

FORM 56-1
[ONE REPORT]

2023

posseo

THAINOX

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Audit Committee Report



President's message

Dear our valued shareholders,

My name is Hyeong Gu Shin, President of POSCO-Thainox Public Company Limited, (the Company), I'm pleased to present the Annual Report 2023 (Form 56-1 One Report) to you.

Overall, the Thai economy in 2023 expanded at 1.8 percent per year which affected by fluctuations in Global financial policy and the money market, including the extremely volatile of baht value situation. This is mainly due to the acceleration of interest rate increased by the US Federal Reserve, the impact from China's economic problems, and Japan's accommodative monetary policy.

Although the Company's performance in 2023 was loss, mainly from the continuously decline in nickel prices since the beginning of the year, and the import of products from China and Vietnam which caused the company's revenue to decrease by 40 percent compared to 2022; however, I still have determination to lead the Company to be the Global No. 1 stainless steel company. Moreover, we aim to expand our domestic market share in Thailand to achieve 70 percent by improving quality and service, and also maintaining good relationships with key customers while finding more new customers.

In the past year, the Company has earned Recycled Claim Standard version 2.0 (RCS 2.0) certificate, and has been certified as Green Industry Level 4 by the Department of Industrial Works, the Ministry of Industry. This emphasizes the company's responsibility towards the environment and society.

On behalf of POSCO-Thainox Public Company Limited, I would like to thank all shareholders, customers, and business partners who have always supported the company until we are able to walk to the current success at full capacity. Also, I would like to thank the Board of Directors, executives as well as all employees who have dedicated their efforts to the company to meet the goal.



Mr. Hyeong Gu Shin
President

Board Of Directors



Mr. Do-soon Kim

Age : 61
 Position : Chairman of the Board /
 Independent director /
 Chairman of the Audit Committee

Education & Training program :

- MBA, The Ohio State University, USA
- B.A., Yonsei University, Republic of Korea

No. of Shareholding (%) : -

Relative : -None-

Work experiences

2023 - Present	Chairman of the Board / Independent director / Chairman of the Audit Committee POSCO- Thainox PCL.
Present	President KumKang Electric Co., Ltd
Present	President Thai Hankang Co., Ltd
Present	Member The National Unification Advisory Council
2017 - 2022	Chairman Oversea National Election Commission in Thailand
2017 - 2020	President Korean-Thai Chamber of Commerce
2019 - 2020	Independent director KTBST Holdings PLC
2018 - 2019	Independent director KTB Securities. (Thailand) Co., Ltd.(KTBST)



Mr. Hyeong Gu Shin

Age : 56
 Position : Director / President

Education & Training program :

- MBA,
Sogang Business,
Republic of Korea

No. of Shareholding (%) : -

Relative : -None-

Work experiences

Present	Director / President POSCO-Thainox PCL.
2022	Head of Stainless Steel Rolling Materials Sales Department POSCO
2020 - 2021	Head of Construction Materials Sales Department POSCO
2018 - 2019	President of Japan Processing Center POSCO Japan PC
2014 - 2017	Head of Cooperate Staff Division POSCO Japan PC



Mr. Jiseob Choi

Age : 55
 Position : Director / Chief Marketing Officer

Education & Training program :

- Bachelor Degree Management,
Sogang University, Republic of Korea

No. of Shareholding (%) : -

Relative : -None-

Work experiences

2021 - 2023	Director / Chief Marketing Officer POSCO-Thainox PCL.
2019 - 2020	Managing director POSCO (THAILAND) CO., LTD.
2018 - 2019	Team leader of CHQ wire rod marketing POSCO
2013 - 2018	Team Leader of STS Strategy Group, STS Division POSCO



Mr. Jaesung Yoon

Age : 36

Position : Director / Chief Financial Officer

Education & Training program :

- Bachelor's degree in Economics, Yonsei University, Republic of Korea

No. of Shareholding (%) : -

Relative : -None-

Work experiences

2022 - Present	Director / Chief Financial Officer POSCO-Thainox PCL.
2022 - Present	Director NS-Thainox Auto Co., Ltd.
2022	Manager, Planning & Coordination, Corporate Planning Department POSCO
2020 - 2022	Manager, Accounting, Finance Department POSCO
2019 - 2020	Junior Manager, Business Analysis, Corporate Planning Department. POSCO
2017 - 2018	Junior Manager, Cost Management & Analysis, Finance Department POSCO
2014 - 2017	Assistant Manager, Overseas Business Management, Marketing Department POSCO



Mr. Hoyoung Kim

Age : 49

Position : Director

Education & Training program :

- Bachelor's degree in Economic, Pusan University, Republic of Korea

No. of Shareholding (%) : -

Relative : -None-

Work experiences

2022 - Present	Director POSCO-Thainox PCL.
2022 - Present	Head of Business Management Group POSCO
2019 - 2022	Section leader of Financial Strategy Group POSCO
2015 - 2018	Section leader of Accounting Group POSCO



Mr. Chalermchai Mahagitsiri

Age : 45

Position : Director

Education & Training program :

- M.S. in Finance, Boston University, United States of America
- B.S. in Finance, Suffolk University, United States of America

No. of Shareholding (%) : 10.13

Relative : -None-

Work experiences

Positions in Listed Companies in The Stock Exchange of Thailand (SET)

2018 - Present	Chairman of the Board of Directors Unique Mining Services PCL.
2015 - Present	Chairman of the Investment Committee Thoresen Thai Agencies PCL.
2013 - Present	Chairman of the Board of Directors PM Thoresen Asia Holdings PCL.
2012 - Present	Executive Director, President and Chief Executive Officer and Member of the Executive Committee Thoresen Thai Agencies PCL.
2011 - Present	Director POSCO-Thainox PCL.
2011 - Present	Director and President Thai Film Industries PCL.
2012 - 2018	Vice Chairman Unique Mining Services PCL.

Positions in Listed Companies in Other Countries

2012 - Present	Director, Chief Executive Officer and Executive Vice Chairman Mermaid Maritime PCL.
2015 - 2019	Director Sino Grandness Food Industry Group Ltd.

Positions in Other Companies/Organization
Please see the attachment 1



Mr. Shinya Ozono

Age : 41

Position : Director

Education & Training program :

- Juris Doctor Degree, Kobe University, Japan
- Bachelor Degree in Law, Hitotsubashi University, Japan

No. of Shareholding (%) : -

Relative : -None-

Work experiences

2020 - Present	Director POSCO-Thainox PCL.
2020 - Present	Manager, Corporate Planning Dept., Corporate Planning Div. NSSC
2019 - 2020	Corporate Planning Dept., Corporate Planning Div. NSSC
2017 - 2019	Coil & Sheet Products Dept., Coil & Sheet Products Marketing & Sales Div. NSSC
2011 - 2017	Raw Material Dept., Raw Materials & Purchasing Div. NSSC



Mr. Boonyarit Kalayanamit

Age : 62

Position : Independent director / Audit Committee

Education & Training program :

- M.A. (Economics) Western Michigan University, USA
- B. Sc. (Business Administration), Kasetsart University

No. of Shareholding (%) : -

Relative : -None-

Work experiences

2017 - 2018	Director-General Department of Internal Trade of Thailand
2559 - 2560	Director General Department of Trade Negotiations (DTN) of Thailand
2010 - 2011	Thai Ambassador to the Permanent Representative World Trade Organization in Geneva



Mr. Songsak Limbanyen

Age : 72

Position : Independent director / Audit Committee

Education & Training program :

- The Graduate Diploma in Mechanical Engineer, Chulalongkorn University
- B.Sc.(M.E), Prince of Songkhla University

No. of Shareholding (%) : -

Relative : -None-

Work experiences

2017 - Present	Independent Director / Audit Committee POSCO-Thainox PCL.
2010	Deputy Secretary General Head of Chinese Desk, India and South Asia Desk
2009	Executive Director Investment Promotion Bureau
2009	Director Investment Promotion Bureau2
2008	Director Investment Development Assistance Bureau
2004	Director Investment acilitation Division

Financial Highlights

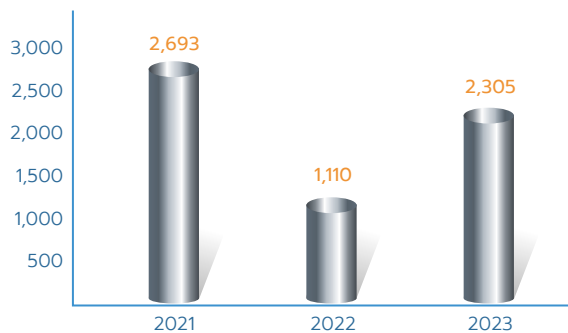
Unit : M Baht

	2021	2022	2023
Financial Data			
Cash	2,693.42	1,110.49	2,305.00
Assets	13,842.11	11,611.15	11,618.29
Liabilities	4,016.60	2,402.58	2,671.61
Equity	9,825.52	9,208.58	8,946.68
Paid-up Capital	7,795.71	7,795.71	7,795.71
Revenue	19,150.56	23,539.73	14,098.97
Profit (Loss) from Other Activities	92.52	54.63	23.88
Net Profit	885.58	206.08	(73.08)
EPS (Baht)	0.11	0.03	(0.01)
Financial Ratio			
ROA (%)	8.96	2.16	(0.69)
ROE (%)	9.45	2.17	(0.81)
Debt to Equity (Times)	0.41	0.26	0.30
Net Profit Margin (%)	4.62	0.88	(0.52)

Statistics as of	30 Dec 2021	30 Dec 2022	30 Dec 2023
Last Price (Baht)	1.13	1.01	0.58
Market Cap. (M.Baht)	8,809.15	7,873.67	4,521.51
P/E	13.03	9.60	-
P/BV	0.92	0.82	0.50
Book Value per share (Baht)	1.23	1.23	1.15
Dividend Yield (%)	-	10.59	4.19

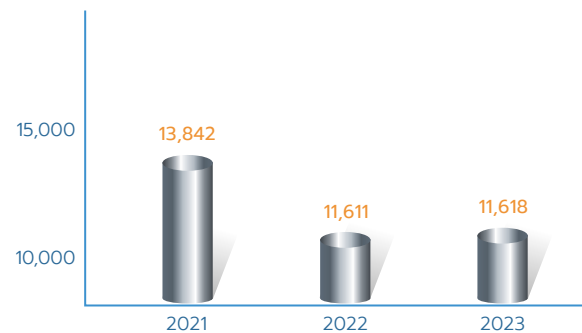
Cash

(M. Baht)



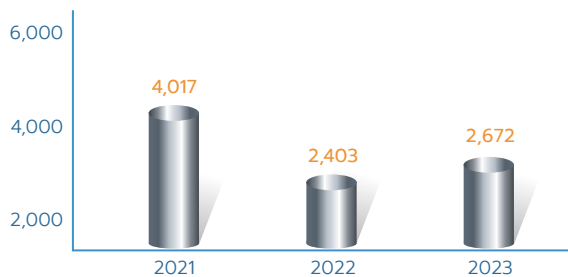
Total Assets

(M. Baht)



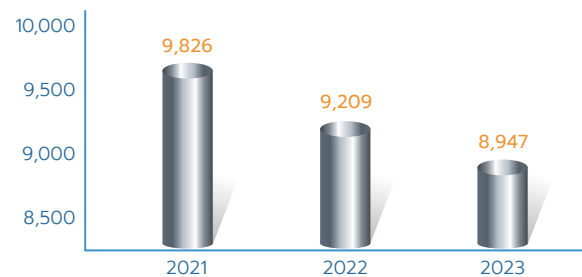
Total Liabilities

(M. Baht)



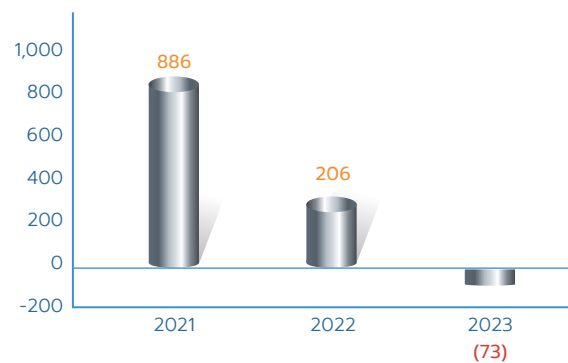
Shareholders' Equity

(M. Baht)



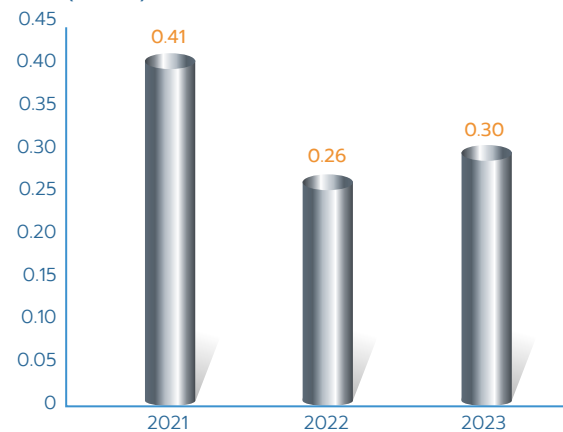
Net Profit (Loss)

(M. Baht)



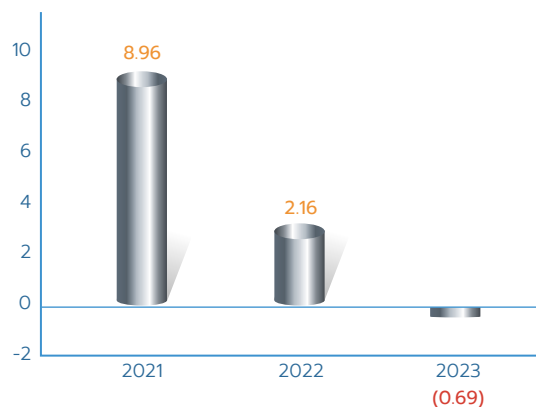
Debt to equity

(Times)



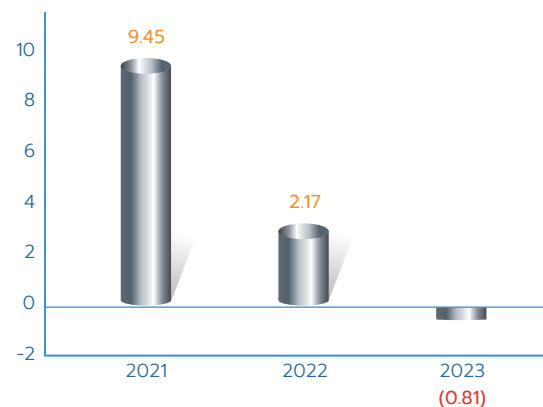
Return on Assets

(%)



Return on Equity

(%)



1 Group Structure and Operations

1.1 Business Overview and Policies

POSCO-Thainox Public Company Limited (“the Company”) started on July 30, 1990 (former name: “Thainox Stainless Public Company Limited). It was originally a joint venture between 1) the Mahagitsiri family, 2) a Japanese stainless steel manufacturer group, 3) the Ilva SPA Group, and 4) the Arcelor Group (formerly the Usinor and Ugine Groups, now renamed to Aperam). In 2004, the Company had a change in its shareholding structure whereby the Arcelor Group sold all of its holdings in the Company to the Mahagitsiri Family. After such shareholder restructuring, the Company was registered as a public limited company and changed its name to Thainox Stainless Public Company Limited on April 26, 2004, with a registered capital of 8,000 million baht and a paid-up capital of 7,670 million baht. However, on December 31, 2004, the Company’s registered capital was 8,000 million baht, and the share price had been fully paid.

On December 14, 2004, the Stock Exchange of Thailand and the Securities and Exchange Commission ordered the Company to receive the Company’s ordinary shares as listed securities on the Stock Exchange of Thailand and agreed that 8,000 million ordinary shares of the Company with a par value of 1 baht per share, totaling 8,000 million baht, could be traded on the stock exchange. It was classified in the property and construction industry group under the category of construction materials and furnishings, using stock symbol for securities trading as “TNX”. The trading date was scheduled from December 14, 2004.

In 2005, the Company partially repurchased 204,290,900 shares of the Company and informed the Stock Exchange of Thailand that it would reduce the Company’s capital from 8,000 million shares to 7,795,709,100 baht by canceling the repurchased

ordinary shares and not selling those shares after 3 years. The capital reduction was registered with the Ministry of Commerce on June 18, 2009.

In addition, the Company has changed the stock symbol in the securities trading system to “INOX” since January 27, 2006. In 2010, the Stock Exchange of Thailand regrouped the Company into the Steel Industry group.

In September 2011, the Mahagitsiri family sold almost all of their holdings to POSCO (South Korea), which made a voluntary tender offer to all minority shareholders. As a result, the shareholding proportion of POSCO (South Korea) on the book closing date on October 6, 2011, was 90.63 percent of the total paid-up capital of the Company. Subsequently, in December 2012, some shares were sold back to the Mahagitsiri family, resulting in POSCO (South Korea) holding the remaining shares of 84.92 percent.

As for the Company’s business, it operates in the business of producing high-quality cold-rolled stainless steel as the only such producer in Thailand and is the leader in the high-quality cold-rolled stainless-steel market in the ASEAN region.

In May 2013, the Company opened a Steel Processing Center (POS-tspc) for slitting stainless at Amata Nakorn Industrial Estate, Chonburi Province, to expand the scope of services to meet customer needs and cover retail customers. Since the start of operation, the Company has been able to expand the retail customer base both domestically and internationally.

1.1.1 Vision, Objective, and Goal of the Company's Operations



POSCO management philosophy

**Corporate Citizenship:
Building a Better Future
Together**

POSCO pursues 'Corporate Citizenship: Building a Better Future Together'. POSCO will become a valued member of society, grow alongside various stakeholders, such as employees, shareholders, customers, suppliers, vendors and local communities, and pursue the values of consideration, coexistence and symbiosis.

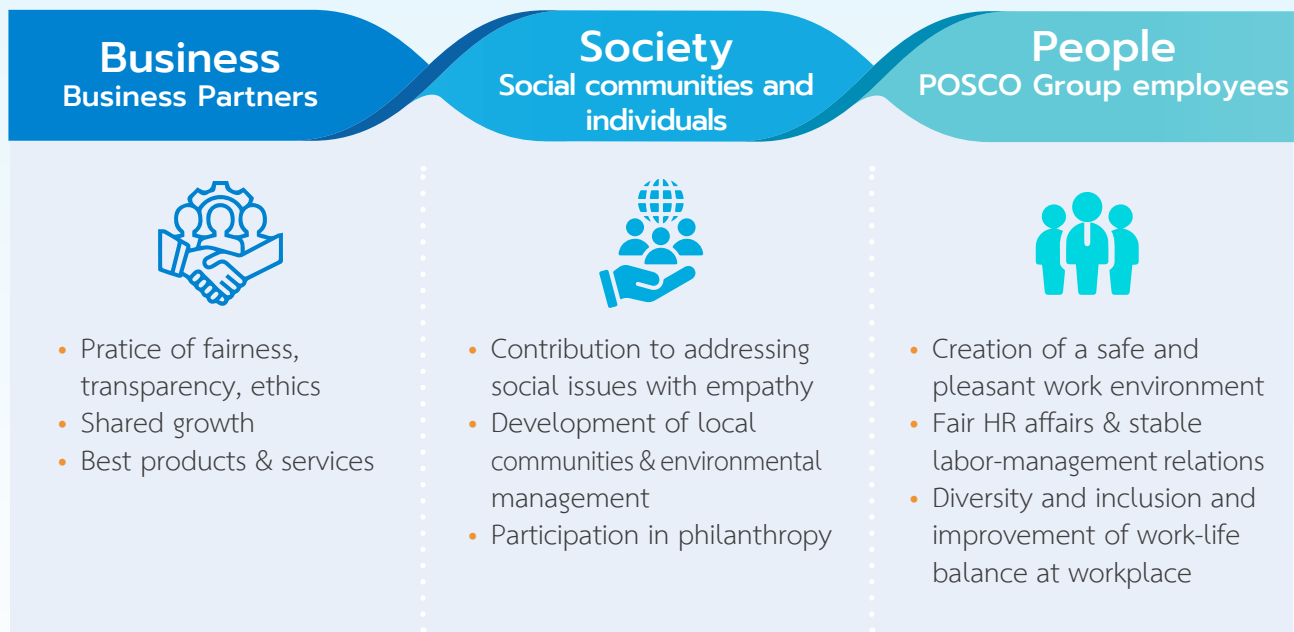


VISION

With POSCO

To deliver the meaning of **With**, which embodies the meaning of a corporate citizen growing together with society, **W** expresses the continuation of empathetic harmony by visualizing the image of two individuals holding hands. The warm orange color possesses the positive energy of growing together.

Fields of activities



Create a robust industrial ecosystem by creating symbiotic values to ensure a win-win with business partners. As a member of society, we actively participate in addressing social issues beyond economic profit and foster a happy and fulfilling workplace by creating a corporate culture of trust and creativity.

POSCO Talents



Talents with the mindset of action, consideration and creativity

Employees, as members of corporate citizen POSCO, are encouraged to set an example for others with the mindset of ‘action’, ‘consider’ others with the mindset of modesty and respect, and be ‘creative’ talent who indulge in their own work while actively adopting new ideas.



Code of conduct

Shiljil (實質, Substance)



Substance
before form

Shilhaeng (實行, Execution)



Execution
before reporting

Shilli (實利, Practical)



Benefits before
justification

POSCO takes great efforts to realize the values it deems important, such as putting substance first, emphasizing execution, and pursuing benefits. It achieves value management, win-win management and innovative management by putting substance before form, placing more emphasis on execution than on reporting, and pursuing substance rather than justification.

Core Values

POSCO's Core Values are ‘Safety,’ ‘Win-Win,’ ‘Ethics’ and ‘Creativity.’ ‘Safety’ means that utmost priority is given to respect for people, and position holders should take the lead in encouraging routine safe behavior with a focus on actions. ‘Win-Win’ means to practice having consideration for and sharing with others, pursue mutual prosperity, and continuously grow by creating social values. ‘Ethics’ means to seek ethical behavior based on the mutual trust between members of society and abide by the principle

POSCO



Safety



Win-Win



Ethics



Creativity

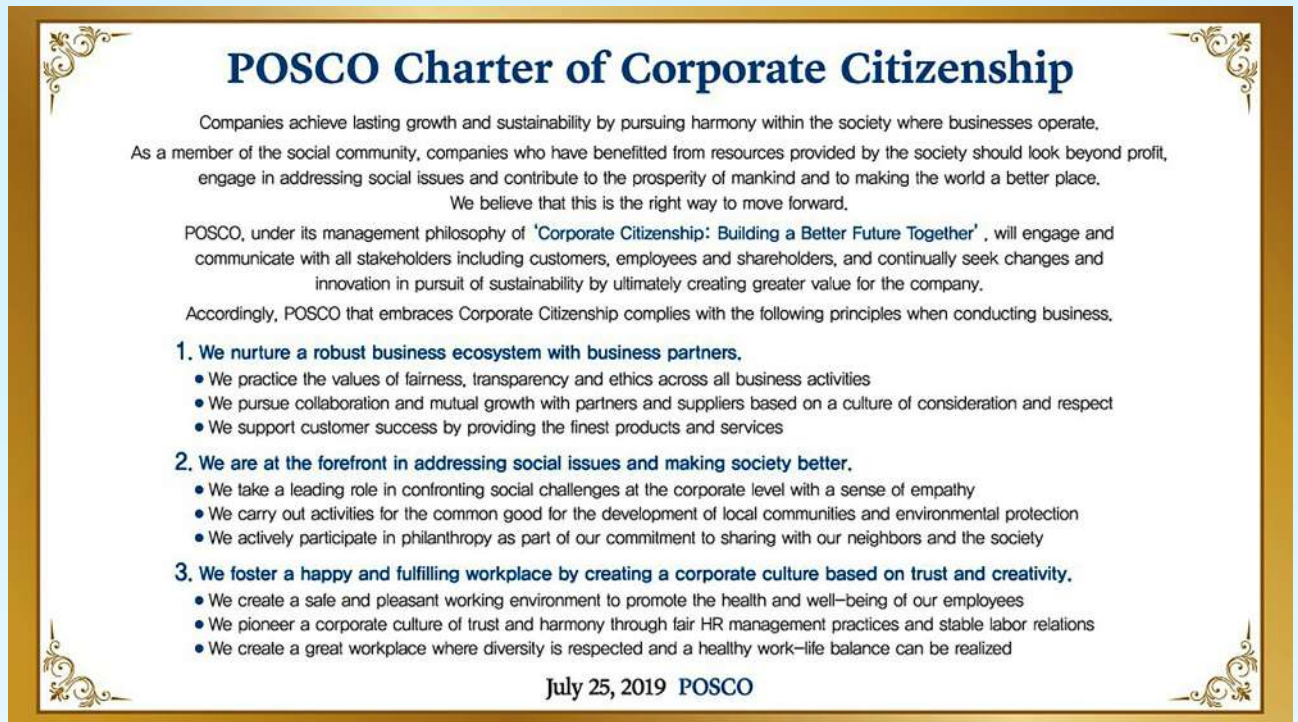
of reward and punishment. ‘Creativity’ means to take the lead in solving problems by cooperating openly with an open mind.

POSCO Management Philosophy System

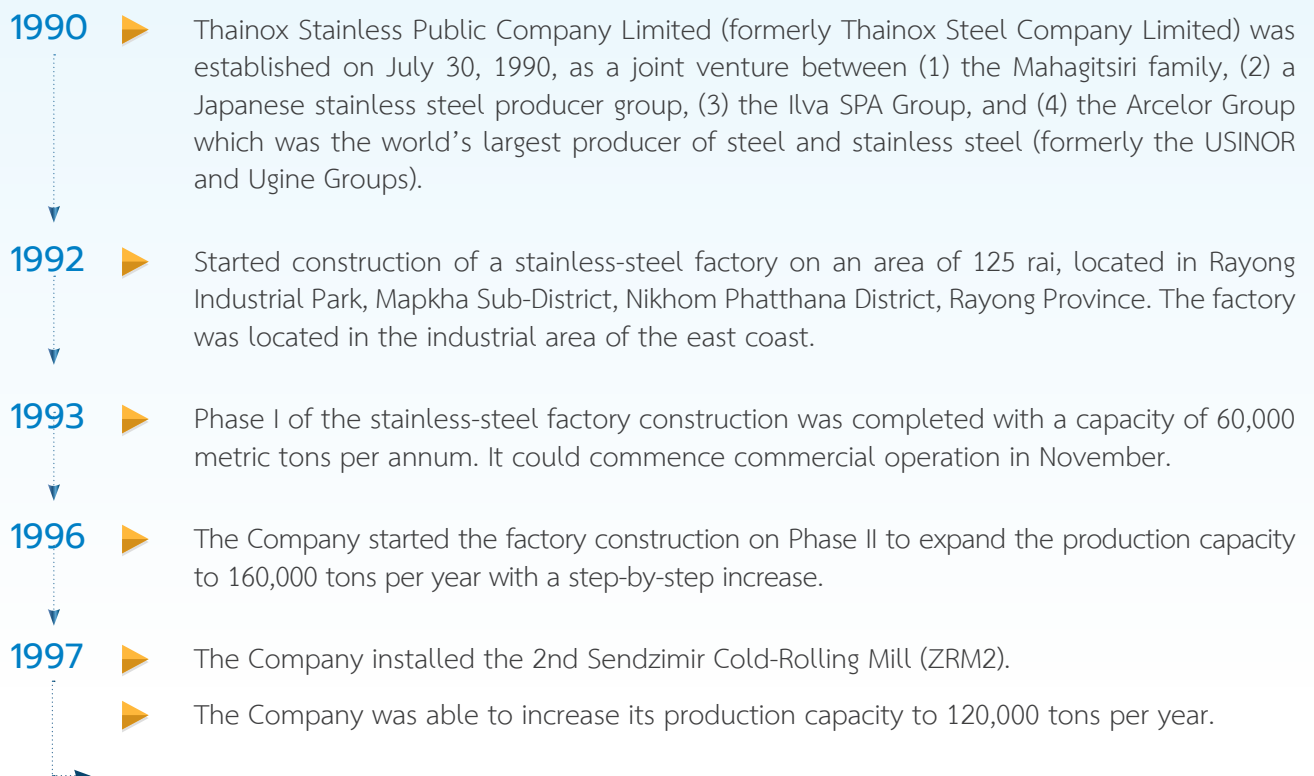


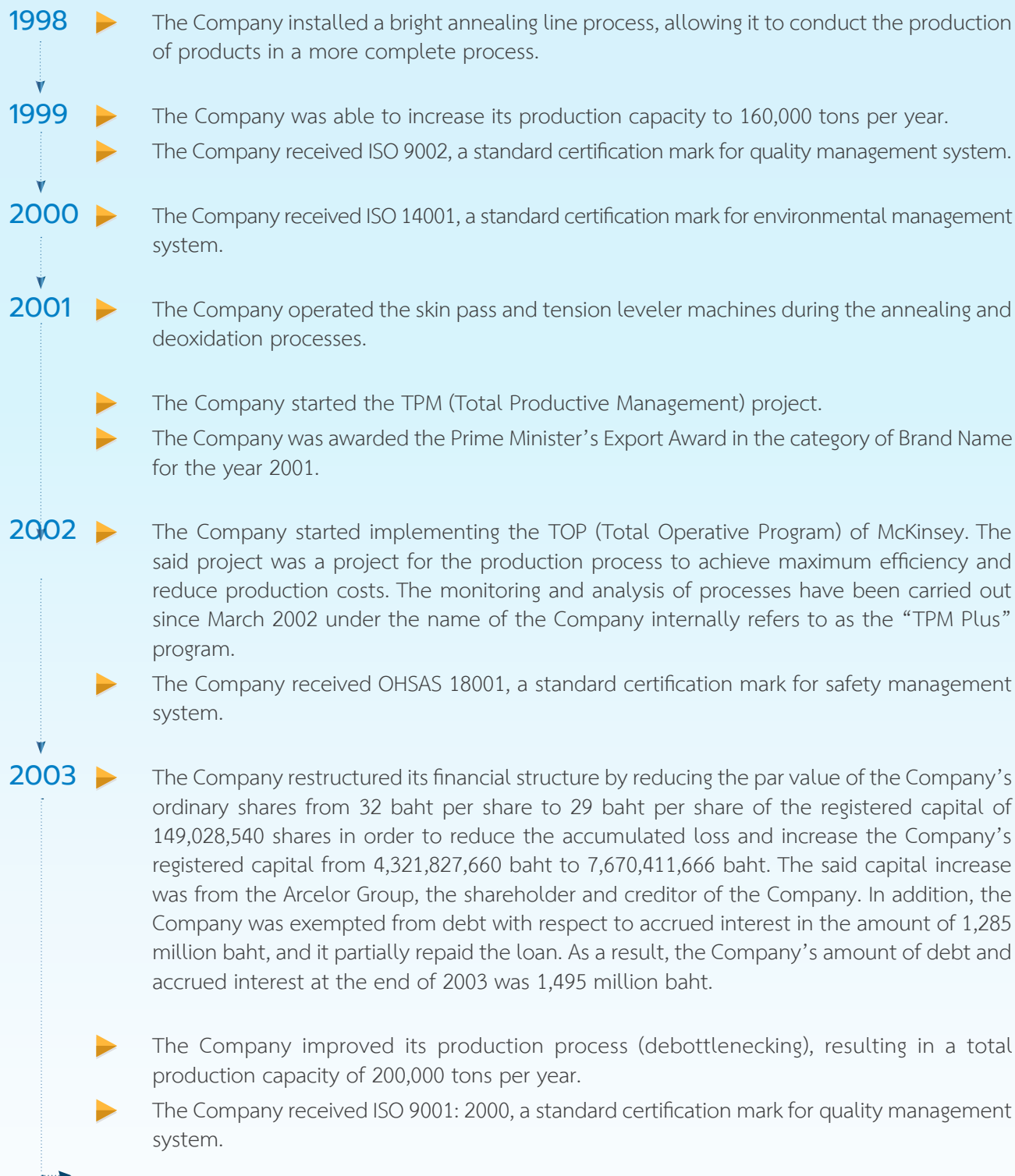
POSCO Charter of Corporate Citizenship

A set of principles that guide and govern all business conducts.



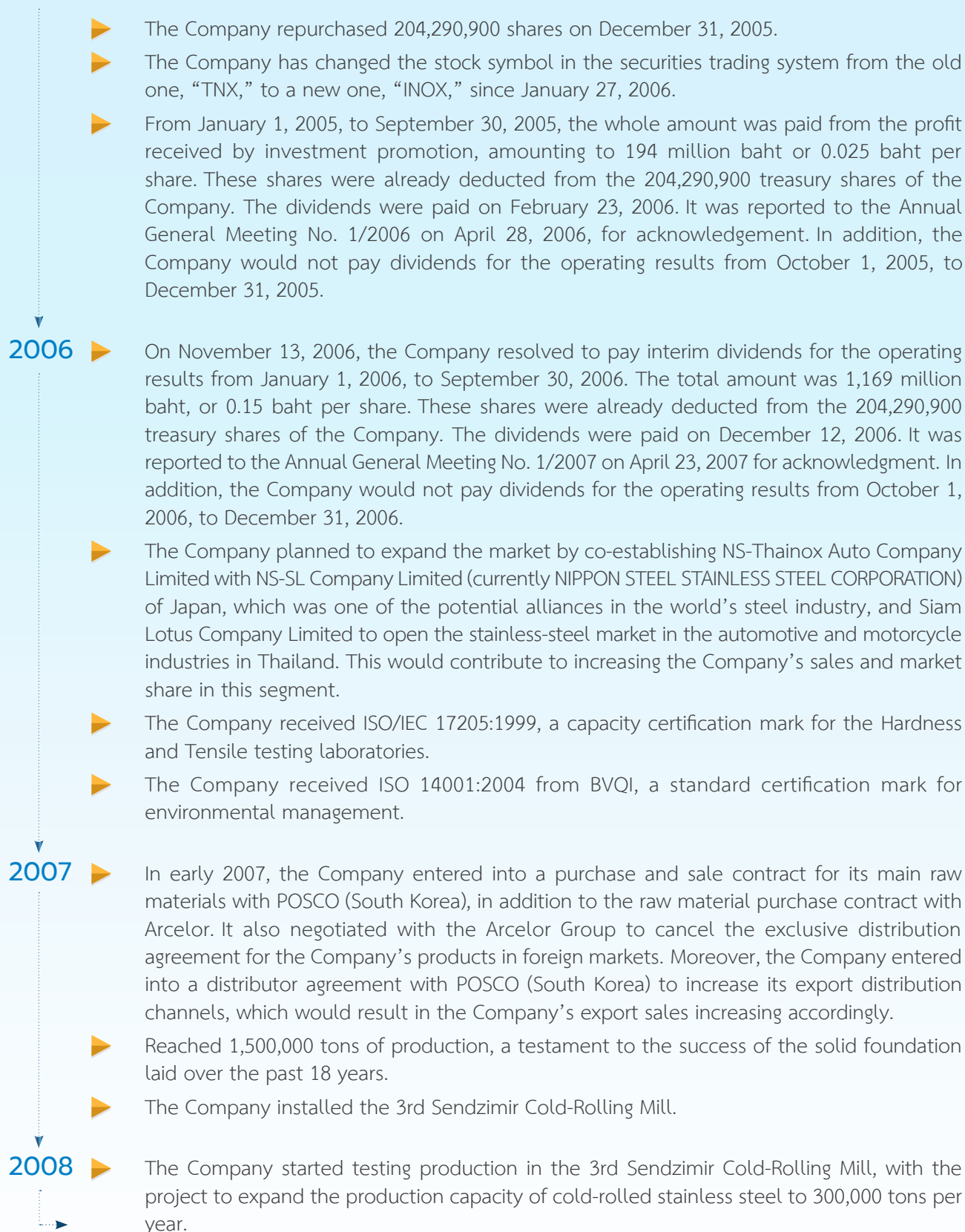
1.1.2 Background and Key Change and Development





- 2004**
- ▶ The Company accumulated a total of 1,000,000 tons of cold-rolled stainless-steel production since its establishment. This confirmed the leadership in the production of cold-rolled stainless steel in the ASEAN region.
 - ▶ The Company received ISO/IEC 17205:1999, a certification mark for quality management system for testing laboratories.
 - ▶ The Company restructured its shareholders as the Arcelor Group sold all of its shares held in the Company to the Mahagitsiri family. As a result, the shareholding proportion of the Mahagitsiri family increased to 96.1 percent, consisting of Mr. Prayut Mahagitsiri holding 25.2 percent, Lakewood Country Club Company Limited holding 3.5 percent, Lakewood Land Company Limited holding 66.5 percent, and Thai Film Industry Public Company Limited holding 0.9 percent of shares.
 - ▶ The Company converted to a public company on April 26, 2004.
 - ▶ The Company registered to change its name to Thainox Stainless Public Company Limited in June 2004.
 - ▶ The Board of Governors of the Stock Exchange of Thailand ordered the Company's ordinary shares to be listed on the Stock Exchange of Thailand and scheduled for trading from December 14, 2004.
- 2005**
- ▶ The Annual General Meeting No. 1/2005 of Thainox Stainless Public Company Limited, held on April 25, 2005, resolved to pay dividends of 800 million baht, or 0.10 baht per share, for 8,000,000,000 ordinary shares. This was paid from the profit received by the investment promotion with the dividends on May 12, 2005.
 - ▶ The Extraordinary General Meeting of Shareholders No. 1/2005 of Thainox Stainless Public Company Limited on October 13, 2005, unanimously resolved to approve the amendment of Article 10 of the Company's Articles of Association as follows:

Original	Change To
The company is prohibited from taking pledges on its own shares.	The company can buy back its shares and sell them within the time specified in the ministerial regulations. According to the provisions of the law on public limited companies and the law on securities and exchange, in the event that the company does not sell or is unable to sell all the shares that it has repurchased within the specified period, it will reduce its paid-up capital by cutting off the unsold registered shares. The shares held by the company shall not be counted as a quorum for a meeting of shareholders and shall not have voting rights or the right to receive dividends. The company can repurchase its shares as specified in the preceding paragraph, subject to the approval of the company's shareholders. However, the board of directors has the power to approve the share repurchase of not more than 10 percent of the total paid-up registered shares.



- 2009** ➤ On June 15, 2009, the Company informed the Stock Exchange of Thailand about the reduction of the Company's registered capital from 8,000,000,000 baht to 7,795,709,100 baht by writing off treasury stocks that had not been sold after 3 years in the amount of 204,290,900 shares with a par value of 1 baht per share, totaling 204,290,900 baht. The Company already registered with the Ministry of Commerce on June 18, 2009.
- The Stock Exchange of Thailand regrouped INOX securities into the Steel Industry group.
- 2010** ➤ The Company's Phase 3 expansion project was able to go ahead as it was not constitutionally classified as a project or activity with a "severe" health impact.
- 2011** ➤ POSCO (South Korea) issued a letter of intent to acquire securities for a voluntary business takeover dated July 6, 2011, to the Company. There was a condition that the Company must hold a meeting of the board of directors and/or a shareholders' meeting to approve the sale of land and non-production land and assets of the Company.
- On September 14, 2011, the Extraordinary General Meeting of Shareholders No. 1/2011 resolved to approve the sale of non-production land and assets of the Company, and approved the amendment to Article 32 of the Company's Articles of Association and cut off verse 39 completely. Therefore, the Company's articles of association were reduced from 51 to 50 articles.
- POSCO (South Korea) made a tender offer for the Company's ordinary shares and became a major shareholder of the Company.
- On October 21, 2011, the Extraordinary General Meeting of Shareholders No. 2/2011 resolved as follows:
1. Approved the change of the Company's name from "Thainox Stainless Public Company Limited" to "POSCO-Thainox Public Company Limited".
 2. Approved the amendment to Clause 1 of the Memorandum of Association (Change of the Company Name).
 3. Approved the amendment to the Articles of Association of the Company with respect to the Company name and seal.
 4. Approved to reduce the number of directors on the board to 9 people.
- 2012** ➤ The Company installed an ERP (Enterprise Resource Planning) management system, which it used as a management approach and manages to the same standard as all other companies in the Group. In September 2012, the Company purchased a factory and machines for cutting stainless steel from a Company in Amata Nakorn Industrial Estate, Chonburi Province, in order to expand the scope of services to cover more retail customers. The factory was expected to be ready for operation in the 2nd quarter of 2013.
- In December 2012, the Mahagitsiri family exercised its rights under the share purchase agreement above to buy back the Company's ordinary shares from POSCO (South Korea) in the amount of 10% of the paid-up capital.
- 2013** ➤ On March 15, 2013, the Board of Directors Meeting No. 3/2013 resolved to dispose of land that was not used in the core business to a third party. The land was sold at a price higher than the market price, which made the Company had more working capital.
- In May 2013, the Company opened a cold-rolled stainless steel service center (POS-TSPC), a stainless-steel slitting factory, at Amata Nakorn Industrial Estate, Chonburi Province.

2014 ▶ The Company organized a major overhaul of the production control system in the entire APF (cleaning and sterilized by heat) system, which has a great effect on the quality control system and product reliability.

2016 ▶ Maintenance and repair of large machines (SRG and ZRG), air conditioning systems, and firefighting equipment were improved throughout the factory. The Company also installed a new type of rolling and surfacing CPL machine and a cutting machine (Mini Sliter) at the stainless-steel cold rolling service center (POS-TSPC).

▶ The Annual General Meeting No. 1/2016 held on April 21, 2016, resolved to pay dividends for the operating results from January 1, 2015, to December 31, 2015. The total amount was 105.24 million baht, or 0.0135 baht per share, and the dividends were paid on May 18, 2016.

2017 ▶ The Annual General Meeting No. 1/2017 held on April 21, 2017, resolved to pay dividends for the operating results from January 1, 2016, to December 31, 2016. The total amount was 385.88 million baht, or 0.0495 baht per share, and the dividend was paid on May 18, 2017.

▶ The Company notified the government of the location of the Company's head office.

Original	Change To
87/2 CRC Tower, All Seasons Place, 31 st Floor, Unit 3101-3, Wireless Road, Lumpini Sub-District, Pathum wan District, Bangkok	622 Emporium Tower, 15/6-8 Floor, Sukhumvit Road, Klongton Sub-District, Klongtoey District, Bangkok
Phone No. 0-2250-7622-32	Phone No. 0-2494-3130-47
Fax No. 0-2250-7633-4	Fax No. 0-2494-3148-9

▶ POSCO-Thainox Public Company Limited and POSCO Company Limited, a company incorporated under Korean law, entered into a bilateral advance pricing agreement with the Revenue Department of Korea and the Revenue Department of Thailand for the purchase of hot-rolled stainless-steel coils from POSCO Company Limited for the accounting period ended on December 31, 2013, to December 31, 2017. As a result, the Company had to pay penalties and tax surcharges for transactions in that period in the amount of 93.2 million baht.

2018 ▶ On February 15, 2018, the Board of Directors Meeting No. 2/2018 approved a budget of 8.3 million USD to invest in the Skin Pass Mill or SPM to reduce the likelihood of production loss (2B,BA) and increase product production (QQ). It was expected that the production capacity of SPM would increase by 80,000 tons per year. However, this project would be completed in September 2019, but due to damage caused by the transportation of machinery, it was not able to be completed as scheduled. And due to the outbreak of COVID-19, it was expected to be completed by 2021.

▶ The Annual General Meeting No. 1/2018 held on April 21, 2018, resolved to pay dividends from the operating results from January 1, 2017, to December 31, 2017. The total amount was 207.37 million baht, or 0.0266 baht per share, and the dividends were paid on May 18, 2018.

2019

- ▶ The Annual General Meeting No. 1/2019 held on April 26, 2019, resolved to pay dividends from the operating results from January 1, 2018, to December 31, 2018. The total amount was 446.15 million baht, or 0.05723 baht per share, and the dividends were paid on May 17, 2019.
- ▶ On November 8, 2019, the Board of Directors Meeting No. 5/2019 approved a budget of 8.5 million USD to invest in the Coil Build-up Line or CBL to reduce the chance of production loss from rolling. It was expected that the production yield would increase from 91.5 percent to 93.1 percent and result in an increase in production profit of 12.4 USD per ton.
- ▶ On April 29, 2019, the Company was awarded the “Gold Level” assessment, which was the highest level for participating in the prevention measures awareness campaign on occupational safety, health, and working environment from the Department of Labor Protection and Welfare.

2020

- ▶ According to the corporate citizenship project, “Corporate Citizenship,” the Company had a project to donate furniture made from the Company’s products to schools in need and received cooperation from business partners, namely, Stainless Houseware Industry Company Limited, which produced dining table sets with seats, and Thai Stainless-Steel Company Limited, which helped produce food trays free of charge.
 - On February 18, 2020, the Company delivered a set of dining tables and benches made of stainless steel to Ban Chak Pudsa School, Chonburi Province, for use in the canteen, at a total value of 90,000 baht.
 - On September 28, 2020, the Company delivered a set of dining tables, benches made of stainless steel, and a food tray and renovated the canteen at Ban Phu Sai School, Chonburi Province, to raise the quality of life for students in the school and spend a total of 520,000 baht on the project.

In addition, the Company organized a design contest for benches made of stainless steel under the project name POSCO-Thainox Design Award 2020 to promote the creativity of young designers, giving students the opportunity to design stainless steel furniture for public use. A total of 26 students from 12 leading universities across all regions of Thailand were interested in submitting their works to the contest. On August 28, 2020, the Company held an award ceremony for the contest winners. It was a prize worth 285,000 baht. The winning works of the Company were used to produce stainless steel benches for public use. On December 2, 2020, the Company delivered 50 3-seat stainless steel benches worth 2,800,000 baht to Police General Asawin Kwanmuang, Governor of Bangkok, for the benefit of people who use the service in the Wachirabenchathat Park area (Rot Fai Park).

2021

- ▶ On Friday, October 15, 2021, POSCO Family affiliates organized an event to donate items to help flood victims in Thailand. The chairman of each company went to the Channel 3 Maleenont Building to deliver items and distribute them to victims in various provinces.
- ▶ In response to the spread of the COVID-19 virus, the Company provided protective equipment for COVID-19 to the Map Kha Phatthana Subdistrict Municipality Office in Nikhom Phatthana District, Rayong Province. It was found that there were many more patients and deaths, including patients in many areas. It was considered a part of corporate citizenship in society to help with the problems that society was facing and to work together to get through this crisis together.

- ▶ On November 16, 2021, Mr. Yong Chul Kwon, President of POSCO-Thainox Public Company Limited, along with staff, delivered a stainless-steel bench designed under the concept of universal design, which was the winning work of the contest, POSCO-Thainox Design Award 2020 for the Mass Rapid Transit Authority of Thailand's Chalong Ratchadham Line (Purple Line) throughout the route total of 16 stations, 32 sets, and the Phra Nang Klao Bridge Pier Building, 6 sets. Mr. Wittaya Phanmongkol, Deputy Governor (Operation), Mass Rapid Transit Authority of Thailand, was the chairman of the grant for public use under the corporate citizenship philosophy to create a better future and achieve sustainable success together with the community and society.

2022

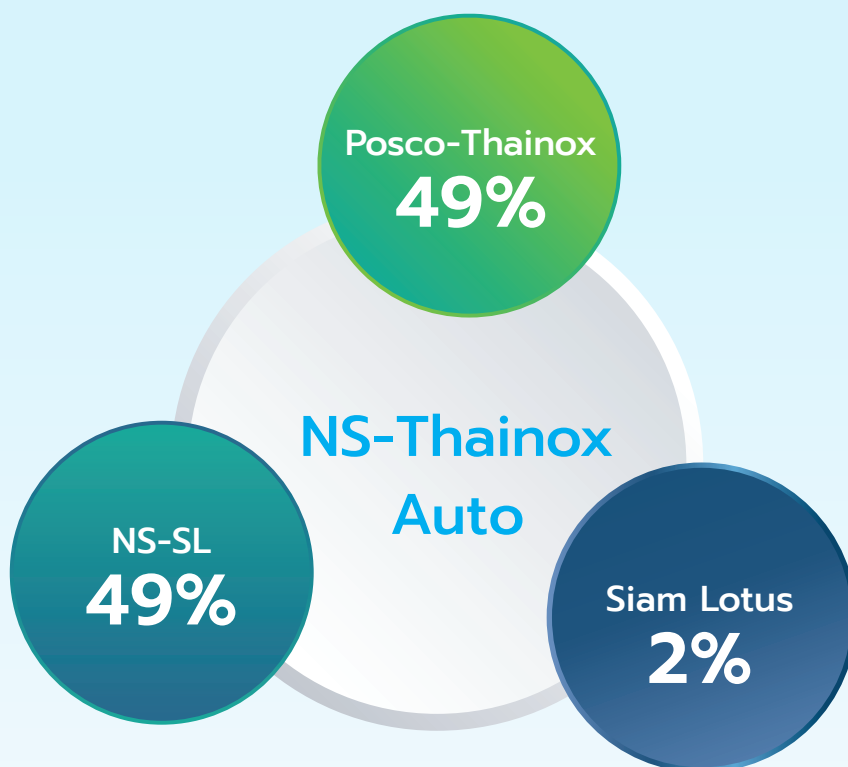
- ▶ POSCO (South Korea), the major shareholder of the Company (74.56 percent), changed the Company structure in March 2022, thus changing its name to POSCO Holding Inc. and separating its steel business into a new Company named POSCO Co., Ltd.
- ▶ On December 20, 2022, the Company's major shareholder changed from POSCO Holding Inc. to POSCO Co., Ltd. By changing major shareholders, there was no change in the management of the Company, such as its directors or management structure, in any way. In addition, the shareholding restructuring of the business fell under Clause 9(5)(b) of the Notification TJ. 12/2011 that the person who acquired the shares of the business (POSCO Co., Ltd.) was under the control of the person who had total control over the shares of the business (POSCO Holding Inc.) prior to the acquisition of such shares. The Company was, therefore, exempted from making a tender offer for general shareholders with the Office of the Securities and Exchange Commission.
- ▶ The Annual General Meeting No. 1/2022 held on April 28, 2022, resolved to pay dividends for the operating results from January 1, 2021, to December 31, 2021. The total amount was 834,140,873.40 baht, or 0.107 baht per share, and the dividends were paid on May 20, 2022.

2023

- ▶ The Annual General Meeting No. 1/2023 held on April 21, 2023, resolved to pay dividends for the operating results from January 1, 2022, to December 31, 2022. The total amount was 189,435,731.13 baht, or 0.0243 baht per share, and the dividends were paid on May 19, 2023.
- ▶ On May 18, 2023, the Company received Recycled Claim Standard version 2.0 (RCS 2.0) certificates, an international, voluntary standard that sets requirements for third-party certification of Recycled input and chain of custody. The goal of the RCS is to increase the use of Recycled materials.
- ▶ The company has participated in projects with the Department of Industrial Works, such as the project to promote industrial industry to be socially responsible and community development goals for agriculture (CSR - DIW to achieve the SDGs, the dynamic industrial waste management project, Zero Waste to Landfill, On June 29, 2023, the Company received the Level 4 Green Industry (Green Culture) certificate by the Department of Industrial Works, Ministry of Industry on.
- ▶ On July 19, 2023, the company received an honorable mention, EIA Monitoring Awards in the cold-rolled stainless steel sheet production project category. From the Office of Natural Resources and Environmental Policy and Planning Ministry of Natural Resources and Environment

1.1.3 Shareholding Structure of Associated Companies

The Company has invested in the Company NS-Thainox Auto Company Limited (NS-Thainox Auto), which is a joint venture between the Company and NS-SL Company Limited and Siam Lotus Company Limited (Siam Lotus). The objective of the business is to market, sell, and distribute stainless steel products of the Company for use in the automotive and motorcycle industries in Thailand, with the shareholding structure as follows:



1.1.4 Relationship With the Business Group of Major Shareholders

The Company's major shareholder is POSCO (South Korea), which directly held shares in the business in 2011. POSCO (South Korea) is the parent Company of the POSCO Group, one of the largest multinational corporations in various steel products and a leader in the production and distribution of steel for over five decades by using advanced technology to produce the Company's products, including hot rolled steel coil, cold rolled steel coil, steel plate, rod wire, galvanized steel sheet, electronic steel, galvanized steel, high quality stainless steel, and titanium.



1.2 Nature of Business Operations

The Company is the only cold-rolled stainless-steel producer in the country and a leader in the cold-rolled stainless-steel market in the ASEAN region. The Company was registered on July 30, 1990, and has been in production since 1993. It operates in the business of manufacturing and distributing cold-rolled stainless steel of various grades in the form of coils, sheets, and strips. If divided into the main products of the Company, according to their microstructure, the Company's products can be divided into 2 main types: (1) Cold-Rolled Austenitic Stainless Steel and (2) Cold-Rolled Ferritic Stainless Steel. These two types of stainless steel are the most commonly used, accounting for about 90 percent of all stainless steels currently in use. The Company's cold-rolled stainless steel will have different thicknesses and sizes according to customer needs.

Company's Revenue Structure

Type of Products	2021		2022		2023	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Net sales	19,131.9	99.4	23,521.0	99.7	14,067.4	99.6
Net profit from net exchange rate	89.1	0.5	48.8	0.2	23.9	0.2
Other revenues	18.6	0.1	18.8	0.1	31.5	0.3
Total revenues	19,239.6	100.0	23,588.5	100.0	14,122.8	100.0

1.2.1 Company Product Characteristics

Product Model

Stainless steel is a general term used to refer to steel in a group that has resistance to corrosion. This is generally true for steel containing chromium, at least 10.5 percent of which will act to create a protective film that resembles a corrosion-resistant shield to prevent the steel surface from reacting with oxygen in the air to form an oxide film on the metal surface and causing the steel surface to corrode, or known as rust.

The Company will produce and distribute various grades of cold-rolled stainless steel in the form of sheets, coils, and strips. By dividing the main products of the Company according to the microstructure, the Company's products can be divided into 2 main types, namely, (1) Cold Rolled Austenitic Stainless Steel and (2) Cold Rolled Ferritic Stainless Steel. Both of these types of stainless steel are the most commonly used, accounting for about 90 percent of all stainless steels currently in use. The cold-rolled stainless steel of the Company will have a thickness of 0.30 mm to 3.00 mm and a width of 30 mm to 1,265 mm.

Cold-Rolled Austenitic Stainless Steel

Cold-Rolled Austenitic Stainless Steel is the most widely used stainless steel around the world because it is highly corrosion resistant, flexible, non-magnetic, easy to clean, and hygienic in all applications by heat, cold, and sudden temperature changes. Therefore, this type of stainless steel is used in many industries. Austenitic stainless steel contains 1–14 percent of nickel and 16–25 percent of chromium. This is because austenitic stainless steel is more durable and resistant to corrosion than ferritic stainless steel. Therefore, more than 70 percent of the stainless steel used in Asia is austenitic stainless steel. The Company produces cold-rolled austenitic stainless-steel grades 304, 304 L, and 316 L, divided by surface into 4 types:

- Cold-Rolled Austenitic Stainless-Steel No. 1 (Matte Surface)
- Cold-Rolled Austenitic Stainless Steel 2D (Super Matte Surface)
- Cold-Rolled Austenitic Stainless Steel 2B (Shiny Surface)
- Cold-Rolled Austenitic Stainless-Steel BA (Shiny and Glossy Surface)

Incidentally, cold-rolled austenitic stainless steels are more expensive than cold-rolled ferritic stainless steels due to their higher cost and more volatile nickel.

The Company produced cold-rolled austenitic stainless steels, accounting for approximately 60 percent of total cold-rolled stainless steels produced in 2023.

Cold-Rolled Ferritic Stainless Steel

Cold-Rolled Ferritic Stainless Steel is the nickel-free stainless steel and, therefore, have moderate corrosion resistance properties, low carbon, 16–18 percent of chromium, and magnetic properties. The Company produces cold-rolled ferritic stainless-steel grades 409, 430, and 439, divided by surface into 4 types:

- Cold-Rolled Ferritic Stainless-Steel No. 1 (Matte Surface)
- Cold-Rolled Ferritic Stainless Steel 2D (Super Matte Surface)
- Cold-Rolled Ferritic Stainless Steel 2B (Shiny Surface)
- Cold-Rolled Ferritic Stainless-Steel BA (Shiny and Glossy Surface)

The Company produced cold-rolled ferritic stainless steels, accounting for approximately 40 percent of total cold-rolled stainless steels produced in 2023.

The main feature that differentiates cold-rolled austenitic stainless steel from cold-rolled ferritic stainless steel is that cold-rolled austenitic stainless steel is able to stretch better. This results in better forming properties than ferritic cold-rolled stainless steel. Therefore, it is suitable for manufacturing equipment requiring high cold-forming properties, such as cutlery, kitchen utensils, cooking utensils, sinks, pipes, etc. In addition, cold-rolled austenitic stainless steel has better corrosion resistance than cold-rolled ferritic stainless steel. At the same time, cold-rolled ferritic stainless steel is used in applications where deep drawing is not required and where high corrosion resistance is not required.

In addition to the features that are different, austenitic stainless steel is more expensive and volatile than cold-rolled ferritic stainless steel because austenitic stainless steel also contains nickel, which is expensive and its price volatility is quite high. The following figure shows examples of the Company's products in various forms.

Surface Characteristics of Different Stainless-Steel Types



Stainless steel
surface No. 1



Stainless steel
surface 2D



Stainless steel
surface 2B



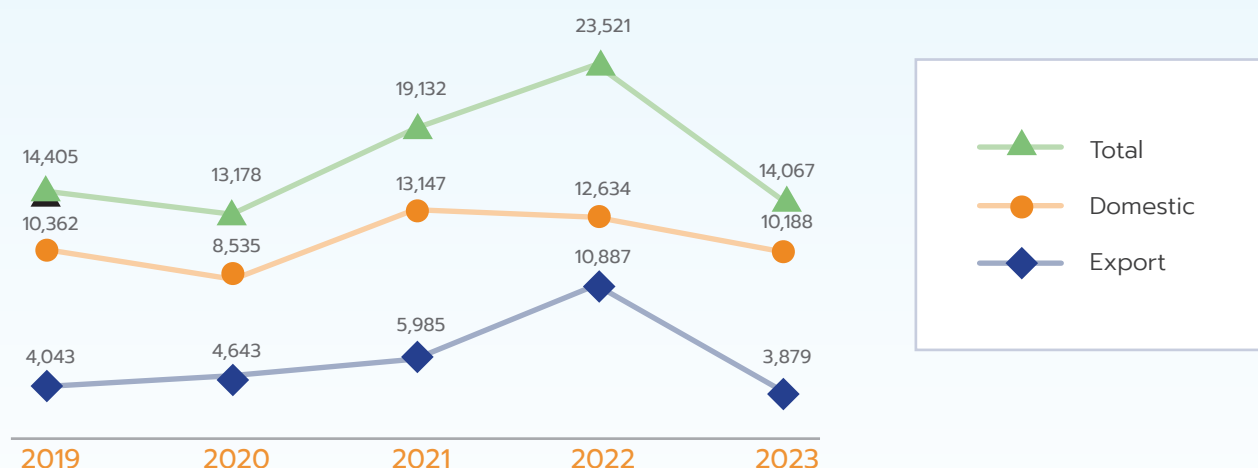
Stainless steel
surface BA

1.2.2 Marketing and Competition

1.2.2.1 Distribution

The Company produces and distributes various grades of cold-rolled stainless steels in the form of coils, sheets, and strips, with cold-rolled stainless steel distributed both domestically and internationally. As for the domestic market, since the Company is the only cold-rolled stainless-steel producer in Thailand, it has the advantage of being able to deliver products quickly and on time compared to cold-rolled stainless-steel importers from foreign countries. As a result, the cost of the customer's inventory is reduced and the customer's risk from fluctuations in raw material prices on the world market is reduced compared to imports from other manufacturers outside the country, as well as the customer not having to bear the risk of exchange rates. The Company also has a policy to increase the proportion of cold-rolled stainless-steel sales in the country and to develop new grades of stainless steel to always meet the needs of consumers and reduce costs for manufacturers who use stainless steels as a raw material. The Company has continuously improved its production processes and customer service.

Domestic and International Sales Volume during 2019 – 2023 (Million Baht)



The Company's cold-rolled stainless steel production technology is one of the factors that the Company pays great attention to because it can help reduce production costs, increase work efficiency, and maintain a high level of product quality. The general steel production technology has a service life of more than 20 years. The production technology of the Company is extremely advanced compared to the production technology of foreign competitors, and the Company receives constant technical and skill support from POSCO (South Korea), which is the main shareholder of the Company at present.

The Company produces most of its products according to customer orders. It usually takes 10 to 15 days for each order to be manufactured, depending on the product types, sizes, and production schedule of the Company. However, in the production, the quality assurance department must inspect the product quality at each stage of production according to the Quality Control Plan by the international standard ISO 9001: 2008. The Company has a policy of accepting orders from customers and delivering the products to the customers within approximately 30 – 45 days, depending on raw materials, product types, and transportation distance.

At present, most of the Company's customers use the Company's products as raw materials for their products. Most customers of the Company are manufacturers of household equipment and appliances, manufacturers of pipes, manufacturers of industrial equipment and supplies, manufacturers of various construction equipment and materials, manufacturers of car exhaust pipes and equipment, etc. Apart from selling directly to users, the Company also sells to distributors (stockists) and service centers which will take the Company's products to add other values, such as modifying the size of the product or polishing it into various surfaces, for further distribution to users of cold-rolled stainless steels. This type of customer will serve their customers well.

The Company has 4 main distribution channels for cold-rolled stainless steel:

1) Direct Distribution to Domestic Customers

The Company distributes directly to domestic customers by having a sales and marketing team distributes products directly to entrepreneurs who have large businesses and large purchases of the Company's products. At present, the Company's main customers are manufacturers of stainless-steel kitchenware, stainless steel water tanks, stainless steel pipes, and automotive parts companies that use stainless steels as components, as well as customers who use stainless steels in the production of machinery, equipment in industrial plants, etc

2) Distribution Through Local Distributors

At present, the Company has domestic distributors. These distributors are companies that have long-standing customer relationships and trade other metals in addition to the Company's products. In addition, these dealers normally have various major service centers that are affiliated entrepreneurs as well.

3) Direct Distribution to Overseas Customers

In many countries where customers have high purchasing power and can pay directly to the Company, the Company itself has developed business together with customers by having an export sales team to sell and expand markets for distribution directly to overseas customers to increase competitiveness and reduce sales costs.

4) Distribution Through POSCP Group's Overseas Network (South Korea)

The Company also uses the network of POSCO Group (South Korea), which is a major shareholder, to seek markets and provide additional sales services.

1.2.2.2 Competition Conditions

a. Industry Conditions

The structure of the steel industry can be divided into 3 main phases: (1) the primary steel industry, starting from bringing iron ore to iron making, (2) the intermediate steel industry, using the raw materials obtained from primary steel to produce billets, and (3) the downstream steel industry, bringing intermediate steel to roll into rebar, steel wire, and structural steel, as well as fabrication and coating springs and steel pipes. The Company's production of cold-rolled stainless steel is classified in the downstream steel industry.

b. Conditions and Trends of the Cold-Rolled Stainless-Steel Industry in the World Market

Based on the world stainless association, the figure for the first 9 months of year 2023 showed that overall Stainless steel melt shop steel production increased by 2.5 percent year-on-year to 42 Million Metric Tons.

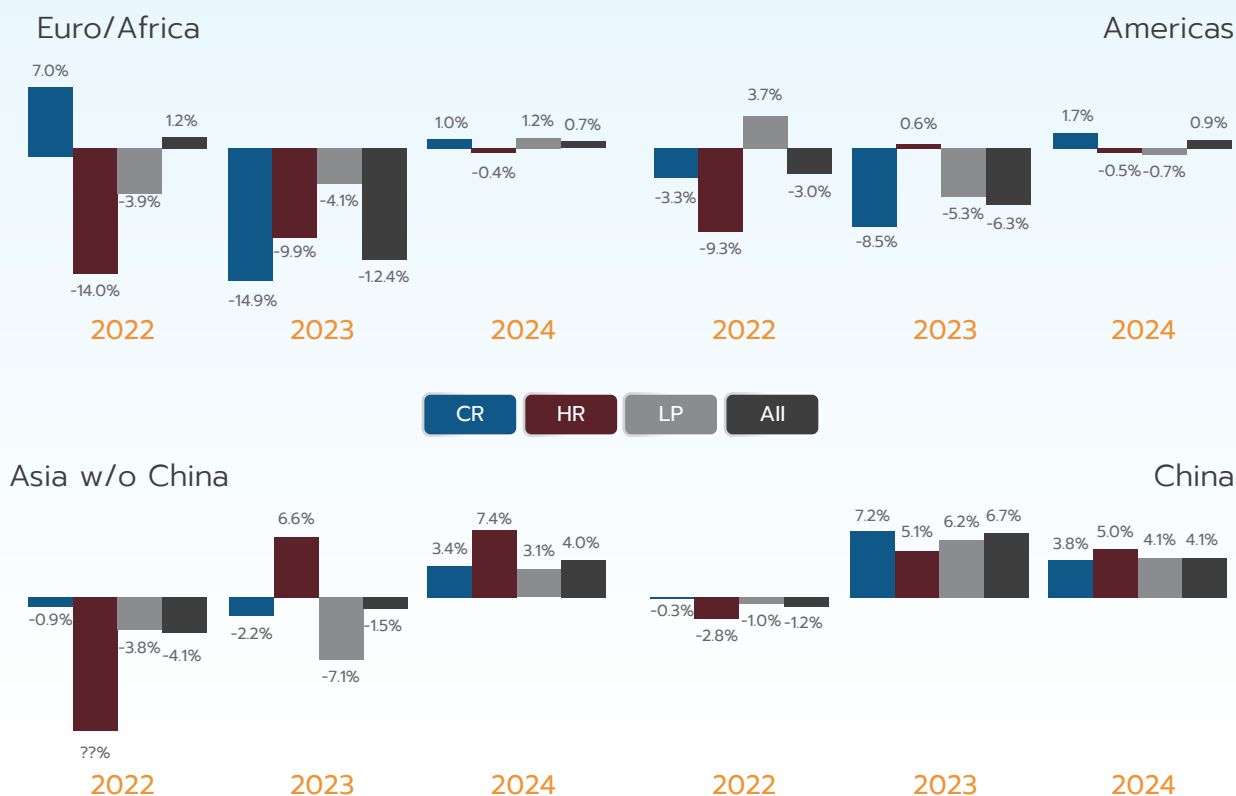
Stainless and heat-resisting melt shop steel production ('000 Metric Ton)						
Region	Quarter			9 Months		+/- %
	Q1/2023	Q2/2023	Q3/2023	2022	2023	
Europe	1,640	1,495	1,271	4,790	4,407	-8.00%
USA	478	465	442	1,589	1,384	-12.90%
China	8,055r	8,956r	9,594	23,457	26,606	13.40%
Asia w/o China and S. Korea	1,631	1,687	1,619	5,639	4,937	-12.40%
Others	1,662	1,808	1,800	6,074	5,270	-13.20%
Total	13,467r	14,410r	14,727	41,549	42,604	2.50%

Others: Brazil, Russia, S. Africa, S. Korea, Indonesia, r=revised

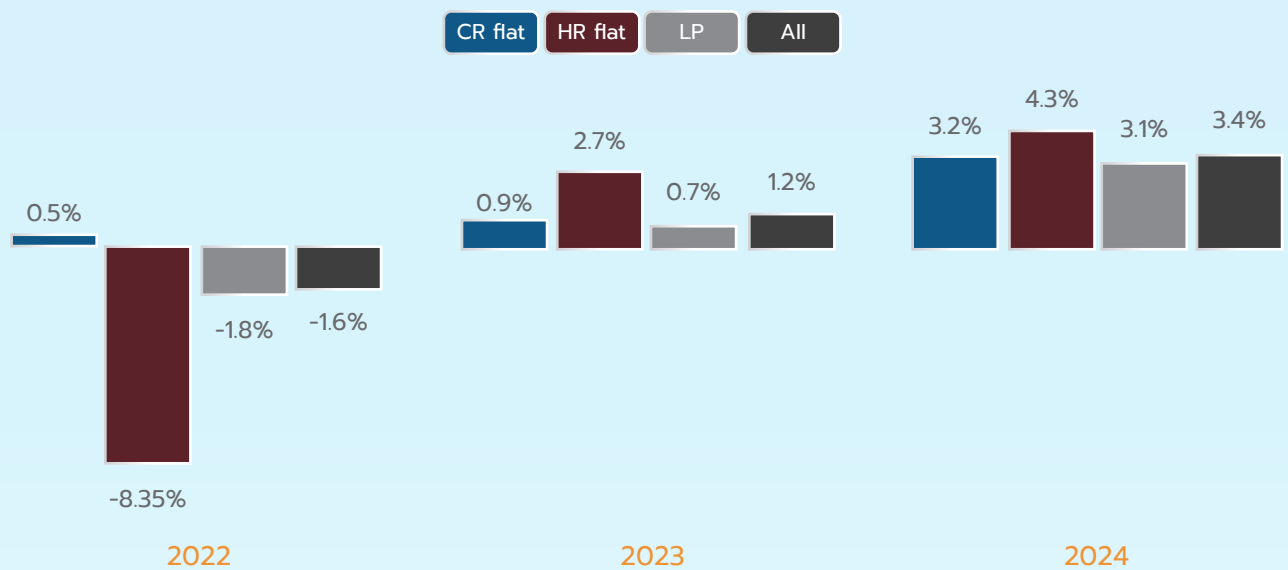
Source: worldstainless

If considered by region it can be seen that, apart from China, the production has decreased in every region around the world due to factory's production cuts in response to decline of demand. China's stainless steel production rose 13.40 percent, pushing global smelter output up 2.5 percent year-on-year in the first-nine-month period of the year 2023.

Stainless steel consumption by region



World stainless steel consumption changes

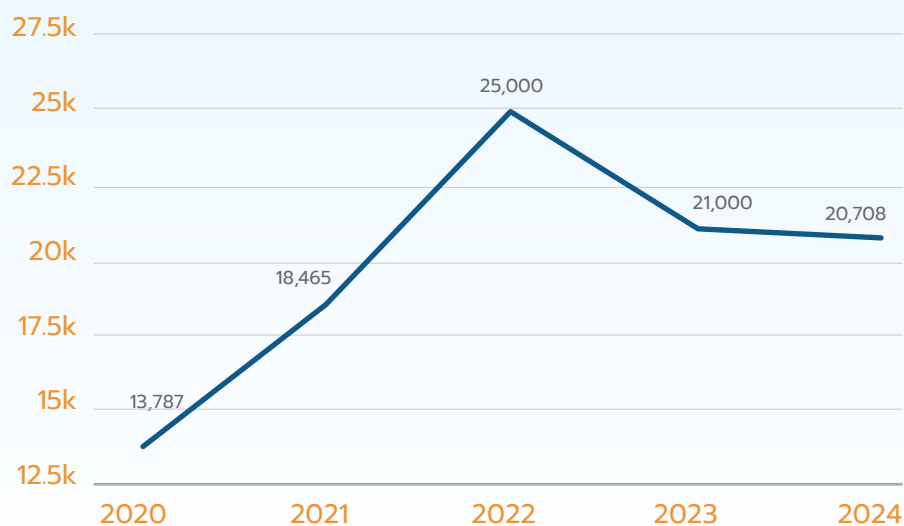


Source: worldstainless

Regarding the price of nickel, the main material in the production of austenitic stainless steels, the World Bank expects that the price of nickel will decline slightly in 2024 as shown in the following details:

World Bank Nickel Price Forecast

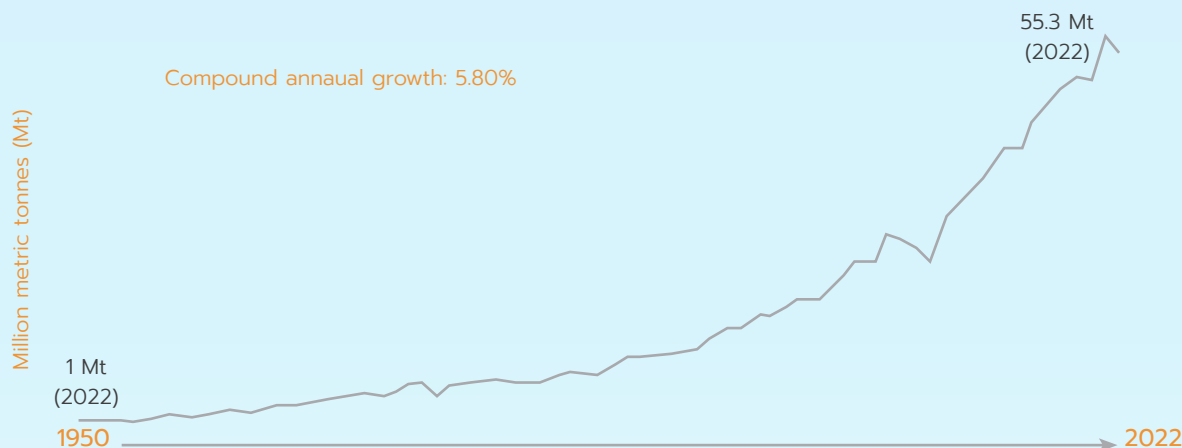
nominal US\$ per metric ton



Source: World bank Nickel Price Forecast

History and Competition

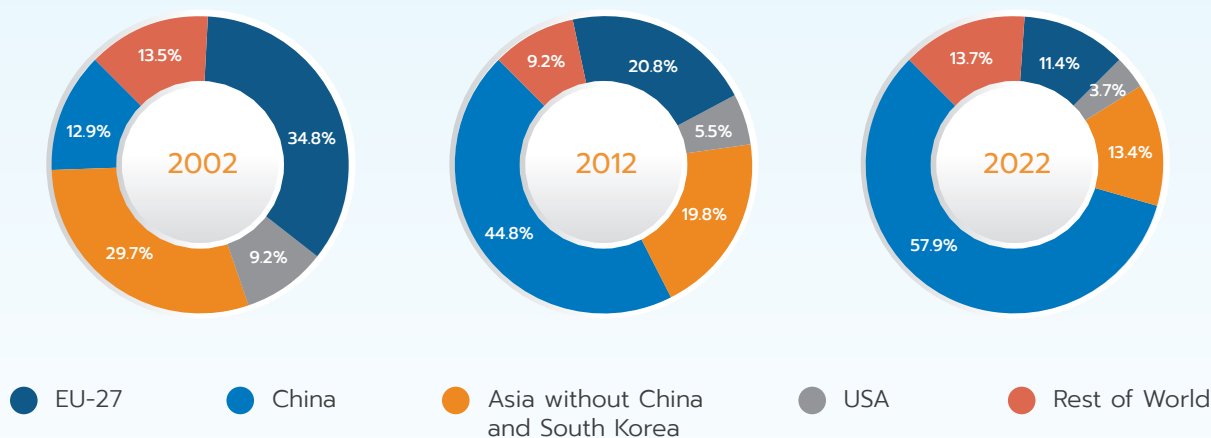
Compound Annual Growth Rate of World Stainless Melt Shop Production
(slab/ingot equivalent): 1950 - 2022 (in Mt)



Source: International Stainless-Steel Forum (ISSF)

According to the ISSF study above, it is found that the production of stainless steel will decrease from 58.3 million tons in 2021 to 55.3 million tons in 2022, accounting for an average annual growth rate from 1950 until 2022 at 5.8 percent.

Regional share of stainless steel production



Source: International Stainless Steel Forum (ISSF)

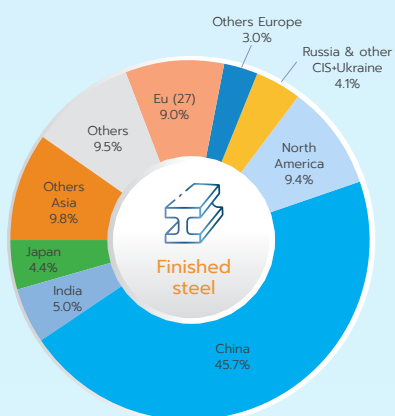
If considering the growth in each region, it is found that the market is dramatically growing in China. China alone increases from 12.9 percent in 2005 to 57.9% in 2022.

The total global steel demand in 2022 amounts to 1,781 million tons while China's demand for steel increases from 45.7% in 2012 to 51.7% in 2022 as in the diagram.

Steel use: Apparent steel use (Finished steel products), 2012 vs 2022

Apparent steel use (finished steel products)

World total: 1445 million tonnes



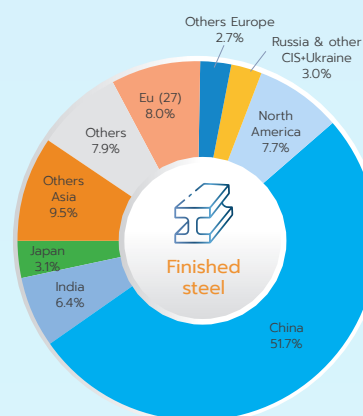
2012

Others comprise:

Africa	2.3%	South America	3.2%
Middle East	3.5%	Australia New Zealand	0.5%

Apparent steel use (finished steel products)

World total: 1781 million tonnes



2022

Others comprise:

Africa	2.3%	South America	2.3%
Middle East	2.9%	Australia New Zealand	0.4%

Source: World Steel in Figures 2023, World Steel Association

c. The Country's Leader in Cold-Rolled Stainless-Steel Market

The Company is the only manufacturer in Thailand and the first in Southeast Asia. With the research and development support under the strong brand of POSCO, it results in competitive advantages in export and domestic markets with importers in many areas, whether in terms of good quality, faster delivery and greater flexibility, better after-sales service, distinctive product image, and continuous development of new products and services. These potentials are further enhanced by the acquisition of a major shareholder of POSCO, a global stainless-steel manufacturer.

Top steel-producing companies 2022 crude steel production

Rank	Company	million tonnes
1	China Baowu Group ⁽¹⁾	131.84
2	ArcelorMittal ⁽²⁾	68.89
3	Ansteel Group ⁽³⁾	55.65
4	Nippon Steel Corporation ⁽⁴⁾	44.37
5	Shagang Group	41.45
6	HBIS Group	41.00
7	POSCO Holdings	38.64
8	Jianlong Group	36.56
9	Shougang Group	33.82
10	Tata Steel Group	30.18

Notes:

(1) Includes tonnage of Xinyu Steel

(2) Includes 60% AM/NS India (former Essar Steel)

(3) Includes tonnage of Benxi Steel

(4) Includes Nippon Steel Stainless Steel Corporation, Sanyo Special Steel, Ovako, 40% AM/NS India and 31.4% USIMINAS

(5) Former Valin Group

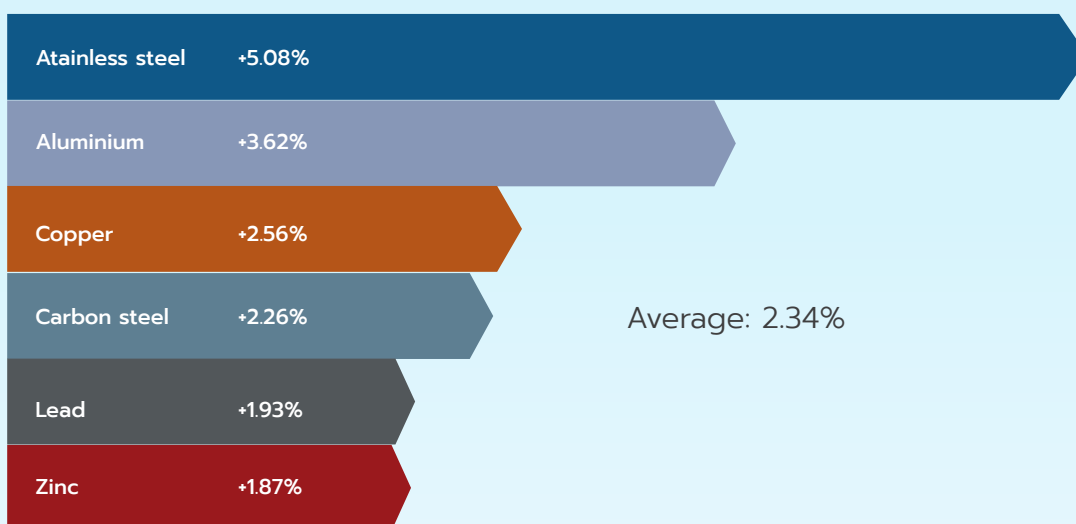
(6) Estimated combined tonnage of Mobarakeh Steel, Esfahan Steel, Khuzestan Steel and NISCO

Source: World Steel Association

d. Growth Potential of the Stainless-Steel Market

Stainless steel is a product that has a great opportunity to grow in both domestic and export markets. For the domestic market, this can be seen from the growth rate of stainless steel in the past 42 years which has grown higher than other metals such as lead, copper, zinc, aluminum, or carbon steel.

Compound annual growth rate of major metals (%/year): 1980 - 2022



Source: World stainless association

In addition, having POSCO (Korea) as a major shareholder is a good factor that will allow the Company to have more ability to compete in new product markets which previously could not control. For instance, it helps increasing the ability to sell more niche products, such as the automotive industry, electrical appliance industry, and computer industry. When the Company has opened a cold-rolled stainless steel service center (POS-TSPC), a stainless-steel slitting plant at the Amata Nakorn Industrial Estate, Chonburi Province, the Company has been able to produce products to meet the needs of customers and expand its customer base to more retail customers.

1.2.2.3 Business Operation Goals

a. Increasing Market Share and Sales Volume of Cold-Rolled Stainless Steel in the Country

The Company still aims to increase the market share of cold-rolled stainless steel in the country continuously. It will take advantage of being the only cold-rolled stainless-steel manufacturer in the country with advanced production technology and the shareholder who is one of the world's largest steel manufacturers, and without competitive disadvantage against competitors in the world market both in terms of product quality, fast delivery of goods and services as well as good inventory management and after-sales service. In 2023, the Company has a domestic market share of 45 percent. However, there are risk factors of imports from China, Taiwan, Korea, Japan, Indonesia, and Malaysia, which aim to export part of the excess production capacity, especially the competition with unfair prices. The Company has closely monitored the situation and requested the government to consider and issue appropriate trade measures.

In addition, the Company aims to support research, product development, and market development in order to increase the use of stainless steel in new products because the amount of cold-rolled stainless steel used in Thailand per population is still at a low rate compared to the amount of cold-rolled stainless steel used in foreign countries. The Company has the policy to develop the downstream industry system of the domestic cold-rolled stainless-steel industry to grow even more in order to have higher domestic consumption. In this regard, the Company will be able to expand the sales volume more in the future if the downstream industry of the domestic cold-rolled stainless-steel industry grows more.

The Company has cooperated with customers and distributors of the Company in product development to meet customer requirements, and promoted knowledge and understanding about the properties and applications of stainless steel by the Company itself and through the Thai Stainless Steel Development Association. Seminars, training, research, and feasibility studies of various projects have been organized continuously for entrepreneurs, students, technicians, engineers, as well as government agencies. The Company has also committed to increasing the expansion rate of stainless-steel consumption by increasing the value of the products for small and medium-sized enterprises (SMEs) so that stainless steel products are widely used in various forms. This is, also, to support the policy of providing careers that will cause the growth rate of the use of stainless-steel products of the Company significantly increase in the future.

b. Expanding the Overseas Customer Base to Be More Diverse

In 2023, overseas sales accounted for 28 percent of total sales.

The Company continues to acquire customers through new distributors in the distribution channels of associated companies of POSCO, which are trading companies with additional global distribution networks. In addition, the Company also sets the goal to increase the number of direct customers. It will focus more on customers who are manufacturers of products that use stainless steel as raw materials or large operators.

c. Focusing on Customer Service

The Company continues to strive to increase its competitiveness by aiming to produce and deliver quality products of international standards. The fact that the Company is able to deliver products on time and shortens the customer's ordering time allows the Company to be able to reduce the cost of inventory for customers. In addition, the Company is also committed to developing products to meet the needs of customers continuously.

d. Increasing Production Efficiency

The Company encourages employees in each department to think of innovative projects for their work. For the production line, it aims to increase the efficiency of the main production lines (HAP, CR, APF) by trying to reduce waste in the production process to a minimum on the basis of safety and production cost reduction.

The Company has a complete ERP (Enterprise Resources Planning) management system, which is the same system used by POSCO Group companies around the world to control their production process to be more efficiently from the purchasing system, production system, inventory system, and delivery system.

The Company also received the Outstanding Performance Award for Continuous Innovation Management from POSCO (South Korea) and was selected as one of the achievements by POSCO and its family. This award reflects continuous improvement in the production process. In addition, the Company has completely improved the whole production control system in the Annealing and Pickling of Final (APF). This will have a significant effect on the Company's production quality system in the long run.

1.2.3 Procurement of Products or Production

1.2.3.1 General Information

The Company is the only cold-rolled stainless-steel manufacturer in Thailand. The products of other steel manufacturers in the country are carbon steel which is totally different from the Company's products in both the application markets and the target customer groups.

The modern production process allows the Company's cold-rolled stainless steel to have excellent corrosion resistance, a beautiful, smooth, and even surface as well as the same thickness throughout the sheet. The Company's cold-rolled stainless steel has many grades to select according to the demand and suitability of the customer's application. The Company provides technical assistance in order to select the products to meet the needs of customers as much as possible.



The Company's cold-rolled stainless steel is manufactured from selected raw materials with modern production technology. The Company's products have been certified for the production process by ISO 9001:2008 international standards. The cold-rolled stainless steel has been produced in accordance with international standards such as Japan Industrial Standards (JIS), American Society for Testing and Materials (ASTM), European Standards (EN), and Thai Industrial Standards (TIS).

The following table shows the Company's various grades of cold-rolled stainless steel as well as their details, applications, and properties.

General Properties and Applications of Products

Austenitic Products			Properties	Application
Grade	Surface Finish	Thickness		
301	2D, 2B	0.3 – 3.0	High strength	Seat belts Coil springs
	BA	0.3 – 1.6		
304	2D, 2B	0.3 – 3.0	Corrosion resistance, very good formability and weldability, and easy to clean	Home appliances Water tanks Construction Transportation
	BA	0.3 – 1.6		
304L	2D, 2B	0.3 – 3.0	Very good corrosion resistance, sensitization resistance, and good weldability	Food production industry Boilers Heat exchangers
	BA	0.3 – 1.6		
316	2D, 2B	0.3 – 3.0	Excellent corrosion resistance, especially the pinholes, and strong at high temperatures when molybdenum added	Chemicals industry Large tanks Hot water tanks
	BA	0.3 – 1.6		
316L	2D, 2B	0.3 – 3.0	Low carbon, allowing it to be more resistant to intergranular corrosion than grade 316	Chemicals industry Large tanks Hot water tanks
	BA	0.3 – 1.6		
321	2D, 2B	0.3 – 3.0	Titanium added, allowing it to be more resistant to intergranular corrosion	Heat exchangers
	BA	0.3 – 1.6		
304J1	2D, 2B	0.3 – 3.0	Formability improved by adding copper	Used in works requiring deep formability
	BA	0.3 – 1.6		

Applications of Cold-Rolled Stainless Steel

Cold-rolled stainless steel is a material that has a wide range of uses with properties that are not like any other material, such as not rusting, easy to connect, easy to form, low maintenance cost, and can be reused. Therefore, cold-rolled stainless steel is a material used in many industries continuously as follows:



- **Transportation and Automotive Components**

Energy is saved through design that uses lightweight materials, making it pressure and bumps resistance with textures that can be adjusted to give a modern look. The Company's austenitic stainless-steel grades 301, 304, and the ferritic stainless-steel grades 410L, 430, 439, 441 are economical options for manufacturing various automotive components such as handrails, pedals, safety belts, decorative weather guards. The ferritic stainless-steel grades 409L, 439, 444, 436L, 436J, and 430J1L are suitable for exhaust systems requiring high heat and corrosion resistance.

- **Home Appliances**

The strength of stainless steel makes it possible to reduce the thickness of the material used, promoting work efficiency and long service life. The modern design of the stainless-steel surface also adds value to the appliances used in the kitchen, hard disk drives, computers, television frames, and furniture. The austenitic stainless-steel grades 304 and 304J1 and the ferritic stainless-steel grades 430, 441, POSRE1, 430M2, POS430RE, and 430J1L help create such appliances endlessly.

- **Household Appliances**

Safety and hygiene are keys for household appliances. Stainless steel is, therefore, a suitable material for producing containers for packaging and contact with food since it has high heat resistance, does not corrode easily, and does not change the taste of food. The Company's stainless steel that responds to household applications consists of, for example, the austenitic stainless-steel grades 304, 304L, and 316L, and the ferritic stainless-steel grades 430, POSRE1, POS430RE, and 445NF.

- **Food Industry and Medical Equipment**

In the food, drinks, and medical equipment production industries, smooth and even surface and chemical stability of stainless-steel help eliminate bacterial growth and provide high safety and hygiene. The Company's stainless steels suitable for this application are the austenitic stainless-steel grades 304, 304L, and 316 and the ferritic stainless-steel grades 439, 441, and 436L.

- **Heavy Industry and Power Industry**

Production in heavy industry, chemical industry, and energy industry, such as gas and oil or nuclear, requires special properties of stainless steel which can provide safety, highest heat resistance, and/or mirror-like shiny surface to produce the renewable energy from the sun and reduce environmental pollution. The Company's stainless-steel products for these industries are the austenitic stainless-steel grade 316, 316L, 321, 304J1.

- **Architecture, Construction, and Decoration**

For architecture, construction, and various decorations, both exterior and interior, stainless steel is a material that is widely suitable in this industry in terms of type, grade, thickness, surface finish, and quality according to the purpose of application. The austenitic stainless-steel grades 301, 304, and 316L and the ferritic stainless-steel grades 441, 445NF, and 436L make the creativity of architects and engineers possible and satisfying to users.

1.2.3.2 Factory, Equipment, and Machinery

The Company's cold-rolled stainless-steel factory located in Rayong Industrial Park Industrial Estate, in the eastern coastal industrial area, about 180 kilometers to the southeast, with a total area of 128 rai (205,000 square meters), consists of modern machinery and equipment in technology. In addition, the Company has also installed a quality testing system in every step of production thoroughly by engineers, technicians, and experts to ensure that the Company's products are of high quality and have won the credibility and trust of customers. The Company's products have quality according to international standards of JIS, AISI, and Euro norm. The laboratory is fully equipped with quality inspection equipment, both mechanical and computer inspection or structural analysis cameras to ensure and comply with the highest international standard quality control system. It allows the factory and the stainless-steel production process of the Company to be modern and has better performance than foreign stainless-steel manufacturers in many companies abroad. Our factory is also certified by various international standards related to important production.

The factory started manufacturing cold-rolled stainless steel in 1993, and currently has a production capacity approximately of 200,000 tons of cold-rolled stainless steel per year. In 2007, the Company invested in the installation of a 3rd cold-rolling machine (Sendzimir Line), and later installed additional batch annealing furnaces for a total of 3 furnaces to adjust the quality of stainless steel before going into the cold-rolling process which can support rolling up to 300,000 tons per year. The Company's factory is a cold-rolled stainless-steel factory that imports hot-rolled stainless-steel coils from abroad to be rolled and reduced the size to obtain the thickness and surface required by the customers.

Machinery and main equipment for the manufacturing of cold-rolled stainless steel of the Company are the modern and widely used equipment in all major cold-rolled stainless-steel manufacturers around the world which consists of the followings:

- Batch annealing furnace for ferritic grades
- Annealing and pickling line with a length of 280 meters for hot-rolled and cold-rolled stainless-steel coils
- Annealing and pickling for raw material with a length of 305 meters for hot-rolled stainless-steel coils
- Annealing furnace for a shiny surface finish, Sendzimir Cold-Rolling Mills (ZRM1 and ZRM2) with the speed rate of 600 and 800 meters per minute, respectively, and in 2008, Sendzimir Cold-Rolling Mill (ZRM3) with the speed rate of 800 meters per minute has been commissioned
- Skin pass mill to smooth the steel surface
- Skin pass mill No. 2 to smooth the steel surface
- Tension leveler to smooth the steel surface
- Grinding line to repair the surface
- Slitting line No. 2 for slit edges and wide sheets
- Cut-to-length line to cut into sheets
- Slitting line No. 1 for slit edges and narrow sheets



In addition, the Company has a cold-rolled stainless steel service center (POS-TSPC) and the 2nd stainless steel slitting factory that the Company has purchased from a company in Amata Nakorn Industrial Estate, Chonburi Province, with a total area of 9-3-65.9 rai to provide another channel for customer service for both the services of slitting and cutting cold-rolled stainless steel sheets for special needs with all types of grade, size, thickness, surface, and quantity required by the customers.

1.2.3.3 Passing on and Supporting of Technology from the World's Major Steel Manufacturers

In the past, the Aperam Group (previously known as “Arcelor”), which is the group that co-founded the Company and is one of the world's largest manufacturers of steel and stainless steel, has been passing on and supporting modern and effective production technology to the Company all along. The Company, executives, and employees have been passed on the knowledge, technology, and expertise in the production and distribution of cold-rolled stainless steel from Arcelor Group for more than 10 years. This has resulted in the Company being capable of manufacturing high quality cold-rolled stainless steel with a variety in product forms and a low cost. At present, POSCO (Korea), one of the world's largest steel manufacturers, has become a major shareholder in the Company and has the support of experts and new technologies to increase efficiency and make it even better one step further. It allows the Company to be more confident in the production process that is better because the Company will bring good experiences from two of the world's largest companies to support and develop the quality of work to reach the next highest point.

1.2.3.4 Production Procedures

The production process of the Company starts with bringing raw materials (hot-rolled stainless coils) to be cold-rolled, which the Company will import from overseas manufacturers. The hot-rolled stainless-steel coils are produced from stainless steel scraps which are fused with a mixture in an electric arc furnace. Then, it will go through a process that purifies liquid metal by vacuum. The purified metal will be continuously cast to obtain steel ingots. The aforementioned flat steel ingots will be hot-rolled to reduce the size into the steel coils. The Company will import hot-rolled stainless coils from manufacturers such as POSCO (South Korea), Nippon Steel, and Arcelor. All of the raw material suppliers to the Company are the world's largest manufacturers of hot-rolled stainless-steel coils, and POSCO (South Korea) and Nippon Steel are also shareholders of the Company.

The Company will bring hot-rolled stainless-steel coils pass through a heat treatment process and acid etching. Then, they will be rolled to reduce the size by the Sendzimir Cold-Rolling Mill and baked, acid etched, or through the process of bright annealing with a skin pass again to adjust the surface finishes to meet the needs of customers. The Company's cold-rolled stainless steel production process is as follows:

a. Annealing Process and Removal of Oxides (Pickling)

The ferritic hot-rolled stainless-steel coils are fed into the batch annealing furnace, where the temperature inside the machine is about 850°C, to anneal the hot-rolled stainless-steel coils to be soft and have a complete structure. After the hot-rolled stainless-steel coils have been put through the annealing process, there will be an oxidation reaction on the surface, which will be eliminated in the oxide process. The annealed hot-rolled stainless-steel coil will be passed through an oxide removal bath which contains a mixture of sulfuric acid, hydrofluoric acid, and nitric acid, respectively. For hot-rolled austenitic stainless-steel coils, it is not necessary to be put into a batch annealing furnace but can be brought directly into the process of annealing and pickling.

b. Cold-Rolling Process

Annealed and deoxidized steel will be passed through the Sendzimir Unit for size reduction. The Sendzimir Unit consists of 20 cylindrical rolling balls which force, compress, and roll the stainless steel to be thinner. The thickness of stainless steel will decrease after this process.

c. Surface Finishes Adjusting and Smoothing Process (Skin Passing)

As the smoothness of stainless steel after the 2nd annealing and de-oxide treatment is not suitable for use, the aforementioned stainless-steel sheets must be re-rolled through the surface treatment process to increase the smoothness and shine of the surface.

d. Slitting and Cutting Process

The final process of production is to unroll cold-rolled stainless steel to be cut into sheets according to the size required by the customer, which the finished product is called a cold-rolled stainless-steel sheet; or cut the stainless steel to the specified length and roll back, which the finished product is called a cold-rolled stainless-steel coil or a narrow cold-rolled stainless-steel coil, before delivering to the customers.



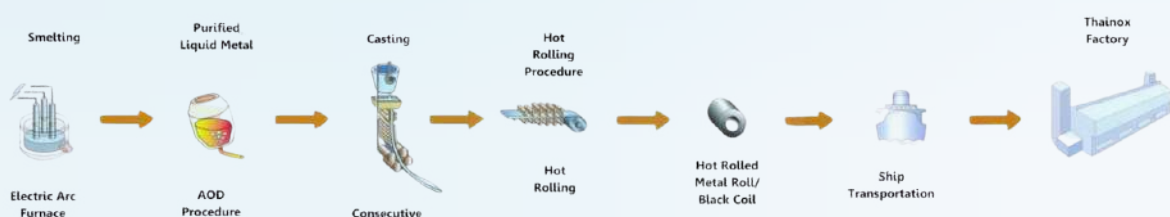
Sendzimir Cold-Rolling Mill



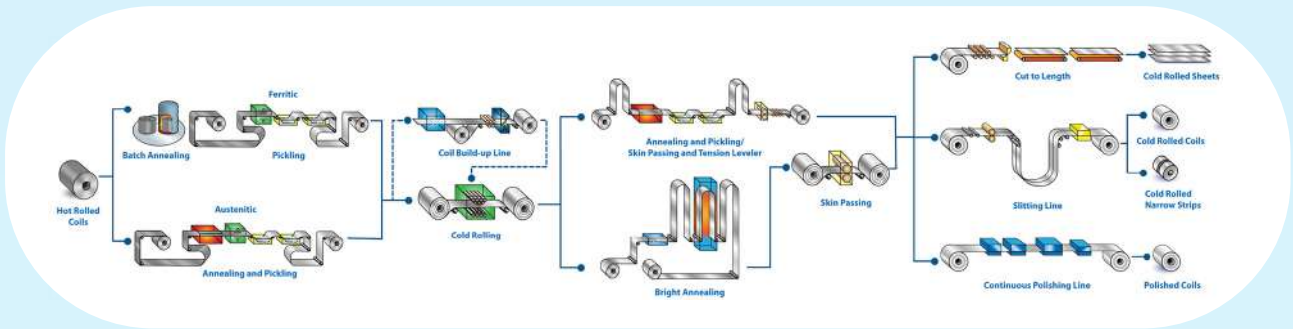
Skin Pass Mill for Steels



Production Process of Hot-Rolled Stainless-Steel Coils or Black Coils



Stainless Steel Production Process of POSCO-Thainox Public Company Limited



1.2.3.5 Research and Development

Since its establishment to the present, the Company has received various technological supports from the Aperam Group, which was a major shareholder of the Company, by receiving the knowledge and expertise in production cold-rolled stainless steel for more than 10 years. At the present, the Company has changed its major shareholder to POSCO (Korea), which is the world's top steel manufacturer, from the experiences of the global manufacturer. Therefore, executives and employees of the Company are very confident in producing quality cold-rolled stainless steel according to the needs of a wider variety of customers, as well as receiving research and technological support from POSCO (Korea), which is a major shareholder.

The Company's executives have realized the importance of product quality with production control departments as follows:

a. Production Process Control Department

The production process control department is the department responsible for studying, improving, and developing production processes to make the production process most efficient at a low cost. Its duties are to design, monitor, and control the production process to meet the requirements of standard conditions, including analyzing and providing feedback to the factory department in order to obtain stable quality products that meet the standards and needs of customers.

b. Product Quality Assurance Department

The product quality assurance department is responsible for inspecting and controlling the raw materials quality of products in the production process and finished products of the Company in order to ensure that the Company's products meet the requirements of customers. In addition, the product quality assurance department also sets standards for imported hot-rolled stainless steel. It also serves to claim damages in the event that the raw materials do not meet the requirements.

c. Technical Research & Development Center (TRDC)

The research and development center are the department that focuses on research and development of the quality of the Company's products. The research and development aim to study various processes to solve the problems of product manufacturing, customer return issues, wastewater quality problem, and raw material quality. It supports research and develops the production process, including the development of new-grade products by simulating and testing in the production process together with the production control department. This is to increase efficiency and reduce production costs. It is also responsible for promoting and planning the development of the use of stainless steel in various forms to increase both in current and new markets continuously by providing technical training to customers and helping customers solve various application problems.



d. Technical Customer Service

In addition, the Company also has a technical service department for customers which is responsible for setting standards for the Company's products, giving suggestions, providing technical advice to customers, encouraging customers to use the product worthwhile, leading to maximum satisfaction in products and services, investigating customer complaints to analyze and diagnose the damage caused to the customers quickly and fairly, acknowledging the needs of the customer, summarizing assessment, and giving suggestions to relevant departments in order to develop product quality to meet the needs of customers.

In addition to the above tasks, the research and development center has studied the quality of the products of the Company and other manufacturers to improve the quality of the Company's products. It mostly focuses on in-depth studies with the factory and customers. This includes testing laboratories that test product properties to meet standards and/or meet customer needs under the management of testing laboratories for testing quality assurance and test results to be in accordance with the standard of ISO/IEC 17025:2005.

In addition to study and research, the Company itself also has research collaboration with universities and well-known educational institutions both domestically and internationally. The Company supports the research of cold-rolled stainless products for many projects. In addition, the Company has also supported students and researchers in metallurgy and focused on coordinating and collaborating more with the research center of POSCO (Korea) to pass on knowledge and production standards so that the customers of the Company continuously receive the best products.

1.2.3.6 Raw Material Procurement Process

The Company imports 100% of raw materials, which are hot-rolled stainless steels, from hot-rolled stainless-steel manufacturers that are the world's largest manufacturers, namely:

1. POSCO Group (South Korea), which is currently the Company's major shareholder. Most of the Company's purchases are from this group.
2. Other business groups such as Nippon Steel Stainless Steel Corporation (the Company's shareholder from Japan), and some from China and Indonesia

The price of the Company's raw materials (hot-rolled austenitic stainless steel) fluctuates according to the price of nickel which is a commodity product.



1.2.3.7 Rules and Regulations Related to the Cold-Rolled Stainless-Steel Industry in Thailand

a.Domestic Trade Measures

- **Notification of the Central Committee on Prices of Goods and Services According to the Act Concerning the prices of goods and services, B.E. 2542 (1999)**

According to the Notification of the Central Committee on Prices of Goods and Services, No. 9 of 2023 on the determination of controlled goods and services dated June 29, 2023 For cold-rolled stainless steel sheet products, which a product that the committee asks the company to cooperate in informing product information on a monthly basis then the Department of Internal Trade can closely monitor market movements.

- **Trade Competition Act B.E. 2560**

The Trade Competition Act B.E. 2560 of the Trade Competition Commission has principles to supervise business operations and set guidelines to prevent monopoly and unfair trade. Even though the company is the only product manufacturer in Thailand, the operations of the company does not have the characteristics specified under the Trade Competition Act.

- **Anti-Dumping and Countervailing of Foreign Products Act B.E. 2542 and its amendments (No.2) B.E. 2562**

The Department of Foreign Trade has been announced that there must be an evaluation of the achievement of enforcement of anti-dumping measures and subsidies every 5 years in accordance with the Act on Criteria for Drafting Laws and Evaluation of Laws B.E. 2562 by hearing the opinions of Anti-dumping and Subsidy Act on Foreign Goods (No. 2) B.E. 2566 in order to evaluate the effectiveness of the law if it meets the objectives or is worth the burden on the government and the people or if there are any other effects that cause injustice to the people. At present, the Department of Foreign Trade is considering the recommendations, guidelines for improving the law and is analyzing the both positive effects and negative effects on the public, and effects on the economy before trade. This is to report a summary of the issues that should be resolved to the Ministry of Commerce for approval and to draft amendments to the law and enter into the process of amending the law. Meanwhile, the Company keeps on following the progress closely.

At present, three anti-dumping measures have been announced for cold-rolled stainless steel coils, sheets, and strips as follows:

- 1) The Notification of the Dumping and Subsidy Committee on the results of reviewing the necessity of anti-dumping measures on cold-rolled stainless-steel coils, sheets, and strips originating from Japan, Taiwan and, the Republic of Korea further of 2021 has been effective since February 18, 2021, and continue for another 5 years.
- 2) The Notification of the Dumping and Subsidy Committee on the results of reviewing the necessity of anti-dumping measures on cold-rolled stainless-steel coils, sheets, and strips originating from the People's Republic of China of 2019 onward, it has been effective since December 4, 2019, and continue for another 5 years.
- 3) The Notification of the Dumping and Subsidy Committee on anti-dumping on cold-rolled stainless-steel coils, sheets, and strips originating from the Republic of Indonesia and Malaysia of 2022 has been effective since November 30, 2022, for a period of 5 years

b. Foreign Trade Measures

- **Federation of Malaysia:** On 25 July 2023, the Malaysian Government announced the need to take anti-dumping measures on stainless steel coils, sheets or other forms originating in, or exporting from the People's Republic of China, Republic of Korea, Taiwan and the Kingdom of Thailand (Sunset review), with an effective period of 5 years, starting from July 27, 2023 and ending on July 26, 2028.

- **United States:** The United States has enacted Section 232 protections against increased imports of steel and aluminum into the United States. The measures have been in place since 2018 and are currently in place. Measures are being taken.
- **European Union:** The European Union has introduced measures to protect increased imports of 28 steel products, including cold-rolled stainless steel. The need to use the measures has been reviewed for the second time and is effective until June 30, 2024 for category 9 steel products. Thailand is not on the list of countries that must control import volumes effective from From 1 July 2022 onwards; however, the company continues to follow the direction of the announcement from the European Union that will expire around the middle of 2024.

c. Requirements and Standards for the Company's Currently Certified Management, Product Testing, and Safety Systems

- ISO 9001:2015, ISO 14001:2015, ISO45001:2018 for System Standard
- ISO/IEC 17015:2017 for Accreditation Standard of Competence of Testing Laboratories
- TIS 1378-2559, JIS G 4312/ JIS G 4313, JIS G 4305, IS 6911-2017 for Industrial Product Standard
- EN 10088-4 for European Union Construction Materials Specification
- PED, AD2000, RoHS, and REACH for Safety Standard
- Green Industry Certification Level 4 (GI4)
- Certification of products produced in Thailand (Made in Thailand : MiT)

d. Environmental Impact Requirements

In addition to prioritizing product quality and standards, the Company also pay attention to taking care and preserving the environment according to the international standard ISO 14001 : 2015. The Company has a wastewater treatment system, smoke dust removal system, and purification of toxin system inside the factory before being released into the environment. The Company has also installed a water quality meter and an on-line air quality meter, which will directly send results to the Department of Industrial Works to confirm the control results of various substances that they are under the law. And there is no pollution caused to the community around the factory. At present, the world is paying more attention to the importance of the environment, society, and governance (ESG) for sustainability. The Company has followed up the process of issuing new laws and regulations of trading in the future, such as:

- Participate in various projects with government sector such as the Department of Industrial Works, a project to promote industrial factories to have social and community responsibility for sustainable development goals (CSR -DIW to achieve SDGs), Project to increase efficiency of industrial waste management leading to Zero Waste to Landfill. The Company obtained certification of eco-industrial factories that are valuable to society (Eco Factory's). Also, the Company was certified as Level 4 Green Culture, the EIA awards by the Office of Natural Resources and Environmental Policy and Planning (ONEP), an agency under the Ministry of Natural Resources and Environment (MNRE).

1.2.4 Undelivered Work or Work Value

Currently, the Company does not have high-value projects or parts of work that take a long time to deliver. Usually, the customer's order the products by specifying the type, size, thickness, and quantity of the products, including agreeing on prices from time to time because the products are subject to price volatility and the prices change all the time. Acceptance of project work or work that requires a time period is, therefore, more risky than usual. Currently, the Company does not accept high-value project work or work that takes a long time to be delivered.

1.3 Shareholding Structure of the Company Group

The Company has registered capital of	7,795,709,100	baht
and paid-up capital of	7,795,709,100	baht
divided into ordinary shares of	7,795,709,100	shares
shares at par value of	1	baht

The Company's major shareholders on February 27, 2024, are as follows:

No.	Top 10 Shareholders	# Shares (Shares)	% Shares
1	POSCO Co.,Ltd	5,812,634,019	74.56
2	MR. CHALERMCHAI MAHAGITSIRI	789,570,000	10.13
3	NIPPON STEEL STAINLESS STEEL CORPORATION	202,127,100	2.59
4	MR. CHANINTR CHALISARAPONG	197,000,000	2.53
5	MRS. SURAT CHALISARAPONG	57,000,000	0.73
6	MR. SUTHEE LIMATIBUL	56,910,000	0.73
7	Thai NVDR Company Limited	49,743,610	0.64
8	MRS. SUVIMOL SATITYATHIWAT	28,500,000	0.37
9	MISS SUPATTRA PANGKARIYA	19,372,100	0.25
10	MR. DHANAPOL TAESOPAPONG	17,260,000	0.22

Since POSCO (South Korea), the major shareholder of the Company (74.56 percent), changed the company structure in March 2022, thus the name was changed to Posco Holding Inc. and separated its steel business into a new company named Posco Co., Ltd.

Subsequently, on December 20, 2022, there was a change in major shareholders of the Company from Posco Holding Inc. to Posco Co., Ltd. The change of major shareholder was made without the change in the management of the Company such as directors and management structure of the Company in any way. And because the shareholding restructuring of the business falls under Clause 9(5)(b) of the Notification TJ. 12/2011, the person who acquired the shares of the business (Posco Co., Ltd) is under the complete control of the person who has total control over the shares of the business (Posco Holding Inc.) prior to the acquisition of such shares. The Company is, therefore, exempted from making a tender offer to general shareholders with the Securities and Exchange Commission.

2 Risk Management



2.1 Risk Factors for the Company's Business Operations

At present, the Company's business operations may face various risks which may affect the Company's operating results. However, there may be other risks in the future that the Company is currently unable to know or the risk that the Company currently considers that there is no material impact on the Company's business operations. The main risk factors can be classified as follows:

2.1.1 Risk from Price Volatility of Products and Raw Materials

Normally, the selling price of the Company's products will change in line with the purchase price of raw materials. The Company may therefore have a risk if the selling price of the product cannot be adjusted in line with the purchase price of raw materials. This will affect the metal margin and profitability rate of the Company. In the past, the Company purchased all the hot-rolled stainless-steel coils (which are the raw materials for cold-rolled stainless-steel production) from overseas companies. The Company has to order raw materials about 2-4 months in advance (depending on the delivery distance from the seller to the main factory of the Company in Rayong Province). Therefore, it may cause the risk to the Company in case that the Company buys raw materials at a high price but cannot sell the Company's products at a higher price.

The Company is exposed to risks due to the adjustment of raw material prices which may be adjusted according to the market price, especially in nickel-containing grades which may have severe adjustments. However, nowadays, applications in the market are increasingly focusing on nickel-free grades. In addition, the speculative situation in the nickel metal market is less intense due to the adjustment in demand and supply in the market causing the adjustment of the price of raw materials to reduce the intensity as well.

The Company has closely monitored the price movements of products and raw materials in the market, including monitoring various in-depth analysis reports in order to manage risks in this area.

However, the Company has sufficient liquidity to be able to absorb impact from the risk of increased product and raw material prices.

2.1.2 Risk of Relying on the Procurement of Raw Materials

Since the Company's main raw material is hot-rolled stainless steel coil which has not yet been produced within the country. Therefore, it must be imported from abroad. This poses a risk in the event that overseas manufacturers are unable to deliver raw materials on time as required.

However, in 2011, POSCO (Korea) became a major shareholder of the Company. As a result, the risk of raw material procurement is reduced. At the same time, the Company also has a good relationship and also procures raw materials from Nippon Steel Group from Japan (Company's another shareholder group) and some from China and Indonesia to diversify risks as well.

2.1.3 Risk of Relying on Few Distributors in the Country and Abroad

In order to accommodate the production that will increase, reduce sales expenses, and reduce the risk of relying on a small number of domestic distributors, the Company has increased its distribution channels of the Company by appointing the number of new distributors in the country. The Company also sell the products by itself directly to major manufacturers that use stainless steel in many countries.

In 2011, after acquiring a major stake of POSCO (Korea), distribution channels to regional markets have been strengthened due to POSCO (Korea) having a network of POSCO International Company Limited with more than 57 branches around the world, which will allow the Company to be able to push more sales to oversee markets than before.

2.1.4 Risk of Increasing Cold-rolled Stainless-Steel Production in the World Market

Steel oversupply in China is still huge. Although the Chinese government has a policy to reduce steel production by ordering to close low-quality factories, operators may turn to produce more high-quality steel for the world market in the future. China is expected to maintain its price advantage through economies of scale due to the availability of iron ore, which can produce good quality steel (however, in the past, China did not invest in advanced technology in factories resulting in the steel that is not of high quality).

A large oversupply has created a strong push for exports to other countries and resulted in intense competition in the market outside of China as well. To prevent dumping from overseas stainless steel manufacturers, the Company has participated by filing a complaint with the Dumping and Subsidy Committee, Department of Foreign Trade in consideration of anti-dumping measures for cold-rolled stainless-steel products from Japan, South Korea, Taiwan, and China to prevent and counter competition in domestic trade and the Ministry of Commerce has announced measures to counter the importation market of stainless-steel products from China.

2.1.5 Risk of Setting a Price Ceiling on Cold-rolled Stainless Steel

The company cooperates in reporting information about cold-rolled stainless steel sheets to the Department of Internal Trade. To provide information to the Department of Internal Trade to continually be acknowledge of the market situation.

However, if the market has price fluctuations caused by the price of raw materials or demand and supply in the market. This may cause the Department of Internal Trade to consider specifying cold-rolled stainless steel sheets as a price-controlled product according to the announcement of the Department of Internal Trade. This will inevitably affect the company's operating results. However, with the oversupply of the steel industry in the world market, especially for stainless steel products, such risks may be difficult to occur at present.

2.1.6 Risk from international trade measures

In 2023, the United States announced the implementation of countermeasures for circumventing antidumping measures (Anti-circumvention: AC AD) on products from Vietnam that use raw materials from China. Currently, the European Union is investigating measures to counter evasion of anti-dumping measures and subsidies (Anti-circumvention: AC AD and CVD) of products from Vietnam which use raw materials from Indonesia.

If the European Union officially announces such measures, it may drive to accelerate the export of products from Vietnam to other countries including Thailand. In this regard, the company has followed the progress and possible impacts closely.

2.1.7 Risk of Trade Measures and Foreign Environment

Currently, one of trade measure that has begun to be enforced is Environmental measures to reduce global warming and help reduce greenhouse gases. One of the European Green Deal (European Green Deal) reform plans of the European Union is the Carbon Border Adjustment Mechanism (CBAM) which came into force on October 1, 2023. This measure requires entrepreneurs and importers in the European Union to report the amount of greenhouse gases (Embedded Emission) occurring in the production process of 7 product groups, including iron and steel, on a quarterly basis from 2023-2025. Moreover, after 2026 onwards, importers must purchase a certificate (CBAM Certificate) for the excessive amount of greenhouse gases that is higher than the benchmark. This benchmark will be announced by the EU in the future. Such measures may cause the higher cost on imports of goods into the European Union. As a result, importers may reduce imports of goods from manufacturers that emit greenhouse gases in amounts higher than the specified limit.

The company has prepared to report such information continuously. The Company also has a plan to reduce greenhouse gas emissions level from the production process, including preparing to access and procure raw materials from sources that have good control over greenhouse gas emissions. However, the company and the government sector still need to follow the movement of enforcing the measures. This includes improving various related factors within the specified time frame to be able to compete in the European Union market

The United States has proposed the Clean Competition Act to the Congress. There is a tendency that other countries will announce measures in the same format to reduce trade disadvantages in the near future.

2.1.8 Risk of Opening of Free Trade Area

The Company still has risks from opening of free trade area which its goal is to reduce customs duties on imported goods between each other to a minimum or 0 percent under the framework of various agreements, both bilateral and multilateral. Stainless steel products are one of the products that receive special rights for both import and export at a rate of 0 percent as well. The company has followed various trade frameworks through attending the meeting and expressing opinions to the Ministry of Commerce, which has been conducting negotiations throughout.

2.1.9 Risk of the Changes of Exchange Rate

The Company imports all hot-rolled stainless-steel coils from abroad. The purchase price of raw materials will be determined in Thai baht in the case of purchasing from POSCO (Korea) and in another currency if purchase from Japan or other sources. While the selling price of cold-rolled stainless steel for both domestic and foreign products is determined by referring to the world market price in foreign currency. The risk of the impact of exchange rate volatility on such issues is therefore limited. However, even POSCO (Korea) distributes the raw materials in Thai Baht currency, if it is deemed to be at high risk, this agreement may be terminated at any time. In addition, the usual periods of payment and receipt of money for the purchase of raw materials and the sale of products of the Company are not the same periods. Therefore, the changes in the exchange rate during that period may cause the cost of raw materials to be inconsistent with the selling price of the products.

2.1.10 Risk of Having a Group of Major Shareholders

At present, POSCO (Korea) holds approximately 74.56 percent (as of February 27, 2023) of the Company's paid-up capital. As a result, POSCO (Korea) can control most of the resolutions of the shareholders' meeting, whether it is the appointment of directors or seeking resolutions on other matters that require a majority of the votes of the shareholders' meeting. However, the executives all have the same objective which is to manage business for the benefit of all shareholders, both major and minor by generating the highest profit from the business in order to pay stable dividends to all shareholders, both in the short term and in the long term.



Sustainability Management Policy and Goal

A company that can grow and achieve sustainable success must take into account the society as a basis and must have unity with society. The Company as a member of society benefiting from its resources, the Company should look beyond business interests and should contribute to solving social problems and contributing to the prosperity of society, encouraging the conservation of the environment to create a better world. The Company believes that this is the right way to move forward with the management philosophy of corporate citizenship by creating a better future together. If there is communication and shared feelings among stakeholders such as customers, employees, investors, etc., there will be endless innovation and changes. In the end, it will create greater business value and will be sustainable growth in the long term. Therefore, the Company adheres to the philosophy of corporate citizenship which has the following principles:



3 Business Drive for Sustainability

1. **Build a strong industrial ecosystem together with business partners.**
 - Manage the business in fair, transparent, and ethical manner.
 - Cooperate and grow together with business partners with mutual care and respect.
 - Support customers' success by providing the best products and services.
2. **Be a leader in resolving social problems and building a better society.**
 - Pay attention to ongoing social problems and contribute to solving them at the corporate level.
 - Initiate activities that benefit the public in order to develop the locality and community, including preserving the environment.
 - Involve in charitable activities practically which is a part of the commitment to give back to the community and society.
3. **Create a workplace that gives happiness and pride by creating a corporate culture based on trust and creativity.**
 - Create a workplace that provides happiness and safety to promote the welfare and hygiene of employees.
 - Create a trustworthy and harmonious corporate culture by pushing for fair and stable personnel management.
 - Embrace differences and seek balance between life and work to make a happy workplace come true.

3.1 Sustainability Management in the Environmental Dimension

Environmental Policies and Practices

POSCO-Thainox Public Company Limited (the Company) places importance on sustainability, including the economy, society/community, and the environment. As for the environmental dimension, the Company is aware of the current state of climate change and the impact on the use of water and various natural energy sources. In 2023, the company received certifications and awards related to the environment as follows:

1. The Company was certified to Recycled Claim Standard version 2.0 (RCS 2.0) on May 18, 2023, which is a voluntary international standard that sets requirements for third-party certification of recycled raw materials and chain of custody. The main goal of RCS is to increase the use of recycled materials.
2. The company has participated in projects of the Department of Industrial Works, such as the project to promote industrial factories to have social and community responsibility for the Sustainable Development Goals (CSR – DIW to achieve SDGs), the project of increasing efficiency in industrial waste management leading to Zero Waste to Landfill (3Rs Award). Also, on June 29, 2023 the Company received Green Industry Level 4 (Green Culture) certification from Department of Industrial Works Ministry of Industry
3. The company received an honorable mention from the EIA Monitoring Awards in the cold-rolled stainless steel sheet production project category. From the Office of Natural Resources and Environmental Policy and Planning Ministry of Natural Resources and Environment (MNRE) on July 19, 2023



Green Industry



EIA Awards



CSR- DIW (Continuous) Award



3Rs Award

Environmental Performance

1. Energy Management

The Company is committed to finding technology and innovation to increase efficiency of energy consumption for maximum benefit along with developing and improving the production process to reduce greenhouse gas emissions that affect the climate change. The Company uses energy resources to create quality products. The main energy used in the production process is electricity, followed by natural gas. The Company realized of the impact on the environment from the business operations to show the intention to take responsibility for the impact on the environment seriously.

Energy Management	2021	2022	2023
Total electricity consumption within the organization (Kilowatt-Hours)	106,712,257.00	105,171,927.00	93,163,491.77
Total electricity expense (Baht)	345,187,139.87	366,074,570.82	371,033,010.00
Natural gas (Standard cubic feet)	520,411,820.00	515,483,500.00	413,999,250.00
Total fuel expense (Baht)	169,642,101.26	260,467,626.44	199,080,062.09



2. Water Management

Water is a resource that the Company recognizes the importance of resource management for the effective use. Thus, it has been pushed for various projects to increase and improve the efficiency of water use for maximum benefit to prevent and reduce the risk of water shortage that will be used in the production process and increase the efficiency of water use to be worthwhile, for example, a study on the reuse of water that has been through the wastewater treatment system in the production process, reducing the use of tap water for general washing in the factory, and water reuse for watering the green area in the factory.

The Company has a water supply system for use within the project and receives raw water from the private sector. The amount of water consumed is as follows:

Water Management	2021	2022	2023
Total water withdrawal (Cubic meters)	490,474.00	628,483.00	530,556.00
Total water discharge (Cubic meters)	89,267.00	168,604.00	177,779.00
Total water consumption (Cubic meters)	401,207.00	459,879.00	352,777.00
Intensity ratio of total water consumption to total revenues (Cubic meters / Thousand Baht of total revenues)	0.02	0.02	0.03
Total water withdrawal expense (Baht)	4,683,571.03	7,276,900.92	4,739,048.21



3. Waste Management

Industrial Waste

For industrial waste management, the Company has a plan to set goals to control the use to be little, reused, and recycled as much as possible and disposed of properly as well as selecting effective disposal services that meet legal requirements and is inspected at the waste disposal destination to prevent illegal dumping of industrial waste. Moreover, the Company has monitored the operations of the certified service provider to be responsible for waste disposal to ensure the quality of operations and in accordance with the standards of the Ministry of Industry.

Waste Management

The Company has taken actions to prevent and reduce environmental impacts, including helping to reduce global warming and giving importance to the use of various resources for maximum benefit. The Company manages waste from the production process by segregating waste into 3 categories: general waste, recyclable waste, and hazardous waste.

Garbage segregation is to meet the regulatory waste disposal processes. Garbage segregation process is to meet the regulatory waste disposal process.

Waste Generation	2021	2022	2023
Total waste generated (Kilograms)	14,149.69	12,325.00	8,040.18
Non-hazardous waste (Kilograms)	1,958.94	2,574.00	410.05
Hazardous waste (Kilograms)	12,190.75	9,751.00	7,630.13
Intensity ratio of total waste generated to total revenues (Kilograms / Thousand Baht of total revenues)	0.000739	0.000524	0.000570
Intensity ratio of total non-hazardous waste to total revenues (Kilograms / Thousand Baht of total revenues)	0.000102	0.000109	0.000029
Intensity ratio of total hazardous waste to total revenues (Kilograms / Thousand Baht of total revenues)	0.000637	0.000414	0.000541



4. Greenhouse Gas Emissions Problem Management

Pollution Management

The Company is committed to preventing environmental impacts caused by the production process and has implemented an environmental management system in accordance with the laws, rules, and regulations, including stakeholder agreements, and conducting business responsibly, protecting the environment, including using resources sustainably, and being aware of the change of climate, biodiversity, ecosystems that may occur in the future to the community and society, such as emissions of smoke, smell, noise, effluent, industrial waste, principles of pollution management in the production process to reduce pollution emissions as much as possible and handle the pollution through the treatment process to meet the standards according to the laws and regulations of the surrounding community and areas. The Company has implemented the operation of inspecting and measuring air pollution every 6 months and checking the working conditions, etc.

4.1 Greenhouse Gas Emissions

Greenhouse Gas Emissions (GHG Emissions)	2021	2022	2023
Total GHG emissions (Metric tonnes of carbon dioxide equivalent)	0.29	0.29	0.35
Total GHG emissions - scope 1 (Metric tonnes of carbon dioxide equivalent)	0.00	0.00	0.00
Total GHG emissions - scope 2 (Metric tonnes of carbon dioxide equivalent)	0.29	0.29	0.35
Total GHG emissions - scope 3 (Metric tonnes of carbon dioxide equivalent)	0.00	0.00	0.00

4.2 Verification of the Amount of Greenhouse Gas Emissions of the Organization

Agency of Verifier : None

Name of Agency of Verifier : None

Name of Agency of Verifier (in English) : None



3.2 Sustainability Management in Social Dimension

Social Policies and Practices

Human Rights Policies

The Company will take appropriate action to prevent human rights violations that may arise from its operations by complying with internationally recognized human rights laws and standards. The Company has established policies and regulations, such as establishing internal guidelines, human rights validation, prevention and mitigation of human rights impacts, investigation or review specific activities that may affect human rights, continuous status monitoring because human rights are subject to risks that may change over time. In addition, the Company provides internal training on human rights management and set up a counseling center for grievances.


- The Company operates by using legal labor. If there is a foreign worker, the employee must have a valid passport and work permit.
- Pay fair wages, provide various welfares as necessary and appropriate, provide equal employment opportunities for people with the required qualifications and abilities, and do not tolerate child labor.
- Do not discriminate against employees based on race, nationality, gender, age, educational background, religion, origin, disability, marital status, and sexual orientation.
- Set a policy to prevent sexual harassment and bullying in the workplace.
- Encourage to maintain a work environment with respect for diverse cultures.
- Listen to community opinions and resolve issues related to human rights violations which are caused by management activities.

Social Performance


1. Employees' Information

The Company takes care and treats employees with fairness and equality, with appropriate welfare and remuneration through the consideration of the the executives, provident fund, giving awards to employees, both monthly and yearly, and special awards such as Recognition Award, Recommended Award, Cost Saving Award, New Record Award, Best Person of the year, Communities Activities Award, Technical Improvement Award, and Innovation Award, etc. There is also protection welfare for all employees which protects more than the minimum required by law by emphasizing the importance of occupational health and safety in the workplace.


1.1 Total Number of Employees

	Number of Employees	2021	2022	2023
	Male Employee (Person)	448	456	450
	Female Employee (Person)	100	101	100
	Total (Person)	548	557	550

1.2 Employee Remuneration Payment

	Employee Remuneration	2021	2022	2023
	Total Employee Remuneration (Million Baht)	451.09	508.38	453.13

1.3 Employee Training and Development

	Training and Development	2021	2022	2023
	Average Number of Training Hours of Employees (Hour/Person/Year)	4	2	1
	Training and Development Expenses	558,856	1,302,022	938,186



Employees are a resource that is regarded as extremely important in the Company's business operations and affect the work to achieve the goal. Therefore, in human resource management, the Company realizes and places great importance on the process of personnel recruitment as well as personnel retention. The Company also places importance on employee development to increase their knowledge, ability, skills, and work efficiency.

The new employee will have a supervisor in each line of work to perform training duties in that line of work. Training is also provided both internal and external training. For internal training, the Company invites speakers to pass on the experience and provide additional knowledge to employees. The Company also increases the potential of existing employees in the organization by assigning them to be the training speakers in their fields of expertise.

As for online training through the e-campus system, the Company has encouraged employees to register to learn. There are topics of knowledge both in terms of organizational culture, leadership, safety, knowledge of expertise in various fields.

In addition, the Company has a policy to encourage employees to attend training with qualified personnel from the parent company in Korea to share knowledge, technology, and new developments to develop and improve the company's operations. This included the overseas program taken place in Korea in 2023 namely; Master Instructor and Global new manager Program, Best Employee HQ Benchmarking Program, Global Leadership academy Program, and Global New Leader Program.



1.4 Safety, Occupational Health, and Working Environment



Work Safety	2021	2022	2023
Number of employee injury incidents leading to time off (time)	0	0	0

The Company provides necessary protective equipment for employees working in the factory, such as safety helmets, shoes, glasses, gloves, chemical protection masks in case of leakage, etc. There are also various warning signs within the factory limiting restricted areas. There is also a campaign on safety on a regular basis. The Company allocated the space for the nursing room with professional nurses on duty 24 hours a day and doctors come to give advice once a week. There are ambulances and fire engines that are ready in case of emergencies. The Company also arranged annual health check-ups, health insurance, medical welfare, etc.

1.5 Employee Engagement



Employee Engagement	2021	2022	2023
Proportion of Voluntarily Resigned Employees (%)	5.66	3.05	1.27

2. Community and Society Information

The activities that the Company has implemented for the benefit of the community and society in 2023 are as follows:



January 14, 2023 POSCO-Thainox PCL. participated in Children day activities; such as, snack & ice-cream, gifts, toys gift-away for children at Mabkhaphatthana Subdistrict Municipality.



January 28 to February 17, 2023 POSCO-Thainox PCL. together with neighbor community participated in the Bun Khao Lam tradition, a tradition that has been passed down for 50 years of the people of Mabkha Sub-district.

Project Benches Donations to Schools in Bangkok

In accordance with the Corporate Citizenship project, the Company is committed to sharing with the community and society. The Company continuously cooperated with Juthawan Company Limited to produce and donate stainless benches to 2 schools in Bangkok.



January 22, 2023 Stainless benches delivery ceremony at Horwang School



February 22, 2023 Stainless benches delivery ceremony at Bangkok Christian College



During Songkran, Thai New Year's Day, POSCO-Thainox held social responsibility activities with Mab Kha Pattana and Thung Ton Leap communities. It is believed to promote good relations and unity with the community. The Mabkha Pattana neighborhood organized an internal football match from April 11 to April 16, 2023 and the company took part in the events at the Wat Mapha School Stadium opening day.

Lunch was provided by the company, and it was purchased from a villager in the Map Kha Phatthana community, helping to boost local jobs and generating income for the neighborhood (With Social).



June 1, 2023 Production Division leader, as a representative from POSCO-Thainox PCL., provided scholarships to totally 30 students at Mabkha pattana Kindergarten school. He also led employees to join activities and give out ice-cream to kindergarten studens.



June 6, 2023 ‘Green Day’ activity for managements and employees joibned together in Tree planting at Plant in Rayong. Also free trees were distributed to employees to bring back home aiming to help increasing tree for carbon absorb.

June 12-17, 2023 as a Global Good Corporate Citizenship Week, there are many volunteer & charity activities in all 3 branches in Rayoung, Amata, and Bangkok.



June 12, 2023 POSCO-Thainox PCL. Employees cleaned the area of Wat Kra-Chet, the temple in Makha sub-district, the company nearby community.





June 13, 2024 POSCO-Thainox PCL. employees (Amata branch) donated the water to patients and people around OPD building, and toys for children in children clinic of Phanthong Hospital.



June 14, 2024 POSCO-Thainox PCL. employees (Amata branch) made and distributed pork and shrimp porridge and water to OPD patients and people around Diabetes Clinic. Also, the adult diapers were donated to central center of Phanthong Hospital. The porridge was purposed to support people who did fasting before the blood test which most of these people are elders, and also to support the hospital staffs as well.



June 17, 2024 POSCO-Thainox PCL. employees (Amata branch) held a road sign painting activity as a charity for Phanthong Hospital (Chonburi). This helped improving hospital scenery, securing the safety of traffic in hospital, and improving the convenience for all users.





June 14-16, 2023 POSCO-Thainox PCL. employees (Head office) held the activities to improve scenery of Benchasiri Park, located near the office. The activities are cleaning gutter, preparing the space for planting, and also planting sugarcane around the exit no.3.



June 14, 2023 POSCO-Thainox PCL. produced and donated Ballistic shield made of the Company's stainless totally 106 units to Rayong Provincial Police.



June 15, 2023 Scholarship support totally 20 units (1,000 Thai Baht each) for Mabkha pattana Municipal Kindergarten, Brain-Based Learning activity for children at Mabkha pattana Municipal kindergarten and Autistic Develop center (Mabkha community), Mandatory appliance for bedridden living in Mabkha sub-district



June 16, 2023 Cleaning activity for Wat Mabkha, Nikhom Phatthana district



June 17, 2023 All POSCO subsidiaries in Thailand joined together in bicycle donation and cleaning to improve scenery at the 21st Infantry Regiment, Chonburi.



July 26, 2023 In occasion of His Majesty the King Rama 10's Birthday, the employees jointly planted trees at Nong Khla Community, Moo 8, Mabkha sub-district, Nikhom Phatthana district.



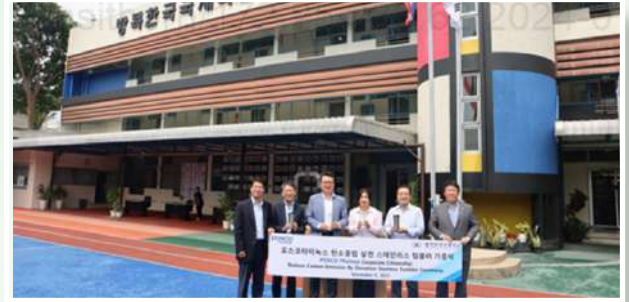
August 10, 2023 In occasion of Mother's day, the employees jointly planted trees, cleaned around community's swamp of neighbor community, Sai-9 Nong Kwang, Moo 5, Mabkha sub-district, Nikhom Phatthana district.



On Sunday, October 8, 2023, POSCO-THAINOX and the POSCO Thailand group of companies - POSCO TCS and POSCO THPC co-sponsored the running activity as part of our social responsibility programs. The "Iron Man Mini Marathon 2023" was primarily hosted by Sahaviriya Steel Group. Wachirabenjathat Park served as the event's venue. The financial support for this initiative came from multiple groups, and all profits were given to Thai charities without any deduction for costs.



On October 10, 2023, POSCO-THAINOX Rayong plant volunteers participated in the tree-planting event at the community water retarding dam, together with people and members of the Sai Kao-Nong Kwang community as well as cleaning the community office area to commemorate Navamindra the Great Day in honor of the immense grace of His Majesty King Rama IX, King Bhumibol Adulyadej.



October 10, 2023 To encourage concept of reuse for sustainable environment, POSCO-Thainox PCL. donated 225 tumblers to students at Korean International School of Bangkok. The financial donation in amount of 30,000 Thai baht was also provided in purpose of improving school facility and environment.



On Saturday, October 28, 2023, a donation for items needed by people with disabilities was held at the Bang Pakong Disabled Protection and Development Center, Chachoengsao Province (Chachoengsao Primary Educational Service Area Office). Donating items were collected through an invitation program from October 24-27.



Social responsibility-related activities on Sunday, November 19, 2023, POSCO-THAINOX staff visited the Home of Disabled Animal Foundation in Bang Len District, Nakhon Pathom Province, which receives support from Luang Ta Maha Bua Yansampanno. There, they participated in various kinds of activities with the dogs and cats that have impairments. Employees from Bangkok, Rayong, and Amata contributed funds to this initiative as well as dog food, cat food, shampoo, face masks, a large amount of bathroom cleaner, and other supplies. The total amount funded by everyone as well as the company was 20,925 baht.



POSCO-Thainox sponsored the 14th Metallurgy Conference (TMETC): the greatest annual metallurgy conference in Thailand, as the ESG project, together with arranging the “POSCO-Thainox Metallurgy Award” competition. This year, the event was held on Nov 22-23, 2023, at Amari Hotel Pattaya, Chonburi, hosted by Bhurapa University Incorporation with ISIT, MTEC, MMRI, Chula, etc. The conference this year was greatly successful, with over three hundred attendees from government institutes, universities, research institutes, and public companies.



November 23, 2023: POSCO - Thainox Public Company Limited jointly made Krathong to give to Mabkha Temple to be sold at Loy Krathong Festival 2023.



December 1 & 4, 2023: there were volunteer activities to develop community around Rayong factory by picking up garbage, mowing grass, and cleaning streets on the occasion of National Father's Day.

4 Management Discussion and Analysis (MD&A)



4.1 Overview of Business Operations and Significant Changes

Global Economy Condition

World steel prices in 2023 decreased in line with demand and supply of global steel in many regions. It is regarding to concerns about highly risky economic environment. Especially in China, which are the main producer and consumer, even if in the first quarter of the year, China's steel consumption recovered from the cancellation of the Zero Covid policy, but consumption still declined as demand for steel in the real estate sector remains sluggish.

Amid increasingly stringent international environmental measures, it raised pressure on the steel business to adapt to the ESG (Environmental, Social, and Governance) system through awareness of improving technology and environmentally friendly production processes. Therefore, global steel prices may adjust according to higher production costs due to improvements in production process technology.

Domestic Market Situation

Problems with the release of Chinese steel stocks to Thailand have been increasing, which caused pressure on steel prices in Thailand to decrease. There was also uncertainty in the enforcement of anti-dumping measures (Anti-dumping: AD) with hot rolled steel products in coils and non-rolls from China and Malaysia. Thailand imported a high proportion of steel from China. If there was a cessation of enforcement measures on steel products from China, this might cause an increase in steel imports and put downward pressure on the price of domestic hot-rolled steel sheets.

In addition, more stringent international environmental measures and the Net Zero trend would affect the Thai steel industry with higher costs due to technology changes to produce environmentally friendly steel. By this businesses had to also strive to maintain market share and advantage, especially during technology transformation to produce environmentally friendly steel in the long term. The adjustment of the world steel industry to meet demand for environmentally friendly products might cause world steel prices to tend to a new base. However, it was necessary to wait for new steel production technology to enter large-scale production in order to create an Economy of Scale to reduce production costs.

It was important to introduce measures from the government to support the reduction of carbon emissions and incentivize domestic demand for environmentally friendly steel to reduce the impact on costs and reduce the risk of accessing funding sources

Overview of Business Operations

In 2023, the Company has a market share of cold-rolled stainless steel in the country at 43%, which is the same proportion as in 2022.

However, the Company still focused on developing products to meet the needs of customers, including building good relationships with customers, encouraging customers to use the Company's products by reducing imports from abroad. For the Company's export aspect, the Company distributed products abroad through contacting customers directly and through the cooperation network of POSCO (South Korea), which has a network all over the world. Most of them were distributed to countries in America, Europe, and Southeast Asia, etc.

It was successful as the Company has technology to produce quality products, covering both cold-rolled austenitic and ferritic stainless steels and was able to produce products with a variety of surfaces, sizes, thicknesses, and properties according to customer needs. Also, since the Company was the only cold-rolled stainless steel manufacturer in Thailand, the Company, therefore, was able to deliver products to customers quickly and on time and able to supply products to customers immediately in case customers need products urgently. This was an advantage compared to cold-rolled stainless steel importers where customers had to bear the risk from fluctuations in world market prices and exchange rates.

4.2 Performance and Profitability

Revenue Analysis

The Company operated in the business of manufacturing stainless steel for domestic and overseas markets. The Company had revenues from cold-rolled stainless steel sales and services in the amount of 14,067.4 million baht, which was lower than the year 2022 in the amount of 23,521.0 million baht or 40.2%.

In 2023, the Company's domestic revenues accounted for 72% and overseas revenues accounted for 28%.

Operation Profit

Performance of the Company from the financial statements under the equity method differs from the same period last year due to the following major reasons:

Statement of Income

- The company recognized 14,067.4 Million Baht revenue from sale and rendering of services of cold rolled stainless steel (162,091 tons with average selling price of 86,787 Baht per ton), which is lower than the sale in year 2022 amounting to 23,521.0 Million Baht (226,170 tons with average selling price of 103,997 Baht per ton) by 9,453.6 Million Baht or decreased by 40.2%.
- Cost of Sales of goods and rendering of services for the year of 2023 totally 13,759.0 Million Baht, decreased 8,982.0 Million Baht or decreased 39.5% compared to the year 2022, due to the sales volume and raw material price is decreased.
- Gross profit margin totally 308.4 Million Baht is decreased 471.6 Million Baht compared to the year 2022 which made gross loss margin 780.0 Million Baht
- Selling and Administrative expenses totally 443.7 Million Baht in the year 2023 decreased 135.2 Million Baht compared to the year 2022.
- Gain from exchanged rate totally 23.9 Million Baht is decreased 24.9 Million Baht compared to the year 2022 which made gain from exchange rate 48.8 Million Baht.
- Tax income totally 9.0 Million Baht is increased 63.1 Million Baht compare to the year 2022.
- Net loss for the year 2023 was 73.1 Million Baht, decreased 279.2 Million Baht compared to the year 2022 was net profit 206.1 Million Baht mainly from:
 - 1) Gross profit margin decreased 471.6 Million Baht.
 - 2) Selling and Administrative expense decreased 135.2 Million Baht.
 - 3) Gain from exchange rate decreased 24.9 Million Baht.
 - 4) Tax income increased 63.1 Million Baht.

4.3 Ability to Manage Assets

Balance Sheet

Assets

As of December 31, 2023, the Company's total asset was at 11,618.3 Million Baht, decreased 7.2 Million Baht or 0.1% compared to December 31, 2022 due to following reasons;

- Cash & cash equivalents was 2,305.0 Million Baht increased 1,194.5 Million Baht or 107.6% compared to 1,110.5 Million Baht at December 31, 2022.
- Accounts Receivable (net) was 1,954.4 Million Baht, decreased 803.7 Million Baht or 29.1% compared to 2,758.1 Million Baht.
- Inventory was 4,176.8 Million Baht, decreased 207.1 Million Baht or 4.7% compared to 4,383.9 Million Baht at the end of 2022.
- Property, Plant and Equipment (net) was 2,549.7 Million Baht, decreased by 209.0 Million Baht or 7.6% compared to 2,758.7 Million Baht end of 2022, mainly from depreciation expense of assets during the period.

Analysis

Debtor

As of December 31, 2023, the Company had net trade receivables of 1,954.4 million baht, compared to December 31, 2022 with the amount of 2,758.1 million baht, or a decrease of 803.7 million baht, representing 29.1%.

Unit : thousand baht

Trade Accounts Receivable	December 31, 2021	December 31, 2022	December 31, 2023
Not due	3,062,050	2,647,763	1,760,479
Overdue of other business			
• 1- 30 days	232,606	106,260	138,404
• 31- 60 days	5,312	4,121	43,920
• More than 90 days	6,111	5,991	17,516
Total	3,306,079	2,764,135	1,960,319
Deducted for allowance for doubtful debt	-6,111	-5,991	-5,871
Net trade account receivables	3,299,968	2,758,144	1,954,448
Other receivables	11,557	134,032	136,862
Total trade account receivables and other receivables	3,311,525	2,892,176	2,091,310

The Company has a committee to consider the credit limits and conditions of selling products to customers. The credibility of each new customer is analyzed before the Company proposes terms and conditions of trade. The Company will review the credit rating (if any), financial statements, industry information and certificate of financial position of the bank in some cases. Sales limits are set for each customer and are reviewed annually. Any sales that are above such limits must be approved by the Board of Directors or executives of the Company.

The Company has a policy to set an allowance for doubtful accounts, estimated from the expected amount that may not be collected from debtors. Such amount is estimated by analyzing the debt payment history and expectation of the debtor's future debt payment. The executives will consider the amount to set the allowance for doubtful debt by considering from each debtor. As of December 31, 2023, the Company has an allowance for doubtful debt in the amount of 5.87 million baht.

Investment in Associates

NS-Thainox Auto Company Limited

The Company has invested in the NS-Thainox Auto Company Limited for 49%, which is a joint venture with NS-SL Company Limited and Siam Lotus Company Limited. It was registered for establishment in Thailand on July 17, 2006 and was not listed on the Stock Exchange of Thailand. Its objective is to conduct business, market, sell, and distribute products made from the Company's stainless steel for use in the production of automotive and motorcycles in Thailand,

For the accounting period ending December 31, 2023, the Company recognized share of profit in the consolidated financial statements according to the equity method in the amount of 0.04 million baht and presented the change in the book value of investments in associated companies as of December 31, 2023 in the amount 57.52 million baht.

Other Assets

As of December 31, 2023, the Company has the main fixed assets used in business operations as follows:

List	Proprietor	Net book value
<u>Asset</u>		
1. Land	The Company	318,856,450
2. Land improvement, factory and office buildings	The Company	407,538,935
3. Machinery and factory equipment	The Company	1,775,242,446
4. Office furniture, fixtures and equipment	The Company	36,488,111
5. Vehicles	The Company	235,826
6. Assets under construction	The Company	11,294,823
Total		2,549,656,591

Affordability

Liabilities

As of December 31, 2023, the Company's total liability was at 2,671.6 Million Baht, increased 269.0 Million Baht or 11.2% compared to 2,402.6 Million Baht end of 2022 due to,

- Accounts payable totally 2,312.8 Million Baht, increased 317.6 Million Baht or 15.9%

Shareholders' equity

As of December 31, 2023 Shareholder's equity was at 8,946.7 Million Baht, decreased 261.8 Million Baht compared to the December 31, 2022 mainly due to,

- Net Loss for the year 2023 totally 73.1 Million Baht.
- Dividend payment during the period totally 189.4 Million Baht

4.4 Factors That May Affect Future Performance

4.4.1 Operation Factors

Price Volatility of Products and Raw Materials

The Company purchases all hot-rolled stainless steel raw materials from abroad and have to order 2-4 months in advance, resulting in a risk if the price of raw materials at the time of ordering and the selling price of products are very different. However, the Company has closely monitored the prices of products and raw materials, including maintaining liquidity to absorb the impact from the risk of product and raw material prices.

Reliance on Raw Material Procurement

The raw material used by the Company is hot-rolled stainless steel which has not yet been produced within the country. Therefore, all of them must be purchased from abroad. The Company has POSCO (South Korea), a hot-rolled stainless steel distributor from South Korea, as a major shareholder which fully supports the procurement of raw materials. This risk is therefore reduced. In addition, the Company also has a reserve source of raw materials, namely Nippon Steel Group from Japan (the Company's shareholders holding 2.59%) and Aperam from France as a reserve source of raw materials.

4.4.2 Financial Factors

The Company's operations have factors that could affect the Company's financial status in many cases. The Company plans to manage risks by the Financial Management Team in accordance with the policies approved by the Board of Directors to plan and manage risks specifically and comprehensively for each risk, such as exchange rate risk, interest rate risk, lending risk, and use financial derivatives and invest using excess liquidity to manage risks.

Exchange Rate

The Company has exported and imported raw materials, finished goods, machines, and some equipment. Therefore, there is an exchange rate risk arising from future transactions and recognition of assets and liabilities.

Interest Rate

The Company has significant interest rate risk related to financial institutions and low level of loans due to such type of interest rate being adjusted up and down according to the market price or having a fixed rate that is close to the current market rate.

Lending

The Company has no significant lending risk and has a policy to approve customer loans through the credit committee by considering financial statements, history, and business of the customer as important factors.

Financial Liquidity

The Company has carefully operated and planned financial operations in order to maintain the Company's financial liquidity to be in good standing at all times and have a source of funds to reserve in the event of an emergency in the amount that is sufficient to meet the needs of the Company from a trusted financial institution. Good status of the Company enables the Company to be able to provide additional sources of reserve funds in the future.

5 General Information and Other Important Information



5.1 General Information of the Company

Company Name	POSCO-Thainox Public Company Limited
Abbreviation	INOX
Business Type	Manufacturing and selling of Cold-rolled stainless steel for domestic and export
Head Office Location	622 Emporium Tower, 15/6-8 Floor, Sukhumvit Road, Klongton Sub-District, Klongtoey District, Bangkok Telephone 0-2494-3130-47 and Fax 0-2494-3148-49
Factory Location	1) 324 Moo 8, Highway Road No. 3191 Mabkha Subdistrict, Nikhom Phatthana District, Rayong Province 21180 Telephone 038-636125-32 Fax. 038-636-099 2) 700/453 Moo 7 Amata Nakorn Industrial Estate Mueang Chonburi District, Chonburi Province 20000 Telephone 038-454141-3 Fax. 038-454179
Company Registration Number	0107547000419
Website	www.poscothainox.com
Registrar	Thailand Securities Depository Company Limited 93 the Stock Exchange of Thailand Building, Ratchadaphisek Road, Din Daeng, Bangkok 10400 Tel. 02-009-9000
Auditors	KPMG Phoomchai Audit Limited Ms. Marisa Tharathornbunpakul C.P.A. 5752 or, Mr. Sumate Jangsamsee C.P.A. 9362 or, Mr. Piyanat Singkhorn C.P.A. 11641
Legal Advisor	Chindech and Associates Company Limited
Financial Advisor	None
Consultant or Manager Under Management Contract	None

5.2 General Information of the Company

Company Name	NS-Thainox Auto Company Limited NS-Thainox Auto Co., Ltd.
Business Type	Conducting business of, marketing, selling, and distributing products made of stainless steel for use in the automotive and motorcycle industries in Thailand.
Head Office Location	1 MD Tower, 20th Floor, Soi Bangna-Trad 25, Bangna-Trad Road, KM.3, Bangna Nuea Subdistrict, Bangna District, Bangkok Telephone 02-744-0720 Fax. 02-744-0240
shares	The Company holds the ordinary shares for 49 percent of the total shares.

5.3 Rights and Benefits from Investment Promotion Certificates

The Company receives rights and benefits under the Investment Promotion Act B.E. 2520 on being a cold-rolled stainless steel manufacturer with the following main criteria:

The Company obtained 4 Patents from the Board of Investment and Has the Following Benefits:

For the benefits of	Investment Promotion Certificate No. 1141/2534 Cold Rolled Stainless Steel	Investment Promotion Certificate No. 1165/2540 Production of cold-rolled stainless steel coils and sheets	Promotion Certificate No. 1023(2)/2552 Production of cold-rolled stainless steel sheet with shiny surface	Investment Promotion Certificate No. 1592/Wait/2556 Metal sheet cutting and processing
Section 25 permits to import foreign workers who are skilled workers in a reasonable amount and for a reasonable period of time.	/	/	/	/
Section 26 permits foreign workers to work in specific positions according to the number and period of time approved by the Board of Directors.	/	/	/	/
Section 27 allows ownership of land in the amount that the Board of Directors deems appropriate.	/	/	/	/
Section 28 exempts import duty on machinery approved by the Board of Directors.	Expired	Expired	N/A	N/A
Section 29 reduces half of import duty on machinery as approved by the Board of Directors, except machinery with import duty less than 10 percent will not receive the reduction.	N/A	N/A	Expired	N/A
Section 31 exempts corporate income tax.	Expired	Expired	/	N/A
Section 34 exempts from including dividends from promoted activities in the calculation of income tax.	Expired	Expired	/	N/A
Section 35 (1) receives a 90 percent reduction of trade tax for the sale of products from the normal rate.	/	N/A	N/A	N/A
Section 35 (2) reduced 50 percent of corporate income tax on net profits received from investment for 5 years from the expiration date under Section 31.	Expired	Expired	N/A	N/A
Section 35 (3) deducts transportation costs, electricity costs, and water costs twice the cost incurs for 10 years.	N/A	/	N/A	N/A
Section 35 (4) permits to deduct the investments of the installation of utilities for 25 % of investments other than regular depreciation deductions.	N/A	/	N/A	N/A
Section 36 exempts of import duty on raw materials and essential materials imported from abroad for use in production for export.	Expired	Expired	Expired	Expired
Section 37 permits to bring or transfer money out of the Kingdom in foreign currencies.	/	/	/	/

5.4 Legal Disputes

As of December 31, 2023, the Company has legal disputes as follows:

Dispute between the Company and Great Central (International) Company Limited

On August 26, 2019, the Company was sued by Great Central (International) Company Limited (hereinafter referred to as “the Disputing Party”) by filing a lawsuit with the Southern Bangkok Civil Court. The pretext that relies on the basis of the charge which Disputing Party stated in the complaint is a breach of the compromise contract. The contract was made in 2014 and the compromise contract was amended again in 2018. The Disputing Party claimed that the amendment of such contract resulted in the original compromise agreement being terminated. The Company, therefore, has no right to cash the check with the bank.

On August 31, 2022, the Court of First Instance dismissed the case against the Company and the plaintiff appealed to the court. Subsequently, the Company filed a statement to the court. The appeal court judgment is tentative in 2024. The Company believes that it will be able to defend against such allegations. Therefore, the Company did not record estimated liabilities from such lawsuit in the financial statements.



6 Corporate Governance Policy



To obtain transparency and benefit in business operations, the Company has placed importance on good corporate governance with the following guidelines:

6.1 Corporate Governance Policy

From the fact that the Company has foreseen the importance of corporate governance, resulting in the Company being assessed on corporate governance for the year 2023 as follows:

1. Result of quality assessment of the annual general meeting of shareholders, the company received an evaluation result at the level of 3 medals (80-89 points, fair) from the project of the Thai Investors Association. AGM data between 1 January - 31 December 2023, listed companies held meetings of 810 listed companies.
2. The company has been certified as a member of the Thai private sector's anti-corruption collective action group. During the meeting of the Collective Action Committee (CAC) in the second quarter of 2022, the company's certification as a member of the Thai private sector's anti-corruption collective action group was approved, effective from September 30, 2022. The CAC provides a platform for businesses to participate in solving corruption issues, allowing organizations in the business sector to participate and help define policies and mechanisms to prevent corruption. This will directly contribute to reducing the risk of corruption-related issues.

The company's board of directors will continue to adhere to and recognize the importance and necessity of good corporate governance and establish policies regarding the supervision of the company's operations in accordance with the details outlined above.

Rights of Shareholders

1. The Company shall treat all shareholders fairly and equitably with respect to their access to information. The Company shall inform shareholders of its progress on an ongoing basis through direct means, such as sending circular letters to shareholders, providing basic information to shareholders when requested, or making information available through the Company's website or the Stock Exchange of Thailand's website. In addition, as all shares of the Company are common shares without any preferred shares, all shareholders have equal rights, including the right to one vote per share on matters such as receiving dividends and voting at shareholder meetings.
2. The Company recognizes that all shareholders are the owners of the Company. Therefore, the Company shall notify all shareholders of the meeting schedule and agenda no less than seven or fourteen days in advance, as required by the Company's regulations. The Company shall also announce the meeting schedule in a Thai-language newspaper no less than three days in advance to ensure that shareholders are informed and have enough time to study the relevant information before attending the meeting. In addition, during the Annual General Meeting on April 20, 2018, the Company passed a resolution to amend Article 33 of the Company's regulations, allowing shareholders who hold no less than ten percent of the total shares to call for an Extraordinary General Meeting.

3. The invitation to the shareholders' meeting shall clearly specify the meeting agenda, objectives, and the Board of Directors' opinions on each item as required by law. It shall also include details about the meeting, such as the Board's nomination of directors and their biographical information, the company's auditor, and their fees. The Company shall also announce its dividend payment policy, the reasons for the policy, and other relevant information. Furthermore, the invitation shall contain general information to facilitate shareholders' attendance at the meeting, such as the appointment of independent proxies to attend the meeting on behalf of shareholders who cannot attend, proxy forms, supporting documents, and a map to the meeting venue.
4. During shareholder meetings, the company has a policy to facilitate shareholder participation by providing convenient transportation arrangements, certified staff to assist, and an interpreter for international investors. Representatives from the Stock Exchange of Thailand, the Securities and Exchange Commission, accountants, and the Thai Investors Association are also invited to attend.
5. After each shareholder meeting, the company will disclose the resolutions and voting results, including the number of votes for, against, and abstaining, as well as the voting method and the number of shareholders and board members present. Questions or concerns raised by shareholders during the meeting will be recorded and made available for review. The meeting proceedings will also be made available on the company's website.
6. In annual general meetings, the board of directors will be rotated in groups of three as required by law, and they may be re-elected to serve again. The company provides individual voting for the election of board members, giving shareholders a genuine opportunity to choose the candidates they prefer.
7. The company also proposes remuneration for the board of directors, including monthly compensation and annual bonuses, without any special privileges. The proposal is considered by the board of directors based on appropriateness and compared with compensation of board members of other companies registered in the stock exchange, economic conditions, operational results, and other factors. The proposal is then presented to the shareholder meeting for approval. At present, five out of nine board members have waived their right to receive compensation during their tenure as board members.
8. The company has provided shareholders with the opportunity to propose agenda items, submit questions, and nominate board members in advance of every shareholder meeting. Shareholders who own at least 1,000,000 shares and have held them for at least one year prior to the meeting are eligible to do so. There is no limit to the number of questions that can be submitted, and the opportunity is open to all shareholders regardless of the number of shares held. This is to encourage shareholder engagement and to allow shareholders to express their opinions and ask questions related to the company's affairs to the board of directors.
9. As of February 27, 2024, the company's free float ratio is 15.31%, which is in line with the Stock Exchange's criteria.

Code of Conduct

The company has a code of conduct that applies to all employees, as well as contractors, sub-contractors, representatives, and consultants of the company. The principles are as follows:

1. Fundamental Responsibility of the Company

The company must operate on the basis of honesty and orderly management, with the aim of developing and growing together with stakeholders in all areas, while continuously innovating to sustainably increase the overall value of the organization. This should be coupled with promoting ethics to become a company that business partners want to work with, investors want to invest in, and people want to work for.

2. Mission to Customers

The company places the utmost importance on delivering the highest quality products and services to customers, in order to gain their trust in selecting the company's products and providing accurate information.

3. Mission to Business Partners and Stakeholders

The company will establish a free trade system based on mutual trust, maintain and protect information, and comply with agreements and relevant laws, while developing relationships with business partners and stakeholders to mutually benefit and grow together through fair trade conditions and sustainable expansion of the business chain.

4. Mission to Shareholders and Investors

The company will create the ability to profit through transparent and efficient management, while continuously and sustainably increasing the organization's value through innovation and respecting the rights of shareholders and investors by fully disclosing information in a timely manner, enabling them to make informed decisions efficiently.

5. Mission to Employees

The Company will respect their ideas and provide them with opportunities to fully utilize their potential, ensure equal opportunities for all employees regardless of gender, age, ethnicity, religion, education, or other irrelevant factors, and promote a corporate culture of trust and mutual understanding. The Company also focuses on employees' personal and professional development by balancing their personal and work life, providing opportunities for education and career advancement, evaluating performance and fairly compensating employees, and promoting open communication to create a positive work environment.

6. Mission to Nation and Society

The Company will conduct its business in compliance with the laws of each relevant country, act as a responsible citizen for the society, respect local customs and culture, and contribute to the prosperity and growth of the community.

7. Mission to Protecting and Conserving the Environment and Biodiversity

The Company will establish an effective and friendly environmental risk management system, evaluate the environmental impact of its business activities, and raise awareness among all stakeholders of the impact of the environment. The Company is committed to reducing the release of pollutants to the minimum level, using environmentally friendly production processes and appropriate technologies, preventing pollution, reducing carbon emissions, minimizing the use of fossil fuels or materials from fossil fuels, reducing greenhouse gas emissions, using energy efficiently, and conserving biodiversity.

Code of Ethics

The Company has adopted and adheres to the ethical code of conduct provided by the Korean Post, and considers it the duty and responsibility of its employees to follow the Code of Ethics. The Company also has penalties for any violations of the ethical code of conduct.

Compliance with Ethical Standards Responsibilities

Employees of the company must adhere to the rules and regulations of each country and region where they conduct business operations. They must uphold the dignity and reputation of the company and work with honesty, integrity, fairness, and reliability in all aspects of their work and business relationships. Employees must not engage in any actions that may cause conflicts of interest between the company and themselves or others, due to differences in gender, race, disability, religion, or respect for individual differences. Together, employees must create a culture of ethical standards within the organization.

Roles and Responsibilities of Employees and Leaders

Employees must understand the ethical standards and consult with their supervisors or managers in case of any ethical issues. If there is any wrongdoing, it must be reported to the responsible party with caution about its impact. If employees engage in any violation of ethical standards, they must be held accountable for their actions. Leaders must prevent and eliminate any actions that violate the ethical standards within the organization with careful decision-making and taking responsibility for any damages caused by their actions or actions of their subordinates. Leaders must uphold the company's standards without seeking personal gain, dividing the organization, and promoting good values while respecting the diversity of individuals. Furthermore, they should train, monitor, and provide advice on ethical matters to their subordinates.

In addition, the company has established standards and codes of ethics for employees to follow, including issues such as receiving money or valuable items, accepting certifications, offering conveniences, giving money or valuable items to express congratulations or condolences, responding to claims or suggestions, conducting financial transactions with stakeholders, receiving support funds for activities, using budgets, safeguarding information and assets, and complying with laws to prevent corruption.

Anti-Corruption Policies of the Company

The company continues to operate under the principles of good governance and transparency. The company has been certified as a member of the Thai Private Sector Anti-Corruption Coalition. In this regard, at the meeting of the Coalition Committee (CAC) for the 2nd quarter of 2022, it was resolved to certify the company to be a member of the Thai Private Sector Anti-Corruption Coalition, Effective from September 30, 2022. However, since the company's largest shareholder is Posco (South Korea), which holds more than 75% of the company's shares, the company is classified as a subsidiary of Posco, which is a registered company in the New York Stock Exchange. Therefore, the company must comply with the U.S. Foreign Corrupt Practices Act (FCPA) regarding anti-corruption in various forms, which has a higher standard than Thailand's law.

- The Company will focus on measures to prevent any actions that violate the FCPA law by providing training to all executives and employees of the company and emphasizing the importance of ethics. This will be done through one-on-one training sessions, as well as disseminating information on new ethical standards for employees to study.

- Posco (South Korea) will participate in training and verifying the company, adhering to the FCPA law compliance guidelines.
- A manual for complying with the FCPA law will be provided for employees to use as a reference for a company-wide plan for ethical practices across the global Posco network.
- Senior executives of the company are expected to lead in combating corruption and complying with the FCPA law.

The company has arranged for regular training and communication of policies and practices to combat corruption to all employees on a quarterly basis.

Whistleblower Policy

In addition to complying with the FCPA, the company has established standards and ethical practices for employees to follow, regardless of whether it involves receiving money or other valuable items, such as certification, convenience benefits, gift giving, expressing congratulations or condolences, responding to complaints or suggestions, conducting financial transactions with stakeholders, receiving support for activities, using budgets, protecting data and assets, and complying with anti-corruption laws. This is to ensure that employees are aware of their own ethics and morality, and to help monitor misconduct within the organization. The policy applies to all members of the company, including executives, officers, employees, temporary employees, and all employees under contract.

- To provide employees with opportunities to report and complain to management about any violation or violation of laws, regulations, or company policies, especially acts of fraud, deception, misconduct, sexual harassment, or any similar offense that damages the organization.
- To create a good working environment for employees and to support reporting of actions that may cause harm to the company.
- To reduce the likelihood of wrongdoing and to prevent and combat misconduct from the outset.
- To establish necessary requirements as a protective and preventive tool to protect employees from threats and harassment, or from being victims of unfair acts.

The company has established procedures for receiving and processing complaints, requiring employees who witness or become aware of any incidents to report the details as specified and notify the company's responsible complaint officer. The company also has a procedure for protecting employees who submit complaints to the company by keeping the complainant's name confidential, allowing the complainant to receive protection and be ready to protect the company's interests.

Currently, the HR manager, the head of the HR team, and the internal audit manager are authorized to access the complaint center. The responsible person will then investigate and seek opinions from senior management who are not involved in the wrongdoing or are not directly responsible for the accused person, and consider appropriate punishment according to the company's regulations. The complainant has the right to receive rewards according to the company's regulations and as deemed appropriate by the company.

In addition, stakeholders or external individuals who have suffered losses can submit complaints to the company's board of directors by notifying the board of directors in writing and sending them to the company's address or by sending details of the wrongdoing to whistleblower@poscothainox.com. The company will keep the complainant's name and information confidential.

The Good Practices for Directors

1. The company mandates that its board of directors adhere to the Code of Best Practices for Registered Directors, as outlined by the Stock Exchange of Thailand. The directors must understand their roles and responsibilities and utilize their knowledge, abilities, and experiences to benefit the business while conducting themselves with integrity. They must fulfill their duties in accordance with the law, the company's objectives and regulations, as well as resolutions passed at shareholder meetings, which prioritize honesty, ethical behavior, and consideration for the company's and shareholders' best interests.
2. The company has a structured plan for dividing responsibilities among the board of directors, including the possibility of appointing additional committees to further define roles, duties, and responsibilities.
3. Each director may serve on a maximum of 5 registered companies to ensure they can carry out their duties effectively.
4. Independent directors may serve for a maximum of 9 consecutive years, and currently, no independent director has held a position for longer than 9 years.

6.2 Sub-Committees

The board of directors consists of two subcommittees: the board of directors and the audit committee. Further details on the roles and responsibilities of each subcommittee can be found in section 7 of the Corporate Governance Structure.

6.3 Nomination and Appointment of Directors and Top Executives

Although the company does not have a nominating committee to screen candidates for appointment to the board of directors, the company has a policy of identifying and selecting individuals who are suitable to serve as directors based on various factors, such as their knowledge, skills, relevant business experience, or ability to contribute to the company's business in the future. These individuals are presented to the company's board of directors and subsequently to the shareholders' meeting. The company has established criteria for appointment and removal of directors as follows:

1. The board of directors of the company shall consist of at least 9 members, and not less than half of the total number of directors must be residents of the Kingdom of Thailand.
2. At every annual general meeting of shareholders, one-third of the total number of directors shall resign. If the number of directors cannot be divided exactly into three, the number closest to one-third shall be retired. The retired commissioner may be re-elected. The directors who shall retire from office in the first and second years after the company's registration shall be drawn by lot. In subsequent years, the director who has been in office the longest will be relieved of his or her duties.
3. In the voting process, the shareholders' meeting shall elect directors based on the following criteria and methods:
 - 1) Each shareholder is entitled to one vote per share.
 - 2) Each shareholder shall cast all votes owned by him or her in accordance with section 3.1 to elect one or more individuals to serve as directors, but votes cannot be split among different individuals.
 - 3) The individual(s) who receive(s) the highest number of votes shall be elected as director(s) up to the number of directors to be appointed or elected at that meeting. In the event that individuals receive the same number of votes that exceeds the number of directors to be appointed or elected at that meeting, the chairman shall cast the deciding vote.
4. In the event that a director position becomes vacant for reasons other than the expiration of the term, the board of directors shall appoint an individual who has the qualifications and does not have any disqualifications according to Article 17 of the company's regulations (directors must be natural persons).

who may or may not be shareholders of the company and (1) have attained legal age, (2) are not bankrupt or quasi-bankrupt persons, (3) have not been sentenced to imprisonment for offenses related to dishonesty, and (4) have not been removed from government or state agencies for malfeasance) to serve as a director for the next board meeting, unless the remaining term of the director is less than 2 months. The person appointed to fill the vacancy will serve as a director for the remainder of the term of the director being replaced. A resolution of the board of directors in any given term shall require the affirmative votes of not less than three-fourths of the remaining directors. At a shareholders' meeting, a director may be removed from office before the expiration of the term by a vote of not less than three-fourths of the total votes of the shareholders present and entitled to vote, whose total shareholding is not less than one-half of the total shares held by the shareholders present and entitled to vote. As for the appointment of high-level executives of the company, the company will consider candidates proposed by POSCO (South Korea) who possess the necessary qualifications to serve as executives. The company will evaluate the candidates' experience, achievements, and expertise to maximize the benefit to the company.

6.4 Supervision of Joint Company Operations

The principles of appointing the board of directors of NS-Thailand Auto Co., Ltd. ("Joint Company") are as follows:

The Joint Company's board of directors shall be elected by a general meeting of shareholders.

The board of directors shall consist of 5 directors, with 2 directors appointed by a majority vote of Group A shareholders and 3 directors appointed by a majority vote of Group B shareholders.

The board of directors shall select one director appointed by a majority vote of Group A shareholders to be the chairman and one director appointed by a majority vote of Group B shareholders to be the managing director.

The Joint Company, as a member of Group A shareholders, has nominated 2 persons to be directors, with 1 of the 2 nominated persons being the chairman of the board of directors, Mr. Byungchul Yu, and the other person being a director, Mr. Jaesung Yoon.

Further details regarding the Joint Company's board of directors can be found in Attachment 2.

6.5 Management of Internal Data Usage

The company has regulations for the use of internal data that has not been disclosed for its own benefit or for the benefit of others, as follows:

1. Directors, executives, employees, and staff of the company must maintain confidentiality and/or the internal data of the company.
2. Directors, executives, employees, and staff of the company must not disclose confidential information and/or internal data of the company for their own benefit or for the benefit of any other person, either directly or indirectly, regardless of whether or not they receive compensation.
3. Directors, executives, employees, and staff of the company must not buy, transfer, or receive transfers of securities of the company using confidential information and/or internal data of the company, or engage in any other legal transactions using confidential information and/or internal data of the company that may cause harm to the company, either directly or indirectly.

This requirement also includes spouses and children who have not yet reached the age of majority of the directors, executives, employees, and staff of the company. Anyone who violates these regulations will be considered to have committed a serious offense.

Information Security Policy

The company has an Information Security Policy for its information system to establish work practices, regulations, and security measures that employees must adhere to in order to protect the company's information assets and prevent theft, breaches, and unlawful access to the organization's data. It is the responsibility of every employee to safeguard the company's assets, including its various data, from theft, infringement, or unauthorized access, and the company provides regular training to maintain the knowledge and awareness of its employees about security measures. The company has implemented a system to prevent data breaches and unauthorized use of company data. Any export of the company's data to outside parties must be approved by a supervisor or authority before it can be exported.

This policy applies to all employees at all levels and can be extended to third parties, including partners, contractors, consultants, and others who work with the company.



7 Corporate Governance Structure



The company recognizes the importance of managing and administering its employees and management structure, and therefore operates transparently and with checks and balances that allow the company's management structure to exercise their authority. As a shareholder, the company's ultimate owner, has the authority to control the company's management structure, and the company's board of directors and audit committee have the responsibility to oversee the management and employees of the company, ensure responsible work practices, and protect the interests of shareholders in the long term.

The board of directors can be divided into 2 committees: the company committee and the audit committee, which are detailed as follows:

7.1 Board of Directors and Audit Committee

7.1.1 Board of Directors

The Board of Directors of the company consists of directors with diverse expertise and experience in the financial business and various professions. As of December 31, 2023, the company had nine directors, and their names are listed below.

List of the Board of Directors	Director position	First appointment date of director
1. Mr. Do Soon Kim*	Chairman of the board*	12-May-2023
	(Non-executive directors, Independent direct)	
2. Mr. Hyeong Gu Shin**	Director	3-Feb-2023
	(Executive directors)	
3. Mr. Jiseob Choi	Director	14-Jan-2021
	(Executive directors)	
4. Mr. Jaesung Yoon	Director	22-Dec-2022
	(Executive directors)	
5. Mr. Hoyoung Kim	Director	28-Apr-2022
	(Non-executive directors)	
6. Mr. Chalermchai Mahagitsiri	Director	20-Sep-2011
	(Non-executive directors)	
7. Mr. Shinya Ozono	Director	12-Nov-2020
	(Non-executive directors)	
8. Mr. Songsak Limbanyen	Director	17-Feb-2017
	(Non-executive directors, Independent direct)	
9. Mr. Boonyarit Kalayanamit***	Director	12-May-2023
	(Non-executive directors, Independent direct)	

* Mr. Manjae Lee resigned from the position on May 12, 2023, and Mr. Do Soon Kim assumed the position in replacement.

**Mr. Youngchul Kwon resigned from the position on February 3, 2023, and Mr. Hyeong Gu shin assumed the position in replacement.

*** Mr. Noppadon Sarawasi resigned from the position on May 12, 2023, and Mr. Boonyarit Kalayanamit the position in replacement.

As of December 31, 2023, the directors and related parties did not hold any securities of the company except for Mr. Chalermchai Mahagitsiri, who held 789,570,000 shares, or 10.13% of the total shares, as of the latest share registration closing date of February 27, 2023.

If any director or related party purchases or sells the securities of the company, they must report their shareholding and gains or losses to the company in accordance with the criteria of the stock market within 3 days from the date of the transaction. The board of directors must also prepare an annual report on their gains and losses.

Authorized Signatories of the Company

As of December 31, 2023, the authorized signatories of the company were Mr. Hyeong Gu Shin, Mr. Jiseob Choi, and Mr. Jaesung Yoon, two out of these three who signed and affixed the company's seal together.

Office Term of the Directors

According to Public Limited Companies Act, B.E. 2535 and the Company's regulations, in every annual shareholder's meeting, one-third of the Board of Directors must resign. If the number of directors cannot be divided into three, the number closest to one-third shall resign, and the director who has served the longest shall resign. The outgoing director can be re-elected.

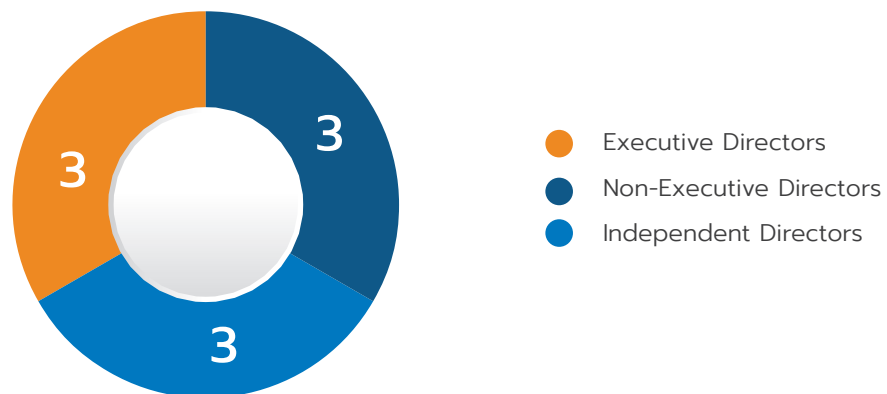
Furthermore, if a director position becomes vacant due to reasons other than the expiration of the term, the Board of Directors may appoint a qualified and unrestricted person to fill the position until the next Board meeting, provided that the remaining term of the outgoing director is not less than two months. The appointment must be approved by a vote of no less than three-fourths of the remaining directors.

Currently, the Board of Directors of the Company consists of 9 members. Therefore, each director must resign every 3 years and has the right to be re-elected.

Balance of Non-Executive Directors

The Company's regulations require that the Board of Directors must have at least 5 members, and as of December 31, 2023, the Company's Board of Directors consisted of 9 members, including 3 employed directors and 6 non-employee directors, which is more than half of the total number of directors. Additionally, there must be at least 3 independent directors.

Structure of the Company's Directors



7.1.2 Audit Committee

As of December 31, 2023, the audit committee of the company consists of three audit committee members as follows;

Name	Position
1. Mr. Do Soon Kim	Chairman/ Independent Director/ Chairman of the Audit Committee
2. Mr. Boonyarit Kalayanamit	Independent Director / Audit Committee member
3. Mr. Songsak Limbanyen	Independent Director / Audit Committee member

All audit committee members of the company are independent directors who do not hold any direct or indirect shares, have never been executives, employees, legal advisors, or accountants, and have never been business partners or competitors of the company or its affiliates. This ensures that all members of the audit committee can provide an independent review and make decisions under the authority of the audit committee.

Term of Office of the Audit Committee

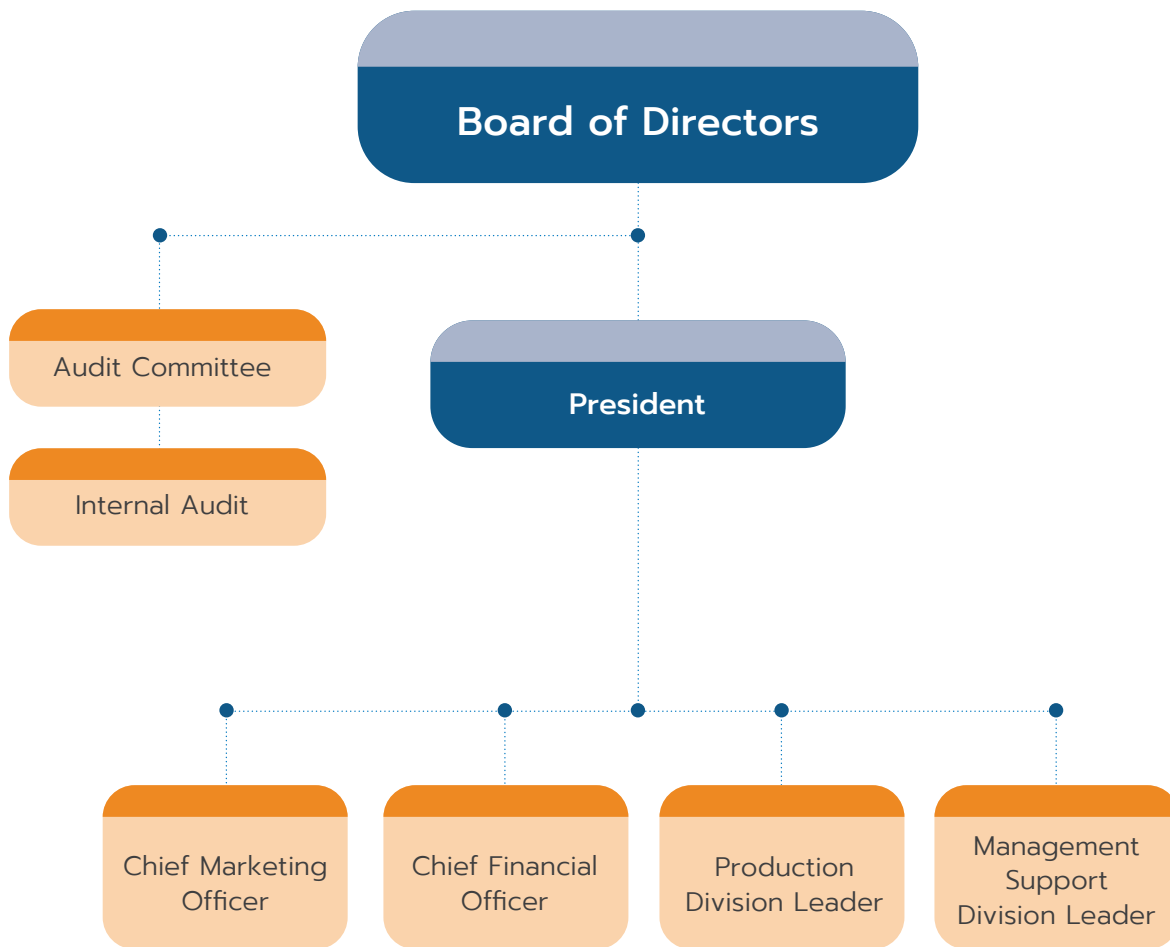
Each audit committee member has a term of office of not more than three years. However, a committee member who has completed the maximum term of office may be re-elected. If a committee member has served in office for more than 9 years or 3 consecutive terms, the board must re-evaluate their independence.

At present, no audit committee member has served for more than 9 years, and all members have no conflicts of interest or diverging interests from the company. Thus, they can perform their duties independently for the benefit of the company and all shareholders.

Vision and Integration or Separation of Positions

From the governance structure in item 7, it can be seen that the company has two committees, the board of directors and the audit committee, to ensure clear delegation of authority, which will maximize the effectiveness of setting the direction and operating the business of the company. The board of directors is responsible for setting the company's goals and delegating authority to the audit committee and senior management.

7.2 Executive Committee



On December 31, 2023, the company had 5 executives in accordance with the announcement of the Securities and Exchange Commission's regulation No. TJ 23/2008 regarding the definition of executives for compliance with Section 3/1 of the Securities and Exchange Act, B.E. 2535, as follows;

List	Executive position
1. Mr. Hyeong Gu Shin	President
2. Mr. Jiseob Choi	Chief Marketing Officer
3. Mr. Jaesung Yoon	Chief Financial Officer
4. Mr. Byungchul Yu	Production Division Leader
5. Mr. Kyung Sueb Shin	Management Support division Leader

Powers and Duties of the Chief Executive Officer

The board of directors of the company has changed the chairman from the CEO to an independent director on August 9, 2022, in accordance with the Good Corporate Governance principle 3.2 for registered companies in 2020, which specifies that the board should choose a suitable person to be the chairman and ensure that the board's composition and operation enable independent decision making.

The following are the guiding principles:

- The Chairman should be an independent director.
- The Chairman of the Board of Directors and the CEO have different responsibilities. The Board of Directors should clearly define the roles and responsibilities of the Chairman of the Board of Directors and the CEO. To prevent any individual from having unrestricted authority, the Chairman of the Board of Directors should be distinguished from the CEO.

The Managing Director will not have any authority to conduct business in accordance with the above regulations if the Managing Director and/or any "conflicted person" as defined in the Securities and Exchange Commission and Stock Exchange Commission's Announcement No. 12/2000 regarding the offering and issuance of new shares, dated March 22, 2000 (as amended), may have an exceptional interest or a conflict of interest. However, this exception will not apply if the Managing Director engages in normal course of business of the company.

7.3 The person who is directly responsible for controlling and overseeing accounting, company secretary, head of internal audit, and head of compliance of the company.

The person who is directly responsible for controlling and overseeing accounting	Ms. Pattamika Dee-in
Company Secretary	The board of directors appointed Ms. Yaowapha Komaintaksin as the company secretary on November 12, 2015, as shown in Attachment 1.
Head of Internal Audit	Mr. Seungin Choi's qualifications are shown in attachment 3.
The Chief Compliance Officer	-

The responsibilities of the company secretary shall be in accordance with the Securities and Exchange Act and other duties assigned by the board of directors, including:

1. Preparing and keeping the register of directors, minutes of board meetings, reports of board meetings and annual reports, notices of shareholder meetings, and reports of shareholder meetings.
2. Keeping stakeholder reports reported by directors or executives.
3. Performing other duties as specified by the Securities and Exchange Commission.
4. Performing other duties as assigned by the board of directors.

7.4 Directors and Executives' Remuneration

Total Compensation of the Company's Board of Directors

The company will consider compensation by comparing and referencing with other registered companies in the securities market and within the same or related industries, as well as considering the company's performance and the current economic situation. In 2023, the compensation and bonus for the Board of Directors are as follows:

- 1) Board members will receive a meeting fee of 35,000 baht per month, and the five board members have waived the right to receive compensation in this regard since taking office. In 2023, all board members received a total meeting fee of 1,680,000 baht.
- 2) Board members are entitled to receive a bonus for the past year's performance, approved by the shareholder meeting, in accordance with the company's Article 23.

For the performance in 2023, the Board of Directors will propose to the shareholder meeting to approve a bonus for each board member not exceeding 350,000 baht, based on the proportion of attendance at the board meetings. In the past year, there were a total of 7 board meetings.

In addition, independent directors/audit committee members are entitled to an additional special bonus of 50,000 baht per year.

All board members are eligible for a bonus only when they hold a position as a board member in 2023 and continue to hold the position until the shareholder meeting approves the bonus. Apart from the aforementioned, there will be no other benefits.

Table showing remuneration of individual directors

(Other directors not listed here have expressed their willingness to waive their remuneration and bonus.)

Director	Number of Board Meeting	Meeting allowance (35,000 Baht/ Month)	Bonus* (Limit 350,000 Baht/ person/ attending throughout the year)	Special bonus* (50,000 Baht/Year)	Total
1. Mr. Do Soon Kim	2/2	262,500	140,000	31,250	433,750
2. Mr. Chalermchai Mahagitsiri	5/5	420,000	350,000		770,000
3. Mr. Songsak Limbanyen	5/5	420,000	350,000	50,000	820,000
4. Mr. Boonyarit Kalayanamit	2/2	262,500	140,000	31,250	433,750
5. Mr. Manjae Lee*	3/3	157,500	210,000	-	367,500
6. Mr. Noppadon Sarawasi**	3/3	157,500	210,000	-	367,500
		1,680,000	1,400,000	112,500	3,192,500

*Bonus will be paid only after getting approval from the shareholder meeting

* Mr. Manjae Lee resigned from the position on May 12, 2023, and Mr. Do Soon Kim assumed the position in replacement.

** Mr. Noppadon Sarawasi resigned from the position on May 12, 2023, and Mr. Boonyarit Kalayanamit the position in replacement.



Executives' Remuneration

Regarding the remuneration of executives, the company determines the remuneration of executives based on the policy and regulations of hiring practices and links it to the company's performance and the performance of each executive.

Directors and Executives' Remuneration	Unit : Baht		
	2023	2022	2021
Directors' Remuneration	3,080,000.00	2,930,000.00	2,540,000.00
Short-Term Benefits	74,243,780.39	87,213,768.25	79,012,975.22
Benefits after Resignation			
Other Long-Term Benefits			
Total	77,323,780.39	90,143,768.25	81,552,975.22

7.5 Human Resource

The company has divided its main business functions into four departments, each with a corresponding number of employees as follows:

Division	No. of employee
1. Management Support Division	39
2. Production Division	344
3. Marketing Division	147
4. Finance Division, Internal Audit	20
Total	550

The Company's Employee Development Policy

The company places great importance on its employees as a valuable resource for its business operations and achieving its objectives. Therefore, the company is committed to managing its human resources by implementing rigorous recruitment processes and ensuring employee development, skills improvement, and job performance enhancement through internal and external training programs.

The company has a policy of continuous employee development with the aim of increasing knowledge, skills, expertise, and job efficiency at all levels. The company also provides on-the-job training for new employees, with each department having a designated supervisor to oversee the training process. Additionally, the company invites external experts to provide training and share their experiences with employees. The company also encourages its own employees to become trainers in their areas of expertise.

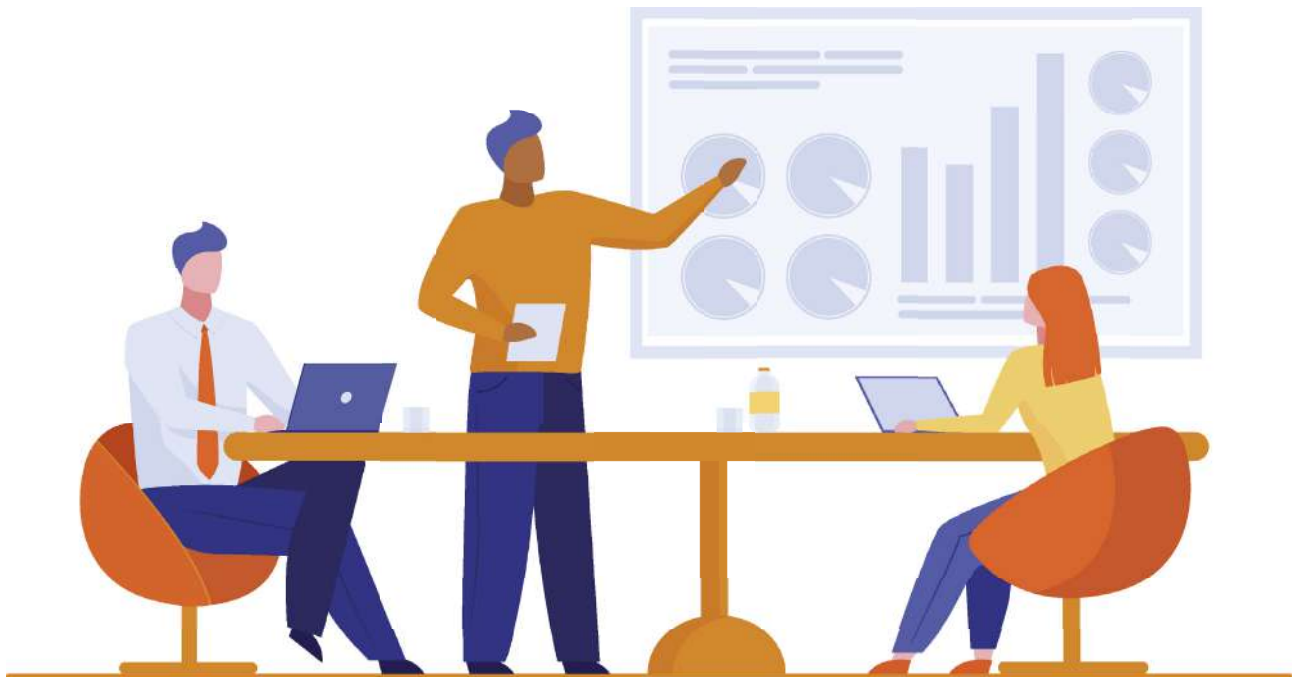
The company also provides opportunities for employees and executives in various departments to attend relevant training and seminars aimed at enhancing their job performance. Furthermore, the company has a policy of supporting employees in attending training programs, and may invite qualified personnel from its parent company in Korea to share knowledge, technology, and new developments to improve the company's operations.

To support its continuous learning and knowledge-sharing culture, the company has training policies aimed at:

- Improving employee performance efficiency
- Developing employees to adapt to various changes
- Creating positive attitudes, motivation, and mindsets
- Retaining employees for the long-term
- Reducing costs and losses due to employee errors
- Enabling employees to increase their income

The training provided to employees will be based on courses relevant to their respective job roles. This training will be divided into in-house training, external training, and training conducted in foreign countries, as deemed appropriate and necessary for the employees.

In addition, the company has provisions for employee leave for educational purposes and leave for training and development. The company also offers educational assistance benefits to employees, as deemed appropriate.



8 Corporate Governance Key Performance Report



8.1 The Board of Directors' Meeting

The company regulations require that board meetings be held at least every three months. In the year 2023, there were a total of 5 board meetings held. When calling a board meeting, the chairman appoints the company secretary to be responsible for calling the meeting. The Chairman or his/her designated person shall send a notice of the Board of Directors meeting to all directors at least three (3) days prior to the Board of Directors meeting except in an emergency to preserve the rights and benefits of the Company, the meeting may be called by electronic means or other methods and the meeting date may be fixed sooner than the period of time specified above. The invitation letter includes the meeting agenda, date, time, and location, as well as supporting documents for each agenda item. Each board member is expected to study and prepare for the meeting before attending. If a board member is unable to attend, they must notify the company in advance, at least 1-2 days before the meeting. The company will send the meeting reports and resolutions to any board member who is unable to attend, so they can be informed and/or express their opinions on the next board meeting.

In the past year, 2023, all board members attended more than half of the board meetings held.

No.	Date	Attendance	Agenda for acknowledgement only	Approved	Not approved Agenda
1/2023	February 3, 2023	8/9	0	4	0
2/2023	February 10, 2023	9/9	1	10	0
3/2023	May 12, 2023	9/9	1	3	0
4/2023	August 10, 2023	9/9	1	3	0
5/2023	November 10, 2023	9/9	1	3	0
Total			4	23	0

Name (English)	Termination Date	Number of Board Meeting	Percentage of Board Meeting (%)
Mr. DO SOON KIM (Chairman of the board)	-	2/2	100.00
Mr. CHALERMCHAI MAHAGITSIRI (Director)	-	5/5	100.00
Mr. SONGSAK LIMBANYEN (Director)	-	5/5	100.00
Mr. SHINYA OZONO (Director)	-	5/5	100.00
Mr. JISEOB CHOI (Director)	-	5/5	100.00
Mr. HOYOUNG KIM (Director)	-	5/5	100.00
Mr. JAE SUNG YOON (Director)	-	5/5	100.00
Mr. HYEONG GU SHIN (Director)	-	4/4	100.00
Mr. BOONYARIT KALAYANAMIT (Director)	-	2/2	100.00
Mr. MAN JAE LEE (Chairman of the board)	May 12, 2023	3/3	100.00
Mr. NOPPADON SARAWASI (Director)	May 12, 2023	3/3	100.00
Mr. YOUNG CHUL KWON (Director)	Feb 3, 2023	0/1	0

Scope of duties of the Board of Directors

1. The company's board of directors has the authority and responsibility to manage the company in accordance with the law, objectives, regulations, and resolutions adopted by the shareholders' meeting with integrity and prudence to safeguard the interests of the company.
2. The board reviews and approves the company's vision, mission, and strategies, sets goals, directions, policies, plans, and budgets.
3. The board certifies the accuracy of the company's financial reports and information disclosed to the public.
4. The board considers significant transactions, including those that are abnormal, such as selling the company's assets, expanding operations, increasing investments, and resolving important legal disputes.
5. The board supervises the company's operations based on good governance, ethics, and sustainability, and ensures the existence and disclosure of business ethics and/or a code of conduct for the board, executives, and employees.
6. The board ensures a diverse board structure that covers multiple aspects for the benefit of the company's operations.
7. Provide orientation for new directors.
8. Regularly monitor and ensure attendance of directors at meetings.
9. Support training for directors, executives, and employees of the company to enhance their knowledge in relevant fields.
10. Control and supervise the management and administration of the board of directors according to the policies assigned, except in matters that require approval from the shareholders' meeting, such as increasing or reducing capital, issuing debentures, selling or transferring all or part of the business of the company to others, amending the articles of association or regulations of the company, among others.
11. Consider interrelated transactions and the acquisition and disposal of important assets of the company according to the criteria of the Securities and Exchange Commission and other government agencies.
12. Take care and consider the interests of all stakeholders of the company to avoid conflicts of interest.

8.2 Audit Committee Meeting

The company shall call a meeting of the Audit Committee, auditors, internal auditors, and other relevant parties at least 3 business days in advance, except in urgent cases where it may be called within a shorter period of time. In 2023, there were a total of 4 meetings of the Audit Committee called, and one meeting between the Audit Committee and the company's auditors, which did not include any members of the management team, in accordance with good corporate governance principles. In all of the meetings of the Audit Committee held throughout 2023, all of the committee members were in attendance.

Name (English)	Termination Date	Number of the Audit Committee Meeting	Percentage of the Audit Committee Meeting (%)
Mr. DO SOON KIM (Chairman of the audit committee)	-	2/2	100.00
Mr. SONGSAK LIMBANYEN (Member of the audit committee)	-	4/4	100.00
Mr. BOONYARIT KALAYANAMIT (Member of the audit committee)	-	2/2	100.00
Mr. MAN JAE LEE (Chairman of the audit committee)	May 12, 2023	2/2	100.00
Mr. NOPPADON SARAWASI (Member of the audit committee)	May 12, 2023	2/2	100.00

Scope of Authority, Responsibilities, and Duties of the Audit Committee

1. Ensuring that the company reports its financial statements accurately and sufficiently.
2. Ensuring that the company has appropriate and effective internal control and internal audit systems, as well as considering the independence of the internal audit function.
3. Ensuring that the company complies with securities and stock exchange regulations and laws relevant to the company's business.
4. Selecting and recommending the appointment and compensation of the company's auditors, and considering the independence of the auditors by holding meetings with them at least once a year without the involvement of management.
5. Considering related transactions or transactions that may create conflicts of interest to ensure compliance with relevant regulations.
6. Preparing an annual report on the company's governance oversight, which must be included in the company's annual report and must address important issues as specified by the Stock Exchange of Thailand. The report must be signed by the Chairman of the Audit Committee.
7. Performing any other tasks assigned by the company's Board of Directors with the approval of the Audit Committee.

9 Internal Control and Connected Transactions



9.1 Internal Control and Risk Management

The company places great importance on its internal control system. The board of directors has appointed and delegated the audit committee to verify the various functions within the company to ensure that the internal control system is adequate, appropriate, and efficient in preventing and reducing risks to a minimum, such as leaks, waste, or misconduct. Additionally, the company verifies the accounting system and financial reports to ensure their accuracy, reliability, compliance with laws and regulations, and compliance with good corporate governance principles. This ensures that all company operations are consistent and achieve the objectives set by the management.

9.1.1 Internal Controls and Internal Audit Internal Control

The company continuously emphasizes the importance of internal control by appointing and delegating the audit committee to verify the internal control system, with a focus on making it adequate, appropriate, and efficient for business operations and effective resource utilization, asset protection, risk prevention, error reduction, and compliance with laws, regulations, and relevant rules. The company also oversees good corporate governance practices.

Internal Audit

The company has an independent internal audit department, and internal audit reports related to internal audits are reported to the audit committee. Reports related to the organization's management are reported to the chairman of the board of directors under the internal audit charter, which clearly defines the responsibilities, objectives, and responsibilities.

The internal audit department verifies the operations of various departments in the company and evaluates the internal control system according to the annual audit plan approved by the audit committee and management. The evaluation criteria are based on the importance of the business process or work process and the level of risk. The department also provides advice and recommendations to the management of each department to improve their internal control, including rules and procedures to increase efficiency and effectiveness in operations, which are continually updated and improved.

9.1.2 Internal Audit Department

The company's board of directors has appointed Mr. Seungin Choi as the head of internal financial audit to perform an audit of the company's operations and report to the audit committee. He was appointed on April 2022, and the history of the internal audit department can be found in Attachment 3.

9.2 Related Party Transactions

9.2.1 Details of Transactions Between Related Parties

In the past, the company had a major shareholder group of Azzilors, with whom the company traded through its affiliates. As a result, the company had accounts with related companies, mostly consisting of debts, costs, and expenses, as well as some assets and revenues of the company, which were related to the related companies. The selling prices of the company with related companies and the prices of raw materials purchased by the company from related companies were similar to the prices that the company had with others. However, in March 2004, the former major shareholder group of the company (the Azzilor group) sold all of its shares to another major shareholder of the company. As a result, the company did not have any related party transactions with the former major shareholder group thereafter, but with related companies instead.

On January 29, 2007, Posco (South Korea) participated in a joint venture with the company by holding 1,200 million shares or 15.39 percent of the company's equity to become a partner with the company. There was a contract for assistance in sourcing raw materials for production for a period of 3 years, which could be automatically renewed for another 3 years. The company also made a general distribution agreement for non-corrosive steel products to cover customers in markets other than Thailand. The aforementioned agreement was for a period of 3 years and could be automatically renewed for another 3 years.

The company terminated the above-mentioned contract according to the report of the 5/2016 committee meeting on November 11, 2016. However, the management believed that canceling the agreement would provide more flexibility in sourcing raw materials from other sources worldwide. Regarding distribution, Posco (South Korea) still provided good support as before, and the cancellation of the agreement did not have a significant impact.

According to the report of the 8/2011 committee meeting on September 14, 2011, there was a resolution approving Posco (South Korea) to conduct full due diligence and to purchase shares from the major shareholder to acquire the company's operations. The sale of land and property that were not the company's main assets, consisting of three plots located on Phra Ram 4 Road, Narathiwat Rachanakarin Road, and in Sikhiu District, Nakhon Ratchasima Province, was also approved. All transactions were completed during the third quarter of 2011, with Posco (South Korea) as the foreign shareholder and major shareholder of the company.

In addition, the company invested in NS-Thainox Auto Limited on July 17, 2006 (the date of the company's registration) for 4.9 million baht or 49% to market, sell, and distribute products made from the company's non-corrosive steel for use in the automotive and motorcycle industries in Thailand. For the financial statements for the year ended December 31, 2023, NS-Thainox Auto Limited acknowledged a share of profit in the financial statements according to the proportionate consolidation method in the amount of -0.4 million baht.

The company has business plans according to the report of the 2/2008 board meeting held on February 28, 2008, which approved the establishment of a new company, Thai Stainless Components Limited, with the objective of producing and distributing products made from stainless steel as raw materials and finished components for export, with a total investment of 140 million baht. The company invested 51% of the capital, and Intersider Acciai S.P.A. from Italy invested the remaining 49%. The subsidiary company was registered with the Ministry of Commerce on May 29, 2008, and as of December 31, 2008, the company had called for the payment of 25% of the share price of 10 baht per share, totaling 14 million shares. In July 2008, the company received payment for the shares, amounting to 35 million baht.

According to the report of the second board meeting of 2011 on March 22, 2011, a resolution was passed to terminate the joint venture and the shareholder agreement between Thai Stainless Composite Co., Ltd. and at the second ordinary shareholders meeting on December 29, 2011, the subsidiary approved the financial statements, which were deemed to be completed in accordance with commercial and accounting laws. The subsidiary was registered with the Ministry of Commerce for liquidation on April 18, 2011, and the registration of the completed financial statements was made on December 30, 2011. The company has received the investment return from the subsidiary's completed financial statements on December 29 and 30, 2011.

To demonstrate transparency in transactions between companies, the company requested the Thai and Korean Revenue Departments to prepare an Advance Pricing Agreement (APA) for transactions between POSCO and POSCO (Thailand) Limited, established in the Republic of Korea under Article 25 of the Agreement to Avoid Double Taxation between Thailand and the Republic of Korea, and under the Revenue Department's Order No. 113/2002 on May 16, 2002, to determine the transfer pricing used for transactions between affiliated companies in Thailand and the Republic of Korea based on the Arm's Length principle, under the laws of each country, which covers a period of 5 years from the end of the accounting period as of December 31, 2013, to the end of the accounting period as of December 31, 2017, which has been completed.

In addition, the company has requested the preparation of a second version of the APA between Thailand and the Republic of Korea, covering a 5-year period starting from the end of the accounting period as of December 31, 2018, to the end of the accounting period as of December 31, 2022

Relationships with parent, ultimate parent, an associate, and other related parties which the Company had significant transactions with as of December 31, 2023 were as following table:

Name of entities	Nature of relationships	Transactions	Financial statements in which the equity method is applied/ Separate financial statements (in thousand Baht)		Detail
			2023	2022	
POSCO Holding Inc	Ultimate parent company	(1) Purchase of raw materials	-	1,331,715	Market Price
POSCO Co., Ltd.	Parent company, 74.56% shareholding	(1) Trade accounts payable (2) Other payables (3) Purchase of raw materials (4) Other receivables (5) Sale of scrap (6) Other service expense	1,797,145 15,689 6,516,494 - - 16,220	215,676 15,556 6,078,944 - - 16,666	Purchase of raw materials Other service expense Market Price Accrued from Sale of scrap Market Price Market Price
POSCO International Corporation (Formerly known as Posco Daewoo Corporation Limited)	Sister company	(1) Trade accounts receivable (2) Other receivables (3) Sale of goods (4) Sale of scrap (5) Trade accounts payable (6) Purchase of raw materials	81,719 14,436 1,738,569 260,877 415,179 5,603,658	542,531 - 7,003,750 392,363 1,664,758 11,777,915	Sale of goods Accrued from Sale of scrap Market Price Market Price Purchase of raw materials Market Price
POSCO Asia Co., Ltd.	Sister company	(1) Other service expense (2) Other Trade accounts payable	272 62	499 -	Market Price Accrued from Other service fee
POSCO DX (Formerly known as POSCO ICT Co., Ltd.	Sister company	(1) Other payables (2) Service expense	1,428 17,857	1,572 18,960	Purchase of asset and other service fee Contractually agreed prices
POSCO Group University	Sister company	(1) Other payables (2) Service expense	140 555	29 743	Accrued from Training expense Training expense, Contractually agreed prices

Name of entities	Nature of relationships	Transactions	Financial statements in which the equity method is applied/ Separate financial statements (in thousand Baht)		Detail
			2023	2022	
POSCO (Thailand) Company Limited (Combined with POSCO-South Asia 2017)	Sister company	(1) Trade accounts receivable (2) Other payables (3) Sale of goods (4) Purchase of goods (5) Other expense	- - - - 1,397	3,899 - - - 132,099	Sale of goods Service expense Market Price Market Price Market Price
POSCO Vietnam Processing Center Co., Ltd.	Sister company	(1) Trade accounts receivable (2) Sale of goods	- -	2,810 10,562	Sale of goods Market Price
POSCO Coated Steel (Thailand) Co., Ltd.	Sister company	(1) Other receivables (2) Trade accounts payable (3) Other payables (4) Purchase of goods (5) Other service expense (6) Service income	418 219 986 804 11,251 2,649	496 64 406 1,959 1,160 5,192	Accrued from Other service fee Purchase Other service Market Price Market Price s Market Price Other service income
NS-Thainox Auto Company Limited	An associate, 49% shares held by the Company	(1) Trade accounts receivable (2) Sale of goods	22,769 112,585	26,684 96,733	Sale of goods Market Price
Nippon Steel & Sumikin Stainless Steel Corporation	As of Jan 18, 2013, Sister company, 2.59% shareholding	(1) Accrued Expenses (2) Technical assistance expense	53 313	62 236	Technical assistance expense Contractually agreed prices
POSCO International (Thailand) Co., Ltd		(1) Trade accounts receivable (2) Purchase of goods (3) Sale of goods	89,668 - 343,366	56,372 1,839,952 271,505	Accrued from Sale Raw Material Market Price Market Price
POSCO Human Co., Ltd	Sister company	(1) Other service expense (2) Other payable	6 -	84 -	Contractually agreed prices Other service fee
POSCO-MKPC SDN BHD	Sister company	(1) Other service expense	5	13	Contractually agreed prices
PT. POSCO-INDONESIA JAKARTA PROCESSING CENTER	Sister company	(1) Other service expense	-	34	Contractually agreed prices
Posco Japan	Sister company	(1) Other service expense (2) Other payables	344 344	- -	Contractually agreed prices Accrued from Other service expense
Key management personnel	Being a director and Management of the company	(1) Key management personnel compensation	77,324	90,144	Director remuneration as actually paid for directorship, including bonuses which is determined according to the resolution of the general meeting of shareholders.

9.2.2 Guarantee Transactions

In 2023, the company had no guarantee transactions.

9.2.3 Necessity and Rationality of Related Transactions

Currently, the company engages in a significant amount of trading transactions with related companies. This is because the related companies are major players in the stainless-steel industry both domestically and internationally, and they provide support to the company in various ways, such as product distribution, procurement of raw materials, financial support, and business consulting. However, these transactions with individuals who may have conflicts of interest are conducted for the maximum benefit of the company, and they follow normal business trade conditions as with general business partners who rely on product purchases or services. The company's management sets the process for approving such transactions, similar to conducting business with regular customers, and there is no preferential treatment. Additionally, the company has a policy to ensure that transactions are carried out according to market price mechanisms.

9.2.4 Measures or Procedures Regarding the Approval of the Connected Transactions

In the future, these transactions may be divided into two types: regular and continuous transactions and irregular transactions. The approval processes for these 2 types are as follows:

Regular and Continuous Transactions

The company has established criteria that require transactions to adhere to standard trading conditions and to be carried out at a fair price, as determined by the Audit Committee, which is responsible for reviewing and approving the validity of the criteria for each transaction.

Irregular Transactions

In cases where the Audit Committee lacks expertise regarding irregular transactions, the company appoints an independent expert, such as an accountant or appraiser, who has no conflict of interest with the transaction, to provide a neutral opinion. The Committee or the shareholders' meeting will then review the opinion of the Audit Committee or the independent expert before deciding whether to proceed with the transaction.

9.2.5 Trends in Future Transactions

In the future, the company's transactions will precede as usual business practices with no special transactions or benefits being transferred between the company, its subsidiaries, related companies, and shareholders. The pricing policy between the company and related businesses will be set according to the usual market prices applied to unaffiliated persons or entities.

The Audit Committee is responsible for reviewing and verifying the company's Internal Control and Internal Audit systems to ensure their effectiveness and suitability. In addition, the Audit Committee is responsible for considering the disclosure of the company's information in the event of related transactions or potential conflicts of interest to ensure accuracy and completeness.

Disclosure of related transactions must comply with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as accounting standards for disclosing information related to affiliated persons or entities, as established by the Institute of Certified Accountants and Auditors of Thailand.

Part 3

Financial Statements

The financial summary for the past 3 years is shown in the financial statements table.

Statement of financial position

(Separate Financial Statement) (in Baht)



	31-Dec-23		31-Dec-22		31-Dec-21	
Assets		%		%		%
Cash and deposits at financial institutions	2,305,010,112.00	20%	1,110,485,373.00	10%	2,693,419,894.00	20%
Accounts receivable	1,954,447,851.00	17%	2,758,144,295.00	24%	3,299,968,353.00	24%
Accounts and notes receivable - net	1,954,447,851.00	17%	2,758,144,295.00	24%	3,299,968,353.00	24%
Inventories - net	4,176,782,140.00	36%	4,383,939,319.00	38%	4,499,941,774.00	33%
Other current assets	212,004,029.00	2%	248,491,482.00	2%	170,790,805.00	1%
Others	136,862,387.00	1%	134,031,653.00	1%	15,295,868.00	0%
Total current assets	8,785,106,519.00	76%	8,635,092,122.00	75%	10,679,416,694.00	77%
Total long-term loans and investments	4,900,000.00	0%	4,900,000.00	0%	4,900,000.00	0%
Property, plant and equipment - net	2,549,656,591.00	22%	2,758,694,080.00	24%	2,978,034,444.00	22%
Other non-current assets	180,827,670.00	2%	141,031,384.00	1%	102,043,154.00	1%
Others	45,173,212.00	0%	18,773,097.00	0%	30,886,513.00	0%
Total non-current assets	2,780,557,473.00	24%	2,923,398,561.00	25%	3,115,864,111.00	23%
Total assets	11,565,663,992.00	100%	11,558,490,683.00	100%	13,795,280,805.00	100%
Liabilities and shareholders' equity						
Liabilities		%		%		%
Accounts payable	2,312,765,329.00	20%	1,995,179,931.00	17%	3,383,380,443.00	25%
Total accounts payable and notes payable	2,312,765,329.00	20%	1,995,179,931.00	17%	3,383,380,443.00	25%
Other current liabilities	33,212,015.00	0%	10,591,381.00	0%	150,082,117.00	1%
Others	147,005,927.00	1%	227,381,898.00	2%	290,872,788.00	2%
Total current liabilities	2,492,983,271.00	22%	2,233,153,210.00	19%	3,824,335,348.00	28%
Total long-term loans		0%	3,732,023.00	0%	6,494,085.00	0%
Other non-current liabilities	178,626,939.00	2%	165,692,782.00	1%	185,766,457.00	1%
Others		0%		0%		0%
Total non-current liabilities	178,626,939.00	2%	169,424,805.00	1%	192,260,542.00	1%
Total Liabilities	2,671,610,210.00	23%	2,402,578,015.00	21%	4,016,595,890.00	29%

	31-Dec-23		31-Dec-22		31-Dec-21	
Shareholder's equity						
Authorized preferred stocks	%		%		%	
Authorized common stocks	7,795,709,100.00		7,795,709,100.00		7,795,709,100.00	
Issued and paid-up preferred stocks						
Issued and paid-up common stocks	7,795,709,100.00		7,795,709,100.00		7,795,709,100.00	
Appraisal surplus on property, plant and equipment						
Accumulated retained earnings	766,213,418.00	7%	1,028,072,304.00	9%	1,650,844,551.00	12%
Total shareholders' equity	8,894,053,782.00	77%	9,155,912,668.00	79%	9,778,684,915.00	71%
Total liabilities and shareholders' equity	11,565,663,992.00	100%	11,558,490,683.00	100%	13,795,280,805.00	100%
Additional information for shareholders' equity						
Common stocks	%		%		%	
No.of shares - Authorized	7,795,709,100.00		7,795,709,100.00		7,795,709,100.00	
Par value (Baht) - Authorized	1.00		1.00		1.00	
No.of shares - Issued and paid-up	7,795,709,100.00		7,795,709,100.00		7,795,709,100.00	
Par value (Baht) - Issued and Paid-up	1.00		1.00		1.00	

Statement of Income (in Baht)

	31-Dec-23	31-Dec-22	31-Dec-21
Net Sales	14,067,413,523.00	23,520,966,558.00	19,131,918,500.00
Total other income	55,477,943.00	67,558,646.00	107,700,162.00
Total revenue	14,098,967,043.00	23,588,525,204.00	19,239,618,662.00
Cost of sales /services	13,758,969,583.00	22,740,973,763.00	17,635,582,846.00
Gross profit (loss)	308,443,940.00	779,992,795.00	1,496,335,654.00
Total operating expenses	443,679,452.00	578,892,498.00	498,450,304.00
Operation Income Activity (loss)	(79,757,569.00)	201,100,297.00	997,885,350.00
Operation Income (loss)	(79,757,569.00)	268,658,943.00	1,105,585,512.00
Income (loss) before interest and income taxes	(79,757,569.00)	268,658,943.00	1,105,585,512.00
Finance Cost	(2,253,226.00)	(14,298,946.00)	(2,095,823.00)
Tax expense (Income)	(8,973,008.00)	54,108,300.00	221,369,742.00
Net income (loss)	(73,037,787.00)	200,251,697.00	882,119,947.00
Earnings (loss) per share	(0.01)	0.03	0.11

Financial Ratio

	31/12/2023	31/12/2022	31/12/2021
Liquidity Ratios			
Current Ratio	3.52	3.87	2.79
Quick Ratio	1.85	1.90	1.62
Efficiency Ratios			
Total Asset Turnover	1.22	2.04	1.39
Fixed Asset Turnover	5.52	8.53	6.42
Collection Period	51.00	43.00	63.00
Accounts Receivable Turnover	7.20	8.53	5.80
Days Sales in inventory	111.00	70.00	93.00
Inventory Turnover	3.29	5.19	3.92
Average Payment Period	61.00	32.00	70.00
Accounts Payable Turnover	5.95	11.40	5.21
Profitability Ratios			
Gross Profit Margin	2.19	3.32	7.82
Operating Profit Margin	(0.96)	0.85	5.22
Net Profit Margin	(0.52)	0.85	4.61
Return on Assets	(0.63)	1.73	6.39
Return on Fix Assets	(2.86)	7.26	29.62
Return on Equity	(0.82)	2.19	9.02
Earning before Tax to Total Assets	(0.92)	2.20	8.00
Financial Policy Ratios			
Debt Ratio	0.23	0.21	0.29
Debt to equity	0.30	0.26	0.41
Registered Capital to Total Assets	67.40	67.45	56.51
Equity to Total Assets	76.90	79.21	70.88
Interest Coverage	(46.01)	18.79	527.52
Long term debt to total assets	-	-	0.05
Growth ratios			
Revenue Growth	(40.11)	22.35	45.57
Sales Growth	(40.19)	22.94	45.19
Net Profit Growth	(136.47)	(77.30)	4,724.56
Total Assets Growth	0.06	(16.21)	26.99

Report of the Board of Directors' Responsibility on the Company's Financial Statements

The Board of Directors is responsible for the Company's consolidated financial statements and any financial information disclosed in the Company's annual report. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements and were generally practiced.

The Board of Directors also set out and maintained for the efficient internal control system to obtain reasonable assurance that the financial information had been booked in proper way and completely enough to maintain the Company's assets and be aware of weak point in order to prevent whether from any dishonesty or significant error.

The Board of Directors had appointed the Audit Committee of which comprised 3 independent directors with qualification according to SET/SEC regulations and notification for being the audit committee's members to be responsible for the quality of the financial statements and the internal control system. The opinion of the Audit Committee has already been disclosed in the annual report.

The Company's consolidated financial statements have been audited by KPMG Phoomchai Audit Co., Ltd with full support from the Board of Directors. So that, the auditor could audit and provide their opinions in accordance with the accounting standard and such opinion has been disclosed in the Company's annual report.

The Board of Directors satisfied that the Company's internal control system was sufficient to obtain reasonable assurance in the Company's consolidated financial statements as of December 31, 2023 which was accurate and compiled to the accounting standard and related law and regulations.



(Mr. Do-soon Kim)
Chairman of the Board
POSCO-Thainox Public Company Limited

Independent Auditor's Report

To the Shareholders of POSCO-Thainox Public Company Limited

Opinion

I have audited the financial statements in which the equity method is applied and separate financial statements of POSCO-Thainox Public Company Limited (the “Company”), which comprise the statement of financial position in which the equity method is applied and separate statement of financial position as at 31 December 2023, the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements in which the equity method is applied and separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

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 Financial Statements*

in which the Equity Method is Applied and Separate Financial Statements section of my report. I am independent of 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 is relevant to my audit of the financial statements in which the equity method is applied and separate 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.



Key Audit Matters

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

Valuation of inventory	
Refer to Note 3(g) and 8 to the financial statements in which the equity method is applied and separate financial statements	
The key audit matter	How the matter was addressed in the audit
Inventories are a significant balance and carried in the financial statements at the lower of cost and net realisable value. The Company's main inventory is stainless-steel which can be subject to price volatility depending on the demand and supply in the global market. As a result there is a risk that the carrying value of inventories may exceed its net realisable value, this is focus area in my audit.	<p>My audit procedures in this area included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of the net realisable value of inventories process through inquiry of the Company's management directly responsible in this area, evaluating the design of internal control process and performing sampling test of implementation as well as operating effectiveness of controls;• assessment of the net realisable value of inventories by checking with the selling price less the estimated cost, necessary to make the sale for a sample of items;• comparing the actual results for the year with the Company's historical estimation of allowance for decline in value of inventories and future operating plan to evaluate the appropriateness of the Company's estimation related to the valuation of inventories; and• considering in the adequacy of the Company's disclosure in accordance with the Thai Financial Reporting Standards.

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 in which the equity method is applied and separate 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 in which the equity method is applied 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 financial statements in which the equity method is applied and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements in which the equity method is applied 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 and request that the correction be made.



Responsibilities of Management and Those Charged with Governance for the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in which the equity method is applied and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements in which the equity method is applied and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements in which the Equity Method is Applied and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements in which the equity method is applied 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 TSAs 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 financial statements in which the equity method is applied and separate financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements in which the equity method is applied 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 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 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 financial statements in which the equity method is applied 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 Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements in which the equity method is applied and separate financial statements, including the disclosures, and whether the financial statements in which the equity method is applied 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 equity-accounted investees of the Company to express an opinion on the financial statements in which the equity method is applied. I am responsible for the direction, supervision and performance of the audit of the financial statements in which the equity method is applied. I remain solely responsible for my audit opinion.

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements in which the equity method is applied 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.



(Piyanat Singkhorn)
Certified Public Accountant
Registration No. 11641

KPMG Phoomchai Audit Ltd.
Bangkok
13 February 2024

POSCO-Thainox Public Company Limited

Statement of financial position

		Financial statements in which the equity method is applied		Separate financial statements	
		31 December		31 December	
Assets	Note	2023	2022	2023	2022
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	5	2,305,010,112	1,110,485,373	2,305,010,112	1,110,485,373
Trade accounts receivable	4, 6	1,954,447,851	2,758,144,295	1,954,447,851	2,758,144,295
Current portion of receivables under debt restructuring	7	-	-	-	-
Other receivables	4	136,862,387	134,031,653	136,862,387	134,031,653
Inventories	8	4,176,782,140	4,383,939,319	4,176,782,140	4,383,939,319
Other current assets		212,004,029	248,491,482	212,004,029	248,491,482
Total current assets		8,785,106,519	8,635,092,122	8,785,106,519	8,635,092,122
<i>Non-current assets</i>					
Investment in an associate	9	57,522,014	57,563,317	4,900,000	4,900,000
Property, plant and equipment	10	2,549,656,591	2,758,694,080	2,549,656,591	2,758,694,080
Right-of-use assets	11	42,555,366	14,163,236	42,555,366	14,163,236
Intangible assets		2,617,846	4,609,861	2,617,846	4,609,861
Deferred tax assets	21	91,013,408	77,235,220	91,013,408	77,235,220
Other non-current assets		89,814,262	63,796,164	89,814,262	63,796,164
Total non-current assets		2,833,179,487	2,976,061,878	2,780,557,473	2,923,398,561
Total assets		11,618,286,006	11,611,154,000	11,565,663,992	11,558,490,683

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

POSCO-Thainox Public Company Limited

Statement of financial position

		Financial statements in which the equity method is applied		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2023	2022	2023	2022
<i>(in Baht)</i>					
Current liabilities					
Trade accounts payable	4, 24	2,312,765,329	1,995,179,931	2,312,765,329	1,995,179,931
Other payables	4, 12, 24	147,005,927	227,381,898	147,005,927	227,381,898
Current portion of lease liabilities	11, 24	18,390,340	10,591,381	18,390,340	10,591,381
Current provisions for employee benefits		14,821,675	9,921,995	14,821,675	9,921,995
Total current liabilities		2,492,983,271	2,243,075,205	2,492,983,271	2,243,075,205
Non-current liabilities					
Lease liabilities	11, 24	24,394,009	3,732,023	24,394,009	3,732,023
Provisions for employee benefits	13	154,232,930	155,770,787	154,232,930	155,770,787
Total non-current liabilities		178,626,939	159,502,810	178,626,939	159,502,810
Total liabilities		2,671,610,210	2,402,578,015	2,671,610,210	2,402,578,015
Equity					
Share capital :					
Authorised share capital (7,795,709,100 ordinary shares, par value at Baht 1 per share)		7,795,709,100	7,795,709,100	7,795,709,100	7,795,709,100
Issued and paid-up share capital (7,795,709,100 ordinary shares, par value at Baht 1 per share)		7,795,709,100	7,795,709,100	7,795,709,100	7,795,709,100
Share premium on ordinary shares		332,131,264	332,131,264	332,131,264	332,131,264
Retained earnings					
Appropriated - legal reserve	14	571,703,131	571,703,131	571,703,131	571,703,131
Unappropriated		247,132,301	509,032,490	194,510,287	456,369,173
Total equity		8,946,675,796	9,208,575,985	8,894,053,782	9,155,912,668
Total liabilities and equity		11,618,286,006	11,611,154,000	11,565,663,992	11,558,490,683

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

POSCO-Thainox Public Company Limited

Statement of comprehensive income

	<i>Note</i>	Financial statements in which the equity method is applied		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2023	2022	2023	2022
<i>(in Baht)</i>					
Income					
Revenue from sale of goods and rendering of services	4, 15	14,067,413,523	23,520,966,558	14,067,413,523	23,520,966,558
Net foreign exchange gain		23,924,423	48,796,654	23,924,423	48,796,654
Other income	4, 16	31,553,520	18,761,992	31,553,520	18,761,992
Total income		14,122,891,466	23,588,525,204	14,122,891,466	23,588,525,204
Expenses					
Cost of sales of goods and rendering of services	8	13,758,969,583	22,740,973,763	13,758,969,583	22,740,973,763
Distribution costs	17	120,729,806	162,942,985	120,729,806	162,942,985
Administrative expenses	18	322,949,646	415,949,513	322,949,646	415,949,513
Total expenses		14,202,649,035	23,319,866,261	14,202,649,035	23,319,866,261
Profit (loss) from operating activities		(79,757,569)	268,658,943	(79,757,569)	268,658,943
Finance costs		(2,253,226)	(14,298,946)	(2,253,226)	(14,298,946)
Share of profit (loss) of an associate accounted for using equity method	9	(41,303)	5,830,419	-	-
Profit (loss) before tax expense		(82,052,098)	260,190,416	(82,010,795)	254,359,997
Tax expense (income)	21	(8,973,008)	54,108,300	(8,973,008)	54,108,300
Profit (loss) for the year		(73,079,090)	206,082,116	(73,037,787)	200,251,697
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Gain on remeasurements of defined benefit plans	13	768,290	13,896,162	768,290	13,896,162
Income tax relating to items that will not be reclassified subsequently to profit or loss	21	(153,659)	(2,779,232)	(153,659)	(2,779,232)
Total item that will not be reclassified subsequently to profit or loss		614,631	11,116,930	614,631	11,116,930
Other comprehensive income for the year, net of tax		614,631	11,116,930	614,631	11,116,930
Total comprehensive income (expense) for the year		(72,464,459)	217,199,046	(72,423,156)	211,368,627
Basic earnings (loss) per share	22	(0.0094)	0.0264	(0.0094)	0.0257

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

POSCO-Thainox Public Company Limited Statement of changes in equity

Financial statements in which the equity method is applied

			Retained earnings			
	Note	Issued and paid-up share capital	Share premium	Legal reserve (in Baht)	Unappropriated	Total equity
Year ended 31 December 2022						
Balance at 1 January 2022		7,795,709,100	332,131,264	561,690,546	1,135,986,903	9,825,517,813
Transactions with owners, recorded directly in equity						
<i>Distributions to owners</i>						
Dividends to owners of the Company	23	-	-	-	(834,140,874)	(834,140,874)
Total distributions to owners		-	-	-	(834,140,874)	(834,140,874)
Comprehensive income for the year						
Profit		-	-	-	206,082,116	206,082,116
Other comprehensive income		-	-	-	11,116,930	11,116,930
Total comprehensive income for the year		-	-	-	217,199,046	217,199,046
Transfer to legal reserve	14	-	-	10,012,585	(10,012,585)	-
Balance at 31 December 2022		7,795,709,100	332,131,264	571,703,131	509,032,490	9,208,575,985
Year ended 31 December 2023						
Balance at 1 January 2023		7,795,709,100	332,131,264	571,703,131	509,032,490	9,208,575,985
Transactions with owners, recorded directly in equity						
<i>Distributions to owners</i>						
Dividends to owners of the Company	23	-	-	-	(189,435,730)	(189,435,730)
Total distributions to owners		-	-	-	(189,435,730)	(189,435,730)
Comprehensive income for the year						
Loss		-	-	-	(73,079,090)	(73,079,090)
Other comprehensive income		-	-	-	614,631	614,631
Total comprehensive income (expense) for the year		-	-	-	(72,464,459)	(72,464,459)
Balance at 31 December 2023		7,795,709,100	332,131,264	571,703,131	247,132,301	8,946,675,796

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

POSCO-Thainox Public Company Limited Statement of changes in equity

Separate financial statements

	Note	Issued and paid-up share capital	Share premium	Retained earnings			Total equity
				Legal reserve (in Baht)	Unappropriated		
Year ended 31 December 2022							
Balance at 1 January 2022		7,795,709,100	332,131,264	561,690,546	1,089,154,005		9,778,684,915
Transactions with owners, recorded directly in equity							
<i>Distributions to owners</i>							
Dividends to owners of the company	23	-	-	-	(834,140,874)		(834,140,874)
Total distributions to owners		-	-	-	(834,140,874)		(834,140,874)
Comprehensive income for the year							
Profit		-	-	-	200,251,697		200,251,697
Other comprehensive income		-	-	-	11,116,930		11,116,930
Total comprehensive income for the year		-	-	-	211,368,627		211,368,627
Transfer to legal reserve	14	-	-	10,012,585	(10,012,585)		-
Balance at 31 December 2022		7,795,709,100	332,131,264	571,703,131	456,369,173		9,155,912,668
Year ended 31 December 2023							
Balance at 1 January 2023		7,795,709,100	332,131,264	571,703,131	456,369,173		9,155,912,668
Transactions with owners, recorded directly in equity							
<i>Distributions to owners</i>							
Dividends to owners of the company	23	-	-	-	(189,435,730)		(189,435,730)
Total distributions to owners		-	-	-	(189,435,730)		(189,435,730)
Comprehensive income for the year							
Loss		-	-	-	(73,037,787)		(73,037,787)
Other comprehensive income		-	-	-	614,631		614,631
Total comprehensive income (expense) for the year		-	-	-	(72,423,156)		(72,423,156)
Balance at 31 December 2023		7,795,709,100	332,131,264	571,703,131	194,510,287		8,894,053,782

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

POSCO-Thainox Public Company Limited

Statement of cash flows

		Financial statements in which the equity method is applied		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2023	2022	2023	2022
		(in Baht)			
Cash flows from operating activities					
Profit (loss) for the year		(73,079,090)	206,082,116	(73,037,787)	200,251,697
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Tax expense (income)	21	(8,973,008)	54,108,300	(8,973,008)	54,108,300
Finance costs		2,253,226	14,298,946	2,253,226	14,298,946
Depreciation and amortisation		334,981,976	361,607,213	334,981,976	361,607,213
Provisions for employee benefits	13	13,563,091	4,711,646	13,563,091	4,711,646
(Reversal of) provision for goods returned		(16,658,873)	6,312,576	(16,658,873)	6,312,576
Unrealised (gain) loss on exchange rates		6,633,003	(31,714,516)	6,633,003	(31,714,516)
Share of (profit) loss of an associate accounted for using equity method	9	41,303	(5,830,419)	-	-
(Reversal of) expected credit loss	6, 7	(1,563,715)	1,966,046	(1,563,715)	1,966,046
(Reversal of) loss on inventories devaluation	8	(135,360,677)	173,577,041	(135,360,677)	173,577,041
Loss from write-off of plant and equipment		1,084,409	36,451,110	1,084,409	36,451,110
Loss from write-off of intangible asset		-	10,226	-	10,226
Gain on disposals of plant and equipment		(95,655)	(2,967)	(95,655)	(2,967)
Interest income		(13,714,202)	(2,125,881)	(13,714,202)	(2,125,881)
		109,111,788	819,451,437	109,111,788	819,451,437
Changes in operating assets and liabilities					
Trade accounts receivable		802,580,894	517,895,454	802,580,894	517,895,454
Receivables under debt restructuring		1,547,870	2,122,796	1,547,870	2,122,796
Other receivables		(2,434,513)	(5,568,090)	(2,434,513)	(5,568,090)
Inventories		342,517,856	(57,574,586)	342,517,856	(57,574,586)
Other current assets		36,487,453	(77,893,075)	36,487,453	(77,893,075)
Other non-current assets		(26,018,099)	3,041,472	(26,018,099)	3,041,472
Trade accounts payable		320,597,838	(1,337,573,287)	320,597,838	(1,337,573,287)
Other payables		(45,305,179)	(70,446,838)	(45,305,179)	(70,446,838)
Net cash from (used in) operations		1,539,085,908	(206,544,717)	1,539,085,908	(206,544,717)
Provisions for employee benefits paid	13	(9,432,978)	(10,889,158)	(9,432,978)	(10,889,158)
Taxes paid		-	(348,389,462)	-	(348,389,462)
Net cash from (used in) operating activities		1,529,652,930	(565,823,337)	1,529,652,930	(565,823,337)

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

POSCO-Thainox Public Company Limited

Statement of cash flows

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2023	2022	2023	2022
		(in Baht)			
<i>Cash flows from investing activities</i>					
Proceeds from sale of plant and equipment		370,463	3,000	370,463	3,000
Acquisition of plant and equipment		(122,903,250)	(147,344,751)	(122,903,250)	(147,344,751)
Acquisition of intangible assets		(473,516)	(856,003)	(473,516)	(856,003)
Interest received		13,213,826	1,628,962	13,213,826	1,628,962
Net cash used in investing activities		(109,792,477)	(146,568,792)	(109,792,477)	(146,568,792)
<i>Cash flows from financing activities</i>					
Proceeds from short-term loans from financial institutions		-	1,926,320,500	-	1,926,320,500
Repayment of short-term loans from financial institutions		-	(1,926,320,500)	-	(1,926,320,500)
Dividends paid to owners of the Company	23	(189,435,730)	(834,140,874)	(189,435,730)	(834,140,874)
Payment of lease liabilities	11	(25,204,235)	(26,945,354)	(25,204,235)	(26,945,354)
Finance cost paid		(2,253,226)	(14,298,946)	(2,253,226)	(14,298,946)
Net cash used in financing activities		(216,893,191)	(875,385,174)	(216,893,191)	(875,385,174)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rate		1,202,967,262	(1,587,777,303)	1,202,967,262	(1,587,777,303)
Effect of exchange rate changes on cash and cash equivalents		(8,442,523)	4,842,782	(8,442,523)	4,842,782
Net increase (decrease) in cash and cash equivalents		1,194,524,739	(1,582,934,521)	1,194,524,739	(1,582,934,521)
Cash and cash equivalents at 1 January		1,110,485,373	2,693,419,894	1,110,485,373	2,693,419,894
Cash and cash equivalents at 31 December	5	2,305,010,112	1,110,485,373	2,305,010,112	1,110,485,373
<i>Non-cash transactions</i>					
Unpaid liabilities from purchase of plant and equipment		3,256,106	26,594,234	3,256,106	26,594,234
Right-of-use assets increased		53,787,065	18,745,688	53,787,065	18,745,688

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

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

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POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

These notes form an integral part of the financial statements.

The financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Board of Directors on 13 February 2024.

1 General information

POSCO-Thainox Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in December 2004. The Company’s registered head office and branch offices as follows;

Head office : 622 Emporium Tower, Floor 15/6-8, Sukhumvit Road, Klongton, Klongtoey, Bangkok 10110, Thailand.

Branch office 1 : 324 Moo 8, Highway 3191 Road, Tambol Mabkha, Nikom Pattana, Rayong 21180, Thailand.

Branch office 2 : 700/453 Amata Nakorn Industrial Estate, Moo 7, Tambol Donhuaror, Amphur Muang, Chonburi 20000, Thailand.

The immediate and ultimate parent companies during the financial year were POSCO Co., Ltd. and POSCO Holding Inc. Both were incorporated in Republic of Korea.

The principal activities of the Company are production and sales of cold-rolled stainless steel for use as raw material in the production of household appliances such as kitchenette, sinks, washing machines etc., including other industries.

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that are described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of preparation the financial statements in which the equity method is applied*

The financial statements in which the equity method is applied relate to the Company and its interests in an associate.

Interests in equity-accounted investees

The Company's interests in equity-accounted investees comprise interests in an associate.

An associate is the entity in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Interests in an associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements in which the equity method is applied include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

(b) *Investments in an associate*

Investments in an associate in separate financial statement and are measured at cost less allowance for impairment losses.

(c) *Foreign currencies*

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated at the exchange rates at the dates that fair value was determined.

Foreign currency differences are generally recognised in profit or loss.

(d) *Financial instruments*

(d.1) Classification and measurement

Financial assets and financial liabilities (except trade accounts receivable (see note 3(f))) are initially recognised when the Company becomes a party to the contractual provisions of the instrument, and measured at fair value, plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI); or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortised cost using the effective interest method or FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

Equity investments measured at FVOCI are subsequently measured at fair value. Dividend income is recognised as income in profit or loss on the date on which the Company's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(d.2) Derecognition and offset

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and the Company intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(d.3) Impairment of financial assets other than trade accounts receivable

The Company recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI, and loan commitments issued which are not measured at FVTPL.

The Company recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Company considers a financial asset to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'. The Company recognises ECLs for low credit risk financial asset as 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company takes action such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

(d.4) Write offs

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(d.5) Interest

Interest income and expense is recognised in profit or loss using the effective interest method. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d.6) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

(e) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments which have maturities of three months or less from the date of acquisition.

(f) Trade accounts receivable

A trade accounts receivable is recognised when the Company has an unconditional right to receive consideration. A trade accounts receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Company estimates lifetime expected credit losses (ECLs), using a provision matrix to find the ECLs rates. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost principle. Cost includes direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

A right to recover returned products is recognised when the products are expected to be returned by customers and measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those products.

(h) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes capitalised borrowing costs, the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Difference between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land and assets under construction.

The estimated useful lives are as follows:

Land improvement, factory, and office buildings	5 - 32 years
Machinery and factory equipment	2 - 25 years
Office furniture, fixtures and equipment	3 - 20 years
Vehicles	5 years

(i) Intangible assets

Golf membership

Golf membership that is acquired by the Company and has infinite useful lives is measured at cost less than accumulated impairment losses.

Software licences

Software licences that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss.

The estimated useful lives are as follows:

Software licences	3 - 10 years
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No amortisation is provided on software under installation.

(j) Leases

At inception of a contract, the Company assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Company has elected not to separate non-lease components and accounted for the lease and non-lease components wholly as a single lease component.

POSCO-Thainox Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

The Company recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Company uses the Company's incremental borrowing rate to discount the lease payments to the present value. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(k) Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss of asset recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Company receives or has an unconditional right to receive non-refundable consideration from the customer before the Company recognises the related revenue.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

(m) Employee benefits

Defined contribution plan

Obligations for contributions to the Company's provident funds are expensed as the related service is provided.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed annually by qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(o) Revenue from contracts with customers

(1) Revenue recognition

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Revenue from sales of goods is recognised on the date on which the goods are delivered to the customers. For the sales that permit the customers to return the goods, the Company estimates the returns based on the historical return data, does not recognise revenue for this transaction and remains recognition of inventory for the estimated products to be returned.

Revenue for rendering of services is recognised over time based on stage of completion. The stage of completion is assessed based on surveys of work performed. The related costs are recognised in profit or loss when they are incurred.

For bundled packages, the Company recognises revenue from sales of products and rendering of services separately if a product or service is separately identifiable from other items and a customer can benefit from it or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices.

(2) Contract balances

Contract assets are recognised when the Company has recognised revenue before it has an unconditional right to receive consideration. The contract assets are measured at the amount of consideration that the Company is entitled to, less allowance for expected credit loss. The contract assets are classified as trade accounts receivable when the Company has an unconditional right to receive consideration.

Contract liabilities are the obligation to transfer goods or services to the customer. The contract liabilities are recognised when the Company receives or has an unconditional right to receive non-refundable consideration from the customer before the Company recognises the related revenue.

A refund liability is the obligation to refund some or all of the consideration received from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The refund liability is reassessed at each reporting date and make a corresponding change to the amount of revenue recognised.

(p) Other income

Other income comprises dividend, interest income and others. Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

(q) Income tax

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the separate financial statements.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) *Earnings per share*

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(s) *Segment reporting*

Segment results that are reported to the Company's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, other income, administrative expenses, and finance cost.

4 Related parties

Related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that is under common control or under the same significant influence as the Company; or a person or entity over which the Company has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making.

Relationships with parent, ultimate parent and an associate are described in note 1 and 9. Other related parties which the Company had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
POSCO Co., Ltd.	South Korea	Parent company, 74.56% shareholding
POSCO Holding Inc.	South Korea	Ultimate parent company
Nippon STEEL Stainless Steel Corporation	Japan	Sister company, 2.59% shareholding
POSCO (Thailand) Company Limited	Thailand	Sister company
POSCO International (Thailand) Co., Ltd.	Thailand	Sister company
POSCO Coated Steel (Thailand) Co., Ltd.	Thailand	Sister company
POSCO International Corporation	South Korea	Sister company
POSCO DX Company Ltd. (formerly "POSCO ICT Co., Ltd.")	South Korea	Sister company
POSCO Group University	South Korea	Sister company
POSCO Humans Corporation	South Korea	Sister company
POSCO Asia Co., Ltd.	Hong Kong	Sister company
PT. POSCO-INDONESIA JAKARTA PROCESSING CENTER	Indonesia	Sister company

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Name of entities	Country of incorporation/ nationality	Nature of relationships
POSCO VST Co., Ltd.	Vietnam	Sister company
POSCO Vietnam Processing Center Co., Ltd.	Vietnam	Sister company
POSCO-MKPC SDN BHD	Malaysia	Sister company
NS-THAINOX AUTO CO., LTD.	Thailand	Sister company
POSCO JAPAN CO., Ltd.	Japan	Sister company
Key management personnel	Multi-nationalities	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
Mahagitsiri family	Thailand	Major shareholders, 10.13% or more shareholding, and directors

The pricing policies of transactions are explained further below:

Transactions	Pricing policies
Sale of goods and rendering of services	Market price
Sale of scrap	Market price
Other income	Contractually agreed prices
Purchase of raw materials and rendering of services	Market price
Communication expense	Contractually agreed prices
Transportation expense	Market price
Technical assistance expense	Contractually agreed prices or mutual agree rate
Other expenses	Contractually agreed prices
Key management personnel	Approve from resolution of the annual general meeting of shareholders, and mutual agree rate

<i>Significant transactions with related parties</i> <i>Year ended 31 December</i>	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
<i>(in thousand Baht)</i>		
Parent		
Purchase of raw materials and rendering of services	6,516,494	11,638
Technical assistance expense	16,220	-
Ultimate parent		
Purchase of raw materials and rendering of services	-	1,331,715
Associate		
Sale of goods and rendering of services	112,585	96,733
Key management personnel		
Key management personnel compensation		
Director's remuneration	3,080	2,930
Short-term benefits	74,244	87,214
Total key management personnel compensation	<u>77,324</u>	<u>90,144</u>

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Significant transactions with related parties Year ended 31 December

Other related parties

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Sale of goods and rendering of services	2,081,935	7,285,817
Sale of scrap	260,877	392,363
Other incomes	2,649	5,192
Purchase of raw materials and rendering of services	5,604,050	19,685,174
Communication expense	17,857	18,960
Transportation expenses	10,351	129,759
Technical assistance expense	313	16,936
Other expenses	3,337	17,333

Balances as at 31 December with related parties were as follows:

Trade accounts receivable

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Associate	22,769	26,684
Other related parties	171,388	603,811
Total	194,157	630,495

Other receivables

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Other related parties	14,855	(2,099)
Total	14,855	(2,099)

Trade accounts payable

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Parent	1,797,145	215,676
Other related parties	415,397	1,664,822
Total	2,212,542	1,880,498

Other payables

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Parent	15,689	15,556
Other related parties	2,957	5,906
Total	18,646	21,462

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Significant agreements with related parties

Service agreements

The Company entered into a contract of Global IT Outsourcing Service with a related party, (POSCO DX Company Ltd.) covering 1 year starting from 1 January 2023 to 31 December 2023. Under the term of this contract, the Company has obligation to pay USD 299,994 (*equivalent to Baht 10.32 million*) (2022: USD 299,994 (*equivalent to Baht 10.42 million*)). Later, the Company entered into the new contract for a period of 1 year starting from 1 January 2024 to 31 December 2024. Under the term of this contract, the Company has obligation to pay USD 278,365 (*equivalent to Baht 9.57 million*)

The Company entered into a contract of IMS System Operation SV Service with a related party, (POSCO DX Company Ltd.) covering 2 years starting from 1 January 2023 to 31 December 2024. Under the term of this contract, the Company has obligation to pay USD 351,330 (*equivalent to Baht 12.08 million*) (2022: USD 380,482 (*equivalent to Baht 0.55 million*)).

The Company entered into a contract of International Leased line for using International Private Leases Line (IPLC) and its maintenance with a related party, (POSCO DX Company Ltd.) covering 1 year starting from 9 December 2022 to 19 December 2023. Under the term of this contract, the Company has obligation to pay KRW 6,090,000 per month (*equivalent to Baht 0.16 million*) (2022: KRW 6,090,000 (*equivalent to Baht 0.17 million*)) and other service (2022: KRW 1,500,000 (*equivalent to Baht 0.04 million*)). Later, the Company extended the contract for a period of 1 year starting from 9 December 2023 to 19 December 2024. Under the term of this contract, the Company has obligation to pay KRW 6,090,000 per month (*equivalent to Baht 0.17 million*).

Cash Pooling and Loan facility agreements

On 15 July 2018, the Company entered into the loan facility agreements with POSCO (Thailand) Co., Ltd. and POSCO Coated Steel (Thailand) Co., Ltd. to provide loan facilities to both companies under the cash pooling agreement in the amount not more than Baht 100 million. Such transactions were approved by the Company's Board of Director meeting held on 14 May 2018. The interest rate in each loans agreement was refer the interest rate which announced from the Bank of Thailand.

As at 31 December 2023 and 2022, the Company has commitment with related parties as follows:

**Financial statements in
which the equity
method is applied/
Separate financial statements**
2023 2022
(in thousand Baht)

Other commitments

Purchase orders for goods and supplies

1,148,341	460,391
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POSCO-Thainox Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

5 Cash and cash equivalents

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	(in thousand Baht)	
Cash on hand	125	125
Cash at banks - savings accounts	2,294,776	1,066,394
Cash at banks - current accounts	10,109	43,966
Total	2,305,010	1,110,485

6 Trade accounts receivable

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	(in thousand Baht)	
<i>At 31 December</i>		
Within credit terms	1,760,479	2,647,763
Overdue:		
1 - 30 days	138,404	106,260
31 - 60 days	43,920	4,121
61 - 90 days	1,454	-
91 - 120 days	10,191	-
More than 120 days	5,871	5,991
Total	1,960,319	2,764,135
Less allowance for expected credit loss	(5,871)	(5,991)
Net	1,954,448	2,758,144

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	(in thousand Baht)	
<i>Allowance for expected credit loss</i>		
At 1 January	5,991	6,111
Addition	-	-
Reversal	(120)	(120)
At 31 December	5,871	5,991

Information of credit risk is disclosed in note 24.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

7 Receivables under debt restructuring

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	(in thousand Baht)	
Within one year	106,955	100,493
After one year	-	8,261
	106,955	108,754
Less allowance for expected credit loss	(99,276)	(100,720)
	7,679	8,034
Less future interest income on debt restructuring	(7,679)	(8,034)
Present value of receivables under debt restructuring	-	-
Receivables under debt restructuring		
- current	-	-
Total	-	-

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	(in thousand Baht)	
At 1 January	100,720	98,634
Addition	-	2,443
Reversal	(1,444)	(357)
At 31 December	99,276	100,720

As at 20 April 2020, the Company has amended the compromise agreement with a customer to revise and extend the installment payment to 14 installment and the last installment will be due in November 2024.

As at 31 December 2023 and 2022, details of receivables whose debts have been restructured compared with trade accounts receivable, both in the financial statements in which the equity method is applied and separate financial statements are as follows:

	Receivables under debt restructuring	Total trade accounts receivable
As at 31 December 2023		
Number of receivables	2	85
Balance of receivables (in thousand Baht)	106,955	1,960,319
	Receivables under debt restructuring	Total trade accounts receivable
As at 31 December 2022		
Number of receivables	2	108
Balance of receivables (in thousand Baht)	108,754	2,764,135

POSCO-Thainox Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

8 Inventories

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Finished goods	1,446,933	1,345,221
Work in progress	1,533,509	1,893,080
Raw materials	212,260	948,293
Factory supplies and spare parts	221,406	219,513
Goods in transit	855,420	205,939
Total	4,269,528	4,612,046
Less allowance for decline in value of inventories	(92,746)	(228,107)
Net	4,176,782	4,383,939
Inventories recognised as an expense in ‘cost of sales of goods and rendering of services’:		
- Cost of good and rendering of service	13,894,331	22,567,397
- (Reversal of) write-down to net realisable value	(135,361)	173,577
Total	13,758,970	22,740,974

POSCO-Thainox Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

9 Investment in an associate

Investment in an associate as at 31 December 2023 and 2022, were as follows:

Financial statements in which the equity method is applied/ Separate financial statements						
	Type of business	Country of corporation	Ownership interest		Paid-up capital	
			2023	2022	2023	2022
<i>Associate</i>			(in thousand Baht)			
	Trading of stainless steels	Thailand	49	49	10,000	10,000
NS-Thainox Auto Company Limited						
Total			4,900	4,900	57,522	57,563

An associate was incorporated and mainly operate in Thailand.

None of the Company's associate are publicly and consequently do not have published price quotation.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

An associate

The following table summarises the financial information of an associate as included in its own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies.

The table also reconciles the summarised financial information to the carrying amount of the Company's interest in the company.

	NS-Thainox Auto Company Limited	
	2023	2022
	<i>(in thousand Baht)</i>	
Revenue from sale of goods and rendering of service	135,746	120,260
Cost of sales of goods and rendering of service	(114,721)	(95,771)
Gross profit	21,025	24,489
Other income	302	170
Profit before expenses	21,327	24,659
Administration expenses	(15,010)	(11,123)
Profit before tax expense	6,317	13,536
Tax expense	(2,952)	(1,637)
Profit for the year	3,365	11,899
Total comprehensive income (100%)	3,365	11,899
Total comprehensive income (49% hold)	1,649	5,830
Company's share of total comprehensive income	1,649	5,830
Dividend income from associates for the year	(1,690)	-
Current assets	143,490	143,322
Non-current assets	904	952
Current liabilities	(24,752)	(24,579)
Non-current liabilities	(2,250)	(2,219)
Net assets (100%)	117,392	117,476
Company's share of net assets (49% hold)	57,522	57,563
Carrying amount of interest in an associate	57,522	57,563

POSCO-Thainox Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

10 Property, plant and equipment

Financial statements in which the equity method is applied/ Separate financial statements

	Land	Land improvement, factory and office buildings	Machinery and factory equipment	Office furniture, fixtures and equipment (in thousand Baht)	Vehicles	Assets under construction	Total
Cost							
At 1 January 2022	318,856	2,836,676	10,179,267	224,310	6,564	64,370	13,630,043
Additions	-	8,693	62,649	10,528	93	65,382	147,345
Transfer in (out)	-	9,867	74,328	2,023	-	(86,218)	-
Disposals and write-off	-	(56,420)	(170,205)	(36,244)	(848)	-	(263,717)
At 31 December 2022 and 1 January 2023	318,856	2,798,816	10,146,039	200,617	5,809	43,534	13,513,671
Additions	-	4,471	38,950	17,563	-	38,582	99,566
Transfer in (out)	-	20,266	50,555	-	-	(70,821)	-
Disposals and write-off	-	(13,214)	(4,686)	(2,374)	(481)	-	(20,755)
At 31 December 2023	318,856	2,810,339	10,230,858	215,806	5,328	11,295	13,592,482
Depreciation							
At 1 January 2022	-	(2,333,751)	(8,124,205)	(187,990)	(6,063)	-	(10,652,009)
Depreciation charge for the year	-	(66,303)	(245,341)	(18,418)	(171)	-	(330,233)
Disposals and write-off	-	51,298	139,067	36,052	848	-	227,265
At 31 December 2022 and 1 January 2023	-	(2,348,756)	(8,230,479)	(170,356)	(5,386)	-	(10,754,977)
Depreciation charge for the year	-	(66,382)	(229,524)	(11,151)	(187)	-	(307,244)
Disposals and write-off	-	12,338	4,388	2,189	481	-	19,396
At 31 December 2023	-	(2,402,800)	(8,455,615)	(179,318)	(5,092)	-	(11,042,825)

Financial statements in which the equity method is applied/ Separate financial statements

	Land	improvement, factory and office buildings	Machinery and factory equipment	Office furniture, fixtures and equipment <i>(in thousand Baht)</i>	Vehicles	Assets under construction	Total
<i>Net book value</i>							
At 31 December 2022	318,856	450,060	1,915,560	30,261	423	43,534	2,758,694
At 31 December 2023	318,856	407,539	1,775,243	36,488	236	11,295	2,549,657

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2023 amounted to Baht 8,181.30 million (2022: Baht 8,053.86 million).

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

11 Leases

<i>At 31 December</i>	Financial statements in which the equity method is applied/ Separate financial statement	
	2023	2022
	<i>(in thousand Baht)</i>	
<i>Right-of-use assets</i>		
Buildings	24,335	7,158
Vehicles	18,220	7,005
Total	42,555	14,163

In 2023, additions to the right-of-use assets of the Company were Baht 53.79 million (2022: Baht 18.75 million).

Extension options

The Company has extension options on property leases exercisable up to one year before the end of the contract period. The Company assesses at lease commencement date whether it is reasonably certain to exercise the extension options and will regularly reassess so.

<i>For the year ended 31 December</i>	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
<i>Amounts recognised in profit or loss</i>		
Depreciation of right-of-use assets:		
- Buildings	16,959	17,356
- Vehicles	8,300	9,400
Interest on lease liabilities	646	331
Expenses relating to short-term leases	506	2,235
Expenses relating to leases of low-value assets	399	365

In 2023, total cash outflow for leases of the Company were Baht 25.85 million (2022: Baht 27.28 million).

POSCO-Thainox Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

12 Other payables

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Accrued service expense	23,737	26,885
Accrued withholding tax	21,895	21,051
Advance received from customers	21,626	16,305
Accrued utilities expenses	21,487	24,541
Accrued natural gas expense	10,867	13,934
Accrued bonus	7,436	17,905
Accrued transportation expense	5,375	8,823
Contract liabilities	4,601	12,470
Payables on purchase of plant and equipment	3,256	26,594
Provision for goods returned	3,088	19,747
Others	23,638	39,127
Total	147,006	227,382

13 Provisions for employee benefit

	Financial statements in which the equity method is applied/ Separate financial statements	
<i>At 31 December</i>	2023	2022
	<i>(in thousand Baht)</i>	
Post-employment benefits - Defined benefit plan	144,800	139,123
Other long-term employee benefits	24,255	26,570
Total	169,055	165,693

Defined benefit plan

The Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Present value of the defined benefit obligations

		Financial statements in which the equity method is applied/ Separate financial statements	
	Note	2023	2022
		<i>(in thousand Baht)</i>	
At 1 January		139,123	149,680
<i>Recognised in profit or loss:</i>	19		
Current service cost		7,118	7,810
Interest on obligation		4,137	2,985
		11,255	10,795
<i>Recognised in other comprehensive income</i>			
Actuarial gain			
- Financial assumptions		3	(11,471)
- Experience adjustment		(771)	(2,425)
		(768)	(13,896)
Benefit paid		(4,810)	(7,456)
At 31 December		144,800	139,123

Other long-term employee benefits

Present value of the other long-term employee benefits obligations

		Financial statements in which the equity method is applied/ Separate financial statements	
	Note	2023	2022
		<i>(in thousand Baht)</i>	
At 1 January		26,570	36,086
<i>Recognised in profit or loss:</i>	19		
Current service cost		1,639	2,074
Reversal of other long-term employee benefits		-	(3,962)
Interest on obligation		669	581
Actuarial (gain) loss			
- Financial assumptions		-	(3,087)
- Experience adjustment		-	(1,689)
		2,308	(6,083)
Benefit paid		(4,623)	(3,433)
At 31 December		24,255	26,570
Provisions for employee benefits			
- Current		14,822	9,922
- Non-current		154,233	155,771
Total		169,055	165,693

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

	Financial statements in which the equity method is applied/	
<i>Principal actuarial assumptions</i>	Separate financial statements	
	2023	2022
	(%)	
Discount rate	3.10	3.10
Future salary growth	5.00	5.00
Gold price inflation rate	1.50	1.50

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2023, the weighted-average duration of the defined benefit obligation was 7.32 years (2022: 7.29 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Financial statements in which the equity method is applied/			
	Separate financial statements			
<i>Effect to the defined benefit obligation</i>	1% increase in assumption		1% decrease in assumption	
<i>At 31 December</i>	2023	2022	2023	2022
	(in thousand Baht)			
Discount rate	(10,440)	(10,052)	11,953	11,471
Future salary growth	6,964	12,567	(16,804)	(11,201)
<i>Other long-term employee benefits</i>				
Discount rate	(1,153)	(1,258)	1,319	1,410

14 Legal reserve

Section 116 of the Public Limited Companies Act B.E. 2535 (1992) Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

15 Segment information and disaggregation of revenue

Management considers that the Company operates in a single line of business, namely the stainless steel in both local and export markets, and has, therefore, only one major business segment.

Geographical information

The Company has revenue from many geographical location. The manufacture of stainless steel and sales offices are managed in Thailand. In presenting geographical information, revenue is based on the geographical location of the customer. There are no material assets located in other countries.

	Financial statements in which the equity method is applied			
	Revenues		Non-current assets	
	2023	2022	2023	2022
	(in thousand Baht)			
Thailand	10,188,188	12,633,999	2,833,179	2,976,062
South Korea	2,039,216	7,662,226	-	-
United States	863,906	1,549,200	-	-
Germany	469,680	819,309	-	-
India	174,790	301,268	-	-
Hongkong	150,489	211,440	-	-
Others	181,145	343,525	-	-
Total	14,067,414	23,520,967	2,833,179	2,976,062

	Separate financial statements			
	Revenues		Non-current assets	
	2023	2022	2023	2022
	(in thousand Baht)			
Thailand	10,188,188	12,633,999	2,780,557	2,923,399
South Korea	2,039,216	7,662,226	-	-
United States	863,906	1,549,200	-	-
Germany	469,680	819,309	-	-
India	174,790	301,268	-	-
Hongkong	150,489	211,440	-	-
Others	181,145	343,525	-	-
Total	14,067,414	23,520,967	2,780,557	2,923,399

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Information about revenue and profit by geographical information for the year ended 31 December 2023 and 2022 are the following;

<i>For the year ended 31 December</i>	Financial statements in which the equity method is applied		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Disaggregation of revenue				
Revenue by geographical location				
Local	10,188,188	12,633,999	10,188,188	12,633,999
Export	3,879,226	10,886,968	3,879,226	10,886,968
Total revenue	14,067,414	23,520,967	14,067,414	23,520,967
Major products and service lines				
Revenue from sale of goods	13,984,666	23,009,755	13,984,666	23,009,755
Revenue from rendering of services	82,749	511,212	82,749	511,212
Total revenue	14,067,415	23,520,967	14,067,415	23,520,967
Timing of revenue recognition				
At a point in time	13,984,792	23,010,222	13,984,792	23,010,222
Over time	82,623	510,745	82,623	510,745
Total revenue	14,067,415	23,520,967	14,067,415	23,520,967
Profit (loss) before tax expense by geographical location				
Local	309,162	102,620	309,162	102,620
Export	(443,200)	135,440	(443,200)	135,440
Total	(134,038)	238,060	(134,038)	238,060
Unallocated revenues	55,476	67,559	55,476	67,559
Unallocated expenses	(3,449)	(51,259)	(3,449)	(51,259)
Share of profit (loss) of investment in an associate	(41)	5,830	-	-
Profit (loss) before tax expense	(82,052)	260,190	(82,011)	254,360

Major customer

Revenues from a major customer of the Company represent approximately Baht 2,000.75 million (2022: Baht 7,396.60 million) of the Company's total revenues.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

16 Other income

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Interest income	13,714	2,126
Gain on disposal of scrap material	11,792	12,718
Service revenue	-	3,292
Others	6,048	626
Total	31,554	18,762

17 Distribution costs

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Transportation expenses	91,558	128,872
Brand license fee	11,187	10,115
Travelling expenses	7,108	9,152
Commission expenses	3,043	3,813
Insurance expenses	4,707	4,126
Entertainment expenses	1,556	2,144
Others	1,571	4,721
Total	120,730	162,943

18 Administrative expenses

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Employee benefits expenses	227,142	248,597
Service fee	39,452	46,874
Depreciation and amortisation	32,845	44,992
Donations	6,971	8,688
Entertainment expenses	3,141	4,380
Rental expenses	1,787	943
Repair and maintenance expense	1,774	2,919
Loss on disposal and write-off of plant and equipment	1,084	36,451
Supplies expense	1,702	2,352
(Reversal of) expected credit loss	(1,564)	1,966
Others	8,616	17,788
Total	322,950	415,950

POSCO-Thainox Public Company Limited
Notes to the financial statements
For the year ended 31 December 2023

19 Employee benefit expenses

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Wages salaries and bonus	424,065	449,786
Welfare	111,384	115,975
Defined benefit plans	11,255	10,795
(Reversal of) other long-term employee benefits	-	(6,083)
Others	9,108	29,735
Total	555,812	600,208

Defined contribution plan

The defined contribution plan comprise provident fund established by the Company for its employees. Membership to the fund is on a voluntary basis. Contribution is made monthly by the employees at rates ranging from 4% to 15% of their basic salaries and by the Company at rates ranging from 6% to 8% of the employees' basic salaries. The provident fund are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

20 Expense by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
<i>Included in cost of sales of goods and rendering of services:</i>		
Changes in inventories of finished goods and work in progress	(257,858,991)	1,075,881
Raw materials and consumables used	12,632,488	18,000,239
Employee benefit expenses	328,670	351,612
Depreciation and amortisation	302,137	316,615
<i>Included in distribution cost:</i>		
Transportation expenses	91,558	128,872
Brand license fee	11,187	10,115
Travelling expenses	7,108	9,152
<i>Included in administrative expenses:</i>		
Employee benefit expenses	227,142	248,596
Service fee	39,452	46,874
Depreciation and amortisation	32,845	44,992

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

21 Income tax

<i>Income tax recognised in profit or loss</i>	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Current tax expense		
Current year	-	97,981
Adjustment for prior years	4,959	936
	4,959	98,917
Deferred tax expense		
Movements in temporary differences	(13,932)	(44,809)
Total tax expense	(8,973)	54,108

	Financial statements in which the equity method is applied/ Separate financial statements					
	2023			2022		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
<i>Income tax recognised in other comprehensive income</i>						
Defined benefit plan actuarial gains	768	(154)	614	13,896	(2,779)	11,117
Total	768	(154)	614	13,896	(2,779)	11,117

<i>Reconciliation of effective tax rate</i>	Financial statements in which the equity method is applied			
	2023		2022	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		(82,052)		260,190
Income tax using the Thai corporation tax rate	20	(16,410)	20	52,038
Associate's results net of tax		8		(1,166)
Income not subject to tax		(71)		(94)
Expenses not deductible for tax purposes		2,541		2,394
Under provided in prior years		4,959		936
Total	10.94	(8,973)	20.80	54,108

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

Reconciliation of effective tax rate

	Rate (%)	Separate financial statements	
		2023 (in thousand Baht)	2022 (in thousand Baht)
Profit (loss) before income tax expense		(82,011)	254,360
Income tax using the Thai corporation tax rate	20	(16,402)	50,872
Income not subject to tax		(71)	(94)
Expenses not deductible for tax purposes		2,541	2,394
Under provided in prior years		4,959	936
Total	10.94	(8,973)	54,108

Financial statements in which the equity method is applied/

Deferred tax At 31 December	Separate financial statements			
	Assets		Liabilities	
	2023	2022 (in thousand Baht)	2023	2022
Total	111,744	106,578	(20,731)	(29,343)
Set off of tax	(20,731)	(29,343)	20,731	29,343
Net deferred tax assets	91,013	77,235	-	-

Financial statements in which the equity method is applied/ Separate financial statements (Charged) / Credited to:

Deferred tax	At 1 January	Other comprehensive income		At 31 December
		Profit or loss (in thousand Baht)		
2023				
Deferred tax assets				
Trade accounts receivable	1,198	(24)	-	1,174
Receivables under debt restructuring	20,144	(289)	-	19,855
Inventories	45,621	(27,072)	-	18,549
Provisions for employee benefit	33,139	826	(154)	33,811
Other payables - provision for goods returned	3,949	(3,332)	-	617
Other payables - contract liability	2,495	(1,574)	-	921
Right-of-use assets	32	14	-	46
Tax losses	-	36,771	-	36,771
Total	106,578	5,320	(154)	111,744
Deferred tax liabilities				
Property, plant and equipment	(28,007)	8,184	-	(19,823)
Other payables - accrued expense	(1,336)	428	-	(908)
Total	(29,343)	8,612	-	(20,731)
Net	77,235	13,932	(154)	91,013

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

		Financial statements in which the equity method is applied/ Separate financial statements (Charged) / Credited to:		
	At 1 January	Profit or loss	Other comprehensive income	At 31 December
		(in thousand Baht)		
<i>Deferred tax</i>				
<i>2022</i>				
<i>Deferred tax assets</i>				
Trade accounts receivable	1,222	(24)	-	1,198
Receivables under debt restructuring	19,727	417	-	20,144
Inventories	10,906	34,715	-	45,621
Property, plant and equipment	17	(17)	-	-
Provisions for employee benefit	36,361	(443)	(2,779)	33,139
Other payables - provision for goods returned	2,687	1,262	-	3,949
Other payables - contract liability	4,246	(1,751)	-	2,495
Right-of-use assets	52	(20)	-	32
Total	75,218	34,139	(2,779)	106,578
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(35,904)	7,897	-	(28,007)
Other payables - accrued expense	(4,108)	2,772	-	(1,336)
Total	(40,012)	10,669	-	(29,343)
Net	35,206	44,808	(2,779)	77,235

The tax losses expire within 5 years according to Thai tax regulation. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have been recognised in respect of these items because it is probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

The recoverability of deferred income tax assets resulting from tax losses carry-forward and temporary differences, using forecasts that are based on the actual operating results and the expected future performance based on management's estimates and assumptions of revenue growth and the development of operating margins of the Company. The Company has recognised tax losses as deferred tax assets because the Company considers that it is probable that future taxable profit will be available against which such losses can be used. These were following the Company's business plan to increase the Company's profit from operating activities in the future.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

22 Earnings per share

	Financial statements in which the equity method is applied		Separate financial statements	
	2023	2022	2023	2022
	(in thousand Baht / thousand shares)			
<i>Profit (loss) attributable to ordinary shareholders</i>				
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>(73,079)</u>	<u>206,082</u>	<u>(73,038)</u>	<u>200,252</u>
Number of ordinary shares outstanding (basic) at 31 December	<u>7,795,709</u>	<u>7,795,709</u>	<u>7,795,709</u>	<u>7,795,709</u>
Earnings (loss) per share (basic) (in Baht)	<u>(0.0094)</u>	<u>0.0264</u>	<u>(0.0094)</u>	<u>0.0257</u>

23 Dividends

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
2023				
Annual dividend	21 April 2023	May 2023	0.024	189
2022				
Annual dividend	28 April 2022	May 2022	0.107	834

24 Financial instruments

(a) Financial risk management policies

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

(a.1) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

(a.1.1) Trade accounts receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 15.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's commercial terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee.

The Company limits its exposure to credit risk from trade accounts receivable by establishing a maximum payment period of 3 months. Outstanding trade accounts receivable are regularly monitored by the Company. An impairment analysis is performed by the Company at each reporting date. The provision rates of expected credit loss are based on days past due for individual trade accounts receivable to reflect differences between economic conditions in the past, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Information relevant to trade accounts receivable are disclosed in note 6 and 7.

(a.1.2) Cash and cash equivalent

The Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions which the Company considers to have low credit risk.

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

(a.2) Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

Financial statements in which the equity method is applied/ Separate financial statements					
Contractual cash flows					
At 31 December	Carrying amount	1 year or less	More than 1 year but less than 2 years (in thousand Baht)	More than 2 years but less than 5 years	Total
2023					
Non-derivative financial liabilities					
Trade accounts payable	2,312,765	2,312,765	-	-	2,312,765
Other payables	147,006	147,006	-	-	147,006
Lease liabilities	42,784	18,909	15,615	9,305	43,829
	2,502,555	2,478,680	15,615	9,305	2,503,600
2022					
Non-derivative financial liabilities					
Trade accounts payable	1,995,180	1,995,180	-	-	1,995,180
Other payables	227,382	227,382	-	-	227,382
Lease liabilities	14,323	10,604	2,073	1,795	14,472
	2,236,885	2,233,166	2,073	1,795	2,237,034

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Notes to the financial statements

For the year ended 31 December 2023

(a.3) Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies.

Exposure to foreign currencies as at 31 December	Financial statements in which the equity method is applied/ Separate financial statements					
	2023			2022		
	United States Dollars	Euro	Total (in thousand Baht)	United States Dollars	Euro	Total
Cash and cash equivalents	462,015	-	462,015	429,999	-	429,999
Trade accounts receivable	224,381	-	224,381	742,880	-	742,880
Other receivables	484	-	484	484	-	484
Trade accounts payable	(437,268)	(7,473)	(444,741)	(1,705,165)	(3,507)	(1,708,672)
Other payables	(1,773)	-	(1,773)	(5,823)	(1,761)	(7,584)
Net statement of financial position exposure	247,839	(7,473)	240,366	(537,625)	(5,268)	(542,893)
Estimated forecast sales	84,246	-	84,246	57,339	-	57,339
Estimated forecast purchases	(1,438,272)	(82,130)	(1,520,402)	(856,179)	(27,196)	(883,375)
Net exposure	(1,106,187)	(89,603)	(1,195,790)	(1,336,465)	(32,464)	(1,368,929)

Sensitivity analysis

A reasonably possible strengthening (weakening) of Thai Baht against all other foreign currencies at the reporting date would have affected the measurement of financial instruments denominated in a foreign currency. This analysis assumes that all other variables, in particular interest rates, remain constant.

Impact to profit or loss	Financial statements in which the equity method is applied/ Separate financial statements		
	Movement (%)	Strengthening	Weakening
		(in thousand Baht)	
2023			
United States Dollars	10	24,784	(24,784)
Euro	10	(747)	747
2022			
United States Dollars	10	(53,763)	53,763
Euro	10	(527)	527

POSCO-Thainox Public Company Limited

Notes to the financial statements

For the year ended 31 December 2023

25 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

26 Commitments with non-related parties

	Financial statements in which the equity method is applied/ Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Capital commitments		
Plant and equipment	173,277	60,563
Other commitments		
Lease commitments	864	536
Unnegotiated letters of credits for goods and supplies	9,625	22,129
Purchase orders for goods and supplies	447,025	552,978
Bank guarantees	1,099	975
Total	458,613	576,618

27 Contingent liabilities

As at 31 December 2023 and 2022 the Company has court cases as follows:

Breach of compromise agreement

In 2019, a company sued the Company regarding the breach of a compromise agreement. The Plaintiff claimed that the Company breached the compromise agreement and caused damage to the Plaintiff. Baht 3 million together with interest at rate 7.5% per annum was claimed against the Company. As at 31 August 2022, the Court of First Instance gave the judgment dismisses all claims against the Company and a company filed an appeal against the Court. The Company to file motion to the Court and expect that the Court will give the judgement within 2024. The Company believes that it will be able to successfully defend the claim and accordingly the Company did not record any provision for this legal case in its financial statements.



The attachment 1

Attachment

1.1 Details of directors, managements, and company secretary (as of December 31, 2023)

No.	Name list	Education & Training program	No. of Shareholding (%)	Relative	Work experiences		
					Year	Position	Organization
1	Mr. Do-soon Kim Age : 61 Position : Chairman of the Board Independent director/ Chairman of the the Audit Committee Appointed Date : May 12, 2023	<ul style="list-style-type: none"> MBA, The Ohio State University, USA B.A., Yonsei University, Republic of Korea 	-	-None-	2023 – Present Present Present Present 2017 – 2022 2017 – 2020 2019 – 2020 2018 – 2019	Chairman of the Board Independent Director/ Chairman of the Audit Committee President President Member Chairman President Independent director Independent director	POSCO-Thainox PCL. KumKang Electric Co., Ltd Thai Hankang Co., Ltd The National Unification Advisory Council (KOREA) Oversea National Election Commission in Thailand Korean – Thai Chamber of Commerce KTBST Holdings PLC KTB Securities. (Thailand) Co., Ltd. (KTBST)
2	Mr. Hyeong Gu Shin Age : 56 Position : Director / President / *Authorized Directors Appointed Date : February 10, 2023	<ul style="list-style-type: none"> Master's degree of Business Administration, Sogang University, Republic of Korea 	-	-None-	Present 2022 2020 – 2021 2018 – 2019 2014 – 2017	Director / President Head of Stainless Steel Rolling Materials Sales Department Head of Construction Materials Sales Department President of Japan Processing Center Head of Corporate Staff Division	POSCO-Thainox PCL. POSCO POSCO POSCO Japan PC POSCO Japan PC
3	Mr. Jiseob Choi Age : 55 Position : Director / Chief Marketing Officer /*Authorized Directors Appointed Date : January 14, 2021	<ul style="list-style-type: none"> Bachelor Degree in Management, Sogang University, Republic of Korea 	-	-None-	2021 – 2023 2019 – 2020 2018 – 2019 2013 – 2018	Director / Chief Marketing Officer Managing director Team leader of CHQ wire rod marketing Team Leader of STS Strategy Group, STS Division	POSCO-Thainox PCL. POSCO (THAILAND) CO., LTD. POSCO POSCO

No.	Name list	Education & Training program	No. of Shareholding (%)	Relative	Work experiences		
					Year	Position	Organization
4	Mr. Jaesung Yoon Age : 36 Position : Director / Chief Financial Officer / *Authorized Director Appointed Date : December 22, 2022	<ul style="list-style-type: none">Bachelor’s degree in Economics, Yonsei University, Republic of Koreae-learning CFO’s Orientation, The Stock Exchange of Thailand (2023)	-	-None-	2022 – Present	Director / Chief Financial Officer	POSCO-Thainox PCL.
					2022 – Present	Director	NS-Thainox Auto Co., Ltd.
					2022	Manager, Planning & Coordination, Corporate Planning Department	POSCO
					2020 – 2022	Manager, Accounting, Finance Department	POSCO
					2019 – 2020	Junior Manager, Business Analysis, Corporate Planning Department.	POSCO
					2017 – 2018	Junior Manager, Cost Management & Analysis, Finance Department	POSCO
5	Mr. Hoyoung Kim Age : 49 Position : Director Appointed Date : April 28, 2022	<ul style="list-style-type: none">Bachelor’s degree in Economic,Pusan University, Republic of Korea	-	-None-	2022 – Present	Director	POSCO-Thainox PCL.
					2022 – Present	Head of Business Management Group	POSCO
					2019 – 2022	Section leader of Financial Strategy Group	POSCO
					2015 – 2018	Section leader of Accounting Group	POSCO
6	Mr. Shinya Ozono Age : 41 Position : Director Appointed Date : November 12, 2020	<ul style="list-style-type: none">Juris Doctor Degree, Kobe University, JapanBachelor Degree In Law, Hitotsubashi University, Japan	-	-None-	2020 – Present	Director	POSCO-Thainox PCL.
					2020 – Present	Manager, Corporate Planning Dept., Corporate Planning Div.	NSSC
					2019 – 2020	Corporate Planning Div.	NSSC
					2017 – 2019	Coil & Sheet Products Dept., Coil & Sheet Products Marketing & Sales Div.	NSSC
					2011 – 2017	Raw Material Dept., Raw Materials & Purchasing Div.	NSSC

No.	Name list	Education & Training program	No. of Shareholding (%)	Relative	Work experiences		
					Year	Position	Organization
7	Mr. Chalermchai Mahagitsiri Age : 45 Position : Director Appointed Date : April 21, 2009	<ul style="list-style-type: none"> M.S. in Finance, Boston University, United States of America B.S. in Finance, Suffolk University, United States of America Personal Data Protection Act, Ragnar Corporation Company Limited, 2022 Digital Edge Fusion (DEF), Sripatum University, Class 1, 2017 Ultra Wealth - Investment Like A Master, Class 2, 2016 Academy of Business Creativity (ABC), Sripatum University, Class 4, 2016 Capital Market Academy Leadership Program, Capital Market Academy (CMA), Class 17, 2013 	10.13	-None-	Positions in Listed Companies in The Stock Exchange of Thailand (SET)		
					2018 - Present	Chairman of the Board of Directors	Unique Mining Services PCL.
					2015 - Present	Chairman of the Investment Committee	Thoresen Thai Agencies PCL.
					2013 - Present	Chairman of the Board of Directors	PM Thoresen Asia Holdings PCL
					2012 - Present	Executive Director, President and Chief Executive Officer and Member of the Executive Committee	Thoresen Thai Agencies PCL.
					2011 - Present	Director	POSCO-Thainox PCL.
					2011 - Present	Director and President	Thai Film Industries PCL
					2012 - 2018	Vice Chairman	Unique Mining Services PCL.
					2009 - 2011	Director / Assistant Chairman of Board of Director and Chief Executive Officer	POSCO-Thainox PCL.
					Positions in Listed Companies in Other Countries		
					2012 - Present	Director, Chief Executive Officer and Executive Vice Chairman	Mermaid Maritime PCL.
					2015 - 2019	Director	Sino Grandness Food Industry Group Ltd.
					Positions in Other Companies/Organizations		
					2022- Present	Director	Strom (Thailand) Co., Ltd.
					2022- Present	Director	dwp cityspace Ltd.
					2022- Present	Director	High Cloud Music Co. Ltd
					2022- Present	Director	TTA Chao Phraya Express Boat Joint Venture
					2022- Present	Director	Petrolift (Thailand) Co., Ltd.
					2022- Present	Director	P80 Jet Co., Ltd.
					2022- Present	Director	P80 Air Ltd.
					2021- Present	Director	Thoresen FSO Co., Ltd.
					2021- Present	Director	Skootar Beyond Co., Ltd.
					2020- Present	Director	PM80 Bio Research Group Ltd.
					2020- Present	Director	Praneat Co., Ltd.
					2020- Present	Director	Mermaid Ventures Co., Ltd.
					2019 - Present	Director	Thoresen Klong Padung Krungkasem Joint Venture (Thailand)
					2019 - Present	Director	Natural Aura Co., Ltd.
					2019 - Present	Director	Natural Drink Co., Ltd.
					2018 - Present	Director	Asia Infrastructure Management (Thailand) Co., Ltd.
					2018 - Present	Director	CM Corporate Co., Ltd.
					2018 - Present	Director	Siam Taco Company Limited
					2018 - Present	Director	Four One One Ecommerce Co., Ltd.
					2018 - Present	Director	PTGC Co., Ltd.
					2017 - Present	Director	Thoresen Shipping (Thailand) Co., Ltd.
					2016 - Present	Director	Mermaid Subsea Services Saudi Arabia Co., Ltd.
					2016 - Present	Director	PMT Property Co., Ltd.
					2016 - Present	Director	Laser Game Asia Ltd.
					2016 - Present	Director	TTA Mariner Co., Ltd.
					2014 - Present	Director	Mermaid International Ventures
					2014 - Present	Director	Premo Shipping Public Company Limited

No.	Name list	Education & Training program	No. of Shareholding (%)	Relative	Work experiences		
					Year	Position	Organization
					Positions in Other Companies/Organizations		
					2014 - Present	Director	Thoresen Shipping FZE
					2014 - Present	Director	Mermaid Maritime Mauritius Ltd.
					2014 - Present	Director	Chidlom Marine Services & Supplies Ltd.
					2014 - Present	Director	Gulf Agency Company (Thailand) Ltd.
					2014 - Present	Director	GAC Thoresen Logistics Ltd.
					2014 - Present	Director	PH Macaron (Thailand) Co., Ltd.
					2014 - Present	Director	Athene Holdings Ltd.
					2014 - Present	Director	Thoresen & Company (Bangkok) Limited
					2014 - Present	Director	P80 Go Co., Ltd.
					2014 - Present	Director	East Meta Capital Pte. Ltd.
					2014 - Present	Director	V Ventures Int Pte. Ltd.
					2014 - Present	Director	Thoresen Shipping Company Pte. Ltd.
					2014 - Present	Director	PM Thoresen Asia (Singapore) Pte. Ltd.
					2013 - Present	Director	Baconco Co., Ltd.
					2013 - Present	Director	Mermaid Drilling Ltd.
					2013 - Present	Director	Four One One FUN Co., Ltd.
					2012 - Present	Director	Mermaid Subsea Services (International) Ltd.
					2012 - Present	Director	Coffee Gallery Co., Ltd.
					2012 - Present	Director	Soleado Holdings Pte. Ltd.
					2011 - Present	Director	Phaholyothin Garden Co., Ltd.
					2011 - Present	Director	Mountain Creek Development Co. Ltd.
					2011 - Present	Director	M Creek Land Co., Ltd.
					2010 - Present	Executive Director	Sak Chaisidhi Co., Ltd.
					2008 - Present	Director and CEO	Four One One Entertainment Co., Ltd.
					2005 - Present	Director and CEO	PM Group Co., Ltd.
					2005 - Present	Director	PM Corp Co., Ltd.
					2002 - Present	Director	Lakewood Kitchen Co., Ltd.
					2002 - Present	Director	ACME Camps Co., Ltd.
					1998 - Present	Managing Director	Lakewood Country Club Co., Ltd.
					1998 - Present	Director	Lakewood Land Co., Ltd.
					Present	Director	Quality Coffee Products Co., Ltd.
					Present	Director	The Nest Property Co., Ltd.
					Present	Director	The Nest Home Co., Ltd.
					Present	Director	The Nest Village Co., Ltd.
					Present	Director	The Nest Ploenchit Co., Ltd.
					Present	Director	Mermaid Subsea Services (UK) Limited
					Present	Director	Asia Nampapa Luangprabang Co., Ltd.
					Present	Director	Baria Serece
					Present	Director	UMS Clean Energy 1 Co., Ltd.
					Present	Director	UMS Clean Energy 2 Co., Ltd.
					Present	Director	UMS Distribution Co., Ltd.
					Present	Director	UMS Lighter Co., Ltd.
					Present	Director	UMS Pellet Energy Co., Ltd.
					Present	Director	UMS Port Services Co., Ltd.
					Present	Director	UMS Port Services Co., Ltd.
					Present	Director	Four One One Production Co., Ltd.
					Present	Director	PM 80 Co., Ltd.
					Present	Director	PSM Land Co., Ltd.
					2014 - 2021	Director	Mermaid Subsea Services LLC
					2013 - 2020	Director	Asia Offshore Drilling Ltd.
					2013 - 2020	Director	Asia Offshore Rig 1 Limited
					2013 - 2020	Director	Asia Offshore Rig 2 Limited
					2013 - 2020	Director	Asia Offshore Rig 3 Limited
					2012 - 2022	Director	MTR-2 Ltd.

No.	Name list	Education & Training program	No. of Shareholding (%)	Relative	Work experiences		
					Year	Position	Organization
8	Mr. Boonyarit Kalayanamit Age : 62 Position : Independent director/ Audit Committee Appointed Date : May 12, 2023	<ul style="list-style-type: none"> M.A. (Economics) Western Michigan University, USA B. Sc. (Business Administration), Kasetsart University Director Accreditation Program (DAP), June 2023 	-	-None-	2023 2018 – 2022 2017 – 2018 2016 – 2017 2010 – 2011	Independent director / Audit Committee Permanent Secretary Director-General Director General Thai Ambassador to the Permanent Representative	POSCO-Thainox PCL. Ministry of Commerce of Thailand Department of Internal Trade of Thailand Department of Trade Negotiations (DTN) of Thailand World Trade Organization in Geneva
9	Mr. Songsak Limbanyen Age : 72 Position : Independent director / Audit Committee Appointed Date : February 17, 2017	<ul style="list-style-type: none"> The Graduate Diploma in Mechanical Engineer, Chulalongkorn University B.Sc.(M.E), Prince of Songkhla University Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD), Class 170/2020 	-	-None-	2017 – Present 2010 2009 2009 2008 2004	Independent Director / Audit Committee Deputy Secretary General Executive Director Director Director	POSCO-Thainox PCL. Head of Chinese Desk, India and South Asia Desk Investment Promotion Bureau Investment Promotion Bureau2 Investment Development Assistance Bureau Investment Facilitation Division
10	Mr. Byungchul Yu Age : 52 Position : Production division Leader Appointed Date : January 10, 2022	<ul style="list-style-type: none"> Master of Material Science, Pohang University of Science and Technology, Republic of Korea Bachelor of Metallurgical Engineering, Hanyang University, Republic of Korea Visiting Researcher, University of California at San Diego, USA 	-	-None-	2022 - Present 2017 – 2021 2014 – 2017 2013 – 2014	Production Division Leader Team manager of Stainless Rolling Department Team manager of Hot Rolling Department General manager	POSCO-Thainox PCL. POSCO (Korea) POSCO (Korea) Zhangjiagang Pohang Stainless Steel Company (ZPSS) POSCO
11	Mr. Kyung Sueb Shin Age : 38 Position : Management Support division Leader Appointed Date : August 1, 2023	<ul style="list-style-type: none"> B.A., Assumption University of Thailand 	-	-None-	2023 – Present 2022 - 2023 2019 - 2022 2014 - 2019 2011 - 2014	Management Support division Leader Manager, Strengthening Labor Competitiveness TFT Manager, Human Resources and Corporate Culture Office Assistant Manager, Human Resources and Labor Relations Group Assistant Manager, Human Resources Group	POSCO-Thainox PCL. POSCO POSCO POSCO Samsung Electro-Mechanics (Thailand) Co. Ltd
12	Ms. Yaowapha Komiantaksin Age : 50 Position : Company Secretary Appointed Date : November 12, 2015	<ul style="list-style-type: none"> MBA, Mahanakorn University of Technology B. Sc. (Economics), Kasetsart University Company Reporting Program (CRP) 14/2016, Thai Institute of Directors Association (IOD) 	-	-None-	2015 – Present 2014 – 2015 2012 – 2014	Treasury Team leader / Company Secretary Vice president, Dealer Team, Investment Department Section Manager of Treasury Department	POSCO-Thainox PCL. Land and Houses Fund Management Co., Ltd. Toyota Leasing (Thailand) Co., Ltd.

1.2 Duties and Responsibilities of Company Secretary

The company secretary is responsible to both the board of directors and shareholders and must carry out their duties with honesty, integrity, and reasonable care. They are to perform their duties in accordance with the policies of the board of directors, provide advice to the board in the preparation of various reports and presentations required by law, such as financial reports, and ensure that these reports are accurate and presented on time as approved by the board. Additionally, they are responsible for providing information on laws and regulations related to the company's operations, such as securities registration and disclosure requirements. Furthermore, the company secretary must ensure that the company's regulations are consistent with the objectives of the company and provide information for the board's decision-making process.

1. Responsibilities to Shareholders and Investors

The company secretary is responsible for communicating with shareholders regarding matters related to shareholder meetings and reporting on these meetings. They are also responsible for preparing accurate and complete annual reports to provide information to shareholders for decision-making purposes. As for the responsibility to general investors, the company secretary is responsible for disclosing important information about the company in a timely, accurate, and transparent manner.

2. Responsibilities to the Board of Directors and the Company

The company secretary is responsible for assisting the board of directors in various matters, such as managing board meetings, preparing meeting agendas, preparing reports on meetings, and managing and maintaining documents related to the company, such as the registry of directors, meeting schedules, meeting reports, and annual reports. They must also ensure that the reports on the directors and executives' interests are collected and handled according to the law. Additionally, the company secretary is responsible for providing advice to the board on matters related to the company's operations, procedures, and guidelines, as well as seeking advice from external experts as required by the board.

1.3 Relationship of Directors, Executives, and Controllers with Subsidiary Companies

Name	POSCO-Thainox Public Company Limited	NS-Thainox Auto Company Limited (Joint Company)	POSCO (Korea) (Controller)
1. Mr. Dosoon Kim	X	-	-
2. Mr. Hyeong Gu Shin	//	-	-
3. Mr. Jiseob Choi	//	-	-
4. Mr. Jaesung Yoon	//	/	-
5. Mr. Hoyoung Kim	/	-	-
6. Mr. Chalermchai Mahagitsiri	/	-	-
7. Mr. Shinya Ozono	/	-	-
8. Mr. Boonyarit Kalayanamit	/	-	-
9. Mr. Songsak Limbanyen	/	-	-

Remarks : X = Chairman of the Board, / = Director, // = Executive Director



The attachment 2

Directors' detail of Joint Company

The Company holds the ordinary shares for 49 percent of the total shares of NS-Thainox Auto Company Limited. Thus, NS-Thainox Auto Company Limited is considered as Joint Company which has directors details as follows;

List	NS-Thainox Auto Company Limited	POSCO-Thainox Public Company Limited
1. Mr. Byungchul Yu	X	//
2. Mr. Jaesung Yoon	/	/, //
3. Mr. Akira Sawayama	/	-
4. Mr. Koichi Iuchi	/	-
5. Mr. Manabu Tani	/	-

Remarks : X = Chairman of the Board, / = Director, // = Executive Director



The attachment 3

Details of Internal Auditor

Name	➤➤	Mr. Seungin Choi
Position	➤➤	Internal Auditor Team Leader
Education	➤➤	Bachelor of Business Administration in Tax & Accounting, KYUNGHEE CYBER UNIVERSITY, Seoul, KOREA
Work experiences	➤➤	2022 – Present Team Leader, Internal Audit Team 2018 – 2021 Team Leader, Finance Department 2013 – 2017 Supervisor, Finance Department
Training program	➤➤	Course of Internal Control over Financial Reporting, POSCO Corporate Citizenship, ESG management, Global Information security



The attachment 4

Assessment

- None -



The attachment 5

The corporate governance policies and Code of Ethics

Details shown on the Company's website at www.poscothainox.com



The attachment 6

Audit Committee Report 2023

To Shareholders of POSCO-Thainox Public Company Limited

The Audit Committee of POSCO-Thainox Public Company Limited consists of three independent directors who have experiences in investment management, finance, accounting and organization management; Mr. Do-Soon Kim is a Chairman of Audit Committee, Mr.Boonyarit Kalayanamit and Mr. Songsak Limbanyen are members of Audit Committee. They have authorities, duties and responsibilities to the Board of Directors according to the charter of the Audit Committee.

In 2023, the Audit Committee has completed the duties independently, focusing on the internal control, the good corporate governance, and the transparent administration of management. The external auditors and the leaders of internal audit team had the meeting with the management 4 times which can be summarized as follows:

1. The Audit Committee has quarterly and yearly reviewed the company's financial statements by the equity method and the separate financial statement 2023 in order to ensure that the financial statements of the company have been completed in accordance with the generally accepted accounting principles, and disclosed the significant information in the note to the financial statements.
2. The Audit Committee had a meeting with the external auditors without the company's management to significantly consider and recommend for preparation and auditing the financial statements 2023. The Audit Committee agreed that the financial statements of the company have been prepared correctly in accordance with the generally accepted accounting principles and in compliance with regulations and laws associated with adherence.
3. The Audit Committee has considered the transactions related to the company and its subsidiary according to rules of the Stock Exchange of Thailand. The Audit Committee agreed that such transactions were reasonable and appropriate disclosure as per the financial statements.
4. The Audit Committee has reviewed the report of the audit operations 2023 the scope of work, and the monitoring audit to assure its independency and efficiency as planned and a quarterly basis. Besides, the Audit Committee has also reviewed the plan of internal audit included the occurring issues, the recommendations, and the plan of management operations for improvement & development, in order to assure the company's adequate and effective internal control system and risk management.
5. The Audit Committee has informed the President to consider the nomination and remuneration of the external auditor, and propose to the shareholders for further approval.

The Audit Committee agreed that the financial statements has been completed with sufficient disclosures according to the generally accepted accounting principles, the disclosure of related transactions or the results that may pose a conflict of interest, the efficiency system of risk management and internal control, the good corporate governance, and the compliance with relevant laws and regulations.

Mr. Do-Soon Kim

Chairman of the Audit Committee

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THAINOX



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