

CITY STEEL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2025

INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of
 City Steel Public Company Limited

Opinion

I have audited the consolidated financial statements of City Steel Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at July 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies, and I have audited the separate financial statements of City Steel Public Company Limited (the Company), which comprise the statement of financial position as at July 31, 2025, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of City Steel Public Company Limited and its subsidiaries as at July 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of City Steel Public Company Limited as at July 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further describe in the Auditor's Responsibilities for the Audit of the 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 (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of

Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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Key Audit Matters

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

● Decline in value of assets

The group had stable total revenues from operation, but the total profit for the year dropped significantly due to the decline in the volume of purchase orders and intense price competition. As a result, the group has to reduce the gross profit margin to maintain the revenue. In addition, the majority of products of the group are capital goods such as metal structure, rack and shelf, and storage and handling equipment so the need in this type of products will arise when there is a new investment, factory expansion or increase in production capacity. With long useful life and infrequent order for products, partial of the group's assets that including building, machinery and equipment may be utilized not to their full capacities. There may be an indication of asset impairment. The management has to use judgment in considering the impairment of the such assets above. The group's assets have net book value in the consolidated financial statements at Baht 69.63 million (Note 12) which is a significant balance to the group's consolidated financial statements. Therefore, I have identified that the impairment of building, machinery and equipment is a matter which I paid attention in the audit.

Regarding my response on the matter above, I assessed the use of management estimate in considering the impairment of building, machinery and equipment, studied about the assessment of the recovery value, management plan, the future operation estimate prepared by the management and tested by recalculating whether the assets have any impairment and assessed the adequacy of the information disclosure under the financial reporting standards.

From the response above, it was found that the values of building, machinery and equipment are shown appropriately and information is adequately disclosed in the notes to the financial statements.

Emphasized Information and Event

I would like to place an emphasis on the notes to financial statement 1(b) described the operating performances of the Company and its subsidiaries that have incurred losses since 2022 due to a decrease in demand for capital goods and the Group's products. This is in accordance with the stagnant economic condition, especially in the manufacturing sectors and automotive industries, which are the Group's main customers. As a result of this situation, the Company and its subsidiaries have strived to reduce operating costs and expenses while seeking new business opportunities. Although the Company and its subsidiaries have incurred operating losses, they still have a large amount of liquidity and current assets, therefore this does not affect the ongoing operations. My opinion has not changed due to this observation

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Other Information

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

My opinion on the 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 financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the 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 in order for those charged with governance to correct the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements and separate financial statements or, if such disclosures are inadequate, to modify our 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 financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements 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.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements 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.

The engagement partner responsible for the audit resulting in this independent auditor's reports is Miss Potjanarat Siripipat.

(Miss Potjanarat Siripipat)

Certified Public Accountant

Registration No. 9012

Dharmniti Auditing Company Limited

Bangkok, Thailand

September 25, 2025