



G J Steel Public Company Limited



Form 56-1 One Report
Annual Report 2022

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The One Report 2022 (Form 56-1 One Report) is based on information disclosed on the Company's website, which is part of Form 56-1 One Report and the Board of Directors is responsible for the accuracy and completeness of the referenced information, as well as bringing the information to appear in this 56-1 One Report form.

Message from the Chairman



While 2022 heralded a new era in the Company's history by making the company as part of Nippon Steel Group, it also saw several challenges in the operating environment which impacted the bottomline. The continuing geo political tensions including the ongoing war leading to volatile energy prices, China's stringent measures against Covid throughout 2022, high inflationary pressures and feeble global growth have led to muted economic recovery in Thailand with the GDP growth of 3.2% in 2022. This has adversely impacted the thailand steel recovery with Hot rolled consumption falling by 17% in 2022 compared to 2021.

While the new management continues to take several initiatives to step up the performance, such measures will start yielding results starting from 2023 onwards. Several improvement areas have been identified and are being addressed to enhance operation robustness and cost reduction. The Company has also rolled out its Total Productive Maintenance activities whereby the workforce is being trained on various aspects of production and maintenance activities which will significantly improve the operations going ahead. All these management efforts are being fully supported and guided by experienced domain experts from Nippon Steel and its group companies.

While short term external factors will keep the business environment challenging, the management steps to stabilize and improve the operations will help in insulating the Company from these volatilities as we move ahead.

On behalf of the Board of directors and myself, we personally would like to thank the Thai Government, Nippon Steel, shareholders, business partners and customers for their understanding and patient support. And a special thanks to our management team and employees for their continued commitment to the success of G J Steel.

Mr. Stephen Karl Stewart
Chairman of the Board of Directors

Message from Chief Executive Officer



2022 was a challenging year marked by the Russia Ukraine conflict, continued Covid related, lockdowns in China, weakness in all global currencies against US dollar and increasing interest rates across the globe. These factors have resulted in high inflationary pressures and subdued global growth.

Thailand GDP has grown by 3.2% in 2022 with inflation hitting a high of 6.3%. The depreciation of Thai Baht and unprecedented increase in utility prices have led to high cost push inflation and squeeze in industry margins. For

2023, Thailand GDP expected to increase by 3.7-3.8 % and inflation and utility price are expected to reduce in a phased manner.

On the backdrop of this difficult operating environment, the Thai Steel Industry also suffered with total steel consumption of Thailand declining and more particularly, the Hot Rolled Steel consumption fell by 17% to 5.85 million Mt in 2022 compared to 7.05 million Mt in 2021.

While the external environment remains volatile, the new management team has been taking countermeasures to improve the internal working such as metallic spread management and as reported in my message last year, we have embarked upon the TPM (Total Productive Maintenance/Management) activities which provide concepts and methods to improve productivity, quality, cost, delivery, safety and environment preservation by employees from the foundation of good manufacturing practices.

As we cross to 2023, we have identified and acted upon self-controlling initiatives to further reduce costs, improve quality, improve productivity, and enhance profitability.

I would also like to take this opportunity to express my sincere thanks to all our stakeholders, Government of Thailand, Employees, Business Partners for supporting us during these challenging times and assure all our best endeavor to realize our vision of making the Company Asia's Top Competitive EAF/HRC Mill.

Mr. Bantoon Juicharern

Chief Executive Officer

Board of Directors

As at 1 March 2023



**Mr. Stephen
Karl Stewart**

Chairman of the Board of Directors
Independent Director
and Audit Committee Member



**Assoc. Prof. Niputh
Jitprasonk**

Independent Director
Chairman of the Audit Committee



**Mr. Yanyong
Kurovat**

Director
Authorized Director



**Mr. Ichiro
Sato**

Director



**Mr. Kenichi
Hoshi**

Director
Authorized Director



**Dr. Prasit
Kanchanasakdichai**

Independent Director
Audit Committee Member



**Mr. Somchai
Leeswadtrakul**

Director
Authorized Director



**Mr. Nobuo
Okochi**

Director
Authorized Director



**Mr. Bantoon
Juicharern**

Director and Chief Executive Officer
Authorized Director
Chairman of the Management Committee

The Executives



**Mr. Bantoon
Juicharern**
Chief Executive Officer



**Mr. Yasuhiro
Sakamoto**
Chief Operating Officer



**Mr. Toshikazu
Mukaiyama**
Head of CEO Office & Corporate Planning
Chief Marketing Officer
Acting Chief Procurement Officer



**Mr. Sittsak
Leeswadtrakul**
Deputy Chief Executive Officer



**Khunying Patama
Leeswadtrakul**
Chief of Corporate Social Responsibility Officer



**Mr. Rajeev
Jhavar**
Chief Financial Officer
Chief Compliance Officer

Management Committee



**Mr. Bantoon
Juicharern**
Chairman of the Management Committee



**Mr. Yasuhiro
Sakamoto**
Member



**Mr. Toshikazu
Mukaiyama**
Member



**Mr. Rajeev
Jhavar**
Member

Company Secretary



**Ms. Arttaya
Sookto**
Company Secretary



Part 1

Business Operation and Operating Results

1. Organizational structure and operation of the group of companies

Policy and Business Overview

G J Steel Public Company Limited runs a business of producing and selling hot-rolled steel sheet in coils (or hot-rolled coils) as main products as per customers' orders. The Company's main products are used directly in construction works, water irrigation and civil engineering, and used as substrates or raw materials for steel sheet fabrication industry, e.g. making pipes, tubes and structural shapes for uses in construction, other downstream industries for making oil drums, gas cylinders, general industrial equipment or parts, etc.

The Company's hot-rolled coil plant has deployed state-of-the-art technologies that perfectly and efficiently integrate melting, casting and rolling processes in one plant, or known as "Compact Mini Mill", which consists of melting technology with Electric Arc Furnace (EAF), Continuous Casting Machine technology and Hot Strip Mill in tandem continuously throughout all the said processes.

The Company's production process, in brief, begins from taking ferrous scraps and pig iron to melt in the EAF to make liquid steel at 1,600 degrees Celsius, then improving the quality of liquid steel with ferro-alloys and other substances to meet the requirements of the standard or customer's specification, and casting the improved liquid steel into the continuous casting machine to make steel slabs of 60 mm thickness, and hot-rolled to reduce the thickness down to the range of 1.2 - 25.0 mm as per the customer's order. The said production process is thoroughly continuous and takes just 3 hours and a half to finish.

The Company's hot-rolled coil plant has a capacity of 1.5 million tons per year that meets the various product mixes by customers' orders. Our hot-rolled coil products are made to comply with the Thai industrial standards (TIS), and also international and foreign standards, for instances, Japanese standards (JIS), American or the U.S. standards (ASTM and SAE), European standards (EN, DIN and BS), Malaysian standards (MS) etc.,

Vision

“Asia’s Top Competitive EAF/HRC Mill”

Mission

1. Establish high level management of safety, environment and risk management.
2. Enhance customers satisfaction with quality and variety of products.
3. Sustain the high level of stable operation.
4. Improve cost competitiveness and function competitiveness.
5. Contribution to Thai economy and society.

Business Objectives:

The Company's Mission is as below:

1. Establish high level management of safety, environment and risk management.
2. Enhance customers satisfaction with quality and variety of products.
3. Sustain the high level of stable operation.
4. Improve cost competitiveness and function competitiveness.
5. Contribution to Thai economy and society.

To achieve the above, the Company will take the following steps:

- The Company shall foremost comply with the safety, health and environment laws and rules.
- Continue its focus on strategic and sustainable cost optimization to generate reasonable returns through various cycles.
- To continue investment in improving the health of plant & machinery to ensure minimum breakdowns and continuous upgradation to newer technologies.
- To implement Total Productive Maintenance/Management (TPM) activities in all areas of the Company to help us strengthen all the processes and improve productivity, quality, cost, delivery and environment preservation.
- To improve the quality of products and new product development.
- To continue working with various Steel Associations.
- To strictly follow guidelines set up by the Collective Action against Corruption (CAC).

The significant change and development during the past 3 years

Key Events in 2022

- During the year, Nippon Steel Corporation (NSC), whose shares are listed in Stock Exchange in Japan and whose core business is steel making and steel fabrication, acquired 40.45% of the shares of the Company and launched Mandatory Tender Offer and acquired 7.70% of the total shares of the Company. Consequently, NSC now holds 57.60% directly and indirectly including shares held by G Steel PLC and its subsidiary.

Please refer to Note number 1.2 of the Financial Statements for the year ended 31 December 2022 for further details.

- During the year, the Company obtained uncommitted and unsecured short-term credit facilities from a local related party and various local financial institutions to fund its working capital (including bank guarantee, letter of credit, trust receipt, and foreign exchange facilities) and cash management requirements.

Please refer to Note number 26 of the Financial Statements for the year ended 31 December 2022 for further details.

- The Company has launched Cost Reduction Program as a counter measure for increasing prices of all inputs especially utilities. The Company has further rolled out Total Productive Maintenance activities in all areas of the Company. This will help us strengthen all the processes and improve productivity, quality, cost, delivery and environment preservation.
- The Company has engaged technical experts to carry out a review of the Galvanizing line lying under construction in progress. Based on such technical review, the additional investment required for making the Galvanizing line operational was estimated at USD 44.25 million to USD 47.25 million (equivalent to approximately Baht 1,534 million to Baht 1,638 million). The management further noted that in spite of this additional investment, it would be very unlikely that such Galvanizing line could achieve the desired production capacities, quality parameters, and subsequent guarantee figures. If the old and rusted parts are not replaced, the risk of operational stability, frequent breakdowns due to cracks and jamming, which resulted in high maintenance/operational costs and importantly quality and safety issues will remain major concerns and finally, the Company's product image will significantly be damaged. After considering various factors, the Management Committee resolved not to continue with the commissioning of the existing Galvanizing line but to set up additional an impairment loss on such Galvanizing line (using the market scrap price) amounting to Baht 3,617 million in the books. Subsequently, the Audit Committee and Board of Directors meeting held on February 23, 2023, approved to record impairment loss on unusable machines held for sale amounting to Baht 3,617 million in the statement of comprehensive income for the year ended December 31, 2022.

Key Events in 2021

- The Company recorded significant profits during the year due to global uptrend in HRC prices and improved raw material mix. The cashflows were mainly utilized in repayment of loans to Link Capital and reducing the several other liabilities. Thus, G J Steel has become a fully debt free company.
- The Company has been following the strategy to reduce pig iron (which is imported) and imported scrap and increase the percentage of local scrap. Through several process changes over last few years the Company has succeeded in increasing the local scrap percentage to 70.4%

in 2021 compared to 45.7% in 2017. This not only helps to reduce the costs (since local scrap is cheaper) but also helps in reducing the risk of price and forex fluctuations.

Key Event in 2020

- The Company implemented a new incentive scheme with the objective to maximize production of prime quality products and EBITDA. The scheme has shown very encouraging results and has also enhanced teamwork and motivation across the company. As a result, the productivity of prime quality products has improved, and several other cost saving measures have been made possible.
- To achieve long term cost reduction plan, the company announced a Voluntary Retirement Programme which enabled it to reduce several staff.

2023

February

23 February 2023: The Board of Directors Meeting No. 1/2566 has resolved the following significant matters.

- 1) Acknowledged the resignation of Mr. Yingsak Jenratha as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company due to the other commitments, with effect from 24 February 2023 onwards.
- 2) Approved the Appointment of Dr. Prasit Kanchanasakdichai as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company replacing Mr. Yingsak Jenratha, with effect from 24 February 2023 onwards.
- 3) Approved the Appointment of Mr. Toshikazu Mukaiyama, Head of CEO Office & Corporate Planning and Chief Marketing Officer as an Acting Chief Procurement Officer of the Company as another position, with effect from 1 March 2023.

2022

June

24 June 2022: The Board of Directors Meeting No. 6/2565 has resolved to approve the appointment of Mr. Rajeev Jhawar, Chief Financial Officer as a Chief Compliance Officer* of the Company as another position, with effect from 1 July 2022.

* The name of the position has changed from “Chief Compliance and Legal Officer” to “Chief Compliance Officer”, with effect from 9 August 2022

April

4 April 2022: The Company has received the Report on the Result of the Tender Offer of G J Steel Public Company Limited (Form 256-2) from NIPPON STEEL CORPORATION (the “Offeror”).

As the Offeror has made a mandatory tender offer for the securities of G J Steel Public Company Limited (the “Business”) in the amount of 25,487,134,896 shares or 100.00% of the total issued and paid-up ordinary shares of the Business with the tender offer period of 25 business days from 23 February 2022 to 29 March 2022, which has now ended, the resulting of the Tender Offer as follow;

Name	Class of shares	Number of shares	Percentage in comparison with the total number of outstanding shares of the Business*	Percentage in comparison with the total voting rights of the Business
I. The Offeror	Ordinary	1,962,277,175	7.70	7.70
II. Parties in the Same Group as the Offeror	-	-	-	-
III. Parties under Section 258 of the Persons in I and II				
1. Asia Credit Opportunities I (Mauritius) Limited	Ordinary	10,310,359,336	40.45	40.45
	NVDR	204,485	0.00	-

Name	Class of shares	Number of shares	Percentage in comparison with the total number of outstanding shares of the Business*	Percentage in comparison with the total voting rights of the Business
2. G Steel Public Company Limited	Ordinary	2,100,427,209	8.24	8.24
3. GS Securities Holding Company Limited	Ordinary	307,000,000	1.21	1.21
Total	Ordinary	14,680,063,720	57.60	57.60
	NVDR	204,485	0.00	-
	Total	14,680,268,205	57.60	57.60

*The total number of outstanding shares = ordinary shares + preferred shares - shares repurchased by the business and are outstanding at the end of the month prior to the one in which the tender offer is submitted

February

16 February 2022: The Board of Directors' Meeting No. 1/2565 which resolved the following significant matters.

- 1) Acknowledged the resignation of the directors, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
 - Mr. Andreas Rizal Vourloumis Director
 - Mr. Richard Jim Yee Director and Corporate Governance and Risk Management Committee Member
 - Mr. Sudhir Maheshwari Director and Nomination and Remuneration Committee Member
- 2) Approved the Appointment of Directors in replacement of the Directors that have resigned, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
 - Mr. Ichiro Sato Director replacing Mr. Andreas Rizal Vourloumis
 - Mr. Kenichi Hoshi Director replacing Mr. Richard Jim Yee and Corporate Governance and Risk Management Committee Member
 - Mr. Nobuo Okochi Director replacing Mr. Sudhir Maheshwari and Nomination and Remuneration Committee Member
- 3) Acknowledge the resignation of Mr. Kanit Sukonthaman as Director, Chief Executive Officer and Chairman of the Executive Committee of the Company, and approve the appointment of Mr. Bantoon Juicharn as a new Director and the new Chief Executive Officer of the Company replacing Mr. Kanit Sukonthaman, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
- 4) Approved the amendment of the Directors' Signatory Authorization as follows;
 "(1) (a) either Mr. Yanyong Kurovat or Mr. Somchai Leeswadtrakul jointly signs with (b) either Mr. Nobuo Okochi or Mr. Kenichi Hoshi or Mr. Bantoon Juicharn, totaling 2 persons (one from each of (a) and (b)), together with the Company's seal being affixed or (2) Two out of Mr. Nobuo Okochi or Mr. Kenichi Hoshi or Mr. Bantoon Juicharn jointly signs with the Company's seal being affixed."

17 February 2022: The Company acknowledged the entry into the Sale and Purchase Agreement executed on 21 January 2022 between, amongst others, Kendrick Global Limited (“Shares Seller”) and NIPPON STEEL CORPORATION (“Shares Purchaser”). In this regard, the Sale and Purchase of Shares in ACO I has been completed. As a result of the transaction, the shareholding structure of ACO I has been changed as follows:

Shareholders in ACO I	Prior to the Sale and Purchase of Shares in ACO I		After the Sale and Purchase of Shares in ACO I	
	No. of shares	Percentage of shares with voting rights of ACO I	No. of shares	Percentage of shares with voting rights of ACO I
Kendrick Global Limited	19,885,955	100	0	0
NIPPON STEEL CORPORATION	0	0	19,885,955	100

24 February 2022: The Board of Directors’ Meeting No. 2/2565 which resolved the following significant matters.

- 1) Approved the change of the Company’s organization chart with effect from 1 April 2022 onwards.
- 2) Approved the appointment of the following names as a Company’s Management and Management Committee members with effect from 1 April 2022 onwards.
 - Mr. Yasuhiro Sakamoto Chief Operating Officer
 - Mr. Toshikazu Mukaiyama Head of CEO Office & Corporate Planning and Chief Marketing Officer

The Management Committee shall comprise the following 4 members:

- Mr. Bantoon Juicharearn Chairman of the Management Committee
- Mr. Yasuhiro Sakamoto Management Committee Member
- Mr. Toshikazu Mukaiyama Management Committee Member
- Mr. Rajeev Jhawar Management Committee Member

January

21 January 2022: The entry into the Sale and Purchase Agreement between, amongst others, Kendrick Global Limited (“Shares Seller”) and NIPPON STEEL CORPORATION (“Shares Purchaser”), a company whose shares are listed on the stock exchanges in Japan and whose core business is steelmaking and steel fabrication, and other contractual parties in order to sell 100 percent ordinary shares in Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) in the amount of 19,885,955 shares in ACO I (“Sale and Purchase of Shares in ACO I”). Currently, ACO I owns 40.45 percent of the total voting shares of the Company and is a major shareholder of the Company.

Such Sale and Purchase of Shares in ACO I will not affect the number of shares which ACO I holds in the Company in any way but it will be the case of a change in the Company's indirect major shareholder and is the case where the Shares Purchaser acquires significant control over a juristic person who already owns shares in the business in accordance with the Chain Principle under the Notification of the Capital Market Supervisory Board No. TorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeover dated May 13, 2011 (including any amendments). Therefore, the Shares Purchaser will be required to conduct the mandatory tender offer in order to acquire all securities of the Company from all existing shareholders afterwards.

However, completion of the Sale and Purchase of Shares in ACO I and the mandatory tender offer will not happen until conditions precedent as set out under the SPA, which include, among others, the Company and G Steel Public Company Limited having obtained the specified permissions

from the relevant Thai government authorities, are satisfied or waived pursuant to the terms of the SPA, which is expected to be in February 2022.

2021

February

23 February 2021: The Board of Directors' Meeting No. 1/2564 has resolved to approve the termination of Strategic Steering Committee, with effect from 23 February 2021. The termination, however, have no impact on the business operation.

2020

November

9 November 2020: The Board of Directors' Meeting No. 11/2563 has resolved to approve the appointment of Ms. Arttaya Sookto to be the Company Secretary with the effect from 9 November 2020 onwards.

August

10 August 2020: The Board of Directors' Meeting No. 8/2563 has resolved to approve the appointment of Mr. Stephen Karl Stewart as Chairman of the Board of Directors with the effect from 10 August 2020 onwards.

July

27 July 2020: The meeting of the 2020 Annual General Meeting of Shareholders at the Mandarin AB, 1st Floor, Mandarin Hotel Bangkok, at No. 662 Rama IV Road, Bang Rak, Bangkok 10500, has approving the appointment of Mr. Apichart Sayasit, Certified Public Accountant License No. 4229, or Miss Wimolsri Jongudomsombut, Certified Public Accountant License No. 3899, or Miss Waleerat Akkarasrisawad, Certified Public Accountant License No. 4411 from Baker Tilly Audit And Advisory Services (Thailand) Limited to be the Company's auditor and to determine the auditor remuneration for the year 2020 ended 31 December 2020

April

29 April 2020: The Board of Directors' Meeting No. 3/2563 has resolved to approve the appointment of Mr. Kanit Sukonthaman as a director and Chief Executive Officer with the effect from 5 May 2020 onwards.

Revenue Structure

	2022		2021		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales						
Hot-Rolled coil (HRC)	17,317	98.84%	18,272	97.47%	11,316	98.26%
Tempered Hot Rolled coil (RTM)	<u>86</u>	<u>0.49%</u>	<u>135</u>	<u>0.72%</u>	<u>63</u>	<u>0.55%</u>
Total revenues from sales	17,403	99.33%	18,407	98.19%	11,379	98.81%
Other Income						
Sales of waste scrap from production	57	0.33%	47	0.25%	43	0.37%
Net gain from write-off expired legal prescription	43	0.25%	279	1.49%	-	-
Other income	12	0.07%	13	0.07%	35	0.31%
Interest income	5	0.02%	1	0.01%	2	0.01%
Net Foreign exchange gain	-	-	-	-	38	0.33%
Gain on confirmed purchase orders for undelivered raw material	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19</u>	<u>0.17%</u>
Total Revenue	<u>17,520</u>	<u>100.00%</u>	<u>18,747</u>	<u>100.00%</u>	<u>11,516</u>	<u>100.00%</u>

Sales Volume of the Company during the past 3 years with the following details:

(Unit: Ton)

Sale Volume	2022	%	2021	%	2020	%
Domestic Sale Volume						
- Other Groups	613,844	99.74%	650,830	98.01%	704,433	99.32%
- Related Companies	<u>1,633</u>	<u>0.26%</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Sale in Domestic	615,477	100%	650,830	98.01%	704,433	99.32%
Oversea Sale Volume	<u>-</u>	<u>-</u>	<u>13,247</u>	<u>1.99%</u>	<u>4,801</u>	<u>0.68%</u>
Total	<u>615,477</u>	<u>100%</u>	<u>664,077</u>	<u>100.00%</u>	<u>709,234</u>	<u>100.00%</u>

Ratios of the domestic and foreign turnover per the total turnover of the hot-rolled coil of the company during the past 3 years with the following details:

	2022		2021		2020	
	Million Baht	%	Million Baht	%	Million Baht	%
Domestic	17,403	100.00%	18,071	98.17%	11,302	99.32%
Oversea	<u>-</u>	<u>-</u>	<u>336</u>	<u>1.83%</u>	<u>77</u>	<u>0.68%</u>
Total	<u>17,403</u>	<u>100.00%</u>	<u>18,407</u>	<u>100.00%</u>	<u>11,379</u>	<u>100.00%</u>

Product Characteristics

The Company has operated the business as the manufacturer of hot-rolled steel plate and related products, which can be divided into the product line as follows:

- 1) Hot Rolled Coil
- 2) Skin-passed Hot Rolled coil
- 3) Hot Rolled Pickled & Oiled Product *

These products are used in the related industries as follows:

Type	Utilization
Hot Rolled Coil	Mechanical tube, electrical conduits, water pipe, construction, C-section, construction scaffold, electrical pole, gas cylinder, black steam pipe, product used in anti-corrosion from atmosphere and cold-rolled steel sheet.
Skin-passed Hot Rolled Coil	Agricultural tools, general construction and profile sheets.
Hot Rolled Pickled & Oiled Product *	Chassis, wheel, compressor, refrigerator frame, microwave frame.

Remark * Not available as of now.

Marketing and Competitions

Expanding Products Range

The Company is continuously looking at opportunities to develop and improve its products range to have more diverse range in terms of thickness of steel such as expanding from maximum normal thickness at 12.7 mm up to thickness of 25 mm in form of coil. Also developing special quality grades that the market still has to depend on import, such as steel quality for cold-rolling, gas cylinder, welding and high-tensile steel.

The Company has a plan to improve the strategy on product development as follows:

1. To focus on products on demand of the market and of regular use.
2. To develop products to support the market not only for the general construction industry and Tube sector, but also for automobile and large construction industry, including the industries of household and electrical appliances.
3. To supply hot rolled coil for production of cold-rolling and galvanizing steel.
4. To develop product with special thickness in the form of coil which is in the niche and the upscale market.

Pricing Strategies

1. The Company sets the price by base on world steel market price and production cost that is suitable for the general steel grades to be able to compete with the competitors and still can maintain the market share. This is included a method of expanding market share.
2. The Company improves the existing technology to help support low production cost to have the opportunity to enter new domestic and foreign markets.
3. The Company can produce goods with difference from the competitors on the quality and grade, so it can set the sales price that is higher. This strategy involves building an effective after-sales service.
4. The Company gives more information and confidence on the consumption of steel to the customer, including building good relations with the customers continuously.

Target Customer Groups

The customer target groups of the Company can be divided into three groups as follows:

1. Steel service centres, which are the buyers of steel products, such as hot rolled coil and cold rolled coil. They process to cut to sizes (cut sheet) for sales to the downstream customers.
2. Pipe makers such as the steel pipe manufacturers for use in the pipe work.
3. Other direct users and traders.

The Company focuses on production and distribution of hot rolled coil mainly for cut sheet usage, based on customer's preference and policy.

Channels of Distribution

For domestic sales the Company shall distribute its goods via the two channels as follows:

1. Direct Sales

The Company's sales to direct manufacturers stands at 46% in 2022.

2. Sales Through the Wholesalers

For other groups of the customers, which are the small customers and have numerous numbers, the Company shall distribute through the wholesalers, which can make the Company to reduce the expense on hiring the salesmen and the expense on marketing activities. Moreover, it is to shift the risk on credit in this group of customers to the wholesalers to be responsible for it. The Company sell through this channel at 54 percent of the domestic turnover for the year 2022.

The Company proposes to export its products in the international market to maintain domestic price and supply balance, bench mark its quality with best producers in the world, help build the Company's profile globally.

Marketing Strategies

1. The Company's customers are in various industries such as the pipe manufacturing, the domestic and foreign cold-rolled manufacturers, the steel service center, the auto industry, the large construction projects with the demand to use special quality steel.
2. The Company has developed and improved the quality of its products all the time by investing in the tools for modernization to increase potential and quality improvement and reduce cost of the production.
3. The Company has sent the working team with capability and expertise on using steel in the various applications and give support on the knowledge on the steel with the customers in the various industries for safety and optimization on the use of steel suitably.
4. The Company has succeeded very much in building confidence in the delivery of the goods to the customers punctually, so the customers can plan and manage the inventory suitably.
5. The Company has given prioritization on the improvement and development of the goods and service of the Company regularly with a survey and listening to the opinion of the customers periodically, so the Company knows of the correct and suitable demand of the customers clearly.

Steel Industry situation

Thailand's 2022 steel industry situation

From statistical information obtained from the Iron and Steel Institute of Thailand (ISIT), the volume of finished steel production in Thailand from January to December 2022 totaled 7.10 million tons, decreased 7.63% compared to the previous year (2021). If categorized by product groups, long steel products represent 4.64 million tons, decreased 1.50% compared to the prior year whilst the production volume of flat steel products stood at 2.46 million tons, decreased 17.33% compared to the prior year. The most produced product belongs to hot rolled sheet and coil where, in 2022, it totaled 2.31 million tons, decreased 18.38%, followed by cold rolled sheet at 2.18 million tons, decreased 15.33% year on year and coated steel, at 1.74 million tons, decreased 11.54% year on year.

Total Apparent Finished Steel (Unit : Tons)	2021	2022	% Change
Production	7,685,533	7,099,238	-7.63%
Import	12,408,380	10,780,695	-13.12%
Export	1,420,817	1,487,192	4.67%
Consumption	18,673,096	16,392,741	-12.21%

Long Product Finished Steel Consumption (Unit : Tons)	2021	2022	% Change
Production	4,710,672	4,639,908	-1.50%
Import	2,606,802	2,498,583	-4.15%
Export	819,124	972,970	18.78%
Consumption	6,498,350	6,165,521	-5.12%

Flat Product Finished Steel Consumption (Unit : Tons)	2021	2022	% Change
Production	2,974,860	2,459,330	-17.33%
Import	9,801,578	8,282,112	-15.50%
Export	601,693	514,222	-14.54%
Consumption	12,174,745	10,227,220	-16.00%

Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence

The finished steel consumption in Thailand in 2022 stood at 16.39 million tons, decreased 12.21% year on year. If categorized by product group, long steel products decreased 5.12% compared to the prior year, to 6.17 million tons whereas the consumption of flat steel products decreased 16.00% compared to the prior year, to 10.23 million tons. The most consumed steel category is hot rolled flat product, at 6.12 million tons followed by coated steel at 4.45 million tons and cold rolled at 3.55 million tons respectively.

Import of finished steel into Thailand in 2022 stood at 10.78 million tons, decreased 13.12% over the prior year. The highest imported product is hot rolled steel flat product at 3.71 million tons followed by coated steel at 2.81 million tons and cold rolled steel at 1.54 million tons respectively. The ratio of

imported steel consumption versus local steel consumption is at 60.29% against 39.71%, reflecting that Thailand still heavily relies on imported steel.

Thailand exported steel products 1.49 million tons in 2022, increased 4.67% year on year. The most exported steel products are structural steel, at 425,301 tons followed by steel bar, at 252,517 tons.

Hot rolled steel flat product situation in Thailand in 2022

There is no upstream iron and steel industry in Thailand which starts with the melting of iron ore. As such, the structure of Thailand's iron and steel industry begins at the middle stream by melting steel scraps using electrical arc furnace (EAF) of local manufacturers. From there, the outputs are sent to the downstream production facilities, consisting of long steel products, for example, bar, hot-rolled section, wire rod, cold-drawn bar, steel wire, seamless pipes etc. and flat steel products, for example, hot rolled plate, hot rolled sheet, cold rolled sheet, coated, cold-formed section, welded pipe etc. From there, the output is distributed to connected industry comprising users of steel products. As for the state of hot rolled steel sheet industry in Thailand, the statistical information obtained from ISIT i.e. production volume, import volume, export volume and consumption volume during January to December 2022 reveal the followings.

The local production volume of hot rolled steel, coil and non-coil, in 2022 totaled 2.46 million tons, decreased 17.33% over the prior year. It consists of hot rolled sheet and coil at 2.31 million tons, decrease 18.38% whereas the production of hot rolled plate increased by 3.14% year on year, to 149,945 tons.

Total Hot Roll (Unit : Tons) (Excluding Stainless Steel)	2021	2022	% Change
Production	2,974,860	2,459,330	-17.33%
Import	4,129,735	3,416,602	-17.27%
Export	53,953	24,311	-54.94%
Consumption	7,050,642	5,851,621	-17.01%

Total Hot Roll Plate Thickness > 3 mm. (Unit : Tons) (Excluding Stainless Steel)	2021	2022	% Change
Production	145,373	149,945	3.14%
Import	286,155	293,117	2.43%
Export	2,653	3,518	32.60%
Consumption	428,875	439,544	2.49%

Total Hot Roll Coil & Sheet Thickness < 3 mm. (Unit : Tons) (Excluding Stainless Steel)	2021	2022	% Change
Production	2,829,487	2,309,386	-18.38%
Import	3,843,580	3,123,485	-18.74%
Export	51,300	20,793	-59.47%
Consumption	6,621,767	5,412,078	-18.27%

Source : Iron and Steel Institute of Thailand, by Steel Business Intelligence

The local consumption of hot rolled steel, both coil and sheet in 2022, stood at 5.85 million tons, decreased 17.31% consisting of HR sheet and coil of 5.41 million tons, decreased 18.27% and HR plate 439,544 tons, increased 2.49%.

Import of hot rolled steel in 2022, both coil and sheet, decreased 17.27%, to 3.42 million tons divided into hot rolled sheet and coil of 3.12 million tons, decreased 18.74% and hot rolled plate of 293,117 tons, increased 2.43%.

Export of hot rolled steel in 2022, both coil and sheet, stood at 24,311 tons, decreased 54.94% compared to the prior year, divided into hot rolled sheet and coil of 20,793 tons, decreased 59.47% from the same period last year and hot rolled plate of 3,518 tons, increasing by 32.60% from last year.

Outlook of steel industry in Thailand in 2023

The steel situation in the world market during 2022 is quite fluctuate. In the period between 2021 to 2022, the direction of prices tends to increase from the situation that the economy is expected to recover continuously from the situation of the epidemic of COVID 19 that is likely to resolve together with the economic stimulus policy to revitalize the economy of each country after the opening of the country. Moreover, China's economic stimulus policy focuses on domestic infrastructure investment, cancellation of tax refund including China's efforts to reduce carbon by reducing the production of steel in the country down. As a result, the price of steel products rose until the beginning of 2022. Since February 2022, there was a geopolitical conflict between Ukraine and Russia. The effects of such conflicts are gradually showing results continuously. Which affects the global economic recession from inflation, energy prices and production costs. As a result, the demand of various manufacturing sectors slowed down. And in March 2022, China wanted to control the spread of COVID within the country, therefore announced the ZERO COVID-19 policy, causing economic activities to slow down, resulting in a decrease in demand for steel products from the impact of both events. Resulting in a drop in price level following a significant slowdown in demand. The price level of steel products has been steadily declining since around April 2022. Overall, in 2022, the price of hot rolled steel (HRC) and rebar prices in Asia increased. The highest price is during March - April 2022, with the price of hot rolled coil (HRC) reaching the highest level at 890 USD per ton in March 2022. And the price of rebar was the highest at 873 USD per ton in April 2022. After that, the price of steel products continued to slow down until reaching the lowest point in November 2022, with hot rolled steel (HRC) and rebar prices at 486 USD per tons and 548 USD per ton, a decrease of 42% and 30% compared to the same period last year. The overall picture throughout 2022, the average price of hot rolled steel (HRC) is approximately 676 USD per ton, decreased 18% and the price of rebar had an average price of about 679 USD per ton, down 4.5% compared to the average price of the previous year.

And for the demand for steel in the past year 2022, the global demand for finished steel products was 1,796.7 million tons, a 2.3 percent contraction compared to 2021 that the global demand for finished steel products was 1,838.8 million tons. The region with the highest demand for finished steel products is Asia and Oceania with a volume of 1,269.9 million tons, a 2.2 percent contraction compared to 2021, followed by Europe (27), including the United Kingdom, have a demand for steel products at 156.9 million tons, a decrease of 3.5 percent from 2021. And the third place is the USMCA group, with demand for finished steel products at 140.9 million tons, an increase of 0.9 percent compared to with the previous year. The demand for finished steel products adjusted downward in line with the global economic slowdown due to both direct and indirect effects from the geopolitical conflict between Russia and Ukraine. And in the ranking of the first 10 countries with the use of finished steel products in 2022, it was found that China is still number 1 in the world with the use of finished steel products at 914 million tons, a decrease 4% from 2021, followed by India with finished steel consumption in 2022 at 112.7 million tons, an increase of 6.1% from 2021, and the third place is the United States with finished steel consumption in 2022 at 99.2 million tons, an increase of 2.1 percent from the previous year.

On outlook of steel industry, World Steel Association (WSA) anticipates that the demand for finished steel products of the world's top 10 countries in 2023 is likely to expand, except for Russia, Germany and Italy that the finished steel demand will decrease from 2022 by 10%, 3.9% and 3%, with demand at 37.2 million tons, 32.3 million tons and 24.9 million tons respectively. While the world's No. 1 steel

consumer like China, The World Steel Association It is expected that the demand for finished steel in 2023 will be stable from 2022 at 914 million tons. From such forecasts, it shows a diverse view of the global economic situation that is likely to fluctuate in 2023, which has a precautionary factor such as the situation of the conflict between Ukraine and Russia that is still protracted affecting energy prices which will affect the cost of production and various raw materials, which will include the price of steel products as well.

According to the National Economic and Social Development Board (NESDB), GDP growth for 2023 is projected at 2.7 to 3.7 percent, supported by

1. The recovery of the tourism sector.
2. A continual expansion of investment in both private and public.
3. The continued expansion of domestic consumption.
4. A favorable condition of the agricultural sector.

However, there are limitations and risks that may affect the economic growth in 2023, consisting of:

1. Global economic slowdown and volatilities in the global financial market as a result of some key risks that need to be closely monitored and assessed including:
 - The continuation of policy rate hikes, implemented by major central banks in order to alleviate inflationary pressure, which has led to tightening financial market and also higher borrowing cost.
 - Prolonged geopolitical conflicts, which could affect international investment and overall global economic recovery.
 - A fragile recovery of China's economy due to the high level of debt in real estate sector and the delay in economic structure reform which has made the investment growth to remain low.
2. Remaining high levels of household and corporate debts amidst rising interest rates.
3. Declining contribution from government spending.
4. Political and economic condition after the general election.

For the steel industry in Thailand, The Iron and Steel Institute of Thailand (ISIT) forecasts that the demand for steel products in 2023 is likely to recover. From a low base figure in 2022, there will be a gradual recovery in the global economy and the trend of domestic demand growth in both consumption and Public and private investments that will affect the expansion of demand in the industrial sector that uses domestic steel. It is expected that domestic steel consumption will grow by 9.8 percent compared to 2022, with steel consumption expected to be 18 million tons, which is still lower than normal steel consumption during the period 2017-2018. There will be the situations that still need to be monitored such as the protracted geopolitical conflict between Russia and Ukraine affecting energy prices, production costs and inflation that will cause global economic volatility affecting both demand and supply in various areas to slow down and the Chinese economy after relaxing COVID measures and opening up the country and policies to stimulate the economy including solving problems in the real estate sector in China. That will affect the volatility in the steel market in terms of demand, supply and price of steel products.

From the forecast that the demand for Thai steel in 2023 will return to growth, would inevitably support the Company's business operations as a producer of hot rolled coil. With the company focusing primarily on business fundamentals and having strategies to mitigate the impact from negative factors. By focusing on reducing production costs. It will focus on the domestic market primarily with efficient production aimed at achieving operational excellence and able to deliver a wide range of value-added products to meet customer needs in order to reduce the import of flat steel products in the country.

Thailand Apparent Steel Outlook in 2023



Growth
23/22
+ 9.8%

ที่มา: สถาบันเหล็กและเหล็กกล้าแห่งประเทศไทย, กุมภาพันธ์ 2566

Source : Iron and Steel Institute of Thailand, February 2023

Planning on the Production in the Business Operations

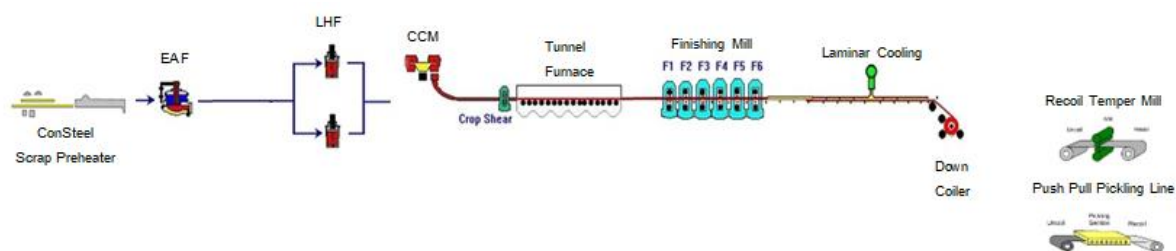
Since the hot-rolled product of the Company seems to have similarity with the product of G Steel Public Company Limited which has the same ultimate major shareholder but in reality the product of hot-rolled steel coils has great diversity in terms of grade (quality class) and size. Considering similarity or overlap of the products being manufactured by both Companies, it is necessary to consider the details in the three aspects as follows:

1. Grade (quality class) according to the international standard and the tailor-made, which the plant of the Company and G Steel can produce hundreds of grade.
2. The widths produced by the plant of the Company and of G Steel ranging from 900 mm to 1,571 mm every 1 mm of different widths is the product that is the different altogether the total of 672 sizes.
3. The thicknesses or gauges produced by the Company from 1.20 mm to 25.00 mm, while G Steel from 1.00 mm to 13.00 mm, with thickness every 0.05 mm is the unique product of the total thicknesses of 476 sizes. When the thickness and width of the product are multiplied there are 319,872 different sizes. However, it does not consider the number of grades produced by hundreds of grades and not included the classification of the products as the basic or value-added products such as the skin-passed products, etc.

Nevertheless, both companies have planned joint marketing to avoid and reduce the overlap of the products by the Company focuses on production of hot-rolled steel with thin and wide and the thicknesses between 1.20-1.85 mm (it is the product range with the specially thin size) and between 13.00 - 25.00 mm (which is the special thickness range). Due to suitability of the production and technology of the Company that can produce the thin sheet better, while the production of G Steel mostly puts emphasis on the goods with the thickness from 1.90 mm, which is the benefit from the joint marketing planning. So both companies have better production efficiency and benefit from the economies of scale, including reducing the loss from the non-continuous production process that requires producing diverse goods.

The Company is planning the development of the hot-rolled products for the galvanized and cold-rolled steel applications, which are value-added and the segment that has growth and large import.

Production Process



The Company uses the production method of the mini mill instead of the hot-rolled production of the integrated plant. Moreover, the plant of the Company also has the advantage over other small steel plants by using the technology of Consteel ® process. It is developed by Intersteel Technology Inc. and the thin slab casting developed by SMS Group. The cast steel goes to the tunnel furnace to the hot-rolled process via the six rolling stands. Then it goes to the cooling process

by using the Laminar cooling and to the coiler later. The method of production that integrates the cast of steel slab and hot roll together called the compact strip production (“CSP”)

The production process that uses the technology on continuous feeding steel scrap and the CSP has been installed in other plants in the USA, Japan and Italy. The advantages of the said technology and the technique as follows:

1. The technology of continuous feeding steel scrap helps to reduce time and energy in the electric arc furnace (“EAF”), due to not opening the EAF roof to receive the steel scrap, so less energy loss. While conveying the steel scrap to the furnace the steel scrap receives heat from the EAF before being sent to the melting process, that it can maintain constant energy.

The continuous production process benefits the cost of the production of GJS cheaper than other mini mills i.e. cost of smelting, casting and electricity.

2. Development of the thin slab casting technique without too much investment can help to increase the ability on competition in the market of the hot-rolled steel producers.

3. Production of hot-rolled steel by the thin slab casting can reduce the cost significantly. The first is the cost of energy by reducing the loss of energy in the procedure of conveying the thin slab through the tunnel furnace to enter the hot-rolled process directly, while the steel slab still has the temperature at 900-1,000 °C. Another aspect is the size of the thickness that starts rolling from the reduction at the thickness of 50-60 mm instead of starting at the 200-250 mm as in the old method. Also it can help to reduce the cost on the maintenance as well.

4. Continuous production process from the conversion of raw material to hot-rolled steel within less than 5 hours, so no work in process left during the production, and then the production process has flexibility and punctuality.

The production process of the Company after deriving of the hot-rolled steel can be produced continuously by 2 independent stages are:

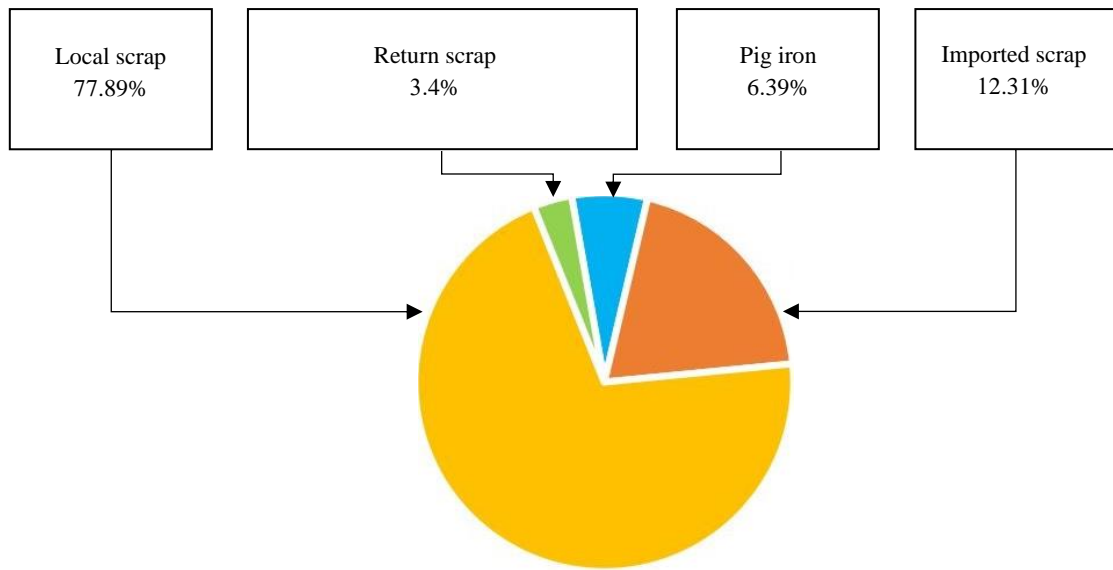
- 1) Skin-pass mill line.
- 2) Pickled and Oiled line. (Use only the Tension leveller mode for flatness improvement)

Raw Materials used in the production process

There are four main raw materials used in the production process which are Pig Iron, Import Scrap, Local Scrap and Return Scrap (scrap from production process).

In the past year, The Company uses raw materials in the production process can be divided as follows;

1. Pig Iron: use for 6.39% of total raw material.
2. Import Scrap: use for 12.31% of total raw material.
3. Local Scrap: use for 77.89% of total raw material.
4. Return Scrap: use for 3.4% of total raw material.



Raw Materials procurement

The demand for raw materials (Pig Iron and Scrap) is high. The amount of local raw materials are insufficient to meet the production demand. Therefore, the Company also need to import raw materials.

In the past year, the Company procured raw materials as follows:

- Procurement of Pig Iron and Import scrap approximately 20 %
- Procurement of Local scrap approximately 80%.

Assets used in a business

Main fixed assets are classified in table below

Unit: Million Baht

Asset Category	Ownership	Net Book Value 31 Dec 2022	Obligation****
Land and land improvement (*)	Own	1,017	On process to release mortgage
Building (*)	Own	1,455	On process to release mortgage
Machinery and equipment(*)	Own	5,891	On process to release mortgage
Office equipment	Own	64	No
Vehicles (**)	Operating lease	10	No
Construction in progress (***)	Own	164	No
Total		<u>8,601</u>	

Remark:

(*) The Company's assets consisted of land, building, machinery and equipment, construction in progress which are located in the factory.

(**) The right-of-use assets includes Vehicles which are acquired by lease liabilities with various local leasing and private companies for which the Company has a right for purchase of assets at the expiry date of the lease contracts and for obtaining the right to control and use right-of-use assets and the Company have to comply with certain restriction as specified in the lease contracts.

(***) Construction in progress is net of allowance for impairment losses, see more details in attachment 4. Assets used for business.

(****) Obligations see more details in attachment 4. Assets used for business.

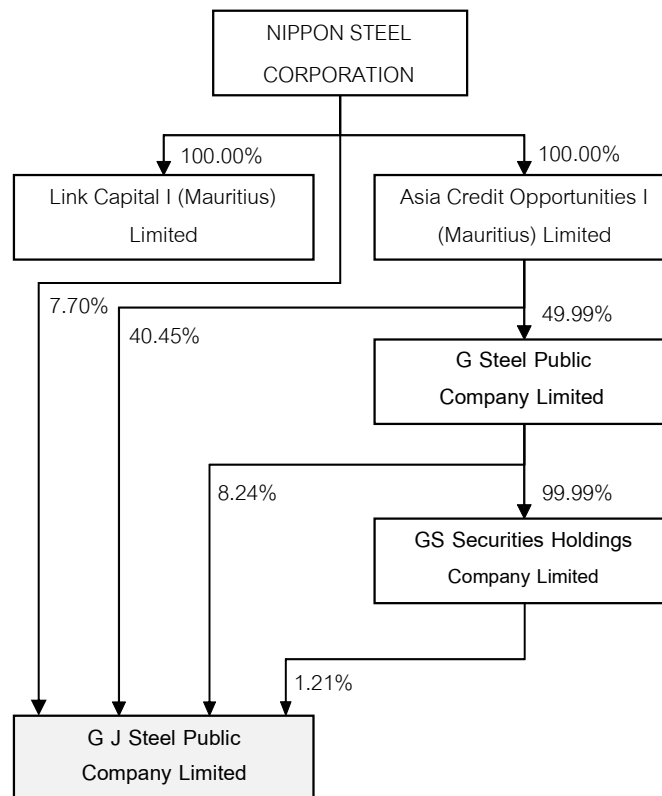
The major intangible assets used in business operations are:

Unit: Million Baht

Asset Category	Net Book Value 31 Dec 2022	Obligation
Software	5	No

Relationship with major shareholders' business

Diagram showing Structure as of 31 December 2022



Conflict of interest between NIPPON STEEL CORPORATION (“Major shareholder”) and the Company

The Major shareholder’s business operations in Thailand and the Company conduct different businesses while the Major shareholder’s business operations in Thailand focuses on (1) rerolling hot-rolled coil for automobiles, cans, and building and construction, (2) pickled and oiled hot-rolled coil for automobiles and (3) other hot-rolled coil for automobiles, the Business focuses on hot-rolled coil for general use.

Because of the differences in product applications and customers as well as product characteristics, the Major shareholder’s business operations in Thailand has no conflict of interest with the Company.

Conflict of interest between the Company and G Steel Public Company Limited (“GSTEEL”)

In order to prevent the conflict of interest in the future between the Company and GSTEEL, the Company and GSTEEL have set the guideline of measurements for conflict of interest between the Company and GSTEEL with details as shown below;

- 1) Maintain the current customer-driven policy of production based on orders received independently from the customers of each company separately whereby the purchase quantity of each company are decided by the existing and/or new customers themselves. Though the Company and GSTEEL have production capability to produce similar product range, based on the customer’s preferences the Company focuses on producing HRC mainly for the cut sheet usage and GSTEEL focuses on producing HRC mainly for pipe making industry. The Company uses such guideline for preparing its business plan which will be monitored by the Audit Committee on quarterly basis.
- 2) Reduction of chance of the business competition between the Company and GSTEEL: The management of the Company and of GSTEEL shall plan and prepare the guidelines on future

business expansion on the principle of its respective expertise, production process, the present customer target group, avoid the redundant investment and encourage the economies of scale in terms of both production and purchase of raw materials based on the current customer driven production policy as explained in No. 1 above in the best interest of each of the Company and GSTEEL.

- 3) Independence of the board of directors and the management: The Company and GSTEEL have its own independent boards and audit committees to maintain the interest of minority shareholders on both sides, and each company's management has their own business policy to maintain an independent management approach in the best interest of each of the Company and GSTEEL.
- 4) The authority to approve business plan lies with the board of directors of each company which includes of independent directors. The CEO and the management team do not have the authority to carry out the business operation without a business plan approved by the board of directors. The board of directors review the market environment, customers requirements, procurement and operational costs and other factors before approving such business plan. Further, in the event of a tie vote, the chairman (who is an independent director) of the meeting shall have a casting vote.
- 5) Making related transaction between the Company and GSTEEL: Both Companies have policies to maintain the commercial arm's length basis in making any related party transaction between the Company and GSTEEL. In case there is a related transaction between the two companies, both companies shall have transparent reviewing procedure with the auditor in order to be able to verify and comment on such related transactions and make sufficient disclosure in the Companies' financial statements.

Name list of Shareholders

As of 31 December 2022, top ten shareholders and stock holding proportion based on paid-up capital are as follows:

No.	Name of shareholders	Number Shares	% of paid-up capital
1.	NIPPON STEEL CORPORATION GROUP ⁽¹⁾	14,680,063,720	57.60
2.	CHINA TONGHAI SECURITIES LIMITED A/C CLIENT	1,493,269,228	5.86
3.	THAI R.T.N.T. HOLDING CO., LTD. ⁽²⁾	1,244,100,000	4.88
4.	Miss Aroonsri Rattatanyaporn	1,224,241,200	4.80
5.	Miss Suwanna Kovitsopon	759,500,000	2.98
6.	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH	434,900,000	1.71
7.	SUPERIOR OVERSEAS (THAILAND) CO., LTD. ⁽³⁾	412,500,000	1.62
8.	Mr. Perajed Suwannapasri	191,000,000	0.75
9.	Miss Amporn Sripothong	187,581,000	0.74
10.	THAI NVDR CO., LTD.	182,045,622	0.71
11.	Other shareholders	4,677,934,126	18.35
Total		25,487,134,896	100.00

Remarks:

- (1) Shareholding of NIPPON STEEL CORPORATION Group

No.	Name	Shares	% of shares
1.	ASIA CREDIT OPPORTUNITIES I (MAURITIUS) LIMITED*	10,310,359,336	40.45
2.	G STEEL PUBLIC COMPANY LIMITED	2,100,427,209	8.24
3.	NIPPON STEEL CORPORATION	1,962,277,175	7.70
4.	GS SECURITIES HOLDINGS COMPANY LIMITED	307,000,000	1.21
Total		<u>14,680,063,720</u>	<u>57.60</u>

* Not including NVDR

- (2) Name of shareholders of THAI R.T.N.T. HOLDING CO., LTD. As of 26 April 2022

No.	Name	Shares	% of shares
1.	Mr. Jakchai Rattanatanyaporn	5,100	51.00
2.	Mrs. Jantanee Rattanatanyaporn	4,500	45.00
3.	Mr. Somsak Rattanatanyaporn	100	1.00
4.	Miss Aroonsri Rattanatanyaporn	100	1.00
5.	Mr. Somkiart Rattanatanyapone	100	1.00
6.	Miss Thanita Rattanatanyaporn	100	1.00
Total		<u>491,706,943</u>	<u>100.00</u>

Note: THAI R.T.N.T. HOLDING CO., LTD. is not a company of the Company's directors or executives.

- (3) Name of shareholders of SUPERIOR OVERSEAS (THAILAND) CO., LTD. As of 30 April 2022

No.	Name	Shares	% of shares
1.	Khunying Patama Leeswadtrakul	15,300,000	29.42
2.	Mr. Panas Jairak	13,200,001	25.38
3.	Ms. Methikan Chutipongsiri	10,299,999	19.81
4.	Mr. Manit Chiachuabsilp	8,000,000	15.38
5.	Mrs. Patum Chiachuabsilp	5,200,000	10.00
Total		<u>52,000,000</u>	<u>100.00</u>

Other Securities

For the year 2022, the Company does not issue other securities.

Dividend Policy

The Company has a policy in relation to dividend payment to the shareholders. As a normal practice which the Company does not require to use the fund for additional investment or expansion project and have sufficient cash flow, the Company has its policy in relation to dividend payment the rate of approximately 50 percent of the net profit from operations after corporate income tax and legal reserves. However, the Board of Directors may determine the dividend payment to be differed from the aforesaid policy as the Company's appropriateness and necessity, such as in the case that the Company requires fund for investment or business expansion, or in the event of changing in economic or market conditions or any other events that impact to the Company's liquidity, etc.

2. Risk management

Risk Management Plan and Policy

G J Steel Public Company Limited has confidence and is aware of the importance of management including effective risk management and in accordance with the principles of good corporate governance. Therefore, risk management plays an important role in promoting the stable operation of the Company. It helps to increase the chances of success for the company as much as possible and reduce losses to an acceptable risk level. There is a management process to prevent risks, events or uncertainties that may occur and cause damages which may clearly affect the achievement of the Company's objectives.

The Company is; therefore, determined to carry out risk management tasks that cover the entire organization and in accordance with good and international practice. The framework for internal control practices according to international standards of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) was used to improve and develop in conjunction with the Enterprise Risk Management (ERM) framework to be a tool in developing internal controls and managing risks which will increase the chances of success in business, minimize failures including losses and uncertainty in the Company's performance.

For clarity in risk management, the Company's Risk Management Committee has established a policy framework for risk management including the guidelines for operation and the Company's risk management plan as follows:

1. Conducting risk management in the most efficient way, at an acceptable level and involve all employees in the risk management process.
2. Establishing measures to assess the effectiveness of risk control in various fields as well as determine methods to mitigate risks that will cause losses to the organization.
3. Determining an annual risk management plan and following up on the operations along with reporting on various progress to the Audit Committee.
4. Encouraging employees throughout the organization to be aware and help prevent risks that may arise as well as campaigning for risk management to be part of the culture that leads to creating value for the organization.

Risk Assessment

It is an assessment to determine the level of risk by considering the likelihood of an event, risks and impacts to the Company as well as assessing how likely such risks are to occur; and what level of severity it will be if it happens. This is in order to be prioritized using criteria set by the Company or criteria set by the segment within the context of the segment but should be consistent with the criteria of the Company. The risk assessment uses a combination of historical data and future forecasts to be considered together.

In the Company's risk assessment process, these two components will be considered:

1. Likelihood means the likelihood or frequency of risk events that are likely to occur.

Likelihood	Description	Risk Rating
Almost Certain	Happening now or will occur at least monthly	5
Likely	May occur every 6-12 months	4
Possible	May occur every 1-5 years	3
Unlikely	May occur every 5-10 years	2
Rare	May occur every 10 or more years	1

- Severity of the impact of risks (Consequence) means the severity of a risk event that, if it occurs, will affect various aspects. The Consequence can be both quantitative impacts such as financial damage or operational impact; and qualitative impacts such as the impact on the reputation and image of the Company, impact of safety on life and property of personnel and the effectiveness of work.

Consequence	Description	Risk Rating
Catastrophic	Wide damage, lasting weeks, impact high	5
Major	Requires urgent attention, impact days	4
Moderate	Requires attention, inconvenience	3
Minor	Isolated case, some small disruptions	2
Insignificant	Minor issue of little concern to community	1

Risk Rating

Risk rating is the process to consider risks under the dimension of likelihood and impact. The impact assessment must consider the impact in all aspects. Then, choose the impact that is consistent with the objectives of the Company to prioritize and to decide what risk(s) should be addressed first.

Ranking		Consequence				
		1-Insignificant	2-Minor	3-Moderate	4-Major	5-Catastrophic
Likelihood	5-Almost Certain	(5)	(10)	(15)	(20)	(25)
	4-Likely	(4)	(8)	(12)	(16)	(20)
	3-Possible	(3)	(6)	(9)	(12)	(15)
	2-Unlikely	(2)	(4)	(6)	(8)	(10)
	1-Rare	(1)	(2)	(3)	(4)	(5)

A risk ranking table is a tool that is used during the risk rating process. It defines the level of each risk by considering the probability or likelihood of an event against the severity of the consequence to the business if it was to occur.

The risk ranking table is calculated by multiplying the score level between the chance and the damage. The risk ranking table will show the extent of the severity that the company can accept in order to set a goal that must be achieved until the level of severity is reduced.

Acceptable risk (Risk Appetite) is an event of uncertainty that the Company accepted to occur and remain with the Company's business operations Still going and achieving goals. All units are assigned to determine the cause and effect of the risk. including assessing measures to manage such risks

Rating Scales –The definition and risk level of each performance score

This process is an interpretation of the score obtained so as to consider the course of action that takes into consideration the acceptable risks and costs incurred and compare with the benefits that the Company will obtain by reducing the likelihood of impact or limiting the potential losses. In this regard, the Company has set acceptable risk boundaries at various levels as follows:

Risk Level	Score	Color	Meaning (recommendation)
Low Risk	1-2	Green	Acceptable risk without risk control and no additional management
Medium Risk	3-6	Yellow	Acceptable risk without risk control and prevented to move into unacceptable level
High Risk	7-12	Orange	Unacceptable level and next we must manage the risk into the acceptable level
Extreme Risk	13-25	Red	Risk Level is unacceptable and need to manage the risk and accelerate into acceptable level

Risk responses can be implemented based on the following guidelines:

1. Risk avoidance is to avoid chances, including risk-prone events, by stopping, canceling, changing, modifying, reducing the size of the activity or project to be undertaken or choosing another activity or project that is more acceptable.
2. Risk diversification is the distribution or transfer of all or part of the risks to others who are confident that they can control them such as insurance, contracts, outsourcing, etc.
3. Risk reduction and control is to reduce the likelihood of a risk or the severity of its impact by using additional methods to manage risk such as internal audits and controls, performance tracking, contingency plans, personnel training to develop skills, etc.
4. Risk acceptance is to accept the risks that will occur which is the risk that the organization can accept or risk management costs are higher than benefits or the resources are insufficient for the operation. However, the Company must have measures to monitor such operations closely.

Monitoring and Evaluation

In the risk management process, the Company's Risk Management Committee has a follow-up evaluation to ensure that operations are appropriate and within acceptable risk limits. In this regard, the risk management plan is used to analyze the risks of the operation process. Moreover, the Company has reviewed and evaluated the existing risk management plan in order to correct any deficiencies and supervise the risk management plan to be consistent with the ever-changing situation.

Risk Factors

Risk factors involved in the Company's business that may have a significant effect on the return on investment and ways to prevent risks can be summarized as follows.

Risks arising from Production, Transportation and Scrap Purchasing

Production risks involving procurement and repair of spare machinery to replace worn out machinery.

Due to unique characteristics of large machines, the risk factors occur when the plant carries out repair arrangements or orders a replacement machine as time is extremely important. Therefore, the maintenance schedule and plan on procuring the new replacement machine must be on time so that the production is not interrupted. If it is necessary to stop the production, it must be for the shortest period of time.

Risks arising from domestic scrap procurement

Domestic scrap is the main raw material for production. The proportion of its use depends on the scrap procurement process and the amount of scrap available in the country. The company has planned to supply more good quality scrap by continuously expanding the domestic scrap distributors

and procurement base. In addition, the company plans to adjust the proportion of domestic scrap to increase to 70-80% of the main raw materials in production so that there is a regular steel scrap used in production. Purchasing foreign scrap would take a longer time to process and there is a price uncertainty from foreign exchange rates causing the production cost to fluctuate. Therefore, the use of more domestic scrap increases the certainty in terms of quantity and price.

The risks of goods delivery to customers

To deliver the goods to customers, the Company employs third-party transportation services. In order to have a sufficient volume of transport vehicles and be able to deliver the products to customers in full as scheduled with a higher delivery rate and can control the shipping cost, the company then entered into a long-term contract with transportation agencies by specifying transportation rates for each period of oil prices that have fluctuated. If the transportation company is unable to deliver the goods to the customer or the product is damaged during transportation, the Company shall be entitled to reimburse the value of damage from the transportation company.

Purchasing of scrap and raw iron from abroad (Import Scrap and Pig Iron)

The main raw material for production is pig iron which must be purchased from abroad and steel scrap which the company purchases both domestically and internationally. In the purchase of main raw materials from abroad, the company must plan for orders carefully to avoid problems with sufficiency of raw materials for use in production. In 2020, the COVID-19 situation has caused uncertainty in the global transportation time including the volume and the prices of raw materials that are constantly moving according to the world market conditions. Therefore, the company closely follows the movements of the world iron and steel market and coordinates with the production department in order to plan for the procurement to ensure sufficient raw materials for continuous production.

In addition, the company has specified appropriate and concise conditions for the claim and compensation in the raw material purchase agreement in the event that the Company is receiving inferior raw materials or the quality of the raw materials does not meet the agreed condition in order to minimize the damage.

Marketing and Distribution Risks

Risk from market share gain by imported products

According to the statistics of imported steel products, domestic HRC manufacturers currently supply only 43% of the total demand while the remaining 57% of the supply is imported; especially imports from China which has a very high influence on production and pricing in the market. Observed from the import figures from China since 2017 to the third quarter of 2022, this is a good confirmation (according to <https://facebook.com/thaisteelcom>). Therefore, it is a challenge that the Company will have to face in the fight to regain its market share occupied by foreign substitutes.

Risks from the fluctuation of product demand and price arising from a downward business cycle

Some downstream industries using the Company's products such as steel pipe industry and construction industry, such as infrastructure construction projects, are characterized by fluctuations in the business cycle. As a result, the demand and product prices of the Company fluctuate accordingly. This could affect the Company's future profits during business downturns.

Hot-rolled coils are widely used in other downstream industries such as cold-rolled steel industry, automobile industry, galvanized steel and steel plates used in various industries. Therefore, the Company expects to be able to produce other types of value-added products with support from the

parent company abroad. The Company plans to develop higher quality product, diversify and expand its customer base and increase the volume of exports to foreign countries.

The company supports government policies that promote the domestic steel industry which will help reduce the company's risks at the same time. As a result, there should be less hot-rolled steel coils imported. As a result, the price of hot-rolled steel coils has been improved at an appropriate level.

Though the Company has no control over the difference between the selling price and the cost of production by monitoring the raw material costs, both in terms of quantity and pricing in accordance with the orders received from customers. The Company also take into consideration the impact of rising raw materials prices in 2022 which will inevitably affect the cost of hot-rolled steel production in 2023.

Financial Risks

Foreign exchange volatility risks

The Company purchases raw materials (both steel scrap and pig iron) and few items of sub raw materials also from abroad causing expenditures in foreign currency while it earns most of its sales in Thai Baht currency.

The Company has also reduced purchasing of main raw materials from abroad which also helps in reducing the impact of foreign currency fluctuations. The Company will consider hedging the forex transactions on a case-to-case basis by using the foreign exchange facility obtained from local commercial banks after considering the cost benefit.

Risks in providing credit to customers

The Company's normal sales terms granted to the customers are cash advance and credit not over 7 working days for domestic sales, and cash advance and letter of credit at sight for export sales. The Company also analyzes the performance and financial status of new customers before granting a credit limit. Also, the financial status of each customer is reviewed on a periodic basis to confirm their credit limit.

Financial liquidity risks

The Company has maintained and reviewed its monthly financial projection and its cash flow projection to regularly monitor the financial status. The Company has also obtained working capital loans from commercial banks and entered into a cash management agreement with a local related company to supply fund for the cash flow to the Company in case of insufficient funds in the Company's bank accounts.

Risks of default on payment of debt, fee, interest under the loan agreement with creditors

The Company has repaid all its debts, and this is no longer a risk for the company considering the current improvements in the cash flow position of the Company. In future, the Company will continue to monitor the cash flows to avoid such risk as and when debts are drawn from the commercial banks.

Environmental and personnel risks

Production risks that may cause pollution

The Company engages in the production of hot rolled coils including melting, casting and rolling processes which may cause pollution in terms of dust contaminants in the air, heavy metals that may contaminate the water, the temperature of the processed water and the noise level that may exceed the standard value. The Company has provided an air pollution prevention system to trap the dust before releasing into the atmosphere. There is a cooling tower water treatment system to treat heavy metals that may contaminate the cooling tower system effluent. However, the company has used the

wastewater to spray over the hot steel slag where the water would evaporate into the atmosphere. Moreover, it has planted tree fences to prevent dust and noise around the factory which is in line with current environmental laws and regulations.

Due to the deterioration of the machinery involved in the pollution treatment system over time, the work efficiency decreases which may cause the pollution to escape to the outside environment and may cause damage or impact on the community or the environment which will increase the cost of the company to renovate and restore the environment for the community. Otherwise, the company may need to add a pollution monitoring and control system to comply with potentially more stringent laws or regulations in the future resulting in increased costs which includes the costs that may arise from being prosecuted if the company is unable to reduce the pollution that occurs. Ultimately, it may affect the business, financial condition and future performance of the Company.

Therefore, the company hires a company that specializes in the environmental issues to conduct factory environmental quality audits every six months according to the EIA measures and presented the audit report to the Office of Natural Resources and Environmental Policy and Planning, Department of Industrial Works, The Industrial Estate Authority of Thailand and the Department of Primary Industries and Mines on an ongoing basis. In addition, the Company has also been certified with ISO 14001 environmental quality standards. Therefore, the Company is confident that it will not face any problems in this regard.

Business operation risks that may cause insecurity to employees

The Company operates the business that is considered a heavy industry. As a result, the employees of the company may be exposed to hazards arising from the forging, casting, rolling processes and loading and unloading of heavy materials. This may result in the Company incurring additional costs from being prosecuted by the injured persons, including the expenses incurred from fines which may affect the business financial status and future performance of the company.

However, the company has prepared an emergency plan and safety measures for safety while working that meet the standards accepted by government agencies and related private sectors. It is also certified to the Standard Occupational Health Management (ISO 45001) to prevent or reduce the risk of accidents and impact on the health of workers while working. From historical data, it was found that the accident statistics of the company since the establishment of the factory are low. Moreover, there has never been a case of complaint or claim for compensation or reimbursement under employee violation at all.

Risks related to public policy and the relevant regulations.

Risk management by using Anti-dumping and Countervailing measures under the Anti-Dumping and Countervailing Act, B.E. 2542 and (No.2) B.E. 2562

Hot Rolled Steel Industry is a basic commodity for the development of the country and there are many large manufacturers around the world. Therefore, under intense competition in the free trade world especially during the ongoing economic downturn for many years, the producers are struggling to survive by exporting the excess products to foreign countries in forms of price-dumping (i.e. export selling price is cheaper than local selling price). As a result, the market price mechanism in importing countries has been distorted. In other words, it destroys the market of domestic industry and leads to unfair competition. Therefore, anti-dumping policy is an important measure to help mitigate the damage of the domestic steel industry and create fair trade for all parties.

In addition, it is found that importers have made efforts to evade the anti-dumping measures to avoid having to pay anti-dumping duties in addition to regular import duties which makes the enforcement measures ineffective and inefficient. Moreover, the countervailing measures are still lacking the sub-laws, making them unable to apply for counter-subsidy measures at the moment.

For this reason, the Government by the Department of Foreign Trade has proposed the following amendments of this law to be more efficient and effective in enforcing it.

- Expand the scope and prevent the circumvention of anti-dumping and countervailing measures.
- Increase measures to control the collection of anti-dumping duties and countervailing measures to be more effective.
- Legislation on adoption of sub-laws for countervailing measures.

In this regard, the revision of Anti-Dumping and Countervailing Act (No.2) B.E. 2562 has added the above provisions and was announced in the Government Gazette on 22 May 2019 and coming into effect on 18 November 2019 which will help prevent the import of hot rolled steel products that circumvent the anti-dumping and countervailing measures and will also help alleviate damage from termination of Safeguard measures for hot-rolled steel flat products with alloy as well.

For Thailand, the Government by the Ministry of Commerce has implemented anti-dumping measures for hot-rolled steel flat products as follows:

- Anti-dumping measures for hot-rolled coils and non-rolled steel products originating from the Federal Republic of Brazil, Islamic Republic of Iran and the Republic of Turkey for a period of 5 years, effective from May 16, 2017 to May 15, 2022. And on May 11, 2022, the Department of Foreign Trade issued an announcement in the Royal Gazette to open a review of the necessity of applying anti-dumping duties and the duty payment collateral shall be collected during the review at the rate originally specified for a period not exceeding 1 year.
- Extension for enforcement of Anti-dumping measures for hot-rolled steel flat products originating from the People's Republic of China and Malaysia for a further period of 5 years, effective from June 23, 2017 to June 22, 2022. And on June 20, 2022, the Department of Foreign Trade issued an announcement in the Royal Gazette to open a review of the necessity of applying anti-dumping duties and the duty payment collateral shall be collected during the review at the rate originally specified for a period not exceeding 1 year.
- Extension for enforcement of Anti-dumping measures for boron-added hot-rolled steel products originating from the People's Republic of China for a further period of 5 years, effective from December 13, 2018 to December 12, 2023.
- Extension for enforcement of Anti-dumping measures for hot-rolled steel products imported from 14 countries for a period of 5 years, effective from June 9, 2021 to June 8, 2026.
- Anti-dumping measures for hot-rolled steel products originating from the Socialist Republic of Vietnam and the Arab Republic of Egypt for a period of 5 years, effective from December 1, 2021 to November 30, 2026.

The implementation of such Anti-dumping measures by the Government can help alleviate the trade problems arising from the dumping actions by the countries applying such measures. As a result, the hot-rolled steel industry still can continue to move forward. In addition, the company has cooperated with other domestic manufacturers in following up on the dumping situation that may occur from other countries or in other ways continually to deter or prevent unfair trade from dumping that may occur on the hot-rolled steel market in Thailand.

Risks from price control by the government

Throughout the year 2022, hot-rolled steel product is one of many items controlled by the Ministry of Commerce. In practice, it tracks the volume and price movements of domestic products. The company also cooperated with the Department of Internal Trade to provide information on products and prices. Therefore, the company has low risk that the price increase may be inhibited if the domestic selling price rises rapidly or in case that the Ministry of Commerce applies price fixation measure for consumer goods or commodities, it may affect the ability to generate revenue and profit slightly sometime in the future.

However, when the Company needs to raise prices to the required level, the details of raw material cost and production cost can be clarified in line with the actual sales price which is reasonable and can be further increased.

General Risks

The risks of inability to operate due to uncontrollable factors

The Company's business may be at risk from several uncontrollable factors such as sabotage, natural disasters, industrial accidents, terrorism, machinery malfunctions, other technical problems and epidemics.

Although each of the above factors may be uncontrollable, the company is confident in prevention and correction of these problems from causing significant loss of income by providing regularly trainings and knowledge on how to safely operate the machine tools to its employees. In addition, the company has a security system running by its own staff and it also employs an efficient security company to supervise and monitor strictly 24 hours a day. In 2022, more than 40 additional CCTV cameras are installed in various risky spots both in the working areas and around the factory fences. Moreover, the company has an insurance policy that covers the loss or damage of property in specific cases. In terms of labor relations, the Company has set up a committee comprising members from employees and the employer. Apart from this, the Corporate Social Responsibility Committee, CSR, will be the representative to take care of the welfare of employees in a proper and fair manner.

In the event of COVID-19 outbreak, the Company has taken proactive and reactive measures in risk management, such as raising awareness of self-protection among employees, providing alternative vaccines to all employees, regular randomization of infection among high-risk employees and contractors including planning for a replacement of personnel in the event of an infected person found in the workplace, etc.

Corruption Risks

The Company has announced an anti-corruption policy on November 13, 2017 with an emphasis on anti-corruption actions as well as supporting and promoting personnel at all levels to have an awareness of anti-corruption and all forms of corruption. The Board of Directors has established a policy on prevention and anti-corruption (Anti-Corruption and Anti-Bribery Policy) to supervise operations in accordance with the law and regulations (Corporate Compliance Policy) which is in line with the practices set out in the business ethics for executives and employees.

Moreover, the company has joined the Thai Private Sector Collective Action Coalition Against Corruption (CAC) project and has been certified by the Thai Private Sector Collective Action Coalition against Corruption Committee as a member of the Thai Private Sector Collective Action Coalition Against Corruption (CAC) project which demonstrates its commitment and determination to combat all forms of corruption. In this regard, the anti-corruption policy has been established by defining the responsibility and appropriate practice guidelines for the prevention of corruption in all activities. The

policy has been communicated to directors, executives, employees as well as internal and external stakeholders to be a common practice guideline for conducting business with transparency and fairness.

In addition, the Company has assigned the Risk Management Committee to assess, analyze and define measures for managing the risks of the business and corruption, including a good internal control system and regular effective audits.

3. Business sustainability development

3.1 Policy and objectives of sustainable management



Policy, Objective and target - SDGs

The Company is now implementing the SDGs in accordance with our concredited business strategies. This will be used as a compass for the development of the company's business as an important basis in the company's policies such as Safety Policy and the

focused plans for improving the Safety workplace for ensuring the highest Safety Standards for the Company's workforces not only our employees but also our co-workers in the workplace of the company and develop a safety management system for a better health and well-being.

The production of the company is the business of selling and distributing hot rolled coils. It is a production that takes into account the environmental quality standards that the Company also pay attention to and manage the environment in all areas of our production, so that it does not cause pollution to the environment which would be clean and safe for the community.

3.2 Stakeholder management in value chain

3.2.1 Value chain

The Company recognizes and places importance on sustainable value chain management in order to respond to the stakeholder's expectations involved in each business process activity which has been stated as follows:

Value Chain		Stakeholders
<u>Primary activities</u>		
Inputs management and Inbound logistics	<ul style="list-style-type: none"> • Supplying of inputs and funds • Supplying of ore and raw materials for steel production • Quality and on-time delivery of raw materials • Raw material storage and quality control 	<ul style="list-style-type: none"> • Shareholders • Company employees • Business partners and/or contract parties of raw material supplying • Business partners and/or contract parties of raw material logistics • Business partners and/or contract parties of inputs supplying • Business partners and/or contract parties of inputs logistics • Community around the industrial areas and transport routes • Financial institutions
Operations	<ul style="list-style-type: none"> • Efficient and safe production • Standard testing and quality control • Production development with modern technology • Efficient use of resources and raw materials • Waste management and environmental impact reduction. 	<ul style="list-style-type: none"> • Company employees • Business partners and/or contract parties of waste management • Community around the industrial areas
Product distribution and Outbound logistics	<ul style="list-style-type: none"> • Warehouse safety and transport convenience • On-time and safe delivery 	<ul style="list-style-type: none"> • Company employees • Customers • Business partners and/or contract parties of transportation • Community around the industrial areas and transport routes

Value Chain		Stakeholders
Marketing and Sales	<ul style="list-style-type: none"> Communicating and providing information about the product accurately and completely Product pricing 	<ul style="list-style-type: none"> Company employees Customers Business partners and/or contract parties Competitors
Customer services	<ul style="list-style-type: none"> Complaint or suggestion service center about product usage Product warranty or satisfaction 	<ul style="list-style-type: none"> Company employees Customers Business partners and/or contract parties
<u>Support activities</u>		
<ul style="list-style-type: none"> Potential development and human resource management. Management of buildings, premises and utilities. Infrastructure (Accounting, Finance, Information Technology) Organization management 		<ul style="list-style-type: none"> Company employees Business partners and/or contract parties of buildings and utilities

3.2.2 Value chain stakeholders analysis

There are both internal and external key stakeholders related to the business value chain.

Stakeholders	Stakeholder expectation	Guidelines for meeting stakeholder expectation
<u>Internal stakeholders</u>		
Employees	<ul style="list-style-type: none"> Compensation and benefits Safe working environment Potential development in duties Stability and advancement in duties. Infrastructure system for operational supports Fair and equal treat 	<ul style="list-style-type: none"> Support employees training for potential development enhance advancement in duties. Treat employees equally in accordance with the employee treatment policy
Shareholders	<ul style="list-style-type: none"> Good performance and dividend payment Facilitated the exercise of rights and the supervision of rights. Business direction and strategy, good corporate governance Disclosure of information accurately, completely, transparently, quickly and sufficiently for decision-making. 	<ul style="list-style-type: none"> Transparent business operation Effective organizational management
Partners and Outsource staffs	<ul style="list-style-type: none"> Fair and transparent procurement. Complete and on-time payment Compliance with the terms and conditions of the contract. Business relationship, long-term growth and progress Safety according to standard Fair and equal treat Obtaining accurate and complete information 	<ul style="list-style-type: none"> Support employees training for potential development enhance safety in duties. Treat employees equally in accordance with the employee treatment policy
<u>External stakeholders</u>		
Business partners and Contract parties	<ul style="list-style-type: none"> Fair and transparent procurement Complete and on-time payment Compliance with the terms and conditions of the contract. Long-term business relationship Certification on business standard 	<ul style="list-style-type: none"> Comply with code of business conduct and ethics Develop and improve process according to partner's feedback

Stakeholders	Stakeholder expectation	Guidelines for meeting stakeholder expectation
	<ul style="list-style-type: none"> Obtaining accurate and complete information 	
Customers	<ul style="list-style-type: none"> Receive quality products according to standards. Safe and on-time delivery of goods 	<ul style="list-style-type: none"> Comply with code of business conduct and ethics Develop and improve process according to customer's feedback
Government agencies	<ul style="list-style-type: none"> Cooperation and support Fees and taxes payment Compliance with applicable laws and agreements. 	<ul style="list-style-type: none"> Provide cooperation and support Comply with applicable laws and agreements.
Local community, Society and Environment	<ul style="list-style-type: none"> Providing opportunity to work with the company Participation in community and social development 	<ul style="list-style-type: none"> Participate in community and social development Support activities and provide assistance to local community
Competitors	<ul style="list-style-type: none"> Fair competition 	<ul style="list-style-type: none"> Comply with the law and the code of business conduct and ethics Fair product pricing according to industry and market conditions

3.3 Management of environmental sustainability

3.3.1 Environmental Policy and guidelines

The Company is committed to operate the business basis on safety, health, and good environment under the guideline “business trust” to promote the company. There is a process that is friendly to the environment and staff with the practices as follows:

- 1.1 The Company shall comply with the safety, health and environment laws and rules.
- 1.2 The Company shall comply with ISO 14001 & ISO 45001.
- 1.3 The Company shall utilize resources efficiently and worthily with energy saving and resources recycling promotion measures.
- 1.4 The Company shall provide an operation system focusing on appropriate measures for safety and health in workplace such as providing the system to counter probable pollutions arising during operation, arranging workplaces to be clean and hygienic etc. for the employees and visitors to be safe from accidents and diseases.
- 1.5 Executives and staff shall be truly attentive to the activities for the quality of safety, health and environment and perform works with realization to safety and concern to environment always.
- 1.6 The Company shall disclose the information on the operations in connection with safety, health, and environment.

3.3.2 Environmental operating results

To support the society as a whole, the Company is developing ways to use energy, constantly adjusting production methods to reduce energy consumption per production unit. There is a policy related to Carbon Footprint, which has a positive effect to the ventilation discharge chimney from the Company's production. The air pollution measurement from the factory is far below the standard limit specified by the government organization. The Company is also supports the government's policy that industrial factories would reduce air emissions from production in order to reduce suspended particulates like pm 2.5 as well

Project to increase green area to conserve the forest and the environment

Participating in the activity “Adding Green Areas to Create Volunteer Conservation of Forests and the Environment Project 2022” to offer a royal merit on the occasion of H.M. Queen Suthida Bajrasudhabimalalakshana's Birthday (June 3rd) at Ban Khao Hin Nikorn Rat Bamrung School, Moo 6, Bo Win Sub district, Sriracha District, Chonburi Province, in order to increase the conservation green area, plant trees to replace the original trees and plant. As well as continuing the E-co School project and maintaining standards in the Plant Genetic Conservation Project initiated by Her Royal Highness Princess Maha Chakri Sirindhorn. “School Botanical Garden”.



3.4 Social sustainability management

3.4.1 Social policy and guidelines

The Company is committed to the community and society coexist happily with the theme. “Growth Society” to help each other and contribute to the development of a strong community on its own. The process works with a community focus. And promotional activities Communities near and far, according to company policy and consistent with the development of the sector. To improve the quality of life and economic sustainability of the community as follows:

- 1.1 The Company will operate the business to consider the benefits and sustainability of communities and society are important.
- 1.2 The Company shall regularly attend meetings exchange opinions and cooperate with local agencies for the communities’ living developments.
- 1.3 The Company shall adopt the preventive and corrective measures when effects to environment and communities arise due to operation.
- 1.4 The Company shall launch the activities for society with the employees’ participation including shall support employees’ opportunities to do good to develop the mind of volunteering.
- 1.5 The Company aims to develop the knowledge and education of young Thailand-based potential of the Company.
- 1.6 The Company shall cooperate with the local government to develop the entities for schools’ religious places’ infrastructures’ and youths’ and disadvantaged people’s hygiene including the community environment developments.
- 1.7 The Company shall support the local cultures, customs and traditions conversation.
- 1.8 The Company shall support the activities to strengthen the local community enterprises and provide the opportunity to be the Company’s suppliers.
- 1.9 Create revenue and promoting the community. By recruiting and supporting employment and the community. As well as support activities that focus on providing the community with knowledge for the profession and the knowledge to create or encourage families and communities.
- 1.10 The Company shall contact with communities constantly, publicize and report the social responsibility activities achievement to all groups of stakeholders.

3.4 Social sustainability management

The participation in social development

Blood donation campaign to the Thai Red Cross Society to help patients by executives and employees of G J Steel Public Company Limited to donate to the Thai Red Cross Society, 3rd National Blood Service Sector, Chonburi, which is an ongoing project from 2017-2022. In 2022, the company arranged to donate in March and August, as the result there were 107 units or 42,800 ml of blood donations were received, and the activity will continue in the following years because of the interests from executives and employees.



The activities “Old Calendar (Don’t Throw Away) Delivered for the Blind” and donated the remaining medicines (not expired) to Umphang Hospital, Tak Province.

G J Steel Public Company Limited by representatives of the CSR working group delivered 390 desk calendars (old year) to the Foundation for the Blind in Thailand under the Royal Patronage of H.M. the Queen. The calendar was donated by the company's employees who participated in the activity "Old Calendar (Don't Throw Away) Delivered for the Blind" from 25 Jan. - 18 Feb. 2022 by the company's employees donated the remaining medicines (not expired) to Umphang Hospital, Tak Province.



To support the activities “Meet, Give Away” project of Ban Khao Hin Sub- district Health Promotion Hospital and Bo Win Sub- district Health Promoting Hospital

Tuesday, March 29, 2022 G J Steel Public Company Limited supports drinking water, alcohol and disinfectants. For the “COVID-19 Clinic, “Meet, Give Away” project of the Bo Win Sub- district Health Promoting Hospital and Ban Khao Hin Sub-district Health Promotion Hospital, Sriracha District, Chonburi Province, where the Clinic is open for people infected from COVID-19 under the policy The “30 Baht Treat all” scheme or those who are Social Security Insurer of Laem Chabang Hospital, Chonburi Hospital, and provincial social security Insurer.



Community development volunteer “We do good deeds with our hearts”

Participate in community development volunteer activities “We do good deeds with our hearts. Improving the landscape at the edge of the road in the area of Soi Khanam Seven and Soi Allied in Moo 2 and Moo 8, Bo Win Sub - district, together with the community, led by Mr. Kanit Jia Lim, Bo Win Sub - district Headman, Moo 2, Ms. Pornthita Aphaiwong, Village Headman of Moo 8 and the Assistant

Village Headman and the committee. To jointly mow the overgrown grass that obstructs the deer on the road for the safety of the people who use it. Improve the landscape to look clean which is an activity of the community that join together to offer a charity to His Majesty King Rama 10 on the occasion of his birthday on July 28, 2022, Mother's Day on August 12, 2022, and volunteers to clean the temple area of Mab Bon Temple.



Community Vocational Training Activities

Thursday, August 11, 2022, G J Steel Public Company Limited participated in community vocational training activities. Training on cloth bag screening in the Community Support Project in Chao Phrayasurasak City Municipality at Mab Samer Community (Mab Hin), Village No. 8, Bo Win Sub-district, Sriracha District, by supporting 10 dozen drinking water. This activity aims to create jobs and income for the people.



Promoting culture and preserving cultural heritage

The Wreath Laying Ceremony on King Chulalongkorn Memorial Day

The company organized The Wreath Laying Ceremony in commemoration of the King Chulalongkorn, The Great Memorial Day (King Rama 5th) by the executives and employees.



National Children's Day and Academic Activities

To support youth in schools around the organization, the Company has sponsored scholarships to students who lack equipment and facilities on the occasion of the "National Children's Day", which is Ban Bo Win School. (Likit Rat Bamrung), Ban Khao Hin School (Nikornrat Bamrung), Child Development Center, Chaoprayasurasak City Municipality (Bo Win Temple), and Banpansadetnok School, Bo Win Sub-District, Si Racha District, Chonburi Province. It is a continuous activity every year and also participates in the school's academic day, such as the school establishment day, National Science Day activities, etc.



“GJS project sharing knowledge to youth" by training first aid and Cardiopulmonary resuscitation (CPR) Project”

On November 18, 2022, G J Steel Public Company Limited organized the "G J steel project to share knowledge to youth" by training first aid and Cardiopulmonary resuscitation (CPR) by an expert speakers from the Moral Association of Ban Bueng Rescue Unit (Bo Win) at the multi-purpose building, Ban Bo Win School in which participants are teachers and 150 students from grade 3. The company supplies medical supplies such as bandages, saline solution, medical gloves, etc. were also given to the Moral Association of Ban Bueng Rescue Unit (Bo Win) to be used in the event of an accident, with a total value of 10,000 baht.



The Buddhist Lent Day Ceremony

The company together with the community leaders and community representatives to offer candles, monk offerings, rain cloths and neon lights. In order to continue the tradition and good culture of Thailand, the company supported by sending company representatives to participate in the activities in the Buddhist Lent Day in 2022 to Bo Win Temple, Noen Krabok Temple, Santikhiri Temple, Mab Bon Temple,

Pan Sadednai Temple in Bo Win Sub-district, Si Racha District, Chonburi.



Thot Kathin Ceremony and Almshouse

The company sponsored Kathin Samakkhi merit making activities by setting up Kathin bushes both at a company head office and company factory in Chonburi by sending representatives to join the Almshouse activities at Phan Sadetnai Temple, Mabbon Temple, Santikhiri Temple, Bo Win Temple and Noen Krabok Temple, Bo Win Sub-district, Si Racha District, Chonburi Province, to inherit good traditions and to maintain Buddhism traditional



Visiting activities to encourage the patients and the elderly at home

The Company in collaboration with Health Promoting Hospital at Ban Khao Hin, and Bo win Sub-district, Si Racha District, Chonburi to visit and encourage the sick people, the elderly, and the elderly stick to bed who are living in the community once a month. In 2022, totally 81 person in 4

villages. The company supports the necessities for patients such as diapers, patient supplements, wound dressings, etc. In order to promote good health and life for people in the community, especially with the elderly.



Activities promoting good health in communities

To support the “Health Points Project” solving NCDs in four villages, Ban Khao Hin Health Promoting Hospital District, Bo Win Sub-district, Sriracha, Chonburi joined with volunteer groups to help disabilities people. The Social Work Council of Thailand under the Royal Patronage Health Volunteers at Bo Win Village and Bo Win Health Promoting Hospital Sriracha, Chonburi by support the budget to create bedding accommodation in the community at Moo 5, Bo Win Sub-district, Sriracha, Chonburi to help patients with a better quality of life.



Support 334 cloth bags for patients and the people who use the services of Bo Win and Ban Khao Hin Sub - district Health Promoting Hospital.



Activities with Village Health Volunteers for the project “Pracharath to fight Aedes, Dengue Fever”

In collaboration with the Village Health Volunteers at Ban Khao Hin and Bo Win Health Promoting Hospital, Si Racha District, Chonburi went to the area to drop abet sand in the community around the company. In order to promote the campaign to eradicate Aedes, as well as the cause of dengue fever and chikungunya.



Donate drinking water to Ban Bueng Hospital for patients with COVID-19 and people vaccinated against COVID-19 at Ban Bueng Hospital.



Support the activities of the Moral Association, Bo Win, and the local Journalists

The Company in collaboration with WHA Industrial Estate be a sponsored to Support the hydraulic cutting equipment, life-saving and rescue equipment to the Moral Rescue at Bo Win Point by Mr. Anek Supaporn, Consultant of Moral Rescue at Bo Win Point, Bo Win Sub-district, Sriracha, Chonburi. Received by Mr. Anek Supaporn, Chairman of the Advisory Committee, and Mr. Pratuang Saengleng, Honorary Consultant of the Association and Advisor to the Headman of Bo Win sub-district as a co-received the hydraulic cutting and all equipment the people of Bo Win Sub - district and nearby areas.



GJS Sharing Activities

GJS Sharing Activities donated necessities to children at Chonburi Child Development and Rehabilitation Centre. In 2022, the company donated rice, dry food, daily necessities, clothes, school supplies, ATK test kits, etc. receiving and thanks to the company by Ms. Panee Chanprungton, Director of Chonburi Child Development and Rehabilitation Centre. The company together with the children planting tree (Thong-Urai trees), there are also activities with children, such as paint cloth bags (art therapy) and futsal competitions (sport therapy). These activities are able to support treatment and rehabilitation according to the doctor at the development center.



GJS repair-build, community development

Project from joining a dialogue with surrounding communities to jointly develop and improve community plans in nearby areas. By sending representatives of employees from the department with expertise to participate in the project, for example, including improving the electrical system and repairing the cold coffin at Bo Win Temple, fixing children's playground at Ban Khao Hin School, painting the building of the Children's Center, Bo Win Sub - district, Sriracha District, Chonburi Province. To develop community buildings more effectively, also encourage employees to have volunteer spirit to jointly develop communities nearby to be happy together.



4. Management discussion and analysis (MD&A)

Management Discussion and Analysis Yearly Ending 31 December 2022

1. Highlights

	Unit: million Baht	Year 2022	Year 2021	Year 2020
Performance	Revenues	17,403	18,407	11,379
	Gross Profit (Loss)	1,200	4,022	171
	Net Profit (Loss)	(3,107)	3,178	(605)
	Unit: million Baht	31 Dec 2022	31 Dec 2021	31 Dec 2020
Financial Status	Total Liabilities	792	783	2,197
	Total Asset	13,495	16,622	14,857
	Total Equity	12,703	15,839	12,660

2. Business Outlook

The domestic consumption of Hot Rolled products decreased by 16% during Q4 2022 resulting in an annual decline of 17% consumption for the full year of 2022 as per Iron and Steel Institute of Thailand.

The reduced market demand, continuing geopolitical tensions, high inflationary pressures (especially increased costs of electricity and natural gas) and higher scrap prices have resulted in an overall difficult operating environment in Thailand and global steel markets.

Though the Company could limit its sales volume drop to 7% for the full year of 2022 compared to 17% decline in the industry, high cost of raw materials and increased utility prices led to reduced profitability in 2022. The Company has embarked upon several countermeasures to overcome this situation and make the business more sustainable in future.

3. Performance of the Company

	31-Dec-22		31-Dec-21		31-Dec-20	
	M THB	%	M THB	%	M THB	%
Income						
Revenue from sale	17,403	99%	18,407	98%	11,379	99%
Net gain from write-off the expired legal prescription of liabilities	43	0%	279	1%	0	0%
Net foreign exchange gain	0	0%	0	0%	38	0%
Reversal of loss on confirmed purchase orders for undelivered raw material	0	0%	0	0%	19	0%
Other income	74	1%	61	0%	80	1%
Total income	17,520	100%	18,747	100%	11,517	100%
Expenses						
Cost of sale						
- Cost of goods sold	16,102	92%	14,326	76%	11,223	97%
- Idle cost	45	0%	57	0%	69	1%
- Loss on devaluation of inventories (reversal)	56	0%	1	0%	(84)	-1%
Total cost of sale	16,203	92%	14,385	77%	11,208	97%
Selling expenses	167	1%	168	1%	170	1%
Administrative expenses	631	4%	764	4%	492	4%
Impairment losses on unusable machines held for sale	3,617	21%	0	0%	0	0%
Net foreign exchange loss	6	0%	110	1%	0	0%
Finance costs	3	0%	142	1%	251	2%
Total expenses	20,627	118%	15,568	83%	12,122	105%
Profit (loss) for the year before tax	(3,107)	-18%	3,178	17%	(605)	-5%
Tax expense	(29)	0%	0	0%	0	0%
Profit (loss) before other comprehensive loss	(3,136)	-18%	3,178	17%	(605)	-5%
Other Comprehensive Loss:						
Item that will not be reclassified subsequently to profit or loss:						
Actuarial losses	0	0%	0	0%	(28)	0%
Total Comprehensive income (loss) for the year	(3,136)	-18%	3,178	17%	(633)	-6%

- Revenue from sales and cost of goods sold**

The Company reported revenue from sales at THB 17,403 million which was lower than last year mainly due to a drop in sale volume by 7% partially offset with an increased average selling price by 2%. However, the cost of goods sold increased by 22% (mainly due to increase in raw material prices) which resulted in a gross margin decrease of THB 2,822 million as compared to last year.

HRC production decreased by 35k tons as compared to 2022 and the sales volumes dropped by 49k tons as compared to last year mainly due to poor market conditions in H2 2022.

- Net gain from write-off expired legal prescription of debts**

The Company has recorded net gain of THB 43 million from write-off of debts exceeding the legal prescription period of 10 years and accrued interest thereon compared to THB 279 million recorded last year.

- **Other income**

Other income for year 2022 amounted to THB 74 million was higher by THB 13 million compared to last year mainly due to higher sales of waste from the operation by THB 10 million and interest income by THB 3 million.

- **Administrative expenses**

Administrative expenses for year 2022 amounted to THB 631 million was lower by THB 134 million compared to last year mainly due to lower charges on account of incentive program by THB 271 million partially offset with an increase in loss from write-off of assets by THB 109 million.

- **Impairment of Asset under Construction**

The Company had engaged technical experts to carry out a review of the Galvanizing Line lying under construction in progress. Based on such technical review the investment required for making the Galvanizing Line operational including replacement of electrical and automation parts and replacement/purchase of new items to complete the commissioning was significant. Further, despite this investment, it will be difficult to achieve the desired production capacities, quality parameters and subsequent guarantee figures with continuing risks of operational stability, high maintenance/operational costs, and importantly quality and safety issues.

After considering various other factors like the operational stability, maintenance costs, quality and safety issues, the management decided not to continue with the commissioning of the existing Galvanizing line as such additional investment is not feasible and to impair the balance carrying amount of THB 3,617 million net of residual value in the books.

- **Net loss from exchange rate**

The Company had recorded loss from exchange rate for year 2022 and 2021 by THB 6 million and THB 110 million respectively. The lower forex loss compared to last year resulted primarily from reduced foreign exchange liabilities as the Company had fully repaid the foreign currency long-term loan in 2021.

- **Financial costs**

The financial costs for year 2022 amounted to THB 3 million was lower by THB 139 million compared to last year mainly due to reduction in Standby Letter of Credit and repayment of full debt during third quarter last year.

4. Statement of financial positions

	31-Dec-22		31-Dec-21		31-Dec-20	
	M THB	%	M THB	%	M THB	%
Assets						
Current assets						
Cash and cash equivalents	2,215	16%	800	5%	107	1%
Trade accounts receivables	60	0%	0	0%	28	0%
Inventories	2,217	17%	2,789	17%	1,361	9%
Other current assets	<u>145</u>	1%	<u>58</u>	0%	<u>152</u>	1%
Total current assets	<u>4,637</u>	34%	<u>3,647</u>	22%	<u>1,647</u>	11%
Non-current assets						
Advance payment for purchase of land and building	0	0%	0	0%	210	1%
Property, plant and equipment	8,602	64%	12,562	75%	12,651	85%
Intangible assets	5	0%	4	0%	5	0%
Other non-current assets	<u>251</u>	2%	<u>410</u>	2%	<u>344</u>	3%
Total non-current assets	<u>8,858</u>	66%	<u>12,975</u>	78%	<u>13,210</u>	89%
Total assets	<u>13,495</u>	100%	<u>16,622</u>	100%	<u>14,857</u>	100%

Total assets

As of 31 December 2022, the Company had total assets amounting to THB 13,495 million which decreased from the year ended 2021 by THB 3,127 million. The current assets amounted to THB 4,637 million, increased by 27% from the year ended 2021 and the non-current assets amounted to THB 8,858 million, decreased by 32% from last year ended 2021.

- Cash and cash equivalent**

As on year ended 2022, the Company had the cash and cash equivalent balance amounting to THB 2,215 million which increased from last year by 177%, mainly due to generation of free cash flow from operating activities by THB 1,615 million during the year.

- Trade account receivables**

As on year ended 2022, the Company had the trade account receivables amounting to THB 60 million which increased from last year by 100% due to poor market condition last year resulting in customers delaying purchase during end of December 2021.

- **Inventories**

As on year ended 2022 and 2021, the Company had inventories amounting to THB 2,217 million and THB 2,789 million in respectively, which decreased by THB 572 million or 21% due to close monitoring of HRC market situation and scrap purchase by the Company.

- **Other current assets**

As on year ended 2022 and 2021, the Company had other current assets amounting to THB 145 million and THB 58 million respectively, which increased from last year by THB 87 million mainly due to tax receivable from Revenue Department by THB 71 million.

- **Property, plant and equipment – net**

As on year ended 2022, the Company had impaired the Galvanizing Line lying under construction in progress as per the technical review recommendation and considering various other factors as described in above by THB 3,617 million.

- **Other non-current assets**

As on year ended 2022 and 2021, the Company had other non-current assets amounting to THB 251 million and THB 410 million in respectively, which has decreased by THB 158 million mainly due to withdrawal of cash deposit as guarantee for using of electricity and natural gas with Provincial Electricity Authority and PTT amounting to THB 157 million and replacing with bank guarantees.

	31-Dec-22		31-Dec-21		31-Dec-20	
	M THB	%	M THB	%	M THB	%
Liabilities and equity						
Current liabilities						
Trade accounts payable	237	2%	274	2%	328	2%
Other payables and accrued expenses	371	3%	315	2%	289	2%
Advance from customers	13	0%	5	0%	11	0%
Accrued interest expenses	10	0%	23	0%	199	1%
Liabilities from terminated rehabilitation plan	4	0%	21	0%	169	1%
Current portion of long-term borrowings from related party	0	0%	0	0%	311	2%
Current portion of lease liabilities	4	0%	2	0%	6	0%
Other current liabilities	<u>4</u>	0%	<u>9</u>	0%	<u>15</u>	0%
Total current liabilities	<u>643</u>	5%	<u>649</u>	4%	<u>1,327</u>	9%
Non-current liabilities						
Long-term borrowings from related party	0	0%	0	0%	739	5%
Lease liabilities – net	5	0%	1	0%	2	0%
Non-current provision employee retirement benefit	<u>144</u>	1%	<u>134</u>	1%	<u>128</u>	1%
Total non-current liabilities	<u>149</u>	1%	<u>135</u>	1%	<u>870</u>	6%
Total liabilities	<u>792</u>	6%	<u>784</u>	5%	<u>2,197</u>	15%

Total Liabilities

As on December 31, 2022, the Company had total liability amounting to THB 792 million which increased from year ended 2021 by THB 8 million. This consisted of total current liabilities amounting to THB 643 million which was 1% lower than year ended 2021, and total non-current liabilities amounted to THB 149 million which is 10% higher than year ended 2021.

- Trade accounts payable**

As on year ended 2022 and 2021, the Company had trade accounts payables amounting to THB 237 million and THB 274 million in respectively, which decreased by THB 37 million mainly due to a decrease in trade payable for import scrap.

- Other payables and accrued expenses**

As on year ended 2022 and 2021, the Company had other payables and accrued expenses amounting to THB 371 million and THB 315 million respectively, which increased by THB 56 million mainly due to higher accrued expenses. Noted that last year it was stopped production from mid of December 2021 resulting to this year was higher accrued expenses from the production as compared to last year.

- **Advance received from customers**

As on year ended 2022 and 2021, the Company had received advance from customers amounting to THB 13 million and THB 5 million respectively, which increased by THB 8 million due to last sale order in last week of 2022, whereas there were lower sales order in last week of 2021.

- **Accrued interest expenses**

As on year ended 2022 and 2021, the Company had accrued interest expenses amounting to THB 10 million and THB 23 million in respectively, which decreased by THB 13 million mainly due to write-off the accrued interest expenses related to liabilities from terminated rehabilitation plan which is presented as part of net gain from write-off expired legal prescription of debts.

- **Liabilities from terminated rehabilitation plan**

As on year ended 2022 and 2021, the Company had liabilities from terminated rehabilitation plan amounting to THB 4 million and THB 21 million in respectively, which decreased by THB 17 million This was mainly because write-off of liabilities from terminated rehabilitation plan which exceeding the legal prescription period of 10 years and accrued interest thereon. It is presented as part of net gain from write-off expired legal prescription of debts.

	31-Dec-22		31-Dec-21		31-Dec-20	
	M THB	%	M THB	%	M THB	%
Equity						
Authorised share capital	<u>27,601</u>		<u>27,601</u>		<u>27,601</u>	
Issued and paid-up share capital	24,468	181%	24,468	147%	24,468	165%
Discount on ordinary shares	(9,667)	-72%	(9,667)	-58%	(9,667)	-65%
Legal reserve	37	0%	37	0%	0	0%
Retained earnings (Deficit)	(2,444)	-18%	692	4%	(2,449)	-16%
Other components of equity	<u>310</u>	2%	<u>310</u>	2%	<u>310</u>	2%
Total equity	<u>12,703</u>	94%	<u>15,839</u>	95%	<u>12,661</u>	85%
Total liabilities and equity	<u>13,495</u>	100%	<u>16,622</u>	100%	<u>14,857</u>	100%

Total Shareholders' equity

As on December 31, 2022, the Company had total equity of THB 12,703 million which decreased by THB 3,136 million or 20% lower from year ended 2021 mainly due to net loss for the year amounting to THB 3,136 million.

5. Significant financial ratios

		As of December 31,		
		2022	2021	2020
Liquidity Ratio				
Current Ratio	Times	7.22	5.62	1.24
Quick Ratio	Times	3.54	1.23	0.10
Operating Cash Flow Ratio	Times	2.50	2.17	(0.01)
Operating Efficiency Ratio				
Accounts Receivable Turnover	Times	582	1,318	667
Days of Receivables	Days	0.62	0.28	0.55
Inventory Turnover	Times	6	7	8
Days of Inventory on Hand	Days	56	53	44
Accounts Payable Turnover	Times	61	53	34
Days of Payables	Days	6	7	11
Cash Conversion Cycle	Days	50	46	34
Profitability Ratio				
Gross Profit Margin	%	7%	22%	2%
Operating Profit Margin	%	3%	19%	-3%
EBITDA Margin	%	-15%	21%	2%
Net Profit Margin	%	-18%	17%	-5%
Return on Equity	%	-22%	22%	-5%
Return on Assets	%	-21%	20%	-4%
Total Assets Turnover	Times	1.16	1.19	0.76
Debt leverage ratio				
Debt to Equity Ratio	Times	0.06	0.05	0.17
Interest Coverage Ratio	Times	3,862.48	10.69	(0.10)
Dividend Payout Ratio	%	-	-	-

Liquidity Ratio

In year 2022, the Company had better liquidity ratio from last year due to free cash flow from operating activities by THB 1,615 million (free of loan payable in year 2022). In addition, the Company still has a sales policy on cash basis and regular follow-up of collection of debts from trade account receivables, monitoring the production and selling plan that serves the needs of the customer and ordering raw materials with the suppliers who can provide credit terms.

- Current Ratio is greater than 1 (which means the Company has the current assets greater than current liabilities)
- Quick Ratio is more than last year (meaning the Company has the assets which can turn into cash faster than last year)
- Operating Cash Flow Ratio is improved mainly due to reduction of inventories.

Operating Efficiency Ratio

Operating efficiency ratio reflects the performance of assets and liabilities in the statement of financial position to show whether the Company operation is effective or not.

- Account Receivable Turnover in this year dropped from last year and Days of Receivable is higher than last year, this is caused from the fact of account receivable of year 2021 is nil balance and reflects in the higher for Account Receivable Turnover and lower for Days of Receivables in year 2021.
- Inventory Turnover in this year is lower than last year and Days of Inventory on Hand is slightly higher than last year which is insignificant change.
- Account Payable Turnover Ratio is higher than last year and Days of Payable is lower than last year since the Company has managed cash to settle liability payment more frequently.
- Cash Conversion Cycle number of days is a little higher than previous year due to days of inventory on hand increased.

Profitability Ratio

In year 2022, overall, all profitability ratios (Gross Profit Margin, Operating Profit, EBITDA Margin, Return on Equity and Return on Assets) are lower than last year mostly due to:

- (1) HRC market price was lower than last year.
- (2) Inflation pressure resulting to cost of goods sold increased from last year (mostly increased in raw material price, sub-raw material price, electricity price and natural gas price).
- (3) Impairment loss on unusable machines of Galvanizing Line from assets under construction account by THB 3,617 million.

Debt Leverage Ratio

In 2022, the Debt Leverage Ratio can be analyzed as follows:

- Debt to Equity Ratio is almost the same as last year, and Interest Coverage Ratio is higher than last year as all loans have been repaid in 3rd quarter 2021.

6. Statement of cash flows

	31-Dec-22	31-Dec-21	31-Dec-20
	M THB	M THB	M THB
<i>Cash flows from operating activities</i>			
Profit (loss) for the year	(3,136)	3,178	(605)
<i>Adjustments for</i>			
Depreciation and amortization	519	516	526
Work roll amortization	77	83	78
Interest income	(5)	(1)	(2)
Finance costs	3	142	251
Tax expense	29	0	0
Net gain from write-off the expired legal prescription of liabilities	(43)	(279)	0
Gain from write-back advance received from customer	0	0	(10)
Gain from repayment of liability from terminated rehabilitation plan	0	(2)	0
Unrealised loss (gain) on exchange rate - net	(1)	15	(8)
Loss on devaluation of inventories (reversal)	55	1	(84)
Loss on confirmed purchase orders for undelivered raw material	0	0	(19)
Employee benefit expenses	11	11	10
Loss on sales of fixed assets	28	0	0
Loss on write-off of assets	81	19	2
Allowance for impairment losses on unusable machine held for sale	3,617	0	0
Loss on sales of machinery under suspended construction in progress	0	7	0
Insurance compensation income - net	0	0	(2)
Provision loss for court case claim	0	0	2
<i>Changes in operating assets and liabilities</i>			
Trade accounts receivable	(60)	28	(22)
Inventories	517	(1,439)	89
Other current assets	(28)	94	(66)
Other non-current assets	117	(184)	(81)
Trade accounts payable	(33)	(53)	(5)
Advances received from customers	8	(5)	1
Other payables and accrued expenses	(35)	17	(60)
Other current liabilities	(4)	5	(3)
Paid employee benefits obligations	(1)	(6)	(10)

	31-Dec-22	31-Dec-21	31-Dec-20
	M THB	M THB	M THB
Loss from court case claim paid	0	(3)	0
Income tax paid	(101)	0	0
Net cash from (used in) operating activities	1,615	2,146	(17)
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment	(212)	(201)	(128)
Purchase of intangible assets	(2)	(1)	(2)
Proceeds from sales of fixed asset	2	0	0
Proceeds from insurance claim	0	0	16
Proceeds from sales of machinery under suspended construction in progress	12	13	0
Interest received	<u>5</u>	<u>1</u>	<u>2</u>
Net cash from (used in) investing activities	(195)	(188)	(113)
<i>Cash flows from financing activities</i>			
Repayment of liabilities from terminated rehabilitation plan	0	(1)	(2)
Repayment of long-term borrowings from related party	0	(1,057)	0
Payment for lease liabilities	(5)	(6)	(5)
Finance cost paid	<u>0</u>	<u>(201)</u>	<u>(180)</u>
Net cash from (used in) financing activities	<u>(5)</u>	<u>(1,265)</u>	<u>(188)</u>
Net increase (decrease) in cash and cash equivalents	1,415	693	(317)
Cash and cash equivalent at 1 January	800	107	424
Effect of exchange rate changes on balances held in foreign currencies	<u>0</u>	<u>1</u>	<u>(0)</u>
Cash and cash equivalent at 31 December	<u>2,215</u>	<u>800</u>	<u>107</u>

In the year 2022 the Company had a net loss of THB 3,136 million and net profit in last year of THB 3,178 million. The Company had net cash provided from operating activities of THB 1,615 million in 2022 and THB 2,146 million in 2021. The major non-cash item was allowance for impairment on unusable machines held for sale by THB 3,617 million during 2022.

For investing activities, the Company had net cash used in year 2022 and 2021 amounting to THB 195 million and THB 188 million, respectively, due to purchase of new assets for replacement parts of the machines that are worn out.

For financing activities, the Company had net cash used in year 2022 and 2021 amounting to THB 5 million and THB 1,265 million, respectively. This is mainly due to the full repayment of loan from related party of THB 1,057 million and repayment of financial costs related to loan from related party for year 2021 of THB 201 million in the year 2021.

7. Commitments as of December 31, 2022 can summarize in below:

Unit: Million Baht

Commitments	Total	Payment in period			
		within 1st year	in year 2nd and 3rd	in year 4th and 5th	in year 6th onwards
Operating lease liabilities	12.94	6.56	6.38	-	-
Purchase contracts liabilities	788.17	729.30	58.87	-	-
Other commitment liabilities	155.45	155.45	-	-	-
Total	956.56	891.31	65.25	-	-

8. Factor effect to the future operation

Critical Factors that will effect the future Operations can be summarized as below:

1. Government Policies on providing trade protection to Domestic Industries from dumping of imports.
2. Global Steel supply demand situation and pricing trend.
3. Thailand Steel demand growth, especially construction grade Hot Rolled Steel demand growth which is largely driven by government projects.
4. Cost inflation especially increase in prices of electricity and Natural Gas which is currently adversely affecting our profitability.
5. Several counter measures being undertaken by the management in areas of production stabilization, equipment health maintenance, cost reduction and quality improvement to counter the above adverse factors.

5. General information and other related information

Company Name:	G J Steel Public Company Limited	
Stock Symbol:	GJS (Listed on the Stock Exchange of Thailand)	
Company Registration Number:	0107538000401	
Type of Business:	Production and Distribution of Hot Rolled Coil	
First Trade Date:	2 July 1996	
Amounts of registered capital and paid-up capital:	Registered Capital	27,600,824,751.36 Baht
	Paid-up Capital	24,467,649,500.16 Baht
Number and type of the total shares sold:	Ordinary shares	25,487,134,896 shares,
	Preferred shares	None
	Par Value	0.96 Baht per share
Fiscal Year:	1 January to 31 December	
Headquarter Address:	88 PASO Tower, 24 th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500 Tel: (02) 267-8222 Fax: (02) 267-9048-9	
Factory Address:	WHA Chonburi Industrial Estate 1, 358 Moo 6, Highway 331, Bowin, Sriracha, Chonburi 20230 Tel: (038) 345-950 Fax: (038) 345-693	
Website:	www.gjsteel.co.th	
Reference:		
Share Registrar	Thailand Securities Depository Company Limited	
Address	93 Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400	
Tel	(02) 009-9999	
Fax	(02) 009-9991	
Auditors	Baker Tilly Audit And Advisory Services (Thailand) Ltd.	
	Mr. Apichart Sayasit, Certified Public Accountant License No. 4229, or Ms. Wimolsri Jongudomsombut, Certified Public Accountant License No. 3899, or Ms. Wilawun Budsabathon, Certified Public Accountant License No. 5550	
Address	21/1 Floor, Sathorn City Tower, 175 South Sathorn Road, Thung Maha Mek, Sathorn, Bangkok 10120	
Tel	(02) 679-5400	
Fax	(02) 679-5500	

Legal Dispute

The Company does not have any case or unsettled legal dispute with the potential to negatively impact its assets with claim amount worth over 5% of Total Equity as of the last year ending.



Part 2

Corporate Governance

6. Corporate Governance Policy

The Board of Directors has implemented the Corporate Governance Code for Listed Companies 2017 (“CG Code”) and was well awarded of the governing body to create value for sustainable business including reviewing, policy assessing and the implementation in relation to the Company’s corporate governance and each CG Code. The Board of Directors has assigned the Corporate Governance and Risk Management Committee or Company secretary to amend CG policy and the Code of Conduct as well as the directions in compliance with CG Code and adaptable to the rapid change of CG development. This contributes to the efficiency, transparency and accountability of management and operation which resulting in improving the Company’s competitiveness and increasing economic value for shareholders in long term as well. Therefore, the Board of Directors and the management team have established a written policy on the principles of good corporate governance and the Code of Conduct and have already approved this policy with details as follows.

1. To consider shareholders rights and to grant rights to shareholders in various matters, such as the right to propose an agenda for the shareholders’ meeting in advance or the right to nominate persons to be elected as directors in advance, etc., as well as not to violate or deprive the rights of shareholders.
2. To treat shareholders, investors, stakeholders and all relevant persons equally and fairly to all parties.
3. To disclose information to shareholders, investors, stakeholders and all relevant persons correctly, adequately, equally and within the specified period through appropriate channels so that the shareholders and other relevant persons are able to access information conveniently, such as through the Company’s website, etc.
4. To perform duties and responsibilities of the Board of Directors in supervising and managing with honesty, morality, prudence and carefulness in order to achieve the Company’s goals, to gain the maximum benefit to the Company and shareholders as well as to prevent any conflicts of interest.
5. To manage with transparency under of internal control system and audits.
6. To control and manage risks to be in appropriate level to the Company’s business operations.
7. To conduct business with honesty under the legal framework and business ethical framework.

Please find more details in “Attachment 5 Code of Conduct”.

6.1 Overview of the Policy and Guidelines

6.1.1 Policy and guidelines related to the Board of Directors

Leadership and vision

The Board of Directors has strong leadership, vision and independence in making decision for the best benefit of the Company and its shareholders. Roles and responsibilities of the Board of Directors and the Management are clearly separated, i.e. the Management is responsible for compiling necessary information for the Board of Directors’ consideration.

With a goal to ensure stable business with long-term sustainability and success, the Board of Director, in cooperation with the Management in reviewing and ensuring that vision and mission best address the changing environment, the business goals, business plan and budget are prepared by taking into consideration the maximum added value and long-term stability of the Company and its shareholders. The Board of Directors also directs the business and ensures that the business operation is efficiently executed by the Management.

The Board of Directors encourages good corporate governance within the organization and formulates good corporate governance practice, Code of Conduct, measures and approval procedure of connected transactions between the Company and related parties or persons who may have conflict of interest, as well as clearly separates the authority of shareholders from that of the Board of Directors, also that between the Board of Directors and the executives and other committees, in order to balance the power, and each other shall be independently examined.

Combining or separating positions for a Balance of Management Power

The Board of Directors has clearly separated the scope of duties and responsibilities among the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Governance and Risk Management Committee, the Management Committee, including the Chief Executive Officer. Moreover, the person who holds the position of the Chairman of the Board of Directors is determined to have no relationship with management team in order to prevent any executive from having unlimited power as well as to be able to review and balance the management. The detail of separated the scope of duties and responsibilities are under “Information on the Board of Directors” and under “The composition of the Board of Directors”

The Board of Directors’ meeting

The Board of Directors convened at least 4 times a year and arranged the meeting in accordance with the Company’s Articles of Association, the Public Limited Company Act B.E. 2535, and SET’s regulations. The Chairman of the Board of Directors, in the capacity of the meeting chairman, would promote prudence in any consideration; provide sufficient time for the Management to present significant information and for directors to discuss the matter. Meeting minutes for every meeting was made for future reference and checking. It is the duty of the Board members to attend every meeting, except for a certain unavoidable case.

In considering the number of meetings, the Board of Directors considered the duty and responsibility of the Board of Directors. The Company Secretary shall prepare the whole year meeting agenda and matters to be considered in each meeting in order to provide sufficient detailed information for the Board of Directors. For example, in the February meeting, the Board of Directors shall approve the annual financial statements, in the February to March meeting, schedule the Annual General Meeting of Shareholders as well as set the date of the closing of the Company’s registration book to suspend the share transfer, while the meetings in May, August and December are scheduled for reviewing and approving financial statements for the first, second and third quarters, then the December meeting is organized to consider budget for the following year.

At a meeting of the Board of Directors, there must not be less than one half of the total number of directors present to form a quorum. In addition, the meeting schedule for year was provided to directors in advance annually in order for the directors’ attendance availability. At the meeting of the Board of Directors at the end of the year 2021, the Company Secretary prepared meeting schedule for the year 2022 for the Board of Directors to be able to schedule their time for the meetings.

In each meeting, the Company Secretary provided the agenda and related information and distributed them to the directors for average 3 days prior to the meeting.

The meetings were strictly held in compliance with the Company’s rules and regulations, and the Public Limited Company Act B.E. 2535. The directors were given opportunity to discuss carefully the important problems. The Company Secretary attended the meeting and prepared the recording, so as for the minutes of the meeting, which included also the directors’ questions and recommendation in the meeting.

In each meeting, the Chairman of the Board of Directors would conduct the meeting, which was sufficient for the Management to present the matters for consideration and for the directors to

carefully and equally discuss the important issues. The Chairman of the Board of Directors encouraged the attending directors to use their best consideration. The Chairman also asked whether there was any question or other opinion on each issue of the agenda in every meeting.

The nomination and appointment of Directors and Executives

For the process of recruiting directors, the Board of Directors has established a formal method based on transparency without the influence of management team or controlling shareholders, that is, the Nominating Committee will select persons to hold the position of directors from suitable persons by considering qualifications, abilities, work experience, etc. in order to be appropriate with the duties and responsibilities of the Board of Directors and /or members of sub-committees. When the appropriate person has been selected, then that person will be proposed to the Board of Directors for further approval of the appointment.

The nomination of independent directors

Criteria in selecting independent directors

The Company selects independent directors taking into account the knowledge, experience good understanding in related businesses, vision, as well as sufficient time to perform duty, also with the qualities as stated in the concerned government agencies' announcements, regulations and rules. The Company would invite qualified persons to be its independent directors. The Company considers that the aforementioned independent directors are able to exercise their knowledge and capability as well as provide opinions that are useful and appropriate to support the Company's business operation.

Qualifications of independent directors

1. Hold not exceeding 0.5% of the total voting shares of the Company, its subsidiary, associate company, nor being a major shareholder or controlling person, including shares held by their related persons (under Section 258 of Securities and Exchange Act).
2. Not being or having been an executive director, employees, staff, advisor earning regular monthly salary or the controlling person of the Company, subsidiary, associate company and no benefit or is not stakeholders, unless the foregoing status has ended for at least 3 years.
3. Not being a person who is related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of the child, to executives, major shareholders, controlling person, or persons to be nominated as executive or controlling person of the Company or its subsidiary.
4. Not having or having had a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person in a manner that may interfere with independent discretion, which includes not being or having been a significant shareholder or the controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, unless such foregoing relationships have ended for at least 3 years prior to the date of appointment as independent directors.

The foregoing business relationship shall include normal business transactions, rental or lease of real estate, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or the counterparty being subject to indebtedness payable to the other party in an amount starting from 3 percent of the net tangible assets of the Company or from 20 million

Baht or more, whichever amount is lower. In this regard, the calculation of such indebtedness shall be in accordance with the method for calculating the value of related party transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Connected Transactions, *mutatis mutandis*. In any case, the consideration of such indebtedness shall include the indebtedness incurred during the period of 1 year prior to the date of establishing the business relationship with such person.

5. Not being or having been an auditor of the Company, subsidiary, associate company, major shareholder, or controlling person, and not being shareholder.
6. Not being a person who is appointed as the representative of the Director of the Company, major shareholders or shareholders who is a connected person of a major shareholders.
7. Not having any other characteristics that cause the inability to express independent opinions.
8. Be capable in protecting all shareholders' benefits equally and supervising in order to prohibit any conflict of interest between the Company and related persons, and able to attend the meetings of the Board of Directors in order to make a decision on significant issues.
9. Not being or having been a provider of professional services, which includes serving as a legal advisor or financial advisor being paid with a service fee of more than 2 million Baht per year by the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of such provider of professional services, unless the foregoing relationship has ended for not less than 3 years prior to the date of appointment as independent directors.

In the case where the person appointed by the Company as an independent director has or used to have a business relationship or provision of professional services at a value exceeding the specified amount under 4) or 9), the Company shall be granted an exemption from such prohibition of having or having had a business relationship or provision of professional services at such excessive value, provided that the Company has obtained an opinion of the board of directors indicating that after a consideration in accordance with the principle in Section 89/7 of the Securities and Exchange Act B.E. 2535 (as amended), the appointment of such person does not affect the performance of duties and the giving of independent opinions, and that the following information has also been disclosed in the notice calling the shareholders' meeting under the agenda for the appointment of independent directors:

- (a) the nature of the business relationship or professional services that deems such person to have characteristics not in compliance with the specified regulations;
- (b) the reason and necessity for keeping or appointing such person as an independent director;
- (c) the opinion of the board of directors of the Company concerning the proposal to appoint such person as an independent director.

Furthermore, this definition of independent directors has been revised so as to be stricter than that defined by the SEC.

The nomination of directors

Criteria in nominating directors

When the position of Company's directors is vacant, the Nomination and Remuneration Committee are responsible for selecting and nominating the persons to take these positions. The Nomination and Remuneration Committee shall consider person with knowledge, capability, and experience with specialization that are crucial and essential to the Company's operation. The Nomination and Remuneration Committee shall consider the following qualifications:

1. Qualification as per Clause 68 of the Public Limited Company Act, B.E. 2535, and announcement or rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) and the Company's regulations.
2. The candidates' knowledge, capability, experience and specializations that would contribute to the Company's operational efficiency.
3. The candidates' qualifications shall support corporate governance practices, such as ethics, independence, assertiveness, creativity, carefulness and integrity as well as ability to dedicate their time for the Company.

Nomination of Directors (In case of retiring by legal rotation)

The election of The Company's directors to replace the directors who have to retire by rotation must be approved by the Annual General Meeting of Shareholders, whereby the Nomination and Remuneration Committee has duty to select appropriate persons who deserve to be nominated as directors, by taking into account the qualifications, knowledge, capabilities, experience, work history, progressive leadership and sweeping vision, including having morality, ethics, and positive attitude towards the organization and fully devotes their time to the Company.

The election of a Board of Directors member to replace director who must retire at the end of his/her term shall be approved by the Annual General Meeting of Shareholders and by majority vote of the shareholders who attending the meeting and casting their votes. Criteria and selection method are as follows:

1. A shareholder shall have one vote per one share.
2. Each shareholder shall exercise all his/her voting right as mentioned above in selecting one or many person as directors but cannot separate votes for any person(s).
3. The persons receiving the highest votes will be selected as directors. The number of persons selected shall be equal to the number of directors to be selected. In case there are persons with the highest votes more than the number of directors required, the presiding Chairman shall have the right to cast an additional vote.

In addition, in selecting new directors to replace vacant positions due to other reasons than end of term according to the law shall be approved by the Board of Directors' meeting and thus with no less than third-fourth of the votes of the remaining directors. The new directors who replace the vacant position shall be in the position for the remaining term of the vacant position.

In case directors resign, the Company's regulations allow the Board of Directors to appoint new directors as replacement.

The nomination of Chief Executive Officer

When the position of Company's Chief Executive Officer is vacant, the Nomination and Remuneration Committee are responsible for selecting and nominating the persons to take these positions. The Nomination and Remuneration Committee shall consider person with knowledge,

capability, and experience with specialization that are crucial and essential to the Company's operation. The Nomination and Remuneration Committee shall consider the following qualifications:

1. Qualification as per Clause 68 of the Public Limited Company Act, B.E. 2535, and announcement or rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) and the Company's regulations.
2. The candidates' knowledge, capability, experience and specializations that would contribute to the Company's operational efficiency.
3. The candidates' qualifications shall support corporate governance practices, such as ethics, assertiveness, creativity, carefulness and integrity as well as ability to dedicate their time for the Company.

The nomination of the executives

The Chief Executive Officer is authorized to nomination and appoints persons with appropriate qualifications in terms of education, knowledge, capability and business experience. The selection shall follow the Company's rules related to human resources management. For position equivalent to Chief level, the appointment of the person shall be endorsed by the Nomination and Remuneration Committee and proposed to the Board of Directors for approval, while an appointment of positions equivalent to the Internal Audit Department executives shall be made with the Audit Committee's discretion.

The remuneration for directors, Chief Executive Officer, and top executives

The Nomination and Remuneration Committee formulated the policy on remuneration for directors, Chief Executive Officer and top executives as follows;

Policy on remuneration for directors, Chief Executive Officer and top executives

1. Remuneration of the Company's directors, Chief Executive Officer and top executives shall be set in accordance with their duty, scope of responsibility, fairness and attractiveness, which should be compared to those for directors in other listed companies in the same industry and similar size, including the Company's performance, business surroundings, and overall economic conditions.
2. The Nomination and Remuneration Committee shall be responsible for initial consideration and propose for the approval of the Board of Directors and the Annual General Meeting of Shareholders (as the case may be) the maximum remuneration of the year, position remuneration and meeting allowance.
3. The Nomination and Remuneration Committee shall comply with the resolution of the Annual General Meeting of Shareholders on the remuneration budget and details which are also disclosed in the annual report. The remuneration that the directors received from positions in other companies (if any), such as consultancy fee shall also be disclosed.
4. Any director who currently holds management position in the Company and receives the remuneration in the forms of monthly salary will not be entitled to receive the remuneration.

The Nomination and Remuneration Committee proposed to the Board of Directors, and the Shareholders' Meeting to approve the remunerations for the non-executive and non-employee directors are reported Part 2, Corporate Governance, the topic of "Remuneration for Directors and Executives".

Directors and Executives development

The Board of Directors, in parallel to the succession plan, implemented the executive development plan by assigning the Management to report progress of executive development plan undertaken during the year.

The Company Secretary prepared Directors' guidebook with criteria on information disclosure, profile, shareholdings, changes in shareholding of directors, etc. and distributed to new directors. The secretary shall also invite new directors to visit the Company's plant to introduce to them the hot rolled coil business as well as the Company's business operations.

The Board of Directors has stipulated that the Management prepare a regular report for the Board of Directors to update on the development and succession plans in case they could not perform their duties.

6.1.2 Policy and guidelines related to shareholders and stakeholders

Shareholders' right protection and promotion of shareholders' right exercising

The Company's Board of Directors formulates the Policy regarding best practice on shareholders in writing in 2018. The Company realizes the shareholders are the Company's owners and the Company's duty is to generate added value to shareholders in long term. The policies are as follows:

Policy regarding best practice on shareholders

1. Perform duty with responsibility, carefulness and honesty under reasonable decisions on the ground that the information is sufficient and correct, they have no direct and indirect interest and perform with honesty for maximum interest to the Company, they perform over the right and suitable purposes and they shall not act over conflicts of interest to the Company.
2. Comply with laws, the Company's objectives and articles of association, directors resolutions shareholders meetings' resolutions, good practices in the accordance with the corporate governance policy and code of conduct and act to shareholders equally both major and minor shareholders for their maximum interests.
3. Manage and take care of the Company's assets not to be depreciated / lost illegally and provide an effective internal control and risk management systems.
4. Provide opportunities to shareholders to participate in the Company's business care and render opinions on operations under the equal acts to them.
5. Report the Company's status regularly, completely, truly and in-time to situations.
6. Furnish the Company's data, news and information truly, sufficiently, equally and in-time to shareholders for their decision-making.
7. Take care for the directors, executives and staff not to acquire their and related peoples' interest by furnishing the Company's confidential information or disclosing the Company's secret to outsider and / or performing any acts which may lead to conflicts of interest to the Company.
8. Provide the channels for irregularity informing and complaints such as website, mailbox, telecommunications etc. with informing and complaint responses and complainant protection in cluding systematic and fair feedback reports to informants and complainers.
9. Provide several channels to disclose the information as well as make a company's website to allow the shareholders to access the information conveniently and prepare the information in the easy to understand language both in Thai and English.

Providing time and opportunity for shareholders to express their opinions

The Chairman of the Board of Directors asked the meeting at the end of each agenda whether the shareholders ask questions related to the meeting agenda or related to the Company, whereby they could openly express their opinion. Any questions related to the meeting agenda or the Company together with shareholders' opinion as well as the answers or clarification made by the Board of Directors or the Company's management, were entirely recorded in the minutes.

The Company provided recording sound of the shareholders' meeting, and disclosed the significant matters arising during the meeting in the meeting minutes for reference in the future and enables shareholders who could not attend the meeting to follow up the meeting particulars.

Encouraging the shareholders to use the Proxy Form

The Board of Directors encouraged the shareholders to use the Proxy Form in voting APPROVE, DISAPPROVE, ABSTAIN by providing the Proxy Form B. Besides, the Company provided the shareholders with the Proxy Form A (general Proxy Form) and the Proxy Form C (only for custodian) published on the website prior to the meeting date for download.

Encouraging the shareholders to vote

The Board of Directors provided convenience for shareholders who could not attend the meeting but wish to exercise their voting rights by allowing them to assign proxy. The Company arranged independent director to attend the meeting and vote on behalf of the shareholders. Shareholders can appoint one of the two independent directors as their proxy.

Giving the shareholders opportunity to exercise right to appoint individual director

The Board of Directors encouraged the shareholders to use their voting rights by providing and distributing voting ballots at the registration before meeting. Voting ballots were provided for each issue of the agenda, such as dividend payment approval, independent auditor remuneration, and individual director appointment. The vote counting was recorded in the minutes of each meeting for transparency and reference in case of objection later.

Directors to attend the shareholders' meeting

With fully respect of shareholders' right, the attendance of all 9 Directors, including Chief Executive Officer, and Chief Financial Officer, comprised 10 persons attended the 2022 Annual General Meeting of Shareholders.

Practice for shareholders prior to the shareholders' meeting, at the shareholders' meeting, and after the shareholders' meeting

The Board of Directors and the Management have implemented the policy relating to shareholders' right that covers more the rights than those required by law, especially the right to general and significant information. At the Shareholders' Meeting, the Company provided the shareholders with sufficient opportunity to study the information to the meeting date via the Company's website. Such information was also published in both Thai and English similar to the hard copy the Company submitted to shareholders. To deliver to the documents of the Shareholders' Meeting ("Meeting"), the Company assigned the Thailand Securities Depository Company Limited (TSD), which is the Company's share registrar, to distribute the invitation to the Meeting to all shareholders prior to the Meeting date in order to provide shareholders with sufficient time to study the information. The Company clearly stated shareholders' meeting rules and process in the meeting invitation.

At the Meeting, the Company facilitated shareholders and shareholders' proxy to exercise their rights to attend the meeting by used a e-Voting system for registration and vote counting.

Furthermore, the moderator of the meeting also informed the Meeting the number and ratio of attending shareholders either by themselves or by appointment of proxies, the rule and voting process, the procedures of vote-casting, vote-counting, including notification of voting result. The shareholders' meeting minutes also included a record that the meeting was informed of the rules and voting process.

In addition, at the 2022 Annual General Meeting of Shareholders, the Company has assigned Quidlab Co., Ltd., witnesses in charge of the examination of voting disputes together with the Company

throughout the meeting, with the shareholders' right protection volunteer from Thai Investors Association serving as an observer.

After the Meeting, the Company compiled the document, including agenda, meeting resolutions, voting results, questions and shareholders' opinion expressed at the meeting, so as to provide the minutes of the Shareholders' Meeting for publishing on the Company's website in compliance with the regulations of SEC and SET.

Facilitating and equitable treatment of shareholders

The Board of Directors respected the equitable treatment to shareholders, and therefore the facilitation and equitation policy for shareholders was set as follows:

Policy on facilitating and equitable treatment of shareholders

1. The Board of Directors has the duties to respect the shareholders' rights and treat them equally.
2. The Board of Directors has the duties to encourage and support the shareholders to exercise their rights in any respects for the Annual General Meeting of Shareholders such as proposing an issue in the agenda in advance, nominating a person to be selectively director in advance, and submitting questions prior to the meeting, etc.
3. The Board of Directors has the duties to assist the shareholders in any respects such as supporting the shareholders to study information before making decision. For the voting, the Company supports the shareholders to authorize proxies by offering alternatives at least one independent director for the shareholders to authorize as their proxies.

Provide shareholders the opportunity to propose in advance an issue in the agenda of the shareholders' meeting

The Company allowed and assisted any shareholders to propose in advance an issue in the Annual General Meeting of Shareholders agenda by providing the consideration criteria published via the data system of SET and the Company's website prior to the Annual General Meeting of Shareholders. The criteria of proposing the agenda of the Annual General Meeting of Shareholders were the followings:

1. Qualification of shareholder who has the right to propose AGM agenda
Any shareholder who wishes to propose an item on the agenda must be a Company's shareholder at the date proposing the agenda holding a minimum of not less than five percent of the total shares issued by the Company, which can be either a shareholder or combined shareholders.
2. Proposal of the agenda
The shareholder fully qualified according to criteria No.1 can propose matters to be included in the agenda by filling in the "Form Proposed Agenda of AGM for the Year 2022" and submit it with other supplementary documents, to be submitted to the Company. In case of combined shareholders jointly propose an agenda, each shareholder must fill in the "Form Proposed Agenda of AGM" with signature and submit altogether as one set.
3. For an efficient AGM, the Company reserves its right not to include the following matters as the meeting agenda:
 - 1) Matters proposed by shareholders who are not fully qualified as specified in criteria No.1, or whose information or supporting documents enclosed are incorrect or incomplete or the proposal submitted after the deadline.
 - 2) Matters as stipulated by laws for consideration at AGM, which have been pursued regularly by the Company.

- 3) Matters relating to a normal course of business of the Company and/or matters already undertaken by the Company.
 - 4) Matters under the Company's management authority except ones causing material impacts on shareholders in general.
 - 5) Matters that shareholders already proposed in AGM within the past 12 months, and those under support by less than 10 percent of total voting shares, given that the factual events have not changed significantly.
 - 6) Matters unlikely to benefit the Company and/or matters previously submitted for consideration by other shareholders.
 - 7) Matters that violate applicable laws, rules, regulations of the government agencies or regulatory or involved agencies, or actions not in compliance with the objectives, Articles of Association and the Code of Conduct.
 - 8) Matters that are beyond the authority of the Company.
4. The above matters proposed by shareholders shall meet scrutiny by independent directors before further submission to the Board of Directors for consideration. The Company will notify the Board of Directors' consideration results after the BOD Meeting. Any matters, under approval by the BOD, will be included in the AGM agenda as attached in the Notice for AGM for the year 2022 accordingly.

Provide shareholders to nominate person for director position

The Company allowed and assisted any shareholders to nominate in advance qualified person as a candidate for the Company's director position in the agenda of Annual General Meeting of Shareholders by providing the consideration criteria published via the data system of SET and the Company's website prior to the Annual General Meeting of Shareholders. The Criteria for the Nomination of Candidate for Directorship in the Annual General Meeting of Shareholders (AGM) Agenda are as follows:

1. Qualification of shareholder who has the right to nominate a qualified person as a candidate for the Company's directorship election

Any Shareholder who wishes to propose a qualified candidate for directorship must be the Company's shareholder at the date proposing the candidate for directorship holding a minimum of not less than five percent of the total shares issued by the Company by a shareholder or combined shareholders.

2. Nomination of a qualified person as candidate for directorship

Shareholder fully qualified as in criteria No.1 can fill out the following forms:

- 1) Form Nominated Qualified Candidate for Directorship in AGM
- 2) Form Personal Data on Qualified Candidate for Directorship in AGM
- 3) Letter of Consent from the Nominated Candidate for Directorship in AGM

Together with other completed supplementary documents, to be submitted to the Company. In case of a combined shareholders jointly nominate a candidate, each shareholder must fill in the "Form Nominated Qualified Candidate for Directorship in AGM" with signature and submit altogether as one set.

3. Candidate must have the qualifications in compliance with related laws and regulations as prescribed by Securities and Stock Exchange Commission (SEC), The Stock Exchange of Thailand, The Public Company Limited Act, B.E. 2535 and the Company's Articles of Association.
4. The above nominated candidate, together with complete supplementary documents, as required shall be scrutinized by the Nomination and Remuneration Committee according to the

Nomination Process of the Company before further submission to the Board of Directors (BOD) for consideration. The Company will notify the Board of Directors' resolution after the BOD Meeting.

Preventing limitation of shareholders' rights to general information and information technology

Through publishing all information on the Company's website prior to the Shareholders' Meeting, the Company's Board of Directors supported and not to infringe the shareholders' rights exercise while the Company did not distribute additional document containing significant information during the meeting, or add or change meeting agenda or amend significant information without advance notice. There has been no complaint from shareholders on this case. Moreover, the Company updates current information and data published on its website.

Consider not to add an issue in the shareholders' meeting agenda

The Board of Directors complied with the policy on monitoring the shareholders' rights. In the Shareholders' Meeting, the Board of Directors strictly conducted the meeting in line with the agenda and did not distribute any additional documents suddenly, or add any issue in the agenda or change any significant information without advance notice.

Internal Information Protection

The Board of Directors stipulated the measures to prevent the directors, executives, and employees from using the internal information for their or others' benefits in the Code of Conduct covering the use of internal information for stock trading, the conflict of interest, and the confidentiality of information. The measures were notified through the Code of Conduct, training, and the Company's website. Besides, the secretary of the Board of Directors was assigned to notify the rules in data disclosure and monitor that the Board of Directors and executives report their asset possession including the disclosure of the conflict of interest and connected transaction between directors and executives. The Board of Directors has established measures for directors, executives and employees to comply with for the use of internal information as follows:

1. The Company's secretary is responsible for informing the directors and executives to report their securities holdings in their own company, spouse and underage children as well as to report on changes in securities holding under Section 59 and penalties under Section 275 of the Securities and Exchange Companies Act B.E. 2535.
2. The Board of Directors recommends the directors, executives and employees who know internal information to avoid trading the Company's shares before the disclosure of material information including the Company's financial statements which has an impact on changes in securities prices to the public, that is one month before the disclosure of information, and may offend to the Securities and Exchange Act.

Therefore, the Company has imposed penalties for any violation of the use of internal information for personal benefits in the Company's regulations, with the penalties ranging from verbal admonition to dismissal.

Conflict of interest

The Board of Directors shall consider connected transactions that may cause conflict of interest between shareholders, directors and the Management, with best prudence, integrity, reasonableness and independence within good business ethic framework. It also discloses complete information for the best benefit of the Company. The Board of Directors shall strictly conform to the criteria and procedures or regulations set by SET whereby the Audit Committee shall provide information about the necessity and appropriateness of such transaction. The Company has established preventive measures for Conflicts of Interest for Executives and Employees as follows;

1. The executives and employees must not take any actions for exploitation or misappropriation of property which should belong to the Company or the customers.
2. The executives and employees should avoid any situations, personal activities and financial interests that may conflict with the duties of executives and employees.
3. In case of the positions, duties and responsibilities of executives and employees give direct and indirect benefits to oneself or their family members (spouse, parents, children, relatives) or acquaintances, that executives and employees should not be involved in making any operational decision and must notify supervisors immediately.
4. The Company will avoid delegating duties and responsibilities to executives and employees in the event that it may lead to a situation causing conflict of interest of the Company or contrary to the benefits of the customers.
5. When the executives and employees involve in conducting external activities or holding external positions, such as being a director, consultant, representative, or being an employee in other organizations, such activities must not create a conflict of interest with the Company and the customers either directly or indirectly, must not cause any damage to the Company as well as must not affect the performance of duties of that person.
6. The executives and employees are prohibited from joining or taking a position in any other organization that conducts business in the same manner as the Company, conducts business that compete with the Company, or conducts business that may have conflict of interest with the Company.

The Board of Directors, having carefully studied and considered conflict of interest and connected transactions which may cause conflict of interest to the Company taking into account the shareholders' best benefits. The Board of Directors has received the information on interest transaction of the directors, executives and employees with the Company regularly.

Role of stakeholders

The Company respected and gave priority to all groups stakeholders' rights, not only particular to the applicable laws. In the past year, the Company newly considered indicating the stakeholders and established the additional policy and measure on monitoring the stakeholders in accordance with the Corporate Social Responsibility and Corporate Governance policy simultaneously adhered to conduct. The stakeholders of the Company shall be divided in 10 groups, as follows:

1. Employees and their families
2. Customers and creditors
3. Shareholders
4. Surrounding Community
5. Government Authorities
6. Suppliers and contractors
7. Analysts, Investors and Financial Institutions
8. Academics
9. Educational institutions
10. Mass media

The Board of Directors has established policies and measures for the treatment of stakeholders as follows;

Employees and their families

Employees and their families Treatment Policy

1. The Company provides compensation to employees based on fair performance consideration and measurable results, such as monthly salary, overtime income, production commission, life and health insurance, provident fund, etc.
2. The Company aims to continually promote and develop personnel to be knowledgeable and competent, such as providing trainings and seminars for executives and employees at all levels, etc.
3. The Company treats all employees with fairness and equality, such as the employee performance evaluation, the confidential resume and the use of employee welfares, etc.
4. The Company takes into account the rights of employees and provides opportunities for the employees to complain in the event that they do not receive fairness through various channels such as complaint boxes, human resources departments, etc. to take action to the matters.
5. The Company takes responsibility for maintaining work environment to be safe, hygienic and conducive to effective working, such as arranging cleaning activities (5S), setting up occupational health and safety department in order to control and take care of occupational health and safety of employees, etc.

Customers and Creditors

Customers Treatment Policy

1. The Company is responsible for building long-term relationships and cooperation with customers by adhering to honesty, trust and confidence on each other.
2. The Company has duty to achieve the highest customer satisfaction with responsibility, care, and giving priority to customers' problems and needs which requires all executives and employees to comply with the following measures;
 - 1) To adhere to presenting and delivering products that meet the quality standards as customer needs.
 - 2) To adhere to conditions as agreed with the customers at best.
 - 3) The price offering and trade terms for the customers in the same group shall be equal.
 - 4) To provide accurate and truthful information to customers about the properties and quality of the manufactured products in order to build confidence and fairness to the Company's customers.
 - 5) To be ready to answer customers' questions which includes handling complaints, giving advice and monitoring progress on various issues that has been notified from customers.

Creditors Treatment Policy

1. The Company is responsible for building relationships and treating creditors by adhering to honesty, trust and confidence on each other.
2. The Company has duty to take responsibility, pay attention and give importance to conditions as agreed with creditors at best.

Shareholders

Shareholders Treatment Policy

1. The Company has duty to protect and respect the basic rights of shareholders, namely; the right to purchase or transfer shares, the right to share in the profits of the enterprise and the right to receive sufficient business information. As well as, the right to attend the shareholders' meetings in order to appoint or remove directors, to appoint auditors, to allocate dividend, to prescribe or amend regulations or memorandum of association, to reduce capital or increase capital increase and to approve special items.
2. The Company shall promote and support the shareholders to exercise their rights in various matters at the annual general meeting of shareholders, namely; the right to propose agendas for the shareholders' meeting in advance, the right to nominate persons to be elected as directors in advance, the right to forward questions to the meeting prior to the meeting and the right to express opinions and raise questions to the meeting, etc.
3. The Company shall not take any action which violates or restricts the rights of shareholders.

Surrounding Community

Surrounding Community Treatment Policy

1. The Company and its employees shall adhere to conduct themselves as good citizens and to behave for the benefit of society and community.
2. The Company has duty to act in a friendly manner towards the surrounding community to the factory location and shall provide assistance to support the well-being of the community As well as, the Company shall take responsibility to manage solutions in case of problems resulting from the Company's operation fairly and equally.
3. The company shall foster and support beneficial activities to society and willingly cooperate with the government authorities and various agencies to sacrifice for the public good.

Government Authorities

Government Authorities Treatment Policy

1. The Company has duty to perform in accordance with related laws and regulations and also to achieve better practice and / or more than as required by laws and regulations.
2. The company shall support activities of government agencies on various occasion as appropriate.

Suppliers and Contractors

Suppliers and Contractors Treatment Policy

1. The Company is responsible for building good relationship with all suppliers and contractors.
2. The Company shall allow all suppliers and contractors to present products / services fairly by requiring all directors and employees involved with suppliers and contractors to comply with the following provisions;
 - 1) To cooperate with suppliers and contractors honestly and equally.
 - 2) To make consideration and decisions based on quality comparison and other conditions by taking into account of the short-term and long-term benefits of the Company.
 - 3) To maintain confidential information of suppliers and contractors. Any bribe or commission from the suppliers and contractors are prohibited. As well as the information

or offer of any suppliers and contractor shall not be disclosed to the others both directly and indirectly.

Analysts, Investors and Financial Institutions

Analysts, Investors and Financial Institutions Treatment Policy

1. The Company provides an opportunity for analysts, investors and financial institutions to receive information on the Company's operations and future trends in performance as appropriate in accordance with the terms of laws and good corporate governance of information disclosure.
2. The Company will facilitate by providing investment advice of the Company to investors.

Academics

Academics Treatment Policy

1. The Company provides an opportunity for academics to acknowledge the Company operation process as well as to exchange knowledge for the academic benefits and researches which are beneficial to domestic industry.
2. The Company supports the participation in the study of technological usage to improve production processes of the Company's products and the joint studies to develop useful innovations for the development of the country, such as; machinery, manufacturing processes, etc.

Educational Institutions

Educational Institutions Treatment Policy

1. The Company will promote knowledge on technology and production processes to educational institutions by giving priority to schools and educational institutions nearby the surrounding community.
2. The Company will support the educational institution's activities as appropriate.

Mass Media

Mass Media Treatment Policy

1. The Company considers the rights and freedom of the mass media to disseminate information and news of the Company to public.
2. The Company will support the mass media's activities as appropriate.

Stakeholder Engagement Mechanism

The Board of Directors has established the stakeholder engagement mechanism as follows:

1. The Company provides complaint and/or comment boxes which is prominently installed in front of the office and in front of the Company's factory.
2. The Company arranges public relations, such as outdoor advertising by the safety department and the human resources department will travel to publicize the environmental care in production process for the surrounding community to acknowledge and understand as well as asking for opinions from people in the community.
3. The Company provides channel to directly send suggestions to the Company's website on the topic of Investor Relations.
4. The Company sends its representatives to visit the surrounding community every year.

Preventive Measures for violations against Stakeholder

The Company has established preventive measures for violations against stakeholder as follows;

Employees and their families

Preventive Measures for violations against Employees and their families

At present, the Company has arranged the employees' compensation and welfare thoroughly as well as strictly follow the employee treatment policy. Moreover, the Company also arranges complaint boxes for receiving complaints and/or suggestions from employees as a channel to report complaints from employees who suffered from work.

Customers and Creditors

Preventive Measures for violations against Customers and Creditors

At present, the Company has taken care of customers according to the customer treatment policy and set up the Customer Service Department to serve as a complaint center from customers in case of they have problem and need help.

To prevent damage from violations against debtors and creditors, the executives will consider the qualifications of all debtors and creditors prior to the transaction in order to prevent the later occurrence of problems. The consideration based honesty and reliability.

Shareholders

Preventive Measures for violations against Shareholders

At present, the Company has taken actions to protect and take care of the basic rights of shareholders, both the right to receive media information and the right to attend the shareholders' meeting along with supporting the exercise of rights in addition to the law.

In this regard, the Company has assessed and followed up on actions to prevent damage from violations against shareholder from both internal organization assessment, which will be evaluated by the management team who supervises the right of shareholders, and external organization assessment from "*Quality Assessment Program (AGM Checklist)*", which is annually evaluated by the SEC, Thai Investors Association and the Association of Listed Companies.

Surrounding Community

Preventive Measures for violations against Surrounding Community

The Company has prevented damage from violations against surrounding community by following the surrounding community treatment policy in building good relations with the society and surrounding community as well as provide assistance and support for the well-being of the community.

However, if there is such a case occurred, the Company has set measures by assigning the human resources department to handle complaints directly and report to the management team for consideration and further actions.

Government Authorities

Preventive Measures for violations against Government Authorities

The Company has prevented the damage from non-compliance with laws and regulations by having the legal department to monitor the performance of all departments in the Company regularly in order to comply with the law.

Suppliers and Contractors

Preventive Measures for violations against Suppliers and Contractors

The Company has prevented the damage from violations against suppliers and contractors by setting policy to build good relationship with all suppliers and contractors as well as treating them equally.

Analysts, Investors and Financial Institutions

Preventive Measures for violations against Analysts, Investors and Financial Institutions

The Company provides the opportunity for analysts, investors and financial institutions to receive information on the Company's operations and future trends in performance. In addition, the Company also provides investment advice through channels. Inquiries can be sent both via Investor Relations and via the Company's website.

Academics

Preventive Measures for violations against Academics

The Company has provided the opportunity for academics to visit the factory and has given information on methods, operational processes of the company's products production for academic benefits as well as has regularly cooperated with academics to study and improve production technologies.

Educational Institutions

Preventive Measures for violations against Educational Institutions

The Company has cooperated with educational institutions to provide the opportunities to visit the Company's factories and arrange lectures on technology and production processes to educational institutions as well as provide support for various activities consistently.

Mass Media

Preventive Measures for violations against Mass Media

The Company has strictly adhered to the policy of taking into account the rights and freedoms of the media in disseminating the Company's news to the public and has consistently provided support for various activities.

Relationship with investors

The Company has a policy on significant information, including general information, to be disclosed properly, completely, reliably, sufficiently, timely, and transparently, including general information that may affect the Company's share price, assigning the Company's representative to communicate with the institute and individual investors as well as analysts and concerned government agencies. The Company's website is used as a channel to distribute all information, such as the information regarding the Company, business, financial information, news that may affect investment decision, reports submitted to the SET, the Company's activities, and shareholders' meeting details, in order to enable shareholders to keep updated of the Company's movement and information.

Whistleblower Protection Mechanisms

The Board of Directors has established a channel for whistleblowing or complaints of acts that violate or fail to comply with the law, the principles of good corporate governance, the business ethics, the Company policies and regulations and actions that may imply corruption. All employees and third parties can report the matters through the complaint channels:

- **Internal Complaint**

Chanel 1

Internal Audit Department
G J Steel Public Company Limited
88 PASO Tower, 24 th Floor, Silom Road, Suriyawong,
Bangrak, Bangkok 10500
Tel. 02-267-8222 ext. 5610,5611
e-mail : IA@gjsteel.co.th

Chanel 2

Human Resource and Administration Department
Tel. 038-345-950 ext. 1320
e-mail : HRA@gjsteel.co.th **or** Send mail to :
Corruption Reporting Box at the front of Factory's entrance
and the front entrance door of Head-Office.

- **External Complaint**

Compliance Department
G J Steel Public Company Limited
88 PASO Tower, 24th Floor, Silom Road, Suriyawong,
Bangrak, Bangkok 10500
Tel. 02-267-8222 ext. 5995
e-mail : compliance@gjsteel.co.th

The Board of Directors has set up protection for whistleblowers by not disclosing but collecting information of the whistleblower confidentially and has set a process for actions after a whistleblower has reported an issue.

6.2 Business ethics

The Board of Directors has prepared a manual “Business Ethics and Code of Conduct For Executives and Employees” (“**Code of Conduct**”), which focuses on the principles of good corporate governance and in accordance with the Company’s vision, mission, business goals and key objectives of the Company to use as guideline in performing their duties and to strictly and consistently implement in terms of business operations, equitably with fair treatment towards stakeholders, including the matters related to conflict of interest, information confidentiality and possible fraudulent use of information, bribes, and gifts, including the anti-corruption. In this regard, the Company has distributed the Code of Conduct to the new directors, executives, and employees; and reviewed other ethics for the existing directors, executives and employees to understand ethical standards applied to its business operation. The Board of Directors has set the guidelines and organize a strong operation system to prevent corruptions with an internal audit system, lead to a corporate governance to truly.

Please find more details in “Attachment 5 Code of Conduct”.

6.3 Material changes and developments regarding policy, guidelines and corporate governance system in the preceding year

Further to the Board of Directors having stipulated and approved the written good corporate governance policy, a review is to be made at least once a year.

Adoption of the Corporate Governance Code for Listed Companies 2017 (CG Code)

In the year 2022, there are principles of Corporate Governance Code for Listed Companies 2017 (“CG Code”) that the Company has not been adopted, such as providing outsource consultants to help setting up guidelines and recommend issues for performance evaluation of the Board of Directors every 3 years and disclosing such actions in the annual report.

However, the Company arranges the Board of Directors to do an individual performance appraisal annually by using the self-assessment form of the Board of Directors (CG Self-Assessment) in accordance with the standards of the Stock Exchange of Thailand then present to the Board of Directors meeting for performance consideration and problems solutions as well as improving efficiency and work effectiveness.

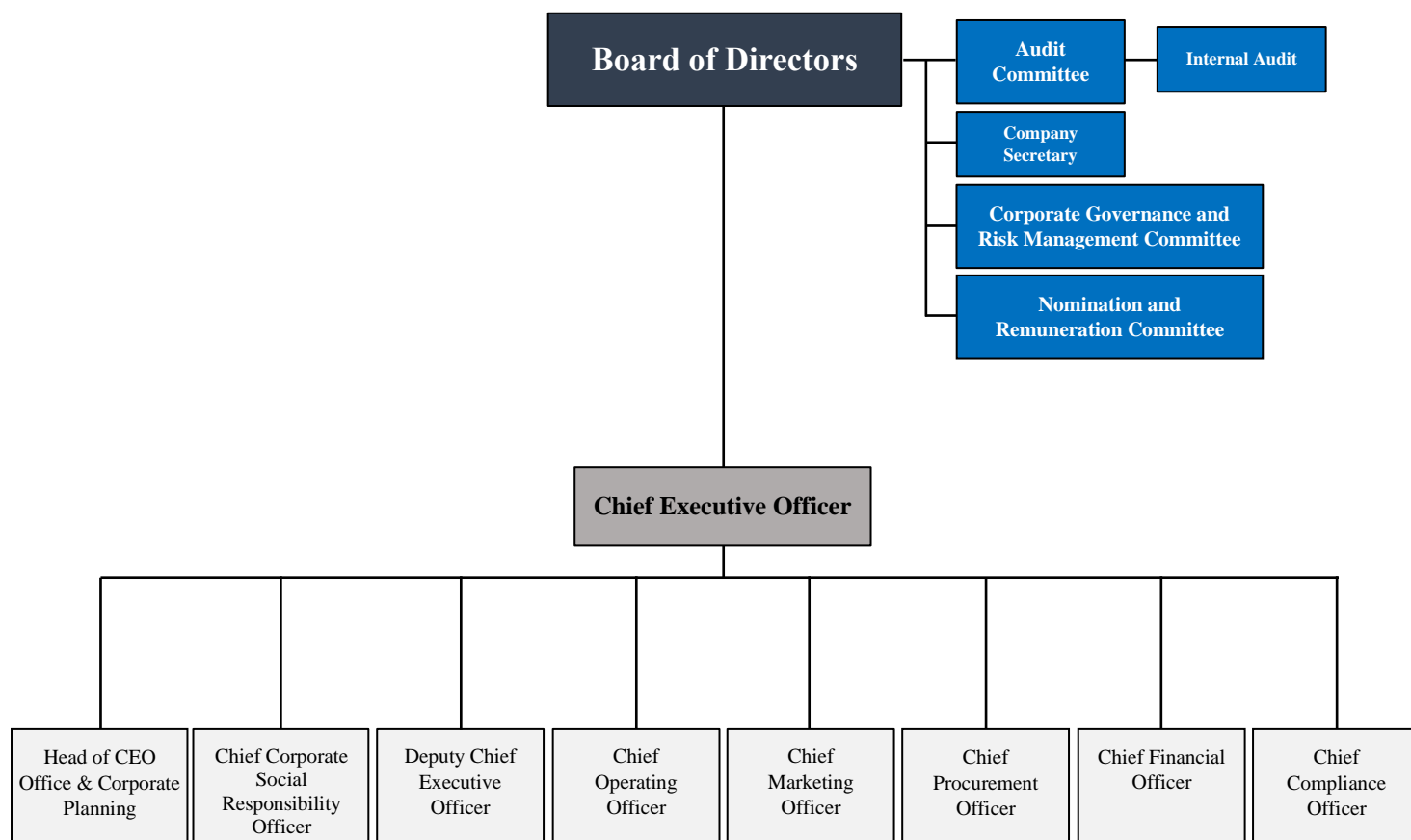
Other corporate governance practices

During the year 2022, there was no change in the Company’s shareholdings of directors and executives.

7. Corporate governance structure and significant information related to the Board of Directors, subcommittees, executives, employees and others

7.1 Corporate Governance Structure

The Company has the Organization Chart of the Company as follows;



7.2 Information on the Board of Directors

The Company's Board of Directors comprises of 9 members including:

Name	Position
1.Mr. Stephen Karl Stewart	Chairman and Independent Director/ Audit Committee Member
2.Assoc. Prof. Niputh Jitprasonk	Independent Director/ Chairman of the Audit Committee
3.Dr. Prasit ⁽¹⁾ Kanchanasakdichai	Independent Director/ Audit Committee Member
4.Mr. Ichiro Sato	Director/ Non-Executive Director
5.Mr. Nobuo Okochi	Director/ Executive Director
6.Mr. Kenichi Hoshi	Director/ Executive Director
7.Mr. Bantoon Juicharern	Director/ Executive Director
8.Mr. Yanyong Kurovat	Director/ Executive Director
9.Mr. Somchai Leeswadtrakul	Director/ Executive Director

Remarks:

- (1) The Board of Directors' Meeting No. 1/2566 held on 23 February 2023 resolved to acknowledge the resignation of Mr. Yingsak Jenratha as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company, and approve the appointment of Dr. Prasit Kanchanasakdichai as

Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company replacing Mr. Yingsak Jenratha, with effect from 24 February 2023.

Information about the Honorary Chairman

Dr. Somsak Leeswadtrakul is the Honorary Chairman of the Company

Definition

Non-Executive Director means outside directors who are not the Company's executives or employees, or executive directors, or authorized directors

Executive Director means directors who are involved in routine operation and management as well as are authorized directors.

7.2.1 The composition of the Board of Directors

The Board of Directors consists of management directors, whose knowledge and ability can give in-depth commentary on the steel business and plan business strategies. While the independent directors and non-executive directors are versed in the overall industry, finance, banking, asset management, legal auditing and other business knowledge, which make the opinions expression at the Board of Directors' meetings be constructive. The consideration and decision making of the Board of Directors depend on the benefit of the Company as priority.

Power balance of non-executive directors

The Company seriously takes into account the balance of the management of the Board of Directors (Check and Balance). In addition, there is a clear diversity in the structure of the Board of Directors (Board Diversity). At present, the Board of Directors has various qualification of skills, experiences and talents that are beneficial to the Company. They also dedicate time and effort in performing duties in order to strengthen the Company to have a strong Board of Directors. The sub-committees has been appointed to support the Board of Directors to study the details, to monitor, to control operations and to screen the assigned business. The scope of duties and responsibilities are clearly defined. Currently, there are 4 sub-committees have been appointed with different roles and duties as detailed in the topic "7.3 Information on subcommittees".

The structure of the Company's Board of Directors comprises the executive directors totaling 5 persons, and 4 non-executive directors, totaling 9 persons. The balance of power by independent directors is 33.33 percent (account for one-third of Board members).

Authorized Directors are as follow;

"(1) (a) either Mr. Yanyong Kurovat or Mr. Somchai Leeswadtrakul jointly signs with (b) either Mr. Nobuo Okochi or Mr. Kenichi Hoshi or Mr. Bantoon Juicharern, totaling 2 persons (one from each of (a) and (b)), together with the Company's seal being affixed or (2) Two out of Mr. Nobuo Okochi or Mr. Kenichi Hoshi or Mr. Bantoon Juicharern jointly signs with the Company's seal being affixed."

Roles and responsibilities of the Board of Directors

The Roles and Responsibilities of the Board of Directors

The Company's Board of Directors has the power and duties in accordance with the law and resolutions of the shareholders' meeting. However, the board cannot approve or consider anything except by approval of the majority vote of the attending directors of the board meeting.

1. Supervise and manage the operations of the Company in accordance with the law, regulations, policies against corruption and Articles of Association as well as a resolution of the shareholders' meeting, protect the interests of the Company and its shareholders on the basis of

the principles of corporate governance and disclose sufficiently accurate, standardized and transparent to shareholders and related parties.

2. Define vision, mission and strategic direction of the Company, including review vision, mission and strategy regularly to ensure compliance with the Company's business plan.
3. To consider and approve the budget and operations of the Company, including the use of company resources.
4. The Board of Directors has the power to sell or mortgage any immovable property of the Company or lending any of the Company's real estate over than 3 years old or give or compromise, or filed in any court, arbitrator, or both, under the enforcement of the public limited company law.
5. Arrange a meeting of shareholders at the Annual General Meeting not later than 4 months after the year-end closing of the company and arrange Extraordinary General Meeting of Shareholders when it is needed.
6. Ensure that the communication with shareholders and stakeholders of each company is appropriate.
7. Provide accounting system, financial reporting and auditing as well as ensure that the system of internal control and internal audit is efficient and effective.
8. Provide the statement of financial position, Cash Flow Statement and the income statement at the end of the accounting year of the Company, offer to the shareholders in the Annual General Meeting to consider and approve the statement of financial position, Cash Flow Statement, and profit and loss statement. The Board of Directors shall arrange for the audit to be completed prior to submission to the Shareholders' Meeting.
9. Provide financial reports and other information important to shareholders with accurate, complete and adequate with verification and monitoring data reports.
10. Oversee and manage conflicts of interest that may arise in related party transaction.
11. Establish a committee such as the Risk Management Committee, the Nomination and Remuneration Committee, Corporate Governance Committee, with monitoring and supervision.
12. Provide guidelines for comprehensive risk management and the management systems or an effective process for managing risk to control and audit the preparation of financial controls, operational and regulatory performance including control and risk management.
13. Ensure the Nomination and Remuneration Committee to be transparency and independence in performing their duties, taking into account the specifications as defined by the Company and according to the principles of good governance set by the Stock Exchange of Thailand.
14. Provide supporting policy and promote the implementation of good corporate governance principles in the management and operation of the Board of Directors, the management and staff substantially to ensure the organization will be managed in a transparent and fair to all stakeholders supporting by anti-corruption policy in accordance with the principles of corporate governance to build confidence among shareholders, investors and stakeholders.
15. The Board of Directors has the authority to appoint members of the board of directors to be Executive Committee to control the management of the Company. The Executive Committee shall report to the Board of Directors.
16. The Board of Directors has the authority to appoint any person as a Chief Executive Officer to manage the affairs of the Company under the control of the Board which can be withdrawn by the Board of Directors.

17. The Board of Directors must inform the Company without delay if there is an interest in a contract made by the Company, directly or indirectly, shares or debentures, increase or decrease in the Company or its affiliates.

However, in the case of any implementation on any matter that any directors or possible vested interests according to the notification of the Security and Exchange Commission (“SEC”) and/or the Stock Exchange of Thailand (“SET”) as stakeholders or conflict of interests, and the Company has designated it, so that director has no power to approve that matter. However, it is only for the overall benefit of the Company or the shareholders as priority.

Responsibilities of the Chief Executive Officer

1. To formulate business plan, investment plan, and annual budget plan for approval by the Executive Committee and/or the Board of Directors.
2. To operate the Company’s business in compliance with the law, the Company’s objectives, Articles of Association, and Code of Conduct, including the Board of directors’ resolutions with honest and for the Company’s benefit.
3. To be responsible for the overall management and to deliberate all the Company’s policies to achieve the preset objectives and within the policy, business plan and budget plan approved by the Board of Directors.
4. To approve an execution or payment according to the Company’s authorization regulations or annual budget approved by the Board of Directors.
5. To recruit, hire, transfer, reshuffle, suspend or terminate employment of any executives or employees and to stipulate scope of roles and responsibilities as well as appropriate remuneration. For the positions equivalent to Senior Vice President or higher to report to the Board of Directors, while for the positions equivalent to the Internal Audit Department executives, the proceeding shall be made with the Audit Committee’s consideration.
6. To appoint respective authorized persons to sign the Company’s document in the areas of accounting, finance, purchase, production, sales and general management, as well as other important document.
7. To set, change, revise or cancel any rules, regulations, order, announcement, punishment measures and internal control systems for use as guideline for all employees and to enable the internal management to be executed as per the Company’s policies.
8. To appoint advisors in various aspects significant to the operations for the best benefits of the Company. The CEO is empowered to appoint attorney(s) to file lawsuit or defend case related to the Company.
9. To assign person(s) to perform task on his/her behalf as deemed appropriate. Such authorization can be terminated, changed or modified.
10. To report the Company’s performance, progress of any projects and financial status to the Board of Directors.
11. To perform other works assigned by the Board of Directors.

In case that the CEO or other persons with possible conflict of interest, the CEO shall have no right to approve such matter.

7.3 Information on subcommittees

The Company’s Management Structure consists of the Board of Directors and 4 subcommittees namely the Management Committee, Audit Committee, Nomination and Remuneration

Committee and Corporate Governance and Risk Management Committee. Details of the Committee's scope of authorities and responsibilities are as follows;

Position in Sub-Committees

No.	Name	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee and Risk Management Committee	Management Committee
1.	Mr. Stephen Karl Stewart	✓	✓	✓	
2.	Assoc. Prof. Niputh Jitprasonk	✓	✓		
3.	Dr. Prasit Kanchanasakdichai	✓		✓	
4.	Mr. Ichiro Sato				
5.	Mr. Nobuo Okochi		✓		
6.	Mr. Kenichi Hoshi			✓	
7.	Mr. Bantoon Juicharern				✓
8.	Mr. Yanyong Kurovat				
9.	Mr. Somchai Leeswadtrakul		✓		

* = Chairman

1. Information on Audit Committee

Audit Committee Member means persons appointed by The Board of Directors or the Company's Shareholders. The Audit Committee members must be independent directors and not to be directors assigned by the Board of Directors to make decision on business operations of the Company, parent companies, subsidiaries, joint venture, similar subsidiaries, or any juristic persons that may have conflict of interest. They must be neither the director of parent companies, subsidiaries, joint venture, or similar subsidiaries. They must have qualifications and responsibilities as announced by the SEC and as per the SET's regulations on the qualifications and work scope of audit committee. They must also have sufficient knowledge and experience to review the reliability of the financial statements and perform other duties in the capacity as Audit Committee members.

The Audit Committee comprised 3 directors as listed below.

No.	Name	Position
1.	Assoc. Prof. Niputh ⁽¹⁾ Jitprasonk	Chairman of the Audit Committee
2.	Mr. Stephen ⁽¹⁾ Karl Stewart	Member of the Audit Committee
3.	Dr. Prasit ⁽¹⁾⁽²⁾ Kanchanasakdichai	Member of the Audit Committee

Remark:

- (1) Member of the Audit Committee possessing the relevant knowledge and experience in finance and accounting, and able to review the credibility of the Financial Statements
- (2) The Board of Directors' Meeting No. 1/2566 held on 23 February 2023 resolved to acknowledge the resignation of Mr. Yingsak Jenratha as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company, and approve the appointment of Dr. Prasit Kanchanasakdichai as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company replacing Mr. Yingsak Jenratha, with effect from 24 February 2023 .

Responsibilities of the Audit Committee

1. Internal Control and Internal Audit

- 1) Review the Company's internal control system and internal audit system to ensure that it is suitable and effective.

- 2) Review the independence of the Internal Audit Department.
 - 3) Consider and approve the annual audit plan of the Company together with the Internal Audit Department, including the budget used in the audit process taking into account the risks involved.
 - 4) Supervise the management to correct any defects found any follow up and correct the deficiencies to make the operation more efficient.
 - 5) Review evidence if there is any doubt about the operation that may have significant impact on the organization or defective or there are conflicts of interest that may affect the operation or internal control system, and propose to the Board of Directors for further consideration.
 - 6) Review the measures taken by the Company for countering the anti-corruption and bribe as part of good corporate governance.
 - 7) Consider and approve the appointment, transfer, terminate of the chief internal audit.
 - 8) Evaluate performance and approve wages bonus or other compensation of internal auditors.
 - 9) Promote understanding among the Audit Committee, the Management, the Internal Audit Department and the Auditor in order to ensure a unified direction.
 - 10) Review the scope of the audit with the Company's auditor to ensure consistency and mutual contribution.
2. Financial Statements and Disclosure
- 1) Review the Company's financial reporting process to ensure that it is accurate and adequate.
 - 2) Review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of the SET, and are reasonable and for the highest benefit of the Company.
 - 3) Review the evidence if there is any doubt about the operation that may have a significant impact on the company's performance or conflicts of interest that may affect the operation of the Company.
3. External Auditor
- 1) Consider, evaluate, select and propose the appointment of an independent person to appoint as the Company's auditor based on creditability, resource adequacy, workload of the audit firm and experience of auditor. In addition, in order to ensure the independence of the external auditor, the audit committee shall consider factors such as non-audit services that may conflict with the auditor's independence, efficiency and professionalism.
 - 2) Recommend the removal of the auditor due to lack of ability dereliction or malpractice.
 - 3) Attend the meeting with the auditor without the management attends the meeting at least once a year.
 - 4) Suggest that the auditor review or exam the items deemed necessary and it is important during the audit of the Company.
 - 5) Review the work of accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audits, review or attest services for the Company (including resolution of disagreements between management and the auditor regarding financial reporting).
4. Compliance and Law
- 1) Verify that the company has complied with the applicable laws, securities and the SET regulations or government regulations.

- 2) Review evidence in case there are any suspected transactions or acts that may violate the law or the regulations of the SEC, the SET or government regulations which has or may have an impact to the financial position and performance of the company significantly.
5. Risk Management
Review the corporate risk management system at least once a year.
6. Other Responsibilities
Other tasks assigned by the Board of Directors with the opinion by the Audit Committee.
7. Expertise
In case of necessity, the Audit Committee may recommend the Board of Directors to hire specialists to consult and solve problems of the Company, unless such consultation or solution relates to the duties and obligations of the Audit Committee which shall then be in accordance with the Evaluation of the Audit Committee.

In any case where any Audit Committee member or parties with possible conflict of interest, have conflict of interest with the Company or its affiliates, the acquisition or sale of assets of listed companies and connected transactions (if any), as per announcements of the SEC and/or the SET, the Audit Committee shall report the matter to the Board of Directors and/or the shareholders' meeting for consideration and approval in compliance with related law and regulations.

2. Information on Nomination and Remuneration Committee

Nomination and Remuneration Committee Member means a person appointed by the Board of Directors as a member of the Nomination and Remuneration Committee. For the transparency and independence in performance of duties, the Chairman of the Nomination and Remuneration Committee shall be an independent director and no less than half of total number of the committee members shall be the independent directors. In addition, the committee member shall have sufficient knowledge and experience to nominate directors and senior executives of the Company and to conduct other duties as the nomination and remuneration committee member, provided that the qualifications of the committee member shall be prescribed by the Company and in accordance with the corporate governance principles prescribed by the SET.

The Nomination and Remuneration Committee are as listed below.

No.	Name	Position
1.	Assoc. Prof. Niputh Jitprasonk	Independent Director and Chairman of the Nomination and Remuneration Committee
2.	Mr. Stephen Karl Stewart	Independent Director and Member of the Nomination and Remuneration Committee
3.	Mr. Nobuo Okochi	Member of the Nomination and Remuneration Committee
4.	Mr. Somchai Leeswadtrakul	Member of the Nomination and Remuneration Committee

Responsibilities of the Nomination and Remuneration Committee

1. To formulate criteria and policy in nominating directors, members of different committees and the Chief Executive Officer.
2. To consider and nominate appropriate persons to be appointed as directors, and members of different committees as well as the Chief Executive Officer for approval by the Board of Directors and/or Shareholders' Meeting.

3. To stipulate all rules and policies on remunerations for the Board of Directors, committees and Chief Executive Officer for approval by the Board of Directors and/or, as the case may be, the Shareholders' Meeting.
4. To set necessary and appropriate annual remunerations for the Board of Directors, committees and the Chief Executive Officer.
5. To report to the Board of Directors the Nomination and Remuneration Committee meeting results or other matters the Board of Directors should be informed.
6. Other duties assigned by the Board of Directors.

3. Information on Corporate Governance and Risk Management Committee

Corporate Governance and Risk Management Committee Member means a person appointed by the Board of Directors as a member of the Corporate Governance and Risk Management Committee. The Corporate Governance and Risk Management Committee will perform their duties to review and assess the effectiveness of the risk management, to report to the Internal Audit Committee any risk progress and risk management measures in due courses and to propose, review and implement the guidelines for good corporate governance including the related laws that regularly changed and to be utmost benefit of the Company.

The Corporate Governance and Risk Management Committee has performed the duties in reviewing the system and assessing the effectiveness of risk management, reporting on the progress of the nature of the risk with guidelines for risk management to the Audit Committee within the prescribed period, proposing good corporate governance practices to the Board of Directors, including reviewing and amending such practices to be constantly in accordance with the changing regulations and related laws in order to achieve good governance according to international standards and gain the most benefits to the Company.

The Corporate Governance and Risk Management Committee are as listed below.

No.	Name	Position
1.	Mr. Stephen Karl Stewart	Independent Director and Chairman of the Corporate Governance and Risk Management Committee
2.	Dr. Prasit ⁽¹⁾ Kanchanasakdichai	Independent Director and Member of the Corporate Governance and Risk Management Committee
3.	Mr. Kenichi Hoshi	Member of the Corporate Governance and Risk Management Committee

Remark:

- (1) The Board of Directors' Meeting No. 1/2566 held on 23 February 2023 resolved to acknowledge the resignation of Mr. Yingsak Jenratha as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company, and approve the appointment of Dr. Prasit Kanchanasakdichai as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company replacing Mr. Yingsak Jenratha, with effect from 24 February 2023 .

Responsibilities of the Corporate Governance and Risk Management Committee

1. To set a risk management policy that can be applied to all the organization.
2. To review and assess the effectiveness of the risk management at least two (2) times a year and every period that the risk level changes, including paying attention and monitor risk warning signs as well as irregular items, including Anti-Corruption risk.
3. To report to the Internal Audit Committee any risk progress and risk management measures within the provided period for the best benefits of the Company.

4. To propose and review the policy on the good corporate governance, and Anti-Corruption Policy of the company to the board of directors.
5. To develop and review the process or guidelines on good corporate governance to present or recommend to the board of directors.
6. To follow up and monitor the operations of the management to comply with the policies and guidelines on good corporate governance of the company approved by the board.
7. To perform other duties as the board assigns related to the good corporate governance.
8. To report on the operations about the supervision of the company to the board.

4. Information on Management Committee

The Management Committee comprises of 4 members as follows;

No.	Name		Position
1.	Mr. Bantoon	Juicharern	Chairman of the Management Committee
2.	Mr. Yasuhiro	Sakamoto	Member of the Management Committee
3.	Mr. Toshikazu	Mukaiyama	Member of the Management Committee
4.	Mr. Rajeev	Jhawar	Member of the Management Committee

7.4 Information on executives

Executives

The Company's Executives are as follows:

No.	Name		Position
1.	Mr. Bantoon	Juicharern	Chief Executive Officer
2.	Mr. Yasuhiro	Sakamoto	Chief Operating Officer
3.	Mr. Toshikazu	Mukaiyama	Head of CEO Office & Corporate Planning and Chief Marketing Officer and Acting Chief Procurement Officer
4.	Mr. Sittisak	Leeswadtrakul	Deputy Chief Executive Officer
5.	Khunying Patama	Leeswadtrakul	Chief Corporate Social Responsibility Officer
6.	Mr. Rajeev	Jhawar	Chief Financial Officer and Chief Compliance Officer

Remarks:

- (1) The Board of Directors' Meeting No. 1/2566 held on 23 February 2023 resolved to approve the appointment of Mr. Toshikazu Mukaiyama, Head of CEO Office & Corporate Planning and Chief Marketing Officer as an Acting Chief Procurement Officer of the Company as another position, with effect from 1 March 2023.

Remuneration for directors and executives

As for 2022, the Nomination and Remuneration Committee meeting has considered the scope of duty and responsibility assigned and at the same range as that offered to directors in listed companies of similar size and in the same industry. Including considering the overall operation results, business environment and economy as a whole, endorsed the matter to be proposed to the Board of Directors for further proposal to the Annual General Meeting of Shareholders to approve the director remuneration for the year 2022, in which the amount is the same as the remuneration for the year 2021 approved by the Annual General Meeting of Shareholders. The details are as follows:

Remuneration for the Board of Directors for year 2022

Position	Position Remuneration (Baht/Month)	Monthly Remuneration (Baht/Month)	Meeting Allowance (Baht/Time)
Chairman of the Board of Directors	60,000	-	6,250
Director	-	20,000	5,000
Chairman of the Audit Committee	60,000	-	6,250
Audit Committee Member	-	-	5,000
Chairman of the Nomination and Remuneration Committee	-	-	6,250
Nomination and Remuneration Committee Member	-	-	5,000
Chairman of the Corporate Governance and Risk Management Committee	-	-	6,250
Corporate Governance and Risk Management Committee Member	-	-	5,000
Others	-	-	-

Remark:

The directors holding executive position or employee of the Company and receive salary shall not receive any of the remuneration stated in the above table and in the case where a director holds more than one position, such director shall only receive remuneration for the position with the highest remuneration.

Monetary remuneration of the Executives in the form of salaries and other payments

Unit: Million Baht	2022 (31 December 2022)	2021 (31 December 2021)
Salary	19	14
Employee Benefits	6	1
Provident Fund	1	1
Incentive Program	<u>2</u>	<u>174</u>
Total	<u>28</u>	<u>190</u>

Remark: The remuneration of the Executives comprises of the remuneration for 8 executives.

7.5 Information on employees

Number of employees

As of 31 December 2022, the Company has a total of 665 employees, which are separated under the following functions:

Functions	Number of Employees
Corporate	42
Production	623
<u>Total</u>	<u>665</u>

Remuneration for Employees (million Baht)	Total (million Baht)
Total (Comprises of salary, provident fund and others)	530

The proportion of employees is classified by gender, age, and level as follows;

Gender	Number of Employees	Proportion by Gender (%)
Male	541	81
Female	124	19
<u>Total</u>	<u>665</u>	<u>100</u>

Age	Number of Employees	Proportion by Age (%)
Under 30 years old	74	11
Between 30-50 years old	506	76
Above 50 years old	85	13
<u>Total</u>	<u>665</u>	<u>100</u>

Level	Number of Employees	Proportion by Level (%)
Staff-Assistant Manager	612	92
Manager	27	4
General Manager up	26	4
<u>Total</u>	<u>665</u>	<u>100</u>

7.6 Other significant information

A Person who supervising accounting (Account Controller)

Ms. Varaporn Chalermrattanakomol, General Manager - Accounting, with the qualifications specified by the Department of Business Development, had been appointed as the person supervising accounting (Account Controller) of the Company. The Account Controller is responsible for reporting correct and complete accounting details according to accounting standards and financial reporting standards; and attends Continuing Professional Development Program in compliance with the criteria, methods, and timeline according to the laws.

Company Secretary

The Company has assigned Ms. Arttaya Sookto as the Company Secretary, to perform the duties of Company Secretary on giving the advices regarding laws and regulations which the Board of Directors shall be aware, to monitor the Board of Directors' conduct as well as to coordinate and follow up the execution to be according to the Board of Directors' resolution.

Responsibilities of the Company Secretary

- 1) To give basic advice to the Board of Directors on related laws, regulations and provisions of the Company in accordance with the good corporate governance practices, as well as follow up and monitor the compliance to be accurate and consistent.
- 2) To arrange meetings of the Board of Directors, committees and shareholders in accordance with the applicable laws, the Company's regulations and practices, as well as complying with the good corporate governance policy of the Company and the SET.

- 3) To monitor the disclosing of data and information to the responsible government agencies according to the regulations and requirements of related organizations, including communicating with shareholders and take care of them appropriately.
- 4) To provide and keep the following documents
 - a) Directors' Record
 - b) Invitation letters and minutes of the Board of Directors meetings, as well as the Company's annual report.
 - c) Invitation letters to shareholders for the meeting and the minutes.
- 5) To keep the conflict of interest report provided by directors or executives.
- 6) To support the Board of Directors' task as assigned.
- 7) To operate other tasks as specified by the SET's Capital Market Supervisory Board.

Head of internal audit

The Company's internal audit department directly reports to the Audit Committee. It is responsible for overseeing internal audits performance operation, the internal control, assurance and consulting independently efficiently and effectively. At the present, the Audit Committee has appointed Miss Jurai Chailertdilokkul to as the head of the internal audit, the details are given in attachment 3 details about the head of internal audit.

Head of compliance unit

The Company has assigned Mr. Rajeev Jhawar as a Chief Compliance Officer to ensure that the Company will supervise the performance of the Company to comply with laws, rules, regulations, orders, announcements from both inside and outside the organization. The qualifications of the person holding the position as in Attachment 1.

Head of investor relations

The Company has assigned Ms. Arttaya Sookto, Company Secretary to follow up and collect relevant news and information to support executive in dealing with external parties including analysts and investors and maintain good relationships with analysts and investors. Should there be any need for additional information, investors can directly contact the Investor Relations Department via these channels:

Investor Relations - IR

G J Steel Public Company Limited

88 PASO Tower, 24th Floor, Silom Road, Suriyawong,
Bangrak, Bangkok 10500

Tel: +66(0) 2267-8222 Ext. 5954

E-mail: ir@gsteel.com

Auditor

As the year 2022 Annual General Meeting of Shareholders held on 29 April 2022, resolved to approve the appointment of Baker Tilly Audit and Advisory Services (Thailand) Co., Ltd. as the Auditor of the company, in the auditing for the year 2022 and reviewing the quarterly financial statements, details of the certified public accountant are as follows:

- | | |
|----------------------------------|--|
| (1) Mr. Apichart Sayasit | Certified Public Accountant License No. 4229 |
| (2) Miss Wimolsri Jongudomsombut | Certified Public Accountant License No. 3899 |
| (3) Ms. Wilawun Budsabathon | Certified Public Accountant License No. 5550 |

Audit Firm and Affiliates remuneration

Audit fee

In the year 2022, the Company paid the audit fee to the Company's auditors for the prior financial year in the amount of 3,780,000 baht.

Non-Audit Fee

-None-

8. Report on key operating results related to corporate governance

8.1 Summary of duty performance of the Board of Directors in the past year

The Board of Directors has established policies and strategies that can lead to enhancing competitiveness, building culture and corporate values, as well as enhancing governance efficiency, sufficiency of internal control system and risk management of the organization and provide other opinions that are beneficial to the organization's development.

8.1.1 Selection, development and evaluation of duty performance of the Board of Directors

The nomination of directors

The Nomination and Remuneration Committee has duties to consider and define criteria and process of recruiting a qualified person to be appointed as Director and Chief Executive Officer of the Company, select the Directors to be Subcommittees, consider the format and principals for the compensation and selection as defined by the nomination process then propose to the Board of Directors or the shareholders' meeting for approval.

In addition, for nominating the directors, the Company announced to invite the shareholders to propose the names of qualified candidates and not prohibited by laws in advance for the positions of the directors in the 2022 Annual General Meeting of Shareholders via the Company's website and the SET's channel during 1 December 2021 to 28 January 2022. In this regard, the Company has received from one shareholder (Miss Aroonsri Rattanatanyaporn) a proposal of a candidate (Mr. Somkiart Rattanatanyapone) to be elected for the Company's director position to be included in the agenda of the AGM.

On 24 March 2022, the said shareholder has notified the Company of her intention to withdraw the Proposal to nominate the person to be appointed as the Company's director in the AGM from the consideration of agenda of the shareholders in the AGM.

Thus, in the 2022 Annual General Meeting of Shareholders, 3 directors shall retire, with the Nomination and Remuneration Committee has thoroughly and carefully conducted the review of its screened under the Company's nomination policy to selected qualified and suitable individuals to be proposed to hold the position of the Company's directors in accordance with the qualifications, working experiences, skills, and expertise, as the proportion of the Board members, including the performance of the directors during the past year. The Nomination and Remuneration Committee considers that the 3 persons are fully qualified as directors and had duly performed their duties as the members of the Company's Board of Directors and Sub-Committees well throughout the time.

In addition, the Nomination and Remuneration Committee has considered that the director who is nominated to be re-appointed as an independent director of the Company, is fully qualified as an independent director under the relevant laws and regulations and is able to independently express his opinion in compliance with relevant regulations, and has not assumed directorship or executive position in any businesses that may cause conflict of interest with the Company's.

The Nomination and Remuneration Committee, excluding the directors who are proposed for re-election, casted their votes individually to propose to the Board of Directors to propose to the Shareholders' Meeting to consider the re-election of the 3 retired directors. The 3 persons are proposed to be as the independent director and directors of the Company for another term.

Therefore, the nomination procedures are reported under Part 2, Corporate Governance, the topic of "The nomination and appointment of Directors and Executives" the topic of "Provide shareholders to nominate person for director position" and the topic of "Information on Nomination and Remuneration Committee".

Directors and Executives development

The Board of Directors encouraged and provided the training courses to develop and educate the Company's directors and members of committees so as for the continuous improvement in performing their tasks. In 2022, details of Directors and executive's attendance of training are as follows:

No.	Name and Position	Course	By Organization
1	Mr. Rajeev Jhavar Chief Financial Officer	E-learning CFO Refresher Course	The Stock Exchange of Thailand

Self-Assessment of the Board of Directors

In the past year, the Company Secretary has prepared the "CG Self-Assessment", and submitted to individual directors for considering his/her achievement and for resolving problems individually, as well as for the work efficiency improvement.

8.1.2 Meeting attendance and remuneration payment to each Board member

In 2022, there were 9 the meetings of the Board of directors, in which held according to the Articles of Association of the Company and the Public Limited Companies Act B.E.2535 (1992). There were the opportunities for directors to discuss on the significant matters with carefulness. In this connection, the Company Secretary had attended the meeting in order to take minutes, respond the directors' inquiries and recommendations. Therefore, the directors or relevant persons can follow and monitor the matter properly.

Details of meeting attendance of Directors for year 2022 are as follows:

Name	Board of Directors Meeting/ Attendance	Audit Committee Meeting/ Attendance	Nomination and Remuneration Committee Meeting/ Attendance	Corporate Governance and Risk Management Committee Meeting/ Attendance	The 2022 Annual General Meeting of shareholders / Attendance
1. Mr. Stephen Karl Stewart	9 / 9	6 / 6	4 / 4	4 / 4	✓
2. Assoc. Prof. Niputh Jitprasonk	9 / 9	6 / 6	4 / 4	-	✓
3. Dr. Prasit ⁽¹⁾ Kanchanasakdichai	0 / 0	0 / 0	-	0 / 0	-
4. Mr. Ichiro ⁽²⁾ Sato	8 / 8	-	-	-	✓
5. Mr. Nobuo ⁽²⁾ Okochi	8 / 8	-	3 / 3	-	✓
6. Mr. Kenichi ⁽²⁾ Hoshi	8 / 8	-	-	4 / 4	✓
7. Mr. Bantoon ⁽³⁾ Juicharearn	8 / 8	-	-	-	✓
8. Mr. Yanyong Kurovat	9 / 9	-	-	-	✓
9. Mr. Somchai Leeswadtrakul	9 / 9	-	4 / 4	-	✓

Remarks:

- (1) The Board of Directors' Meeting No. 1/2566 held on 23 February 2023 resolved to acknowledge the resignation of Mr. Yingsak Jenratha as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company, and approve the appointment of Dr. Prasit Kanchanasakdichai as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company replacing Mr. Yingsak Jenratha, with effect from 24 February 2023.
- (2) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to approve the Appointment of Directors in replacement of the Directors that have resigned, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time)
 - 1) Mr. Ichiro Sato
 - 2) Mr. Nobuo Okochi
 - 3) Mr. Kenichi Hoshi
- (3) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of Mr. Kanit Sukonthaman as Director, Chief Executive Officer and Chairman of the Executive Committee of the Company,

and approve the appointment of Mr. Bantoon Juicharn as a new Director and the new Chief Executive Officer of the Company replacing Mr. Kanit Sukonthaman, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).

Remuneration for individual Directors for year 2022

Name of Directors	Remuneration for Director (Baht)	Meeting Allowance (Baht)				Total (Baht)
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Corporate Governance and Risk Management Committee	
1. Mr. Stephen Karl Stewart	720,000	56,250	30,000	20,000	25,000	851,250
2. Assoc. Prof. Niputh Jitprasonk	720,000	45,000	37,500	25,000	-	827,500
3. Dr. Prasit ⁽¹⁾ Kachanasakdichai	-	-	-	-	-	-
4. Mr. Ichiro ⁽²⁾⁽⁴⁾ Sato	-	-	-	-	-	-
5. Mr. Nobuo ⁽²⁾⁽⁴⁾ Okochi	-	-	-	-	-	-
6. Mr. Kenichi ⁽²⁾⁽⁴⁾ Hoshi	-	-	-	-	-	-
7. Mr. Bantoon ⁽³⁾⁽⁵⁾ Juicharn	-	-	-	-	-	-
8. Mr. Yanyong Kurovat	240,000	45,000	-	-	-	285,000
9. Mr. Somchai Leeswadtrakul	240,000	45,000	-	20,000	-	305,000
Total	1,920,000	191,250	67,500	65,000	25,000	2,268,750

Remarks:

- (1) The Board of Directors' Meeting No. 1/2566 held on 23 February 2023 resolved to acknowledge the resignation of Mr. Yingsak Jenratha as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company, and approve the appointment of Dr. Prasit Kachanasakdichai as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company replacing Mr. Yingsak Jenratha, with effect from 24 February 2023.
- (2) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to approve the Appointment of Directors in replacement of the Directors that have resigned, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time)
 - 1) Mr. Ichiro Sato
 - 2) Mr. Nobuo Okochi
 - 3) Mr. Kenichi Hoshi
- (3) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to acknowledge the resignation of Mr. Kanit Sukonthaman as Director, Chief Executive Officer and Chairman of the Executive Committee of the Company, and approve the appointment of Mr. Bantoon Juicharn as a new Director and the new Chief Executive Officer of the Company replacing Mr. Kanit Sukonthaman, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).
- (4) The director(s) has tendered his intention not to receive position remuneration, monthly remuneration and meeting allowance.
- (5) The directors holding executive position or employee of the Company and receive the remuneration in a form of salary, shall not receive any of the remuneration and meeting allowance.
- (6) Remunerations details of resigned directors, with effect from 24 February 2023 for year 2022 are as follows;

No.	Name of Resigned Directors	Directors' Remuneration Amount (Baht)
1.	Mr. Yingsak Jenratha	335,000

- (7) Remunerations details of resigned directors, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time) for year 2022 are as follows;

No.	Name of Resigned Directors	Directors' Remuneration Amount (Baht)
1.	Mr. Andreas* Rizal Vourloumis	-
2.	Mr. Richard* Jim Yee	-
3.	Mr. Sudhir* Maheshwari	-
4.	Mr. Kanit** Sukonthaman	-
	Total	None

- Remark: * The directors holding executive position or employee of the Company and receive the remuneration in a form of salary, shall not receive any of the remuneration and meeting allowance.
- ** Mr. Kanit Sukonthaman was executives of the Company. Therefore, He was not receive any of the remuneration and meeting allowance.

8.1.3 Supervision of subsidiaries and associated companies

The Company has no subsidiaries.

8.1.4 Monitoring of compliance with the corporate governance policy and guidelines

The Company realizes the importance of good corporate governance by establishing policies and practices relevant to the Code of Conduct and good corporate governance. In the past year, the Company has followed up on the implementation of good corporate governance including employees, stakeholders, community and social responsibility, safety, health and environment which the follow-up results showed that the Company has completely followed the guidelines of each issue. In addition, the Company has followed up 4 additional issues of good corporate governance as follows:

(1) Prevention of conflicts of interest

The Board of Directors has formulated measures and approval procedure of connected transactions between the Company or persons who may have conflict of interest. The persons who may have direct or indirect conflict of interest shall not be allowed to make decision on the matter. The Audit Committee is required to participate in the consideration and provide opinions on the necessity and reasonableness of the items proposed for the best benefits of the Company. The connected transactions are also required to be disclosed in the Notes to the Financial Statements prepared by using the generally accepted accounting principles published in the Annual Report.

In the past year, it was not found that the directors, executive directors and employees had any case that might create a conflict of interest.

(2) Use of inside information to seek benefits

The Company gives importance on the use of internal information by specifying that the directors, executives and employees must follow for the use of the Company's internal material information which has not been disclosed to the public for personal or others benefits, including trading in the Company's securities.

In the past year, it was not found that the directors, executive and employees had traded any securities during the period that the Company had set to refrain from trading

Moreover, the Company accurately, adequately, timely and transparently disclosed the financial and non-financial information required by the SEC and SET through SET's online system and the Company's website. The Company has never been punished by the SEC or SET for not disclosing the information as required. Also, the Company regularly appraises the efficiency of information disclosure process and strictly follows the regulations. The Company published and regularly updated all significant information submitted to the SET and provided all shareholders and stakeholders with such information both in Thai and English so as for equal access to the information.

(3) Anti-corruption action

The Company places an importance on the business operation with honest, taking responsibility for society and its stakeholders. The Company also adheres to the principles of good governance, Code of Conduct of the Company ("Code of Conduct") for its business operation, including in compliance with requirements of laws strictly to comply with the Good Corporate Governance and with the Good Corporate Governance Standard generally acceptable for the listed companies, the meeting of Board of Directors No. 11/2560 on 13 November 2017 has considered and unanimously resolved to approve the Anti-Corruption Policy, announced and communicated with all directors, executives and employees of

the Company for enhancing their knowledge and understanding of the importance of Anti-Corruption policy. As a result, all directors, executives and employees of the Company have been involved and recognized of the implementation of imposed practices and relevant regulations in the Company's business operation. In this connection, the internal audit of the company has the duty/responsibility to follow up on the anti-corruption and bribery and opens an opportunity for its employees to report such the incident via the comment box or email or by phone to it directly. Such implementation may be made with a precaution and confidentiality. It also shall be no disclosure on the accusing source and the whistle blower is given protection, and it shall be reported to the inspection committee for further consideration or implementation.

In addition, the company also announced its intention to be the Thai private sector's anti-corruption coalition and was certified as a member of the coalition on 5 November 2018. In 2021, the Company submitted an application for a 3-year extension of its certification as a member of the Private Sector Collective Action Coalition Against Corruption, which was granted on 31 December 2021 and will expire on 31 December 2024.

(4) Whistleblowing

The Board of Directors had specified the whistleblowing policy for providing the opportunities for employees and stakeholders, having a channel for complaints and reporting illegal acts.

In the past year, it was found that one incident has been reported:

<u>Incident:</u>	The Inspection Staff reported that a truck driver of the logistic agent tried to give him money as a New Year's gift.
<u>Result of examination:</u>	The truck driver did not comply with the company's policy.
<u>Action taken:</u>	Blacklist the truck driver, install additional CCTV, install additional sign showing "no gifts policy" at the entrance of the factory.

8.2 Audit Committee Performance Result

In 2022, the Audit Committee convened a total of six meetings, all of which were attended by all members of the committee. The performance result of the Audit Committee in the previous year, which have been disclosed, include the following:

1. Financial Statements Review
2. Internal Control Systems and Internal Audit Review
3. Related Party Transaction or Potential Conflicts of Interests Review
4. Review of the risk management process
5. Consider selection of the External Auditor and propose to appointment

Find more details in "Attachment 6: Audit Committee Report"

8.3 Summary of the results of duty performance of subcommittees

The Nomination and Remuneration Committee

In 2022, the Nomination and Remuneration Committee held 4 meetings, the details of the meeting attendance of the Nomination and Remuneration Committee Members are as follows:

No.	Name	Number of Attendance
1.	Assoc. Prof. Niputh Jitprasonk	4 / 4
2.	Mr. Stephen Karl Stewart	4 / 4
3.	Mr. Nobuo Okochi ⁽¹⁾	3 / 3
4.	Mr. Somchai Leeswadtrakul	4 / 4

Remark:

- (1) The Board of Directors' Meeting No. 1/2565 held on 16 February 2022 resolved to approve the appointment of Mr. Nobuo Okochi as a Nomination and Remuneration Committee Member replacing Mr. Sudhir Maheshwari, with effect from 17 February 2022 at 11.00 a.m. (Bangkok time).

The Nomination and Remuneration Committee has attended the meeting in order to follow up and consider important matters assigned by the Board of Directors, which can be summarized of the results of duty performance as follows:

1. To review the structure and composition of the Company's Board of Directors, Sub-Committees' Members including the suitable number of Directors given the nature of the Company's business, and determine the rules and procedures for recruitment and qualifications of, and identify, suitable candidates for the roles of Directors, Sub-Committees' Members and Executives, before endorsing to the Board of Directors' Meeting and/or proposing to the Shareholders' Meeting for consideration and approval.

2. To formulate the policies for reviewing the rules for determining Monetary Remuneration and Non-Monetary Remuneration for the Directors, Committees' Members, as well as the compensation structure for Executives to ensure that they are appropriate and fair, before endorsing to the Board of Directors' Meeting and/or proposing to the Shareholders' Meeting for consideration and approval.

The Corporate Governance and Risk Management Committee

In 2022, the Corporate Governance and Risk Management Committee held 4 meetings, the details of the meeting attendance of the Corporate Governance and Risk Management Committee Members are as follows:

No.	Name	Number of Attendance
1.	Mr. Stephen Karl Stewart	4 / 4
2.	Dr. Prasit ⁽¹⁾ Kanchanasakdichai	0 / 0
3.	Mr. Kenichi Hoshi	4 / 4

Remark:

- (1) The Board of Directors' Meeting No. 1/2566 held on 23 February 2023 resolved to acknowledge the resignation of Mr. Yingsak Jenratha as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company, and approve the appointment of Dr. Prasit Kanchanasakdichai as Independent Director, Audit Committee Member and Corporate Governance and Risk Management Committee Member of the Company replacing Mr. Yingsak Jenratha, with effect from 24 February 2023.

The Corporate Governance and Risk Management Committee has attended the meeting in order to follow up and consider important matters assigned by the Board of Directors, which can be summarized of the results of duty performance as follows:

1. To formulate and introduce the policies, guidelines, and recommendations to ensure good governance of the Company's businesses, encourage ethical organization culture and follow the corporate governance policy and the Company's code of conduct including review and revise the corporate governance policy and the Company's code of conduct as appropriate, before proposing to the Board of Directors' Meeting for consideration.

2. Reviewed and oversaw the appropriateness and effectiveness of the Company's risk management quarterly, including monitoring the progress made in managing key risks identified as having significant impact on the business. The Committee ensured the methods and mitigation tactics deployed were adequate and then followed up and advised on the mitigation of risks, including strategic, operating, financial, and other risks, considering both external and internal factors.

The Management Committee

In 2022, the Management Committee held 25 meetings, the details of the meeting attendance of the Management Committee Members are as follows:

No.	Name	Number of Attendance
1.	Mr. Bantoon Juicharern	25 / 25
2.	Mr. Yasuhiro Sakamoto	24 / 25
3.	Mr. Toshikazu Mukaiyama	25 / 25
4.	Mr. Rajeev Jhavar	25 / 25

The Management Committee has performed the duties in managing the Company's business, considering and setting up various policies, business plans, investment plans and annual budget plans of the Company to present to the Board of Directors for approval as well as monitoring, supervising and controlling the operation in order to achieve the goals of the plan approved by the Board of Directors and as assigned by the Board of Directors. In addition, The Management Committee has reported the Company's operating results in each quarter throughout the year including the annual turnover to the Board of Directors for acknowledgment.

9. Internal control and related party transactions

Internal Control

The Company consider providing the assessment of adequacy of internal control system, comprising the 5 sections: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. The Company's Board of Directors deems that the Company provides an adequacy of Internal Control. There is also has the Risk management Committee to review the system and evaluate the effectiveness of risk management throughout the year.

The Company not only has had sufficient internal control on its transactions related to the major shareholders, directors, executives or their related parties, but also its Board of Directors have encouraged the management to continuously improve the quality of the internal control to strengthen Good Corporate Governance.

The Corporate Governance and Risk Management Committee has considered the internal control sufficiency evaluation form for year 2022 to be in line with the Company's management. And has been reviewed by the Audit Committee.

Assessment of Adequacy of Internal Control System

The Board of Directors considered the assessment of the Company's adequacy of internal control for 2022, as described under of the following 5 sections:

Section 1 Control Environment

The Company's Board of Directors were responsible for directing the Company's business operations, setting business targets for short term (1 year), medium term (5 years) and long term (10 years), along with annual budgeting process, with periodical follow-ups, and also reviews or revisions on the business plan during the implementation in accordance with the situations over time, meanwhile brought to the Board of Directors for consideration and approval.

The Board of Directors has considered setting the target on the operations with circumspection and review that it can comply with the actual targets by analyzing the incentive and remuneration for its employees to be justified.

The Company has clearly defined its organizational structure, separating the administration into two parts, which are the production and maintenance functions, and the support functions, for the management's convenience and optimal efficiency in operations.

The Company has the Code of Conduct, which laid out the ethical policy and business code of conduct with regard to ethics for the management and employees to be prohibited from actions that would cause any conflicts of interest with the Company and its business partners, including establishing policies and practices guide in anti-corruption according to the company has adoption to the Thai Institute of Directors as a member of the Private Sector Collective Action Coalition against Corruption Program as well as the determination of penalties for violations.

The Company has made out the concise written policy and work procedures concerning financial transactions, procurement and general administration that have prevented frauds, also with authorization limits clearly stated.

The Company has continuously developed the information systems as a tool to control possible frauds as well.

To lay out the policy and action plans, the Company has taken fair treatment to the business partners into consideration, by stating the policy and practical principles in the Company's Business Code of Conduct for the management and employees to keep good relationship with all business

partners, as well as a measure on treating the business partners honestly, equally, keep confidentiality, and prohibited to receive gifts from the business partners.

Section 2 **Risk Assessment**

The Company stipulated that the Management to have a meeting every week. Management of each area will present operation performance together with problem and risk facing in order to find solution and prevention.

The Risk Management Committee will analyze and report progress of characteristics of risk and direction of risk management to maximize benefit to the Company.

The Risk Management Committee stipulated measures to appraise the efficiency of risk control in various areas and to reduce possible risks that may affect the Company's operation.

The Risk Management Committee has defined the Annual Risk Management Plan and assigned the Management to proceed with the actions in accordance with the Plan and then report back to the Risk Management Committee.

Section 3 **Control Activities**

The Company clearly separated the responsibilities of each function with workflow provided, clearly reviewed the regulation on approval authorization in financial and operational matters for the Management to manage the operations with most efficiency. The Company is aware of the importance of a good system of internal control because the good system will be well able to help prevent, administrate and manage a variety of risks or damages which may occur to the Company and its stakeholders.

The Company has determined the measure and procedure for related transactions, and the policy for conflicts of interest altogether in the codes of conduct for the management and employees, with assigning the internal audit department to continuously perform audits and report direct to Audit Committee. Moreover, the Company prohibits any interested parties from approving transactions that would lead to conflicts of interest. In decision making to approve any transactions, the Company mainly viewed the most benefits in a long run. If any transactions were likely to cause conflicts of interest, they had to be reported to Audit Committee or brought to Audit Committee for opinions, as the case may be.

The Company followed up the actions to be taken under the bound contracts and agreements continuously. The Company has had the measures to keep its operations in conformity to the laws to minimize its business risks by employing an external specialized legal counsel to help review documents and give consultation on several proceedings. The Company also has internal audit department to perform audits based on the rules, regulations and laws concerned.

Section 4 **Information and Communication**

The Company gives importance to the quality of information and communication systems that are crucial support to efficient internal control performance, with the following administrative guideline for information system:

In the Board of Directors' Meetings, Secretary to the Board and the management prepared documents and details of the important agenda for Board of Directors' consideration in advance as information for decision making. And if there were additional details afterwards, the Company provided them as supplemental meeting materials sent to the Board of Directors before or on the day of meeting.

The Company sent the Board of Directors' Meeting invitation letters and the minutes of the previous meetings together with the meeting materials to the Company's Directors for their information each meeting in advance, on average 7 days prior to the day of meeting.

The Company made out minutes of the Board of Directors' Meetings, recording the significant information as well as suggestions, comments and objections (if any), and brought the minutes to the Board of Directors for acceptance in the following meetings. Chairman of the Board gave chances to the Directors to independently rectify or add contents to the minutes.

The Company arranged storing places for accounting entries documents and important documents by category.

The Company has applied the accounting policy of Generally Accepted Accounting Principles, under the control and audit by external certified auditors.

The Company has had proper internal communication systems and channels. In addition, the Company has provided the external interested parties with communication channels via its website and e-mail.

Section 5 Monitoring Activities

The management reported the performance results to Executive Committee and the Company's Board of Directors every quarter. In addition, the Company prepared the annual budget for the following year and would use it as benchmark for the performance appraisal and make systematic comparative analysis report to the Board of Directors.

The Company arranged management meetings weekly to follow up operation results and comparison with the targets and discuss the ways for corrective actions in case the targets were not achieved. Moreover, the Project Committee was appointed to support the Company's targets aiming at development of the operational systems to control the operations as targeted.

The Company arranged for audits on conformity to the established internal control system regularly by the internal audit department making a yearly audit plan that covered finance, operations and the actions taken under the regulations and laws concerned to evaluate efficiency and effectiveness, and also to audit the conformity to the existing internal control system.

The audit result report and progress report. The internal audit department was assigned to report direct to the Audit Committee, follow up and evaluate the significant corrective actions in order to present to Audit Committee and the Board of Directors.

The Company has a policy that its management to have duty and responsibility to report to the Board of Directors regarding the decisions made that significantly affected or might affect the Company's reputation and financial position, including the problems found, such as frauds or illegal actions.

Related Transactions

The Company has transactions with person who may have conflict of interest for related transactions are transactions with the shareholders and/or the management of the Company that can summarize the relations as follows:

Name of Company and Person who may have Conflict of Interest	Nature of Relationships
Nippon Steel Corporation (“NSC”)	Indirect ultimate shareholder
Asia Credit Opportunities I (Mauritius) Limited (“ACO I”)	Major shareholders and a subsidiary of NSC
Link Capital I (Mauritius) Limited (“Link Capital I”)	Subsidiary of NSC
Nippon Steel Trading Corporation (“NST”)	Associate of NSC
Nippon Steel Trading (Thailand) Co., Ltd. (“NSTTH”)	Subsidiary of NST
Nippon Steel Southeast Asia Co., Ltd. (“NSSEA”)	Subsidiary of NSC
NS-Siam United Steel Co., Ltd. (“NS-SUS”)	Subsidiary of NSC
Thai Nippon Steel Engineering & Construction Corporation Co., Ltd. (“TNS”)	Subsidiary of NSC
G Steel PCL (“G Steel”)	Same indirect ultimate shareholder
Siam Professional Holdings Co., Ltd. (“SPH”)	Subsidiary of G Steel
GS Securities Holdings Co., Ltd. (“GS Securities”)	Subsidiary of G Steel

Related transactions from 2020 to 2022 as detail below:

1. Transaction with Nippon Steel Corporation

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2022	As of 31 Dec 2021	As of 31 Dec 2020	
- Other receivable	0.04	-	-	The management is of the opinion that such transactions is under a normal business condition in its operations.

2. Transaction with Link Capital I (Mauritius) Limited

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2022	As of 31 Dec 2021	As of 31 Dec 2020	
- Financial costs	-	111.83	207.93	The management is of the opinion that such transactions are necessary and justified, including approved by the Company board of director's meeting under the approval of the Company board of audit committee and announcement through SET on 13 November 2017 whereby its purpose is for repayment its debts and for the Company's working capital, purchase of raw materials and increasing the capacity.
- Commitment fee	-	13.77	13.37	
- Short-term loan	-	-	311.39	
- Long-term loan - net	-	-	739.06	
- Interest payable	-	-	77.93	

3. Transaction with Nippon Steel Trading Corporation

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2022	As of 31 Dec 2021	As of 31 Dec 2020	
- Purchase of raw material	616.32	-	-	The management is of the opinion that such transactions is under a normal business condition in its operations.

4. Transaction with Nippon Steel Trading (Thailand) Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2022	As of 31 Dec 2021	As of 31 Dec 2020	
- Sales of finished goods	32.22	-	-	The management is of the opinion that such transactions is under a normal business condition in its operations.

5. Transaction with Nippon Steel Southeast Asia Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2022	As of 31 Dec 2021	As of 31 Dec 2020	
- Other expenses	3.11	-	-	The management is of the opinion that such transactions is under a normal business condition in its operations.

6. Transaction with NS-Siam United Steel Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2022	As of 31 Dec 2021	As of 31 Dec 2020	
- Other Expense	0.08	-	-	The management is of the opinion that such transactions is under a normal business condition in its operations.
- Accrued Expense	0.03	-	-	

7. Transaction with Thai Nippon Steel Engineering & Construction Cooperation Co., Ltd.

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2022	As of 31 Dec 2021	As of 31 Dec 2020	
- Purchase of fixed assets	23.74	-	-	The management is of the opinion that such transactions is under a normal business condition in its operations.
- Accrued Expense	2.37			

8. Transaction with G Steel PCL

Characteristics of the Transactions	Size of Transaction/Balance (Million Baht)			Necessity and Justification of the Item
	As of 31 Dec 2022	As of 31 Dec 2021	As of 31 Dec 2020	
- Sales of raw materials and finished goods	61.62	0.72	144.31	The management is of the opinion that such transactions is under a normal business conditions in its operations.
- Other income	-	-	0.07	
- Purchase of raw materials	-	-	37.40	

Measures or Procedures for Approval of the Related Transactions

The related transactions have to comply with the securities and exchange law and rules, notifications, orders or requirements of the SET and SEC. Those who may have a conflict of interest or have an interest of that related transactions, cannot vote in such transactions. The Board of Directors and the Audit Committee have to review and monitor the related transactions, while the management and/or the non-vested director shall proceed and make a decision on the related transactions. This does not include the transaction that is the normal course of business operations.

However, the procedure on approval of a related transaction shall comply with the Company's regulations by seeking an opinion from the audit committee to consider the necessity and justification and notify to or request an approval as per SEC and SET's regulations. By means of it is required to be consistent with the guidelines of the SET and the SEC for making any related transactions as a listed company. Moreover, the Company has a policy for the related transaction in the future which related to the normal business operation and lending as follows:

1. Normal business operation and supportive transaction in the normal course of business which is the general commercial conditions.

In the future the Company may have a transaction in the nature of the normal business and the supportive transaction in the normal course of business which has the general commercial conditions dealing with the person who may have a continuous conflict of interest in the future, e.g. sales and purchase of goods, lease of office or lease of place for organizing a seminar. The requirement on making the related transactions shall comply with the conditions on the normal commercial conditions like pricing for related transaction should be similar to the fair price for the general customers.

2. Normal business operation and the supportive transaction in the normal business which is without the general commercial conditions, and the other related transactions.

In the future the Company may have a transaction in the nature of the normal business and the supportive transaction in the normal course of business which is without general commercial conditions, and the other related transactions dealing with the person who may has a continuous conflict of interest in the future, e.g. the transaction with the allies who provide consultancy on the Company's strategy. The Company shall comply with the designated conditions in the contract strictly. In addition, if there is a related transaction in the future the Company has to follow the measures and procedures on approval of the related transactions. The Board of Company's Directors may not approve any transactions that they may have a conflict of interest in accordance with the specified scope of the authority of the board.

3. Lending

The Company does not lend to other companies, including its allies who are providing the consultancy on the Company's strategy. However, if it is necessary to proceed, the Company has to follow the measures and procedures on approval of the related transactions. The Board of Company's Directors shall not approve any transactions that they may have a conflict of interest in accordance with the specified scope of the authority of the board.



Part 3

Financial Statements

G J STEEL PUBLIC COMPANY LIMITED

Financial Statements

For the Year Ended December 31, 2022

and Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of G J Steel Public Company Limited

Opinion

I have audited the financial statements of G J Steel Public Company Limited ("the Company"), which comprise the statement of financial position as at December 31, 2022, and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matter

Key audit matter is the matter that, in my professional judgment, was of most significance in my audit of the financial statements of the current period. This matter was addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on this matter.

Key Audit Matter Details	Auditor's Approach
<p><i>Assessment of impairment loss on property, plant and equipment and unusable machines held for sale</i></p> <p>The Company has significant property, plant and equipment and unusable machines held for sale which are stated at cost less accumulated depreciation and allowance for impairment losses.</p> <p>The management assesses the impairment test on property, plant and equipment and unusable machines held for sale when they have an impairment indication by using the estimated recoverable amounts (the higher asset's selling price or value in use). The recoverable amounts are assessed by the management based on its value in use, determined by discounting future cash flows to be generated from the continuing use of property, plant and equipment and related assumptions such as forecast on industry growth rate, forecast on revenues and steel scrap price spreads margin and forecast on capital expenditures, selling expenses and operating expenses. The unusable machine's selling price is based on the market price of steel scrap calculated by management.</p> <p>The management's judgement over key assumptions and discount rate and market price of steel scrap will be affected by changes of future economic and market situation. Hence, I focused on this area.</p>	<ul style="list-style-type: none"> • Understood the process of estimated recoverable amount (the higher asset's selling price or value in use) using for impairment testing. • Evaluated the significant assumptions applied by the management in preparing the cash flow projections including discount rate used to discount future cash flows. • Compared and evaluated the cash flow projections, key assumptions and discount rate to the management's budget and business plan, historical and current actual operations, economic and industries. • Tested calculation of recoverable amounts according to the management's financial models or the unusable machine's selling prices according to the management calculation and compared with the carrying values of property, plant and equipment and unusable machines held for sale. • Considered the adequacy and appropriateness of disclosures made in notes to financial statements.

Other Information

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

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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

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

In preparing the 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

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

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

- Identify and assess the risks of material misstatement of the 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 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. I describe this 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.

(Ms. Wimolsri Jongudomsombut)
Certified Public Accountant, Registration No. 3899
Baker Tilly Audit and Advisory Services (Thailand) Ltd.
Bangkok
February 23, 2023

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

A S S E T S

		In Baht	
	Notes	2022	2021
CURRENT ASSETS			
Cash and cash equivalents	5	2,215,289,179	800,466,397
Trade account receivables	6	59,829,290	-
Inventories - net	7, 25	2,217,239,315	2,789,087,135
Other current assets - net	8	144,812,204	57,664,222
Total Current Assets		4,637,169,988	3,647,217,754
NON-CURRENT ASSETS			
Property, plant and equipment - net	4, 9, 11, 12, 25	8,601,489,269	12,561,726,221
Other intangible assets - net		4,705,704	3,604,516
Other non-current assets - net	9, 11	251,197,680	409,681,232
Total Non-Current Assets		8,857,392,653	12,975,011,969
Total Assets		13,494,562,641	16,622,229,723

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (Continued)
AS AT DECEMBER 31, 2022

LIABILITIES AND SHAREHOLDERS' EQUITY

		In Baht	
	Notes	2022	2021
CURRENT LIABILITIES			
Trade account payables	13	236,856,488	273,874,622
Other payables and accrued expenses	4, 14	370,520,734	315,320,803
Advances received from customers		12,783,871	5,282,530
Accrued interest expense	15	9,816,287	23,315,278
Liabilities from terminated rehabilitation plan	16	3,814,355	21,089,630
Current portion of lease liabilities		4,338,676	1,756,296
Other current liabilities		4,322,628	8,833,698
Total Current Liabilities		642,453,039	649,472,857
NON-CURRENT LIABILITIES			
Lease liabilities - net		5,461,537	555,308
Non-current provision for employee retirement benefit	17	143,891,366	133,506,524
Total Non-Current Liabilities		149,352,903	134,061,832
TOTAL LIABILITIES		791,805,942	783,534,689
SHAREHOLDERS' EQUITY			
Share capital			
- Authorized share capital, ordinary share 28,750,859,116 shares at Baht 0.96 par value		27,600,824,751	27,600,824,751
- Issued and paid-up share capital, ordinary share 25,487,134,896 shares at Baht 0.96 per share		24,467,649,500	24,467,649,500
Discount on ordinary shares		(9,667,487,640)	(9,667,487,640)
Retained earnings (deficit)			
- Appropriated for legal reserve	18	37,000,000	37,000,000
- Unappropriated (Deficit)		(2,444,086,379)	691,851,956
Other components of equity	19	309,681,218	309,681,218
Shareholders' Equity - Net		12,702,756,699	15,838,695,034
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		13,494,562,641	16,622,229,723

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

		In Baht	
	Notes	2022	2021
REVENUES			
Revenue from sales - net	4	17,402,805,134	18,407,126,387
Write-back expired legal prescription of liabilities - net	16	42,985,693	278,762,389
Other income	4	74,202,252	60,709,804
Total Revenues		17,519,993,079	18,746,598,580
EXPENSES			
Cost of sales	21		
- Cost of goods sold	4	16,101,608,780	14,326,029,393
- Idle cost		44,994,305	57,307,492
- Loss on decline in value of inventories		56,195,650	1,410,918
Total Cost of Sales		16,202,798,735	14,384,747,803
Selling expenses	21	167,077,341	167,941,268
Administrative expenses	4, 21	630,623,619	764,386,295
Impairment losses on unusable machines held for sale	9, 21	3,617,000,000	-
Loss on foreign exchange - net	21	6,068,160	109,634,038
Finance costs	4, 12	3,132,296	141,712,332
Total Expenses		20,626,700,151	15,568,421,736
Profit (Loss) before Tax		(3,106,707,072)	3,178,176,844
Tax expense	10	(29,231,263)	-
PROFIT (LOSS) FOR THE YEAR		(3,135,938,335)	3,178,176,844
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		(3,135,938,335)	3,178,176,844
Basic Earnings (Loss) per Share	22	(0.123)	0.125

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

In Baht						
Note	Issued	Discount on	Retained Earnings (Deficit)		Other Components	Net
	and Paid-up Share Capital	Ordinary Shares	Appropriated for Legal Reserve	Unappropriated (Deficit)	of Equity	
Balance as at January 1, 2021	24,467,649,500	(9,667,487,640)	-	(2,449,324,888)	309,681,218	12,660,518,190
Total comprehensive income for the year	-	-	-	3,178,176,844	-	3,178,176,844
Appropriated for legal reserve	18	-	37,000,000	(37,000,000)	-	-
Balance as at December 31, 2021	24,467,649,500	(9,667,487,640)	37,000,000	691,851,956	309,681,218	15,838,695,034
Total comprehensive loss for the year	-	-	-	(3,135,938,335)	-	(3,135,938,335)
Balance as at December 31, 2022	<u>24,467,649,500</u>	<u>(9,667,487,640)</u>	<u>37,000,000</u>	<u>(2,444,086,379)</u>	<u>309,681,218</u>	<u>12,702,756,699</u>

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	In Baht	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (loss) for the year	(3,135,938,335)	3,178,176,844
Adjustments to reconcile profit (loss) for the year to net cash provided by operating activities:		
Depreciation and amortization	519,115,116	516,337,526
Work roll amortization	76,977,130	83,034,051
Interest income	(4,737,593)	(1,219,193)
Finance costs	3,132,296	141,712,332
Tax expense	29,231,263	-
Write-off expired legal prescription of liabilities - net	(42,985,693)	(278,762,389)
Gain from repayment of liability from terminated rehabilitation plan	-	(1,937,914)
Unrealized loss (gain) on foreign exchange - net	(655,521)	14,839,171
Allowance for decline in value of inventories	54,539,158	1,410,918
Provision for employee retirement benefit	11,154,389	10,983,445
Loss on sales of fixed assets	28,401,534	-
Loss on write-off of fixed assets	80,831,307	19,419,026
Allowance for impairment losses on unusable machines held for sale	3,617,000,000	-
Loss on sales of machinery under suspended construction in progress	-	7,213,555
Decrease (Increase) in Operating Assets:		
Trade account receivables	(59,829,290)	27,922,175
Inventories	517,308,662	(1,438,926,005)
Other current assets	(27,946,157)	94,488,021
Other non-current assets	116,506,422	(183,670,727)
Increase (Decrease) in Operating Liabilities:		
Trade account payables	(33,060,429)	(53,457,897)
Advances received from customers	7,501,341	(5,224,078)
Other payables and accrued expenses	(35,412,235)	17,351,022
Other current liabilities	(4,511,070)	4,790,951
Employee retirement benefit paid	(769,547)	(5,652,701)
Loss for court case claim paid	-	(2,614,521)
Income tax paid	(100,503,088)	-
Net Cash Provided by Operating Activities	1,615,349,660	2,146,213,612

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

	In Baht	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(211,811,696)	(200,941,302)
Purchases of other intangible assets	(1,800,000)	(679,454)
Proceeds from sales of fixed assets	1,375,840	-
Proceeds from sales of machinery under suspended construction in progress	12,000,000	12,684,000
Interest received	4,737,593	1,219,193
Net Cash Used in Investing Activities	(195,498,263)	(187,717,563)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of liabilities under rehabilitation plan	-	(1,469,661)
Repayment of long-term borrowings from related party	-	(1,057,238,000)
Repayment of lease liabilities	(4,517,582)	(5,740,013)
Finance costs paid	(418,216)	(200,890,834)
Cash Used in Financing Activities	(4,935,798)	(1,265,338,508)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,414,915,599	693,157,541
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	800,466,397	106,593,691
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	(92,817)	715,165
CASH AND CASH EQUIVALENTS, AT END OF YEAR	2,215,289,179	800,466,397

G J STEEL PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2022

	In Baht	
	2022	2021
Additional cash flow information :		
1) Property, plant and equipment increased by means of :		
- Other account payables - net	96,970,147	12,068,866
- Lease liabilities	12,796,687	-
- Transfer from advance payment for purchase of land and building	-	210,000,000
- Transfer from other intangible assets	-	1,809,666
- Transfer from inventories	-	9,787,060
- Transfer from other current assets	-	11,379,064
- Cash payments	211,811,696	200,941,302
Total	321,578,530	445,985,958
2) Write-off inventories	1,656,492	35,241,471
3) Write-off other current assets	-	1,111,397
4) Other receivable from sales of machinery under suspended construction in progress	-	12,000,000
5) Write-back expired legal prescription of liabilities - net consisted of:		
- Decrease in other current assets	(70,000)	(47,262)
- Decrease in other non-current assets	-	(2,779,791)
- Decrease in trade account payables	3,494,105	830,337
- Decrease in other payables and accrued expenses	6,073,241	1,338,344
- Decrease in accrued interest expense	16,213,072	112,901,826
- Decrease in liabilities from terminated rehabilitation plan	17,275,275	154,408,086
- Decrease in other current liabilities	-	12,110,849
Total	42,985,693	278,762,389

G J STEEL PUBLIC COMPANY LIMITED**Notes to Financial Statements****December 31, 2022**

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The financial statements were approved and authorized for issue by the Board of Directors on February 23, 2023.

1. GENERAL INFORMATION AND THE SHAREHOLDING STRUCTURE

1.1 General information

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

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

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

The Company was listed on the Stock Exchange of Thailand (the “SET”) on July 2, 1996.

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

1.2 The shareholding structure

On January 21, 2022, the Company was informed by Kendrick Global Limited (“Shares Seller”) in relation to an entry into the Sale and Purchase Agreement (the “SPA”) between the Shares Seller, Nippon Steel Corporation (“Shares Purchaser”), a company whose shares are listed on the Stock Exchanges in Japan and whose core business is steelmaking and steel fabrication, and other contractual parties in order to sell 100% ordinary shares in Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) in the amount of 19,885,955 shares in ACO I (“Sale and Purchase of Shares in ACO I”). Currently, ACO I owns 40.45% of the total voting shares of the Company and is a major shareholder of the Company.

Upon completion of the Sale and Purchase of Shares in ACO I, the shareholding structure of the major shareholder of the Company will change as follows:

Shareholders in ACO I	Prior to the Sale and Purchase of Shares in ACO I		After the Sale and Purchase of Shares in ACO I	
	Number of shares	% of shares with voting rights of ACO I	Number of shares	% of shares with voting rights of ACO I
Kendrick Global Limited	19,885,955	100%	-	-
Nippon Steel Corporation	-	-	19,885,955	100%

Such Sale and Purchase of Shares in ACO I did not affect the number of shares which ACO I holds in the Company in any way but changed the Company’s indirect major shareholder and was the case where the Shares Purchaser acquires significant control over a juristic person who already owns shares in the business in accordance with the Chain Principle under the Notification of the Capital Market Supervisory Board No TorJor.12/2554 Re: Rules, Conditions and Procedures for the Acquisition of the Securities for Business Takeover dated May 13, 2011 (including any amendments). Therefore, the Shares Purchaser were required to conduct the mandatory tender offer in order to acquire all securities of the Company from all existing shareholders.

In this regard, the Shares Purchaser had made a public announcement on its entry into the Sale and Purchase of Shares in ACO I. According to the Purchaser’s Announcement, the Shares Purchaser had stated that the expected tender offer price of the Company would be USD 0.0178 per share or equivalent to Baht 0.59 per share (reference to the exchange rate of Baht 33.014 per USD, which was the weighted average interbank exchange rate quoted from Bank of Thailand website as of January 18, 2022).

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

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

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

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

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

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

Shareholders' Name	Proportionate of shares (%)	
	2022	2021
Asia Credit Opportunities I (Mauritius) Limited ("ACO I") - incorporated in the Republic of Mauritius	40.45	40.45
G Steel Public Company Limited ("G Steel")	8.24	8.24
Nippon Steel Corporation ("NSC")	7.70	-
Ms. Arunsri Ratanathayaporn	4.80	4.69
Superior Overseas (Thailand) Company Limited	1.62	1.62
GS Securities Holdings Co., Ltd. ("GS Securities") GS Securities are 99.99% owned by G Steel	1.21	1.21

As at December 31, 2022, the Company's ultimate parent company is Nippon Steel Corporation and is incorporated in Japan, whose shares are listed on the Stock Exchanges in Japan.

2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The statutory financial statements are prepared in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

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

Accounting standards that became effective in the current accounting period

The Company disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after January 1, 2022, in the Note 3.

The Company's management has assessed the effects of the revised accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations, and considers that they do not have a significant impact to the financial statements for the year ended December 31, 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash on hand is kept for general use within the Company. Cash equivalents are savings deposits and current accounts, highly liquid investment that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Accounts Receivable and Allowance for Expected Credit Losses

Accounts receivable are stated at amortized cost net of allowance for expected credit losses ("ECL") (if any).

The Company applies a simplified approach in calculating ECL for trade receivables. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Inventory Valuation

The Company values its inventories at the lower of cost (average cost method) and net realizable value.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated production cost to complete and selling expenses.

The Company provides an allowance for all deteriorated, damaged, obsolete and slow-moving inventories.

Property, Plant and Equipment and Depreciation

Land is stated at cost less allowance for impairment losses. Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment losses. When assets are sold or retired, their cost and accumulated depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in profit or loss.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Land improvements	5 - 20
Buildings and building improvements	15 - 50
Machinery and equipment	10 - 41
Furniture, fixtures and office equipment	5 - 10
Vehicles	5

The Company does not depreciate on freehold land or assets under construction.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Right-of-Use Assets and Depreciation

Right-of-use assets are recognized at the commencement date of the leases. Right-of-use assets are stated at cost, less accumulated depreciation and allowance for impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets include the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The costs of right-of-use assets also include an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets, restoring the site on which they are located or restoring the underlying assets to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the remaining lease term and the estimated useful lives:

	<u>Years</u>
Lease building	3
Vehicles	2 - 5

Unusable machines are classified held for sale

Unusable machines are classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Subsequent gains and losses on remeasurement are recognized in profit or loss.

Other Intangible Assets and Amortization

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortization and allowance for impairment losses.

Amortization is charged to profit or loss on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. The estimated useful lives are as follows:

	<u>Years</u>
Software licenses	10
Production licenses	25

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Deferred Costs of Rolls

Deferred costs of rolls are stated at cost less accumulated amortization. Amortization is based on consumption.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

Deferred Loan Arrangement Fee

The Company amortizes deferred loan arrangement fee as finance cost in profit or loss over the term of the loan agreement.

Impairment of Assets

The Company reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

If the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in statement of comprehensive income or reducing revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment losses recognized in prior years is recorded as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

Interest-bearing liabilities

Interest-bearing liabilities are recognized at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provision for Employee Retirement Benefit

Provision for employee retirement benefit is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs and gains or losses on the curtailment are recognized immediately in profit or loss. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. Actuarial gains or losses are recognized immediately to the statement of comprehensive income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

Use of Judgements and Estimates

In order to prepare financial statements in conformity with Thai Financial Reporting Standards in Thailand, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is leases.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in material adjustments to the amounts recognized in the financial statements consists of the following:

- Net realizable value of inventories
- Current and deferred taxation
- Utilization of tax losses
- Key assumptions used in discounted cash flow projections
- Measurement of provision for employee retirement benefit
- Provisions and contingencies
- Valuation of financial instruments
- Determination of impairment of assets

Revenue Recognition

To determine whether to recognize revenue, the Company follows a 5-step process:

- 1) Identifying the contract with a customer
- 2) Identifying the performance obligations
- 3) Determining the transaction price
- 4) Allocating the transaction price to the performance obligations
- 5) Recognizing revenue when/as performance obligations are satisfied.

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

The Company recognizes revenue 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, relevant tax and after deduction of any trade discounts and volume rebates.

Sale of goods and services

Revenue from sales of goods is recognized when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data. Revenue from rendering of services is recognized over time as services are provided.

Interest income

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income

Other income is recognized as income on an accrual basis.

Repair and Maintenance

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related plant and equipment.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

Leases

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

The Company (as a lessee) assesses the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

Leases are recognized as assets (right-of-use assets) and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

The Company applies the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). The Company also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense in profit or loss on a straight-line basis over the lease term.

Lease Liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying assets.

Financial Instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

• *Classification and measurement of financial assets*

Financial assets are classified, at initial recognition, as financial assets subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortized cost

The Company measures financial assets at amortized cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment assessment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI, which cannot subsequently be reclassified. The classification is determined on an instrument-by-instrument basis. Gains and losses recognized in other comprehensive income on these financial assets are never subsequently recycled to profit or loss.

Dividends on these investments are recognized as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognized in other comprehensive income.

Equity investments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on market securities are recognized as other income in profit or loss.

- ***Classification and measurement of financial liabilities***

Except for derivative liabilities, at initial recognition, the Company's financial liabilities are recognized at fair value net of transaction costs and classified as financial liabilities to be subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. In determining amortized cost, the Company takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in profit or loss.

- ***Derecognition of financial instruments***

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

- ***Impairment of financial assets***

The Company recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at FVTPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the financial instruments (a lifetime ECL).

For trade account receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

• ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair Value Measurement

The Company uses the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or a quoted market price is not available.

The different levels have been defined as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs for such assets or liabilities, such as uses prices and other relevant information generated by market transactions involving identical or comparable (similar) assets, liabilities, or a group of assets and liabilities, or estimates of future cash flows.

Finance Costs

Interest expense and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of lease payments is recognized in the profit or loss using the effective interest rate method.

Foreign Currency Transactions

Foreign currency transactions during the year are translated into Baht at the rates prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into Baht at the prevailing rates at that date. Gains or losses on translation are credited or charged to current operations in profit or loss.

Income Tax

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the Company re-assesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

Basic Earnings (Loss) per Share

Basic earnings (loss) per share is determined by dividing the profit (loss) for the year by the weighted average number of shares outstanding during the year.

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 can be allocated on a reasonable basis.

4. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these financial statements, connected persons or related parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Connected persons or related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation	Type of business	Nature of relationships
Nippon Steel Corporation ("NSC")	Japan	Steelmaking and steel fabrication, engineering and construction, chemicals and materials, and system solutions	Indirect ultimate shareholder
Asia Credit Opportunities I (Mauritius) Limited ("ACO I")	Republic of Mauritius	Special-purpose for investment	Major shareholder and a subsidiary of NSC
Link Capital I (Mauritius) Limited ("Link Capital I")	Republic of Mauritius	Special-purpose for investment	Subsidiary of NSC
Nippon Steel Trading Corporation ("NST")	Japan	Sales and imports/export of steel, industrial supply and infrastructure, textiles, foodstuffs, and others	Associate of NSC
Nippon Steel Trading (Thailand) Co., Ltd. ("NSTTH")	Thailand	Wholesale of iron, steel and non-ferrous metal in primary forms	Subsidiary of NST
Nippon Steel Southeast Asia Co., Ltd. ("NSSEA")	Thailand	Regional Operating Headquarters	Subsidiary of NSC
NS-Siam United Steel Co., Ltd. ("NS-SUS")	Thailand	Manufacture and sale of steel	Subsidiary of NSC
Thai Nippon Steel Engineering & Construction Corporation Co., Ltd. ("TNS")	Thailand	Construction	Subsidiary of NSC
G Steel Public Company Limited ("G Steel")	Thailand	Manufacture and sale of steel	Same indirect ultimate shareholder
Siam Professional Holding Co., Ltd. ("SPH")	Thailand	Holding company	Subsidiary of G Steel
GS Securities Holding Co., Ltd. ("GS Securities")	Thailand	Special-purpose restructuring entity	Subsidiary of G Steel
Key management personnel	-	-	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

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

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

Significant transactions for each of years ended December 31, 2022 and 2021 with related parties were as follows:

	In Million Baht	
	2022	2021
Related parties		
Sales of finished goods	45	-
Sales of raw materials	49	1
Purchases of raw materials	616	-
Other expense	3	-
Finance costs	-	126
Purchase of fixed assets	24	-
Key management personnel		
Key management personnel compensation		
Short-term benefits	30	192
Long-term benefits	0.3	0.4

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

	Note	In Million Baht	
		2022	2021
Other payables and accrued expenses	14		
Other payable - Related party		2	-
Accrued incentive program and bonus - Key management personnel		1	3
Total		<u>3</u>	<u>3</u>

Movements of long-term borrowings from related parties during the year ended December 31, 2022 and 2021 were as follows:

	In Million Baht
At January 1, 2021	1,050
Amortization of deferred loan arrangement fee during the year	7
Repayment during the year	<u>(1,057)</u>
At December 31, 2021 and 2022	<u><u>-</u></u>

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

Significant agreement with related parties

Technical Service Contract

On September 1, 2022, the Company entered into a Technical Service Contract with a local related company to obtain services relating to maintenance training, safety programs, inspection of measuring instruments by specialist, supervision/advice by specialist, laboratory testing and analysis, for which the service fee shall be charged base on contractual prices. The contract is valid for a period of 1 year ending on August 31, 2023 and shall automatically be renewed for 1 year each unless either party gives the other party at least 90 days written termination notice prior to the end of the initial or renewal term.

Cash Management Service Agreement

On September 9, 2022, the Company entered into a Cash Management Service Agreement with a local related company, whereby such related company will provide loan credit facility of Baht 500 million to supply fund for the cash flow to the Company in case of insufficient funds in the Company's bank accounts as specified in the agreement at the end of any business day. The repayment of such drawdown will be made on the beginning of the following business day and the interest will be charged at the rate agreed in the agreement. The credit facility will be matured on March 31, 2023 and shall automatically be renewed for 1 year each unless either party gives the other party at least 30 days written termination notice prior to the end of the initial or renewal term.

Credit Agreement

The Company was granted credit facilities from Link Capital I (Mauritius) Limited of USD 75 million.

During year 2021, the Company has repaid the whole amount of principal and accrued interest and terminated such credit facilities and released the property, plant and equipment under second mortgage ranking against credit facilities from such foreign related party as discussed in Note 9.

Other Agreement

In the past during year 2013, the Company entered into a memorandum with Oriental Access Co., Ltd. ("OAC") to accept the liabilities from the compromised debt agreement totalling Baht 25.08 million, and the Company has already paid to OAC an amount of Baht 11.63 million, and outstanding debts remained at Baht 13.45 million as at December 31, 2022 and 2021. Subsequently on August 31, 2020, the Central Bankruptcy Court had ordered OAC bankrupt. However, the bankruptcy proceeding is under the official receiver who will take further action regarding the balance amount due. Therefore, the Company recorded such debts in the statement of financial position as at December 31, 2022 and 2021.

5. CASH AND CASH EQUIVALENTS

	In Million Baht	
	2022	2021
Cash in banks - Savings account	1,015	800
Cash in bank - Fixed deposit account not over 3 months	1,200	-
Total	<u>2,215</u>	<u>800</u>

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

	In Million Baht	
	2022	2021
Thai Baht	2,212	793
United States Dollars	3	7
Total	<u>2,215</u>	<u>800</u>

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

6. TRADE ACCOUNT RECEIVABLES

	In Million Baht	
	2022	2021
Other parties	60	-

Aging analyses for trade account receivables were as follows:

	In Million Baht	
	2022	2021
Overdue		
- Not over 3 months	60	-

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

The currency denomination of trade accounts receivable as at December 31, 2022 and 2021 was as follows:

	In Million Baht	
	2022	2021
Thai Baht	60	-

7. INVENTORIES - Net

	In Million Baht	
	2022	2021
Finished goods	874	545
Raw materials	625	1,376
Consumables	206	158
Spare parts	452	424
Goods in transit	116	288
Total	2,273	2,791
Less: Allowance for decline in value of inventories	(56)	(2)
Net	2,217	2,789
Allowance for decline in value of inventories during the year (reversal)	54	(33)
Write-off inventories during the year	2	35

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Notes to Financial Statements (Continued)
December 31, 2022

8. OTHER CURRENT ASSETS - Net

	In Million Baht	
	2022	2021
Advances to suppliers - other parties	32	24
Less: Allowance for impairment losses	(10)	(10)
	22	14
Suspense input tax	11	6
Prepaid corporate income tax	71	-
Prepaid expenses and others	41	38
Net	145	58

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

The Court had arranged a mediation appointment on November 13, 2019 but the parties could not reach an agreement. Subsequently, the Court has investigated the cause of the plaintiff's case on August 17, 2020, August 31, 2020 and September 20, 2021. Whereby, on October 29, 2021, the Court has accepted the charges for further consideration and determined a date for mediation, testimony, and witness testimony and the date for the witness examination of the plaintiff's witness on February 14, 2022. Subsequently, on September 28, 2022, the Court has set the date for the testimony of the plaintiff and the defendant to be during 25 to 27 July 2023.

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Notes to Financial Statements (Continued)
December 31, 2022

9. PROPERTY, PLANT AND EQUIPMENT - Net

	In Million Baht						
	Land and land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress	Total
Cost							
As at January 1, 2021	877	6,259	17,926	194	11	6,858	32,125
Additions	19	-	44	6	-	144	213
Disposals and write-off	-	-	(87)	(1)	(6)	-	(94)
Transferred in (out)	210	-	68	2	-	(47)	233
As at December 31, 2021	1,106	6,259	17,951	201	5	6,955	32,477
Additions	-	2	56	16	13	235	322
Disposals and write-off	-	-	(711)	(1)	(4)	-	(716)
Transferred in (out)	-	2	220	30	-	(252)	-
Transfers to unusable machines held for sale (Note 11)	-	-	-	-	-	(6,774)	(6,774)
As at December 31, 2022	1,106	6,263	17,516	246	14	164	25,309
Accumulated Depreciation							
As at January 1, 2021	52	4,486	11,162	161	5	-	15,866
Depreciation charge for the year	7	124	371	11	3	-	516
Disposals and write-off	-	-	(66)	(1)	(6)	-	(73)
As at December 31, 2021	59	4,610	11,467	171	2	-	16,309
Depreciation charge for the year	7	122	373	12	5	-	519
Disposals and write-off	-	-	(590)	(1)	(3)	-	(594)
As at December 31, 2022	66	4,732	11,250	182	4	-	16,234
Allowance for Impairment							
Losses							
As at January 1, 2021	23	76	387	-	-	3,122	3,608
Reversal	-	-	(2)	-	-	-	(2)
As at December 31, 2021	23	76	385	-	-	3,122	3,606
Addition	-	-	-	-	-	3,617	3,617
Reversal	-	-	(10)	-	-	-	(10)
Transfers to unusable machines held for sale (Note 11)	-	-	-	-	-	(6,739)	(6,739)
As at December 31, 2022	23	76	375	-	-	-	474
Net Book Value							
Owned assets	1,024	1,573	6,099	30	-	3,833	12,559
Right-of-use assets	-	-	-	-	3	-	3
As at December 31, 2021	1,024	1,573	6,099	30	3	3,833	12,562
Owned assets	1,017	1,455	5,891	64	-	164	8,591
Right-of-use assets	-	-	-	-	10	-	10
As at December 31, 2022	1,017	1,455	5,891	64	10	164	8,601

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

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

	In Million Baht	
	2022	2021
Galvanizing line	5,038	5,038
Reversing Mill line	1,525	1,525
Others	375	392
Total	6,938	6,955
Less: Allowance for impairment losses	(6,739)	(3,122)
	199	3,833
Transfers to unusable machines held for sale (Note 11)	(35)	-
Net	164	3,833

The gross carrying amounts of the Company's certain building and equipment totalling approximately Baht 725 million and Baht 715 million were fully depreciated as at December 31, 2022 and 2021, respectively, but these items are still in active use.

Allowance for impairment loss on unusable machines held for sale
(2021: Allowance for impairment loss on construction in progress)

The Company has engaged technical experts to carry out a review of the Galvanizing line lying under construction in progress. Based on such technical review, the additional investment required for making the Galvanizing line operational was estimated at USD 44.25 million to USD 47.25 million (equivalent to approximately Baht 1,534 million to Baht 1,638 million) which would include complete replacement of electrical and automation parts including replacement/purchase of new items to complete the commissioning. The management further noted that in spite of this additional investment, it would be very unlikely that such Galvanizing line could achieve the desired production capacities, quality parameters, and subsequent guarantee figures. If the old and rusted parts are not replaced, the risk of operational stability, frequent breakdowns due to cracks and jamming, which resulted in high maintenance/operational costs and importantly quality and safety issues will remain major concerns and finally, the Company's product image will significantly be damaged.

After considering various factors, the Management Committee meeting held on February 17, 2023 resolved not to continue with the commissioning of the existing Galvanizing line but to set up additional an impairment loss on such Galvanizing line (using the market scrap price) amounting to Baht 3,617 million in the books. Subsequently, the Audit Committee and Board of Directors meeting held on February 23, 2023, approved to record impairment loss on unusable machines held for sale amounting to Baht 3,617 million in the statement of comprehensive income for the year ended December 31, 2022.

G J STEEL PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022

Impairment testing for carrying amount of property, plant and equipment

The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from external and internal sources. The key assumptions used in the estimation of the recoverable amount of 2022 were as follows:

Valuation methodology	: Discounted cash flow method
Period	: 5 years financial projection was based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated revenue growth.
Growth rate of sale quantity	: At the rate of 7.23% per annum in 1 st year and 3% per annum in 2 nd - 5 th year.
Growth rate of selling price	: At the decrease rate of 4.70% per annum in 1 st year and 0% per annum in 2 nd - 5 th year.
Terminal value	: Determined based on terminal value growth rate of 0% per annum from net cash flows of the 5 th year.
Discount rate	: At the rate of 14.87% per annum which was based on weighted average cost of capital, with average cost of debt, risk free rate, market risk premium and the Company's beta.
Others	: Other assumptions relevant to estimated revenues and expenses were based on historical financial information and expectations of future outcomes taking into the past experience, adjusted for the anticipated market growth rate.

Based on the above impairment testing by the management, the allowance for impairment losses of property, plant and equipment of the Company as at December 31, 2022 was adequate.

Sensitivity analysis of impairment test of property, plant and equipment

Sensitivity analysis is performed to analyse the risk that valuation of recoverable amount of property, plant and equipment will increase or decrease as a result of changes in fair value assumptions.

Reasonably possible changes at the valuation date (dated December 31, 2022) to one of the relevant fair value assumptions, holding other assumptions constant, would have affected the fair value of recoverable amount by the amounts shown below:

	Impact to increase (decrease) fair value of recoverable amount of property, plant and equipment (in Million Baht)	
	Increase in change in assumption	Decrease in change in assumption
Discount rate		
- Change of 0.5%	(382)	408
- Change of 1%	(740)	846
Growth rate of sale quantity - From base assumption		
- Change of 5%	136	(136)
- Change of 10%	274	(270)
Growth rate of selling price - From base assumption		
- Change of 0.5%	561	(561)
- Change of 1%	1,123	(1,123)

Although the analysis does not take into account of the full distribution of cash flows expected under the financial projection, it does provide an approximation of the sensitivity of the assumptions shown.

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Notes to Financial Statements (Continued)
December 31, 2022

Mortgaged property, plant and equipment

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

The Company's property, plant and equipment, which have net book values as at December 31, 2022 and 2021 totalling Baht 6,972 million and Baht 7,232 million, respectively, are mortgaged first ranking security against the bondholders as mentioned above, and were mortgaged second ranking security against credit facilities from a foreign related party (at mortgage amount of Baht 6,619 million). During year 2021, the Company has repaid the whole amount of principal and accrued interest and terminated such credit facilities and already released the mortgage of such land and buildings on December 9, 2021 and released the pledged of machinery on April 7, 2022 which under second mortgage ranking against credit facilities from such foreign related party.

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

10. DEFERRED TAX

Tax expense for each of the years ended December 31, 2022 and 2021 consisted of:

	In Million Baht	
	2022	2021
Tax expense - current tax	29	-
Add (Less) : Tax effect from deferred income tax of temporary differences	-	-
Tax expense	29	-

Reconciliation between tax expense and accounting profit (loss) multiplied by the applicable tax rate for each the years ended December 31, 2022 and 2021 are as follows:

	In Million Baht	
	2022	2021
Accounting profit (loss) before tax	(3,107)	3,178
Income tax rates at 20%	(621)	636
Add (less): Tax effects from		
- Non-deductible expenses	16	4
- Unrecognized certain temporary differences	762	20
- Utilized unrecognition other temporary differences	(1)	(340)
- Utilized unrecognition tax loss carry forward	(127)	(320)
Tax expense	29	-

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Notes to Financial Statements (Continued)
December 31, 2022

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

	In Million Baht	
	2022	2021
Temporary differences		
- Allowance for decline in value of inventories	11	-
- Allowance for impairment on advances to suppliers	2	2
- Allowance for impairment losses on property, plant and equipment	94	721
- Depreciation gap	556	540
- Allowance for impairment losses on suspended construction in progress	76	76
- Allowance for impairment losses on unusable machines held for sale	1,348	-
- Non-current provision for employee retirement benefit	29	27
	<u>2,116</u>	<u>1,366</u>
Tax loss carried forward	-	127
Total	<u>2,116</u>	<u>1,493</u>

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in the financial statements of the Company in respect of these items because it is not certain that future taxable profit will be generated against which the Company can utilize the benefits there from.

11. OTHER NON-CURRENT ASSETS - Net

	In Million Baht	
	2022	2021
Suspended construction in progress	382	382
Less: Allowance for impairment losses	<u>(381)</u>	<u>(381)</u>
	<u>1</u>	<u>1</u>
Unusable machines held for sale (Note 9)	6,774	-
Less: Allowance for impairment losses	<u>(6,739)</u>	<u>-</u>
	<u>35</u>	<u>-</u>
Cash guarantee for electricity usage	-	112
Cash guarantee for purchase of natural gas	-	45
Restricted deposit at financial institution for fleet card usage	1	1
Deferred cost of roll - net	212	250
Others	<u>2</u>	<u>1</u>
Net	<u>251</u>	<u>410</u>

Suspended construction in progress

Suspended construction in progress represented the Direct Reduced Iron plant (“DRI Facility”). The management of the Company decided to suspend this project since 1999. On July 29, 2014, the Board of investment (“BOI”) had ordered the revocation of privilege in the production of Direct Reduced Iron. However, there is no burden of import duty on machinery and raw materials.

At the Board of Directors’ Meeting of the Company held on November 10, 2021, the directors approved the process of disposing off such impaired machinery items. Subsequently, on November 15, 2021, the Company had entered the Sale and Purchase Agreement to sell the steel scrap of machinery with a local company at the market price of scrap net off the demolish and transportation cost amounting to Baht 25 million. The Company recognized loss from disposal of such machinery amounting to Baht 7 million in the statement of comprehensive income for the year ended December 31, 2021.

The carrying value of this investment was written down based on the market price of steel scrap of Baht 1 million as at December 31, 2022 and 2021. Based on the impairment testing by the management, there was no additional impairment in the book value of suspended construction in progress as at December 31, 2022 and 2021.

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Notes to Financial Statements (Continued)
December 31, 2022

12. INTEREST-BEARING LIABILITIES

		In Million Baht	
	Notes	2022	2021
Current			
Trade account payables - Unsecured	13	-	3
Other payables and accrued expenses - Unsecured	14	13	18
Liabilities from terminated rehabilitation plan - Unsecured	16	4	21
Current portion of lease liabilities - Secured		4	2
Total current		21	44
Non-Current			
Lease liabilities - net - Secured		5	1
Total		26	45

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

	In Million Baht	
	2022	2021
Not later than 1 year	21	44
Later than 1 year but not later than 5 years	5	1
Total	26	45

Secured interest-bearing liabilities as at December 31, 2022 and 2021 were secured on the following assets:

	<i>Note</i>	In Million Baht	
		2022	2021
Property, plant and equipment - net	9	6,972	7,232

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

	In Million Baht	
	2022	2021
Thai Baht	26	24
United States Dollars	-	21
Total	26	45

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Notes to Financial Statements (Continued)
December 31, 2022

13. TRADE ACCOUNT PAYABLES

	In Million Baht	
	2022	2021
Other parties	237	274

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

	In Million Baht	
	2022	2021
Thai Baht	120	84
United States Dollars	94	179
Euro	23	11
Total	237	274

14. OTHER PAYABLES AND ACCRUED EXPENSES

	In Million Baht	
	2022	2021
Electricity and natural gas payables	147	72
Accrued incentive program and bonus	43	89
Other payable - Related party	2	-
Others	179	154
Total	371	315

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

	In Million Baht	
	2022	2021
Thai Baht	338	290
United States Dollars	28	24
Euro	5	1
Total	371	315

15. ACCRUED INTEREST EXPENSE

	In Million Baht	
	2022	2021
Trade account payables	-	1
Other payables and accrued expenses from other parties	8	7
Liabilities from terminated rehabilitation plan	2	15
Total	10	23

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Notes to Financial Statements (Continued)
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The currency denomination of accrued interest expense as at December 31, 2022 and 2021 was as follows:

	In Million Baht	
	2022	2021
Thai Baht	10	9
United States Dollars	-	14
Total	10	23

16. LIABILITIES FROM TERMINATED REHABILITATION PLAN

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

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

		Due date	In Million Baht	
			2022	2021
Class 4	Employees	July 2015	4	4
Class 13	Other Creditors	October 2011	-	17
Total			4	21

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

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

At the Board of Directors' Meeting of the Company held on November 10, 2021, the directors approved to written-off liabilities from terminated rehabilitation plan which have exceeded legal prescription period of 10 years without any claim from the creditors of Baht 154 million and accrued interest of Baht 113 million. Hence, the Company recorded such write-back as a part of write-back expired legal prescription of liabilities totalling Baht 267 million in the statement of comprehensive income for the year ended December 31, 2021.

At the Board of Directors' Meeting of the Company held on December 15, 2022, the directors approved to written-off liabilities from terminated rehabilitation plan which have exceeded legal prescription period of 10 years without any claim from the creditors of Baht 17 million and accrued interest of Baht 14 million. Hence, the Company recorded such write-back as part of write-back expired legal prescription of liabilities totalling Baht 31 million in the statement of comprehensive income for the year ended December 31, 2022.

The movement of liabilities from terminated rehabilitation plan for each of years ended December 31, 2022 and 2021 was as follows:

	In Million Baht	
	2022	2021
At January 1	21	169
Repayments during the year	-	(1)
Written-off	(17)	(154)
Exchange rate adjustments during the year	-	7
At December 31	4	21

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Notes to Financial Statements (Continued)
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The currency denomination of liabilities from terminated rehabilitation plan as at December 31, 2022 and 2021 was as follows:

	In Million Baht	
	2022	2021
Thai Baht	4	4
United States Dollars	-	17
Total	4	21

17. NON-CURRENT PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

	In Million Baht	
	2022	2021
Non-current provision for employee retirement benefit as at January 1	134	128
Current service cost and interest cost	11	11
Employee retirement benefit paid	(1)	(5)
Non-current provision for employee retirement benefit as at December 31	144	134

Expenses recognized in the statements of comprehensive income for each of years ended December 31, 2022 and 2021 were as follows:

	In Million Baht	
	2022	2021
In profit or loss for the year:		
- Current service cost and interest cost	11	11

Actuarial assumptions:

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

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provision for defined benefit plans by the amounts shown below.

	In Million Baht	
	2022	2021
Effect on the non-current provision for employee benefit at 31 December		
Discount rate		
1% increase	(16)	(15)
1% decrease	18	18
Salary increase rate		
1% increase	21	19
1% decrease	(18)	(16)
Employee turnover rate		
10% increase	(8)	(7)
10% decrease	8	8

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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Notes to Financial Statements (Continued)
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18. LEGAL RESERVE

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to appropriate at least 5% of its annual net profit (after deduction of the deficit brought forward, if any) as reserve fund until the reserve fund reaches 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

During the year ended December 31, 2021, the Company set a side of Baht 37 million as legal reserve (2022: nil).

19. OTHER COMPONENTS OF EQUITY

The detail of other components of equity as at December 31, 2022 and 2021 were as follows:

	In Million Baht	
	2022	2021
Cash received from expired warrants		
- First Warrants (a)	162	162
- Second Warrants (b)	148	148
At December 31	310	310

- (a) Upon the cancellation of the 3,234 million units of First Warrants in year 2011, their carrying value at Baht 0.05 each was transferred from the warrants component of equity to other components of equity for an amount of Baht 162 million.
- (b) Upon the cancellation of the 4,933 million units of Second Warrants in year 2017, their carrying value at Baht 0.03 each was transferred from the warrants component of equity to other components of equity for an amount of Baht 148 million.

20. REGISTERED PROVIDENT FUND

The Company has established a contributory registered provident fund under the plan, members contribute to the fund at 2% to 15% of the employees' basic salaries. The Company contributes to the fund at 3% to 10% of the employees' monthly salaries, depending on the length of employment. Such provident fund was register with the terms and conditions prescribed in the Ministry of Finance and an approval fund manager to manage the fund.

The Company's contribution for each of the years 2022 and 2021, which were charged to profit or loss, amounted to Baht 21 million each year.

21. EXPENSES BY NATURE

Significant expenses by nature for each of years ended December 31, 2022 and 2021 are as follows:

	In Thousand Baht	
	2022	2021
Raw materials and consumable used	13,503	11,844
Change in finished goods	(329)	(184)
Depreciation and amortization	596	599
Employee benefit expenses	530	764
Utility expenses	1,358	1,204
Natural gas expense	424	328
Loss on sale and write-off fixed assets	109	19
Impairment losses on unusable machines held for sale	3,617	-
Allowance for decline in value of inventories	56	1
Loss on foreign exchange - net	6	110
Other expenses	754	742
Total expenses	20,624	15,427

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Notes to Financial Statements (Continued)
December 31, 2022

22. BASIC EARNINGS (LOSS) PER SHARE

The calculations of basic earnings (loss) per share for each of the years ended December 31, 2022 and 2021 were based on the profit (loss) for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	In Million Baht / Million shares	
	2022	2021
Profit (loss) for the year attributable to equity holders of the Company	(3,136)	3,178
Number of ordinary shares outstanding at January 1	25,487	25,487
Effect of issuance of new shares	-	-
Weighted average number of ordinary shares outstanding	25,487	25,487
Basic earnings (loss) per share (in Baht)	(0.123)	0.125

23. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade account receivables, restricted deposit at financial institution, cash guarantee for electricity usage and purchase of natural gas, trade account payables, other payables and accrued expenses, accrued interest expense, liabilities from terminated rehabilitation plan and lease liabilities. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 3.

Financial Risk Management Policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivative financial instruments for speculative or trading purposes.

Capital Management

The Board's intention is to return to a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and preserves the ability to continue its business as a going concern.

Foreign Currency Risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies and has financial assets and liabilities denominated in foreign currencies. However, the Company does not have a hedge agreement.

Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company as and when they fall due.

At the reporting date there were no significant concentrations of credit risk because the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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Notes to Financial Statements (Continued)
December 31, 2022

Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Company. The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, trade account payables, other payables and accrued expenses, liabilities from terminated rehabilitation plan and lease liabilities which most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rates. Hence, the Company has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2022 and 2021 classified by type of interest rates are summarized in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

		2022 (In Million Baht)						
		Fixed interest rates						Effective
		Within	1- 5	Over	Floating	Non-interest		interest rate
	Measurement	1 year	years	5 years	interest rate	bearing	Total	(% p.a.)
Financial assets								
Cash and cash equivalents	Amortized cost	1,200	-	-	1,015	-	2,215	0.18 - 0.85
Trade account receivables	Amortized cost	-	-	-	-	60	60	-
Restricted deposit at financial institution	Amortized cost	1	-	-	-	-	1	0.20
Total		1,201	-	-	1,015	60	2,276	
Financial liabilities								
Trade account payables	Amortized cost	-	-	-	-	237	237	-
Other payables and accrued expenses	Amortized cost	13	-	-	-	358	371	7.50
Accrued interest expense	Amortized cost	-	-	-	-	10	10	-
Liabilities from terminated rehabilitation plan	Amortized cost	4	-	-	-	-	4	7.50
Lease liabilities	Amortized cost	4	5	-	-	-	9	5.95 and 12.00
Total		21	5	-	-	605	631	
		2021 (In Million Baht)						
		Fixed interest rates						Effective
		Within	1- 5	Over	Floating	Non-interest		interest rate
	Measurement	1 year	years	5 years	interest rate	bearing	Total	(% p.a.)
Financial assets								
Cash and cash equivalents	Amortized cost	-	-	-	800	-	800	0.05 - 0.25
Cash guarantee for electricity usage and purchase of natural gas	Amortized cost	-	-	-	-	157	157	-
Restricted deposit at financial institution	Amortized cost	1	-	-	-	-	1	0.20
Total		1	-	-	800	157	958	
Financial liabilities								
Trade account payables	Amortized cost	3	-	-	-	271	274	2.00
Other payables and accrued expenses	Amortized cost	18	-	-	-	297	315	2.00 - 7.50
Accrued interest expense	Amortized cost	-	-	-	-	23	23	-
Liabilities from terminated rehabilitation plan	Amortized cost	21	-	-	-	-	21	7.50
Lease liabilities	Amortized cost	2	1	-	-	-	3	5.28 - 12.00
Total		44	1	-	-	591	636	

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Notes to Financial Statements (Continued)
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Fair Value of Financial Instruments

Fair value is defined as the amount at which the instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Cash and cash equivalents, restricted deposit at financial institution - the aggregate carrying values are insignificantly different from their aggregate fair value because these financial assets have floating interest rate or fix interest rate, which is approximately market rate.

Trade account receivables, trade account payables, other payables and accrued expenses - the carrying values are approximate their fair values due to the relatively short-term maturity of these financial instruments.

Cash guarantee for electricity usage and purchase of natural gas - its fair value cannot reasonably be calculated because its maturity cannot be determined.

Liabilities from terminated rehabilitation plan - the aggregate carrying value is insignificantly different from its aggregate fair value because its fixed rate is approximate market rates.

Lease liabilities - the carrying value is approximately its fair value because these liabilities have been calculated using market interest rates.

24. OPERATING SEGMENTS

Segment information is presented in respect of the Company's geographical segments based on the Company's management and internal reporting structure.

Business segments

Management considers that the Company operates in a single line of business, namely manufacturing of hot rolled coil steel products, and has, therefore, only one major business segment.

Geographic segments

In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers.

Revenue and gross profit based on geographic segment, for the years ended December 31, 2022 and 2021 were as follows:

	In Million Baht					
	Domestic		Export		Total	
	2022	2021	2022	2021	2022	2021
Revenue from sales	17,403	18,071	-	336	17,403	18,407
Cost of sales	(16,203)	(14,105)	-	(280)	(16,203)	(14,385)
Gross margin	1,200	3,966	-	56	1,200	4,022
Other income					117	340
Loss on foreign exchange rate - net					(6)	(110)
Selling expenses					(167)	(168)
Administrative expenses					(631)	(764)
Impairment losses on unusable machines held for sale					(3,617)	-
Finance costs					(3)	(142)
Profit (loss) before tax					(3,107)	3,178
Tax expense					(29)	-
Profit (loss) for the year					(3,136)	3,178

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Notes to Financial Statements (Continued)
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Non-current assets are located in Thailand only.

Information about major customers

For the year ended December 31, 2022, the Company had revenues from the domestic sales to 3 customers for the total amount of Baht 11,290 million (2021: 2 customers of Baht 8,659 million).

25. COMMITMENTS AND CONTINGENT LIABILITIES

As at December 31, 2022 and 2021, the Company had commitments and contingent liabilities as below:

	In Million Baht	
	2022	2021
<i>Commitments under lease and service agreements</i>		
Not later than 1 year	7	4
Later than 1 year but not later than 5 years	6	1
Total	13	5
<i>Capital commitments</i>		
Purchases of fixed assets	217	156
<i>Commitments for purchases of raw materials and supplies</i>		
Purchases of raw materials	442	711
Purchases of natural gas	130	200
Total	572	911
<i>Contingent liabilities</i>		
Letters of guarantee	155	1
Letter of credit	1	-

Significant agreements

- (a) On July 1, 2019, the Company entered into agreement to purchase natural gas for 5 years up to of October 31, 2024. The Company committed to pay for the natural gas depending on monthly charges based on consumption.
- (b) On November 1, 2004, the Company entered into a supply agreement to purchase oxygen, argon and nitrogen for 20 years. Minimum payments under the agreement amounts to approximately Baht 6 million per month.
- (c) On May 1, 2018, the Company entered into service agreements with two domestic companies for the transportation of goods to domestic customers for 3 years starting from May 2018. Subsequently, on April 20, 2021, the Company entered into service agreements with such companies for another period of 3 years starting from May 2021, whereby the Company committed to pay the freight charge as specified in the contracts.

Service fee from such agreements for each of the years ended December 31, 2022 and 2021 amounted to Baht 161 million and Baht 164 million, respectively.

- (d) On August 1, 2018, the Company entered into agreement for slag waste management service, which results from steelmaking and casting to recover ferrous scrap, with the local company with term of agreement for 7 years commencing from August 2018 and shall be automatically renewed for further periods of one year unless written notice is given of its intention not to renew this agreement at least 6 months prior to the expiry of this agreement during such notice period, the Company must pay the waste management service fee as specified in the contract.

Slag waste management services from such agreement for each of the years ended December 31, 2022 and 2021 amounted to Baht 67 million and Baht 62 million, respectively.

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Notes to Financial Statements (Continued)
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26. CREDIT FACILITIES FOR OPERATION

As at December 31, 2022, the Company had uncommitted and unsecured short-term credit facilities from a local related party and various local financial institutions as below (2021: Nil):

Credit Facilities	Credit Line	
	In Million USD	In Million Baht
<i>Other related party</i>		
Short-term loan under Cash Management Service Agreement (Note 4)	-	500
<i>Financial institutions</i>		
Short-term loan	39	3,048
Letter of credit and trust receipt	63	-
Letter of guarantee	-	208

27. THAI FINANCIAL REPORTING STANDARDS ANNOUNCED IN THE ROYAL GAZETTE BUT NOT YET EFFECTIVE

The Federation of Accounting Professions has revised TFRSs which are effective for annual accounting periods beginning on or after January 1, 2023 and have not been adopted in the preparation of these financial statements because they are not yet effective. The Company has assessed the potential initial impact on the financial statements of these revised TFRSs and expected that there will be no material impact on the financial statements in the period of initial application.

Attachments

- Attachments 1 Details of Directors, Executive Directors, Chief Financial Officer, Accounting Supervisor and Company Secretary
- Attachments 2 Details of the directors of subsidiaries
- Attachments 3 Details of the Heads of the Internal Audit
- Attachments 4 Assets used in a business
- Attachments 5 Full version of the corporate governance policies and practice and full version of Code of Conduct that the Company has prepared
- Attachments 6 Audit Committee Report

Note: Investors can view the attachments on the Company's website
<https://investor.gjsteel.co.th/en/download/annual-report>



G J Steel Public Company Limited

Head Office :

88 PASO Tower, 24th Floor,
Silom Road, Suriyawong,
Bangrak, Bangkok 10500 Thailand
Tel: +66(0) 2267 8222
Fax: +66(0) 2267 9048-9

Factory :

WHA Chonburi Industrial Estate 1
358 Moo 6, Highway 331,
Bowin, Sriracha, Chonburi 20230, Thailand
Tel: +66(0) 3834 5950-9
Fax: +66(0) 3834 5693

www.gjsteel.co.th
Email: cs@gjsteel.co.th

