

G J STEEL PUBLIC COMPANY LIMITED

Interim Financial Information

For the Period Ended June 30, 2022

and Report on Review of Interim Financial Information

Performed by the Independent Auditor

**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
PERFORMED BY THE INDEPENDENT AUDITOR**

To the Board of Directors of G J Steel Public Company Limited

I have reviewed the accompanying statements of financial position of G J Steel Public Company Limited as at June 30, 2022, the statements of comprehensive income for the three-month and six-month periods ended June 30, 2022 and the statements of changes in shareholders' equity and cash flows for the six-month period ended June 30, 2022, and condensed explanatory notes ("interim financial information"). Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion on the reviewed interim financial information.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information does not present fairly, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

(Ms. Wimolsri Jongudomsombut)
Certified Public Accountant, Registration No. 3899
Baker Tilly Audit and Advisory Services (Thailand) Ltd.
Bangkok
August 9, 2022

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

ASSETS

		In Thousand Baht	
		June 30, 2022	December 31, 2021
		"Unaudited"	
	Notes	"Reviewed"	"Audited"
CURRENT ASSETS			
Cash and cash equivalents	5	2,026,932	800,467
Trade account receivables	6	111,013	-
Inventories - net	7, 21	2,721,352	2,789,087
Other current assets - net	8	<u>65,714</u>	<u>57,664</u>
Total Current Assets		<u>4,925,011</u>	<u>3,647,218</u>
NON-CURRENT ASSETS			
Property, plant and equipment - net	9, 21	12,375,083	12,561,726
Other intangible assets - net		5,063	3,605
Other non-current assets - net	11	<u>395,537</u>	<u>409,681</u>
Total Non-Current Assets		<u>12,775,683</u>	<u>12,975,012</u>
Total Assets		<u><u>17,700,694</u></u>	<u><u>16,622,230</u></u>

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (Continued)
AS AT JUNE 30, 2022

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Thousand Baht	
		June 30, 2022	December 31, 2021
		"Unaudited"	"Audited"
	Notes	"Reviewed"	"Audited"
CURRENT LIABILITIES			
Trade account payables	13	389,717	273,875
Other payables and accrued expenses	4, 14	362,895	315,321
Advances received from customers		24,503	5,282
Income tax payable		100,503	-
Accrued interest expense	15	25,504	23,315
Liabilities from terminated rehabilitation plan	16	22,052	21,090
Current portion of lease liabilities	9	4,885	1,756
Current provision		6,003	-
Other current liabilities		5,075	8,834
Total Current Liabilities		941,137	649,473
NON-CURRENT LIABILITIES			
Lease liabilities - net	9	6,932	555
Non-current provision for employee retirement benefit	17	139,084	133,507
Total Non-Current Liabilities		146,016	134,062
TOTAL LIABILITIES		1,087,153	783,535
SHAREHOLDERS' EQUITY			
Share capital			
- Authorized share capital			
(ordinary share 28,750,859,116 shares at Baht 0.96 par value)		27,600,825	27,600,825
- Issued and paid-up share capital			
(ordinary share 25,487,134,896 shares at Baht 0.96 per share)		24,467,650	24,467,650
Discount on ordinary shares		(9,667,488)	(9,667,488)
Retained earnings			
- Appropriated for legal reserve	18	37,000	37,000
- Unappropriated		1,466,698	691,852
Other components of equity		309,681	309,681
Total Shareholders' Equity		16,613,541	15,838,695
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		17,700,694	16,622,230

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2022

"UNAUDITED"
"REVIEWED"

	Notes	In Thousand Baht	
		2022	2021
REVENUES	4		
Revenue from sales - net	19	5,520,768	4,701,606
Other income		14,900	13,945
Total Revenues		<u>5,535,668</u>	<u>4,715,551</u>
EXPENSES			
Cost of sales			
- Cost of goods sold	4	4,760,441	3,579,941
- Loss on decline in value of inventories (reversal)		178,304	(161)
Total Cost of Sales		4,938,745	3,579,780
Selling expenses		47,363	43,237
Administrative expenses	4	127,261	224,187
Loss on confirmed purchase orders for undelivered raw materials		6,003	-
Loss on foreign exchange - net		10,673	25,333
Finance costs	4, 12	853	54,406
Total Expenses		<u>5,130,898</u>	<u>3,926,943</u>
Profit before Tax		404,770	788,608
Tax expense	10	100,503	-
PROFIT FOR THE PERIOD		<u>304,267</u>	<u>788,608</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>304,267</u>	<u>788,608</u>
Basic Earnings per Share (In Baht)	20	<u>0.012</u>	<u>0.031</u>

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

"UNAUDITED"
"REVIEWED"

		In Thousand Baht	
	Notes	2022	2021
REVENUES	4		
Revenue from sales - net	19	10,587,156	8,197,884
Other income		27,611	28,936
Total Revenues		<u>10,614,767</u>	<u>8,226,820</u>
EXPENSES			
Cost of sales			
- Cost of goods sold	4	9,177,019	6,486,152
- Idle cost		-	31,329
- Loss on decline in value of inventories (reversal)		178,274	(329)
Total Cost of Sales		9,355,293	6,517,152
Selling expenses		92,973	82,805
Administrative expenses	4	275,872	380,776
Loss on confirmed purchase orders for undelivered raw materials		6,003	-
Loss on foreign exchange rate - net		7,722	78,085
Finance costs	4, 12	1,555	109,011
Total Expenses		<u>9,739,418</u>	<u>7,167,829</u>
Profit before Tax		875,349	1,058,991
Tax expense	10	100,503	-
PROFIT FOR THE PERIOD		<u>774,846</u>	<u>1,058,991</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>774,846</u>	<u>1,058,991</u>
Basic Earnings per Share (In Baht)	20	<u>0.030</u>	<u>0.042</u>

G J STEEL PUBLIC COMPANY LIMITED

"UNAUDITED"

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

"REVIEWED"

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	In Thousand Baht					Total
	Issued and Paid-up Share Capital	Discount on Ordinary Shares	Retained Earnings (Deficit)		Other Components of Equity	
			Appropriated for Legal Reserve	Unappropriated		
Balance as at January 1, 2021	24,467,650	(9,667,488)	-	(2,449,325)	309,681	12,660,518
Total comprehensive income for the period	-	-	-	1,058,991	-	1,058,991
Balance as at June 30, 2021	<u>24,467,650</u>	<u>(9,667,488)</u>	<u>-</u>	<u>(1,390,334)</u>	<u>309,681</u>	<u>13,719,509</u>
Balance as at January 1, 2022	24,467,650	(9,667,488)	37,000	691,852	309,681	15,838,695
Total comprehensive income for the period	-	-	-	774,846	-	774,846
Balance as at June 30, 2022	<u>24,467,650</u>	<u>(9,667,488)</u>	<u>37,000</u>	<u>1,466,698</u>	<u>309,681</u>	<u>16,613,541</u>

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

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

"UNAUDITED"
"REVIEWED"

	In Thousand Baht	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit for the period	774,846	1,058,991
Adjustments to reconcile profit for the period to net cash provided by operating activities:		
Depreciation and amortization	256,066	255,478
Work roll amortization	43,411	36,734
Interest income	(1,217)	(599)
Finance costs	1,555	109,011
Tax expense	100,503	-
Unrealized loss on foreign exchange - net	3,498	87,225
Allowance for decline in value of inventories (reversal)	178,274	(329)
Loss on confirmed purchase orders for undelivered raw materials	6,003	-
Provision for employee retirement benefit	5,577	5,492
Loss on write-off of fixed assets	32,226	22
Decrease (Increase) in Operating Assets:		
Trade account receivables	(111,013)	(22,807)
Inventories	(110,539)	(1,370,908)
Other current assets	(8,049)	(53,407)
Other non-current assets	(29,267)	(39,768)
Increase (Decrease) in Operating Liabilities:		
Trade account payables	114,311	150,380
Advances received from customers	19,221	103,690
Other payables and accrued expenses	47,183	131,134
Other current liabilities	(3,759)	11,132
Employee retirement benefit paid	-	(289)
Loss for court case claim paid	-	(2,615)
Net Cash Provided by Operating Activities	1,318,830	458,567
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(90,028)	(50,044)
Purchases of other intangible assets	(1,800)	(679)
Interest received	1,217	599
Net Cash Used in Investing Activities	(90,611)	(50,124)

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (Continued)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

"UNAUDITED"
"REVIEWED"

	In Thousand Baht	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of liabilities under rehabilitation plan	-	(735)
Repayment of lease liabilities	(1,912)	(2,920)
Finance costs paid	(265)	(67,632)
Cash Used in Financing Activities	(2,177)	(71,287)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,226,042	337,156
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	800,467	106,594
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	423	211
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	2,026,932	443,961
Additional cash flow information :		
1) Property, plant and equipment increased by means of :		
- Other account payables - net	(271)	11,410
- Lease liabilities	11,551	-
- Cash payments	90,028	50,044
Total	101,308	61,454
2) Transfer advance payment for purchase of land and building to property, plant and equipment	-	118,331
3) Transfer other intangible assets to property, plant and equipment	-	1,810
4) Write-off inventories	53	30,952
5) Write-off other current assets	-	1,111

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements
June 30, 2022 (Unaudited/Reviewed)

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G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
June 30, 2022 (Unaudited/Reviewed)

The interim financial statements were approved and authorized for issue by the Board of Directors on August 9, 2022.

1. GENERAL INFORMATION AND THE SHAREHOLDING STRUCTURE

1.1 General information

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

Head office : 88 Paso Tower, 24th Floor, Silom Road, Suriyawong, Bangrak, Bangkok

Factory : 358 Moo 6, WHA Chonburi Industrial Estate 1 Highway 331, Tambol Bowin, Amphur Sriracha, Chonburi

The Company was listed on the Stock Exchange of Thailand on July 2, 1996.

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

1.2 The shareholding structure

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 owns 40.45% 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 did not affect the number of shares which ACO I holds in the Company in any way but changed the Company’s indirect major shareholder and was 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 were required to conduct the mandatory tender offer in order to acquire all securities of the Company from all existing shareholders.

In this regard, the Shares Purchaser had 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 had stated that the expected tender offer price of the Company would be USD 0.0178 per share or equivalent to Baht 0.59 per share (reference to the exchange rate of Baht 33.014 per USD, which was the weighted average interbank exchange rate quoted from Bank of Thailand website as of January 18, 2022).

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
June 30, 2022 (Unaudited/Reviewed)

On February 10, 2022, the Shares Purchaser had announced the intention to make the tender offer for all of the balance securities in the business in the number of 12,769,143,866 shares (after acquiring 12,717,991,030 shares) at the expected tender offer price of Baht 0.59 per share.

On February 21, 2022, the Shares Purchaser had announced the tender offer for all the shares at the offer price of Baht 0.59 per share with the tender offer period from February 23, 2022 to March 29, 2022.

On April 4, 2022, the Purchaser (Nippon Steel Corporation) reported the result of the tender offer for the shares of the Company as follows:

	Class of shares	Number of shares	Percentage in comparison with the total number of outstanding shares of the shares of the Business	Percentage in comparison with the total voting rights of the Business
I. The Offeror	Ordinary	1,962,277,175	7.70	7.70
II. Parties in the Same Group as the Offeror	-	-	-	-
III. Parties under Section 258 of the Persons in I and II				
1. Asia Credit Opportunities I (Mauritius) Limited	Ordinary	10,310,359,336	40.45	40.45
	NVDR	204,485	-	-
2. G Steel Public Company Limited	Ordinary	2,100,427,209	8.24	8.24
3. GS Securities Holding Co., Ltd.	Ordinary	307,000,000	1.21	1.21
Total	Ordinary	14,680,063,720	57.60	57.60
	NVDR	204,485	-	-
	Total	14,680,268,205	57.60	57.60

Thus, the Company's major shareholders are as follows:

Shareholders' Name	Proportionate of shares (%)	
	June 30, 2022	December 31, 2021
Asia Credit Opportunities I (Mauritius) Limited ("ACO I") - incorporated in the Republic of Mauritius	40.45	40.45
G Steel Public Company Limited ("G Steel")	8.24	8.24
Nippon Steel Corporation ("NSC")	7.70	-
Ms. Arunsri Ratanathayaporn	4.77	4.69
Superior Overseas (Thailand) Company Limited	1.62	1.62
GS Securities Holdings Co., Ltd. ("GS Securities") GS Securities are 99.99% owned by G Steel	1.21	1.21

As at June 30, 2022, the Company's ultimate parent company is Nippon Steel Corporation and is incorporated in Japan, whose shares are listed on the Stock Exchanges in Japan.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
June 30, 2022 (Unaudited/Reviewed)

2. BASIS OF PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

The Company maintains its accounting records in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards. Accordingly, the interim financial statements are intended solely to present the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

The interim financial statements have been prepared to provide an update on the financial statements for the year ended December 31, 2021. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2021.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended December 31, 2021, except that the Company has adopted all the new and/or revised Thai Financial Reporting Standards that are effective for annual periods beginning on or after January 1, 2022.

3.2 Accounting standards that became effective in the current accounting period

The Company 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, 2022, in the Notes to financial statements for the year ended December 31, 2021.

The Company's management has assessed the effects of the above accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and believes that they do not have a significant impact to the interim financial information for the three-month and six-month periods ended June 30, 2022.

4. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these interim financial statements, connected persons or related parties are considered to be related to the Company if the Company 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 Company 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	Type of business	Nature of relationships
Nippon Steel Corporation (“NSC”)	Japan	Steelmaking and steel fabrication, engineering and construction, chemicals and materials, and system solutions	Indirect ultimate shareholder
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”)	Republic of Mauritius	Special-purpose for investment	Major shareholder which is a wholly-owned subsidiary of NSC
Link Capital I (Mauritius) Limited (“Link Capital I”)	Republic of Mauritius	Special-purpose for investment	Related party which is a wholly-owned subsidiary of NSC
Nippon Steel Trading Corporation (“NST”)	Japan	Sales and imports/export of steel, industrial supply and infrastructure, textiles, foodstuffs, and others	Associate of NSC
Nippon Steel Southeast Asia (“NSSEA”)	Thailand	Regional Operating Headquarters	Subsidiary of NSC
G Steel Public Company Limited (“G Steel”)	Thailand	Manufacture and sale of steel	Same indirect ultimate shareholder

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
June 30, 2022 (Unaudited/Reviewed)

Name of entities	Country of incorporation	Type of business	Nature of relationships
Siam Professional Holding Co., Ltd. (“SPH”)	Thailand	Holding company	Subsidiary of G Steel
GS Securities Holding Co., Ltd. (“GS Securities”)	Thailand	Special-purpose restructuring entity	Subsidiary of G Steel
Asia Metal Public Company Limited	Thailand	Manufacture and sale of steel	Common shareholder of G Steel
Panichsawad Co., Ltd.	Thailand	Sale of steel	Connected person with the Company and G Steel
Felix River Kwai Resort (Kanchanaburi) Co., Ltd.	Thailand	Hotel, food and beverage	Common shareholder with the Company
Key management personnel	-	-	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 Company

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

Transactions	Pricing policies
Sale of raw materials	Cost plus margin
Sale of finished goods	Cost plus margin
Purchase of raw materials	Mutual agreed prices
Other expense	Mutual agreed prices
Finance costs	Contractual rates

Significant transactions for each of the three-month and six-month periods ended June 30, 2022, and 2021 with related parties were as follows:

	In Million Baht			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2022	2021	2022	2021
Other related parties				
Sales of raw materials	19	-	49	-
Sales of finished goods	12	-	12	-
Purchase of raw materials	241	-	241	-
Other expense	1	-	1	-
Finance costs	-	49	-	98
Key management personnel				
Key management personnel compensation				
Short-term benefits	6	57	12	82
Long-term benefits	0.1	0.1	0.2	0.2

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
June 30, 2022 (Unaudited/Reviewed)

Balances as at June 30, 2022 and December 31, 2021 with related parties were as follows:

	<i>Note</i>	In Million Baht	
		June 30, 2022	December 31, 2021
Other payable and accrued expense			
Other related party	14	<u>1</u>	<u>-</u>
Accrued incentive program			
Key management personnel	14	<u>-</u>	<u>3</u>

5. CASH AND CASH EQUIVALENTS

	In Million Baht	
	June 30, 2022	December 31, 2021
Cash at banks - savings account	<u>2,027</u>	<u>800</u>

The currency denomination of cash and cash equivalents as at June 30, 2022 and December 31, 2021 were as follows:

	In Million Baht	
	June 30, 2022	December 31, 2021
Thai Baht	2,019	793
United States Dollars	<u>8</u>	<u>7</u>
Total	<u>2,027</u>	<u>800</u>

6. TRADE ACCOUNT RECEIVABLES

	In Million Baht	
	June 30, 2022	December 31, 2021
Other parties	<u>111</u>	<u>-</u>

Aging analyses for trade account receivables were as follows:

	In Million Baht	
	June 30, 2022	December 31, 2021
Within credit-term	91	-
Overdue - Not over 3 months	20	-
Total	<u>111</u>	<u>-</u>

The normal sales terms granted by the Company are cash advance and credit not over 7 working days for domestic sales, and cash advance and letter of credit at sight for export sales.

The currency denomination of trade account receivables, gross amount as at June 30, 2022 and December 31, 2021 was as follows:

	In Million Baht	
	June 30, 2022	December 31, 2021
Thai Baht	<u>111</u>	<u>-</u>

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
June 30, 2022 (Unaudited/Reviewed)

7. INVENTORIES - Net

	In Million Baht	
	June 30, 2022	December 31, 2021
Finished goods	925	545
Raw materials	1,158	1,376
Consumables	174	158
Spare parts	430	424
Goods in transit	214	288
Total	2,901	2,791
Less: Allowance for decline in value of inventories	(180)	(2)
Net	<u>2,721</u>	<u>2,789</u>
Allowance for decline in value of inventories during the period/year (reversal)	<u>178</u>	<u>(33)</u>
Write-off inventories during the period/year	<u>-</u>	<u>35</u>

8. OTHER CURRENT ASSETS - Net

	In Million Baht	
	June 30, 2022	December 31, 2021
Advances to suppliers - other parties	31	24
Less: Allowance for impairment loss	(10)	(10)
	21	14
Suspense input tax	11	6
Prepaid expenses and others	34	38
Net	<u>66</u>	<u>58</u>

On September 13, 2019, the Company filed a lawsuit against a company in Thailand together with an authorized representative of such company as a criminal case at the Bangkok South Criminal Court on charges of jointly forging and fabricating documents of rights, sharing or claiming forged documents of rights, jointly defraud and counterfeited the bank account in such sale and purchase documents of a foreign company which is a manufacturer of electrode for an amount of Baht 2.3 million and interest at a rate of 7.5% per annum from the date of infringement (December 19, 2017) until the date of filing, totalling Baht 2.6 million and interest at the rate of 7.5% per annum of the principal after the date of filing until the two defendants will pay the plaintiff in full.

The Court had arranged a mediation appointment on November 13, 2019 but the parties could not reach an agreement. Subsequently, the Court has investigated the cause of the plaintiff's case on August 17, 2020, August 31, 2020 and September 20, 2021. Whereby, on October 29, 2021, the Court has accepted the charges for further consideration and determined a date for mediation, testimony, and witness testimony and the date for the witness examination of the plaintiff's witness on February 14, 2022. Subsequently, the Court has postponed the next examination of witness and evidence on September 28, 2022 at the request of plaintiff and defendant.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Interim Financial Statements (Continued)
June 30, 2022 (Unaudited/Reviewed)

9. PROPERTY, PLANT AND EQUIPMENT - Net

The movements of property, plant and equipment - net during the six-month period ended June 30, 2022 were as follows:

	<u>In Million Baht</u>
Net book value as at January 1, 2022	12,562
Additions	101
Write-off	(32)
Depreciation charge for the period	(256)
Net book value as at June 30, 2022	<u>12,375</u>
Owned assets	12,363
Right-of-use assets	12
Total	<u>12,375</u>

Details of construction in progress - net as at June 30, 2022 and December 31, 2021 were as follows:

	<u>In Million Baht</u>	
	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Galvanizing line	5,038	5,038
Reversing Mill line	1,525	1,525
Others	421	392
Total	<u>6,984</u>	<u>6,955</u>
Less: Allowance for impairment losses	<u>(3,122)</u>	<u>(3,122)</u>
Net	<u>3,862</u>	<u>3,833</u>

Mortgaged property, plant and equipment

The Company filed a lawsuit to Southern Bangkok Civil Court against three defendants, in their capacities of bondholder trustee and security agent, to release the lien and security interests on the Company's property, plant and equipment which the Company has completely settled debt under rehabilitation plan to such creditors. On October 28, 2013, the Southern Bangkok Civil Court ruled in favour of the Company ordering the three defendants to release the mortgaged assets. Currently, two defendants have released the mortgaged assets and the Company is in the process of release of the collateral from the third defendant.

The Company's property, plant and equipment, which have net book values as at June 30, 2022 and December 31, 2021 totalling Baht 7,043 million and Baht 7,232 million, respectively, are mortgaged first ranking security against the bondholders as mentioned above. However, the Company already released pledged machinery, which are pledged second ranking security against credit facilities and had been fully repaid, with the Department of Industrial Works on April 7, 2022.

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

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10. DEFERRED TAX

Tax expense for each of the three-month and six-month periods ended June 30, 2022 and 2021 consisted of:

	In Million Baht			
	For the three-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Tax expense - current tax	101	-	101	-
Add (Less) : Tax effect from deferred tax of temporary differences	-	-	-	-
Tax expense	<u>101</u>	<u>-</u>	<u>101</u>	<u>-</u>

Reconciliations between tax expense and accounting profit multiplied by the applicable tax rate for each of the three-month and six-month periods ended June 30, 2022 and 2021 are as follows:

	In Million Baht			
	For the three-month periods ended		For the six-month periods ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Accounting profit before tax	<u>405</u>	<u>789</u>	<u>875</u>	<u>1,059</u>
Income tax rate at 20%	81	158	175	212
Add (Less): Tax effect on				
- Non-deductible expenses	1	1	7	1
- Unrecognized certain temporary differences	41	3	46	8
- Utilized unrecognition other temporary differences	-	-	-	(5)
- Utilized unrecognition tax loss carry forward	<u>(22)</u>	<u>(162)</u>	<u>(127)</u>	<u>(216)</u>
Tax expense	<u>101</u>	<u>-</u>	<u>101</u>	<u>-</u>

Deferred tax assets arising from temporary differences and unused tax losses that have not been recognized in the financial statements as at June 30, 2022 and December 31, 2021 were as follows:

	In Million Baht	
	June 30, 2022	December 31, 2021
Temporary differences		
- Allowance for decline in value of inventories	36	-
- Allowance for impairment on advances to suppliers	2	2
- Allowance for impairment losses on property, plant and equipment	721	721
- Depreciation gap	553	540
- Allowance for impairment loss on other non-current assets	76	76
- Provision for loss on confirmed purchase orders for undelivered raw materials	1	-
- Non-current provision for employee retirement benefit	28	27
	<u>1,417</u>	<u>1,366</u>
Tax loss carried forward	-	127
Total	<u>1,417</u>	<u>1,493</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.

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11. OTHER NON-CURRENT ASSETS - Net

	In Million Baht	
	June 30, 2022	December 31, 2021
Suspended construction in progress	382	382
Less: Allowance for impairment loss	(381)	(381)
	1	1
Cash guarantee for electricity usage	112	112
Cash guarantee for purchase natural gas	45	45
Restricted deposits at financial institutions for fleet card usage	1	1
Deferred cost of work roll - net	235	250
Others	2	1
Net	<u>396</u>	<u>410</u>

Suspended construction in progress

Suspended construction in progress represented the Direct Reduced Iron plant (“DRI Facility”). The management of the Company decided to suspend this project since 1999. On July 29, 2014, the Board of investment (“BOI”) had ordered the revocation of privilege in the production of Direct Reduced Iron. However, there is no burden of import duty on machinery and raw materials. On November 10, 2021, the Board of Directors’ Meeting of the Company approved to disposing off the impaired machinery items. The Company already disposed such machine in the fourth quarter of 2021. Currently, the outstanding balance represented building and structures of DRI project.

12. INTEREST-BEARING LIABILITIES

		In Million Baht	
	Notes	June 30, 2022	December 31, 2021
<i>Current</i>			
Trade account payables - Unsecured	13	3	3
Other payables and accrued expenses - Unsecured	14	19	18
Liabilities from terminated rehabilitation plan - Unsecured	16	22	21
Current portion of lease liabilities - Secured		5	2
Total current		49	44
<i>Non-Current</i>			
Lease liabilities - net - Secured		7	1
Total		<u>56</u>	<u>45</u>

The periods to maturity of interest-bearing liabilities as at June 30, 2022 and December 31, 2021 were as follows:

	In Million Baht	
	June 30, 2022	December 31, 2021
Not later than 1 year	49	44
Later than 1 year but not later than 5 years	7	1
Total	<u>56</u>	<u>45</u>

The currency denomination of interest-bearing liabilities as at June 30, 2022 and December 31, 2021 were as follows:

	In Million Baht	
	June 30, 2022	December 31, 2021
Thai Baht	34	24
United States Dollars	22	21
Total	<u>56</u>	<u>45</u>

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Notes to Interim Financial Statements (Continued)
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13. TRADE ACCOUNT PAYABLES

	In Million Baht	
	June 30, 2022	December 31, 2021
Other parties	390	274

The currency denomination of trade accounts payable as at June 30, 2022 and December 31, 2021 were as follows:

	In Million Baht	
	June 30, 2022	December 31, 2021
Thai Baht	158	84
United States Dollars	224	179
Euro	8	11
Total	390	274

14. OTHER PAYABLES AND ACCRUED EXPENSES

	In Million Baht	
	June 30, 2022	December 31, 2021
Accrued bonus and incentive program	3	89
Electricity and natural gas payables	157	72
Others	203	154
Total	363	315

The currency denomination of other payables and accrued expenses as at June 30, 2022 and December 31, 2021 were as follows:

	In Million Baht	
	June 30, 2022	December 31, 2021
Thai Baht	332	290
United States Dollars	19	24
Euro	12	1
Total	363	315

15. ACCRUED INTEREST EXPENSE

	In Million Baht	
	June 30, 2022	December 31, 2021
Trade account payables	1	1
Other payables and accrued expenses	8	7
Liabilities from terminated rehabilitation plan	17	15
Total	26	23

The currency denomination of accrued interest expense as at June 30, 2022 and December 31, 2021 were as follows:

	In Million Baht	
	June 30, 2022	December 31, 2021
Thai Baht	10	9
United States Dollars	16	14
Total	26	23

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16. LIABILITIES FROM TERMINATED REHABILITATION PLAN

In 1998, the Company faced the financial problems from financial crisis causing the Company to be unable to repay the existing debt. And in April 2000, the Company entered into the business rehabilitation process administered by the Central Bankruptcy Court. In 2002, the Central Bankruptcy Court approved the business rehabilitation plan. Later on November 28, 2008, the Company filed a petition to terminate the business rehabilitation with the Central Bankruptcy Court and on March 2, 2009, the Central Bankruptcy Court issued an order to terminate the rehabilitation proceeding of the Company.

Liabilities from terminated rehabilitation plan as at June 30, 2022 and December 31, 2021 were included in the financial statements as follows:

<u>Creditor</u>	<u>Due date</u>	<u>In Million Baht</u>	
		<u>June 30, 2022</u>	<u>December 31, 2021</u>
Class 4 Employees	July 2015	4	4
Class 13 Other Creditors	October 2011	18	17
Total		22	21

The repayment schedules of each creditor under Class 4 and Class 13 are not entirely consistent in terms of date, as they depend on the date of the conclusion of the debt. However, the first due date of creditors under Class 4 and Class 13 is October 31, 2011.

The movement of liabilities from terminated rehabilitation plan for the six-month period ended June 30, 2022 was as follows:

	<u>In Million Baht</u>
As at January 1, 2022	21
Exchange rate adjustments during the period	1
As at June 30, 2022	22

The Company's liabilities from terminated rehabilitation plan were due on October 31, 2011 but fell into default. The Company entered into negotiations with the creditors to extend the payment period. Accordingly, the Company presented the outstanding liabilities from terminated rehabilitation plan as at June 30, 2022 and December 31, 2021 as current liabilities in the statements of financial position. As a consequence of this default, the outstanding balances are payable on demand and accrued interest at a rate of 7.5% per annum from the date of default.

The currency denomination of liabilities from terminated rehabilitation plan as at June 30, 2022 and December 31, 2021 were as follows:

	<u>In Million Baht</u>	
	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Thai Baht	4	4
United States Dollars	18	17
Total	22	21

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17. NON-CURRENT PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

	<u>In Million Baht</u>
Non-current provision for employee retirement benefit as at January 1, 2022	134
Current service cost and interest cost	<u>5</u>
Non-current provision for employee retirement benefit as at June 30, 2022	<u>139</u>

Expenses recognized in the statements of comprehensive income for each of the three-month and six-month periods ended June 30, 2022 and 2021 were as follows:

	<u>In Million Baht</u>			
	<u>For the three-month periods ended</u>		<u>For the six-month periods ended</u>	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
In profit or loss for the period:				
Current service cost and interest cost	<u>3</u>	<u>2</u>	<u>5</u>	<u>5</u>

Actuarial assumptions:

Discount rate	1.79% per annum
Future salary increase	5.00% per year
Employee turnover rate	3.82% - 11.46% per year
Mortality rate	100% of Thai Mortality Table Year 2017

18. 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.

19. 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 hot-rolled flat 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.

Revenue and segment result - gross profit based on geographic segment for each of the three-month periods ended June 30, 2022 and 2021 were as follows:

	<u>In Million Baht</u>					
	<u>Domestic</u>		<u>Export</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Segment revenue	5,521	4,563	-	139	5,521	4,702
Segment result - gross profit	582	1,104	-	18	582	1,122

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Revenue and segment result - gross profit based on geographic segment for each of the six-month periods ended June 30, 2022 and 2021 were as follows:

	In Million Baht					
	Domestic		Export		Total	
	2022	2021	2022	2021	2022	2021
Segment revenue	10,587	8,059	-	139	10,587	8,198
Segment result - gross profit	1,232	1,663	-	18	1,232	1,681

Information about major customers

During the three-month periods ended June 30, 2022, the Company had revenues from the domestic sales to 4 customers for the total amount of Baht 4,033 million (2021: 2 customers totalled Baht 1,874 million).

During the six-month periods ended June 30, 2022, the Company had revenues from the domestic sales to 4 customers for the total amount of Baht 7,852 million (2021: 2 customers totalled Baht 3,514 million).

20. BASIC EARNINGS PER SHARE

The calculations of basic earnings per share for each of the three-month periods ended June 30, 2022 and 2021 were based on the profit for the periods attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

	In Million Baht / Million shares	
	2022	2021
Profit for the period attributable to equity holders of the Company	304	789
Number of ordinary shares outstanding at April 1	25,487	25,487
Effect of issuance of new shares	-	-
Weighted average number of ordinary shares outstanding	25,487	25,487
Basic earnings per share (in Baht)	0.012	0.031

The calculations of basic earnings per share for each of the six-month periods ended June 30, 2022 and 2021 were based on the profit for the periods attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the periods as follows:

	In Million Baht / Million shares	
	2022	2021
Profit for the period attributable to equity holders of the Company	775	1,059
Number of ordinary shares outstanding at January 1	25,487	25,487
Effect of issuance of new shares	-	-
Weighted average number of ordinary shares outstanding	25,487	25,487
Basic earnings per share (in Baht)	0.030	0.042

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21. COMMITMENTS AND CONTINGENT LIABILITIES WITH NON-RELATED PARTIES

As at June 30, 2022 and December 31, 2021, the Company had commitments and contingent liabilities with non-related parties as below:

	In Million Baht	
	June 30, 2022	December 31, 2021
<i>Commitments under lease and service agreements</i>		
Not later than 1 year	9	4
Later than 1 year but not later than 5 years	1	1
Total	<u>10</u>	<u>5</u>
<i>Capital commitments</i>		
Purchases of assets	<u>313</u>	<u>156</u>
<i>Commitments for purchases of raw materials and consumables</i>		
Purchases of raw materials and consumables	663	711
Purchases of natural gas	165	200
Total	<u>828</u>	<u>911</u>
<i>Contingent liabilities</i>		
Bank guarantees	<u>1</u>	<u>1</u>