9,314	9,314	-	9,314
Gain on foreign exchange - net	76	(38)	38	38	-	38
Reversal of loss on confirmed purchase orders for undelivered raw materials	106	(19)	87	87	-	87
Income from forgiveness of other payables to subsidiary	-	-	-	293	-	293
Gain on write-off and deconsolidation of subsidiary	241	-	241	-	-	-
Other income	167	(79)	88	87	-	87
Total Revenues	<u>21,283</u>	<u>(11,515)</u>	<u>9,768</u>	<u>9,819</u>	<u>-</u>	<u>9,819</u>
Expenses						
Cost of sales						
- Cost of goods sold	20,469	(11,222)	9,247	9,247	-	9,247
- Idle cost	214	(69)	145	145	-	145
- Loss on decline in value of inventories (reversal of)	(173)	84	(89)	(89)	-	(89)
Total Cost of Sales	20,510	(11,207)	9,303	9,303	-	9,303
Selling expenses	318	(170)	148	148	-	148
Administrative expenses	724	(489)	235	235	-	235
Loss on compromise debts	30	-	30	30	-	30
Other expenses	32	-	32	84	(52)	32
Finance costs	872	(252)	620	623	-	623
Total Expenses	<u>22,486</u>	<u>(12,118)</u>	<u>10,368</u>	<u>10,423</u>	<u>(52)</u>	<u>10,371</u>
Loss for the Year	<u>(1,203)</u>	<u>603</u>	<u>(600)</u>	<u>(604)</u>	<u>52</u>	<u>(552)</u>
Other Comprehensive Income:						
Item that will not be reclassified subsequently to profit or loss:						
Actuarial losses	(45)	29	(16)	(16)	-	(16)
Gain on change in fair value of equity security designated at fair value through other comprehensive income	-	96	96	-	84	84
Total Other Comprehensive Income for the Year	<u>(45)</u>	<u>125</u>	<u>80</u>	<u>(16)</u>	<u>84</u>	<u>68</u>
Total comprehensive loss for the year	<u>(1,248)</u>	<u>728</u>	<u>(520)</u>	<u>(620)</u>	<u>136</u>	<u>(484)</u>
Loss for the year attributable to:						
Owners of the parent	(655)	55	(600)	(604)	52	(552)
Non-controlling interests	(548)	548	-	-	-	-
	<u>(1,203)</u>	<u>603</u>	<u>(600)</u>	<u>(604)</u>	<u>52</u>	<u>(552)</u>
Total comprehensive loss for the year attributable to:						
Owners of the parent	(674)	154	(520)	(620)	136	(484)
Non-controlling interests	(574)	574	-	-	-	-
	<u>(1,248)</u>	<u>728</u>	<u>(520)</u>	<u>(620)</u>	<u>136</u>	<u>(484)</u>
Basic Loss per Share Attributable to Owners of the Parent (In Baht)	<u>(0.023)</u>	<u>0.002</u>	<u>(0.021)</u>	<u>(0.021)</u>	<u>0.002</u>	<u>(0.019)</u>

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	In Million Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	As previously reported	Retrospective adjustments	As restated	As previously reported	Retrospective adjustments	As restated
As at January 1, 2020						
ASSETS						
Current Assets						
Cash and cash equivalents	464	(424)	40	40	-	40
Short-term investment in trading security	5	-	5	5	-	5
Trade account receivables - net	36	(6)	30	30	-	30
Other receivables from related parties	-	18	18	4	-	4
Inventories - net	2,632	(1,367)	1,265	1,265	-	1,265
Other current assets - net	453	(85)	368	368	-	368
Total Current Assets	3,590	(1,864)	1,726	1,712	-	1,712
Non-Current Assets						
Investments in subsidiaries - net	-	-	-	1,544	(1,096)	448
Other long-term investment	-	289	289	-	252	252
Advance payments for purchase of equipment - net	210	(210)	-	-	-	-
Property, plant and equipment - net	21,860	(13,050)	8,810	8,810	-	8,810
Other intangible assets - net	9	(6)	3	3	-	3
Other non-current assets - net	732	(341)	391	391	-	391
Total Non-Current Assets	22,811	(13,318)	9,493	10,748	(844)	9,904
Total Assets	26,401	(15,182)	11,219	12,460	(844)	11,616

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	In Million Baht					
	Consolidated Financial Statements			Separate Financial Statements		
	As previously reported	Retrospective adjustments	As restated	As previously reported	Retrospective adjustments	As restated
As at January 1, 2020						
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Trade account payables	961	(333)	628	628	-	628
Other payables to related parties	-	-	-	92	-	92
Other payables and accrued expenses	1,428	(327)	1,101	1,099	-	1,099
Advances received from customers	131	(20)	111	111	-	111
Accrued interest expense	694	(136)	558	865	-	865
Current portion of liabilities from terminated rehabilitation plan and compromise	488	(170)	318	318	-	318
Current portion of long-term borrowings from related parties	314	-	314	314	-	314
Current portion of debentures	471	-	471	471	-	471
Short-term borrowings from related parties	811	-	811	1,124	-	1,124
Borrowing from shareholder	4	-	4	4	-	4
Current provision	106	(19)	87	87	-	87
Other current liabilities	337	(18)	319	66	-	66
Total Current Liabilities	5,745	(1,023)	4,722	5,179	-	5,179
Non-Current Liabilities						
Other payables and accrued expenses	1,137	-	1,137	1,137	-	1,137
Liabilities from terminated rehabilitation plan and compromise - net	218	-	218	218	-	218
Long-term borrowings from related parties - net	1,934	(1,049)	885	885	-	885
Lease liabilities - net	1	(1)	-	-	-	-
Non-current provision for employee retirement benefit	184	(106)	78	78	-	78
Total Non-Current Liabilities	3,474	(1,156)	2,318	2,318	-	2,318
Total Liabilities	9,219	(2,179)	7,040	7,497	-	7,497
Shareholders' Equity						
Share capital - Issued and paid-up	144,644	-	144,644	144,644	-	144,644
Additional (discount) paid in capital						
- Share discount	(116,361)	-	(116,361)	(116,361)	-	(116,361)
- Premium on capital reduction	206	-	206	206	-	206
Retained earnings (Deficit)						
- Appropriated for legal reserve	764	-	764	764	-	764
- Deficit	(22,253)	(240)	(22,493)	(24,304)	1,658	(22,646)
Other components of equity	14	(2,595)	(2,581)	14	(2,502)	(2,488)
Equity Attributable to Owners of the Parent	7,014	(2,835)	4,179	4,963	(844)	4,119
Non-controlling interests	10,168	(10,168)	-	-	-	-
Shareholders' Equity - Net	17,182	(13,003)	4,179	4,963	(844)	4,119
Total Liabilities and Shareholders' Equity	26,401	(15,182)	11,219	12,460	(844)	11,616

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

5. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these financial statements, connected persons or related parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Connected persons or related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of relationships
SPH	Thailand	Investment holdings company	Subsidiary, common directors, 99.99% shareholding
GS Securities	Thailand	Special-purpose restructuring entity	Subsidiary, common directors, 99.99% shareholding
Oriental Access Co., Ltd. (“OAC”)	Thailand	Consulting service and investing	Indirect subsidiary, common directors (The Central Bankruptcy Court ordered such company to be bankruptcy on August 31, 2020)
G J Steel	Thailand	Manufacture and sale of hot rolled coil steel products	Shareholders and common directors, 9.45% shareholding by the Company and its subsidiaries
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”)	Republic of Mauritius	Special-purpose for investment	Major shareholder which is a wholly-owned subsidiary of Ares SSG Capital Partners III, L.P.
Link Capital I (Mauritius) Limited (“Link Capital I”)	Republic of Mauritius	Special-purpose for investment	Related party which is a wholly-owned subsidiary of Ares SSG Capital Partners III, L.P.
Ares SSG Capital Management (Mauritius) Limited	Republic of Mauritius	Collective Investment Scheme Manager and holds an investment advisor (restricted) license	Related party which is a wholly-owned subsidiary of Ares SSG Capital Holdings Limited
Synergy Strategic Solutions Management DMCC (“Synergy”)	United Arab Emirates	Business advisory	Common directors with the Company
Asia Metal Public Company Limited	Thailand	Manufacture and sale of steel	Common shareholder with the Company
Arnoma Hotel Bangkok Co., Ltd.	Thailand	Hotel, food and beverage	Common director with the Company
Grand Asia Steel Processing Center Co., Ltd.	Thailand	Factory construction service	Subsidiary of related party with the Company
Panichsawad Co., Ltd.	Thailand	Sale of steel	Connected person with the Company and G J Steel
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common shareholder with the Company
Superior Overseas (Thailand) Co., Ltd.	Thailand	Management Advisory	Related party of the shareholder of the Company

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

Name of entities	Country of incorporation/ Nationality	Type of business	Nature of relationships
Wallstreet Tullet Prebon Co., Ltd.	Thailand	Brokerage financial instruments	Common director since 2 nd quarter of 2020
Wallstreet Tullet Prebon Securities Ltd.	Thailand	Brokerage trading securities	Common director since 2 nd quarter of 2020
Anda Development Co., Ltd.	Thailand	Residential real estate trading	Common director since 2 nd quarter of 2020
Designers Concept Ltd.	Thailand	Interior services	Common directors with G J Steel
SK Capital Management Company Limited	Thailand	Business advisory and management services	Common directors with G J Steel
S N P Management Company Limited	Thailand	Construction	Common directors with G J Steel
Amason Co., Ltd.	Thailand	Wholesale of other machinery and equipment	Common directors with the Company
Mr. Veerachai Suteerachai	Thai	-	Director of related company
Key management personnel	Thai	-	Persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sale of finished goods	Agreed prices with reference to market prices
Sales of raw materials	Cost plus margin and agreed price
Purchase of raw materials	Cost plus margin and agreed price
Business advisory services	Contractual prices
Finance costs	Contractual rates

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

Significant transactions for each of the years ended December 31, 2021 and 2020 with related parties were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Subsidiaries				
Income from forgiveness of other payables to subsidiary	-	-	-	293
Finance costs	-	-	-	2
Other related parties				
Sale of raw materials and finished goods	49	276	49	276
Purchase of raw materials	1	267	1	267
Gain from debt restructuring	9	-	9	-
Gain from repayment of liabilities from compromise	9	-	9	-
Business advisory services	-	3	-	3
Finance costs	555	533	430	533
Key management personnel				
Key management personnel compensation				
Short-term benefits	150	23	150	23
Long-term benefits	0.2	0.3	0.2	0.3

Balances as at December 31, 2021 and 2020 with related parties were as follows:

	Note	In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2021	2020	2021	2020
Advances					
Subsidiary					
GS Securities		-	-	4	4
Less: Allowance for impairment losses		-	-	(2)	-
Net		-	-	2	4
Advance payments for purchase of property, plant and equipment					
Other related party					
Grand Asia Steel Processing Center Co., Ltd.		-	8	-	8
Less: Allowance for impairment losses		-	(8)	-	(8)
Net		-	-	-	-
Other non-current assets					
Loans to and accrued interest income from related parties					
Subsidiaries					
Loans to					
SPH		-	-	7	7
Less: Allowance for impairment losses		-	-	(7)	(7)
Net		-	-	-	-
Accrued interest income					
SPH		-	-	1	1
Less: Allowance for impairment losses		-	-	(1)	(1)
Net		-	-	-	-

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

Movements of loans to subsidiaries during the year ended December 31, 2021 were as follows:

	In Million Baht	
	Consolidated Financial Statements	Separate Financial Statements
Loans to subsidiaries		
As at January 1, 2021	-	7
Addition	-	-
As at December 31, 2021	-	7

During the year ended December 31, 2020, the Company written-off other receivable from, loans to and interest receivables from OAC totalling of Baht 5,122 million and reversed allowance for impairment losses at same amount according to bankruptcy ordered by the Central Bankruptcy Court on August 31, 2020.

During the year ended December 31, 2021, the Company written-off advance payments for purchase of property, plant and equipment to other related party of Baht 8 million.

	Notes	In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		2021	2020	2021	2020
Other payables and accrued expenses	19				
Other related parties					
Key management personnel					
(Accrued bonus and incentive program)		13	-	13	-
Arnoma Hotel Bangkok Co., Ltd.		-	3	-	3
ACO I		1,415	1,295	1,415	1,295
Synergy		48	44	48	44
Total		<u>1,476</u>	<u>1,342</u>	<u>1,476</u>	<u>1,342</u>
Advances received from customers					
Other related party					
Asia Metal Public Company Limited		<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Accrued interest expense	20				
Subsidiary					
GS Securities		-	-	2	2
Other related parties					
Mr. Veerachai Suteerachai		-	9	-	9
Superior Overseas (Thailand) Co., Ltd.		4	2	4	2
Link Capital I		818	409	818	409
ACO I		241	252	241	252
Total		<u>1,063</u>	<u>672</u>	<u>1,065</u>	<u>674</u>
Liabilities from terminated					
rehabilitation plan and compromise	21				
Other related parties					
Portion due within one year:					
Mr. Veerachai Suteerachai		-	16	-	16
Portion due after one year:					
Superior Overseas (Thailand) Co., Ltd.		<u>146</u>	<u>146</u>	<u>146</u>	<u>146</u>
Total		<u>146</u>	<u>162</u>	<u>146</u>	<u>162</u>

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

		In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Notes	2021	2020	2021	2020
Machinery and construction payables	23				
Other related party					
Grand Asia Steel Processing Center Co., Ltd.		-	1	-	1
Short-term borrowings from related parties	22				
Other related party					
Link Capital I		348	1,433	348	1,433

Movements of short-term borrowings from related parties during the year ended December 31, 2021 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)
Short-term borrowings from related parties	
As at January 1, 2021	1,433
Repayments	(1,121)
Exchange rate adjustments	36
As at December 31, 2021	348

		In Million Baht			
		Consolidated Financial Statements		Separate Financial Statements	
	Note	2021	2020	2021	2020
Long-term borrowings from related parties	22				
Other related parties					
Portion due within one year:					
ACO I		47	314	47	314
Portion due after one year:					
Link Capital I		995	887	995	887
ACO I		251	-	251	-
		1,246	887	1,246	887
Grand total		1,293	1,201	1,293	1,201

Movements of long-term borrowings from related parties during the year ended December 31, 2021 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)
Long-term borrowings from related parties	
As at January 1, 2021	1,201
Repayments	(16)
Amortization of deferred loan arrangement fee	6
Exchange rate adjustments	102
As at December 31, 2021	1,293

Long-term borrowings from ACO I amounting to Baht 314 million are repayable in various amount as specified in the agreements ending within February and June 2019 and bear interest at the rate of 15% per annum (default rate). The Company is responsible for withholding income tax as specified in agreement.

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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December 31, 2021

Significant agreements with related parties

Credit Agreement

As at December 31, 2021 and 2020, the Company was granted credit facilities from Link Capital I (Mauritius) Limited of USD 70 million and USD 84.1 million, respectively, as discussed in Note 16.

During the year 2021, the Company has repaid the partial amount of principal of borrowings from related party as discussed in Note 22.

Business Advisory Agreement

On May 12, 2017, the Company entered into agreement for business advisory and review with a foreign related party for consultancy service in aspect of the capacity utilization efficiency, EBITDA and maximized the cash flow with a monthly service fee of USD 41,667. Subsequently on January 8, 2020, the Company made an agreement of termination to the lender and business advisory company which was effective on January 1, 2020.

However, up to the present such termination agreement has not yet been signed since the fees payable under the agreement is still outstanding. The Company is now negotiating the payment schedule with such foreign related party so the termination agreement can be signed.

Financial Advisory Services Agreement

On April 3, 2019, the Company entered into Financial Advisory Services Agreement with Ares SSG Capital Management (Mauritius) Limited (formerly SSG Capital Management (Mauritius) Limited) (the Advisor), the Advisor shall make available to the Company an experienced advisory team to review the Company's financial and business performance on a monthly basis or more regularly as the Advisor may deem appropriate. The Advisor shall ensure that the advisory team will deal with and advise on any major issues or crises that may arise concerning the management and financial performance of the Business and recommend any steps needed to be taken by the Company to rectify any instances of cash or credit liquidity shortfall. The Company shall pay to Advisor a recurring fee equal to 1.5% of its operating revenues. This agreement shall expire on the earlier to occur of (i) the fifth anniversary of the commencement date, or (ii) the date upon which the Company has first paid down its indebtedness in an amount, in aggregate, at least equal to USD 30 million. Subsequently on January 11, 2021, the Company entered in to Termination of Financial Advisory Services Agreement with the Advisor with the effective from November 30, 2020 and the Advisor agreed to waive the recurring fee from August 2019 to November 2020 totalling Baht 162.7 million. In this regard, the Company reversed the advisory fee for 2020 amounting to Baht 124.8 million and recorded the reversal fee of 2019 as a part of other income in the consolidated and separate statement of comprehensive income amounting to Baht 37.9 million.

Compromise Agreement

On July 31, 2019, the Company entered into a compromise agreement with Superior Overseas (Thailand) Co., Ltd. The Company agreed to repay debt by:

- Partially converting principal amounting Baht 332 million into ordinary share of the Company. Superior Overseas (Thailand) Co., Ltd. agreed to waive all accrued interest up to December 2, 2019 as well as interest until the date of newly issued shares.
- Pay by installment for the remaining debt Bath 146 million within 9 years from the date of Superior Overseas (Thailand) Co., Ltd. is issued new shares. Interest will be calculated on remaining principal of Baht 59 million with the rate of MLR-2% per annum. The Company will receive grace period for 3 years and start to repay principal and interest from the 4th year. However, the Company has to pay all principal and interest within the 9th years, the maturity period.
- The Company allocated the newly issued ordinary shares of the Company under the Debt-to-Equity Conversion Scheme to the creditor and registered the additional paid-up capital with Department of Business Development, Ministry of Commerce on December 2, 2019.

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
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Debt Restructuring Agreement

On May 19, 2021, the Company entered into 2 Debt Restructuring Agreements with Asia Credit Opportunities I (Mauritius) Limited, a foreign related company, to repay the original debts plus accrued interest expense calculated up to March 1, 2020 totalling Baht 613.1 million. Under the agreements, such debts bear interest at the rate of 6% p.a. and are repayable on quarterly installments as specified in the agreements starting from June 1, 2021 and ending on December 1, 2025. The Company is responsible for withholding income tax as specified in agreements. The Company, therefore, derecognize such forgiveness debts amounting to Baht 9 million and recorded as gain from debt restructuring, presented as a part of other income in the consolidated and separate statements of comprehensive income for the year ended December 31, 2021.

Debt Settlement Agreements

The Company entered into 2 Debt Settlement Agreements with GS Securities (subsidiary) dated August 19, 2020 and September 30, 2020 to settle capital deduction of subsidiary as disclosed in Note 10 of Baht 519.0 million and Baht 105.9 million, respectively, with short-term borrowings from and interest payable to subsidiary totalling Baht 624.9 million (short-term borrowings of Baht 313.0 million and accrued interest expense of Baht 311.9 million).

On August 19, 2020, the Company entered into Debt Forgiveness Agreement with GS Securities, whereby such subsidiary forgave debts to the Company totalling Baht 649.7 million. In this regard, the Company recorded loss on devaluation of investment in subsidiary of Baht 357.1 million. Therefore, the Company recorded these forgiven amounts net offsetting with loss on devaluation of investment in subsidiary amounting to Baht 292.6 million as “Income from forgiveness of other payables to subsidiary” in the separate statements of comprehensive income for the year ended December 31, 2020.

6. CASH AND CASH EQUIVALENTS

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Cash at banks - savings account	419	331

The currency denomination of cash and cash equivalents as at December 31, 2021 and 2020 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Thai Baht	419	331

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Notes to Financial Statements (Continued)
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7. TRADE ACCOUNT RECEIVABLES - Net

	Consolidated/Separate Financial Statements (In Million Baht)	
	2021	2020
Trade account receivables - Other parties	366	460
Less: Allowance for excepted credit losses	(363)	(456)
Net	<u>3</u>	<u>4</u>
Reversal of allowance for excepted credit losses during the year	<u>93</u>	<u>146</u>
Write-off bad debts during the year	<u>93</u>	<u>146</u>

Aging analyses for trade account receivables were as follows:

	Consolidated/Separate Financial Statements (In Million Baht)	
	2021	2020
Within credit-term	-	-
Overdue		
- Not over 3 months	3	4
- Over 12 months	363	456
Total	366	460
Less: Allowance for excepted credit losses	(363)	(456)
Net	<u>3</u>	<u>4</u>

Customer credit terms

The normal terms of sale granted by the Company are by cash, domestic letter of credit and credit not over 3 working days and letters of credit at sight for export sales.

As such, full provision for receivables of Non-Performing customer have been set by the Company.

No sales transactions for the years ended December 31, 2021 and 2020 with the customers with whom the Company has set aside provisions but are still engaged in business as a means of debt collection.

The Company filed a complaint against a domestic customer (the “Non-Performing Customer”) for the alleged breach of dis-honored cheque. On June 17, 2019, the Central Bankruptcy Court has judgment that the Non-Performing Customer was bankrupt. Therefore, the Company recorded full allowance for doubtful account of Baht 146 million and considered to write-off such account receivable. Such transaction was approved by the Board of Directors’ Meeting No. 2/2564 held on February 24, 2021.

The currency denomination of trade account receivables, gross amount as at December 31, 2021 and 2020 was as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Thai Baht	366	367
United States Dollars	-	93
Total	<u>366</u>	<u>460</u>

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Notes to Financial Statements (Continued)
December 31, 2021

8. INVENTORIES - Net

	Consolidated/Separate Financial Statements (In Million Baht)	
	2021	2020
Finished goods	772	496
Raw materials	700	363
Consumables	177	66
Spare parts	416	424
Goods in transit	2	2
Total	<u>2,067</u>	<u>1,351</u>
Less: Allowance for decline in value of inventories	(26)	(25)
Less: Allowance for raw materials lost	(92)	(92)
Net	<u>1,949</u>	<u>1,234</u>
Allowance for decline in value of inventories during the year (reversal)	<u>1</u>	<u>(89)</u>

Raw materials lost

In the third quarter of 2017, the Company had raw materials (scrap steel) was lost and which may be considered misappropriate, fraud or stolen. Estimated preliminary damage cost was approximately Baht 88 million for which the Company had fully set provision. Later, in the fourth quarter of 2017, the Company prepared yearly stock count of its goods and raw materials as at December 31, 2017 and found that quantity of the Company's raw materials (scrap) lost from the stock amounted to Baht 92 million. Therefore, the Company set up additional in allowance for loss on raw materials amounting to Baht 4 million in the fourth quarter of 2017. Presently, the matter is under the investigation process of police officers in order to conclude the final offence and damage for further filing a legal lawsuit. However, the Company's management assured that the Company does not have any more damage.

On November 1 and 6, 2017, the Company paid USD 2 million (approximately Baht 68 million) to a financial supporter. However, the raw materials (scrap steel) have not been transferred as yet from control yard and the Company has recorded the payment as advance payment for raw materials at transaction date.

On January 20, 2021, the Company has entered into Settlement Agreement with the Financial Supporter, whereby such advance payment, which had outstanding balance as at December 31, 2021 and 2020 of Baht 68 million will be settled through the Arbitration Process as discussed in Note 21.

9. OTHER CURRENT ASSETS - Net

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Advances to supplier - other parties	235	169
Cash guarantee for purchase natural gas	26	41
Cash guarantee for electricity usage	9	9
Advances to supplier - other parties	8	14
Less: Allowance for impairment losses	(6)	(5)
	<u>2</u>	<u>9</u>
Others	<u>12</u>	<u>15</u>
Net	<u>284</u>	<u>243</u>

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

10. INVESTMENTS IN SUBSIDIARIES - Net

As at December 31, 2021 and 2020, the investments in subsidiaries were as follows:

	Paid Share Capital (In Million Baht)		Proportionate (%)		Separate Financial Statements (In Million Baht)					
					Cost value		Allowance for impairment loss		At cost - Net	
					2021	2020	2021	2020	2021	2020
SPH	341	341	99.99	99.99	341	341	(341)	(341)	-	-
GS Securities	67	67	99.99	99.99	22	22	-	-	22	22
Total					363	363	(341)	(341)	22	22

At the extraordinary shareholders' meeting of GS Securities held on July 17, 2020, GS Securities's shareholders passed the resolution to decrease its authorized share capital from amount of Baht 691.9 million (divided into 69.19 million ordinary shares at Baht 10 par value) to be Baht 172.9 million (divided into 17.29 million ordinary shares at Baht 10 par value). GS Securities registered such decrease in share capital with the Ministry of Commerce on August 18, 2020. The Company used the refund from capital decrease of GS Securities of Baht 519.0 million to settle with short-term borrowings from and interest payable to subsidiary.

At the extraordinary shareholders' meeting of GS Securities held on August 28, 2020, GS Securities's shareholders passed the resolution to decrease its authorized share capital from amount of Baht 172.9 million (divided into 17.29 million ordinary shares at Baht 10 par value) to be Baht 67.0 million (divided into 6.7 million ordinary shares at Baht 10 par value). GS Securities registered such decrease in share capital with the Ministry of Commerce on September 29, 2020. The Company used the refund from capital decrease of GS Securities of Baht 105.9 million to settle with interest payable to subsidiary.

11. OTHER LONG-TERM INVESTMENT

As at December 31, 2021 and 2020, other long-term investment represented investment in G J Steel Public Company Limited ("G J Steel") at 9.45% shareholding (direct holding of 8.24% held by the Company and indirect holding held by GS Securities of 1.21%) that not held for trading but held for strategic purposes is stated at fair value. Unrealized gain on changes in the fair value of this security were recorded through other comprehensive income in the consolidated and separate financial statements for the year ended December 31, 2021 of Baht 795 million and Baht 693 million, respectively (2020: consolidated financial statement amounting to Baht 96 million and separate financial statement amounting to Baht 84 million). Details were as follow:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Balance as at January 1	385	289	336	252
Changes in fair value	795	96	693	84
Balance as at December 31	1,180	385	1,029	336

G J Steel's shares and G J Steel's warrants pledge as collateral

As at December 31, 2021 and 2020, the Company pledged its G J Steel's shares as collateral for the benefit of creditors as follows:

	Consolidated/Separate Financial Statements	
	Number of shares (In Million Shares)	
	2021	2020
<i>G J Steel's shares</i>		
Liabilities from terminated rehabilitation plan and compromise	897	983
Long-term borrowings from related party	1,100	1,100
Total	1,997	2,083

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Notes to Financial Statements (Continued)
December 31, 2021

12. ADVANCE PAYMENTS FOR PURCHASE OF EQUIPMENT - Net

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Advance payments for		
Hot rolled coil expansion project	-	1,308
Coil conditioning line project	-	692
Total	-	2,000
Less: Allowance for impairment losses	-	(2,000)
Net	-	-

During the third quarter of 2021, the Company wrote-off advance payments for purchase of equipment amounting to Baht 2,000 million together with the reversal of allowance for impairment losses. Such written-off transaction was approved by the Board of Directors' Meeting of the Company held on August 11, 2021.

13. PROPERTY, PLANT AND EQUIPMENT - Net

	Consolidated/Separate financial statements (In Million Baht)						
	Land and land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
Cost							
As at January 1, 2020	762	3,212	19,424	164	6	4,980	28,548
Additions	-	-	1	1	3	85	90
Effects of the adoption of TFRS 16 as at January 1, 2020	-	12	-	-	2	-	14
Disposals and write-off	-	(7)	(34)	(30)	-	-	(71)
Transfers in (out)	-	-	-	1	-	(1)	-
As at December 31, 2020	762	3,217	19,391	136	11	5,064	28,581
Additions	-	6	23	-	-	99	128
Transfers in (out)	-	-	157	-	-	(157)	-
As at December 31, 2021	762	3,223	19,571	136	11	5,006	28,709
Accumulated Depreciation							
As at January 1, 2020	26	1,307	11,698	146	6	-	13,183
Depreciation charge for the year	-	51	388	5	1	-	445
Disposals and write-off	-	(8)	(9)	(31)	-	-	(48)
As at December 31, 2020	26	1,350	12,077	120	7	-	13,580
Depreciation charge for the year	-	51	396	3	2	-	452
As at December 31, 2021	26	1,401	12,473	123	9	-	14,032
Allowance for Impairment Losses							
As at January 1, 2020 and December 31, 2020 and 2021	306	1,071	1,705	6	-	3,466	6,554
Net Book Value							
Owned assets	430	789	5,609	10	1	1,598	8,437
Right-of-use assets	-	7	-	-	3	-	10
As at December 31, 2020	430	796	5,609	10	4	1,598	8,447
Owned assets	430	750	5,393	7	-	1,540	8,120
Right-of-use assets	-	1	-	-	2	-	3
As at December 31, 2021	430	751	5,393	7	2	1,540	8,123

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December 31, 2021

Details of construction in progress as at December 31, 2021 and 2020 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Hot rolled coil expansion	513	513
Coil conditioning line	4,430	4,514
Others	63	37
Total	5,006	5,064
Less: Allowance for impairment losses	(3,466)	(3,466)
Net	1,540	1,598

Certain construction in progress at cost of Baht 1,385 million was the project promoted by the Board of Investment (BOI) under promotional certificate no.1579 (2)/2548 dated June 29, 2005 and the Company got import duty tax exemption of machineries approved by the committee (BOI) which the project should be completed and operated within 36 months from the certificate issued date. Despite several extension by the BOI, the Company could not complete the project and ultimately the BOI did not extend the approval any further. Hence, the Company terminated such project.

Subsequently, the Company re-exported 4 machines from the Kingdom under the said BOI privilege, i.e. Skin Pass, Slitting Coil, Cut to Length, and Heavy Gauge to alleviate the burden of payment of tax and penalty since it is not supported by the extension by the BOI. Total loss booked on such sale in 2019 amounted to Baht 946 million and Baht 22 million in 2020.

The gross carrying amounts of the Company's certain building and equipment totalling approximately Baht 2,178 million and Baht 2,177 million were fully depreciated as at December 31, 2021 and 2020, respectively, but these items are still in active use.

Impairment testing for carrying amount of property, plant and equipment

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount of 2021 were as follows:

Valuation methodology	: Discounted cash flow method
Period	: 5 years financial projection was based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth.
Growth rate of sale quantity	: At the rates of 1% per annum in 1 st year and 3% per annum in 2 nd - 5 th year.
Growth rate of selling price	: At the rates of 5% per annum in 1 st year and 0% per annum in 2 nd - 5 th year.
Terminal value	: Determined based on terminal value growth rate of 0% per annum from net cash flows of the 5 th year
Discount rate	: At the rates of 10.63% per annum which were based on weighted average cost of capital, with average industry cost of debt, risk free rate, market risk premium and G J Steel's beta.
Others	: Other assumptions relevant to estimated revenues and expenses were based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated market growth rate.

Based on the above impairment testing by the management, there was no additional impairment in the book value of property, plant and equipment of the Company as at December 31, 2021.

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

Sensitivity analysis of impairment test of property, plant and equipment

Sensitivity analysis is performed to analyse the risk that valuation of recoverable amount of property, plant and equipment will increase or decrease as a result of changes in fair value assumptions.

Reasonably possible changes at the valuation date (dated December 31, 2021) to one of the relevant fair value assumptions, holding other assumptions constant, would have affected the fair value of recoverable amount by the amounts shown below:

	Impact to increase (decrease) fair value of recoverable amount of property, plant and equipment (in Million Baht)	
	Increase in change in assumption	Decrease in change in assumption
Discount rate		
- Change of 0.5%	(68)	68
- Change of 1%	(135)	137
Growth rate of sale quantity		
- Change of 5%	72	(72)
- Change of 10%	144	(143)
Growth rate of selling price		
- Change of 0.5%	2,206	(2,176)
- Change of 1%	4,443	(4,322)

Although the analysis does not take into account of the full distribution of cash flows expected under the financial projection, it does provide an approximation of the sensitivity of the assumptions shown.

Mortgaged property, plant and equipment

Security for liabilities from compromise

Certain land of the Company, which have net book value as at December 31, 2021 and 2020 of Baht 66 million, were mortgaged as collateral for liabilities from compromise as discussed in Note 21.

Security for tax liabilities

Machinery (Pickle and Oil line) of the Company, which have net book values as at December 31, 2020 totalling Baht 1,503 million, were mortgaged with the Revenue Department to secure tax liabilities as discussed in Note 19.

In April 2021, the Company already paid remaining balances of such tax installment payable in full amount and already released the mortgaged assets in July 2021.

Security for working capital line with a foreign related party

Property, plant and equipment of the Company, which have net book value as at December 31, 2021 and 2020 of Baht 6,358 million and Baht 6,712 million, respectively, were mortgaged as collateral for working capital lines of credit as discussed in Note 16.

Right-of-use assets are acquired by lease liabilities.

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Notes to Financial Statements (Continued)
December 31, 2021

14. DEFERRED TAX

Tax expense for each of the years ended December 31, 2021 and 2020 consisted of:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2021	2021	2021
Tax expense - current tax	107	-	107	-
Add (Less) : Tax effect from deferred tax of temporary differences	-	-	-	-
Tax expense	<u>107</u>	<u>-</u>	<u>107</u>	<u>-</u>

Reconciliations between tax expense and accounting profit (loss) multiplied by the applicable tax rate for each of the years ended December 31, 2021 and 2020 are as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2021	2021	2021
Accounting profit (loss) before tax	<u>1,432</u>	<u>(600)</u>	<u>1,430</u>	<u>(551)</u>
Income tax rate at 20%	286	(120)	286	(110)
Add (Less): Tax effect on				
- Non-deductible expenses	1	36	1	26
- Unrecognized certain temporary differences	36	59	36	59
- Unrecognized tax loss carry forward	-	60	-	60
- Utilized unrecognized other temporary differences	(3)	(35)	(3)	(35)
- Utilized unrecognized tax loss carry forward	<u>(213)</u>	<u>-</u>	<u>(213)</u>	<u>-</u>
Tax expense	<u>107</u>	<u>-</u>	<u>107</u>	<u>-</u>

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Notes to Financial Statements (Continued)
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Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statements were as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2021	2021	2021
Temporary differences				
- Allowance for expected credit loss				
- trade account receivables and other receivables	73	91	73	91
- Allowance for decline in value of inventories	5	5	5	5
- Allowance for impairment losses on property, plant and equipment	1,311	1,311	1,311	1,311
- Allowance for impairment losses on other current assets	1	1	1	1
- Allowance for impairment losses for advance payments for purchase of property, plant and equipment	-	400	-	400
- Depreciation gap	1,069	1,034	1,069	1,034
- Non-current provision for employee retirement benefit	21	20	21	20
- Other payables and accrued expenses	-	2	-	2
	<u>2,480</u>	<u>2,864</u>	<u>2,480</u>	<u>2,864</u>
Tax loss carried forwards	-	213	-	213
Total	<u>2,480</u>	<u>3,077</u>	<u>2,480</u>	<u>3,077</u>

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in the financial statements of the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Company can utilize the benefits there from.

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
December 31, 2021

15. OTHER NON-CURRENT ASSETS - Net

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Loans to and accrued interest income from subsidiaries	-	-	8	8
Less: Allowance for impairment losses	-	-	(8)	(8)
	-	-	-	-
Cash guarantee for electricity usage	85	85	85	85
Cash guarantee for purchase natural gas	53	53	53	53
Deferred cost of roll - net	218	179	218	179
Others	12	18	12	18
Net	<u>368</u>	<u>335</u>	<u>368</u>	<u>335</u>

On July 24, 2019, Provincial Electricity Authority, a creditor, files a civil lawsuit in connection with bankruptcy case to the Central Bankruptcy Court requesting the Court to have a judgment for the Company to repay the debt as per the rehabilitation plan. The Company was to pay the 16th installments amounted to Baht 207.84 million which was due on June 18, 2018 and the defaulted interest 0.5% as stipulate in the rehabilitation plan of the outstanding debt from the date June 19, 2018 until the filing date July 24, 2019 amounted to Baht 1.14 million, totalling Baht 208.98 million together with defaulted interest 0.5% from the filing date until the payment was made in full.

On February 25, 2020, the Court issued a judgment allowing the compromise agreement to deduct the remaining electricity deposit in the amount of Baht 23.89 million from the principal amount and accrued interest expense of Baht 209.59 million on the date of this agreement. Outstanding balance of Baht 185.70 million was agreed to be paid back 36 installments. Each installment will be paid at Baht 5.158 million and the last installment (36th) will be Baht 5.161 million starting from end of July 2020 onwards until the last installment at the end of June 2023.

16. CREDIT FACILITIES FOR OPERATION

As at December 31, 2021 and 2020, the Company was granted credit facilities from one related party as below:

Credit facilities	Consolidated/Separate Financial Statements (in Million USD)	
	2021	2020
Link Capital I - related party		
Facility A - Cash loan	30	30
Facility B - Standby letter of credit	40	40
Facility C - Cash loan	-	14.1
Total	<u>70</u>	<u>84.1</u>

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Detail of credit facility which the Company obtained from Link Capital I (Mauritius) Limited are summarized as follows:

Credit Facilities	Credit Line (in Million USD)		Interest Rate *	Repayment Term
	2021	2020		
Facility A - Cash loan	30	30	12% per annum	<ol style="list-style-type: none"> 1) 30% of the aggregate principal amount is repayable at the 4th anniversary of the first utilization date (due on April 3, 2023 **). 2) Remaining principal amount is repayable at the final maturity date (at the 5th anniversary of the first utilization date due on April 2, 2024).
Facility B - Standby letter of credit ("SBLC")	40	40	<ul style="list-style-type: none"> - Unutilized amount at the 3% per annum - Standby letter of credit at the rate of 8% per annum for the utilization period. The defaulted Standby letter of credit which is converted to deemed loan bears an interest at the rate of 15% per annum 	<ol style="list-style-type: none"> 1) During 2020, further SBLC devolved and converted to deemed loan according to the Election Notice letters from Link Capital I of USD 20.51 million. 2) As at December 31, 2021, the Company had default balance of deem loan under Facility B totalling USD 10.34 million (2020: USD 33.35 million).
Facility C - Cash loan	-	14.1	12% per annum until May 11, 2020 and 15% per annum afterwards	Repayable within 9 months from the Amendment and Restatement Agreement (due date on April 22, 2020) and extend to repayable within 10 months from the Amendment and Restatement Agreement (due date on May 21, 2020).
Total	70	84.1		

* The Company is responsible for withholding income tax. The Company must pay to the Lender a front-end fee of 3% of each utilization of a cash loan.

** Business day as specified in the agreement.

These facilities from related party were guaranteed by the mortgaged property, plant and equipment of the Group as discussed in Note 13 and personal assets of the Company's director and a related party.

The Company received a Default Letter from Link Capital I (lender) dated June 5, 2020 notice to rectify the following continuous Events of Default on various facilities pursuant to Credit Facility Agreement. The total amount of Default (cash loan, standby letter of credit, and other fees) as at December 31, 2021 and 2020 stands at USD 31.06 million and USD 58.97 million, respectively.

On December 17, 2020, the Company entered into a Standstill Agreement with Link Capital I, whereby the lender, agrees not to take any action for 6 months from the effective date of the Standstill Agreement up to May 31, 2021 while the Company is still negotiating with them on terms to restructure the outstanding without any penalty interest and no arrangement fees. Subsequently on June 16, 2021, the Company received the Amendment of Standstill Letter from such lender to extend the suspension period until December 31, 2021. Subsequently on December 28, 2021, the lender has now agreed to extend the suspension period until December 31, 2022. In this regard, the Company is negotiating with the lender to restructure the default amounts. The Company, therefore, still presents the borrowings from such related party in the consolidated and separate statements of financial position as at December 31, 2021 and 2020 according to the repayment schedule in the Credit Agreement.

During year 2021, the Company has repaid the partial amount of principal of borrowings from related party in Note 22.

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December 31, 2021

17. INTEREST-BEARING LIABILITIES

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
<i>Current</i>		
Trade account payables - Unsecured	10	45
Other payables and accrued expenses - Unsecured	38	222
Accrued interest		
- Secured	20	-
- Unsecured	4	-
Current portion of liabilities from terminated rehabilitation plan and compromise		
- Secured	57	19
- Unsecured	137	137
Current portion of long-term borrowings from related parties - Secured	47	314
Current portion of debentures - Unsecured	521	469
Current portion of lease liabilities - Secured	3	7
Short-term borrowings from related parties		
- Secured	348	1,433
Total current	<u>1,185</u>	<u>2,646</u>
<i>Non-current</i>		
Other payables and accrued expenses - Unsecured	1,390	1,133
Accrued interest		
- Secured	104	-
- Unsecured	24	-
Liabilities from terminated rehabilitation plan and compromise		
- Secured	307	364
- Unsecured	91	154
Long-term borrowings from related parties - net		
- Secured	1,246	887
Lease liabilities - net - Secured	1	4
Total non-current	<u>3,163</u>	<u>2,542</u>
Grand total	<u><u>4,348</u></u>	<u><u>5,188</u></u>

G STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Financial Statements (Continued)
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The periods to maturity of interest-bearing liabilities as at December 31, 2021 and 2020 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Not later than 1 year	1,185	2,649
Later than 1 year but not later than 5 years	1,903	1,350
Later than 5 years but not later than 9 years	1,260	1,189
Total	<u>4,348</u>	<u>5,188</u>

Secured interest-bearing liabilities as at December 31, 2021 and 2020 were secured by collateral as discussed in Notes 11 and 13.

Debentures

As at December 31, 2021 and 2020, the outstanding balances of the Company's debentures were amounting to USD 15.51 million and bore interest at the rate of 3% per annum and was unsecured, which mature in October 2015. On January 9, 2012, the Company received notice letter from bondholder's representative that the Company was default to pay debentures' interest expense which was due on December 30, 2011. However, up to present, the Company has not been called to redeem such maturity debentures.

The movements of debentures during the years ended December 31, 2021 and 2020 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
As at January 1	469	471
Exchange rate adjustments	52	(2)
At December 31	<u>521</u>	<u>469</u>

18. TRADE ACCOUNT PAYABLES

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Other parties	<u>136</u>	<u>202</u>

The currency denomination of trade account payables as at December 31, 2021 and 2020 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Thai Baht	101	110
United States Dollars	20	58
Others	15	34
Total	<u>136</u>	<u>202</u>

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December 31, 2021

The Company has agreements to purchase raw materials from various suppliers. The Company had taken delivery of raw materials under consignment agreements. Details were as below:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Trade account payables	-	33

19. OTHER PAYABLES AND ACCRUED EXPENSES

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
<i>Current</i>		
Related parties	73	209
Accrued bonus and incentive program	67	-
Tax installment payable	-	75
Electricity and energy service payables	109	255
Others	193	346
	<u>442</u>	<u>885</u>
<i>Non-current</i>		
Related party	1,390	1,133
Electricity and energy service payable	43	-
	<u>1,433</u>	<u>1,133</u>
Total	<u>1,875</u>	<u>2,018</u>

The currency denomination of other payables and accrued expenses as at December 31, 2021 and 2020 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Thai Baht	538	771
United States Dollars	1,334	1,247
Others	3	-
Total	<u>1,875</u>	<u>2,018</u>

Tax installment payable - Revenue Department

As at December 31, 2020, the Company had outstanding balance of tax installment payable to the Revenue Department amounting to Baht 75 million. The Company has to pay the tax in 5 installments at the amount of Baht 14.96 million each until May 2021.

Under this repayment schedule, the Company mortgaged its 4 plots of land and construction of G J Steel and pickle and oil line of the Company as collateral as discussion in Note 13 together with the guarantee provided for another company.

In April 2021, the Company also fully paid of tax installment payable and released 4 mortgaged land title deeds of G J Steel in July 2021. Currently, these land title deeds are in the process of transferring the registration in the name of G J Steel and the mortgaged pickle and oil line of the Company is already released in July 2021.

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Memorandum of Understanding - Debts according to Energy Services Agreement

On August 5, 2019, the Company entered into Memorandum of Understanding with a creditor to pay the outstanding electricity service debts of Baht 156.14 million and the penalty for late payment of Baht 24.93 million. The Company agreed to pay for debts of Baht 156.14 million in 33 monthly installments as specified in the memorandum, starting from December 2019 and ending in April 2021. In addition, if the Company can make payment according to the agreement without events of default, the creditor agrees not to charge the penalty of late payment of Baht 24.93 million.

Subsequently on January 10, 2020, the Company entered into Memorandum of temporary suspension of installment payment with such creditor to postpone the first installment from December 2019 to June 2020. The Company made the payment according to such memorandum of Baht 6 million with the unpaid of Baht 150.14 million. And on January 5, 2021, the Company entered into Amendment of Memorandum of Temporary Suspension of Installment Payment to pay the unpaid of old outstanding debts of Baht 150.14 million and the new electricity outstanding amounts of Baht 37.56 million, total debts of Baht 187.70 million in 63 installments as specified in the amendment of memorandum, starting from January 2021 and ending in August 2023.

20. ACCRUED INTEREST EXPENSE

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
<i>Current</i>				
Debentures	204	167	204	167
Liabilities from terminated rehabilitation plan and compromise				
Related parties	4	11	4	11
Other parties	15	31	15	31
Borrowings from related parties	763	504	765	506
Others				
Related parties	168	157	168	157
Other parties	60	126	60	126
	<u>1,214</u>	<u>996</u>	<u>1,216</u>	<u>998</u>
<i>Non-current</i>				
Borrowings from related party	104	-	104	-
Others - related party	24	-	24	-
	<u>128</u>	<u>-</u>	<u>128</u>	<u>-</u>
Total	<u>1,342</u>	<u>996</u>	<u>1,344</u>	<u>998</u>

The currency denomination of accrued interest expense as at December 31, 2021 and 2020 was as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Thai Baht	212	332	214	334
United States Dollars	1,121	640	1,121	640
Others	9	24	9	24
Total	<u>1,342</u>	<u>996</u>	<u>1,344</u>	<u>998</u>

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21. LIABILITIES FROM TERMINATED REHABILITATION PLAN AND COMPROMISE

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Liabilities from terminated rehabilitation plan - Other parties	73	73
Liabilities from compromise		
Related parties	146	162
Other parties	503	598
Total	<u>722</u>	<u>833</u>
Current	213	184
Non-current	509	649
Total	<u>722</u>	<u>833</u>

The movements of liabilities from terminated rehabilitation plan and compromise for the years ended December 31, 2021 and 2020 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
At January 1	833	536
Transfer from trade payable	-	383
Repayments	(111)	(64)
Settlement with cash guarantee for electricity usage (Note 15)	-	(22)
At December 31	<u>722</u>	<u>833</u>

The currency denomination of liabilities from terminated rehabilitation plan and compromise as at December 31, 2021 and 2020 was as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Thai Baht	<u>722</u>	<u>833</u>

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Liabilities from terminated rehabilitation plan

Liabilities from terminated rehabilitation plan of the Company were due to be paid in year 2018 but fell into default. Accordingly, the Company recorded accrued interest at default rate from the date of default as specified in the rehabilitation plan and presented the outstanding liabilities from terminated rehabilitation plan as at December 31, 2021 and 2020 as current liabilities in the separate and consolidated statements of financial position.

Liabilities from compromise - Other parties

The Company enter into various compromise agreements with various creditors. These compromise agreements with are repayable in monthly installments and bear interest at rate as specified in the agreements.

On January 20, 2021, the Company entered into the Settlement Agreement and Termination Fee Restructuring Agreement with a creditor (former finance supporter) with the effective date on March 1, 2020. Under the agreements, the Company committed to pay quarterly installments of the settled debts of Baht 283.1 million and termination fee of Baht 100 million plus interest at the rate of 6% p.a. as specified in the agreements starting from June 1, 2021 and ending on December 1, 2025. In this regard, the Company incurred loss on compromise debts of Baht 30 million which recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2020. However, there are unsettled debts claimed from such creditor totalling Baht 266.3 million and advance payment claimed by the Company to such creditor of Baht 68 million. Both parties agreed to pay the unsettled amount through the Arbitration Process which the creditor should file a claim with the Thai Arbitration Institute, the Office of the Judiciary within 60 days after the agreement date.

Subsequently on March 19, 2021, the creditor has filed such claim totalling Baht 266.1 million plus the interest at the rate of 6% per annum until the completion of debt repayment with the Thai Arbitration Institute, the Office of the Judiciary. And the Company already submitted an objection against the creditor's claim to the Thai Arbitration Institute on July 30, 2021.

On September 28, 2021, the creditor has filed a counterclaim to the Thai Arbitration Institute, the Office of the Judiciary. And on October 1, 2021, which was an appointment date to determine the issues of the dispute, the duty of investigation and the proceedings. The Thai Arbitration Institute and both parties have determined the date of investigation creditors' witness on February 4, 7, 28, 2022 and March 4, 2022 and determined the date for investigation the Company's witness on March 14, 18 and 28, 2022. Subsequently on January 20, 2022, the Thai Arbitration Institute and both parties agreed to postpone the date of investigation creditors' witness to March 14, 18, 23 and 28, 2022 and the date for investigation the Company's witness to March 31, 2022 and April 1, 4 and 8, 2022.

Such liabilities from compromise were guaranteed by certain mortgaged land of the Company and pledged G J Steel's shares as discussed in Notes 11 and 13 and personal assets of the Company's director and 2 related parties.

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Notes to Financial Statements (Continued)
December 31, 2021

23. OTHER CURRENT LIABILITIES

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Liabilities related to taxes	13	2
Payables for purchase of machinery and construction payables	19	43
Others	4	5
Total	36	50

The currency denomination of other current liabilities as at December 31, 2021 and 2020 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Thai Baht	36	27
United States Dollars	-	23
Total	36	50

24. NON-CURRENT PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Non-current provision for employee retirement benefit as at January 1	101	78
Current service cost	6	5
Interest cost	2	2
Employee retirement benefit paid	(6)	(1)
Actuarial losses	-	17
Non-current provision for employee retirement benefit as at December 31	103	101

Expenses recognized in the statements of comprehensive income for each of the years ended December 31, 2021 and 2020 were as follows:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
In profit or loss for the year :		
- Current service cost	6	5
- Interest cost	2	2
In other comprehensive income for the year :		
- Actuarial losses	-	17
Total	8	24

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Notes to Financial Statements (Continued)
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Actuarial assumptions:

Discount rate	1.66% per annum
Future salary increase	4% per annum
Employee turnover	4.30% - 17.19% per annum
Mortality rate	100% of Thai Mortality Table Year 2017

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provision for defined benefit plans by the amounts shown below.

	<u>Impact to increase (decrease) / (in Million Baht)</u>	
	<u>Consolidated/Separate Financial Statements</u>	
	<u>2021</u>	<u>2020</u>
Effect on the non-current provision for employee benefit at December 31,		
Discount rate		
1% increase	(9)	(9)
1% decrease	10	10
Salary increase rate		
1% increase	11	10
1% decrease	(10)	(9)
Employee turnover rate		
1% increase	(1)	(4)
1% decrease	1	5

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

25. LEGAL RESERVE AND OTHER COMPONENTS OF EQUITY

Legal reserve

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net profit after deduction of the deficit brought forward, (if any) as reserve fund until the reserve fund reaches 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

Other Components of equity

The detail of other components of equity as at December 31, 2021 and 2020 were as follows:

	<u>In Million Baht</u>			
	<u>Consolidated Financial Statements</u>		<u>Separate Financial Statements</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Paid in capital from expired warrants				
Cash received from expired warrants				
- First Warrants (GSTEL-W1)	11	11	11	11
- Second Warrants (GSTEL-W2)	3	3	3	3
	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>
Loss on change in fair value of equity security designated at fair value through other comprehensive income	<u>(1,704)</u>	<u>(2,498)</u>	<u>(1,724)</u>	<u>(2,417)</u>
Total	<u>(1,690)</u>	<u>(2,484)</u>	<u>(1,710)</u>	<u>(2,403)</u>

From the cancellation on September 26, 2019 of warrants amounted to 7,025 million units which had book value of Baht 0.002 per unit, was transferred from warrants to be other component of equity amounted to Baht 14 million.

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26. OTHER EXPENSES

Significant other expenses for each of the years ended December 31, 2021 and 2020 are as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Loss on sale of fixed assets (Note 13)	-	22	-	22
Loss on write-off on investments in subsidiaries	-	-	-	2
Others	1	10	4	8
Total	1	32	4	32

27. REGISTERED PROVIDENT FUND

The Company has established a contributory registered provident fund under the plan, members contribute to the fund at 2% to 10% of the employees' basic salaries. The Company contributes to the fund at 3% to 10% of the employees' monthly salaries, depending on the length of employment. Such provident fund was register with the terms and conditions prescribed in the Ministry of Finance and an approval fund manager to manage the fund.

The Company contributed to the fund totalling approximately Baht 14 million and Baht 15 million for each of the years ended December 31, 2021 and 2020, respectively.

28. EXPENSES BY NATURE

Significant expenses by nature for each of years ended December 31, 2021 and 2020 are as follows:

	In Million Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Raw materials and consumable used	10,533	6,903	10,533	6,903
Change in finished goods	(276)	38	(276)	38
Depreciation and amortization	507	496	507	496
Employee benefit expenses	595	380	595	380
Utility expenses	1,192	1,108	1,192	1,108
Natural gas expense	399	307	399	307
Loss on sale of fixed assets	-	22	-	22
Others	1,203	493	1,205	493
Total expenses	14,153	9,747	14,155	9,747

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29. BASIC EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculations of basic earnings (loss) per share attributable to owners of the parent for each of the years ended December 31, 2021 and 2020 were based on the profit (loss) for the year attributable to owner of the parent and the weighted average number of ordinary shares outstanding during the years as follows:

	In Million Baht / Million shares			
	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Profit (loss) for the year attributable to owner of the parent	1,325	(600)	1,323	(551)
Number of ordinary shares outstanding at 1 January	28,929	28,929	28,929	28,929
Effect of issuance of new shares	-	-	-	-
Weighted average number of ordinary shares outstanding	28,929	28,929	28,929	28,929
Basic earnings (loss) per share (In Baht) attributable to owners of the parent	0.046	(0.021)	0.046	(0.019)

30. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the consolidated and separate statements of financial position include cash and cash equivalents, short-term investments in trading securities, trade account receivables, cash guarantee, other long-term investment, trade account payables, other payables and accrued expenses, accrued interest expense, liabilities from terminated rehabilitation plan and compromise, borrowings from related parties and other party, debentures and lease liabilities. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3.

Financial Risk Management Policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Capital Management

The Board's intention is to return to a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and preserves the ability to continue its business as a going concern.

Foreign Currency Risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies and has financial assets and liabilities denominated in foreign currencies. However, the Group does not have a hedge agreement.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

At the reporting date there were no significant concentrations of credit risk because the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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December 31, 2021

Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Group. The Group's exposure to interest rate risk relates primarily to its deposits at financial institutions, trade account payable, other payable and accrued expenses, liabilities from terminated rehabilitation plan and compromise, borrowings from related parties, debentures and lease liabilities, which bear interest rate. The Group has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2021 and 2020 classified by type of interest rates are summarized in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

		Consolidated Financial Statements						
		2021 (In Million Baht)						
		Fixed interest rates			Floating	Non-interest		Effective
	Measurement	Within 1 year	1- 5 years	Over 5 years	interest rate	bearing	Total	interest rate (% p.a.)
Financial assets								
Cash and cash equivalents	Amortized cost	-	-	-	419	-	419	0.05, 0.10
Short-term investment in trading security	FVTPL	-	-	-	-	12	12	-
Trade account receivables - net	Amortized cost	-	-	-	-	3	3	-
Cash guarantee for electricity usage and purchase of natural gas	Amortized cost	-	-	-	-	138	138	-
Other long-term investment	FVOCI	-	-	-	-	1,180	1,180	-
Total		<u>-</u>	<u>-</u>	<u>-</u>	<u>419</u>	<u>1,333</u>	<u>1,752</u>	
Financial liabilities								
Trade account payables	Amortized cost	10	-	-	-	126	136	8.82
Other payables and accrued expenses	Amortized cost	38	130	-	1,260	447	1,875	2.62 - 14.71
Accrued interest expense	Amortized cost	-	-	-	-	1,342	1,342	-
Liabilities from terminated rehabilitation plan and compromise	Amortized cost	194	339	-	59	130	722	0.50 - 6.00
Short-term borrowings from related parties	Amortized cost	348	-	-	-	-	348	17.65
Long-term borrowings from related parties	Amortized cost	47	1,259	-	-	-	1,306	4.41 - 17.65
Borrowings from other party	Amortized cost	-	-	-	-	4	4	-
Debentures	Amortized cost	521	-	-	-	-	521	3.53
Lease liabilities	Amortized cost	3	1	-	-	-	4	12.00
Total		<u>1,161</u>	<u>1,729</u>	<u>-</u>	<u>1,319</u>	<u>2,049</u>	<u>6,258</u>	

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December 31, 2021

		Consolidated Financial Statements						
		2020 (In Million Baht)						
		Fixed interest rates					Effective	
	Measurement	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	interest rate (% p.a.)
Financial assets								
Cash and cash equivalents	Amortized cost	-	-	-	331	-	331	0.05, 0.25
Short-term investment in trading security	FVTPL	-	-	-	-	9	9	-
Trade account receivables - net	Amortized cost	-	-	-	-	4	4	-
Cash guarantee for electricity usage and purchase of natural gas	Amortized cost	-	-	-	-	138	138	-
Other long-term investment	FVOCI	-	-	-	-	385	385	-
Total		<u>-</u>	<u>-</u>	<u>-</u>	<u>331</u>	<u>536</u>	<u>867</u>	
Financial liabilities								
Trade account payables	Amortized cost	45	-	-	-	157	202	8.82
Other payables and accrued expenses	Amortized cost	222	-	-	1,133	663	2,018	2.73 - 12.00
Accrued interest expense	Amortized cost	-	-	-	-	996	996	-
Liabilities from terminated rehabilitation plan and compromise	Amortized cost	156	459	-	59	159	833	0.50 - 6.00
Short-term borrowings from related parties	Amortized cost	1,433	-	-	-	-	1,433	17.65
Long-term borrowings from related parties	Amortized cost	314	906	-	-	-	1,220	14.12 - 17.65
Borrowings from other party	Amortized cost	-	-	-	-	4	4	-
Debentures	Amortized cost	469	-	-	-	-	469	3.00
Lease liabilities	Amortized cost	7	4	-	-	-	11	12.00
Total		<u>2,646</u>	<u>1,369</u>	<u>-</u>	<u>1,192</u>	<u>1,979</u>	<u>7,186</u>	

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		Separate Financial Statements						
		2021 (In Million Baht)						
		Fixed interest rates						Effective
	Measurement	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	interest rate (% p.a.)
Financial assets								
Cash and cash equivalents	Amortized cost	-	-	-	419	-	419	0.05, 0.10
Short-term investment in trading security	FVTPL	-	-	-	-	12	12	-
Trade account receivables - net	Amortized cost	-	-	-	-	3	3	-
Cash guarantee for electricity usage and purchase of natural gas	Amortized cost	-	-	-	-	138	138	-
Other long-term investment	FVOCI	-	-	-	-	1,029	1,029	-
Total		<u>-</u>	<u>-</u>	<u>-</u>	<u>419</u>	<u>1,182</u>	<u>1,601</u>	
Financial liabilities								
Trade account payables	Amortized cost	10	-	-	-	126	136	8.82
Other payables and accrued expenses	Amortized cost	38	130	-	1,260	447	1,875	2.62 - 14.71
Accrued interest expense	Amortized cost	-	-	-	-	1,344	1,344	-
Liabilities from terminated rehabilitation plan and compromise	Amortized cost	194	339	-	59	130	722	0.50 - 6.00
Short-term borrowings from related parties	Amortized cost	348	-	-	-	-	348	17.65
Long-term borrowings from related parties	Amortized cost	47	1,259	-	-	-	1,306	4.41 - 17.65
Borrowings from other party	Amortized cost	-	-	-	-	4	4	-
Debentures	Amortized cost	521	-	-	-	-	521	3.53
Lease liabilities	Amortized cost	3	1	-	-	-	4	12.00
Total		<u>1,161</u>	<u>1,729</u>	<u>-</u>	<u>1,319</u>	<u>2,051</u>	<u>6,260</u>	

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		Separate Financial Statements						
		2020 (In Million Baht)						
		Fixed interest rates						Effective
	Measurement	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	interest rate (% p.a.)
Financial assets								
Cash and cash equivalents	Amortized cost	-	-	-	331	-	331	0.05, 0.10
Short-term investment in trading security	FVTPL	-	-	-	-	9	9	-
Trade account receivables - net	Amortized cost	-	-	-	-	4	4	-
Cash guarantee for electricity usage and purchase of natural gas	Amortized cost	-	-	-	-	138	138	-
Other long-term investment	FVOCI	-	-	-	-	336	336	-
Total		<u>-</u>	<u>-</u>	<u>-</u>	<u>331</u>	<u>487</u>	<u>818</u>	
Financial liabilities								
Trade account payables	Amortized cost	45	-	-	-	157	202	8.82
Other payables and accrued expenses	Amortized cost	222	-	-	1,133	663	2,018	2.73 - 12.00
Accrued interest expense	Amortized cost	-	-	-	-	998	998	-
Liabilities from terminated rehabilitation plan and compromise	Amortized cost	156	459	-	59	158	832	0.50 - 6.00
Short-term borrowings from related parties	Amortized cost	1,433	-	-	-	-	1,433	17.65
Long-term borrowings from related parties	Amortized cost	314	906	-	-	-	1,220	14.12 - 17.65
Borrowings from other party	Amortized cost	-	-	-	-	4	4	-
Debentures	Amortized cost	469	-	-	-	-	469	3.00
Lease liabilities	Amortized cost	<u>7</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	12.00
Total		<u>2,646</u>	<u>1,369</u>	<u>-</u>	<u>1,192</u>	<u>1,980</u>	<u>7,187</u>	

Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents - the aggregate carrying values are insignificantly different from their aggregate fair value because these financial assets have floating interest rate or fix interest rate, which approximately market rate.

Short-term investment in trading security and other long-term investments - the fair value is based on their quoted market prices (using fair value level 1 input).

Trade account receivables, trade account payables, other payables and accrued expenses (short-term) - the carrying values approximate their fair values due to the relatively short-term maturity of these financial instruments.

Cash guarantee with no interest and no specific refund date - the fair value cannot reasonably to be calculated.

Other payables and accrued expenses (long-term), liabilities from terminated rehabilitation plan and compromise, borrowings from related parties and other parties and debentures - the aggregate carrying value is insignificantly different from its aggregate fair value because using market interest rate.

Lease liabilities - the carrying value approximately its fair value because these liabilities have been calculated using market interest rate.

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As at December 31, 2021 and 2020, the Group had the following assets that were measured at fair value classified by different levels of inputs as follows:

	2021 Consolidated Financial Statements (In Million Baht)			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Short-term investment in trading security	12	-	-	12
Other long-term investment	1,180	-	-	1,180
Total	1,192	-	-	1,192
	2020 Consolidated Financial Statements (In Million Baht)			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Short-term investment in trading security	9	-	-	9
Other long-term investment	385	-	-	385
Total	394	-	-	394
	2021 Separate Financial Statements (In Million Baht)			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Short-term investment in trading security	12	-	-	12
Other long-term investment	1,029	-	-	1,029
Total	1,041	-	-	1,041
	2020 Separate Financial Statements (In Million Baht)			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Short-term investment in trading security	9	-	-	9
Other long-term investment	336	-	-	336
Total	345	-	-	345

31. OPERATING SEGMENTS

Segment information is presented in respect of the Company's geographical segments based on the Company's management and internal reporting structure.

Business segments

Management considers that the Company operates in a single line of business, namely manufacturing of flat-rolled steel products, and has, therefore, only one major business segment.

Geographic segments

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

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Revenue and gross profit based on geographic segment, for the years ended December 31, 2021 and 2020 were as follows:

	Consolidated Financial Statements (In Million Baht)					
	Domestic		Export		Total	
	2021	2020	2021	2020	2021	2020
Revenue from sales	15,516	9,314	297	-	15,813	9,314
Cost of sales	(12,800)	(9,303)	(262)	-	(13,062)	(9,303)
Gross margin	2,716	11	35	-	2,751	11
Other income					249	416
Selling expenses					(163)	(148)
Administrative expenses					(403)	(234)
Gain (loss) on foreign exchange - net					(523)	38
Loss on compromise debts					-	(30)
Other expenses					(1)	(32)
Finance costs					(478)	(621)
Profit (loss) before tax					1,432	(600)
Tax expense					(107)	-
Profit (loss) for the year					1,325	(600)

Non-current assets are located in Thailand only.

Information about major customers

During the year ended December 31, 2021, the Company had revenues from the domestic sale to 3 customers for the total amount of Baht 5,970 million (2020: 3 customers of Baht 3,530 million).

32. COMMITMENTS AND CONTINGENT LIABILITIES WITH NON-RELATED PARTIES

As at December 31, 2021 and 2020, the Company had commitments and contingent liabilities as below:

	Consolidated/Separate Financial Statements (in Million Baht)	
	2021	2020
Commitments for purchases of raw materials and supplies		
Purchases of raw materials	587	793
Purchases of natural gas	7,649	8,099
Total	8,236	8,892
Capital commitments		
Purchases of assets	3	79
Contingent liabilities		
Unsettle debts (Note 21)	291	266

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Significant agreements

- a) As at December 31, 2021 and 2020, the Company has entered into agreements to render of raw water and water supply management. The Company committed to pay service fees relating to raw water and water supply management based on the quantity used.
- b) On July 2, 2019, the Company entered into agreements to purchase natural gas. The Company committed to pay the natural gas depend on monthly charges based on consumption.
- c) On March 26, 1997, the Company entered into a supply agreement to purchase oxygen, argon and nitrogen. The Company committed to pay purchase oxygen, argon and nitrogen based on minimum quantity as specified in the agreement.
- d) On July 16, 2015, the Company entered into an amended and restated energy services agreement (“ESA”) with the electricity supply company to purchase electricity (replaced the previous ESA dated August 19, 2008). The agreement shall continue in effect until the earliest of December 29, 2035 and a termination of the agreement by mutual agreement.

The Company commits to pay energy service based on minimum quantity under the agreement and the Company shall provide the guarantee for payment of Baht 60 million to such electricity supply company. However as at December 31, 2020, the Company still not deliver such guarantee.

- e) On June 1, 2019, the Company entered into a service agreement with a local company to render services for slag handling and process scrap for the period of 5 years and shall be automatically renewed for another one year unless either party gives to the other party written notice of its intention not to renew this agreement at least 6 months prior to the expiry of the initial period or any renewed period thereof.

The Company recorded service for such agreement for the each of the years ended December 31, 2021 and 2020 amounted to Baht 89 million and Baht 78 million, respectively.

33. EVENT AFTER REPORTING PERIOD

On January 21, 2022, the Company was informed by Kendrick Global Limited (“Shares Seller”) in relation to an entry into the Sale and Purchase Agreement (the “SPA”) between the Shares Seller, Nippon Steel Corporation (“Shares Purchaser”), a company whose shares are listed on the stock exchanges in Japan and whose core business is steelmaking and steel fabrication, and other contractual parties in order to sell 100% ordinary shares in Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) in the amount of 19,885,955 shares in ACO I (“Sale and Purchase of Shares in ACO I”). Currently, ACO I own 49.99% of the total voting shares of the Company and is a major shareholder of the Company.

Upon completion of the Sale and Purchase of Shares in ACO I, the shareholding structure of the major shareholder of the Company will change as follows:

Shareholders in ACO I	Prior to the Sale and Purchase of Shares in ACO I		After the Sale and Purchase of Shares in ACO I	
	Number of shares	% of shares with voting rights of ACO I	Number of shares	% of shares with voting rights of ACO I
Kendrick Global Limited	19,885,955	100%	-	-
Nippon Steel Corporation	-	-	19,885,955	100%

Such Sale and Purchase of Shares in ACO I will not affect the number of shares which ACO I holds in the Company in any way but it will be the case of a change in the Company’s indirect major shareholder and is the case where the Shares Purchaser acquires significant control over a juristic person who already owns shares in the business in accordance with the Chain Principle under the Notification of the Capital Market Supervisory Board No TorJor.12/2554 Re: Rules, Conditions and Procedures for the Acquisition of the Securities for Business Takeover dated May 13, 2011 (including any amendments). Therefore, the Shares Purchaser will be required to conduct the mandatory tender offer in order to acquire all securities of the Company from all existing shareholders afterwards.

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In this regard, the Shares Purchaser has made a public announcement on its entry into the Sale and Purchase of Shares in ACO I. According to the Purchaser's Announcement, the Shares Purchaser has stated that the expected tender offer price of the Company would be USD 0.0081 per share or equivalent to THB 0.27 per share (reference to the exchange rate of THB 33.014 per USD, which is the weighted average interbank exchange rate quoted from Bank of Thailand website as of January 18, 2022).

On February 10, 2022, the Shares Purchaser has announced the intention to make the tender offer for all of the balance securities in the business in the number of 14,467,275,959 shares (after acquiring 14,461,489,473 shares) at the expected tender offer price of THB 0.27 per share.

On February 21, 2022, the Shares Purchaser has announced the tender offer for all the shares at the offer price of THB 0.27 per share with the tender offer period from February 23, 2022 to March 29, 2022.

34. THAI FINANCIAL REPORTING STANDARDS ANNOUNCED IN THE ROYAL GAZETTE BUT NOT YET EFFECTIVE

The Federation of Accounting Professions has revised TFRSs which are effective for annual accounting periods beginning on or after January 1, 2022 and have not been adopted in the preparation of these financial statements because they are not yet effective. The Company has assessed the potential initial impact on the financial statements of these revised TFRSs and expected that there will be no material impact on the financial statements in the period of initial application.