

# INDEPENDENT AUDITOR'S REPORT

## To the Shareholders of Siam Steel Service Center Public Company Limited

### *Opinion*

I have audited the consolidated and separate financial statements of Siam Steel Service Center Public Company Limited ("Company") and its subsidiaries (the "Group"), which comprise the consolidated and separate statement of financial position as at 31 December 2023, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended and notes to the consolidated and separate financial statements, which include significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Siam Steel Service Center Public Company Limited ("Company") and its subsidiaries (the "Group") as at 31 December 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRS).

### *Basis for Opinion*

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

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in my audit of the consolidated and separate financial statements for the current year. These matters were addressed in the context of my audit of the consolidated and separate financial, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matters	Audit responses
<p><i>Recognition of installation income, measurement of work in process and estimation of installation cost for the outstanding projects at the end of the year.</i></p> <p>The Group and the Company recognize installation income for projects installation at 31 December 2023 amounting to Baht 970 million and Baht 902 million, respectively, which is included in sales and installation income – net. This represents 18% and 17% of total revenues, respectively, and impact to the accounting transactions that unbilled accrued income amounting to Baht 103 million and Baht 103 million, respectively. Refer to Note 17.</p> <p>The Group recognizes installation income in the statement of income based on survey of the percentage of physical completion for the projects in progress at the end of the year by the comparison of actual costs with estimated total costs. Actual costs of the project work are recognized as incurred on an accrual basis. The process to determine estimated costs of installation income and percentage of completion are highly judgmental and can be affected by changes in environmental factors, including economic conditions and future availability of materials and labour. The actual costs may differ from such estimated costs which could result in a material variance in the amount of profit or loss in the current period.</p> <p>The Group and the Company disclosed accounting policies for the recognition of revenues with installation in Note 3 and 4 to financial statements.</p>	<p>My audit procedures are summarized below:</p> <ul style="list-style-type: none"> <li>- Consider the estimated costs of project and the appropriate of management process for determining the percentage of completion of each contract for income recognition of the outstanding projects.</li> <li>- Review agreements and evidences supporting estimated total budget costs of each project and actual costs up to the end of the year and estimated costs to complete the projects.</li> <li>- Select significant projects in progress for physical observation by sampling with the Company's representative to compare the percentage of completion with percentage of completion reported by the Company. Tested the calculation the actual costs to the budgeted total costs to complete the project to consider that the percentage of completion for accounting purpose.</li> <li>- Review the adequacy of disclosure in accordance with the Financial Reporting Standards.</li> </ul>

Key audit matters	Audit responses
<p data-bbox="355 459 609 488"><i>Valuation of inventories</i></p> <p data-bbox="355 544 898 734">The Group and the Company have inventories as of 31 December 2023 amount of Baht 1,336million and 1,321million, respectively. which represents 34% and 34% of total assets, respectively. Refer to Note 9.</p> <p data-bbox="355 790 898 1149">The management determines the selling prices based on domestic market prices which are affected by the highly fluctuation of demand and supply in the global market, competitive marketing and the situation in the industry which affects net realizable value. The management prepares a net realizable value calculation report and estimates the adequacy of the allowance for net realizable value at the report date.</p> <p data-bbox="355 1205 898 1395">The Group and the Company disclosed in Note 3 for significant accounting policies for inventories and details of the valuation of inventories, included Note 4 for allowance for decline value of inventories.</p>	<p data-bbox="922 544 1394 573">My audit procedures are summarized below:</p> <ul data-bbox="948 595 1453 1339" style="list-style-type: none"> <li data-bbox="948 595 1453 846">- Obtain the policy for purchasing materials, from management information to analytical methods, and reperforming the calculation of current market prices of inventories from reliable sources that the company references to set price requirements.</li> <li data-bbox="948 869 1453 1025">- Evaluate the design of the internal control processes for the sales, purchase, and inventory processes, and test the operating effectiveness of these controls.</li> <li data-bbox="948 1048 1453 1205">- Perform substantive testing on a sample basis on the net realizable value and allowance for decline value of inventories as of the report date.</li> <li data-bbox="948 1227 1453 1339">- Review the adequacy of disclosure in accordance with Thai Financial Reporting Standards.</li> </ul>

*Other Information*

Management is responsible for the other information comprising the information included in the annual report other than the consolidated and separate financial statements and my auditor's report thereon. It is expected that the management will arrange for the preparation of annual report and provide a copy for me to review after the date of this auditor's report.

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

In connection with my audit of the consolidated and separate financial statements, I am also responsible to read the other information referred to 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 for them to correct the material misstatement.

*Responsibilities of Management and Those Charged with Governance for the Preparation of Financial Statements*

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

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

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

*Auditor's Responsibilities for the Audit of the 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 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 scepticism 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 the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 or 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 the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

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

**Kesanee Srathongphool**

Certified Public Accountant

Registration No. 9262

Grant Thornton Limited

Bangkok

27 February 2024