

POSCO-Thainox Public Company Limited

Report and financial statements in which the equity
method is applied and separate financial statements

31 December 2024





EY Office Limited
 33rd Floor, Lake Rajada Office Complex
 193/136-137 Rajadapisek Road
 Klongtoey, Bangkok 10110
 Tel: +66 2264 9090
 Fax: +66 2264 0789-90
 ey.com

บริษัท สำนักงาน บี.แอนด์.พี.จำกัด
 ชั้น 33 อาคารเดราท์ชดา
 193/136-137 ถนนรัชดาภิเษก
 กรุงเทพฯ 10110
 โทรศัพท์: +66 2264 9090
 โทรสาร: +66 2264 0789-90
 ey.com

Independent Auditor's Report

To the Shareholders of POSCO-Thainox Public Company Limited

Opinion

I have audited the accompanying financial statements in which the equity method is applied of POSCO-Thainox Public Company Limited (the Company), which comprise the statement of financial position in which the equity method is applied as at 31 December 2024, and the related statements of comprehensive income, changes in shareholders' equity and cash flows in which the equity method is applied for the year then ended, and notes to the financial statements in which the equity method is applied, including material accounting policy information, and have also audited the separate financial statements of POSCO-Thainox Public Company Limited for the same period (collectively "the financial statements").

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of POSCO-Thainox Public Company Limited as at 31 December 2024, its financial performance and 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 Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were 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 these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Allowance for diminution in value of inventory

Estimation of the net realisable value of inventory, as disclosed in Note 10 to the financial statements, since it is an area requiring management judgement. In addition, major products of the Company are Stainless-steel which is a commodity product. The price volatility depends on the demand and supply of the global market. Therefore, there is a risk with respect to the amount of allowance for diminution in value of inventory.

I have assessed the method and gained an understanding of the basis applied in determining the allowance for diminution in value of inventory and reviewing the consistency of the application of that basis. This involved evaluating the design of the internal control process and performing sample tests of implementation. I compared inventory holding periods and movements to identify product groups with indicators of lower than normal turnover, and assessed the net realisable value of inventories by checking on a sampling basis, the selling price less the estimated cost necessary to complete the sale against relevant documents. Additionally, I compared the actual results for the year with the Company's historical estimates of the allowance for diminution in value of inventory and its future operating plans to evaluate the appropriateness of the Company's estimation related to the valuation of inventory.



Other Matter

The financial statements in which the equity method is applied and the separate financial statements of POSCO-Thainox Public Company Limited for the year ended 31 December 2023, presented herein as comparative information, were audited by another auditor who, under his report dated 13 February 2024, expressed an unmodified opinion on those financial statements.

Other Information

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

My opinion on the financial statements does not cover the other information and I do 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 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 of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

Management is responsible for the preparation and fair presentation of the 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 judgement 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements in which the equity method is applied. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, 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 matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

A handwritten signature in black ink, appearing to read 'Kessirin P.'.

Kessirin Pinpuvadol
Certified Public Accountant (Thailand) No. 7325

EY Office Limited
Bangkok: 13 February 2025

POSCO-Thainox Public Company Limited

Statement of financial position

As at 31 December 2024

(Unit: Baht)

	Note	Financial statements		Separate financial statements		
		in which the equity method is applied	2024	2023	2024	
Assets						
Current assets						
Cash and cash equivalents	7	3,046,623,450	2,305,010,112	3,046,623,450	2,305,010,112	
Trade receivables	8	2,521,833,904	1,954,447,851	2,521,833,904	1,954,447,851	
Current portion of receivables under debt restructuring	9	-	-	-	-	
Other receivables		160,288,065	136,862,387	160,288,065	136,862,387	
Inventories	10	3,503,365,919	4,176,782,140	3,503,365,919	4,176,782,140	
Other current assets		27,769,480	212,004,029	27,769,480	212,004,029	
Total current assets		9,259,880,818	8,785,106,519	9,259,880,818	8,785,106,519	
Non-current assets						
Investment in associate	11	59,055,648	57,522,014	4,900,000	4,900,000	
Property, plant and equipment	12	2,509,027,123	2,549,656,591	2,509,027,123	2,549,656,591	
Right-of-use assets	13	32,215,998	42,555,366	32,215,998	42,555,366	
Intangible assets		1,605,044	2,617,846	1,605,044	2,617,846	
Deferred tax assets	19	53,786,344	91,013,408	53,786,344	91,013,408	
Other non-current assets		55,085,574	89,814,262	55,085,574	89,814,262	
Total non-current assets		2,710,775,731	2,833,179,487	2,656,620,083	2,780,557,473	
Total assets		11,970,656,549	11,618,286,006	11,916,500,901	11,565,663,992	

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

POSCO-Thainox Public Company Limited

Statement of financial position (continued)

As at 31 December 2024

POSCO-Thainox Public Company Limited

Statement of financial position (continued)

As at 31 December 2024

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2024	2023	2024	2023
Liabilities and shareholders' equity				
Current liabilities				
Trade payables	2,213,756,366	2,312,765,329	2,213,756,366	2,312,765,329
Other payables	14 246,073,746	147,005,927	246,073,746	147,005,927
Current portion of lease liabilities	13 20,539,395	18,390,340	20,539,395	18,390,340
Current portion of provision				
for employee benefits	15 18,226,543	14,821,675	18,226,543	14,821,675
Total current liabilities	2,498,596,050	2,492,983,271	2,498,596,050	2,492,983,271
Non-current liabilities				
Lease liabilities - net of current portion	13 12,026,165	24,394,009	12,026,165	24,394,009
Provision for employee benefits	15 167,587,005	154,232,930	167,587,005	154,232,930
Total non-current liabilities	179,613,170	178,626,939	179,613,170	178,626,939
Total liabilities	2,678,209,220	2,671,610,210	2,678,209,220	2,671,610,210
Shareholders' equity				
Share capital				
Registered				
7,795,709,100 ordinary shares of Baht 1 each	<u>7,795,709,100</u>	<u>7,795,709,100</u>	<u>7,795,709,100</u>	<u>7,795,709,100</u>
Issued and fully paid-up				
7,795,709,100 ordinary shares of Baht 1 each	7,795,709,100	7,795,709,100	7,795,709,100	7,795,709,100
Share premium	332,131,264	332,131,264	332,131,264	332,131,264
Retained earnings				
Appropriated - statutory reserve	16 589,168,020	571,703,131	589,168,020	571,703,131
Unappropriated	<u>575,438,945</u>	<u>247,132,301</u>	<u>521,283,297</u>	<u>194,510,287</u>
Total shareholders' equity	9,292,447,329	8,946,675,796	9,238,291,681	8,894,053,782
Total liabilities and shareholders' equity	11,970,656,549	11,618,286,006	11,916,500,901	11,565,663,992

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

POSCO-Thainox Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2024

(Unit: Baht)

	Note	Financial statements		Separate financial statements		
		in which equity method is applied		2024		
			2024		2023	
Profit or loss:						
Revenue						
Sales and service income	22	14,379,172,729	14,067,413,523	14,379,172,729	14,067,413,523	
Exchange gain		85,751,282	23,924,423	85,751,282	23,924,423	
Other income	17	72,673,313	31,553,520	73,276,124	31,553,520	
Total revenue		<u>14,537,597,324</u>	<u>14,122,891,466</u>	<u>14,538,200,135</u>	<u>14,122,891,466</u>	
Expenses						
Cost of sales and services		13,640,547,736	13,758,969,583	13,640,547,736	13,758,969,583	
Selling and distribution expenses		126,659,810	120,729,806	126,659,810	120,729,806	
Administrative expenses		329,325,829	322,949,646	329,325,829	322,949,646	
Total expenses		<u>14,096,533,375</u>	<u>14,202,649,035</u>	<u>14,096,533,375</u>	<u>14,202,649,035</u>	
Profit (loss) from operating activities		441,063,949	(79,757,569)	441,666,760	(79,757,569)	
Share of profit (loss) from investment in associate	11.3	2,136,445	(41,303)	-	-	
Finance cost		(1,827,103)	(2,253,226)	(1,827,103)	(2,253,226)	
Profit (loss) before income tax expenses		441,373,291	(82,052,098)	439,839,657	(82,010,795)	
Income tax (expenses) benefit	19	(90,541,882)	8,973,008	(90,541,882)	8,973,008	
Profit (loss) for the year		<u>350,831,409</u>	<u>(73,079,090)</u>	<u>349,297,775</u>	<u>(73,037,787)</u>	
Other comprehensive income:						
Other comprehensive income not to be reclassified						
to profit or loss in subsequent periods						
Actuarial gain (loss)		(6,324,845)	768,290	(6,324,845)	768,290	
Less: Income tax effect		1,264,969	(153,659)	1,264,969	(153,659)	
Other comprehensive income not to be reclassified						
to profit or loss in subsequent periods - net of income tax		(5,059,876)	614,631	(5,059,876)	614,631	
Other comprehensive income for the year		<u>(5,059,876)</u>	<u>614,631</u>	<u>(5,059,876)</u>	<u>614,631</u>	
Total comprehensive income for the year		<u>345,771,533</u>	<u>(72,464,459)</u>	<u>344,237,899</u>	<u>(72,423,156)</u>	
Earnings (loss) per share						
Basic earnings (loss) per share	21	<u>0.0450</u>	<u>(0.0094)</u>	<u>0.0448</u>	<u>(0.0094)</u>	

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

Statement of changes in shareholders' equity

For the year ended 31 December 2024

(Unit: Baht)

Note	Financial statements in which equity method is applied					Total shareholders' equity	
	Issued and paid-up share capital	Share premium	- statutory reserve	Unappropriated Retained earnings			
				Appropriated			
Balance as at 1 January 2023	7,795,709,100	332,131,264	571,703,131	509,032,490	9,208,575,985		
Loss for the year	-	-	-	(73,079,090)	(73,079,090)		
Other comprehensive income for the year	-	-	-	614,631	614,631		
Total comprehensive income for the year	-	-	-	(72,464,459)	(72,464,459)		
Dividend paid	20	-	-	(189,435,730)	(189,435,730)		
Balance as at 31 December 2023	7,795,709,100	332,131,264	571,703,131	247,132,301	8,946,675,796		
Balance as at 1 January 2024	7,795,709,100	332,131,264	571,703,131	247,132,301	8,946,675,796		
Profit for the year	-	-	-	350,831,409	350,831,409		
Other comprehensive income for the year	-	-	-	(5,059,876)	(5,059,876)		
Total comprehensive income for the year	-	-	-	345,771,533	345,771,533		
Transferred unappropriated retained earnings to statutory reserve	16	-	-	17,464,889	(17,464,889)	-	
Balance as at 31 December 2024	7,795,709,100	332,131,264	589,168,020	575,438,945	9,292,447,329		

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

Separate financial statements						
Note	Issued and paid-up share capital	Share premium	Retained earnings			Total shareholders' equity
			Appropriated	- statutory reserve	Unappropriated	
Balance as at 1 January 2023	7,795,709,100	332,131,264	571,703,131	456,369,173		9,155,912,668
Loss for the year	-	-	-	(73,037,787)	614,631	(73,037,787)
Other comprehensive income for the year	-	-	-	(72,423,156)		(72,423,156)
Total comprehensive income for the year	-	-	-	(189,435,730)		(189,435,730)
Dividend paid	20	-	-	-		
Balance as at 31 December 2023	<u>7,795,709,100</u>	<u>332,131,264</u>	<u>571,703,131</u>	<u>194,510,287</u>		<u>8,894,053,782</u>
Balance as at 1 January 2024	7,795,709,100	332,131,264	571,703,131	194,510,287		8,894,053,782
Profit for the year	-	-	-	349,297,775		349,297,775
Other comprehensive income for the year	-	-	-	(5,059,876)		(5,059,876)
Total comprehensive income for the year	-	-	-	344,237,899		344,237,899
Transferred unappropriated retained earnings						
to statutory reserve	16	-	-	17,464,889		(17,464,889)
Balance as at 31 December 2024	<u>7,795,709,100</u>	<u>332,131,264</u>	<u>589,168,020</u>	<u>521,283,297</u>		<u>9,238,291,681</u>

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

POSCO-Thainox Public Company Limited

Statement of cash flows

For the year ended 31 December 2024

(Unit: Baht)

	Note	Financial statements		Separate financial statements	
		in which equity method is applied		2024	2023
Cash flows from operating activities					
Profit (loss) for the year			350,831,409	(73,079,090)	349,297,775
Adjustments to reconcile profit to					(73,037,787)
net cash provided by (paid from) operating activities:					
Income tax (benefit) expenses	19	90,541,882	(8,973,008)	90,541,882	(8,973,008)
Finance cost		1,827,103	2,253,226	1,827,103	2,253,226
Depreciation and amortisation	18	313,100,746	334,981,976	313,100,746	334,981,976
Expenses related to long-term employee benefits	15	26,945,899	13,563,091	26,945,899	13,563,091
Reversal on provision for goods returned		(791,550)	(16,658,873)	(791,550)	(16,658,873)
Unrealised loss (gain) on exchanges		(8,508,867)	6,633,003	(8,508,867)	6,633,003
Share of (profit) loss from investment in associate	11.3	(2,136,445)	41,303	-	-
Reversal on expected credit losses		(1,579,584)	(1,563,715)	(1,579,584)	(1,563,715)
Reversal of allowance for diminution in value of inventories	10	(30,505,953)	(135,360,677)	(30,505,953)	(135,360,677)
Loss on written-off of property, plant and equipment		7,300	1,084,409	7,300	1,084,409
Loss (gain) on sales of plant and equipment		44,760	(95,655)	44,760	(95,655)
Dividend income	11.3	-	-	(602,811)	-
Interest income		(56,897,964)	(13,714,202)	(56,897,964)	(13,714,202)
Profit from operating activities before changes in					
operating assets and liabilities		682,878,736	109,111,788	682,878,736	109,111,788
Operating assets (increase) decrease					
Trade receivables		(565,961,022)	802,580,894	(565,961,022)	802,580,894
Receivables under debt restructuring		1,800,000	1,547,870	1,800,000	1,547,870
Other receivables		(20,133,929)	(2,434,513)	(20,133,929)	(2,434,513)
Inventories		700,787,846	342,517,856	700,787,846	342,517,856
Other current assets		184,234,549	36,487,453	184,234,549	36,487,453
Other non-current assets		34,728,688	(26,018,099)	34,728,688	(26,018,099)
Operating liabilities increase (decrease)					
Trade payables		(97,831,752)	320,597,838	(97,831,752)	320,597,838
Other payables		29,138,191	(45,305,179)	29,138,191	(45,305,179)
Payment of provision for employee benefits	15	(16,511,801)	(9,432,978)	(16,511,801)	(9,432,978)
Cash flows from operating activities		933,129,506	1,529,652,930	933,129,506	1,529,652,930
Cash paid for corporate income tax		(9,519,711)	-	(9,519,711)	-
Net cash flows from operating activities		923,609,795	1,529,652,930	923,609,795	1,529,652,930

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

POSCO-Thainox Public Company Limited

Cash flows Statement (continued)

For the year ended 31 December 2024

(Unit: Thousand Baht)

	Note	Financial statements		Separate financial statements	
		in which equity method is applied		2024	2023
Cash flows from investing activities					
Cash received from sales of plant and equipment		1,402	370,463	1,402	370,463
Acquisition of plant and equipment		(215,832,326)	(122,903,250)	(215,832,326)	(122,903,250)
Acquisition of intangible assets		-	(473,516)	-	(473,516)
Dividend received		602,811	-	602,811	-
Interest received		56,400,128	13,213,826	56,400,128	13,213,826
Net cash flows used in investing activities		<u>(158,827,985)</u>	<u>(109,792,477)</u>	<u>(158,827,985)</u>	<u>(109,792,477)</u>
Cash flows from financing activities					
Payment of principal portion of lease liabilities	13	(27,357,355)	(25,204,235)	(27,357,355)	(25,204,235)
Payment of finance cost		(1,827,103)	(2,253,226)	(1,827,103)	(2,253,226)
Dividend payment		(10,640)	(189,435,730)	(10,640)	(189,435,730)
Net cash flows used in financing activities		<u>(29,195,098)</u>	<u>(216,893,191)</u>	<u>(29,195,098)</u>	<u>(216,893,191)</u>
Net cash and cash equivalents increase					
before effect of exchange rate		735,586,712	1,202,967,262	735,586,712	1,202,967,262
Effect of exchange rate					
on cash and cash equivalents		6,026,626	(8,442,523)	6,026,626	(8,442,523)
Net increase in cash and cash equivalents		<u>741,613,338</u>	<u>1,194,524,739</u>	<u>741,613,338</u>	<u>1,194,524,739</u>
Cash and cash equivalents at beginning of the year		<u>2,305,010,112</u>	<u>1,110,485,373</u>	<u>2,305,010,112</u>	<u>1,110,485,373</u>
Cash and cash equivalents at end of the year		<u>3,046,623,450</u>	<u>2,305,010,112</u>	<u>3,046,623,450</u>	<u>2,305,010,112</u>
Supplemental cash flows information					
Non-cash transactions:					
Payables on purchase of plant and equipment	14	31,457,785	3,256,106	31,457,785	3,256,106
Increase in right-of-use assets due to entering into lease agreement	13	17,138,566	53,787,065	17,138,566	53,787,065

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