

INDEPENDENT AUDITOR’S REPORT ON REVIEW OF THE INTERIM FINANCIAL INFORMATION

To the Board of Directors and Shareholders of 2S Metal Public Company Limited

I have reviewed the consolidated and separate financial statements of 2S Metal Public Company Limited and its subsidiaries (the “Group”) as at 30 September 2023, the related consolidated and separate statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2023, changes in shareholders’ equity and cash flows for the nine-month period then ended, and condensed notes to the interim financial statements (collectively “the interim financial information”). Management is responsible for the preparation and 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 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 is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting".

Luxsamee Deetrakulwattanapol

Certified Public Accountant

Registration No. 9056

Grant Thornton Limited

Bangkok

9 November 2023

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

| | Notes | Consolidated F/S | | Separate F/S | |
|---|-------|--------------------------|------------------|--------------------------|------------------|
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| | | (Unaudited but Reviewed) | (Audited) | (Unaudited but Reviewed) | (Audited) |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | | 513,826 | 595,294 | 506,176 | 587,359 |
| Trade and other accounts receivable - general customers | 6 | 396,830 | 328,159 | 387,426 | 323,841 |
| - related companies | 5, 6 | 33,979 | - | 69,065 | 23,205 |
| Inventories - net | | 631,487 | 651,997 | 616,861 | 638,824 |
| Deposits for purchase of goods | 5 | 15,989 | 19,510 | 15,989 | 19,510 |
| Short-term loans and accrued interest receivable | | | | | |
| - subsidiaries | 5 | - | - | 69,421 | 65,921 |
| Refundable value added tax | | - | 7,621 | - | 7,621 |
| Refundable income tax | | 5,088 | 10,141 | 1,751 | 1,751 |
| Other current assets | | 17,463 | 5,131 | 3,679 | 3,035 |
| Total Current Assets | | 1,614,662 | 1,617,853 | 1,670,368 | 1,671,067 |
| NON-CURRENT ASSETS | | | | | |
| Investments in subsidiaries | 7 | - | - | 216,770 | 216,770 |
| Long-term loans receivable - subsidiary | 5 | - | - | 9,400 | 9,400 |
| Property, plant and equipment - net | 8 | 633,908 | 639,052 | 279,183 | 277,822 |
| Rights-of-use assets - net | 9 | 12,311 | 8,978 | 73,096 | 73,292 |
| Investment property - net | | 681 | 934 | - | - |
| Intangible assets - net | | 533 | 805 | 450 | 684 |
| Goodwill | | 15,086 | 15,086 | - | - |
| Deferred tax assets | | 1,560 | 1,012 | - | - |
| Other non-current assets | | 2,288 | 2,300 | 1,484 | 1,496 |
| Total Non-Current Assets | | 666,367 | 668,167 | 580,383 | 579,464 |
| TOTAL ASSETS | | 2,281,029 | 2,286,020 | 2,250,751 | 2,250,531 |

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

| | Notes | Consolidated F/S | | Separate F/S | |
|--|-------|--------------------------|------------------|--------------------------|------------------|
| | | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| | | (Unaudited but Reviewed) | (Audited) | (Unaudited but Reviewed) | (Audited) |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Short-term loans from financial institutions | 10 | - | 150,000 | - | 150,000 |
| Trade and other accounts payable - general companies | | 174,603 | 37,379 | 169,287 | 32,635 |
| - related companies | 5 | 16,093 | 8,659 | 29,241 | 17,559 |
| Current portion of liabilities liabilities | | 1,566 | 1,343 | 5,762 | 5,390 |
| Current portion of employee benefits obligation | | 3,270 | - | 2,544 | - |
| Accrued income tax | | 2,480 | - | 2,480 | - |
| Value added tax payable | | 4,256 | 226 | 3,876 | - |
| Accrued expenses | | 32,893 | 31,770 | 26,540 | 25,323 |
| Other current liabilities | | 14,301 | 5,929 | 12,741 | 4,350 |
| Total Current Liabilities | | 249,462 | 235,306 | 252,471 | 235,257 |
| NON-CURRENT LIABILITIES | | | | | |
| Employee benefits obligation | | 17,634 | 19,094 | 13,381 | 16,993 |
| Long-term lease liabilities - net | | 6,351 | 2,875 | 72,470 | 72,160 |
| Deferred tax liabilities - net | | 12,451 | 13,311 | 4,627 | 4,672 |
| Total Non-Current Liabilities | | 36,436 | 35,280 | 90,478 | 93,825 |
| TOTAL LIABILITIES | | 285,898 | 270,586 | 342,949 | 329,082 |

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Thousand Baht)

| | Consolidated F/S | | Separate F/S | |
|---|--|-------------------------------|--|-------------------------------|
| | 30 September 2023 (Unaudited but Reviewed) | 31 December 2022 (Audited) | 30 September 2023 (Unaudited but Reviewed) | 31 December 2022 (Audited) |
| LIABILITIES AND SHAREHOLDERS' EQUITY (Continued) | | | | |
| SHAREHOLDERS' EQUITY | | | | |
| Share capital - common share at Baht 1 par value | | | | |
| - Registered 549,997,741 shares | 549,998 | 549,998 | 549,998 | 549,998 |
| - Issued and paid - up 549,995,954 shares | 549,996 | 549,996 | 549,996 | 549,996 |
| Premium on share capital | 121,762 | 121,762 | 121,762 | 121,762 |
| Retained earnings | | | | |
| - Appropriated for legal reserve | 55,000 | 55,000 | 55,000 | 55,000 |
| - Unappropriated | 1,250,831 | 1,272,462 | 1,136,662 | 1,150,309 |
| Other components of shareholder's equity | 20,181 | 18,613 | 44,382 | 44,382 |
| Shareholders' equity of the Company | 1,997,770 | 2,017,833 | 1,907,802 | 1,921,449 |
| Non-controlling interests in subsidiaries | (2,639) | (2,399) | - | - |
| NET SHAREHOLDERS' EQUITY | 1,995,131 | 2,015,434 | 1,907,802 | 1,921,449 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 2,281,029 | 2,286,020 | 2,250,751 | 2,250,531 |

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER

(Unit : Thousand Baht)

| | Notes | Consolidated F/S | | Separate F/S | |
|---|-------|------------------|------------------|------------------|------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| REVENUES | | | | | |
| Revenue from sales | | 1,709,011 | 1,605,841 | 1,671,202 | 1,575,242 |
| Revenue from sales of by-product | | 35,091 | 39,144 | 33,722 | 38,594 |
| Total revenues | 5, 13 | <u>1,744,102</u> | <u>1,644,985</u> | <u>1,704,924</u> | <u>1,613,836</u> |
| COSTS OF SALES | | | | | |
| Costs of sales | 5 | (1,648,567) | (1,719,671) | (1,618,469) | (1,692,575) |
| Gross profit (loss) | | <u>95,535</u> | <u>(74,686)</u> | <u>86,455</u> | <u>(78,739)</u> |
| Interest income | 5, 13 | 543 | 192 | 1,949 | 890 |
| Gain on exchange rate | | 442 | - | 3,506 | - |
| Other income | 5 | 9,850 | 10,305 | 11,503 | 10,518 |
| Profit (loss) before expenses | | <u>106,370</u> | <u>(64,189)</u> | <u>103,413</u> | <u>(67,331)</u> |
| Selling expenses | 5 | (43,496) | (39,926) | (42,948) | (38,743) |
| Administrative expenses | 5 | (26,443) | (25,466) | (23,345) | (21,589) |
| Loss on exchange rate | | - | (7,412) | - | (408) |
| Total expenses | | <u>(69,939)</u> | <u>(72,804)</u> | <u>(66,293)</u> | <u>(60,740)</u> |
| Profit (loss) before finance cost | | <u>36,431</u> | <u>(136,993)</u> | <u>37,120</u> | <u>(128,071)</u> |
| Finance cost | 13 | (68) | (62) | (927) | (1,049) |
| Profit (loss) before income tax | | <u>36,363</u> | <u>(137,055)</u> | <u>36,193</u> | <u>(129,120)</u> |
| Income tax expense | | (2,246) | 2,036 | (2,445) | 1,642 |
| Profit (loss) for the period | | <u>34,117</u> | <u>(135,019)</u> | <u>33,748</u> | <u>(127,478)</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | |
| Items to be reclassified subsequently to profit or loss | | | | | |
| Translation adjustment for foreign currency financial statements | | (145) | (777) | - | - |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | <u>33,972</u> | <u>(135,796)</u> | <u>33,748</u> | <u>(127,478)</u> |
| ALLOCATION OF PROFIT (LOSS) FOR THE PERIOD | | | | | |
| Portion of the Company's shareholders | | 34,231 | (134,740) | 33,748 | (127,478) |
| Portion of non-controlling interests | | (114) | (279) | - | - |
| | | <u>34,117</u> | <u>(135,019)</u> | <u>33,748</u> | <u>(127,478)</u> |
| ALLOCATION OF COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | | | | |
| Portion of the Company's shareholders | | 34,090 | (135,494) | 33,748 | (127,478) |
| Portion of non-controlling interests | | (118) | (302) | - | - |
| | | <u>33,972</u> | <u>(135,796)</u> | <u>33,748</u> | <u>(127,478)</u> |
| BASIC EARNINGS (LOSS) PER SHARE | | | | | |
| Profit (loss) of the Company's shareholders (Baht per share) | | 0.062 | (0.245) | 0.061 | (0.232) |
| Weighted average number of common shares (Unit : Thousand Shares) | | 549,996 | 549,996 | 549,996 | 549,996 |

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER

(Unit : Thousand Baht)

| | Notes | Consolidated F/S | | Separate F/S | |
|--|-------|------------------|------------------|------------------|------------------|
| | | 2023 | 2022 | 2023 | 2022 |
| REVENUES | | | | | |
| Revenue from sales | | 5,043,678 | 5,026,229 | 4,951,756 | 4,947,141 |
| Revenue from sales of by-product | | 105,528 | 117,156 | 101,096 | 114,051 |
| Total revenues | 5, 13 | <u>5,149,206</u> | <u>5,143,385</u> | <u>5,052,852</u> | <u>5,061,192</u> |
| COSTS OF SALES | | | | | |
| Costs of sales | 5 | (4,818,257) | (5,098,086) | (4,742,770) | (5,040,721) |
| Gross profit | | <u>330,949</u> | <u>45,299</u> | <u>310,082</u> | <u>20,471</u> |
| Interest income | 5, 13 | 2,160 | 1,419 | 5,497 | 2,680 |
| Other income | 5 | 31,379 | 33,554 | 36,103 | 35,135 |
| Profit before expenses | | <u>364,488</u> | <u>80,272</u> | <u>351,682</u> | <u>58,286</u> |
| Selling expenses | 5 | (121,987) | (108,618) | (117,969) | (106,644) |
| Administrative expenses | 5 | (84,610) | (80,685) | (73,200) | (66,980) |
| Loss on exchange rate | | (11,150) | (30,306) | (3,142) | (941) |
| Total expenses | | <u>(217,747)</u> | <u>(219,609)</u> | <u>(194,311)</u> | <u>(174,565)</u> |
| Profit (loss) before finance costs | | <u>146,741</u> | <u>(139,337)</u> | <u>157,371</u> | <u>(116,279)</u> |
| Finance costs | 13 | (199) | (544) | (2,850) | (3,420) |
| Profit (loss) before income tax | | <u>146,542</u> | <u>(139,881)</u> | <u>154,521</u> | <u>(119,699)</u> |
| Income tax expense | | (4,099) | 386 | (5,131) | 123 |
| Profit (loss) for the period | | <u>142,443</u> | <u>(139,495)</u> | <u>149,390</u> | <u>(119,576)</u> |
| | | 2.80% | 0.28% | 3.32% | 0.10% |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | |
| Items to be not reclassified subsequently to profit or loss | | | | | |
| Actuarial loss - net of tax | | 638 | - | 1,961 | - |
| Items to be reclassified subsequently to profit or loss | | | | | |
| Translation adjustment for foreign currency financial statements | | 1,615 | (5,190) | - | - |
| TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | <u>144,696</u> | <u>(144,685)</u> | <u>151,351</u> | <u>(119,576)</u> |
| ALLOCATION OF PROFIT (LOSS) FOR THE PERIOD | | | | | |
| Portion of the Company's shareholders | | 142,730 | (138,729) | 149,390 | (119,576) |
| Portion of non-controlling interests | | (287) | (766) | - | - |
| | | <u>142,443</u> | <u>(139,495)</u> | <u>149,390</u> | <u>(119,576)</u> |
| ALLOCATION OF COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | | | | |
| Portion of the Company's shareholders | | 144,936 | (143,823) | 151,351 | (119,576) |
| Portion of non-controlling interests | | (240) | (862) | - | - |
| | | <u>144,696</u> | <u>(144,685)</u> | <u>151,351</u> | <u>(119,576)</u> |
| BASIC EARNINGS (LOSS) PER SHARE | | | | | |
| Profit (loss) of the Company's shareholders (Baht per share) | | 0.259 | (0.254) | 0.272 | (0.217) |
| Weighted average number of common shares (Unit : Thousand Shares) | | 549,996 | 549,996 | 549,996 | 549,996 |

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER

(Unaudited but reviewed)

(Unit : Thousand Baht)

| | Note | Retained earnings | | | | Other components of equity | | Total |
|--|------|----------------------------|-----------------------------|---------|----------------|--|--|-----------|
| | | Paid - up Share Capital | Premium on Share capital | Legal | | Surplus on reveluation of land net of tax | Remeasurements of post- employment benefit obligarion | |
| | | | | Reserve | Unappropriated | | | |
| Separate F/S | | | | | | | | |
| Balance as at 1 January 2022 | | 499,998 | 121,762 | 50,000 | 1,434,973 | 44,382 | - | 2,151,115 |
| Increased in capital | | 49,998 | - | - | - | - | - | 49,998 |
| Dividend payment | 12 | - | - | - | (184,995) | - | - | (184,995) |
| Total transactions with shareholders | | 49,998 | - | - | (184,995) | - | - | (134,997) |
| Comprehensive income for the period | | - | - | - | (119,576) | - | - | (119,576) |
| Total comprehensive income for the period | | - | - | - | (119,576) | - | - | (119,576) |
| Balance as at 30 September 2022 | | 549,996 | 121,762 | 50,000 | 1,130,402 | 44,382 | - | 1,896,542 |
| Balance as at 1 January 2023 | | 549,996 | 121,762 | 55,000 | 1,150,309 | 44,382 | - | 1,921,449 |
| Dividend payment | 12 | - | - | - | (164,998) | - | - | (164,998) |
| Total transactions with shareholders | | - | - | - | (164,998) | - | - | (164,998) |
| Comprehensive income for the period | | - | - | - | 149,390 | - | 1,961 | 151,351 |
| Remeasurements of post-employment benefit obligation | | - | - | - | 1,961 | - | (1,961) | - |
| Total comprehensive income for the period | | - | - | - | 151,351 | - | - | 151,351 |
| Balance as at 30 September 2023 | | 549,996 | 121,762 | 55,000 | 1,136,662 | 44,382 | - | 1,907,802 |

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

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER

(Unit : Thousand Baht)

| | Consolidated F/S | | Separate F/S | |
|--|------------------|-----------|--------------|-----------|
| | 2023 | 2022 | 2023 | 2022 |
| Cash flows from operating activities | | | | |
| Profit (loss) before income tax | 146,542 | (139,881) | 154,521 | (119,699) |
| Adjustments to reconcile profit before income tax to net cash provided from operating activities: | | | | |
| Provision (reversal) for expected credit losses | 1,294 | (548) | 1,294 | (460) |
| Provision (reversal) of allowance for decline value of inventories | (10,064) | 25,721 | (9,454) | 24,660 |
| Depreciation□ | 40,661 | 36,738 | 18,870 | 19,004 |
| Loss (gain) on exchange rate | 1,886 | (3,733) | - | - |
| Loss (gain) on disposal fixed assets | (20) | 135 | (20) | - |
| Amortization | 1,075 | 468 | 1,037 | 431 |
| Interest income | (2,160) | (1,419) | (5,497) | (2,680) |
| Interest expense | 199 | 544 | 2,850 | 3,420 |
| Provision for employee benefits obligation | 2,608 | 1,209 | 1,384 | 1,073 |
| Cash flows provided from (used in) operations before changes in operating assets and liabilities | 182,021 | (80,766) | 164,985 | (74,251) |
| Decrease (increase) in operating assets: | | | | |
| Trade and other accounts receivable | (103,944) | (20,755) | (110,739) | 6,083 |
| Inventories | 30,574 | 233,329 | 31,417 | 178,965 |
| Deposits for purchase of goods | 3,521 | (4,405) | 3,521 | (4,405) |
| Refundable value added tax | 7,621 | (1,741) | 7,621 | - |
| Refundable income tax | 5,053 | (1,042) | - | (1,722) |
| Other current assets | (9,742) | 795 | (644) | (1,182) |
| Other non-current assets | 12 | 41 | 12 | 40 |
| Increase (decrease) in operating liabilities: | | | | |
| Trade and other accounts payable | 144,658 | 384,896 | 148,334 | 386,441 |
| Accrued expenses | 1,145 | (10,973) | 1,239 | (8,757) |
| Value added tax payable | 4,030 | 10,224 | 3,876 | 9,985 |
| Other current liabilities | 8,371 | 6,313 | 8,391 | 5,904 |
| Cash received from operating activities | 273,320 | 515,916 | 258,013 | 497,101 |
| Interest payment | (221) | (544) | (2,872) | (3,420) |
| Income tax paid | (5,777) | (64,831) | (3,187) | (55,627) |
| Net cash received from operating activities | 267,322 | 450,541 | 251,954 | 438,054 |

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER

(Unit : Thousand Baht)

| | Consolidated F/S | | Separate F/S | |
|---|------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Cash flows from investing activities | | | | |
| Interest received | 2,160 | 1,419 | 5,497 | 2,680 |
| Acquisition of building and equipment | (33,921) | (68,828) | (15,358) | (13,280) |
| Sale of equipment | 230 | 77 | 229 | - |
| Addition to intangible assets | - | (3) | - | - |
| Short-term loan to subsidiary | - | - | (12,500) | (35,003) |
| Net cash used in investing activities | (31,531) | (67,335) | (22,132) | (45,603) |
| Cash flows from financing activities | | | | |
| Repayment for short-term loans from financial institutions | (150,000) | - | (150,000) | - |
| Proceeds from short-term loans from subsidiary | - | - | 9,000 | 3,286 |
| Repayment for lease liabilities | (1,990) | (1,233) | (5,007) | (4,108) |
| Dividend paid | (164,998) | (134,997) | (164,998) | (134,997) |
| Net cash used in financing activities | (316,988) | (136,230) | (311,005) | (135,819) |
| Exchange rate loss on cash and cash equivalents | (271) | (1,457) | - | - |
| Net increase (decrease) in cash and cash equivalents - net | (81,468) | 245,519 | (81,183) | 256,632 |
| Cash and cash equivalents at beginning of period | 595,294 | 352,593 | 587,359 | 330,383 |
| Cash and cash equivalents at end of period | 513,826 | 598,112 | 506,176 | 587,015 |
| Supplemental disclosure for cash flows information | | | | |
| Non - cash transactions : | | | | |
| Account payable for purchase asset | - | 4,618 | - | - |
| Recognition right-of-use asset with lease liabilities during the period | 5,689 | - | 5,689 | - |

2S METAL PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2023
(Unaudited but reviewed)

1. NATURE OF OPERATIONS

The Company

2S Metal Public Company Limited is a public limited company incorporated and domiciled in Thailand and engaged in the production of steel pipes, steel plates, light lip channel and steel wire mesh, and trading of steel products. The Company's registered business office address is 8/5 Moo 14, Tambon Thachang, Amphur Bangklam, Songkhla Province. The Company has three warehouses located in Nakhon Ratchasima, Bangkok and Suratthani Provinces. The Company has following 3 subsidiaries that are engaged in its supporting businesses. The Company and its subsidiaries call "The Group".

Its subsidiaries

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

2. GENERAL INFORMATION AND BASIS OF INTERIM FINANCIAL STATEMENTS PREPARATION

2.1 Basis for interim financial statements preparation

The consolidated interim financial statements for the three-month and nine-month periods ended 30 September 2023 have been prepared in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting" and the guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission and are presented in Thai Baht currency which do not include all the information required in annual financial statements in accordance with Thai Financial Reporting Standards. These should therefore be read in conjunction with the full set of financial statements for the year ended 31 December 2022.

The interim financial statements are officially prepared in Thai language. The translation of these financial statements into other language should conform to the official Thai version.

These interim financial statements were approved by the Company's Board of Directors on 9 November 2023.

2.2 Basic for consolidation financial statements preparation

The consolidated interim financial statements included the financial statements of 2S Metal Public Company Limited and its subsidiaries and are prepared on the same basis as applied for the preparation of consolidated financial statements for the year ended 31 December 2022. There has been no significant change in the subsidiaries during the period.

3. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared using the same accounting policies used in the preparation of the financial statements of the Group for the year ended 31 December 2022, except for the adoption of the revised Thai Financial Reporting Standards that become effective for the preparation financial statements for the period beginning on or after 1 January 2023.

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

3.1 Thai Accounting Standard 16, "Property, Plant and Equipment"

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

3.2 Thai Accounting Standard 37, "Provisions, Contingent Liabilities and Contingent Assets"

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

3.3 Thai Accounting Standard 41, "Agriculture"

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

3.4 Thai Financial Reporting Standard 1, "First-time Adoption of Thai Financial Reporting Standards"

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

3.5 Thai Financial Reporting Standard 3, “Business Combinations”

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

3.6 Thai Financial Reporting Standard 9, “Financial Instruments”

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

However, the Group management considered that the application has no material impact on the financial statements.

4. ESTIMATES

When preparing the interim financial statements, management undertakes judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income, and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, are the same as those applied in the annual financial statements for the year ended 31 December 2022.

5. RELATED PARTY TRANSACTIONS

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

Pricing policies

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

Significant balances with related parties as of 30 September 2023 and 31 December 2022 are as follows:

| | (Unit : Thousand Baht) | | | |
|---|------------------------|---------------------|----------------------|---------------------|
| | Consolidated F/S | | Separate F/S | |
| | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| Trade and other accounts receivable | | | | |
| Subsidiary companies | - | - | 35,086 | 23,205 |
| Related companies | 33,979 | - | 33,979 | - |
| Total | 33,979 | - | 69,065 | 23,205 |
| Deposits for purchase of goods | | | | |
| Related company | - | 9,654 | - | 9,654 |
| Short-term loans and interest receivable | | | | |
| Subsidiary companies | - | - | 69,421 | 65,921 |
| Long-term loans receivable | | | | |
| Subsidiary companies | - | - | 9,400 | 9,400 |
| Total loans and interest receivable | - | - | 78,821 | 75,321 |

Significant movements in loans to subsidiary and accrued interest receivable for the nine-month period ended 30 September 2023 are as follows:

| | (Unit : Thousand Baht) | | | |
|----------------------|------------------------|-------------------|----------|--------------|
| | 1 January | During the period | | 30 September |
| | 2023 | Increase | Decrease | 2023 |
| Subsidiary companies | 75,321 | 12,567 | (9,067) | 78,821 |

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

Long-term loans to the subsidiary in Thailand have been granted without collateral and bear interest at 4 percent per annum. The interest is payable monthly while the principal amount is due at the end of year 2026.

| | (Unit : Thousand Baht) | | | |
|---|------------------------|---------------------|----------------------|---------------------|
| | Consolidated F/S | | Separate F/S | |
| | 30 September 2023 | 31 December 2022 | 30 September 2023 | 31 December 2022 |
| Trade and other accounts payable | | | | |
| Subsidiary companies | - | - | 13,148 | 8,900 |
| Related companies | 16,093 | 8,659 | 16,093 | 8,659 |
| Total | 16,093 | 8,659 | 29,241 | 17,559 |
| Long-term lease liabilities | | | | |
| Subsidiary companies | - | - | 70,315 | 73,332 |
| Related company | 2,563 | 3,361 | 2,563 | 3,361 |
| Total | 2,563 | 3,361 | 72,878 | 76,693 |
| Employee benefits obligation | | | | |
| Key management personnel | | | | |
| - Post-employment benefits | 19,877 | 15,083 | 14,084 | 12,007 |

Significant transactions with related parties for the three-month and nine-month periods ended 30 September 2023 and 2022 are as follows:

| Transaction with related parties | (Unit : Thousand Baht) | | | |
|--|---|---------|--------------|---------|
| | Consolidated F/S | | Separate F/S | |
| | For the three-month period ended 30 September | | | |
| | 2023 | 2022 | 2023 | 2022 |
| Sales | | | | |
| Related companies | 171,635 | 19,684 | 171,635 | 19,684 |
| Subsidiary companies | - | - | 2,493 | 2,100 |
| Total | 171,635 | 19,684 | 174,128 | 21,784 |
| Asset rental and other service income | | | | |
| Subsidiary company | - | - | 84 | 66 |
| Interest income | | | | |
| Subsidiary company | - | - | 1,407 | 698 |
| Purchase of goods and service | | | | |
| Related parties | 203,814 | 176,869 | 203,814 | 176,869 |
| Subsidiary companies | - | - | - | 45 |
| Total | 203,814 | 176,869 | 203,814 | 176,914 |
| Manufacturing costs | | | | |
| Subsidiary company | - | - | 30,562 | 22,285 |
| Transportation service | | | | |
| Subsidiary company | - | - | 19,710 | 21,050 |
| Assets rental and other service expense | | | | |
| Related company | 300 | 300 | 300 | 300 |
| Subsidiary companies | - | - | 2,434 | 2,362 |
| Total | 300 | 300 | 2,734 | 2,662 |
| Key management personnel compensation | | | | |
| Short-term employee benefits | 6,379 | 6,207 | 4,487 | 4,349 |
| Post-employment benefits | 322 | 178 | 268 | 156 |
| Total | 6,701 | 6,385 | 4,755 | 4,505 |

| Transaction with related parties | (Unit : Thousand Baht) | | | |
|--|---|---------|--------------|---------|
| | Consolidated F/S | | Separate F/S | |
| | For the nine-month periods ended 30 September | | | |
| | 2023 | 2022 | 2023 | 2022 |
| Sales | | | | |
| Related companies | 351,705 | 129,203 | 351,705 | 129,203 |
| Subsidiary companies | - | - | 19,972 | 73,702 |
| Total | 351,705 | 129,203 | 371,677 | 202,905 |
| Asset rental and other service income | | | | |
| Subsidiary company | - | - | 705 | 197 |
| Interest income | | | | |
| Subsidiary company | - | - | 3,337 | 1,266 |
| Purchase of goods and service | | | | |
| Related parties | 628,547 | 798,376 | 628,547 | 798,376 |
| Subsidiary companies | - | - | - | 45 |
| Total | 628,547 | 798,376 | 628,547 | 798,421 |
| Manufacturing costs | | | | |
| Subsidiary company | - | - | 82,954 | 63,831 |
| Transportation service | | | | |
| Subsidiary company | - | - | 57,126 | 58,779 |
| Assets rental and other service expense | | | | |
| Related company | 900 | 900 | 900 | 900 |
| Subsidiary companies | - | - | 7,300 | 7,082 |
| Total | 900 | 900 | 8,200 | 7,982 |
| Key management personnel compensation | | | | |
| Short-term employee benefits | 18,910 | 18,655 | 13,279 | 13,041 |
| Post-employment benefits | 967 | 534 | 805 | 469 |
| Total | 19,877 | 19,189 | 14,084 | 13,510 |

As of 30 September 2023 and 31 December 2022, the Company's credit facilities granted by a financial institution totaling Baht 690 million has been jointly guaranteed by a subsidiary company by mortgaging land valuing Baht 6 million as a secondary guarantee.

6. TRADE AND OTHER ACCOUNTS RECEIVABLE – NET

(Unit : Thousand Baht)

| | Consolidated F/S | | Separate F/S | |
|--|------------------|----------------|----------------|----------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2023 | 2022 | 2023 | 2022 |
| Trade accounts receivable - general customers | 396,822 | 328,151 | 387,426 | 323,841 |
| Trade accounts receivable - subsidiary companies | - | - | 35,086 | 23,205 |
| Trade accounts receivable - related companies | 33,979 | - | 33,979 | - |
| Total | 430,801 | 328,151 | 456,491 | 347,046 |
| Other accounts receivable – general customers | 8 | 8 | - | - |
| Total trade and other accounts receivable | 430,809 | 328,159 | 456,491 | 347,046 |

Aging analysis of the trade accounts receivable - general customers and related companies as of 30 September 2023 and 31 December 2022 are as follow:

(Unit : Thousand Baht)

| | Consolidated F/S | | Separate F/S | |
|--|------------------|----------------|----------------|----------------|
| | 30 September | 31 December | 30 September | 31 December |
| | 2023 | 2022 | 2023 | 2022 |
| <u>Trade accounts receivable - general customers and related companies</u> | | | | |
| Not yet due | 368,291 | 289,517 | 360,983 | 292,523 |
| Past due: | | | | |
| Less than 3 months | 61,199 | 33,260 | 73,776 | 35,435 |
| More than 3 months – 6 months | 1,249 | 927 | 1,249 | 927 |
| More than 6 months – 12 months | 932 | 1,379 | 6,835 | 15,097 |
| Over 12 months | 15,549 | 18,193 | 30,067 | 18,189 |
| Total | 447,220 | 343,276 | 472,910 | 362,171 |
| <u>Less</u> Allowance for expected credit losses | (16,419) | (15,125) | (16,419) | (15,125) |
| Trade accounts receivable - general customers and related companies – net | 430,801 | 328,151 | 456,491 | 347,046 |

The movements in allowance for expected credit losses during the period are as follows:

| | (Unit : Thousand Baht) | |
|--|------------------------|-----------------|
| | Consolidated F/S | Separate F/S |
| Balance as of 1 January 2023 | (15,125) | (15,125) |
| <u>Add</u> Allowance for expected credit losses | (5,170) | (5,170) |
| <u>Less</u> Reversal of allowance for expected credit losses | 3,876 | 3,876 |
| Balance as of 30 September 2023 | <u>(16,419)</u> | <u>(16,419)</u> |

7. INVESTMENTS IN SUBSIDIARIES

| | (Unit : Thousand Baht) | | | | | | | |
|-------------------------------------|------------------------|---------|----------------------------|---------|-------------------|----------|------------------|----------|
| | Paid-up capital | | Percentage of shareholding | | Separate F/S | | | |
| | | | | | 30 September 2023 | | 31 December 2022 | |
| | 2023 | 2022 | 2023 | 2022 | Investment | | Investment | |
| | | | | At cost | Dividend income | At cost | Dividend income | |
| Neastern Steel Co., Ltd. | 90,000 | 90,000 | 99.99 | 99.99 | 99,000 | - | 99,000 | - |
| Mega Trans and Logis Co., Ltd. | 30,000 | 30,000 | 99.99 | 99.99 | 30,000 | - | 30,000 | - |
| Grand Steel Pipe Industry Co., Ltd. | 121,970 | 121,970 | 97.11 | 97.11 | 87,770 | - | 87,770 | - |
| Total | | | | | <u>216,770</u> | <u>-</u> | <u>216,770</u> | <u>-</u> |

8. PROPERTY, PLANT AND EQUIPMENT – NET

During the nine-month period ended 30 September 2023, the Company and subsidiaries have the following condensed movements in property, plant, and equipment:

| | (Unit : Thousand Baht) | |
|--|------------------------|----------------|
| | Consolidated F/S | Separate F/S |
| Net book value as of 1 January 2023 | 639,052 | 277,822 |
| Addition to fixed assets during the period | 33,921 | 15,358 |
| Disposal during the period | (977) | (866) |
| Accumulated depreciation on – disposed items | 767 | 657 |
| Depreciation for the period | (38,855) | (13,788) |
| Net book value as of 30 September 2023 | <u>633,908</u> | <u>279,183</u> |

As at 30 September 2023 and 31 December 2022, the Company's and subsidiary's land and construction thereon, and machinery used for manufacturing products with net book values amounting to Baht 48.07 million and Baht 49.01 million, respectively, in the consolidated financial statements, and Baht 39.54 million and Baht 40.31 million, respectively, in the separate financial statements, are under mortgages as collaterals for bank overdrafts, loans and other credit facilities with financial institutions.

9. RIGHTS-OF-USE ASSETS

During the nine-month period ended 30 September 2023, the movement in rights-of-use assets are as follows:

| | (Unit : Thousand Baht) | |
|--|-----------------------------|-----------------------------|
| | Consolidated F/S | Separate F/S |
| | <u> </u> | <u> </u> |
| Net book value as of 1 January 2023 | 8,978 | 73,292 |
| Increased in period | 5,689 | 5,689 |
| Decreased in period | (803) | (803) |
| Depreciation for the period | (1,553) | (5,082) |
| Net book value as of 30 September 2023 | <u>12,311</u> | <u>73,096</u> |

10. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

| | (Unit : Thousand Baht) | |
|---------------------------------|-------------------------------|-----------------------------|
| | Consolidated and Separate F/S | |
| | 30 September 2023 | 31 December 2022 |
| | <u> </u> | <u> </u> |
| Liabilities under trust receipt | - | 150,000 |
| Total | <u>-</u> | <u>150,000</u> |

As at 31 December 2022, the Company has short-term loans from financial institutions bear interest at 2.68% per annum.

These are collateralized by the pledge of the fixed deposits, the mortgages of land and construction thereon, and machinery as mentioned in Note 9, the transfer of insurance beneficiary, and cross guarantees among all related companies totaling Baht 690 million.

11. INCOME TAX

For the nine-month periods ended 30 September 2023, the interim income tax expense is accrued based on the best estimate using the weighted-average of annual tax rate which is 2.80% per annum for the Group and 3.32% per annum for the Company.

12. DIVIDEND PAYMENT

At the Annual General Meeting for the year 2023 on 19 April 2023, the shareholders passed the resolution to propose to for approval to pay dividend from operating results of the year 2022, the Company's financial statements has retained earnings – unappropriated amount of Baht 1,150.31 million, which was considered to pay dividends at the rate of 0.20 baht per share for 550 million common shares amounting to Baht 110 million. By the list of shareholders to receive the dividend appear on the shareholder register on 9 March 2023 as follow:

| Dividend | Baht per share | Numbers of shares (Million shares) | Amount (Million Baht) |
|---------------|----------------|---------------------------------------|--------------------------|
| Cash dividend | 0.20 | 550 | 110.00 |
| Total | 0.20 | | 110.00 |

The dividend was paid on 18 May 2023.

At the Board of Director Meeting No. 3/2023 on 8 August 2023, the directors passed a resolution to approve the payment of interim dividends from non-promoted income for the six-month period end 30 June 2023 of Baht 0.10 per share for 550 million common shares totaling Baht 55 million. The dividend was paid on 7 September 2023.

At the Annual General Meeting for the year 2022 held on 21 April 2022, shareholders passed a resolution to pay dividend from income from operation for year 2021 from non-promoted business by cash dividend amount of Baht 0.27 per share for 500 million common shares amount of Baht 135 million and stock dividend at the ratio of 10 existing shares per 1 stock dividend amount of Baht 0.10 per shares amount of Baht 50 million totaling Baht 185 million.

13. SEGMENT REPORTING

Segment reporting for the three-month and nine-month periods ended 30 September 2023 and 2022 are as follows:

(Unit : Million Baht)

| | Consolidated F/S | | | | | | | |
|--|---|----------------|--|-----------------|----------------|----------------|-----------------|-----------------|
| | For the three-month period ended 30 September | | | | | | | |
| | Trading (Including raw material) | | Manufacture and distribution of steel products | | Eliminated | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues from external customers | 752.98 | 514.20 | 991.12 | 1,130.79 | - | - | 1,744.10 | 1,644.99 |
| Revenues from inter-segments | 0.05 | - | 30.59 | 23.44 | (30.64) | (23.44) | - | - |
| Total revenues | 753.03 | 514.20 | 1,021.71 | 1,154.23 | (30.64) | (23.44) | 1,744.10 | 1,644.99 |
| Interest income | 0.83 | 0.28 | 1.12 | 0.60 | (1.41) | (0.69) | 0.54 | 0.19 |
| Interest expense | (0.99) | (0.54) | (1.34) | (1.13) | 2.26 | 1.61 | (0.07) | (0.06) |
| Depreciation and amortization expenses | - | - | (15.36) | (13.87) | 1.34 | 1.34 | (14.02) | (12.53) |
| Segment profits (loss) | 17.48 | (33.87) | 16.41 | (104.45) | 0.23 | 3.30 | 34.12 | (135.02) |
| Segment assets | 967.85 | 773.57 | 1,313.18 | 1,736.52 | - | - | 2,281.03 | 2,510.09 |
| Increase (Decrease) in segment non-current assets | 1.19 | 11.05 | 1.61 | 24.82 | - | - | 2.80 | 35.87 |
| Segment liabilities | 121.31 | 157.78 | 164.59 | 354.17 | - | - | 285.90 | 511.95 |
| At point in time | 753.03 | 514.20 | 1,021.71 | 1,154.23 | (30.64) | (23.44) | 1,744.10 | 1,644.99 |
| Over time | - | - | - | - | - | - | - | - |
| Total | 753.03 | 514.20 | 1,021.71 | 1,154.23 | (30.64) | (23.44) | 1,744.10 | 1,644.99 |

(Unit : Million Baht)

| Consolidated F/S | | | | | | | | |
|---|-------------------------------------|----------|--|----------|------------|----------|----------|----------|
| For the nine-month periods ended 30 September | | | | | | | | |
| | Trading (Including raw material) | | Manufacture and distribution of steel products | | Eliminated | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues from external customers | 2,066.36 | 1,700.15 | 3,082.85 | 3,443.24 | - | - | 5,149.21 | 5,143.39 |
| Revenues from inter-segments | 12.38 | 55.14 | 83.93 | 77.71 | (96.31) | (132.85) | - | - |
| Total revenues | 2,078.74 | 1,755.29 | 3,166.78 | 3,520.95 | (96.31) | (132.85) | 5,149.21 | 5,143.39 |
| Interest income | 2.19 | 0.89 | 3.31 | 1.79 | (3.34) | (1.26) | 2.16 | 1.42 |
| Interest expense | (2.44) | (1.52) | (3.71) | (3.05) | 5.95 | 4.02 | (0.20) | (0.55) |
| Depreciation and amortization expenses | - | - | (45.77) | (41.24) | 4.03 | 4.03 | (41.74) | (37.21) |
| Segment profits (loss) | 60.79 | (27.61) | 81.07 | (116.99) | 0.58 | 5.11 | 142.44 | (139.49) |
| Segment assets | 903.95 | 835.04 | 1,377.08 | 1,675.05 | - | - | 2,281.03 | 2,510.09 |
| Increase (Decrease) in segment non-current assets | (0.71) | 11.93 | (1.09) | 23.94 | - | - | (1.80) | 35.87 |
| Segment liabilities | 113.30 | 170.31 | 172.60 | 341.64 | - | - | 285.90 | 511.95 |
| At point in time | 2,078.74 | 1,755.29 | 3,166.78 | 3,520.95 | (96.31) | (132.85) | 5,149.21 | 5,143.39 |
| Over time | - | - | - | - | - | - | - | - |
| Total | 2,078.74 | 1,755.29 | 3,166.78 | 3,520.95 | (96.31) | (132.85) | 5,149.21 | 5,143.39 |

The Group discloses the revenue disaggregating by primary geographical area as follows:

(Unit : Million Baht)

| Consolidated F/S | | | | | | | | |
|--|------------------------------------|--------|--|----------|------------|---------|----------|----------|
| For the three-month periods ended 30 September | | | | | | | | |
| | Trading (Include raw materials) | | Manufacture and distribution of steel products | | Eliminated | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Local | 752.44 | 509.27 | 983.05 | 1,126.85 | (30.64) | (23.44) | 1,704.84 | 1,612.68 |
| Lao People's Democratic Republic | 0.59 | 4.92 | 38.66 | 27.38 | - | - | 39.26 | 32.30 |
| Total | 753.03 | 514.19 | 1,021.71 | 1,154.23 | (30.64) | (23.44) | 1,744.10 | 1,644.98 |

(Unit : Million Baht)

| Consolidated F/S | | | | | | | | |
|---|------------------------------------|----------|--|----------|------------|----------|----------|----------|
| For the nine-month periods ended 30 September | | | | | | | | |
| | Trading (Include raw materials) | | Manufacture and distribution of steel products | | Eliminated | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Local | 2,074.96 | 1,743.35 | 3,060.84 | 3,381.68 | (96.31) | (132.85) | 5,039.49 | 4,992.18 |
| Lao People's Democratic Republic | 3.78 | 11.94 | 105.94 | 139.27 | - | - | 109.72 | 151.21 |
| Total | 2,078.74 | 1,755.29 | 3,166.78 | 3,520.95 | (96.31) | (132.85) | 5,149.21 | 5,143.39 |

14. COMMITMENTS AND CONTINGENT LIABILITIES

As of 30 September 2023, the Company has no changes in significant commitments and contingent liabilities that had changed from 31 December 2022, except the following:

14.1 The Company has purchase orders for raw materials and finished goods which products have not yet been received for Baht 658.66 million and Baht 197.05 million, respectively, in the consolidated and separate financial statements.

14.2 The letter of guarantee and credit facilities of the Company and subsidiary are as follows:

(Unit : Million Baht)

| | | Consolidated F/S | | | | | |
|---|------|-------------------|----------|----------|------------------|----------|----------|
| | | 30 September 2023 | | | 31 December 2022 | | |
| Currency | | Total | Utilised | Remained | Total | Utilised | Remained |
| Letters of guarantee | Baht | 8.81 | 1.56 | 7.25 | 8.81 | 1.56 | 7.25 |
| Bank overdrafts | Baht | 15.00 | - | 15.00 | 15.00 | - | 15.00 |
| Promissory note and trust receipt agreement | Baht | 690.00 | 231.58 | 458.42 | 690.00 | 150.00 | 540.00 |

(Unit : Million Baht)

| | | Separate F/S | | | | | |
|---|------|-------------------|----------|----------|------------------|----------|----------|
| | | 30 September 2023 | | | 31 December 2022 | | |
| Currency | | Total | Utilised | Remained | Total | Utilised | Remained |
| Bank overdrafts | Baht | 10.00 | - | 10.00 | 10.00 | - | 10.00 |
| Promissory note and trust receipt agreement | Baht | 690.00 | 231.58 | 458.42 | 690.00 | 150.00 | 540.00 |

The above obligations are collateralized by same assets as for the credit facilities received from the financial institution as mentioned in Note 8.