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Opinions of Independent Financial Advisor on
Connected Transaction in Receiving Financial Support from
Nippon Steel Southeast Asia Company Limited

Presented to
Shareholders of G Steel Public Company Limited

GSteel

Prepared by
Discover Management Company Limited

IMAP |  DISCOVER
MANAGEMENT

April 4, 2024

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Glossary

The glossary used in this report are not sorted alphabetical but by category for the convenience of reading the report.

Full Name	Abbreviation
G Steel Public Company Limited	: Company or Business or GSTEEL
Nippon Steel Southeast Asia Company Limited (to be changed to "Nippon Steel (Thailand) Co., Ltd." from April 1, 2024)	: NSSEA
Nippon Steel Corporation	: NSC
Asia Credit Opportunities I (Mauritius) Limited	: ACO I
Credit Agreement with NSSEA for the amount not exceeding THB 2,300.00 million from December 15, 2023 to July 31, 2024	: 2023 NSSEA Credit Agreement
Credit Agreement with NSSEA for the amount not exceeding THB 2,700.00 million for the period not exceeding 2 years from July 29, 2024 to July 28, 2026	: 2024 NSSEA Credit Agreement
The terms of the Credit Agreement with NSSEA for the amount not exceeding THB 2,700.00 million, at interest rate not exceeding policy rate +2.50% per annum, for the period not exceeding 2 years from July 29, 2024 to July 28, 2026, specifying the type of loan, currency, loan period, loan amount, interest rate, and prepayment fee. Covenants and other detailed terms and conditions to be finalized by the Board of Directors while finalizing the Credit Agreement. However, the amendments to the Key Terms of the credit agreement must be in line with terms specified in the NSSEA Term Sheet. The Audit Committee is fully aware of its duty to ensure that the Key Terms of the 2024 NSSEA Credit Agreement will not deviate significantly from the NSSEA Term Sheet. In the event that such significant change of the terms happens, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes.	: NSSEA Term Sheet
Entering into a Credit Agreement with NSSEA for the amount not exceeding THB 2,700.00 million or equivalent for period of not exceeding 2 years to repay the existing short-term loan from NSSEA (2023 NSSEA Credit Agreement) and partially prepay the US Dollar Loan from ACO I	: the Transaction
Discover Management Company Limited	: Independent Financial Advisor (IFA) or DM
The Securities and Exchange Commission	: SEC
The Stock Exchange of Thailand	: SET
Bank of Thailand	: BOT
Annual general meeting of shareholders	: AGM
Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, dated August 31, 2008, (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B. E. 2546, dated November 19, 2003, (as amended)	: Notifications on Connected Transaction
The minimum interest rate on loans that banks charge their high-net-worth clients for fixed-term loans.	: MLR
The interest rate that commercial banks charge high-net-worth clients for overdraft facilities	: MOR

Full Name	Abbreviation
London Inter-Bank Offer Rate	: LIBOR
Policy interest rate of the Bank of Thailand (as of March 15, 2024, the policy interest rate is 2.5 percent per year)	: Policy Interest Rate
SP (Trading Suspension) securities are under trading suspension in the following cases: 1) The company fails to comply with the regulations of the stock exchange. 2) There is news or information regarding the financial status or operational results of the registered company that may significantly impact or have the potential to impact the securities' prices, and this news has not been disclosed to the public through the stock exchange or is pending disclosure. 3) The registered company requests the stock exchange to suspend trading of its shares due to ongoing important news or information that may affect changes in securities prices.	: SP
NC (Non-Compliance) securities of registered companies that may be subject to delisting from the stock exchange.	: NC
Net Tangible Assets	: NTA
Bank of Ayudhya (Krungsri)	: BAY
Mizuho Bank	: Mizuho
Sumitomo Mitsui Banking Corporation	: SMBC
Mahachai Steel Center Company Limited	: Mahachai
Mr. Nirum Ngamchamnanrith	: Nirum
Metal Inter Company Limited	: Metal Inter
Superior Overseas (Thailand) Company Limited	: Superior Overseas
The Restructured Debt in US Dollar Loan from ACO I	: ACOI (USD)
Restructured Debt with ACO I (transfer of debt from Mr. Nirum Ngamchamnanrith (original creditor) to ACO I)	: ACO I (Nirum)
Restructured Debt with ACO I (transfer of debt from Metal Inter Company Limited (original creditor) to ACO I)	: ACO I (Metal Inter)
2S Metal Public Company Limited	: 2S
Capital Engineering Network Public Company Limited	: CEN
CSP Steel Center Public Company Limited	: CSP
Lohakit Metal Public Company Limited	: LHK
M.C.S.Steel Public Company Limited	: MCS
Millcon Steel Public Company Limited	: MILL
Pacific Pipe Public Company Limited	: PAP
Permsin Steel Works Public Company Limited	: PERM
Samchai Steel Industries Public Company Limited	: SAM
Siam Steel Service Center Public Company Limited	: SSSC
Thai-German Products Public Company Limited	: TGPRO
The Steel Public Company Limited	: THE
TMT Steel Public Company Limited	: TMT
Tata Steel (Thailand) Public Company Limited	: TSTH
Thai Wire Products Public Company Limited	: TWP

Full Name	Abbreviation
Tycoons Worldwide Group (Thailand) Public Company Limited	: TYCN

Opinions of Independent Financial Advisor on Connected Transaction in Receiving Financial Support from
Nippon Steel Southeast Asia Company Limited

April 4, 2024

No. IMAPDM105/2024

Subject: Opinions of Independent Financial Advisor on Connected Transaction in Receiving Financial Support from
Nippon Steel Southeast Asia Company Limited

To: The Board of Directors, Audit Committee and the Shareholders of G Steel Public Company Limited

Attachment:

- 1) Summary of G Steel Public Company Limited
- 2) Summary of Nippon Steel Southeast Asia Company Limited
- 3) Summary of Nippon Steel Corporation

References:

- 1) Resolution of the Board of Directors Meeting of G Steel Public Company Limited ("Company" or "GSTEEL") No. 11/2023 on December 15, 2023
- 2) Resolution of the GSTEEL Audit Committee Meeting No. 8/2023 on December 14, 2023
- 3) Information Memorandum on Connected Transaction (financial assistance) on December 15, 2023 (Entering into the 2023 NSSEA Credit Agreement)
- 4) Resolution of the GSTEEL Board of Directors Meeting No. 2/2024 on March 15, 2024
- 5) Draft Resolution of the GSTEEL Audit Committee Meeting No. 2/2024 on March 15, 2024
- 6) Information Memorandum on Connected Transaction (financial assistance) on March 15, 2024 (Entering into the 2024 NSSEA Credit Agreement or the "Transaction")
- 7) Draft One Report of GSTEEL ending on December 31, 2023
- 8) One Report of GSTEEL ending on December 31, 2022
- 9) Audited financial statements of GSTEEL for the 12-month period ending on December 31, 2019 - 2023
- 10) Credit agreement with NSSEA for the amount not exceeding THB 2,300.00 million ("2023 NSSEA Credit Agreement")
- 11) Term Sheet between the Company and NSSEA on the credit agreement amount not exceeding THB 2,700 million ("NSSEA Term Sheet")
- 12) Documents and other agreements related thereto, including interviews with executives and relevant officers of the Company.

Disclaimers

1. In preparing this report, Discover Management Company Limited ("IFA" or "DM") has relied on information provided by the information of Company and the information that the Company disclosed to the public or on Securities and Exchange Commission websites (www.sec.or.th), Stock Exchange of Thailand website (www.set.or.th) and other information disclosed to the public including public information from other sources and information from interviewing with the management of the Company.
2. IFA conducted studies using knowledge, competence and caution by adhering to the professional basis. However, IFA shall not be responsible for profits or losses and any impacts resulting from the Transaction.
3. IFA operates on the assumption that the information and documents received are accurate and complete. This opinion is formed and provided based on the circumstances and information available at present. If there are significant changes in the circumstances and information, it may impact the advisory's assessment.
4. As this report was published during the conflict and disputes between Russia and Ukraine, the war has significantly affected the prices of oil, natural gas, and electricity. The current situation remains uncertain and subject to change, which could have significant implications for sales costs, expenses, and the Company's ability to generate income in the future.
5. This report does not aim to provide recommendations for any decision-making regarding business operations related to the Company or to persuade the buying or selling of shares of the Company or any affiliated entities.
6. In preparing this IFA's opinion report, IFA certifies that they have studied and analyzed various data as mentioned above in accordance with professional standards and provided reasoning based on fair and balanced information and analysis. However, IFA's opinion is based on the assumption that the information and documents received from the Company, including interviews with management and related parties, as well as publicly disclosed information, are accurate and true. Therefore, if the information is incorrect, incomplete, or significantly changes in the future, it may impact the IFA's opinion. Thus, IFA cannot confirm the potential impacts on the Company and shareholders in the future. Additionally, the IFA's opinion is solely intended to provide guidance to shareholders regarding the connected transactions for financial assistance ("**Transaction**") and does not certify the success of such Transaction or bear responsibility for any impacts that may arise from them, whether directly or indirectly.

1. Overview of entering into the Transaction

According to, the Board of Directors' Meeting of G Steel Public Company Limited (“the Company” or “GSTEEL”) No. 11/2566 held on December 15, 2023, resolved to approve a financial support transaction by entering into a Credit Agreement with Nippon Steel Southeast Asia Company Limited (“NSSEA”) in getting an unsecured loan in an amount not exceeding THB 2,300.00 million for a tenor from December 15, 2023, and July 31, 2024 (“2023 NSSEA Credit Agreement”) with an interest rate equal to the policy interest rate of the Bank of Thailand (“Policy Interest Rate”) + 0.18 percent, totaling 2.68 percent per annum as of December 2023. The total value of the transaction calculated from the maximum interest rate over the term of the 2023 NSSEA Credit Agreement shall not exceed THB 38.84 million, representing 1.62 percent of the Company's net assets value as per the financial statements as of September 30, 2023, amounting to THB 2,390.82 million. The details of the utilization of funds from the 2023 NSSEA Credit Agreement are as follows:

No.	Utilization of funds from 2023 NSSEA Credit Agreement	THB Million ^{1/}
1	Repayment of Working Capital Facility from financial institutions	1,300.00
2	Partial prepayment of USD Loan from Asia Credit Opportunities I (Mauritius) Limited (“ACO I”) ^{2/}	872.16
3	Liquidity for Operation	127.84
	Total	2,300.00

Remark: 1/ As of December 31, 2023

2/ As of December 31, 2023, the Company has outstanding loans with ACO I as follows:

- 1) ACO I (USD) in the amount of approximately THB 500.09 million, which is the balance outstanding as on 31st December, 2023 from the original amount of THB 1,315.25 million which is owed in US dollars from debt restructuring with ACO I in 2019, transferred from the Company's trade creditors in the past. The loan will be due for repayment in 2028.
- 2) ACO I (Nirum) in the amount of approximately THB 204.10 million, which is debt restructuring with ACO I in 2021, transferred from Mr. Nirum Ngamchannarith who was the original creditor of this working capital loan. The loan is being repaid as per the agreement and will be fully repaid in 2025.
- 3) ACO I (Metal Inter) in the amount of approximately THB 105.65 million, which is debt restructuring with ACO I in 2021, transferred from Metal Inter Company Limited (“Metal Inter”) which was the Company's trade creditors in the past. The loan is being repaid as per the agreement and will be fully repaid in 2025.

Furthermore, the loan under the 2023 NSSEA Credit Agreement will expire on July 31, 2024, necessitating the Company to seek alternative loan facilities to repay the loan under the 2023 NSSEA Credit Agreement. However, as the Company has been suspended for trading (SP) since 2018 due to the delayed submission of audited financial statements from 2018 to the second quarter of 2019. In the past, the Company had several financial difficulties where the Company experienced liquidity issues since the year 2008, leading to insufficient capital to sustain its operations. Consequently, the Company had to stop its production of hot-rolled coil steel, its main product, which accounted for approximately 95% of its total revenue, for a period of about 2 years from May 2012 to March 2014. This problem led to the Company's liquidity shortage and inability to repay a significant amount of debts as scheduled. Over the years, the Company had to undergo several debt restructuring processes. Currently, the Company still has outstanding bonds of USD 15.5 million (excluding

interest) which was defaulted in 2011 and there are no creditors presented and demanded the repayment which the Company will repay the bonds as per the available cashflows as and when the creditors claim the same. In the past years, there was the change in major shareholders and the Company is now working on improving its operational performance and has already obtained working capital from financial institutions.

From the aforementioned requirement, the Board of Directors' Meeting of the Company No. 2/2024 held on March 15, 2024, where the same had been reviewed and concurred by the Company's Audit Committee's Meeting No. 2/2024 held on March 15, 2024 (the "**Meeting**"), resolved to approve the Company to propose to the shareholders to vote for a financial support transaction by entering into a Credit Agreement with NSSEA ("**Transaction**") which is beneficial for the Company in getting an unsecured loan in an amount not exceeding THB 2,700.00 million or equivalent for a period of not exceeding 2 years to repay the existing short term loan from NSSEA and partially prepay the USD Loan from ACO I. Both NSSEA and ACO I are subsidiaries of Nippon Steel Corporation ("**NSC**"), which directly holds 10.24% of the registered paid-up capital and holds indirectly through ACO I 49.99% of the registered paid-up capital in the Company. From the said agreement, the Company can borrow the unsecured loan from NSSEA for an amount not exceeding THB 2,700.00 million for a period not exceeding 2 years from July 29, 2024 to July 28, 2026 with the highest interest rate not exceeding Policy Interest Rate + 2.50%, currently totaling 5.00% per year (Policy Interest Rate equal to 2.50% per year as of March 15, 2024) ("**2024 NSSEA Credit Agreement**").

In this regard, the decision to enter into the 2023 and 2024 NSSEA Credit Agreement is a strategy adopted by the Company, not a policy of NSC. NSC's decision to purchase GSTEEL was done while the steel industry was experiencing relatively high profitability. For the 2023 NSSEA Credit Agreement, the Company had two main objectives to utilize low-interest loans from NSSEA to: (1) repay revolving loans (Working Capital) from financial institutions to enable the Company to have additional revolving funds with financial institutions for future operations, and (2) partially prepay USD Loan from ACO I to reduce exchange rate risks and interest rates, since the interest rate is at 7.69%; as for the 2024 NSSEA Credit Agreement, the Company's primary objective was to (1) repay the 2023 NSSEA Credit Agreement which will also enable to convert from short-term to long-term loans to manage the Company's liquidity, and (2) partially prepay USD Loan from ACO I to reduce exchange rate risks and higher interest rates, since the Company currently does not have foreign exchange rate risk management for long term liabilities as the cost of long term hedging is expensive.

By using the 2023 NSSEA Credit Agreement, the Company had reduced the interest expenses (from an average interest rate of 4.69% to 2.68%) and have more revolving funds with financial institutions for future operations (from THB 1,795.86 million to THB 3,095.86 million after repayment of THB 1,300 million to the financial Institutions in December 2023). Moreover, given the improving global and Thai economic conditions, particularly in the real estate and manufacturing industries, it is anticipated that steel prices will improve. After entering into the 2024 NSSEA Credit Agreement, the Company views that it should help improve the Company's liquidity and reduce the Company's USD loan. Therefore, in the future, the Company expects improvement of business performance and the possibility of having sufficient cash flows to repay the remaining USD debt to ACO I at approximately THB 100 million, which is due in 2028. However, the Company still has other debts, such as Thai Baht loan with ACO I in the amount of approximately THB 309.75 million and liabilities from terminated rehabilitation plan and compromise in the amount of approximately THB 611.62 million, which is due between 2025 - 2028, as well as the repayment of the loan under the 2024 NSSEA Credit Agreement which

is due in 2026. The Company expects that if the Company's operation improves, , the Company may be able to repay the loan with the operational cash flow and/or the Company may be able to refinance 2024 NSSEA Credit Agreement with new loans from financial institutions. Nonetheless, if the Company is unable to obtain additional loans with beneficial conditions from financial institutions in the future, the negotiation with NSSEA for loan renewal is also an option.

In this regard, entering to the Transaction with NSSEA is enable the Company to borrow an unsecured loan from NSSEA for the amount not exceeding THB 2,700.00 million partly to repay the existing short-term loan from NSSEA under 2023 NSSEA Credit Agreement and to partially prepay the USD Loan from ACO I.

This Transaction is classified as the connected transaction in the category of a transaction regarding offer or receipt of financial assistance since NSSEA has the same major shareholder with the Company which is NSC, pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions (including any amendments thereto) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (including any amendments thereto) (collectively called the "**Notifications on Connected Transaction**"). The size of transaction is approximately 12.99% of the Company's net tangible assets ("**NTA**"), calculated based on the reviewed consolidated financial statements of the Company as of December 31, 2023. In addition to that, if other connected transactions with related persons of NSC in the past 6 months are included in the transaction size, it will be approximately 15.17% of the Company's NTA which is higher than 3% of the Company's NTA. As such, they are considered as the large connected transaction (More than 3% of NTA). Therefore, the Company shall have duties as stipulated in the Notification on Connected Transaction as follows:

- a) To prepare and disclose the information memorandum regarding the Transaction to the Stock Exchange of Thailand ("**SET**") pursuant to the Notifications on Connected Transaction immediately;
- b) To appoint the independent financial advisor ("**IFA**") to provide opinion on the Transaction pursuant to the Notifications on Connected Transaction and submit such opinion to shareholders.

In this regard, the Company has appointed Discover Management Company Limited, which is a financial advisor approved by the Securities and Exchange Commission ("**SEC**") to act as an IFA to provide opinions to shareholders for Transaction;

- c) To send a notice of the shareholders' meeting to shareholders no less than 14 days prior to the date of the shareholders' meeting which shall at least contain the information as stipulated in the Notifications on Connected Transaction;
- d) To hold the shareholders' meeting to approve the Transaction with the vote of not less than three-fourths of the total number of shares of the shareholders attending the meeting and having the right to vote excluding the vote of shareholders with interest.

2. Executive Summary

The Board of Directors' Meeting of the Company No. 11/2023 held on December 15, 2023, have passed the resolution to approve a financial support transaction by entering into the 2023 NSSEA Credit Agreement with NSSEA, in an amount not exceeding THB 2,300.00 million, under which will expire on July 31, 2024. As a result, the Company needs to find a replacement loan amount to repay debt according to the 2023 NSSEA Credit Agreement (The details are as per Clause 1. Overview of entering into the Transaction). Currently, the Company has not received acceptance from any financial institution for the unsecured loan (the Company currently has revolving credit facilities with 3 financial institutions). If the Company is unable to repay the loan under the 2023 NSSEA Credit Agreement as scheduled on July 31, 2024, the Company, other creditors and shareholders of the Company will face significant implications from cross defaults specified in the loan agreements with all three financial institutions. If the Company defaults on payments to other creditors, it will incur interest rates ranging from 14% to 15% per annum (one of the financial institutions does not specify a minimum threshold, while the other two stipulate that defaults only occur with debts exceeding THB 155 million).

The Board of Directors' Meeting of the Company No. 2/2024 held on March 15, 2024, where the same had been reviewed and concurred by the Company's Audit Committee's Meeting No. 2/2024 held on March 15, 2024, resolved to approve the Company to propose to the shareholders' meeting to consider and approve a financial support transaction by entering into a Credit Agreement with NSSEA (the Transaction) which is beneficial for the Company in getting an unsecured loan in an amount not exceeding THB 2,700.00 million or equivalent for period of not exceeding 2 years to: 1) repay the existing short term loan from NSSEA under the 2023 NSSEA Credit Agreement, and 2) partially prepay the USD Loan from ACO I (ACO I is a subsidiary of NSC, with NSC holding 100 percent of the shares. Details are provided in Clause 3.3).

From entering into the Transaction, the Company can borrow the unsecured loan from NSSEA for an amount not exceeding THB 2,700.00 million for a period not exceeding 2 years from July 29, 2024 to July 28, 2026 with the highest interest rate not exceeding Policy Interest Rate + 2.50%, currently totaling 5.00% per year (Policy Interest Rate equal to 2.50% per year as of March 15, 2024) (2024 NSSEA Credit Agreement). This Transaction is classified as the connected transaction in the category of a transaction regarding offer or receipt of financial assistance since NSSEA has the same major shareholder with the Company, which is NSC, pursuant to the Notifications on Connected Transaction. The size of transaction is approximately 12.99% of the Company's NTA, calculated based on the reviewed consolidated financial statements of the Company as of December 31, 2023. In addition to that, if other connected transactions with related persons of NSC in the past 6 months are included in the transaction size, it will be approximately 15.17% of the Company's NTA which is higher than 3% of the Company's NTA. As such, the Transaction is considered as a significant connected transaction. Therefore, the Company shall have duties as stipulated in the Notification on Connected Transaction as follows:

- a) To prepare and disclose the information memorandum regarding the Transaction to the SET pursuant to the Notifications on Connected Transaction immediately;
- b) To appoint IFA to provide opinion on the Transaction pursuant to the Notifications on Connected Transaction and submit such opinion to shareholders.

In this regard, the Company has appointed Discover Management Company Limited, which is a financial advisor approved by the SEC to act as an IFA to provide opinions to shareholders for Transaction;

- c) To send a notice of the shareholders' meeting to shareholders no less than 14 days prior to the date of the shareholders' meeting which shall at least contain the information as stipulated in the Notifications on Connected Transaction;
- d) To hold the shareholders' meeting to approve the Transaction with the vote of not less than three-fourths of the total number of shares of the shareholders attending the meeting and having the right to vote.

DM, as an IFA appointed by the Company to provide opinion to its shareholders, has reviewed information and documents related to the Transaction, conduct interviews with Company executives and relevant staff, as well as the process of determining the transaction price and conditions and assessing the rationale behind transactions through consideration of objectives, impacts, advantages, disadvantages, and potential risks. The opinion of IFA can be summarized as follows.

2.1. Reasonableness of entering into the Transaction

2.1.1. Advantages of the Transaction

1. Company will have sufficient funds to repay the loan under the 2023 NSSEA Credit Agreement and partially prepay the USD Loan from ACO I, which helps prevent cross defaults that would otherwise require the Company to pay interest at default rates.
2. The interest rate of the NSSEA Term Sheet is lower than the MLR loan rate and is **considered a long-term unsecured** borrowing where the Company does not need to use collateral. This allows the Company to continue to use its assets as collateral for other loans in the future, if necessary.
3. This enables the Company to increase its available credit facilities for operational purposes.
4. It reduces the risk from the ongoing concern operation.
5. Reduce exchange rate risk

2.1.2. Disadvantages of the Transaction

1. Increased overall financial cost burden.
2. Covenants, conditions and details pertaining to other agreements related to the credit agreement are still under consideration.

2.1.3. Risks of the Transaction

1. Interest rate risk due to the floating interest rate of NSSEA Term Sheet.
2. The existing default risk, which includes debts that will arise from entering into the Transaction.
3. Failure to meet the conditions precedent, resulting in the Company not being able to enter into the Transaction.
4. Conflict of Interest Risk

Considering the advantages, disadvantages, and risks of entering into the Transaction, IFA is of the opinion that entering into the Transaction of the Company is necessary. If the Company does not enter into the Transaction, the Company will not have sufficient cash to repay the debt under the 2023 NSSEA Credit Agreement worth THB 2,300.00 million, which would significantly impact the Company, other creditors and shareholders of the Company due to cross defaults. In addition, entering into the 2024 NSSEA Credit Agreement will increase the Company's available credit for operations, reduce the risk of operational continuity, and exchange rates. Although entering into the Transaction will increase the overall financial cost burden of the Company, it will still be lower than the default interest rate and in line with the increased loan amount and longer loan period compared to the 2023 NSSEA Credit Agreement. Furthermore, accessing the loan facility at this time will benefit the Company, despite experiencing consecutive losses in 2022 and 2023, as the interest rate for this Transaction is lower than the MLR and represents long-term loan without collateral.

2.2. Appropriateness of Price (Interest Rate) and Conditions of the Transaction

As of the date of submission of this IFA's opinion, the Company has only received the terms as per the NSSEA Term Sheet with NSSEA, which is related to the Company due to its common major shareholder, NSC. Based on the information received from the Company as of March 15, 2024, the Company has not received any responses from any financial institution to apply for unsecured long-term loans amount not exceeding THB 2,700 million (the Company has revolving credit facilities with three financial institutions). Therefore, in comparing the appropriateness of the price (interest rate) and terms for entering into the 2024 NSSEA Credit Agreement, IFA conducted a comparison based on the interest rates and conditions in the NSSEA Term Sheet with other loan agreements of the Company currently in place, as well as publicly disclosed loan information of other companies in the same industry group as the Company, specifically in the industrial product category, iron and metal products, with a total of 23 companies, details as follows:

2.2.1. Appropriateness of Price (Interest Rate)

When comparing the interest rates of NSSEA Term Sheet with: 1) reference interest rates, 2) other loan agreements of the Company, and 3) market loans. It was found that:

1. The interest rate of NSSEA Term Sheet is lower than the lowest MLR interest rate among the top 10 financial institutions in Thailand.
2. The interest rate of NSSEA Term Sheet is lower than the lowest interest rate of other long-term loans of the Company.
3. The interest rate of NSSEA Term Sheet falls within the 23.08 percentile range of long-term loan interest rates for companies in iron and metal products industry (76.92% of companies within the same industry has long-term loans at interest rates higher than or equal to the interest rate received by the Company from NSSEA).

2.2.2. Appropriateness of Terms for Entering into the Transaction

Comparing the terms of the NSSEA Term Sheet with other loan agreements of the Company and publicly disclosed loan information of other companies in the same industry group, iron and metal products, with a total of 23 companies, can be summarized as follows:

No.	NSSEA Term Sheet ^{1/}	Compared to other loans of the Company	Compared to other long-term loans of the Company	Compared to loans from other companies in the same industry	Compared to long-term loans from other companies in the same industry
1.	Interest Rate	44.44th percentile	0.00th percentile	38.46th percentile	23.08th percentile
2.	Loan Period	44.44th percentile	0.00th percentile	72.73rd percentile	0.00th percentile
3.	Loan Facility	- ^{2/}	- ^{2/}	79.71st percentile	88.89th percentile

Remarks: 1/ Covenants and other detailed terms and conditions to be finalized by the Board of Directors while finalizing the Credit Agreement. However, the amendments to the Key Terms of the credit agreement must be in line with terms specified in the NSSEA Term Sheet. The Audit Committee is fully aware of its duty to ensure that the Key Terms of the 2024 NSSEA Credit Agreement will not deviate significantly from the NSSEA Term Sheet. In the event that such significant change of the terms happen, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes.

2/ Other loans of the Company are primarily revolving credit facilities and debt restructuring liabilities, which may not be appropriate for analysis and comparison.

In summary from the table above, when comparing the terms of the NSSEA Term Sheet with other loans of the Company and those of companies in the same industry, iron and metal products, it can be estimated that approximately 61.54% of companies has interest rates higher than or equal to the Company. Additionally, considering only long-term loans, it can be estimated that approximately 76.92% of companies has long-term loans at interest rates higher than or equal to the Company. Therefore, IFA is of the opinion that the interest rate and terms of the NSSEA Term Sheet are appropriate.

Furthermore, IFA has also compared the NSSEA Term Sheet conditions (IFA is of the opinion that the details provided in NSSEA Term Sheet, combined with the current situation of the Company, are sufficient to provide an opinion on entering into the Transaction. Furthermore, the NSSEA Term Sheet has almost all the key details closely resembling those of general term sheets from financial institutions) with other loan agreements of the Company at present and found that the primary conditions of the NSSEA Term Sheet are appropriate and considered better than the usual terms for long-term borrowing, especially in terms of interest rates and prepayment fee.

Detail	NSSEA Term Sheet	Other Loan Agreements of the Company	IFA's Opinion
Loan Type	Unsecured Loan	Mostly are unsecured loan	The loan is unsecured, allowing the Company to use collateral for other loans. This condition is advantageous for the Company.
Loan Currency	Thai Baht	Mostly are in Thai Baht	The majority of the Company's revenue is in Thai Baht. Borrowing in Thai Baht reduces the Company's risk from exchange rate fluctuations.
Loan Period	Not exceeding 2 years from July 29, 2024 - July 28, 2026	Short-term loan: within 1 year Long-term loan: ranges between 5 – 6 years	The interest rate of the NSSEA Term Sheet is lower than the other long-term loans of the Company. Therefore, these conditions are advantageous for the Company.
Loan Facility	Not exceeding THB 2,700 million	Ranges between USD 36 million – THB 2,300 million	The loan facility of the NSSEA Term Sheet is the highest.

Detail	NSSEA Term Sheet	Other Loan Agreements of the Company	IFA's Opinion
Interest Rate	Not exceeding Thailand's Policy Rate + 2.50% (5.00% as of March 15, 2024)	Short-term loan: 2.65% – 2.76% Long-term loan: 5.18% – 7.69%	The interest rate of the NSSEA Term Sheet is the lowest when compared to other long-term interest rates. Therefore, this conditions are advantageous for the Company.
Prepayment Fee	None	None	The condition of Prepayment Fee for long-term loans is considered advantageous for the Company.

Therefore, based on the analysis of price (interest rate) appropriateness and transaction terms (financial support transactions between the Company and related parties), whether comparing between the 2023 NSSEA Credit Agreement, other loans of the Company currently, and other loans in the market (publicly disclosed loan information of 23 other companies in the same industry group as the Company, the iron and metal products industry group), **IFA is in the opinion that the price (interest rate) and terms and condition of the credit agreement between the Company and related parties (NSSEA) are appropriate.**

Therefore, when considering the rationality of engaging in this Transaction, along with the appropriateness of the price and terms, **IFA is in the opinion that shareholders should consider approving the Transaction.**

However, as of the submission date of this IFA's opinion, the Company has only received the Key Terms as per the NSSEA Term Sheet, where the covenant and other detailed terms and conditions of the credit agreement will be finalized by the Company's Board of Directors and NSSEA after the shareholders' approval of the NSSEA Term Sheet. However, the amendments to the terms of the credit agreement by the Board of Directors must be in line with Key Terms specified in the NSSEA Term Sheet. In this regard, the covenants and other terms that will finalized by the Board of Directors and NSSEA after the shareholders' approval of the NSSEA Term Sheet will be carefully considered by the Audit Committee (who has no conflict of interest with the Transaction). In the event that there are significant changes to the Key Terms of the loan agreement, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes, where such changes may impact the views of IFA as presented in this report.

Furthermore, in considering approval or disapproval of the Transaction in this instance, shareholders of the Company can consider all the information, rationales, and opinions presented in this report. It is essential for shareholders to study all the information presented in IFA's report and accompanying documents for a well-informed decision-making process.

IFA has prepared the opinion report in Thai and translated it into English for the understanding of foreign shareholders. In case of any discrepancies between the English translation and the original Thai version, the original Thai version shall prevail.

3. Details of the Transaction (Connected Transactions)

3.1. Objectives and Background of Entering into the Transaction

According to, the Board of Directors' Meeting of the Company No. 11/2566 held on December 15, 2023, resolved to approve a financial support transaction by entering into a Credit Agreement with NSSEA in getting an unsecured loan in an amount not exceeding THB 2,300.00 million for a tenor from December 15, 2023, and July 31, 2024 (2023 NSSEA Credit Agreement) with an interest rate equal to the Policy Interest Rate + 0.18 percent, totaling 2.68 percent per annum as of December 2023. The total value of the transaction calculated from the maximum interest rate over the term of the 2023 NSSEA Credit Agreement shall not exceed THB 38.84 million, representing 1.62 percent of the Company's net assets value as per the financial statements as of September 30, 2023, amounting to THB 2,390.82 million. The details of the utilization of funds from the 2023 NSSEA Credit Agreement are as follows:

No.	Utilization of funds from 2023 NSSEA Credit Agreement	THB Million ^{1/}
1	Repayment of Working Capital Facility from financial institutions	1,300.00
2	Partial prepayment of USD Loan from ACO I ^{2/}	872.16
3	Liquidity for Operation	127.84
	Total	2,300.00

Remark: 1/ As of December 31, 2023

2/ As of December 31, 2023, the Company has outstanding loans with ACO I as follows:

- 1) ACO I (USD) in the amount of approximately THB 500.09 million, which is the balance outstanding as on 31st December, 2023 from the original amount of THB 1,315.25 million which is owed in US dollars from debt restructuring with ACO I in 2019, transferred from the Company's trade creditors in the past. The loan will be due for repayment in 2028.
- 2) ACO I (Nirum) in the amount of approximately THB 204.10 million, which is debt restructuring with ACO I in 2021, transferred from Mr. Nirum Ngamchamnarith who was the original creditor of this working capital loan. The loan is being repaid as per the agreement and will be fully repaid in 2025.
- 3) ACO I (Metal Inter) in the amount of approximately THB 105.65 million, which is debt restructuring with ACO I in 2021, transferred from Metal Inter Company Limited ("Metal Inter") which was the Company's trade creditors in the past. The loan is being repaid as per the agreement and will be fully repaid in 2025.

Furthermore, the loan under the 2023 NSSEA Credit Agreement will expire on July 31, 2024, necessitating the Company to seek alternative loan facilities to repay the loan under the 2023 NSSEA Credit Agreement. However, as the Company has been suspended for trading (SP) since 2018 due to the delayed submission of audited financial statements from 2018 to the second quarter of 2019. In the past, the Company had several financial difficulties where the Company experienced liquidity issues since the year 2008, leading to insufficient capital to sustain its operations. Consequently, the Company had to stop its production of hot-rolled coil steel, its main product, which accounted for approximately 95% of its total revenue, for a period of about 2 years from May 2012 to March 2014. This problem led to the Company's liquidity shortage and inability to repay a significant amount of debts as scheduled. Over the years, the Company had to undergo several debt restructuring processes. Currently, the Company still has outstanding bonds of USD 15.5 million (excluding interest) which was defaulted in 2011 and there are no creditors presented and demanded the repayment which the Company will repay the bonds as per the available cashflows as and when the creditors claim the same. In the past years,

there was the change in major shareholders and the Company is now working on improving its operational performance and has already obtained working capital from financial institutions.

From the aforementioned requirement, the Board of Directors' Meeting of the Company No. 2/2567 held on March 15, 2024, where the same had been reviewed and concurred by the Company's Audit Committee's Meeting No. 2/2024 held on March 15, 2024 (the Meeting), resolved to approve the Company to propose to the shareholders to vote for a financial support transaction by entering into a Credit Agreement with NSSEA (Transaction) which is beneficial for the Company in getting an unsecured loan in an amount not exceeding THB 2,700.00 million or equivalent for a period of not exceeding 2 years to repay the existing short term loan from NSSEA and partially prepay the USD Loan from ACO I. Both NSSEA and ACO I are subsidiaries of NSC, which directly holds 10.24% of the registered paid-up capital and holds indirectly through ACO I 49.99% of the registered paid-up capital in the Company. From the said agreement, the Company can borrow the unsecured loan from NSSEA for an amount not exceeding THB 2,700.00 million for a period not exceeding 2 years from July 29, 2024 to July 28, 2026 with the highest interest rate not exceeding Policy Interest Rate + 2.50%, currently totaling 5.00% per year (Policy Interest Rate equal to 2.50% per year as of March 15, 2024) (2024 NSSEA Credit Agreement).

In this regard, the decision to enter into the 2023 and 2024 NSSEA Credit Agreement is a strategy adopted by the Company, not a policy of NSC. NSC's decision to purchase GSTEEL was done while the steel industry was experiencing relatively high profitability. For the 2023 NSSEA Credit Agreement, the Company had two main objectives to utilize low-interest loans from NSSEA to: (1) repay revolving loans (Working Capital) from financial institutions to enable the Company to have additional revolving funds with financial institutions for future operations, and (2) partially prepay USD Loan from ACO I to reduce exchange rate risks and interest rates, since the interest rate is at 7.69%; as for the 2024 NSSEA Credit Agreement, the Company's primary objective was to (1) repay the 2023 NSSEA Credit Agreement which will also enable to convert from short-term to long-term loans to manage the Company's liquidity, and (2) partially prepay USD Loan from ACO I to reduce exchange rate risks and higher interest rates, since the Company currently does not have foreign exchange rate risk management for long term liabilities as the cost of long term hedging is expensive.

By using the 2023 NSSEA Credit Agreement, the Company had reduced the interest expenses (from an average interest rate of 4.69% to 2.68%) and have more revolving funds with financial institutions for future operations (from THB 1,795.86 million to THB 3,095.86 million after repayment of THB 1,300 million to the financial Institutions in December 2023). Moreover, given the improving global and Thai economic conditions, particularly in the real estate and manufacturing industries, it is anticipated that steel prices will improve. After entering into the 2024 NSSEA Credit Agreement, the Company views that it should help improve the Company's liquidity and reduce the Company's USD loan. Therefore, in the future, the Company expects improvement of business performance and the possibility of having sufficient cash flows to repay the remaining USD debt to ACO I at approximately THB 100 million, which is due in 2028. However, the Company still has other debts, such as Thai Baht loan with ACO I in the amount of approximately THB 309.75 million and liabilities from terminated rehabilitation plan and compromise in the amount of approximately THB 611.62 million, which is due between 2025 - 2028, as well as the repayment of the loan under the 2024 NSSEA Credit Agreement which is due in 2026. The Company expects that if the Company's operation improves, the Company may be able to repay the loan with the operational cash flow and/or the Company may be able refinance 2024 NSSEA Credit Agreement with new

loans from financial institutions. Nonetheless, if the Company is unable to obtain additional loans with beneficial conditions from financial institutions in the future, the negotiation with NSSEA for loan renewal is also an option.

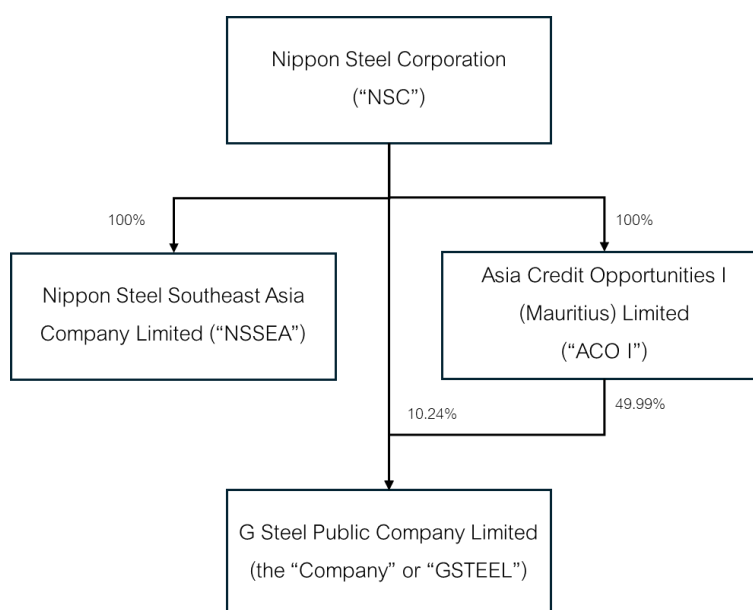
In this regard, entering to the Transaction with NSSEA is enable the Company to borrow an unsecured loan from NSSEA for the amount not exceeding THB 2,700.00 million partly to repay the existing short-term loan from NSSEA under 2023 NSSEA Credit Agreement and to partially prepay the USD Loan from ACO I.

3.2. Date of the transaction

Entering into a credit agreement not exceeding 2 years from July 29, 2024 to July 28, 2026.

3.3. Related Parties

- Finance receiver : G Steel Public Company Limited
- Finance supporter : Nippon Steel Southeast Asia Company Limited (to be changed to “Nippon Steel (Thailand) Co., Ltd.” from April 1, 2024)
- Relationship : NSSEA has the same major shareholder with the Company which is NSC where NSC directly holds 10.24% of the Company’s paid-up capital and indirectly, through ACO I, holds 49.99% of the Company’s paid-up capital.



3.4. General characteristics of the Transaction

The Company will receive financial assistance from NSSEA by entering into a Credit Agreement. From the said agreement, the Company can borrow the unsecured loan from NSSEA for an amount not exceeding THB 2,700.00 million for a period not exceeding 2 years from July 29, 2024 to July 28, 2026 with the highest interest rate not exceeding Policy Interest Rate + 2.50%, currently totaling 5.00% per year (Policy Interest Rate equal to 2.50% per year as of March 15, 2024).

Term Sheet of the Credit Agreement between NSSEA and GSTEEL (NSSEA Term Sheet)

Key Terms	Credit Agreement ^{1/}
Loan Type	Unsecured loan
Loan Currency	Thai Baht
Tenor of the Loan	Not exceeding 2 years from July 29, 2024 to July 28, 2026.
Loan Amount	Not exceeding THB 2,700.00 million
Interest Rate	Not exceeding Policy Interest Rate + 2.50%, totaling 5.00% per year as of March 15, 2024
Prepayment Fee	None

Source: Company

Remarks: 1/ Covenants and other detailed terms and conditions to be finalized by the Board of Directors while finalizing the Credit Agreement. However, the amendments to the Key Terms of the credit agreement must be in line with terms specified in the NSSEA Term Sheet. The Audit Committee is fully aware of its duty to ensure that the Key Terms of the 2024 NSSEA Credit Agreement will not deviate significantly from the NSSEA Term Sheet. In the event that such significant change of the terms happen, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes.

In proposing for approval of the Transaction to the shareholders' meeting, the Company deems it appropriate to propose to the shareholders' meeting to authorize the Board of Directors of the Company to take the following actions:

- 1) to determine the covenants and other terms and conditions for the Transaction and perform any other acts related to documents.
- 2) to sign contracts and/or financial support documents and other relevant financial documents, any contracts and/or amendments or contracts and/or amendments documents as well as to approve the fees, expenses and taxes associated with the execution of such contracts and/or documents.

3.5. Type and size of the Transaction and Transaction Size Calculation

Total value of the transaction comprises of interest on the loan. Hence, the transaction value shall be the total interest which is not exceeding THB 270.00 million throughout the duration of the agreement calculated at the highest interest rate of 5.00% per year for a maximum period of 2 years.

The aforementioned transaction is considered as the receipt of financial assistance from connected person. The size of the transaction is approximately 12.99% of the Company's Net Tangible Assets (NTA) (NTA of the Company as per the latest financial statement as of December 31, 2023 was THB 2,078.93 million). In addition to that, if other connected transactions with related persons of NSC in the past 6 months are included in the transaction size, it will be approximately 15.17% of NTA which is higher than 3% of the Company's NTA. Accordingly, this transaction shall be approved by the Board of Directors and disclosed to the Stock Exchange of Thailand.

By calculating the transaction size according to the criteria for connected transactions, the details are as follows.

The Company's financial information

(Consolidated financial statements of the company ending on December 31, 2023)

Description	(Unit: THB Million)
Total Asset (1)	8,502.13
Non-Tangible Asset (2) ^{1/}	1.37
Total Liabilities (3)	6,421.83
Non-controlling shareholders' equity (4)	0.00
Net Tangible Asset (NTA = (1) – (2) – (3) – (4))	2,078.93
Net profit (loss) attributable to shareholders of the parent company (last 4 quarters)	(1,013.85)

Remark: 1/ Intangible assets include other intangible assets.

Details of the calculation of the size of the connected transaction

Calculation formula	Calculation details	Transaction size
Value of consideration / NTA of the Company	= THB 270.00 million / THB 2,078.93 million	12.99%

When combined with the size of related transactions during the past 6 months before the date the Board of Directors resolved to approve this Transaction, the total transaction size will be equal to 15.17% of the Company's net tangible assets. The details are as follows:

No.	Related transactions of the Company	Transaction value	Connected transaction	Date of resolution of the Board of Directors
		THB million	%	
1	Business support from G J Steel Public Company Limited	0.04	0.00	November 29, 2023
2	Receipt of financial assistance from NSSEA (2023 NSSEA Credit Agreement)	38.84	1.62	December 15, 2023
3	Renewal of Cash Management Service Agreement	11.60	0.56	February 22, 2024
4	Transaction	270.00	12.99	March 15, 2024
Total		320.48	15.17	

Therefore, in entering into the Transaction, the Company has duties to take various actions as follows:

- a) To prepare and disclose the information memorandum regarding the Transaction to the SET pursuant to the Notifications on Connected Transaction immediately;
- b) To appoint the IFA to provide opinion on the Transaction pursuant to the Notifications on Connected Transaction and submit such opinion to shareholders.

In this regard, the Company has appointed Discover Management Company Limited, which is a financial advisor approved by the SEC to act as an IFA to provide opinions to shareholders for Transaction;

- c) To send a notice of the shareholders' meeting to shareholders no less than 14 days prior to the date of the shareholders' meeting which shall at least contain the information as stipulated in the Notifications on Connected Transaction;

- d) To hold the shareholders' meeting to approve the Transaction with the vote of not less than three-fourths of the total number of shares of the shareholders attending the meeting and having the right to vote excluding the vote of shareholders with interest.

3.6. Nature and Extent of Interests of the Connected Persons in respect of Entering into the Transaction

NSSEA has the same major shareholder as the Company which is NSC where NSC directly holds 10.24% of the Company's paid-up capital and indirectly, through ACO I, holds 49.99% of the Company's paid-up capital.

3.7. Plan after receipt of financial assistance

The Company will get an unsecured loan to repay a short-term loan from NSSEA amounting to THB 2,300.00 million and to partially prepay the USD Loan from ACO I amounting to THB 400.00 million.

3.8. Directors Having an interest or Being Connected Persons Not Attending the Meeting and Not Entitled to Vote

Some of the Company's directors, namely, Mr. Hideki Ogawa, Mr. Hisato Ishizaki, Mr. Takashi Sekino, and Mr. Nobuo Okochi are considered as interested and/or connected directors. Therefore, in order to ensure the transparency of voting procedures and to facilitate the independent judgement of other directors, those aforementioned directors abstained from voting in this matter and temporarily left the Meeting during voting session.

3.9. Shareholders Having an interest or Being Connected Persons Not Attending the Meeting and Not Entitled to Vote

The shareholders who have interests are NSC, which directly holds 10.24% of the Company's paid-up capital and ACO I, a subsidiary of NSC, who holds 49.99% of the Company's paid-up capital. They are considered as interested and/or connected shareholders and shall have no rights to vote in the Company's shareholders meeting in this agenda (based on the latest closing register as of February 19, 2024).

Shareholder	Number of shares	Percent
1. Asia Credit Opportunities I (Mauritius) Limited	14,461,489,473	49.99
2. Nippon Steel Corporation	2,963,182,785	10.24
Total	17,424,672,258	60.23

Source: Company

3.10. Expected Benefits of the Transaction

By entering into this Transaction, the Company will obtain an amount not exceeding THB 2,700.00 million to repay an amount of THB 2,300.00 million under the 2023 NSSEA Credit Agreement and repay USD Loan amounting to THB 400.00 million which is at current interest rate of 7.69% thereby saving THB 10.76 million per year and will additionally reduce the risk of foreign exchange volatility.

3.11. Conditions of the Transaction

Entering into this Transaction is considered as the large connected transaction according to the Notification on Connected Transaction. Therefore, the Company shall have duties to hold the shareholders' meeting to approve the

Transaction with the vote of not less than three-fourths of the total number of shares of the shareholders attending the meeting and having the right to vote excluding the vote of shareholders with interest and prepare and disclose an information memorandum on such transaction. Currently, NSSEA does not have any conditions precedent for entering into the transaction and the Key Terms of the 2024 NSSEA Credit Agreement are detailed in Clause 3.4 and 3.13.

3.12. Estimated timeline for entering into the Transaction

Action	Estimated schedule ^{1/}
Request for approval of the Transaction from the Company's shareholder meeting	Within April 2024
Negotiation of the terms and conditions of the 2024 NSSEA Credit Agreement completed.	It is anticipated that the process will be completed by July 2024, which is around 3 months from the approval obtained at the Company's shareholder meeting.
Execution and signing of the 2024 NSSEA Credit Agreement.	Within July 2024
Disbursement of funds according to the 2024 NSSEA Credit Agreement and repayment of the 2023 NSSEA Credit Agreement and part of the USD loan to ACO I.	Before July 31, 2024

Source: Company

Remark: 1/ The aforementioned schedule is an initial estimate and subject to change.

3.13. Summary of the NSSEA Term Sheet

As of the submission date of this IFA's opinion, the Company has only received the terms as per the NSSEA Term Sheet. Details are as follow:

Term Sheet of Credit Agreement between NSSEA and GSTEEL (NSSEA Term Sheet)

Key Terms	Credit Agreement ^{1/}
Borrower	GSTEEL
Lender	NSSEA
Loan Type	Unsecured loan
Loan Currency	Thai Baht
Tenor of the Loan	Not exceeding 2 years from July 29, 2024 to July 28, 2026.
Loan Amount	Not exceeding THB 2,700.00 million
Interest Rate	Not exceeding Policy Interest Rate + 2.50%, totaling 5.00% per year as of March 15, 2024
Prepayment Fee	None

Source: Company

Remarks: 1/ Covenants and other detailed terms and conditions to be finalized by the Board of Directors while finalizing the Credit Agreement. However, the amendments to the Key Terms of the credit agreement must be in line with terms specified in the NSSEA Term Sheet. The Audit Committee is fully aware of its duty to ensure that the Key Terms of the 2024 NSSEA Credit Agreement will not deviate significantly from the NSSEA Term Sheet. In the event that such significant change of the terms happen, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes.

In proposing for approval of the Transaction to the shareholders' meeting, the Company deems it appropriate to propose to the shareholders' meeting to authorize the Board of Directors of the Company to take the following actions:

- 1) to determine the covenants and other terms and conditions for the Transaction and perform any other acts related to documents.
- 2) to sign contracts and/or financial support documents and other relevant financial documents, any contracts and/or amendments or contracts and/or amendments documents as well as to approve the fees, expenses and taxes associated with the execution of such contracts and/or documents.

3.14. Opinion of the Board of Directors regarding Entering into the Transaction

The Board of Directors has considered the reason and necessity of the transaction and resolved that the receipt of financial assistance is reasonable and will eventually benefit the financial status of the Company. The interest rate is lower than the median of MOR (Minimum Overdraft Rate) of 10 financial institutions in Thailand, including Bangkok Bank, Krung Thai Bank, Kasikorn Bank, Siam Commercial Bank, Bank of Ayudhya, TMBThanachart Bank, TISCO Bank, Kiatnakin Phatra Bank, CIMB Thai Bank, and Land and House Bank which is in the range of 7.52% to 8.75% per year (the median is 7.72% per year) and much lower than the USD Loan from ACO I which is 7.69% currently and will additionally reduce the risk of foreign exchange volatility. The Board of Directors viewed that the Credit Agreement is necessary and provides a source of funds for the Company. Thus, the Board of Directors have resolved to approve the Company to propose to the shareholders' meeting to consider and approve a financial support transaction by entering into a Credit Agreement with NSSEA for an amount not exceeding THB 2,700.00 million for period of not exceeding 2 years from July 29, 2024 to July 28, 2026 and the highest interest rate not exceeding Policy Interest Rate + 2.50%, currently totaling 5.00% per year (Policy Interest Rate equal to 2.50% per year as of March 15, 2024)

3.15. Opinions of the Audit Committee and/or the Company's directors which is different from the opinion of the Company's Board of Directors.

The Audit Committee recognizes the necessity of entering into the Transaction with a related party as the Company is unable to obtain unsecured loans from other sources to repay the debt under the 2023 NSSEA Credit Agreement. Furthermore, considering the interest rates and Key Terms of the 2024 NSSEA Credit Agreement (unsecured loan), it is deemed to be the condition that benefits the Company as other sources may probably have a much higher interest rate than the interest rate of 2024 NSSEA Credit Agreement and might require some collaterals to secure the loan. However, the Audit Committee is fully aware of its duty to ensure that the Key Terms of the 2024 NSSEA Credit Agreement will not deviate significantly from the NSSEA Term Sheet. In the event that such significant change of the terms happen, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes.

4. Summary information on lender groups

4.1. Nippon Steel Southeast Asia Company Limited (“NSSEA”)

Company Name	: Nippon Steel Southeast Asia Company Limited (NSSEA)
Headquarter Address	: 909 Ample Tower Building, 14th Floor, Debaratana Road, Bangna Nuea Subdistrict, Bangna District, Bangkok 10260
Telephone	: 0-2744-1480
Type of Business	: Operating International Business Center by purchasing products, raw materials, and part for industries such as automotive industry, energy and electronics, etc., providing service business to its associate enterprises in foreign countries such as General administration, business planning, business coordination, Sourcing of raw materials and parts, Product research and development, Technical support, Marketing and sale promotion, Human resource management and training, Financial advisory, Economic and investment analysis and research, Servicing on financial management of Treasury Center
Company Registration Number	: 0105554046745
Website	: -
Paid-up Capital	: THB 827,238,000
Number of paid-up shares	: 827,238 ordinary shares

Please consider additional details in Attachment 2.

4.2. Nippon Steel Corporation (“NSC”)

Company Name	: Nippon Steel Corporation (NSC)
Headquarter Address	: 2-6-1, Marunouchi, Chiyoda-ku, Tokyo 100-8071, Japan
Telephone	: 81 3 6867 4111
Type of Business	: Steelmaking and steel fabrication / Engineering / Chemicals / New materials / System solutions
Registration Number	: 0100-01-008848
Website	: https://www.nipponsteel.com/en/
Paid-up Capital	: JPY 419.52 billion
Number of paid-up shares	: 924.68 million ordinary shares

Please consider additional details in Attachment 3.

5. Market conditions and industry trends

5.1 Thailand's 2023 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 2023 totaled 6.60 million tons, decreased 7.00% compared to the previous year (2022). If categorized by product groups, long steel products represent 4.56 million tons, decreased 1.67% compared to the prior year whilst the production volume of flat steel products stood at 2.04 million tons, decreased 17.07% compared to the prior year. The most produced product belongs to cold rolled sheet where, in 2022, it totaled 2.00 million tons, decreased 7.98%, followed by hot rolled sheet and coil at 1.89 million tons, decreased 18.18% year on year and coated steel, at 1.68 million tons, decreased 3.36% year on year.

Total Apparent Finished Steel (Unit: Tons)	2022	2023	% Change
Production	7,099,238	6,602,026	-7.00%
Import	10,780,695	11,206,898	3.95%
Export	1,487,192	1,478,118	-0.61%
Consumption	16,392,741	16,330,806	-0.38%

Long Product Finished Steel Consumption (Unit: Tons)	2022	2023	% Change
Production	4,639,908	4,562,569	-1.67%
Import	2,498,583	2,631,107	5.30%
Export	972,970	1,001,504	2.93%
Consumption	6,165,521	6,192,172	0.43%

Flat Product Finished Steel Consumption (Unit: Tons)	2022	2023	% Change
Production	2,459,330	2,039,458	-17.07%
Import	8,282,112	8,575,791	3.55%
Export	514,222	476,614	-7.31%
Consumption	10,227,220	10,138,635	-0.87%

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

The finished steel consumption in Thailand in 2023 stood at 16.33 million tons, decreased 0.38% year on year. If categorized by product group, long steel products increased 0.43% compared to the prior year, to 6.19 million tons whereas the consumption of flat steel products decreased 0.87% compared to the prior year, to 10.14 million tons. The most consumed steel category is hot rolled flat product, at 5.83 million tons followed by coated steel at 4.76 million tons and cold rolled at 3.22 million tons respectively.

Import of finished steel into Thailand in 2023 stood at 11.21 million tons, increased 3.95% over the prior year. The highest imported product is hot rolled steel flat product at 3.82 million tons followed by coated steel at 3.18 million tons and cold rolled steel at 1.33 million tons respectively. The ratio of imported steel consumption versus local steel consumption is at 68.62% against 31.38%, reflecting that Thailand still heavily relies on imported steel.

Thailand exported steel products 1.48 million tons in 2023, decreased 0.61% year on year. The most exported steel products are structural steel, at 310,161 tons followed by seamless pipe, at 306,296 tons.

Hot rolled steel flat product situation in Thailand in 2023

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 2023 reveal the followings.

The local production volume of hot rolled steel, coil and non-coil, in 2023 totaled 2.04 million tons, decreased 17.07% over the prior year. It consists of hot rolled sheet and coil at 1.89 million tons, decrease 18.18% whereas the production of hot rolled plate remained stable at 149,951 tons.

Total Hot Roll (Unit: Tons) (Excluding Stainless Steel)	2022	2023	% Change
Production	2,459,330	2,039,458	-17.07%
Import	3,416,602	3,585,765	4.95%
Export	24,311	24,592	1.16%
Consumption	5,851,621	5,600,631	-4.29%

Total Hot Roll Plate Thickness > 3 mm. (Unit: Tons) (Excluding Stainless Steel)	2022	2023	% Change
Production	149,945	149,951	0.00%
Import	293,117	207,643	-29.16%
Export	3,518	8,089	129.93%
Consumption	439,544	349,505	-20.48%

Total Hot Roll Coil & Sheet Thickness < 3 mm. (Unit: Tons) (Excluding Stainless Steel)	2022	2023	% Change
Production	2,309,386	1,889,506	-18.18%
Import	3,123,485	3,378,122	8.15%
Export	20,793	16,503	-20.63%
Consumption	5,412,078	5,251,125	-2.97%

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

The local consumption of hot rolled steel, both coil and sheet in 2023, stood at 5.60 million tons, decreased 4.29% consisting of HR sheet and coil of 5.25 million tons, decreased 2.97% and HR plate 349,505 tons, decreased 20.48%.

Import of hot rolled steel in 2023, both coil and sheet, increased 4.95%, to 3.59 million tons divided into hot rolled sheet and coil of 3.38 million tons, increased 8.15% and hot rolled plate of 207,643 tons, decreased 29.16%.

Export of hot rolled steel in 2023, both coil and sheet, stood at 24,592 tons, decreased 1.16% compared to the prior year, divided into hot rolled sheet and coil of 16,503 tons, decreased 20.63% from the same period last year and hot rolled plate of 8,089 tons, increasing by 129.93% from last year.

5.2 Steel Global Industry Outlook

Steelmaking excess capacity is on the rise again and is expected to be as high as in 2014, at the start of the last steel crisis. The bleak outlook for steel demand and the increasing relocation of steel capacity from the People's Republic of China to other regions create a worrying outlook for the coming years. This is also a major obstacle to achieving steel decarbonisation targets.

The ongoing steel excess capacity crisis is currently escalating. Steelmaking capacity is forecast to increase to 2 498 million metric tonnes (mmt) by the end of 2023, marking the 5th consecutive year of growth, and outpacing the latest projections for steel demand. The capacity increase this year of 57 mmt translates into the highest annual volume increase in global capacity in a decade. For purposes of comparison, the global increase this year alone is roughly equivalent to the existing level of capacity of a major steel-producing economy, for example that of Brazil or Germany. Regional developments show significant capacity growth in Africa, ASEAN and the Middle East, while the two largest steel producing economies, China and India, which currently account for 47% and 6% of world capacity respectively, are also contributing to the expansion. Strategic planning is essential to ensure market stability.

Unfortunately, the problem of overcapacity is expected to become even more acute in the future. Global steelmaking capacity is projected to increase significantly over the next three years (2024-2026), with 46 mmt of capacity additions underway and an additional 78 mmt in the planning stage. At the same time, prospects for global steel demand growth are clouded by growing risks of a serious downturn in Chinese steel demand as a consequence of the real estate downturn and its ripple effects on financial markets and the economy.

Excess capacity is leading to difficult market conditions and contributes to climate concerns. The global capacity utilisation rate has deteriorated for two years in a row. In 2023, the global steel capacity-production gap has widened, reaching 610 mmt in annualised terms, in the midst of growing market challenges. Excess capacity is also contributing significantly to emissions from the steel industry. Back-of-the-envelope calculations show that even a partial reduction in global excess capacity (by approximately one-third) would lead to a reduction in the emissions of the global steel sector in the range of 2%-14%, and to much healthier business conditions for steel producers.

Chinese steel companies are investing significantly overseas, specifically in ASEAN and other parts of Asia, as well as Africa. Capacity expansions by Chinese companies in third countries, through cross-border investments account for 65.1% of total cross-border investments in new steelmaking capacity taking place around the world. Their investments in ASEAN account for 81% of the region's total capacity expansion. Furthermore, the information analysed in this report suggests that outdated induction furnaces, which do not meet environmental and product quality standards, are frequently imported into ASEAN economies, raising concerns in local communities.

Most of the new investments in Asia involve traditional blast furnace/basic oxygen furnace plants. Other regions are seeing more moderate increases in capacity, with a focus on electric-arc furnaces (EAF). There are also 65 new low-carbon steel projects taking place around the world involving new innovative technologies.

Source: Organisation for Economic Co-operation and Development (OECD)

5.3 Trends in the Steel Industry

In the year 2024, it is forecasted that there will be a 3.7 percent decrease in steel production compared to the previous year. This is due to the anticipated increase in imports of low-priced steel from foreign countries, which will affect the volume of steel production domestically. As for steel consumption in the year 2024, it is expected to reach 16.8 million tons, expanding by 0.6 percent compared to the previous year. This expansion is attributed to private sector investments. However, there are important factors to monitor, such as the global economic and trade situation, as well as China's steel industry policies. China, being a major producer, consumer, and exporter of steel globally, will impact the volume of steel product manufacturing domestically.

Source: Office of Industrial Economics and the Iron and Steel Institute of Thailand

5.4 Thailand's Policy Interest Rate Trend

The Monetary Policy Committee voted 5 to 2 to maintain the policy rate at 2.50 percent. Two Monetary Policy Committee (MPC) members voted to cut the policy rate by 0.25 percentage point. The Thai economy is projected to slow in 2024 from exports and manufacturing activity amid softening global demand and moderating growth in China. Structural headwinds are restraining merchandise exports and tourism more than expected. Meanwhile, domestic demand continues to expand and remains a key driver of the economy. Inflation stays at a low level and should gradually pick up towards the target range albeit at a slower-than-expected pace. In the Monetary Policy Committee's assessment, the recent growth slowdown owes primarily to moderating momentum in the external sector, which partly has structural causes. At the same time, private consumption growth remains robust. The current policy interest rate is consistent with preserving macro-financial stability, a key foundation for sustainable growth in the longer term. Most members thus voted to maintain the policy rate at this meeting. Two members voted to cut the policy rate by 0.25 percentage point, to reflect a lower potential growth as a result of structural challenges. (Source: BOT, as of February 7, 2024)

For the interest rate policy trend in 2024, Krungsri Research predicts that the Monetary Policy Committee (MPC) will maintain the rate at 2.50 percent throughout the year. This is aimed at keeping inflation within target boundaries and supporting Thailand's economic activities to recover towards long-term trends. Simultaneously, it serves to preserve policy space to accommodate future uncertainties and risks. (Source: Krungsri Research)

6. Summary of the Company Information (GSTEEL)

Please consider additional details in Attachment 1.

7. Opinion of IFA regarding the reasonableness of the connected transaction

7.1. Objectives and Background of Entering into the Transaction

The Board of Directors' Meeting of the Company No. 11/2023 held on December 15, 2023, have passed the resolution to approve a financial support transaction by entering into the 2023 NSSEA Credit Agreement with NSSEA, in an amount not exceeding THB 2,300.00 million, under which will expire on July 31, 2024. As a result, the Company needs to find a replacement loan amount to repay debt according to the 2023 NSSEA Credit Agreement (The details are as per Clause 1. Overview of entering into the Transaction). Currently, the Company has not received acceptance from any financial institution (the Company currently has revolving credit facilities with 3 financial institutions). If the Company is unable to repay the loan under the 2023 NSSEA Credit Agreement as scheduled on July 31, 2024, the Company, other creditors and the shareholders of the Company will face significant implications from cross defaults specified in the loan agreements with all three financial institutions. If the Company defaults on payments to other creditors, it will incur interest rates ranging from 14% to 15% per annum (one of the financial institution does not specify a minimum threshold, while the other two stipulate that defaults only occurs with debts exceeding THB 155 million).

Furthermore, the loan under the 2023 NSSEA Credit Agreement will expire on July 31, 2024, necessitating the Company to seek alternative loan facilities to repay the loan under the 2023 NSSEA Credit Agreement. However, as the Company has been suspended for trading (SP) since 2018 due to the delayed submission of audited financial statements from 2018 to the second quarter of 2019. In the past, the Company had several financial difficulties where the Company experienced liquidity issues since the year 2008, leading to insufficient capital to sustain its operations. Consequently, the Company had to stop its production of hot-rolled coil steel, its main product, which accounted for approximately 95% of its total revenue, for a period of about 2 years from May 2012 to March 2014. This problem led to the Company's liquidity shortage and inability to repay a significant amount of debts as scheduled. Over the years, the Company had to undergo several debt restructuring processes. Currently, the Company still has outstanding bonds of USD 15.5 million (excluding interest) which was defaulted in 2011 and there are no creditors presented and demanded the repayment which the Company will repay the bonds as per the available cashflows as and when the creditors claim the same. In the past years, there was the change in major shareholders and the Company is now working on improving its operational performance and has already obtained working capital from financial institutions.

From the aforementioned requirement, the Board of Directors' Meeting of the Company No. 2/2024 held on March 15, 2024, where the same had been reviewed and concurred by the Company's Audit Committee's Meeting No. 2/2024 held on March 15, 2024 (the Meeting), resolved to approve the Company to propose to the shareholders to vote for a financial support transaction by entering into a Credit Agreement with NSSEA (Transaction) which is beneficial for the Company in getting an unsecured loan in an amount not exceeding THB 2,700.00 million or equivalent for a period of not exceeding 2 years to: 1) repay the existing short term loan from NSSEA under the 2023 NSSEA Credit Agreement, and 2) partially prepay the USD Loan from ACO I. (ACO I is a subsidiary of NSC, with NSC holding 100 percent of the shares. Details can be found in Clause 3.3.)

By entering into the Transaction, the Company can borrow the unsecured loan from NSSEA for an amount not exceeding THB 2,700.00 million for a period not exceeding 2 years from July 29, 2024 to July 28, 2026 with the highest

interest rate not exceeding Policy Interest Rate + 2.50%, currently totaling 5.00% per year (Policy Interest Rate equal to 2.50% per year as of March 15, 2024) (2024 NSSEA Credit Agreement).

7.2. Impact from entering into the Transaction.

7.2.1. Impact of accounting transactions on the Company

List	Audited Financial Statements As of December 31, 2023	Increase / (Decrease) from Transaction	Forecasted impact that will occur after the Transaction ^{1/}	Changes (%)
Impact on the financial statement				
Current liabilities				
Short-term loans from related party – 2023 NSSEA Credit Agreement	2,300.00	(2,300.00)	0.00	(100.00%)
Non-current liabilities				
Long-term loans from related party – 2024 NSSEA Credit Agreement	0.00	2,700.00	2,700.00	-
Other Payables and Accrued Expenses - Debt to ACOI	581.36	(400.00)	181.36	(68.80)

Remark : 1/ This is a preliminary estimate which may change in the future.

Source : Company

From the table above, following the completion of the Transaction, it is anticipated that the Company will immediately increase its long-term loans from related party – 2024 NSSEA Credit Agreement by THB 2,700.00 million, while short-term loans from related party – 2023 NSSEA Credit Agreement and other creditors, as well as outstanding expenses related to debts to ACOI, will decrease by THB 2,300.00 million and THB 400.00 million, respectively, or a reduction of (100.00) percent and (68.80) percent, respectively. This will improve the Company's liquidity ratio from 0.36 to 0.67. These changes will not impact the total liabilities shown in the Company's financial statements, with total liabilities and the debt-to-equity ratio remaining unchanged at THB 6,421.83 million and 3.09 times, respectively, and will not affect the Company's profit and loss statement. Through these operations, the Company's primary objective was to 1) repay the 2023 NSSEA Credit Agreement which will also enable to convert from short-term to long-term loans to manage the Company's liquidity, and 2) partially prepay USD Loan from ACO I to reduce exchange rate risks and higher interest rates, since the Company currently does not have foreign exchange rate risk management for long term liabilities as the cost of long term hedging is expensive. After entering into the 2024 NSSEA Credit Agreement, the Company views that it should help improve the Company's liquidity and reduce the Company's US dollar loan. Moreover, given the improving global and Thai economic conditions, particularly in the real estate and manufacturing industries, it is anticipated that steel prices will improve.

However, after the Company partially prepays USD Loan from ACO I for THB 400.00 million, the Company still has outstanding principal debt of USD Loan from ACO I amounting to THB 100.09 million, which will be due in 2028. The Company anticipates having sufficient cash flow from its operations to repay this debt. Additionally, the Company still has other debts, such as Thai Baht loan with ACO I in the amount of approximately THB 309.75 million and liabilities from terminated rehabilitation plan and compromise in the amount of approximately THB 611.62 million, which is due between

2025 – 2028, as well as the repayment of the loan under the 2024 NSSEA Credit Agreement which is due in 2026. The Company expect that if the Company's operation improves, the Company may be able to repay the loan with the operational cash flow and/or the Company may be able to refinance 2024 NSSEA Credit Agreement with new loans from financial institutions. Nonetheless, if the Company is unable to obtain additional loans with beneficial conditions from financial institutions in the future, the negotiation with NSSEA for loan renewal is also an option.

7.2.2. Impact on the Company's liabilities

Although the aforementioned transaction will not affect the total liabilities shown in the Company's financial statements, with total liabilities and the debt-to-equity ratio remaining unchanged at THB 6,421.83 million and 3.09 times, respectively, and will not affect the Company's profit and loss statement, the change in interest rates is likely to result in increased financial costs for the Company in the future, divided into two parts as follows:

Detail	Total loan repayment	Forecasted interest rate as original agreement	Forecasted interest rate as new agreement (2024 NSSEA Credit Agreement)	Interest rates increase (decrease)	Estimated interest expenses increase (decrease) per year ^{1/}
1. Entering into the 2024 NSSEA Credit Agreement to repay debt according to the 2023 NSSEA Credit Agreement.	2,300.00	2.68%	5.00%	2.32%	THB 53.36 million
2. Entering into the 2024 NSSEA Credit Agreement to partially prepay the USD Loan from ACO I.	400.00	7.69%	5.00%	(2.69%)	THB (10.76) million
Total	2,700.00	3.43%	5.00%	1.58%	THB 42.60 million

Remark : 1/ This is a preliminary estimate which may change in the future.

Source : Company

While the increased financial costs may impact the Company's performance and its ability to pay dividends in the future, but if the Company is unable to proceed with this Transaction, it may not have sufficient cash to repay the 2023 NSSEA Credit Agreement valued at THB 2,300.00 million, which is due on July 31, 2024. The Company will also face significant implications from cross defaults specified in the loan agreements with all three financial institutions. If the Company defaults on payments to other creditors, it will incur interest rates ranging from 14% to 15% per annum (one of the financial institution does not specify a minimum threshold, while the other two stipulate that defaults only occurs with debts exceeding THB 155 million). Additionally, under the 2024 NSSEA Credit Agreement, the Company can borrow an unsecured loan not exceeding THB 2,700.00 million for a period not exceeding 2 years from July 29, 2024 to July 28, 2026. This represents a higher loan amount and a longer loan period compared to the 2023 NSSEA Credit Agreement of THB 2,300.00 million, which is for approximately 7 months, from December 15, 2023, to July 31, 2024.

7.3. Advantages, disadvantages, and risks of entering into financial support transactions with connected persons (Entering the Transaction)

7.3.1. Advantages of the Transaction

7.3.1.1. The Company will have sufficient funds to repay the loan under the 2023 NSSEA Credit Agreement and partially prepay the USD Loan from ACO I, which helps to prevent cross defaults that would otherwise require the Company to pay interest at default rates.

As the Company entered into the 2023 NSSEA Credit Agreement for an amount not exceeding THB 2,300 million, with repayment due on July 31, 2024, considering the Company's consolidated financial statements as of December 31, 2023, the Company had cash and cash equivalents of THB 522.83 million, temporary investments – trading securities of THB 4.24 million, while short-term borrowings from financial institutions amounted to THB 1,100.00 million. Additionally, there were liabilities from terminated rehabilitation plan and compromise within one year amounting to THB 189.76 million. There were also portions of long-term borrowings from related parties due within one year of THB 47.10 million, and portion of a bonds due within one year of THB 533.43 million (in default since 2011, but currently no bondholders have come forward to claim their rights), along with short-term borrowings from related parties – the 2023 NSSEA Credit Agreement of THB 2,300.00 million. This is compounded by the operating losses for the fiscal year 2023 amounting to THB (1,013.85) million. Considering the Company's ability to repay the debts under the 2023 NSSEA Credit Agreement, there is a trend indicating that the Company may not be able to fulfill the repayment obligations. If the Company will not be able to repay, it would constitute a default on its debt obligations, which could adversely increase the interest burden of the Company (default interest rate is 14% to 15% per year) and cross default with other creditors, particularly financial institutions. As the Company has revolving credit facilities with three financial institutions, and each facility specifying a Cross Default clause, which states that if the Company defaults on payments to other creditors, the Company will be subject to paying default interest at a rate of 14% to 15% per year (one of the financial institution does not specify a minimum threshold, while the other two stipulate that defaults only occurs with debts exceeding THB 155 million). Therefore, entering into the 2024 NSSEA Credit Agreement, with an amount not exceeding THB 2,700 million, should enable the Company to repay the principal of the 2023 NSSEA Credit Agreement within the specified timeframe and allow the Company to continue its operations. The Company has loans from financial institutions and related persons according to the Company's financial statements ending December 31, 2023 as follows.

No.	Loan Description	Loan Facility (THB Million)	Outstanding (due within 1 year)	Outstanding (due more than 1 year)	Total Outstanding Amount (THB Million)	Interest Expense (FY2023) (THB Million)	Interest Description	Maturity Date	Collateral Detail
1	BAY	USD 36 million	330.00	-	330.00	15.71	Bank's Cost of Fund + 0.25% (2.76%)	Revolving Fund	None
2	Mizuho	1,470.00	385.00	-	385.00	17.42	According to Bank Term (2.65%)	Revolving Fund	None
3	SMBC	1,470.00	385.00	-	385.00	17.40	According to Bank Term (2.65%)	Revolving Fund	None
	Short-term borrowings from financial institutions		1,100.00	-	1,100.00	50.52			
4	NSSEA	2,300.00	2,300.00	-	2,300.00	2.03	Policy Rate + 0.18% (2.68%)	31/7/2024	None
	Short-term borrowings from related party		2,300.00	-	2,300.00	2.03			
5	ACO I (Nirum)	Restructured Debt	47.10	157.00	204.10	22.20	Fixed rate at 6%	1/12/2025	1,100 million of GJS shares
	Long-term borrowing from related party		47.10	157.00	204.10	22.20			
6	Superior Overseas	Restructured Debt	30.39	97.26	127.65	2.75	MLR -2.00% (5.18%)	1/12/2028	None
7	Mahachai	Restructured Debt	97.38	324.61	421.99	16.80	Fixed rate at 6%	1/12/2025	Lands and 800 million of GJS shares
8	Other liabilities from terminated rehabilitation plan and compromise ^{1/}	Loan with no creditor claiming the debt	61.98	-	61.98	0.51	-	-	-
	Liabilities from terminated		189.76	421.86	611.62	20.05			

No.	Loan Description	Loan Facility (THB Million)	Outstanding (due within 1 year)	Outstanding (due more than 1 year)	Total Outstanding Amount (THB Million)	Interest Expense (FY2023) (THB Million)	Interest Description	Maturity Date	Collateral Detail
	rehabilitation plan and compromise								
9	ACO I (USD)	Restructured Debt	-	500.09	500.09	98.16	LIBOR + 2.10% (7.69%)	27/11/2028	None
10	ACO I (Metal Inter)	Restructured Debt	24.38	81.27	105.65	9.84	Fixed rate at 6%	1/12/2025	None
	Other payables and accrued expenses		24.38	581.36	605.74	108.00			
11	Other loans ^{2/}	Loan with no creditor claiming the debt	537.28	-	537.28	24.22	-	-	-
	Total		4,198.52	1,160.23	5,358.75	227.02			

Source: Company

Remarks: 1/ As of December 31, 2023, the Company had liabilities from terminated rehabilitation plan and compromise in the amount of THB 61.98 million, which were loans with no creditors claiming the debt. If creditors claim debts, the Company will negotiate debt restructuring with the creditors based on the Company's available cashflows.

2/ As of December 31, 2023, the Company had borrowing from other party in the amount of THB 3.85 million and debenture in the amount of THB 533.43 million, which were loans with no creditors claiming the debt. If creditors claim these debts, the Company will negotiate debt restructuring with the creditors based on the Company's available cashflows. Additionally, these bonds are governed by the laws of the United Kingdom, which have longer maturity periods compared to Thai laws.

7.3.1.2. The interest rate of the NSSEA Term Sheet is lower than the MLR loan rate and is considered a long-term borrowing where the Company does not need to use collateral. This allows the Company to continue to use its assets as collateral for other loans in the future, if necessary.

Although the Transaction is a connected transaction, the interest rate of NSSEA Term Sheet is lower than the MLR (Minimum Loan Rate) of the top 10 financial institutions in Thailand as of March 15, 2024, which ranges from 7.05 percent to 8.35 percent per annum (with a median value of 7.50 percent per annum) (details as per Clause 8.1.1.). Additionally, the NSSEA Term Sheet conditions are similar to other loan agreements of the Company (details as per Clause 8.2.2.), even though the Company has continued operating losses, in 2022 and 2023 the Company has operating losses of THB (2,003.46) million and THB (1,013.85) million, respectively.

Additionally, IFA compares the terms of the NSSEA Term Sheet with other loan agreements of the Company and publicly disclosed loan information of other companies in the same industry group, iron and metal products, with a total of 23 companies, can be summarized as follows: (details as per Clause 8.)

No.	NSSEA Term Sheet ^{1/}	Compared to other loans of the Company	Compared to other long-term loans of the Company	Compared to loans from other companies in the same industry	Compared to long-term loans from other companies in the same industry
1.	Interest Rate	44.44 th percentile	0.00 th percentile	38.46 th percentile	23.08 th percentile
2.	Loan Period	44.44 th percentile	0.00 th percentile	72.73 rd percentile	0.00 th percentile
3.	Loan Facility	- ^{2/}	- ^{2/}	79.71 st percentile	88.89 th percentile

Remarks: 1/ Covenants and other detailed terms and conditions to be finalized by the Board of Directors while finalizing the Credit Agreement. However, the amendments to the Key Terms of the credit agreement must be in line with terms specified in the NSSEA Term Sheet. The Audit Committee is fully aware of its duty to ensure that the Key Terms of the 2024 NSSEA Credit Agreement will not deviate significantly from the NSSEA Term Sheet. In the event that such significant change of the terms happen, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes.

2/ Other loans of the Company are primarily revolving credit facilities and debt restructuring liabilities, which may not be appropriate for analysis and comparison.

Based on the table above, when comparing the terms of the NSSEA Term Sheet with other loans of the Company and companies in the same industry group, the interest rate according to the NSSEA Term Sheet falls within 44.44 percentile range when comparing to other loans of the Company and falls within 0.00 percentile range when comparing to other long-term loans of the Company. Thus, it can be estimated that approximately 55.56% of the Company's other loans have higher than or equivalent to the interest rates of the 2024 NSSEA Credit Agreement, and there are no other long-term loans of the Company with lower interest rates than the 2024 NSSEA Credit Agreement. When compared to companies in the same industry, the interest rate according to the NSSEA Term Sheet falls within 38.46 percentile range when comparing to loans of companies in the same industry group and falls within 23.08 percentile range when comparing to long-term loans of other companies in the same industry group. Thus, it can be estimated that approximately 61.54% of the companies borrow at higher interest rates or equivalent to the Company, and approximately 76.92% of the companies borrow long-term loans at higher interest rates or equivalent to the Company. Therefore, IFA is of the opinion that the interest rate and terms of the NSSEA Term Sheet are appropriate.

7.3.1.3. This enables the Company to increase its available credit facilities for operational purposes.

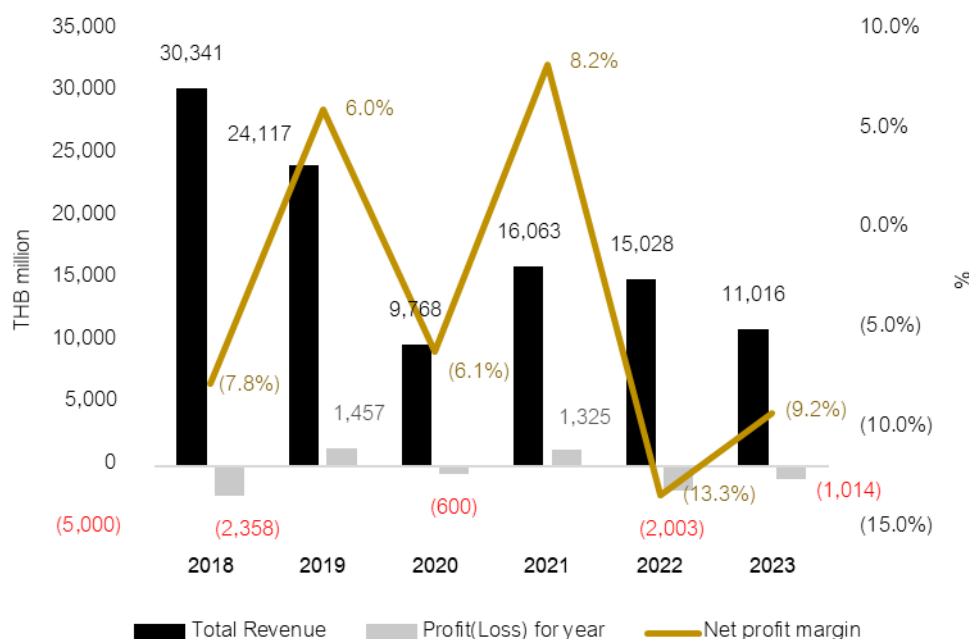
Considering the current financial status of the Company as of December 31, 2023, which has cash and cash equivalents of THB 522.83 million, while having short-term outstanding loans from financial institutions and related parties amounting to THB 5,358.75 million (details as per Clause 7.3.1.1.). The short-term outstanding amount that the Company must repay within one year is THB 4,198.52 million, which is higher than the cash and cash equivalents the Company currently holds, THB 3,675.70 million, and higher than the entire unused credit facility of the Company, which is THB 3,095.68 million. Moreover, the credit facility are only to be used as working capital. Given the Company's current financial status, with a Debt-to-Equity (D/E) ratio of 3.09, operating losses, and high deficit, sourcing loans from other institutions is likely to be challenging. Moreover, the Company's current status of being under "SP" or a temporary trading suspension makes it difficult to raise funds through other means. Therefore, the Company's decision to enter into the 2023 and 2024 NSSEA Credit Agreement will help the Company retain approximately THB 1,300 million in working capital with financial institutions, which can be utilized for the Company's future operations. Additionally, with the repayment of existing short-term loans from NSSEA under 2023 NSSEA Credit Agreement, this short-term loan will be converted into long-term loan. This change will improve the Company's liquidity ratio from 0.36 to 0.67.

7.3.1.4. It reduces the risk from the ongoing concern operations.

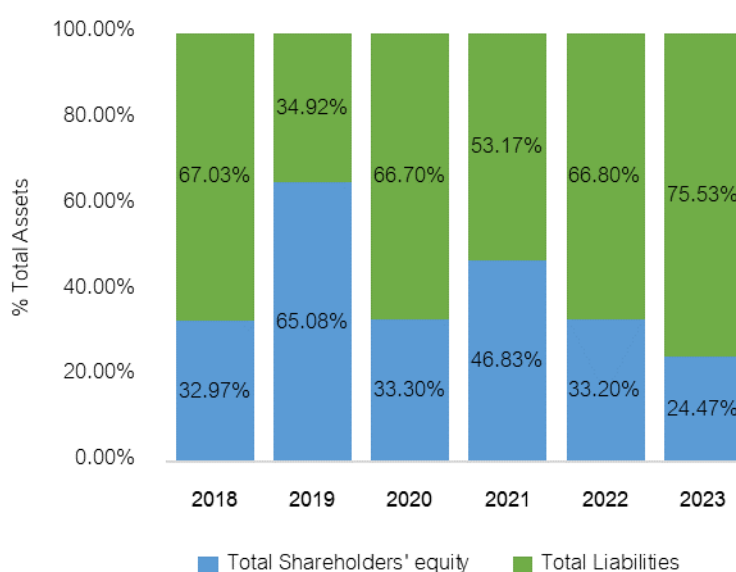
The external auditor of the Company noted in the financial statements for 2023 that as of December 31, 2023, the Company's current liabilities exceeded its current assets by THB 3,222.46 million, with accumulated losses of THB 24,808.69 million. The continuous operations of the Company depend on the success of debt restructuring plans, fundraising efforts, and the management's ability to operate the business in the future. In this regard, the Company has undertaken various initiatives such as obtaining non-restrictive credit facilities and improving production and sales processes to ensure normal business operations. Therefore, NSSEA, which shares the same major shareholder as the Company, has agree to provide financial assistance to the Company. This assistance, in the form of long-term loans instead of short-term loans, is likely to benefit the Company by reducing its current liabilities, enabling it to continue operations, and mitigating the risk from ongoing concern operations.

Following the completion of the Transaction, it is anticipated that the Company will immediately increase its long-term loans from related party – 2024 NSSEA Credit Agreement (non-current liabilities) by THB 2,700.00 million, while short-term loans from related party – 2023 NSSEA Credit Agreement (current liabilities) and other creditors, as well as outstanding expenses related to debts to ACOI (non-current liabilities), will decrease by THB 2,300.00 million (current liabilities) and THB 400.00 million (non-current liabilities), respectively (details as per Clause 7.2.1.). This will improve the company's liquidity ratio from 0.36 to 0.67. These changes will not impact the total liabilities shown in the Company's financial statements, with total liabilities and the debt-to-equity ratio remaining unchanged at THB 6,421.83 million and 3.09 times, respectively, and will not affect the Company's profit and loss statement.

Summary of the Company's operating results from 2018 - 2023



Summary of the Company's financial statement 2018 - 2023



7.3.1.5. Reduce exchange rate risk.

According to the plan, following the financial assistance received by the Company, the funds obtained from the 2024 NSSEA Credit Agreement with NSSEA amount not exceeding THB 2,700 million will be utilized to repay the short-term loan from NSSEA, totaling THB 2,300.00 million, and to partially prepay the USD Loan from ACO I, amounting to THB 400.00 million. Repaying the debt in US dollars will significantly reduce the exchange rate risk because the Company currently does not have foreign exchange rate risk management for long term liabilities as the cost of long term hedging is expensive, and almost all of its revenue is in Thai Baht currency. Therefore, having liabilities and interest in Thai baht will help the Company reduce exchange rate risk.

7.3.2. Disadvantages of the Transaction

7.3.2.1. Increased overall financial cost burden.

From the details provided in Clause 7.2.2., although the aforementioned transaction will not have an impact on the total liabilities shown in the Company's financial statements, with total liabilities and debt-to-equity ratio (D/E Ratio) remaining unchanged at THB 6,421.83 million and 3.09, respectively, and will not affect the Company's net profit (loss). The changes in interest rates are expected to result in an increased financial cost burden for the Company in the future, divided into two impacts:

- 1) Entering into the 2024 NSSEA Credit Agreement, with an interest rate not exceeding 5.00% (floating rate based on the policy interest rate plus 2.50% per annum, which is 2.50% as of March 15, 2024), to repay the debt under the 2023 NSSEA Credit Agreement, with an interest rate of 2.68% (floating rate based on the policy interest rate plus 0.18% per annum, which is 2.50% as of March 15, 2024), which is expected to increase interest payments by approximately THB 53.36 million per year.
- 2) Entering into the 2024 NSSEA Credit Agreement with an interest rate not exceeding 5.00% to partially repay USD Loan from ACO I, with an interest rate of 7.69% (floating rate based on LIBOR plus 2.10% per annum, which is 5.59% as of January 2, 2024), which is expected to decrease interest payments by approximately THB 10.76 million per year.

Details as per the table below.

Detail	Total loan repayment	Forecasted interest rate as original agreement	Forecasted interest rate as new agreement (2024 NSSEA Credit Agreement)	Interest rates increase (decrease)	Estimated interest expenses increase (decrease) per year ^{1/}
1. Entering into the 2024 NSSEA Credit Agreement to repay debt according to the 2023 NSSEA Credit Agreement.	2,300.00	2.68%	5.00%	2.32%	THB 53.36 million
2. Entering into the 2024 NSSEA Credit Agreement to partially prepay the USD Loan from ACO I.	400.00	7.69%	5.00%	(2.69%)	THB (10.76) million
Total	2,700.00	3.43%	5.00%	1.58%	THB 42.60 million

Remark : 1/ This is a preliminary estimate which may change in the future.

Source : Company

However, the increased financial costs mentioned above may impact the business performance and the ability to pay dividends in the future. If the Company is not entering into the Transaction, it may not have sufficient cash to repay the 2023 NSSEA Credit Agreement valued at THB 2,300.00 million, which is due on July 31, 2024. This could significantly impact the Company, other creditors and shareholders due to cross defaults. However, some terms and conditions are not less favorable than the previous agreement. The details are as follows:

Key Terms	2023 NSSEA Credit Agreement	NSSEA Term Sheet
Borrower	GSTEEL	GSTEEL

Key Terms	2023 NSSEA Credit Agreement	NSSEA Term Sheet
Lender	NSSEA	NSSEA
Loan Type	Unsecured loan	Unsecured loan
Loan Currency	Thai Baht	Thai Baht
Tenor of the Loan	December 15, 2023 – July 31, 2024	Not exceeding 2 years from July 29, 2024 – July 28, 2026
Loan Amount	Not exceeding THB 2,300.00 million	Not exceeding THB 2,700.00 million
Interest Rate	Policy Interest Rate + 0.18%, totaling 2.68% per year as of March 15, 2024	Not exceeding Policy Interest Rate + 2.50%, totaling 5.00% per year as of March 15, 2024
Prepayment Fee	None	None

In addition, entering into the 2024 NSSEA Credit Agreement for an amount not exceeding THB 2,700.00 million aligns with the company's main objectives. These objectives are: 1) repay the 2023 NSSEA Credit Agreement which will also enable to convert from short-term to long-term loans to manage the Company's liquidity, and 2) partially prepay USD Loan from ACO I to reduce exchange rate risks and higher interest rates, since the Company currently does not have foreign exchange rate risk management for long term liabilities as the cost of long term hedging is expensive. After entering into the 2024 NSSEA Credit Agreement, the Company views that it should help improve the Company's liquidity and reduce the Company's US dollar loan. Therefore, in the future, the Company expects improvement of business performance and the possibility of having sufficient cash flows to repay the remaining USD debt to ACO I at approximately THB 100 million, which due in 2028. However, the Company still has other debts, such as Thai Baht loan with ACO I in the amount of approximately THB 309.75 million and liabilities from terminated rehabilitation plan and compromise in the amount of approximately THB 611.62 million, which is due between 2025 - 2028, as well as the repayment of the loan under the 2024 NSSEA Credit Agreement which is due in 2026. The Company expected that if the Company's operation has improved, the Company may be able to repay the loan with the operational cash flow and/or the Company shall be able to refinance 2024 NSSEA Credit Agreement with new loans from financial institutions. Nonetheless, if the Company is unable to obtain additional loans with beneficial conditions from financial institutions in the future, the negotiation with NSSEA for loan renewal is also an option. Therefore, IFA is of the opinion that entering into the Transaction is likely to help the Company manage its liquidity. However, the ability to sustain operations of the Company still depends on economic conditions, success in implementing debt restructuring plans and securing funding sources, and the competence of the Company's management in conducting its business in the future, which aligns with the views of the Company's auditors.

7.3.2.2. Conditions and details pertaining to other agreements related to the credit agreement are still under consideration.

As the agreement related to this Transaction is still being finalized at the time of submitting this IFA's opinion, the Company only possesses the NSSEA Term Sheet. The covenant and other detailed terms and conditions of the credit agreement will be finalized by the Company's Board of Directors and NSSEA after the shareholders' approval. Details of the NSSEA Term Sheet are shown in Clause 3.12. Important conditions not yet specified in the NSSEA Term Sheet include repayment terms of principal and interest. Considering the difficulty in aligning repayment terms of principal and interest of the 2024 NSSEA Credit Agreement with those of the 2023 NSSEA Credit Agreement, given that the former involves a

higher loan amount and longer loan period, it may be challenging for NSSEA to establish repayment terms of principal and interest for the 2024 NSSEA Credit Agreement similar to those of the 2023 NSSEA Credit Agreement. However, IFA is of the opinion that for general loan agreements, the terms received from NSSEA and the current situation of the Company are sufficient for IFA to provide an opinion. In this regard, the Audit Committee is fully aware of its duty to ensure that the Key Terms of the 2024 NSSEA Credit Agreement will not deviate significantly from the NSSEA Term Sheet. In the event that such significant change of the terms happen, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes

7.3.3. Advantages of not entering into the Transaction

7.3.3.1. There is no increase in financial costs from before.

From the details provided in Clause 7.2.2., although the aforementioned transaction will not have an impact on the total liabilities shown in the Company's financial statements, with total liabilities and debt-to-equity ratio (D/E Ratio) remaining unchanged at THB 6,421.83 million and 3.09, respectively, and will not affect the Company's net profit (loss). The changes in interest rates are expected to result in an increased financial cost burden for the Company in the future, divided into two impacts:

- 1) Entering into the 2024 NSSEA Credit Agreement to repay the debt under the 2023 NSSEA Credit Agreement, which is expected to increase interest payments by approximately THB 53.36 million per year.
- 2) Entering into the 2024 NSSEA Credit Agreement to partially repay USD Loan from ACO I, which is expected to decrease interest payments by approximately THB 10.76 million per year.

Therefore, it is anticipated that following the Transaction, interest payments will increase by approximately THB 42.60 million per year. If the Transaction is not carried out, the Company will not incur additional financial costs. However, if the Company cannot engage in this Transaction, it may not have sufficient cash to repay the loan under the 2023 NSSEA Credit Agreement, valued at THB 2,300.00 million, which will be due on July 31, 2024. This could significantly impact the Company, other creditors and shareholders of the Company due to cross defaults.

7.3.4. Disadvantages of not entering into the Transaction

7.3.4.1. Missed opportunities to repay loans and reduce exchange rate risk.

Based on the plan following the financial assistance received by the Company to utilize the funds received from the 2024 NSSEA Credit Agreement in an amount not exceeding THB 2,700 million to repay the short-term loan from NSSEA in the amount of THB 2,300 million and partially prepay the USD Loan from ACO I in the amount of THB 400 million. Therefore, if the Company does not proceed with the Transaction, it will miss the opportunity to repay the aforementioned loan or may need to seek other funds to repay it. Partially repaying debts in US dollars can significantly reduce exchange rate risks, as most of the Company's income is in Thai baht. Therefore, having debt and interest in Thai baht can help the Company reduce exchange rate risks.

7.3.5. Advantages of entering into the Transaction with a related person

7.3.5.1. Entering into Transaction with a related person help increase the convenience and swiftness in negotiating the terms.

Since NSSEA has the same major shareholder as the Company, negotiations on the credit agreement term are convenient and swift. Moreover, the transaction to provide financial assistance to NSSEA, a subsidiary of NSC registered in the Tokyo Stock Exchange (TSE), does not reach the threshold requiring approval from NSC shareholders. Thus, the Company can call the shareholders' meeting to consider and approve the Transaction within AGM 2024. In case the Company enter into the Transaction with third parties, it may take longer to negotiate the terms and the results may not be as expected. However, it could still be perceived as a more transparent transaction, with no direct transfer of benefits out of the Company, given that both parties involved are not related.

7.3.6. Disadvantages of entering into the Transaction with a related person

7.3.6.1. There are increased expenses from entering into Transaction.

Entering into the transaction with related persons may create duties for the Company according to the announcement of connected transactions to propose the Transaction to the shareholders' meeting to consider and approve the Transaction. As a result, the Company will likely have additional operating costs, such as the cost of hiring an independent financial advisor to provide opinions to shareholders. In the future, the Company may have to enter into another transaction with related persons in order to secure additional loan and/or extend the term of the existing loan. These expenses for entering into the Transaction are additional expense compared to entering into a similar transaction with a third party.

7.3.7. Advantages of entering into the Transaction with third parties

7.3.7.1. Shareholders will assume that the transaction is transparent.

When entering into a transaction with external parties, shareholders will assume that the Company's transactions are transparent and that there is no diversion of benefits from the Company, since both parties of the agreement are not related. Therefore, in negotiating, both parties are likely to maintain their own interests to the fullest.

7.3.8. Disadvantages of entering into the Transaction with third parties

7.3.8.1. Negotiations may take time and additional conditions may arise.

Entering into the Transaction with external parties may require both parties to negotiate, where each party may not be familiarized with the other party. This could result in the Company needing more time and resources for negotiations, as well as the addition of various conditions to ensure the success of the transaction.

7.3.9. Risks of the Transaction

7.3.9.1. Interest rate risk due to the floating interest rate of NSSEA Term Sheet.

Since the interest rate for this loan transaction is a floating rate, meaning it does not exceed the Policy Interest Rate plus 2.50% per annum (which as of March 15, 2024, equals 5.00% per annum (data from BOT), or approximately THB 135 million per year), with a repayment period of within 2 years. Therefore, an increase in market interest rates would result in the Company incurring higher financial costs, potentially impacting its operations and, consequently, its shareholders' returns directly. However, for the interest rate policy trend in 2024, Krungsri Research predicts that the Monetary Policy Committee (MPC) will likely maintain the interest rate at 2.50% throughout the year to manage inflation

within the target framework and support Thailand's economic recovery in the long term, while also preserving policy space to accommodate future risks. This is consistent with the opinion of IFA, as IFA views that the interest rate would most likely decrease (CBS News and CNBC News). Recognizing these risks, as the policy interest rate adjusts upward, it will result in higher financial costs for the Company. The Company will implement measures to monitor and control various external factors, including the consistent monitoring of interest rate trends. The Company may consider using other financial instruments to mitigate these risks, along with efficiently managing financial costs, such as refinancing with financial institutions offering lower interest rates and/or raising funds at lower costs.

7.3.9.2. The existing default risk, which includes debts that will arise from entering into the Transaction.

Regarding default risk, based on the Company's consolidated financial statements as of December 31, 2023, the Company had cash and cash equivalents of THB 522.83 million, temporary investments - trading securities of THB 4.24 million, while short-term borrowings from financial institutions amounted to THB 1,100.00 million. Additionally, there were liabilities from terminated rehabilitation plan and compromise within one year amounting to THB 189.76 million. There were also portions of long-term borrowings from related parties due within one year of THB 47.10 million, and portion of debenture due within one year of THB 533.43 million (default since 2011, but currently no bondholders have come forward to claim their rights), along with short-term borrowings from related parties - the 2023 NSSEA Credit Agreement of THB 2,300.00 million. This is compounded by the operating losses for the fiscal year 2023 amounting to THB (1,013.85) million. This Transaction will not affect the total liabilities presented in the financial statements of the Company. However, it will convert short-term debt of THB 2,300.00 million into long-term debt. The Company still faces the existing default risk, which includes debts that will arise from entering into the Transaction if the Company is unable to generate sufficient cash flow to pay interest and repay principal. Furthermore, the Company plans to repay its loans from current business operations. However, the Company's business operations depend on the future market conditions.

In addition, the risk of defaulting on interest or principal payments is an existing risk for the Company, even if it does not enter into the Transaction since the borrowed funds that the Company would receive from this Transaction would be used to repay other outstanding debts in full. Nevertheless, the Company is negotiating debt repayment plans with creditors, including installment payments, debt restructuring, and payment deferrals to avoid defaults. The Company will closely monitor and control cash flows and ensure regular payments negotiated with creditors. Additionally, the Company plans to pay off existing debts before they become due, which will help reduce the Company's interest burden. However, it is necessary to consider the liquidity and cash flow status of the Company. In the future, the Company intends to continuously monitor and control cash flows to mitigate the aforementioned risks.

7.3.9.3. Failure to meet the conditions precedent, resulting in the Company not being able to enter into the Transaction.

Entering into this Transaction is considered as the connected transaction. Therefore, the Company shall have duties to hold the shareholders' meeting to approve the Transaction with the vote of not less than three-fourths of the total number of shares of the shareholders attending the meeting and having the right to vote excluding the vote of shareholders with interest. If the Company does not receive sufficient shareholder support, it may not be able to proceed with the Transaction and may lead to default by the Company. Moreover, the Company has already incurred expenses for this

Transaction, including legal and financial advisory fees, document delivery costs, and others, regardless of whether the shareholders approve the related transactions at their meeting.

7.3.9.4. Conflict of Interest Risk

NSSEA, as a financial assistance provider, shares a major shareholder with the Company, which is NSC, holding directly in the Company of 10.24% of the registered paid-up capital and holding indirectly in the Company of 49.99% of the registered paid-up capital through ACO I, which is considered a major shareholder group that provides financial support to the Company. Therefore, if there are any conflicts between NSSEA and the aforementioned group of companies, the Company may be in a situation where there is a conflict of interest with the financial assistance provider group. Moreover, since NSC is a registered company in the Japanese stock market, it is obligated to comply with various criteria similar to those of registered companies in Thailand. Hence, this Transaction carries a low risk of conflicting interests. Additionally, other companies in the stock market also borrow from related parties similarly.

7.4. Summary of the opinion of IFA regarding the reasonableness of the connected transactions.

Considering the advantages, disadvantages, and risks of entering into the Transaction, IFA is of the opinion that entering into the Transaction of the Company is necessary. If the Company does not enter into the Transaction, the Company will not have sufficient cash to repay the debt under the 2023 NSSEA Credit Agreement worth THB 2,300.00 million, which would significantly impact the Company, other creditors and shareholders of the Company due to cross defaults. In addition, entering into the 2024 NSSEA Credit Agreement will increase the Company's available credit for operations, reduce the risk of operational continuity, and exchange rates. Although entering into the Transaction will increase the overall financial cost burden of the Company, it will still be lower than the default interest rate and in line with the increased loan amount and longer loan period compared to the 2023 NSSEA Credit Agreement. Furthermore, accessing the loan facility at this time will benefit the Company, despite experiencing consecutive losses in 2022 and 2023, as the interest rate for this Transaction is lower than the MLR and represents long-term loan without collateral.

8. Opinion of IFA regarding Appropriateness of the Price (Interest Rate) and Terms for Entering into the Transaction

As of the date of submission of this IFA's opinion, the Company has only received the terms as per the NSSEA Term Sheet with NSSEA, which is related person with the Company due to the common major shareholder, NSC. Based on the information received from the Company as of March 15, 2024, the Company has not received any responses from any financial institution to apply for unsecured long-term loans amount not exceeding THB 2,700 million (the Company has revolving credit facilities with three financial institutions). Therefore, in comparing the appropriateness of the price (interest rate) and condition of the Transaction, IFA conducted a comparison based on the interest rates and conditions in the NSSEA Term Sheet with other loan agreements of the Company, as well as publicly disclosed loan information of 23 other companies in the same industry group as the Company, the iron and metal products industry group, with details as follows:

8.1. Appropriateness of the Price (Interest Rate) for Entering into the Transaction

For the consideration of appropriateness of the price, IFA has evaluated the appropriateness of the price by comparing interest rates of the Term Sheet with 1) reference interest rates, 2) other Company's loan agreements, and 3) loan agreements in the market. IFA has considered publicly disclosed loan information of 23 other companies in the same industry group as the Company, the iron and metal products industry group, to use in comparing the appropriateness of the price (interest rates).

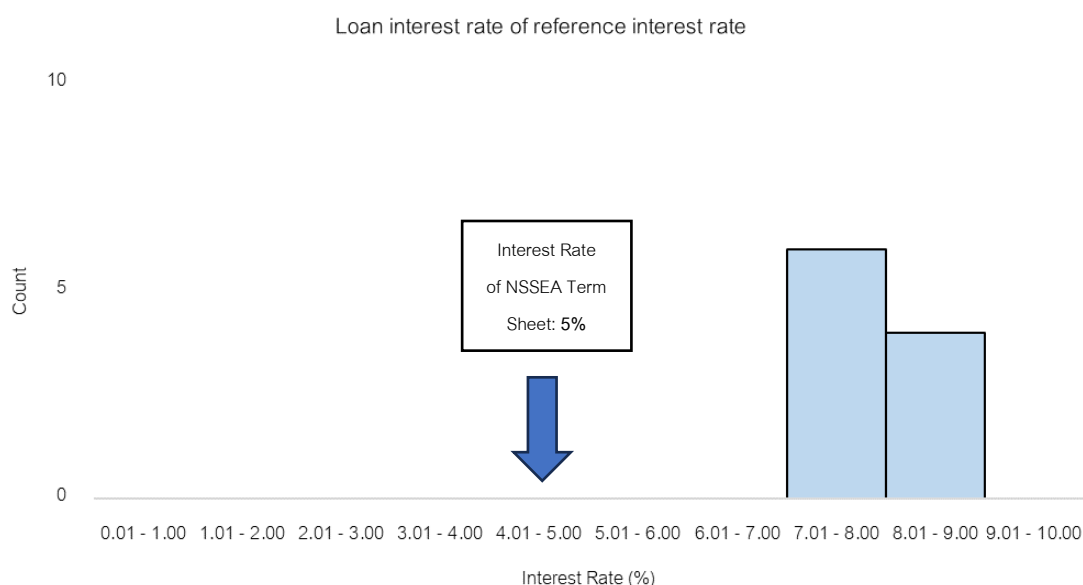
8.1.1. Comparison of Interest Rates between the Term Sheet and Reference Interest Rates

When comparing the interest rates based on the NSSEA Term Sheet for long-term unsecured borrowing amount not exceeding THB 2,700 million in this Transaction, the Company currently has received NSSEA Term Sheet with a floating interest rate not exceeding the Policy Interest Rate plus 2.50 percent per annum (totaling 5.00 percent per annum as of March 15, 2024, from the policy interest rate of 2.50 percent per annum as of March 15, 2024). Therefore, IFA references the interest rate of the NSSEA Term Sheet at 5.00 percent per annum is lower in than the median interest rates publicly disclosed by the Bank of Thailand (BOT) for the top 10 financial institutions in Thailand as of March 15, 2024, including Bangkok Bank, Krung Thai Bank, Kasikorn Bank, Siam Commercial Bank, Bank of Ayudhya, TMBThanachart Bank, TISCO Bank, Kiatnakin Phatra Bank, CIMB Thai Bank, and Land and House Bank, which ranged from 7.05 percent to 8.35 percent per annum (with a median rate of 7.50 percent per annum) and is lower than the minimum interest rate of the MLR interest rate of the mentioned financial institutions.

Bank	MLR Interest Rate (%)
1. Bangkok Bank	7.10
2. Krung Thai Bank	7.05
3. Kasikorn Bank	7.27
4. Siam Commercial Bank	7.05
5. Bank of Ayudhya	7.28
6. TMBThanachart Bank	7.73
7. TISCO Bank	8.10
8. Kiatnakin Phatra Bank	8.18

Bank	MLR Interest Rate (%)
9. CIMB Thai Bank	8.35
10. Land and House Bank	8.08
Minimum MLR Interest Rate (MIN)	7.05
Maximum MLR interest rate (MAX)	8.35
Median (MEDIAN)	7.50

Source: 1/ BOT



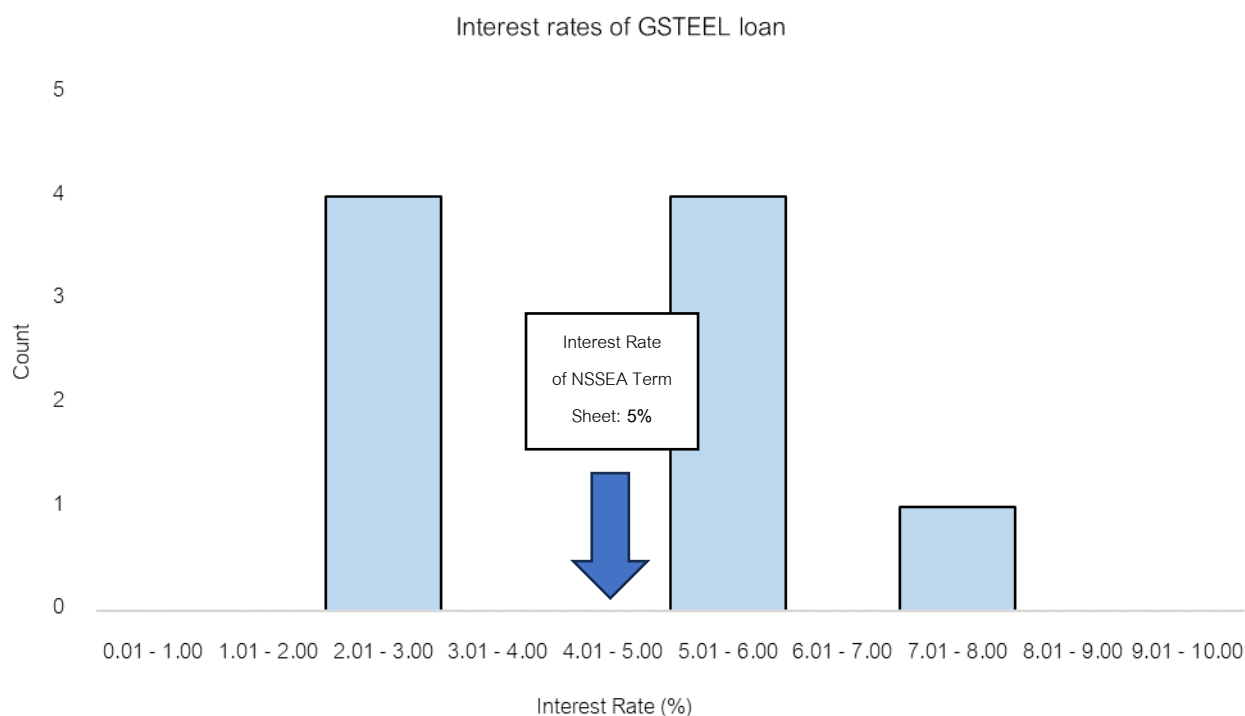
8.1.2. Comparison of Interest Rates between NSSEA Term Sheet and Other Loan Agreements of the Company

When comparing the interest rates based on NSSEA Term Sheet for long-term unsecured borrowing amount not exceeding THB 2,700 million in this Transaction, the Company currently has received NSSEA Term Sheet with a floating interest rate not exceeding the Policy Interest Rate plus 2.50 percent per annum (totaling 5.00 percent per annum as of March 15, 2024, from the Policy Interest Rate of 2.50 percent per annum as of March 15, 2024). IFA therefore refers to the interest rate of the NSSEA Term Sheet at 5.00 percent per annum for the calculation, which, when compared with the interest rates of other current loan agreements of the Company, is found to be at the 44.44 percentile, within the interquartile range (25th - 75th percentile) of interest rates of other loan agreements of the Company borrowed from financial institutions and other entities currently. However, it is higher than the interest rate of the 2023 NSSEA Credit Agreement. Nevertheless, when considering the comparison of interest rates according to NSSEA Term Sheet (which is for long-term borrowing) with other long-term borrowing interest rates of the Company currently, it is found that the interest rate of the NSSEA Term Sheet is the lowest compared to other long-term borrowing interest rates of the Company.

No.	Loan agreement	Loan Type	Interest rate as per agreement	Interest rate (%)
1	BAY	Short-term	Bank's Cost of Fund + 0.25 percent (2.76%)	2.76
2	Mizuho	Working Capital Loan	Interest rate as specified by the bank	2.65
3	SMBC		Interest rate as specified by the bank	2.65
4	NSSEA	Short-term Loan	Policy interest rate of the Bank of Thailand + 0.18 percent per year	2.68
5	ACO I (Nirum)	Long-term Loan	Interest rate is fixed at 6.00 percent per year.	6.00

No.	Loan agreement	Loan Type	Interest rate as per agreement	Interest rate (%)
6	Superior Overseas		Interest rate MLR - 2.10 percent per year	5.18
7	Mahachai		Interest rate is fixed at 6.00 percent per year.	6.00
8	ACO I (Metal Inter)		Interest rate is fixed at 6.00 percent per year.	6.00
9	ACO I (USD)		Interest rate LIBOR + 2.10 percent per year	7.69

Source: Company



Remark: 1/ Data from 9 agreements, which totals 9 data points.

2/ A low interest rate on loans (on the left) will benefit the Company more than a high interest rate on loans (on the right).

8.1.3. Comparison of Interest Rates between NSSEA Term Sheet and Market Loans (Publicly disclosed loan Information of Other Companies in the Same Industry Group as the Company)

When comparing the interest rates based on NSSEA Term Sheet for long-term unsecured borrowing amount not exceeding THB 2,700 million in this Transaction, the Company currently has received NSSEA Term Sheet with a floating interest rate not exceeding the Policy Interest Rate plus 2.50 percent per annum (totaling 5.00 percent per annum as of March 15, 2024, from the Policy Interest Rate of 2.50 percent per annum as of March 15, 2024). Therefore, IFA references the interest rate of the NSSEA Term Sheet at 5.00 percent per annum. Upon comparison with the interest rates of market loans (publicly disclosed loan information of 23 other companies in the same industry group as the Company, the iron and metal products industry group), it was found that the interest rate of the NSSEA Term Sheet is comparable to the interest rates of market loans, falling within the 38.46 percentile range, which can be estimated that approximately 61.54% of companies has interest rates higher or equivalent to the Company. However, when considering the comparison of interest rates based on NSSEA Term Sheet (for long-term borrowing) with the interest rates of loans of other companies in the same

industry group as the Company (for long-term borrowing), it was found that the interest rate of the NSSEA Term Sheet falls within the 23.08 percentile range, which can be estimated that approximately 76.92% of companies has long-term loans at higher interest rates or equivalent to the Company.

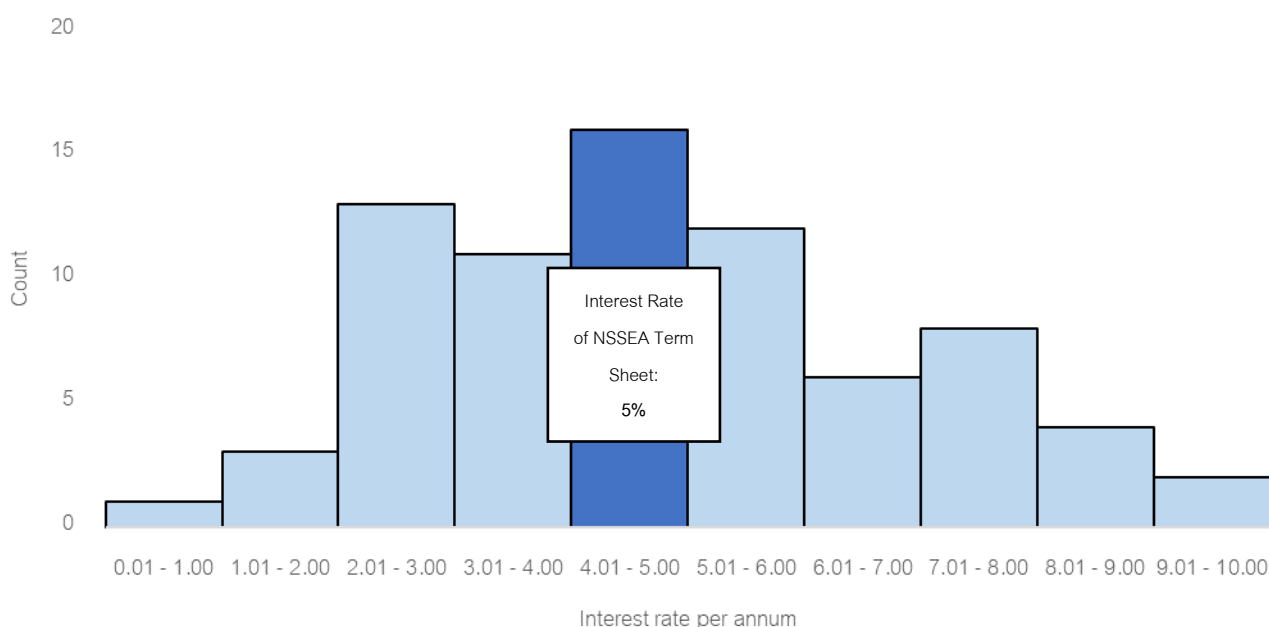
No.	Companies in the industrial products group Steel and metal products category	Interest rate according to the financial notes	Interest rate (%) ¹⁾
1	2S	Interest rate is fixed at 2.68 percent per year	2.68
2	CEN	Interest rate 3.00 – 4.00 percent per year	3.00 – 4.00
3	CEN	Interest rate 5.27 percent per year	5.27
4	CEN	Interest rate 6.50 percent per year	6.50
5	CSP	Interest rates are between MOR and MRR-2% per year	5.50 – 7.72
6	LHK	Interest rate 1.80 – 2.75 percent per year	1.80 – 2.75
7	LHK	Interest rate 4.30 – 4.75 percent per year	4.30 – 4.75
8	MCS	Interest rate 3.90 – 4.20 percent per year	3.90 – 4.20
9	MILL	Interest rate 10.00 percent per year	10.00
10	MILL	Interest rate 2.25 percent per year	2.25
11	MILL	Interest rate MOR	7.72
12	MILL	Interest rate 4.25 – 8.82 percent per year	4.25 – 8.82
13	MILL	Interest rate 4.50 – 8.90 percent per year	4.50 – 8.90
14	MILL	Interest rate 5.25 – 6.00 percent per year	5.25 – 6.00
15	MILL	Interest rate 2.00 – 3.00 percent per year	2.00 – 3.00
16	PAP	Interest rate 3.15 – 3.77 percent per year	3.15 – 3.77
17	PAP	Interest rate 3.29 – 3.77 percent per year	3.29 – 3.77
18	PERM	Interest rate 4.30 – 4.55 percent per year	4.30 – 4.55
19	PERM	Interest rate 3.20 – 4.55 percent per year	3.20 – 4.55
20	PERM	Interest rate 2.80 – 6.75 percent per year	2.80 – 6.75
21	PERM	Interest rate MLR – 0.50 percent per year	7.00
22	PERM	Interest rate 4.96 percent per year	4.96
23	PERM	Interest rate 6.10 percent per year	6.10
24	SAM	Interest rate 2.05 – 4.60 percent per year	2.05 – 4.60
25	SSSC	Interest rate 7.52 – 7.58 percent per year	7.52 – 7.58
26	SSSC	Interest rate 2.86 – 7.00 percent per year	2.86 – 7.00
27	SSSC	Interest rate 2.93 percent per year	2.93
28	TGPRO	Interest rate 6.25 percent per year	6.25
29	TGPRO	Interest rate 5.50 – 8.25 percent per year	5.50 – 8.25
30	TGPRO	Interest rate 8.50 – 9.19 percent per year	8.50 – 9.19
31	TGPRO	Interest rate 5.00 – 5.75 percent per year	5.00 – 5.75
32	TGPRO	Interest rate 6.25 percent per year	6.25
33	THE	Interest rate 5.50 percent per year	5.50
34	THE	Interest rate 3.35 – 7.21 percent per year	3.35 – 7.21
35	THE	Interest rate 4.05 – 5.00 percent per year	4.05 – 5.00
36	TMT	Interest rate 1.83 – 3.15 percent per year	1.83 – 3.15

No.	Companies in the industrial products group Steel and metal products category	Interest rate according to the financial notes	Interest rate (%) ^{1/}
37	TMT	Interest rate 3.02 – 5.14 percent per year	3.02 – 5.14
38	TSTH	Interest rate 0.50 percent per year	0.50
39	TWP	Interest rate 4.15 – 4.85 percent per year	4.15 – 4.85
40	TYCN	Interest rate 4.47 – 7.72 percent per year	4.47 – 7.72
41	TYCN	Interest rate 3.87 percent per year	3.87
42	GSTEEL (BAY)	Bank's Cost of Fund + 0.25 percent (2.76%)	2.76
43	GSTEEL (Mizuho)	Interest rate as specified by the bank	2.65
44	GSTEEL (SMBC)	Interest rate as specified by the bank	2.65
45	GSTEEL (NSSEA)	Policy interest rate of the Bank of Thailand + 0.18 percent per year	2.68
46	GSTEEL (ACO I (Nirum))	Interest rate is fixed at 6.00 percent per year.	6.00
47	GSTEEL (Superior Overseas)	Interest rate MLR – 2.10 percent per year	5.18
48	GSTEEL (Mahachai)	Interest rate is fixed at 6.00 percent per year.	6.00
49	GSTEEL (ACO I (USD))	Interest rate LIBOR + 2.10 percent per year	7.69
50	GSTEEL (ACO I (Metal Inter))	Interest rate is fixed at 6.00 percent per year.	6.00

Source: www.setsmart.com and Company

Remark: 1/ Calculated by IFA, based on the median values of the MLR and MOR interest rates of the top 10 banks in Thailand as of March 15, 2024 (www.bot.or.th), the policy interest rate for a 1-day period as of the Monetary Policy Committee meeting on February 7, 2024, and the LIBOR interest rate as of March 15, 2024 (www.global-rates.com) to preliminarily compare with the publicly disclose information, which may not be comprehensive.

Long-term loan interest rates for companies in the steel and metal products business group



Remark: 1/ A total of 76 data points.

2/ A low interest rate on loans (on the left) will benefit the Company more than a high interest rate on loans (on the right).

In summary, comparing the interest rates of NSSEA Term Sheet with: 1) reference interest rates, 2) other loan agreements of the Company, and 3) market loans. It was found that the interest rate of NSSEA Term Sheet is lower than the MLR interest rate among the top 10 financial institutions in Thailand and is also lower than interest rate of other long-term loans of the Company. Additionally, the interest rate of NSSEA Term Sheet falls within the 23.08 percentile range of long-term loan interest rates for companies in iron and metal products industry. Thus, it can be estimated that in this industry, there are 76.92% company that has higher long-term loan interest rates than the rates provided by the NSSEA.

Therefore, based on the analysis of appropriateness of the price (interest rates) for entering into the Transaction (financial support transactions between the Company and related parties), whether comparing against reference interest rates, other loan agreements of the Company currently, and loan agreements in the market (publicly disclosed loan information of 23 other companies in the same industry group as the Company, the iron and metal products industry group), IFA is in the opinion that the price (interest rates) for loan between the Company and related party (NSSEA) is appropriate.

8.2. Appropriateness of Terms for Entering into the Transaction

For the consideration of appropriateness in terms of conditions, IFA has assessed appropriateness in terms of conditions by comparing the conditions according to NSSEA Term Sheet with 1) the 2023 NSSEA Credit Agreement, 2) other loan agreements of the Company currently, and 3) loan agreements in the market. IFA has considered borrowing information disclosed to the public by other companies in the same industry group as the Company, namely the iron and metal products industry group, totaling 23 companies, to use in comparing the appropriateness of conditions. Please consider the details of Clause 7.3.2.2., which represent the disadvantages from the conditions and additional details of the Credit Agreement that are still under consideration.

8.2.1. Comparison of Terms between NSSEA Term Sheet and the 2023 NSSEA Credit Agreement

IFA has assessed the appropriateness of the transaction terms by comparing the terms of the draft NSSEA Term Sheet with the 2023 NSSEA Credit Agreement (2024 NSSEA Credit Agreement being a long-term loan agreement for 2 years, whereas 2023 NSSEA Credit Agreement is a short-term loan agreement for 7.5 months). It was found that the terms of the NSSEA Term Sheet resemble those of the 2023 NSSEA Credit Agreement, a short-term loan agreement for 7.5 months, with increases in interest rates due to the increase in the loan period of the NSSEA Term Sheet.

Key Terms	2023 NSSEA Credit Agreement	NSSEA Term Sheet
Borrower	GSTEEL	GSTEEL
Lender	NSSEA	NSSEA
Loan Type	Unsecured loan	Unsecured loan
Loan Currency	Thai Baht	Thai Baht
Tenor of the Loan	December 15, 2023 – July 31, 2024	Not exceeding 2 years from July 29, 2024 – July 28, 2026
Loan Amount	Not exceeding THB 2,300.00 million	Not exceeding THB 2,700.00 million
Interest Rate	Policy Interest Rate + 0.18%, totaling 2.68% per year as of March 15, 2024	Not exceeding Policy Interest Rate + 2.50%, totaling 5.00% per year as of March 15, 2024
Prepayment Fee	None	None

8.2.2. Comparison of Terms between NSSEA Term Sheet and Other Loan Agreements of the Company

IFA has assessed the appropriateness of the transaction terms by comparing the terms of the NSSEA Term Sheet with other loan agreements of the Company. It was found that the terms of the NSSEA Term Sheet do not differ significantly from other loan agreements of the Company.

Detail	NSSEA Term Sheet	BAY	Mizuho	SMBC	2023 NSSEA Credit Agreement
Borrower	GSTEEL	GSTEEL	GSTEEL	GSTEEL	GSTEEL
Lender	NSSEA	BAY	Mizuho	SMBC	NSSEA
Loan Type	Unsecured Loan	Unsecured Loan ^{1/}	Unsecured Loan ^{1/}	Unsecured Loan ^{1/}	Unsecured Loan
Loan currency	THB	THB	THB	THB	THB
Loan Period	Not exceeding 2 years from July 29, 2024 - July 28, 2026	Revolving Fund	Revolving Fund	Revolving Fund	December 15, 2023 - July 31, 2024
Loan Facility	Not exceeding THB 2,700 million	Not exceeding USD 36 million	Not exceeding THB 1,470 million	Not exceeding THB 1,470 million	Not exceeding THB 2,300 million
Interest Rate	Not exceeding Thailand's Policy Rate + 2.50% 5.00% as of March 15, 2024	Bank's Cost of Fund + 0.25% (2.76%)	According to Bank Term (2.65%)	According to Bank Term (2.65%)	Policy Rate + 0.18% (2.68%)
Prepayment Fee	None	None	None	None	None
Collateral	None	None	None	None	None

Detail	ACO I (Nirum)	Superior Overseas	Mahachai	ACO I (USD)	ACO I (Metal Inter)
Borrower	GSTEEL	GSTEEL	GSTEEL	GSTEEL	GSTEEL
Lender	ACO I	Superior Overseas	Mahachai	ACO I	ACO I
Loan Type	Secured Loan ^{2/}	Unsecured Loan ^{3/}	Secured Loan	Unsecured Loan ^{2/}	Unsecured Loan ^{2/}
Loan currency	THB	THB	THB	USD	THB
Loan Period	March 1, 2020 - December 1, 2028	March 1, 2023 - December 1, 2028	March 1, 2020 - December 1, 2025	November 28, 2019 - November 27, 2028	March 1, 2020 - December 1, 2025
Loan Facility	Loan Restructuring	Loan Restructuring	Loan Restructuring	Loan Restructuring	Loan Restructuring
Interest Rate	Fixed rate at 6%	MLR -2.00% (5.18%)	Fixed rate at 6%	LIBOR + 2.10% (7.69%)	Fixed rate at 6%
Prepayment Fee	None	None	None	None	None
Collateral	1,100 million of GJS shares	None	5 plots of land and 800 million of GJS shares	None	None

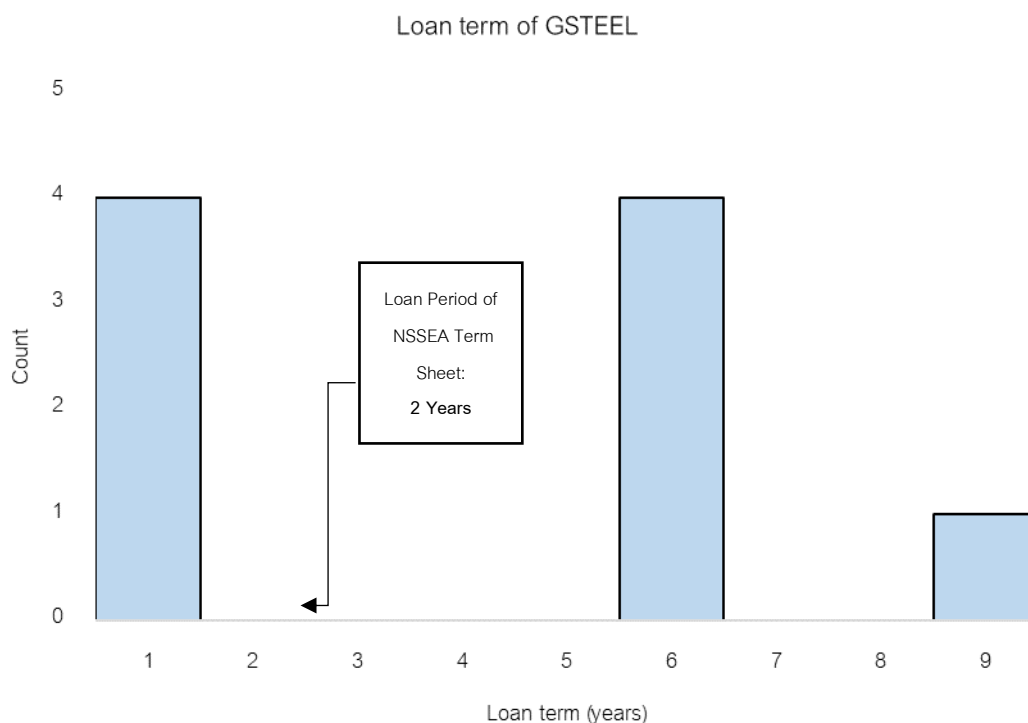
Remarks: 1/ According to the loan agreement, GSTEEL must remain a consolidated subsidiary of NSC

2/ ACO I is a shareholder of the Company and is a subsidiary company of NSC

3/ Superior Overseas is a shareholder of the Company

In addition, IFA conducted further comparative analysis of appropriateness in each additional dimension to use in comparing the appropriateness of conditions, with the details as follows:

Loan Period



Remark: 1/ Total of 9 datapoints.

2/ A longer loan period (on the right) will benefit the Company more than a shorter loan period (on the left).

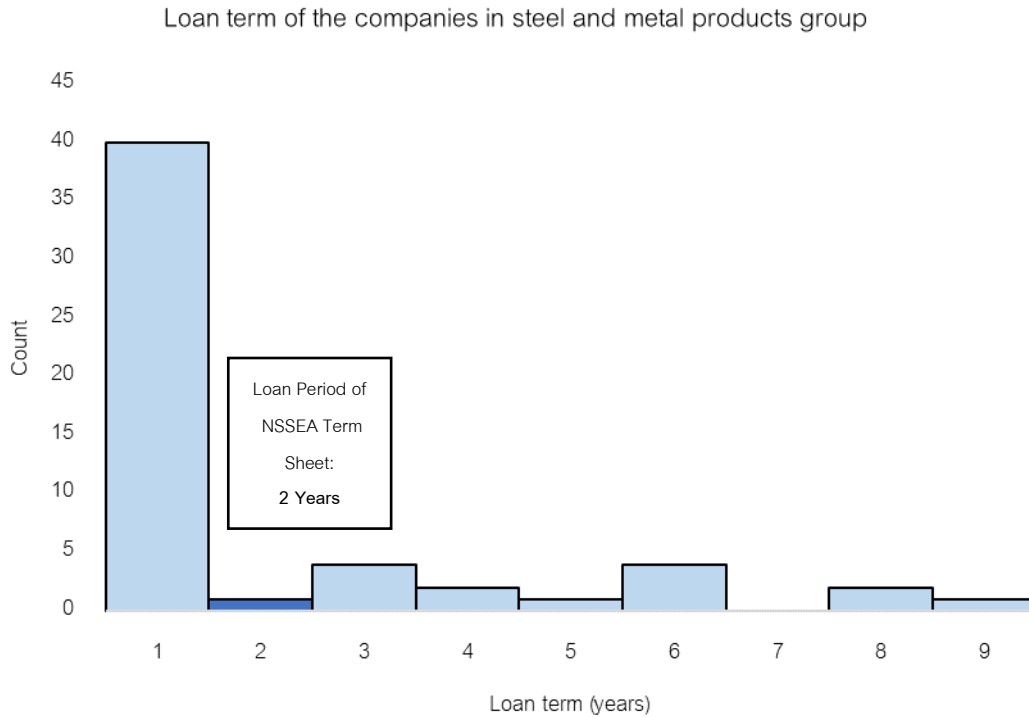
From the table, when the borrowing period of other loan agreements of the Company is presented graphically, it can be seen that the borrowing period of the 2024 NSSEA Credit Agreement is 2 years, which falls within 44.44 percentile range. This can be estimated that the Company has approximately 55.56% of other borrowings with longer or equivalent loan periods compared to those received from NSSEA. However, when considering loan period based on NSSEA Term Sheet (for long-term borrowing) compared with the loan period of the Company's other loan, it was found that the loan period of the NSSEA Term Sheet is in the shortest percentile compared to the loan periods of the Company's other loans. (although the Company's other long-term loans have longer loan period, but because the interest rate of NSSEA Term Sheet is lower than the Company's other long-term loans.)

8.2.3. Comparison of Terms between the NSSEA Term Sheet and Market Loans (Publicly Disclosed Loan Information of Other Companies in the Same Industry Group as the Company)

IFA has assessed the appropriateness of the transaction terms by comparing the terms of the NSSEA Term Sheet with market loans (publicly disclosed loan information of other companies in the same industry group as the Company, including the iron and metal products industry group with 23 companies). However, since the referenced information is based on publicly disclosed data, which may not be comprehensive in every dimension. When compared with the NSSEA Term Sheet, IFA has select only agreements with information for comparing appropriateness in each dimension to use for

comparison. It was found that the conditions in the NSSEA Term Sheet do not have significant differences from loan agreements of other companies in the same industry group as the Company.

Loan Period



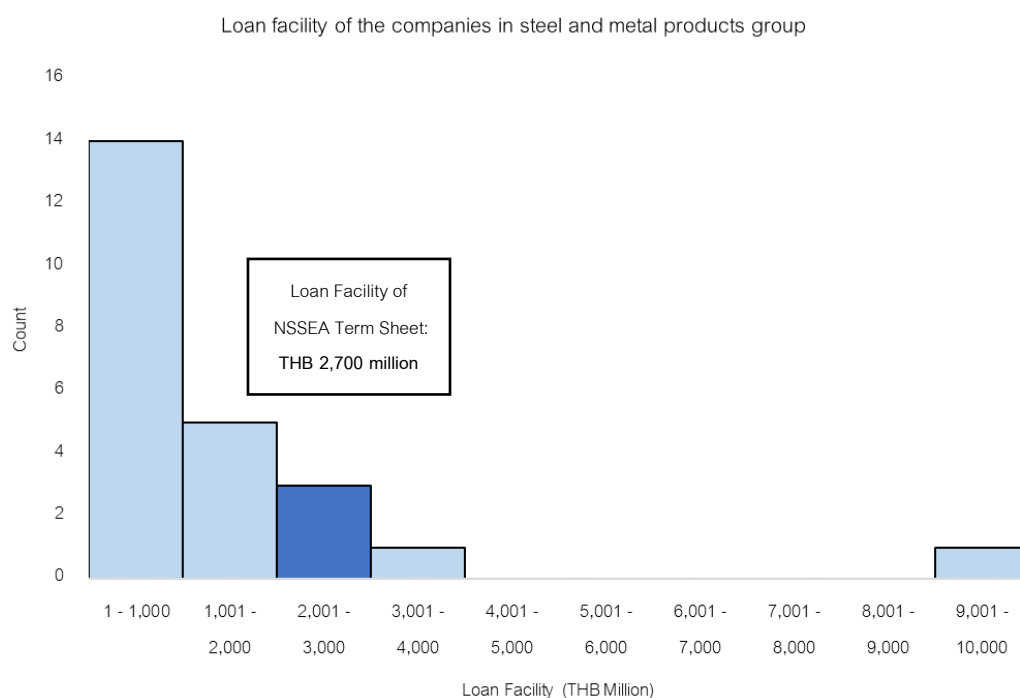
Remark: 1/ Total of 55 datapoints.

2/ A longer loan period (on the right) will benefit the Company more than a shorter loan period (on the left).

From the table, when the loan period of long-term loan agreements of other companies in the same industry group as the Company is presented graphically, it can be seen that the loan period of the NSSEA Term Sheet is 2 years falls within 72.73 percentile range. This can be estimated that the companies in iron and metal products industry group have approximately 27.27% of borrowings with longer or equivalent loan periods compared to those received from NSSEA.

However, when considering the loan period according to the conditions of the NSSEA Term Sheet (which is a long-term loan) with the loan period of other companies in the same industry group that are a long-term loans, it was found that the loan period of the NSSEA Term Sheet was in the shortest percentile compared to the loan period of other companies In the same industry group that are a long-term loans.

Loan Facility



Remark: 1/ Total of 24 datapoints.

2/ A higher loan facility (on the right) will benefit the Company more than a lower loan facility (on the left).

From the table, when the loan facility of long-term loan agreements of other companies in the same industry group as the Company is presented graphically, it can be seen that the loan facility of the NSSEA Term Sheet at THB 2,700 million falls within 79.71 percentile range. This can be estimated that the companies in iron and metal products industry group have approximately 20.29% of borrowings with higher or equivalent loan facility compared to those received from NSSEA.

Moreover, when considering the comparison of the loan facility according to the conditions of the NSSEA Term Sheet (which is a long-term loan) with the loan facility of other companies in the same industry group as the Company that are long-term loans, it was found that the loan facility of the NSSEA Term Sheet falls within 88.89 percentile range. This can be estimated that the companies in iron and metal products industry group have approximately 11.11% of long-term borrowings with higher or equivalent loan facility compared to those received from NSSEA.

Comparing the terms of the NSSEA Term Sheet with other loan agreements of the Company and publicly disclosed loan information of other companies in the same industry group, iron and metal products, with a total of 23 companies, can be summarized as follows:

No.	NSSEA Term Sheet ^{1/}	Compared to other loans of the Company	Compared to other long-term loans of the Company	Compared to loans from other companies in the same industry	Compared to long-term loans from other companies in the same industry
1.	Interest Rate	44.44th percentile	0.00th percentile	38.46th percentile	23.08th percentile
2.	Loan Period	44.44th percentile	0.00th percentile	72.73rd percentile	0.00th percentile
3.	Loan Facility	- ^{2/}	- ^{2/}	79.71st percentile	88.89th percentile

Remarks: 1/ Covenants and other detailed terms and conditions to be finalized by the Board of Directors while finalizing the Credit Agreement. However, the amendments to the Key Terms of the credit agreement must be in line with terms specified in

the NSSEA Term Sheet. The Audit Committee is fully aware of its duty to ensure that the Key Terms of the 2024 NSSEA Credit Agreement will not deviate significantly from the NSSEA Term Sheet. In the event that such significant change of the terms happen, which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes.

2/ Other loans of the Company are primarily revolving credit facilities and debt restructuring liabilities, which may not be appropriate for analysis and comparison.

In summary from the table above, when comparing the terms of the NSSEA Term Sheet with other loans of the Company and those of companies in the same industry, iron and metal products, it can be estimated that approximately 61.54% of companies has interest rates higher than or equivalent to the Company. Additionally, considering only long-term loans, it can be estimated that approximately 76.92% of companies borrow long-term loans at interest rates higher than or equivalent to the Company. Therefore, IFA is of the opinion that the interest rate and terms of the NSSEA Term Sheet are appropriate.

Furthermore, IFA has also compared the NSSEA Term Sheet conditions (IFA is of the opinion that the details provided in NSSEA Term Sheet, combined with the current situation of the Company, are sufficient to provide an opinion on entering into the Transaction. Furthermore, the NSSEA Term Sheet has almost all the key details closely resembling those of general term sheets from financial institutions) with other loan agreements of the Company at present and found that the primary conditions of the NSSEA Term Sheet are appropriate and considered better than the usual terms for long-term borrowing, especially in terms of interest rates and prepayment fee.

Detail	NSSEA Term Sheet	Other Loan Agreements of the Company	IFA's Opinion
Loan Type	Unsecured Loan	Mostly are unsecured loan	The loan is unsecured, allowing the Company to use collateral for other loans. This condition is advantageous for the Company.
Loan Currency	Thai Baht	Mostly are in Thai Baht	The majority of the Company's revenue is in Thai Baht. Borrowing in Thai Baht reduces the Company's risk from exchange rate fluctuations.
Loan Period	Not exceeding 2 years from July 29, 2024 - July 28, 2026	Short-term loan: within 1 year Long-term loan: ranges between 5 – 6 years	The interest rate of the NSSEA Term Sheet is lower than the other long-term loans of the Company. Therefore, these conditions are advantageous for the Company.
Loan Facility	Not exceeding THB 2,700 million	Ranges between USD 36 million – THB 2,300 million	The loan facility of the NSSEA Term Sheet is the highest.
Interest Rate	Not exceeding Thailand's Policy Rate + 2.50% (5.00% as of March 15, 2024)	Short-term loan: 2.65% – 2.76% Long-term loan: 5.18% – 7.69%	The interest rate of the NSSEA Term Sheet is the lowest when compared to other long-term interest rates. Therefore, this condition are advantageous for the Company.
Prepayment Fee	None	None	The condition of Prepayment Fee for long-term loans is considered advantageous for the Company.

Therefore, based on the analysis of appropriateness in terms of conditions for entering into the Transaction (financial support transactions between the Company and related party), whether comparing against the 2023 NSSEA Credit Agreement, other loan agreements of the Company, and other loans in the market (borrowing information disclosed to the public by other companies in the same industry group as the Company, namely the iron and metal products industry group, totaling 23 companies), **IFA is in the opinion that the conditions for loan between the Company and related party (NSSEA) are appropriate.**

9. Summary of the opinion of IFA

Based on the analysis of price (interest rate) appropriateness and transaction terms (financial support transactions between the Company and related parties), whether comparing between the 2023 NSSEA Credit Agreement, other loans of the Company, and market loans (publicly disclosed loan information of 23 other companies in the same industry group as the Company, the iron and metal products industry group), IFA is in the opinion that the price (interest rate) and terms and condition of the credit agreement between the Company and related parties (NSSEA) are appropriate.

Therefore, when considering the rationality of engaging in this Transaction, along with the appropriateness of the price and terms, IFA is in the opinion that shareholders should consider approving the Transaction.

However, as of the submission date of this IFA's opinion, the Company has only received the Key Terms as per the NSSEA Term Sheet, where the covenant and other detailed terms and conditions of the credit agreement will be finalized by the Company's Board of Directors and NSSEA after the shareholders' approval of the NSSEA Term Sheet. However, the amendments to the terms of the credit agreement by the Board of Directors must be in line with Key Terms specified in the NSSEA Term Sheet. In this regard, the covenants and other terms that will be finalized by the Board of Directors and NSSEA after the shareholders' approval of the NSSEA Term Sheet will be carefully considered by the Audit Committee (who has no conflict of interest with the Transaction). In the event that there are significant changes to the terms of the loan agreement which will impact the Company adversely, the Audit Committee will recommend to the Company's Board of Directors to convene shareholder meeting for approval of such changes, where such changes may impact the views of IFA as presented in this report.

Furthermore, in considering approval or disapproval of the Transaction in this instance, shareholders of the Company should consider all the information, rationales, and opinions presented in this report. It is essential for shareholders to study all the information presented in IFA's report and accompanying documents for a well-informed decision-making process.

Discover Management Company Limited as Independent Financial Advisor hereby certifies that the opinions have prudently been provided in compliance with the professional standards and principles, with due regard to the shareholders' benefits.

Yours sincerely,

Discover Management Company Limited

(Mr. Vuthichai Tumasaroj)

Director

(Miss Kanokporn Pongjetanapong)

Director

(Mr. Vuthichai Tumasaroj)

Supervisor

Contact: Discover Management Company Limited.

02-651-4447

info@discoverym.com

Attachment 1

Summary Information of G Steel Public Company Limited

1. Company Profile

Company Name	:	G Steel Public Company Limited (the “Company” or “GSTEEL”)
Headquarter Address	:	88 PASO Tower, 18 th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500
Telephone	:	02 634 2222
Fax	:	02 634 4114
Type of Business	:	The Company is the producer and distributor of hot rolled coil and slab. Its products serve as raw materials for such downstream industries as cold rolled coils, galvanized steel, steel pipe, structural steel products for construction, LPG container, automobile, electrical appliance as well as steel furniture industries.
Company Registration Number	:	0107538000746
Website	:	http://www.gsteel.com
Registered Capital	:	THB 158,059,755,140.00
Paid-up Capital	:	THB 144,643,827,160.00
Par value	:	THB 5.00 per share
Number of paid-up shares	:	28,928,765,432 ordinary shares

2. Business Information

2.1 Key Events

Year	Key Events
2020	<ul style="list-style-type: none">● The Company increased its production to 574 k mt an increase of 68% over 2019 in order to regain the market share and several other cost saving measures have been made possible.● On January 20, 2021, the Company entered into the Settlement Agreement and Termination Fee Restructuring Agreement with a creditor (former finance supporter) with the effective date on March 1, 2020. Under the agreements, the Company committed to pay quarterly installments of the settled debts of THB 283.1 million and termination fee of THB 100 million plus interest at the rate of 6% as specified in the agreements starting on June 1, 2021 and ending December 1, 2025. In this regard, the Company incurred loss on compromise debts of THB 30 million which was recorded in the consolidated and separate statements of comprehensive income for the year ended December 31, 2020. However, there are unsettled debts claimed from such creditor totaling THB 266.3 million and

Year	Key Events
	<p>advance payment claimed by the Company to such creditor of THB 68 million. Both parties agreed to pay the unsettled amount through the Arbitration Process which the creditor should file a claim with the Thai Arbitration Institute, Office of the Judiciary within 60 days after the agreement date.</p> <ul style="list-style-type: none"> ● The Subsidiary of the Company, G S Securities, decreased its Authorized share capital from THB 691.9 million (divided in 69.19 million ordinary shares at THB 10 par value) to THB 67.0 million (divided in 6.7 million ordinary shares at THB 10 par value) in two steps during the year.
2021	<ul style="list-style-type: none"> ● 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 amounting to USD 37.1 million and reducing the several other liabilities. ● The Company has been following the strategy to reduce the 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 84% in 2021 compared to 32% 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. ● Following conversion of Debt to Equity since 2017 to 2019 of G J Steel Public Company Limited (“G J Steel”), the shareholding of the Company in G J Steel reduced from 25.70% to 18.72% in 2017, 17.28% in 2018 and 9.45% since 2019 (8.24% held directly by the Company and 1.21% held by its subsidiary, GS Securities). Based on these circumstances, the Securities and Exchange Commission and the Stock Exchange of Thailand considered that the management control over G J Steel was transferred to Asia Credit Opportunities I (Mauritius) Limited and the G Steel (Company) lost its control since 2017. ● As a result, the Company has deconsolidated the accounts of G J Steel with itself and treated the investment in G J Steel under “Other long-term investment” and measured at fair value through other comprehensive income. Hence, the consolidated financial statements for the years ended December 31, 2021 and 2020 (restated), have been prepared based on loss of control of the Company over G J Steel after the incremental of share capital to ACO I in 2017. The treatment on this matter was approved by the Audit Committee’s meeting and the Board of Directors’ meeting held on February 25, 2022.
2022	<ul style="list-style-type: none"> ● 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 49.99% of the shares of the Company and launched Mandatory Tender Offer and acquired 10.24% of the total shares of the Company. Consequently, NSC now holds 60.23% of the shares of the Company. ● Please refer to Note Number 1.2 of the Financial Statements for the year ended December 31, 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 31 of the Financial Statements for the year ended December 31, 2022 for further details.

Year	Key Events
	<ul style="list-style-type: none"> ● 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 Pickling & Oiling Line lying under construction in progress. Based on such technical review, the additional investment required for making the Pickling & Oiling Line operational was estimated at USD 13.5 million to USD 15 million (equivalent to approximately THB 468 million to THB 520 million). The management further noted that in spite of this additional investment, it would be very unlikely that such Pickling & Oiling 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 Pickling & Oiling Line but to set up additional an impairment loss on such Pickling & Oiling Line (using the market scrap price) amounting to THB 1,497 million in the books. Subsequently, the Audit Committee and Board of Directors meeting held on February 24, 2023, approved to record impairment loss on unusable machines held for sale amounting to THB 1,497 million as a part of "Other expenses" in the consolidated and separate statements of comprehensive income for the year ended December 31, 2022 (Note 24).
2023	<ul style="list-style-type: none"> ● The Government of Thailand through the Ministry of Commerce has announced following steps to curb the unfair HRC imports – <ul style="list-style-type: none"> ■ Extension for enforcement of 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 June 2, 2023 to June 1, 2028. ■ 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 July 11, 2023 to July 10, 2028. ■ On September 15, 2023, the Department of Foreign Trade issued an announcement in the Royal Gazette to initiate the investigation on anti-dumping circumvention in the case of hot rolled steel sheets in coils and not in coils which originated from the People's Republic of China to extend the imposition of anti-dumping duty on imports of hot rolled alloy steel in coils and not in coil originated from the People's Republic of China. ● On December 15, 2023, the Company entered into a Credit Agreement with a local related company, whereby, such related company will provide loan credit facility of THB 2,300 million as financial assistance. The repayment of such drawdown will be made on the maturity date and the

Year	Key Events
	<p>interest will be charged at the policy rate announced by the Bank of Thailand plus 0.18% per annum.</p> <p>The credit facility will mature on July 31, 2024.</p>

Source: GSTEEL

2.2 Organization operation of the group of companies

2.2.1 Business Overview

G 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 downstream industries, such as 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 refining 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 refined liquid steel into the continuous casting machine to make steel slabs of 100 mm thickness, and hot-rolled to reduce the thickness down to the range of 1.0 - 13.0 mm as per the customer's order.

The Company's plant is the first in Thailand and one of a few plants in the world that can make as thin as 1.0 mm hot-rolled sheet. 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), Malaysian standards (MS) etc.,

2.2.2 Product features

The Company's products are hot rolled coils and slabs that are positioned as the upstream industry for flat steels. The Company's products are used as raw materials for pickling and oiling hot rolled coil, for utilizing in the construction industry, for instance.



The hot-rolled steel products of the Company have the quality meeting the Thailand Industrial Standard (TIS) and the international standards such as the Japanese standards (JIS), the American standards (ASTM, SAE, AISI and API), the European standards (EN, DIN, BS), the Indian standard (BIS) and the Malaysian standard, with the width from 900 - 1,550 mm, and the thickness from 1.00 -13.00 mm, as well as the weight of the coil from 8 to 28 tons.

Details of the Products of the Company can be summarized as follows:

Product Characteristics	Detail
Width	900 – 1,550 mm
Thickness	1-13 mm
Weight per length	8.3-18 kilograms / mm
Total Weight of Steel Coil	8-28 tons

2.2.3 Products and Services

Production Capacity

The Company's hot rolled coil mill is located on approximately 429 Rai Nonglalog, Bankhai, Rayong, which the melting, casting and rolling processes are all efficiently integrated into one mill called Compact Mini Mill. Its designed maximum capacity of production is 1.5 million tons per annum while its current effective capacity is 1.3 million tons per annum. The Company's hot rolled coil mill was designed to be able to expand the production capacity to reach 3.4 million tons per annum providing some additional machines and equipments.

The entire production process takes approximately 3.5 hours. The Company's mill operates 24 hours

during the weekend where the production operators are divided into 2 shifts and 3 sets of workers alternating current operations. The Company's mill has the annual shut down for maintenance once a year with 7-10 days per period. The maintenance is carried out and controlled by the Company's engineers.

Important Utilities and Raw Materials used in production

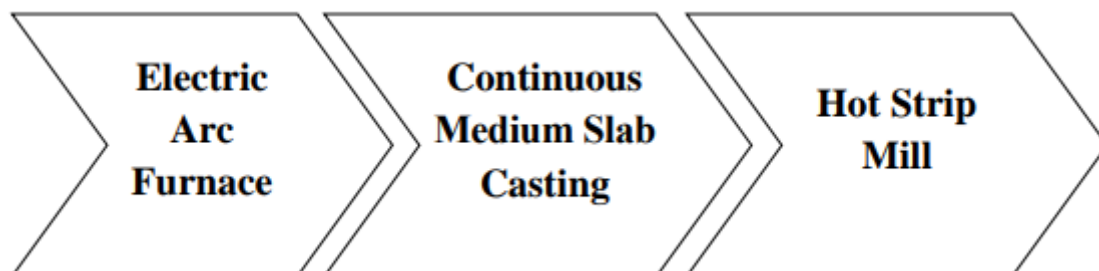
The main raw materials used for the Company's production are scrap and pig iron, including the scrap derived from the production process. In addition, the mixture of the burnt lime and alloy compounds must be added in the manufacturing process to obtain the product features as required.

Regarding the utilities that are used in the production process are electricity, natural gas, oxygen and other gases, as well as, water, for instance.

The main raw materials that a high proportion compared to the total cost of production, consists of scrap, pig iron, admixtures and additives such as lime, alloy and so on.

Production technology

The Company's hot rolled coil mill is called Compact Mini Mill which is equipped with the world's state-of-the-art technology. The continuous melting, casting and rolling processes are efficiently integrated into the Company's mill with the short production cycle of only 3.5 hours on transforming the raw materials into the finished products. The details of key technologies are as follows:



1. Technology of Electrical Arc Furnace with the Ladle Heat Furnace for the refined liquid steel. This technology came from Mannesmann Demag Huttentechnik, Germany. This technology begins with melting scrap and pig iron in an electrical arc furnace. Oxygen and other gases will be added to increase the temperature. Additives will be added into the liquid steel to adjust the quality per requirement. The Company's melting process has capacity of 1.7 million tons per annum.
2. Technology of Continuous Casting Machine. This technology came from Sumitomo Heavy Industries, Japan. This Caster can produce slab since 80-100 millimeters which production capacity is 1.58 million tons per year.
3. Technology of Hot Strip Mill is to reduce the size of Slab to be thinner. The technology came from Mitsubishi Heavy Industry of Japan. It can reduce steel's thickness from 80-100 mm to 1-13 mm. The production capacity is 1.5 million tons per annum.

Production process

The Company produces the hot rolled coil by melting scrap and pig iron in an electrical arc furnace (EAF). Then the refined liquid steel will be cast into slab and subsequently hot rolled into the specific required gauge as the following processes

1. Melting Process. The scrap and pig iron will be melted in EAF into liquid steel. After that, in the ladle heat furnace, the additives will be added into the liquid steel to adjust the quality per requirement.
2. Casting Process. The refined liquid steel will be cast into medium sized slab with 80-100 mm. thickness.
3. Rolling Process. The medium sized slab from the reheating furnace will be subsequently rolled to the required thickness and will be kept in the down coiler for further transporting to store in the coil yard.

Raw Materials procurement

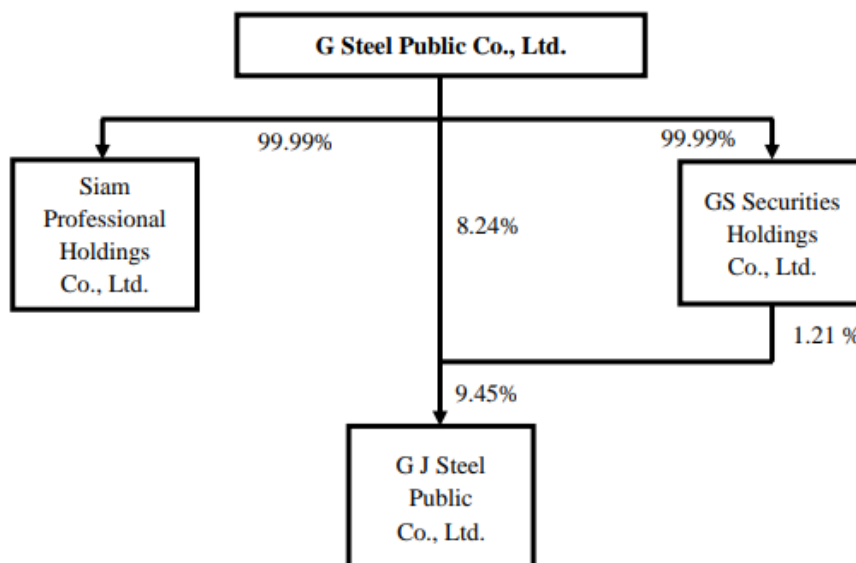
The demand for raw materials (Pig Iron and Steel Scrap) is still high and the supply of domestic raw materials are insufficient compared with the domestic demand. Therefore, the Company still needs to keep import raw materials.

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

- Procurement of Local scrap approximately 95%.
- Procurement of imported Pig Iron and imported Scrap approximately 5%.

2.3 Shareholding structure of the Company's group

As of December 31, 2023



Source: GSTEEL

In order to increase the Company's competitive capability and to reduce its production cost, the Company has invested in subsidiaries by held shares in target subsidiaries and type of business as of December 31, 2023 detail are as follows:

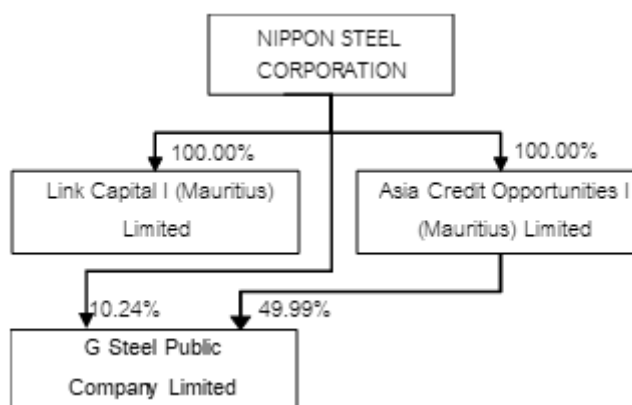
Subsidiaries	Location	Type of business	Type and number of Shares	Total holding
Siam Professional Holdings Co., Ltd.	88 PASO Tower, Silom Road, Suriyawong, Bangrak, Bangkok 10500	Investment holdings company	Ordinary shares 3,410,000 shares	99.99%
GS Securities Holdings Co., Ltd.	88 PASO Tower, 18th Floor, Silom Road, Suriyawong, Bangrak, Bangkok 10500	Special-purpose restructuring entity	Ordinary shares 6,703,410 shares	99.99%

Persons who may have conflicts of interest hold more than 10% of shares with voting rights of such companies in subsidiaries or associated companies. explain the reasons.

-None-

Relationship with major shareholders' business

Diagram showing Structure as of December 31, 2023



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 the G J Steel Public Company Limited ("GJS")

In order to prevent the conflict of interest in the future between the Company and GJS, the Company and GJS have set the guideline of measurements for conflict of interest between the Company and GJS 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 is decided by the existing and/or new customers themselves. Though the Company and GJS have production capability to produce similar product range, based on the customer's preferences the Company focuses on producing HRC mainly for pipe making industry and GJS focuses on producing HRC mainly for the cut sheet usage. 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 GJS: The management of the Company and of GJS 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 GJS.
3. Independence of the board of directors and the management: The Company and GJS 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 GJS.
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 GJS: Both Companies have policies to maintain the commercial arm's length basis in making any related party transaction between the Company and GJS. 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.

To prevent conflicts of interest between the Company and GJS, the Company focuses on producing HRC mainly for pipe making industry while GJS focuses on producing HRC mainly for the cut sheet usage. From the Policy and customer orders per production capability and quality of each company, the proportion for 2022 and 2023 are as below.

Production - End Use Wise	The Company	
	2022	2023
Pipe	71%	88%
Cut Sheet	27%	12%
Other	1%	0%
Total	100%	100%

Source: GSTEEL

2.4 Revenue Structure

(Unit: THB million)

Revenue (Company and subsidiaries)	2023		2022		2021	
	Revenue	%	Revenue	%	Revenue	%
Local sales						
-Related companies ^{1/}	-	-	-	-	48.89	0.30%
-Other groups	10,664.93	96.81	14,873.15	98.97	15,467.66	96.30
Total local sales	10,664.93	96.81	14,873.15	98.97	15,516.55	96.60
Overseas						
-Other groups	-	-	-	-	297.33	1.85
Indirect overseas^{2/}						
-Related companies ^{1/}	100.86	0.92	67.80	0.45	-	-
Total overseas	100.86	0.92	67.80	0.45	297.33	1.85
Total	10,765.79	97.73	14,940.95	99.42	15,813.88	98.45
Other income ^{3/}	250.26	2.27	86.95	0.58	249.08	1.55
Grand total	11,016.05	100.00	15,027.90	100.00	16,062.96	100.00

Remark: 1/ Related companies consist of Nippon Steel Trading (Thailand) Co., Ltd., Asia Metal Public Co.,Ltd. and G J Steel Public Co.,Ltd.

2/ Indirect overseas means sales to domestic traders for export to overseas market.

3/ Other income consists of interest income, dividend, sales of scraps, gains from write-off of net expired debt, gains from debt restructuring, gains from exchange rate and other income.

Source: Company

3. Shareholders and Board of Directors

3.1 Name list of Shareholders

As of February 19, 2024, 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/}	17,424,672,258	60.23
2.	UOB KAY HIAN PRIVATE LIMITED	2,168,239,536	7.50
3.	SUPERIOR OVERSEAS (THAILAND) CO., LTD.	2,025,246,897	7.00
4.	Mr. Nirum Ngamchamnanrith	444,682,520	1.54
5.	Mr. Taweechat Jurangkul	432,208,900	1.49
6.	Khunying Patama Leeswadtrakul	403,412,980	1.40
7.	Miss Supinya Leeswattrakul	403,212,000	1.39
8.	Miss Sarunya Leeswattrakul	403,000,000	1.39
9.	Miss Suwimada Leeswattrakul	402,929,106	1.39
10.	Mr. Nattapol Jurangkul	402,878,400	1.39
11.	Other shareholders	4,418,282,835	15.27
	Total	28,928,765,432	100.00

Remarks:

1/ List of shareholders of NIPPON STEEL CORPORATION group;

No.	Name of shareholders	Number Shares	% of paid-up capital
1.	ASIA CREDIT OPPORTUNITIES I (MAURITIUS) LIMITED	14,461,489,473	49.99
2.	NIPPON STEEL CORPORATION	2,963,182,785	10.24
	Total	17,424,672,258	60.23

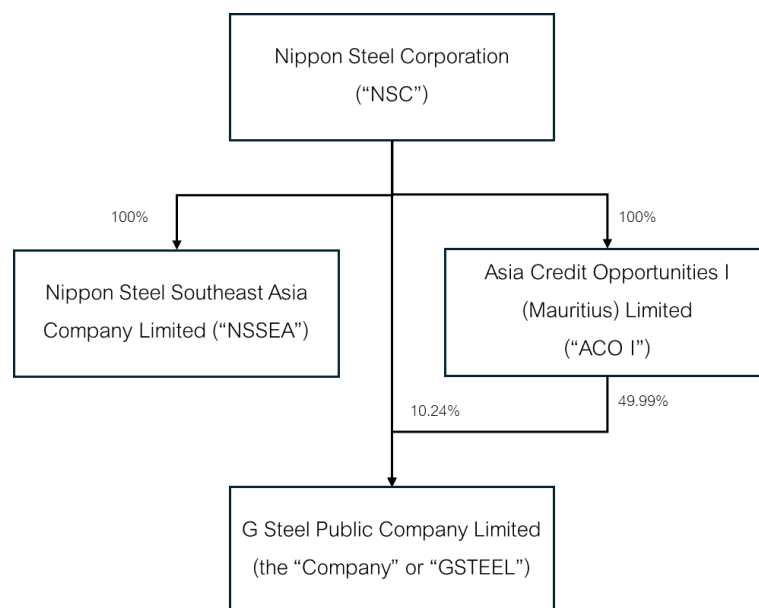
Source: GSTEEL

3.2 Relationship with related persons

Finance receiver : G Steel Public Company Limited

Finance supporter : Nippon Steel Southeast Asia Company Limited (to be changed to "Nippon Steel (Thailand) Co., Ltd." from April 1, 2024)

Relationship : NSSEA has the same major shareholder with the Company which is NSC where NSC directly holds 10.24% of the Company's paid-up capital and indirectly, through ACO I, holds 49.99% of the Company's paid-up capital.



3.3 Board of Directors

List of the Company's Board of Directors as of March 1, 2024

Name	Position
1. Mr. Christopher Michael Nacson	Chairman of the Board of Directors, Chairman of the Audit Committee, and Independent Director
2. Mr. Somchai Wangwattanapanich	Independent Director and Audit Committee Member
3. Mr. Nobuo Okochi	Director and Authorized Director
4. Mr. Takashi Sekino	Director and Authorized Director
5. Khunying Patama Leeswadtrakul	Director and Authorized Director
6. Mr. Chainarong Monthienvichienchai	Independent Director and Audit Committee Member
7. Mr. Hideki Ogawa	Director and Authorized Director
8. Mr. Hisato Ishizaki	Director
9. Mr. Bantoon Juichareern	Director, Chief Executive Officer, Authorized Director, and Chairman of the Management Committee

Source: GSTEEL

4. Summary of Key Components in the Financial Report

4.1 Consolidated statement of financial position

(Unit: THB million)

Components	December 31, 2021		December 31, 2022		December 31, 2023	
	THB million	%	THB million	%	THB million	%
Assets						
Current assets						
Cash and cash equivalents	419.02	3.40	764.69	7.38	522.83	6.15
Short-term investment in trading security	12.27	0.10	8.70	0.08	4.24	0.05

Components	December 31, 2021		December 31, 2022		December 31, 2023	
	THB million	%	THB million	%	THB million	%
Trade account receivables - net	3.26	0.03	46.08	0.44	25.04	0.29
Inventories - net	1,949.04	15.80	1,925.93	18.60	1,170.80	13.77
Other current assets - net	284.07	2.30	288.84	2.79	120.30	1.41
Total Current Assets	2,667.66	21.62	3,034.25	29.30	1,843.21	21.68
Non-Current Assets						
Other long-term investment	1,179.64	9.56	842.60	8.14	505.56	5.95
Property, plant and equipment - net	8,123.12	65.83	6,192.52	59.79	5,871.50	69.06
Other intangible assets - net	0.99	0.01	1.00	0.01	1.37	0.02
Other non-current assets - net	368.12	2.98	286.39	2.77	280.50	3.30
Total Non-Current Assets	9,671.87	78.38	7,322.50	70.70	6,658.92	78.32
Total Assets	12,339.53	100.00	10,356.75	100.00	8,502.13	100.00
Liabilities						
Current Liabilities						
Short-term borrowings from financial institutions	-	-	2,400.00	23.17	1,100.00	12.94
Trade account payables	135.77	1.10	327.79	3.16	129.26	1.52
Other payables and accrued expenses	441.80	3.58	399.07	3.85	323.08	3.80
Advances received from customers	70.36	0.57	32.12	0.31	75.82	0.89
Accrued tax expense	106.75	0.87	-	-	-	-
Accrued interest expense	1,214.01	9.84	447.90	4.32	315.07	3.71
Current portion of liabilities from terminated rehabilitation plan and compromise	212.60	1.72	160.36	1.55	189.76	2.23
Current portion of long-term borrowing from related party	47.10	0.38	47.10	0.45	47.10	0.55
Current portion of debentures	521.11	4.22	538.80	5.20	533.43	6.27
Current portion of lease liabilities	2.78	0.02	2.97	0.03	2.74	0.03
Current portion of provision for unsettled debts under arbitral award	-	-	137.54	1.33	-	-
Short-term borrowings from related party	347.55	2.82	-	-	2,300.00	27.05
Borrowing from other party	3.85	0.03	3.85	0.04	3.85	0.05
Other current liabilities	35.87	0.29	26.66	0.26	45.55	0.54
Total Current Liabilities	3,139.55	25.44	4,524.16	43.68	5,065.66	59.58
Non-Current Liabilities						
Other payables and accrued expenses	1,433.23	11.61	1,407.92	13.59	581.36	6.84
Accrued interest expense	128.51	1.04	104.41	1.01	84.37	0.99
Liabilities from terminated rehabilitation plan and compromise - net	509.30	4.13	395.00	3.81	421.86	4.96
Long-term borrowing from related party - net	1,245.67	10.09	204.10	1.97	157.00	1.85

Components	December 31, 2021		December 31, 2022		December 31, 2023	
	THB million	%	THB million	%	THB million	%
Lease liabilities - net	1.26	0.01	3.38	0.03	0.63	0.01
Provision for unsettled debts under arbitral award - net	-	-	172.97	1.67	-	-
Non-current provision for employee retirement benefit	103.08	0.84	106.38	1.03	110.94	1.30
Total Non-Current Liabilities	3,421.06	27.72	2,394.16	23.12	1,356.17	15.95
Total Liabilities	6,560.61	53.17	6,918.32	66.80	6,421.83	75.53
Shareholders' Equity						
Share capital						
Authorized share capital	158,059.76	1,280.92	158,059.76	1,526.15	158,059.76	1,859.06
Issued and paid-up share capital	144,643.83	1,172.20	144,643.83	1,396.61	144,643.83	1,701.27
Additional (discount) paid in capital	(116,361.27)	(943.00)	(116,361.27)	(1,123.53)	(116,361.27)	(1,368.61)
Premium on capital reduction	206.31	1.67	206.31	1.99	206.31	2.43
Retained earnings (deficit)						
Appropriated for legal reserve	763.98	6.19	763.98	7.38	763.98	8.99
Deficit	(21,784.14)	(176.54)	(23,787.60)	(229.68)	(24,808.69)	(291.79)
Other components of equity	(1,689.78)	(13.69)	(2,026.82)	(19.57)	(2,363.86)	(27.80)
Equity attributable to owners of the parent - net	5,778.92	46.83	3,438.43	33.20	2,080.29	24.47
Non-controlling interests	0.00	0.00	0.00	0.00	0.00	0.00
Shareholders' Equity - Net	5,778.92	46.83	3,438.43	33.20	2,080.30	24.47
Total Liabilities and Shareholders' Equity	12,339.53	100.00	10,356.75	100.00	8,502.13	100.00

Source: GSTEEL

4.2 Consolidated statement of comprehensive income

(Unit: THB million)

Components	12-Month Period December 31, 2021		12-Month Period December 31, 2022		12-Month Period December 31, 2023	
	THB million	(%)	THB million	(%)	THB million	(%)
Revenues						
Revenue from sales - net	15,813.88	98.45	14,940.95	99.42	10,765.79	97.73
Gain from write-back the expired legal prescription of liabilities - net	197.23	1.23	-	-	143.78	1.31
Gain on foreign exchange - net	-	-	-	-	15.38	0.14
Other income	51.85	0.32	86.95	0.58	91.10	0.83
Total Revenues	16,062.96	100.00	15,027.90	100.00	11,016.05	100.00
Expenses						
Cost of sales						
Cost of goods sold	12,973.71	80.77	14,002.01	93.17	11,023.66	100.07

Components	12-Month Period December 31, 2021		12-Month Period December 31, 2022		12-Month Period December 31, 2023	
	THB million	(%)	THB million	(%)	THB million	(%)
Idle cost	87.70	0.55	124.93	0.83	296.81	2.69
Loss on decline in value of inventories (reversal)	0.97	0.01	72.49	0.48	(33.79)	(0.31)
Total Cost of Sales	13,062.39	81.32	14,199.42	94.49	11,286.68	102.46
Selling expenses	163.60	1.02	149.41	0.99	130.26	1.18
Administrative expenses	403.02	2.51	241.56	1.61	353.46	3.21
Loss on confirmed purchase orders for undelivered raw materials	-	-	-	-	20.81	0.19
Loss on foreign exchange - net	522.87	3.26	220.01	1.46	-	-
Other expenses	1.34	0.01	1,874.92	12.48	11.67	0.11
Finance costs	477.86	2.97	310.43	2.07	227.02	2.06
Total Expenses	14,631.08	91.09	16,995.75	113.09	12,029.91	109.20
Gain (Loss) before tax	1,431.88	8.91	(1,967.85)	(13.09)	(1,013.85)	(9.20)
Tax expense	(106.76)	(0.66)	(35.60)	(0.24)	-	-
Gain (Loss) for the year	1,325.12	8.25	(2,003.46)	(13.33)	(1,013.85)	(9.20)

Source: GSTEEL

4.3 Consolidated cash flow statement

(Unit: THB million)

Components	12-Month Period December 31, 2021	12-Month Period December 31, 2022	12-Month Period December 31, 2023
Net cash provided by (used in) operating activities	1,654.87	616.05	(607.72)
Net cash provided by (used in) investing activities	(188.20)	(44.20)	(136.68)
Net cash provided by (used in) financing activities	(1,380.95)	(226.20)	502.55
Net increase (decrease) in cash and cash equivalents	85.72	345.65	(241.86)
Cash and cash equivalents, at beginning of year	330.77	419.02	764.69
Effect of exchange rate changes on cash and cash equivalents held in foreign currencies	2.53	0.01	(0.00)
Cash and cash equivalents, at end of year	419.02	764.69	522.83

Source: GSTEEL

4.4 Financial ratios

Components	Unit	12-Month Period December 31, 2021	12-Month Period December 31, 2022	12-Month Period December 31, 2023
Liquidity Ratio				
Current Ratio	Times	0.85	0.67	0.36
Quick Ratio	Times	0.23	0.24	0.13
Cash Ratio	Times	0.43	0.16	(0.13)

Receivable collection period (DSO)	Days	0.09	0.60	1.21
Inventory conversion period	Days	44.47	49.80	50.07
Payable deferral period	Days	4.72	5.96	7.39
Cash Conversion Cycle	Days	39.84	44.45	43.89
Profitability Ratio				
Sale Growth Rate	%	69.79	(5.52)	(27.94)
Gross Profit Margin	%	17.40	4.96	(4.84)
Net Profit Margin ^{1/}	%	8.38	(13.41)	(9.42)
Return on Equity ^{2/}	%	28.08	(43.47)	(36.74)
Efficiency Ratio				
Return on Asset ^{3/}	%	11.36	(17.65)	(10.75)
Return on Fixed Asset ^{3/}	%	15.99	(27.99)	(16.81)
Asset Turnover	Times	1.36	1.32	1.14
Debt Leverage Ratio				
Debt to Equity Ratio ^{4/}	Times	1.14	2.01	3.09
Interest Coverage Ratio	Times	4.00	(5.34)	(3.47)
Earnings (Loss) per Share	THB	0.05	(0.07)	(0.04)
Book value/share ^{4/}	THB	0.20	0.12	0.07

Source: GSTEEL

Remarks: 1/ Calculated from the profit (loss) of the parent company excluding non-controlling interests

2/ Calculated from the profit (loss) of the parent company divided by total shareholders' equity excluding non-controlling interests

3/ Calculated from the profit (loss) of the parent company excluding non-controlling interests

4/ Calculated from total shareholders' equity excluding non-controlling interests

5. Management Discussion and Analysis (MD&A)

5.1 Business Outlook

Year 2021

The overall HRC and sheets consumption saw an increase of 31% during 2021 when compared to 2020. However, domestic production grew only by 14% and larger portion of the increase was captured by imports which grew at 48%.

Year 2022

As per Iron and Steel Institute of Thailand overall HRC consumption in Thailand has dropped by 17% during the year 2022 when compared to 2021.

The high inflation seen globally especially in energy prices has also impacted Thailand with prices of electricity and natural gas increasing sharply. This coupled with overall increase in prices of all raw material and subdued HRC demand negatively impacted the results of the 2nd half for the Company. To overcome these

external challenges, the Company is working on several initiatives to reduce costs, enhance quality and improve production stability which will help in long term sustainability.

Year 2023

Thai economic recovery was marked by lower-than-expected demand and tourism, subdued export and high household debt impacting purchasing power. The economy grew only by 1.9% in 2023 and is expected to grow by around 3.2% to 3.8% (with Digital Wallet).

The Alloy HRC imports from China has reduced post commencement of Anti Circumvention investigations by the authorities. Going forward, the Company sales will be determined by continued government action on unfair imports and full-scale resumption of public and private projects.

5.2 Performance of the Company

5.2.1 Revenue from sale

Year 2021

The Company reported revenue from sales of THB 15,814 million which increased by THB 6,500 million mainly due to increase in selling price by 10,581 THB per ton or 66% while sales volume increase by 15 k Mt or 3% compared to last year.

Year 2022

The Company reported revenue from sales of THB 14,941 million which decreased by THB 873 million mainly due to the decrease in sales volume by 12% compared to last year.

Year 2023

The Company reported revenue from sales of THB 10,766 million which decreased by THB 4,175 million mainly due to the decrease in sales volume by 13% and decrease in the selling prices by 17% compared to Y2022.

5.2.2 Operating Results

Year 2021

The Company reported a gross profit of THB 2,751 million, significantly improving from last year which saw a gross profit of THB 11 million. This resulted mainly due to the increase in selling price resulting from a global uptrend in the HRC prices and improvement in Raw Material mix.

The Company reported a net profit of THB 1,323 million compared to net loss of THB 551 million last year, an increase by THB 1,874 million. The consolidated net profit for the year 2021 was recorded at THB 1,325 million compared to the reported net loss of THB 600 million last year, an increase by THB 1,925 million mainly due to the increase in selling price.

Year 2022

The gross profit of the Company reduced by THB 2,010 million compared to 2021 mainly due to reduction in metal spread (margin between selling price and metal cost) and increase in conversion cost mainly due to increase of sub raw materials price, electricity price as well as natural gas price.

The consolidated net loss was recorded at THB 2,003 million compared with net profit THB 1,325 million last year, a decrease by THB 3,329 million mainly as explained above in addition to Impairment loss on assets, foreign exchange loss and Provision for unsettled debts and impairment of advance to supplier under arbitral award as per explanation below.

Year 2023

The Gross Profit of the Company decreased by THB 1,262 million compared to Y2022 mainly due to a decrease in sales volume & selling price while the decrease in cost of goods sold was lower than the decrease in selling price, thus squeezing the margins.

The Consolidated Net Loss for the year at THB 1,014 million was lower than the Net Loss of THB 2,003 million for Y2022 by THB 990 million mainly due to one off expenses on account of Impairment loss on unusable machines held for sale amounting to THB 1,497 million in Y2022.

5.2.3 Selling Expenses

Year 2021

The Company recorded selling expenses of THB 164 million, which increased by THB 16 million compared to last year due to increase in sales volume and increased transportation cost resulting from the increase of oil prices.

Year 2022

The Company recorded selling expense of THB 149 million, which decreased by THB 14 million compared to last year due to a decrease in sales volume.

Year 2023

The Company recorded Selling Expense of THB 130 million during the year, which decreased by THB 19 million compared to Y2022 due to the decrease in sales volume.

5.2.4 Administrative Expenses

Year 2021

Administrative expenses of 2021 increase by THB 168 million from 2020 mainly due to higher charges on account of incentive program while 2020 decrease from 2019 by THB 143 million mainly came from the termination of Financial Advisory fees and several cost reduction initiatives taken to make the Company more competitive in the long run.

Year 2022

Administrative expenses Y2022 decreased by THB 162 million from Y2021 mainly due to reduction in incentives due to expiration of management incentive plan implemented in 2021 while the expenses in Y2021 increase by THB 168 million from 2020 mainly due to higher charges on account of incentive program.

Year 2023

The Company recorded Administrative Expenses of THB 355 million, which increased by THB 116 million compared to last year mainly due to additional waste management expenses and consultant fees.

5.2.5 Net gain on foreign exchange rate

Year 2021

The Company reported a net loss on foreign exchange of THB 523 million due to the depreciation of the Thai Baht versus the US dollar from 30.2068 THB/USD on 30 December 2020 to 33.5929 THB/USD on 30 December 2021.

Year 2022

The Company reported a net loss on foreign exchange of THB 220 million due to the depreciation of the Thai Baht versus the US dollar from 33.59 THB/USD on 30 Dec 2021 to 34.73 THB/USD on 30 December 2022.

Year 2023

The Company reported a Net gain on foreign exchange of THB 15 million due to the appreciation of the Thai Baht versus the US dollar from 34.73 THB/USD on December 31, 2022 to 34.38 THB/USD on December 31, 2023.

5.2.6 Gains and losses from other non-recurring items

Year 2021

Gain from write-back the expired legal prescription of liabilities

The Company has recorded a write off of the unclaimed liabilities that have expired the legal prescription timeline by law and recorded as gain from write-back the expired legal prescription of liabilities by THB 197 million.

Year 2022

Provision for unsettled debts under arbitral award & Allowance for impairment on advances to supplier

The Company recorded Provision for unsettled debts under arbitral award & Allowance for impairment on advances to supplier under other expenses of THB 378 million due to Arbitration Award against the Company in the ongoing case against one creditor of the Company. The Company has appealed against such Arbitral Award.

Allowance for impairment of unusable machines held for sale

The Company recorded Allowance for impairment of unusable machines held for sale of THB 1,497 million in Y2022 since the Company decided not to continue with the commissioning of the existing Pickling & Oiling line. Please see details in the note to financial statement no.11

Year 2023

The Company recorded other expenses of THB 12 million compared to THB 1,875 million last year, which decreased by THB 1,863 million. Last year the company recorded two one off items i.e. allowance for impairment of unusable machines held for sale of THB 1,497 million and THB 379 million due to Arbitration Award against the Company in the case against one creditor of the Company.

5.2.7 Finance cost

Year 2021

The Company recorded finance cost of THB 478 million for year 2021 and THB 621 million for 2020, a decrease of THB 143 million due to write-off of the accrued interest that exceeded the time limit of the legal prescription of debts. The Company also repaid short term loan USD 37.1 million which helped in the reduction in interest expense.

Year 2022

The Company recorded finance cost of THB 310 million for Y2022 compared to THB 478 million for Y2021, a decrease of THB 167 million mainly due to the repayment of short-term borrowings and long-term borrowings by using Facilities from financial Institutes at much lower rate of interest which helped in the reduction in interest expense.

Year 2023

The Company recorded Finance Cost of THB 227 million for Y2023 compared to THB 310 million for Y2022, a decrease of THB 83 million mainly due to the repayment of short-term and long-term borrowings at higher interest rates by obtaining cheaper loans from Related party and quarterly payments of interest-bearing liabilities from terminated rehabilitation plan and compromise.

5.3 Statement of financial position

5.3.1 Total Assets

Year 2021

As of December 31, 2021, the consolidated total assets amounted to THB 12,340 million, which increased by THB 1,351 million or 12% from year ended 2020.

Out of the total assets, Current Assets amounted to THB 2,668 million or 22% of total assets, which increased by THB 847 million or 47% mainly due to an increase in Inventory by THB 715 million and Cash and cash equivalents by THB 88 million. Non-current assets amounted to THB 9,672 million or 78% of total assets, which increased by THB 503 million or 5% from year ended 2020 mainly due to the increase in Other long-term investment due to changes in the fair value of security in G J Steel as explained above and decreased in Machinery & Equipment from depreciation.

Year 2022

As of December 31, 2022, the consolidated total assets amounted to THB 10,357 million, which decreased by THB 1,983 million or 16% from year ended 2021.

Out of the total assets, Current Assets amounted to THB 3,034 million or 29% of total assets, which increased by THB 367 million or 14% mainly due to increase in cash and cash equivalents by THB 346 million. Non-current assets amounted to THB 7,323 million or 71% of total assets, which decreased by THB 2,349 million or 24% from year ended 2021 mainly due to the decrease in Machinery & Equipment due to Allowance for impairment of unusable machines held for sale and depreciation and decrease in Other long-term investment resulting from the decrease of G J Steel share price.

Year 2023

As of December 31, 2023, the consolidated total assets amounted to THB 8,502 million, which decreased by THB 1,855 million or 18% from year ended 2022.

Out of the Total Assets, Current Assets amounted to THB 1,843 million or 22% of total assets, which decreased by THB 1,191 million or 39% mainly due to a decrease in inventory by THB 755 million and decrease in cash and cash equivalents by THB 242 million. Non-current assets amounted to THB 6,659 million or 78% of total assets, which decreased by THB 664 million or 9% from year ended 2022 mainly due to the decrease in Other long-term investment resulting from the decrease in value of Investment in G J Steel and decrease in Machinery & Equipment due to depreciation.

5.3.2 Inventories

Year 2021

Value of Inventories in the consolidated Financial Statement amounted to THB 1,949 million or 16% of total assets, which increased by THB 715 million or 58% from year ended 2020 due to the increase in raw materials and finished goods.

On November 1 and 6, 2017, the Company paid USD 2 million (approximately THB 68 million) to a financial supporter. However, the raw materials (scrap steel) have not been transferred as yet from control yard and the Company has recorded the payment as advance payment for raw materials at transaction date.

On January 20, 2021, the Company has entered into Settlement Agreement with the Financial Supporter, whereby such advance payment, which had outstanding balance as at December 31, 2021 and 2020 of THB 68 million will be settled through the Arbitration Process. The Thai Arbitration Institute and both parties have determined the date of investigation creditors' witness on March 14, 18, 23 and 28, 2022 and determined the date for investigation of the Company's witness on March 31, April 1, 4 and 8, 2022.

Year 2022

Value of Inventories in the consolidated Financial Statement amounted to THB 1,926 million or 19% of total assets, which decreased by THB 23 million or 1% from year ended 2021 due to the decrease in raw materials and partly offset by the increase in finished goods and spare parts.

Year 2023

Value of Inventories in the consolidated Financial Statement amounted to THB 1,171 million or 14% of total assets, which decreased by THB 755 million or 39% from year ended 2021 due to due to a decrease in finished goods and raw materials, which are part of management's effort to reduce inventories. However, part of this reduction has been offset by an increase in necessary maintenance equipment to ensure a decrease in delays caused by damaged machinery.

5.3.3 Total liabilities

Year 2021

Total liabilities in the consolidated Financial Statement as of December 31, 2021 amounted to THB 6,561 million, which decreased by THB 769 million or 10% from year ended 2020 mainly due to decrease in short-term borrowings from related parties and Other payables and accrued expenses.

Consolidated current liabilities decreased THB 1,416 million due to:

- Short-term borrowings from related parties decreased by THB 1,086 million due to the repayment by the Company.
- Other payables and accrued expenses decreased by THB 442 million due to the repayment and restructuring of debts with a creditor and reclassification of part of the liabilities to noncurrent liabilities.
- Current portion of long-term borrowings from related parties decreased by THB 267 million due to the repayment and restructuring of debts with a creditor and reclassification of part of the liabilities to non-current liabilities.

Consolidated non-current liabilities increased THB 648 million derived from:

- Long-term borrowings from related parties increased by THB 359 million due to reclassification from current liabilities as explained above and depreciation of THB leading to increase in the USD denominated liabilities.
- Liabilities under rehabilitation plan and compromise agreement decreased THB 139 million mainly due to repayment.
- Other payables and accrued expenses increased THB 301 million due to reclassification from current liabilities as explained above and depreciation of THB leading to increase in the USD denominated liabilities.

Year 2022

Total liabilities in the consolidated Financial Statement as at December 31, 2022 amounted to THB 6,918 million, which increased by THB 358 million or 5% from year ended 2021 mainly due to the increase in Short-term loans from financial institution, provision for unsettled debts under arbitral award and partly offset by the decrease in short-term borrowings from related parties, accrued interest expenses, long-term borrowings from related parties, Liabilities from terminated rehabilitation plan and compromise as detailed below.

Consolidated current liabilities increased THB 1,385 million due to:

- Short-term loans from financial institutions increased by THB 2,400 million which was mainly used to repay high-cost old debt and accrued interest.
- Short-term borrowings from related parties decreased by THB 348 million due to repayment.
- Other payables and accrued expenses decreased by THB 43 million mainly due to repayment.
- Income tax payable decreased by THB 107 million due to payment of the tax dues.
- Accrued interest expenses decreased by THB 766 million mainly due to repayment.

Consolidated non-current liabilities decreased THB 1,027 million derived from:

- Long-term borrowings from related parties decreased by THB 1,042 million mainly due to repayment.
- Liabilities under rehabilitation plan and compromise agreement decreased THB 114 million mainly due to repayment.
- Provision for unsettled debts under arbitral award increased as explained above.

Year 2023

Total Liabilities in the consolidated Financial Statement as of December 31, 2023 amounted to THB 6,422 million, which decreased by THB 496 million or 7% from year ended 2022 mainly due to the decrease in other payables and accrued expenses, accrued interest expenses and provision for unsettled debts under arbitral award.

Consolidated Current liabilities increased THB 542 million mainly due to:

- Short term borrowings from related parties increased by THB 2,300 million which was mainly use for repayment of Short-term borrowings from financial institution, other payables and accrued expenses and Accrued interest expenses.
- Short-term borrowings from financial institution decreased by THB 1,300 million due to repayment by using the short-term borrowings from related party as stated above.
- Other payables and accrued expenses decreased by THB 76 million and Accrued interest expenses decreased by THB 133 million mainly due to repayment.

Consolidated non-current liabilities decreased THB 1,038 million mainly due to:

- Other payables and accrued expenses decreased by THB 827 million mainly due to repayment.
- Provision for unsettled debts under arbitral award decreased by THB 173 million mainly due to its reclassification to liability under rehabilitation plan and compromise agreement and repayment.
- Long-term borrowings from related parties decreased THB 47 million mainly due to repayment.

5.3.4 Shareholders' equity

Year 2021

As of December 31, 2021, the Consolidated Financial Statement recorded shareholders' equity of THB 5,779 million which increased by THB 2,120 million from last year due to net profit THB 1,325 million and Gain on change in fair value of equity security designated at fair value through other comprehensive income THB 794 million on account of G J Steel investment.

Year 2022

As of December 31, 2022, the Consolidated Financial Statement recorded shareholders' equity of THB 3,438 million which decreased by THB 2,340 million from last year due to net loss THB 2,003 million and Loss on change in fair value of equity security designated at fair value through other comprehensive income THB 337 million on account of G J Steel investment.

Year 2023

As of December 31, 2023, the Consolidated Financial Statement recorded shareholders' equity of THB 2,080 million which decreased by THB 1,358 million from last year due to Net Loss of THB 1,014 million, Loss due to change in fair value of equity security designated at fair value through other comprehensive income of THB 337 million on account of G J Steel investment and Actuarial losses on defined employee benefit plans THB 7 million.

5.3.5 Asset Management Efficiency

Year 2021

As of December 31, 2021, the Consolidated cash and cash equivalent balance was THB 419 million, which increased by THB 88 million from the year ended 2020. Cash flow of each activity of year 2021 is as follow:

Consolidated Cash Flow

- Net cash flows provided by operating activities THB 1,655 million was higher than last year which posted cash flow provided by operating activities of THB 403 million.
- Net cash flows used in investing activities was THB 188 million. This mainly came from Cash flow used in Purchases of property, plant and equipment of the Company.
- Net cash flows used in financing activities THB 1,381 million. Mainly from the loan repayment, finance costs paid and repayment of liabilities from terminated rehabilitation plan and compromise.

Year 2022

As of December 31, 2022, the Consolidated cash and cash equivalent balance was THB 765 million, which increased by THB 346 million from year ended 2021. Cash flow of each activity of year 2022 is as follow:

Consolidated Cash Flow

- Net cash flows provided by operating activities THB 616 million was lower than last year which posted cash flow provided by operating activities of THB 1,655 million.
- Net cash flows used in investing activities was THB 44 million which was used in Purchases of property, plant and equipment of the Company.
- Net cash flows used in financing activities was THB 226 million mainly from repayment of short-term borrowings from related party, repayment of long-term borrowing from related parties, finance costs paid, repayment of liabilities from terminated rehabilitation plan and compromise and partly offset by borrowing from financial institution.

Year 2023

As of December 31, 2023, the Consolidated cash and cash equivalent balance was THB 523 million, which decreased by THB 242 million from the year ended 2022.

Consolidated Cash Flow

- Net cash flows used in operating activities is THB 608 million, compared to net cash provided by operating activities of THB 616 million last year.
- Net cash flows used in investing activities stood at THB 137 million, compared to THB 44 million last year, which was used to purchase land, buildings and equipment of the Company.

- Net cash flows provided by financing activities is THB 503 million, mainly due to short-term borrowings from related businesses and to short-term borrowings from financial institutions. It is partially offset by repayments of short-term from financial institutions, repayments of short-term borrowings from related businesses, repayments of debts resulting from the terminated rehabilitation plan, compromise agreement, financial costs and repayments of long-term borrowings from related businesses.

5.4 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.

6. Steel industry situation

Thailand's 2023 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 2023 totaled 6.60 million tons, decreased 7.00% compared to the previous year (2022). If categorized by product groups, long steel products represent 4.56 million tons, decreased 1.67% compared to the prior year whilst the production volume of flat steel products stood at 2.04 million tons, decreased 17.07% compared to the prior year. The most produced product belongs to cold rolled sheet where, in 2022, it totaled 2.00 million tons, decreased 7.98%, followed by hot rolled sheet and coil at 1.89 million tons, decreased 18.18% year on year and coated steel, at 1.68 million tons, decreased 3.36% year on year.

Total Apparent Finished Steel (Unit: Tons)	2022	2023	% Change
Production	7,099,238	6,602,026	-7.00%
Import	10,780,695	11,206,898	3.95%
Export	1,487,192	1,478,118	-0.61%
Consumption	16,392,741	16,330,806	-0.38%

Long Product Finished Steel Consumption (Unit: Tons)	2022	2023	% Change
Production	4,639,908	4,562,569	-1.67%
Import	2,498,583	2,631,107	5.30%

Long Product Finished Steel Consumption (Unit: Tons)	2022	2023	% Change
Export	972,970	1,001,504	2.93%
Consumption	6,165,521	6,192,172	0.43%

Flat Product Finished Steel Consumption (Unit: Tons)	2022	2023	% Change
Production	2,459,330	2,039,458	-17.07%
Import	8,282,112	8,575,791	3.55%
Export	514,222	476,614	-7.31%
Consumption	10,227,220	10,138,635	-0.87%

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

The finished steel consumption in Thailand in 2023 stood at 16.33 million tons, decreased 0.38% year on year. If categorized by product group, long steel products increased 0.43% compared to the prior year, to 6.19 million tons whereas the consumption of flat steel products decreased 0.87% compared to the prior year, to 10.14 million tons. The most consumed steel category is hot rolled flat product, at 5.83 million tons followed by coated steel at 4.76 million tons and cold rolled at 3.22 million tons respectively.

Import of finished steel into Thailand in 2023 stood at 11.21 million tons, increased 3.95% over the prior year. The highest imported product is hot rolled steel flat product at 3.82 million tons followed by coated steel at 3.18 million tons and cold rolled steel at 1.33 million tons respectively. The ratio of imported steel consumption versus local steel consumption is at 68.62% against 31.38%, reflecting that Thailand still heavily relies on imported steel.

Thailand exported steel products 1.48 million tons in 2023, decreased 0.61% year on year. The most exported steel products are structural steel, at 310,161 tons followed by seamless pipe, at 306,296 tons.

Hot rolled steel flat product situation in Thailand in 2023

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 2023 reveal the followings.

The local production volume of hot rolled steel, coil and non-coil, in 2023 totaled 2.04 million tons, decreased 17.07% over the prior year. It consists of hot rolled sheet and coil at 1.89 million tons, decrease 18.18% whereas the production of hot rolled plate remained stable at 149,951 tons.

Total Hot Roll (Unit: Tons) (Excluding Stainless Steel)	2022	2023	% Change
Production	2,459,330	2,039,458	-17.07%
Import	3,416,602	3,585,765	4.95%
Export	24,311	24,592	1.16%
Consumption	5,851,621	5,600,631	-4.29%

Total Hot Roll Plate Thickness > 3 mm. (Unit: Tons) (Excluding Stainless Steel)	2022	2023	% Change
Production	149,945	149,951	0.00%
Import	293,117	207,643	-29.16%
Export	3,518	8,089	129.93%
Consumption	439,544	349,505	-20.48%

Total Hot Roll Coil & Sheet Thickness < 3 mm. (Unit: Tons) (Excluding Stainless Steel)	2022	2023	% Change
Production	2,309,386	1,889,506	-18.18%
Import	3,123,485	3,378,122	8.15%
Export	20,793	16,503	-20.63%
Consumption	5,412,078	5,251,125	-2.97%

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

The local consumption of hot rolled steel, both coil and sheet in 2023, stood at 5.60 million tons, decreased 4.29% consisting of HR sheet and coil of 5.25 million tons, decreased 2.97% and HR plate 349,505 tons, decreased 20.48%.

Import of hot rolled steel in 2023, both coil and sheet, increased 4.95%, to 3.59 million tons divided into hot rolled sheet and coil of 3.38 million tons, increased 8.15% and hot rolled plate of 207,643 tons, decreased 29.16%.

Export of hot rolled steel in 2023, both coil and sheet, stood at 24,592 tons, decreased 1.16% compared to the prior year, divided into hot rolled sheet and coil of 16,503 tons, decreased 20.63% from the same period last year and hot rolled plate of 8,089 tons, increasing by 129.93% from last year.

Attachment 2

Summary Information of Nippon Steel Southeast Asia Company Limited

1. Company Profile

Company Name	:	Nippon Steel Southeast Asia Company Limited (“NSSEA”)
Headquarter Address	:	909 Ample Tower Building, 14th Floor, Debaratana Road, Bangna Nuea Subdistrict, Bangna District, Bangkok 10260
Telephone	:	0-2744-1480
Type of Business	:	Operating International Business Center by purchasing products, raw materials, and part for industries such as automotive industry, energy and electronics, etc., providing service business to its associate enterprises in foreign countries such as General administration, business planning, business coordination, Sourcing of raw materials and parts, Product research and development, Technical support, Marketing and sale promotion, Human resource management and training, Financial advisory, Economic and investment analysis and research, Servicing on financial management of Treasury Center
Company Registration Number	:	0105554046745
Website	:	-
Registered Capital	:	THB 827,238,000
Paid-up Capital	:	THB 827,238,000
Number of paid-up shares:		827,238 ordinary shares

2. Business Information

2.1 History

NSSEA registered as a company on April 1, 2011. In the past, NSSEA has changed the company name a total of 4 times, with details as follows:

Historical	Date	Name
Established	April 1, 2011	Sumitomo Metals (Thailand) Co., Ltd.
Change No. 1	October 1, 2012	Nippon Steel & Sumitomo Metals (Thailand) Co., Ltd.
Change No. 2	April 1, 2019	Nippon Steel (Thailand) Co., Ltd.
Change No. 3	April 1, 2021	Nippon Steel Southeast Asia Co., Ltd.
Current	April 1, 2024	Nippon Steel (Thailand) Co., Ltd.

Source: BOL

2.2 Business Overview

Operating a regional operating office by providing services to related businesses as follows: general administration, business planning, and business coordination.

2.3 Revenue Structure

The revenue structure classified by revenue type from 2020 – 2022 is as follows.

(Unit: THB million)

Revenue	2020		2021		2022	
	Revenue	%	Revenue	%	Revenue	%
Sales and service income	136.76	80.49	163.85	82.53	205.75	84.87
Interest income	31.58	18.59	28.80	14.51	32.20	13.28
Other income	1.57	0.92	5.87	2.96	4.47	1.84
Total Revenue	169.90	100.00	198.53	100.00	242.42	100.00

3. Shareholders and Board of Directors

3.1 Shareholders

List of the top 10 major shareholders according to the latest shareholder register as of April 28, 2023

No.	Name of shareholders	Number Shares	% of paid-up capital
1	NIPPON STEEL CORPORATION	827,234	99.99
2	Mr. Takashi Sekino	4,000	00.00
	Total	827,238	100.00

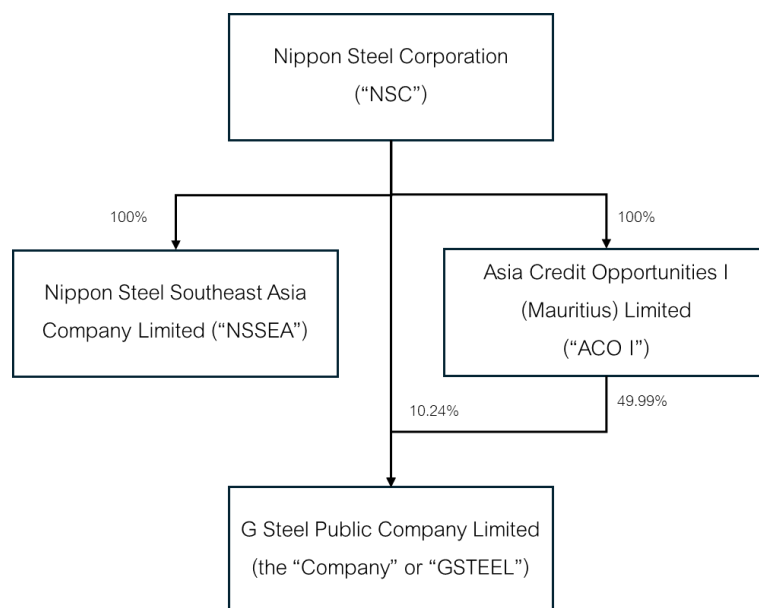
Source: BOL

3.2 Relationship with related persons

Finance receiver : G Steel Public Company Limited

Finance supporter : Nippon Steel Southeast Asia Company Limited (to be changed to “Nippon Steel (Thailand) Co., Ltd.” from April 1, 2024)

Relationship : NSSEA has the same major shareholder with the Company which is NSC where NSC directly holds 10.24% of the Company’s paid-up capital and indirectly, through ACO I, holds 49.99% of the Company’s paid-up capital.



3.3 Board of Directors

List of the Company's Board of Directors, information as of March 15, 2024

Name		Position
1	Mr. Takashi Sekino	Director
2	Mr. Nobuo Okochi	Director
3	Mr. Tetsuya Tonomura	Director
4	Mr. Takayuki Suzuki	Director

Source : BOL

4. Summary of Key Components in the Financial Report

4.1 Consolidated statement of financial position

(Unit: THB million)

Components	December 31, 2020		December 31, 2021		December 31, 2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Assets						
Current assets						
Cash and cash equivalents	1,351.45	24.69	599.46	11.68	6,262.88	95.36
Net trade receivables and notes receivable	18.31	0.33	21.86	0.43	30.76	0.47
Short term loans	4,087.05	74.67	4,491.06	87.53	250.00	3.81
Other current assets	6.43	0.12	7.78	0.15	14.18	0.22
Total Current Assets	5,463.24	99.81	5,120.16	99.79	6,557.82	99.85
Non-Current Assets						
Long-term loans and investments	2.05	0.04	2.09	0.04	2.08	0.03
Property, plant and equipment - net	2.80	-	2.55	-	2.35	-
Other non-current assets	4.11	0.08	5.23	0.10	5.06	0.08

Components	December 31, 2020		December 31, 2021		December 31, 2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Total other items - non-current assets	1.46	0.03	0.87	0.02	0.45	0.01
Total Non-Current Assets	10.43	0.19	10.74	0.21	9.94	0.15
Total Assets	5,473.66	100.00	5,130.89	100.00	6,567.76	100.00
Liabilities						
Current Liabilities						
Trade accounts payable and notes payable	6.24	0.11	7.21	0.14	10.31	0.16
Short-term borrowings	4,591.10	83.88	4,236.88	82.58	5,682.46	86.52
Other current liabilities	6.25	0.11	9.33	0.18	9.59	0.15
Total Current Liabilities	4,603.59	84.10	4,253.41	82.90	5,702.36	86.82
Non-Current Liabilities						
Other non-current liabilities	2.51	0.05	2.22	0.04	1.52	0.02
Total Non-Current Liabilities	2.51	0.05	2.22	0.04	1.52	0.02
Total Liabilities	4,606.09	84.15	4,255.64	82.94	5,703.88	86.85
Shareholders' Equity						
Share capital						
Registered capital	827.24	15.11	827.24	16.12	827.24	12.60
Issued and paid-up share capital	827.24	15.11	827.24	16.12	827.24	12.60
Retained earnings (deficit)						
Inappropriate	40.33	0.74	48.02	0.94	36.65	0.56
Total Shareholders' Equity	867.57	15.85	875.26	17.06	863.88	13.15
Total Liabilities and Shareholders' Equity	5,473.66	100.00	5,130.89	100.00	6,567.76	100.00

Source : BOL

4.2 Consolidated statement of comprehensive income

(Unit: THB million)

Components	December 31, 2020		December 31, 2021		December 31, 2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Revenue						
Sales and service income	136.76	80.49	163.85	82.53	205.75	84.87
Interest income	31.58	18.59	28.80	14.51	32.20	13.28
Other income	1.57	0.92	5.87	2.96	4.47	1.84
Total Revenue	169.90	100.00	198.53	100.00	242.42	100.00
Expenses						
Employee benefit expenses	102.56	60.36	131.96	66.47	161.26	66.52
Depreciation and Amortization	1.63	0.96	1.72	0.87	1.78	0.73
Other expenses	27.98	16.47	29.60	14.91	44.61	18.40
Total Expenses	132.17	77.79	163.28	82.25	207.65	85.66
Profit (loss) before finance costs and income tax	37.73	22.21	35.25	17.75	34.77	14.34

Components	December 31, 2020		December 31, 2021		December 31, 2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Finance costs	21.29	12.53	9.36	4.72	17.32	7.14
Profit (loss) before income tax	16.44	9.68	25.88	13.04	17.46	7.20
Income tax	2.59	1.52	4.96	2.50	4.01	1.66
Profit (loss) for the year	13.85	8.15	20.92	10.54	13.45	5.55

Source : BOL

4.3 Financial Ratios

Components	Unit	12-Month Period December 31, 2020	12-Month Period December 31, 2021	12-Month Period December 31, 2022
Net Profit Margin	%	8.23	10.86	5.65
Return on Equity	%	1.60	2.39	1.56
Return on Asset	%	0.25	0.41	0.20
Liquidity Ratio	Times	1.19	1.20	1.15
Debt to Equity Ratio	Times	5.31	4.86	6.60

Source : BOL

5. Management Discussion and Analysis (MD&A)

5.1 Analysis of financial position and operating results

5.1.1 Revenue

Year 2020

From the operating results of 2020, NSSEA had a total income of THB 169.90 million, divided into sales income of THB 136.76 million, interest income of THB 31.58 million, and other income of THB 1.57 million. Total income decreased from the year 2019, amount THB 27.43 million.

Year 2021

From the performance of 2021, NSSEA has total income of THB 198.53 million, divided into sales income of THB 163.85 million, interest income of THB 28.80 million, and other income of THB 5.87 million. Total income increased from the year 2020 amounted to THB 28.62 million or an increase of 16.85 percent.

Year 2022

From the performance of 2022, NSSEA has total income of THB 242.42 million, divided into sales income of THB 205.75 million, interest income of THB 32.20 million, and other income of THB 4.47 million. Total income increased from the year 2021, amount THB 43.90 million or an increase of 22.11 percent.

5.1.2 Costs and expenses

Year 2020

In 2020, NSSEA had total expenses of THB 132.17 million, accounting for 77.79 percent of total income, divided into employee benefit expenses of THB 102.56 million, depreciation and amortization of THB 1.63 million, and other expenses of THB 27.98 million, an increase from 2019 of THB 8.90 million.

Year 2021

In 2021, NSSEA had total expenses of THB 163.28 million, accounting for 82.25 percent of total income, divided into employee benefit expenses of THB 131.96 million, depreciation and amortization of THB 1.72 million, and other expenses of THB 29.60 million, an increase from 2020 of THB 31.11 million or an increase of 23.54 percent.

Year 2022

In 2022, NSSEA had total expenses of THB 207.65 million, accounting for 85.66 percent of total income, divided into employee benefit expenses of THB 161.26 million, depreciation and amortization of THB 1.78 million, and other expenses of THB 44.61 million, an increase from 2021 of THB 44.37 million or an increase of 27.17 percent.

5.1.3 Net profit

Year 2020

In 2020, NSSEA had a net profit from operations of THB 13.85 million, accounting for 8.15 percent of total revenue, an increase of THB 2.01 million from 2019, or an increase of 16.99 percent compared to the previous year.

Year 2021

In 2021, NSSEA had a net profit from operations of THB 20.92 million, accounting for 10.54 percent of total income, an increase of THB 7.07 million from 2020, or an increase of 51.03 percent compared to the previous year because NSSEA's income increased significantly.

Year 2022

In 2022, NSSEA had a net profit from operations of THB 13.45 million, accounting for 5.55 percent of total revenue, a decrease of THB 7.48 million from 2021, or a decrease of 35.73 percent compared to the previous year. This is because NSSEA has significantly increased costs.

5.1.4 Assets

Year 2020

As of December 31, 2020, NSSEA had total assets of THB 5,473.66 million, an increase of THB 88.46 million or 1.64 percent from December 31, 2019, mainly due to an increase in cash and deposits at financial institutions.

Year 2021

As of December 31, 2021, NSSEA had total assets of THB 5,130.89 million, a decrease of THB 342.77 million or a decrease of 6.28 percent from December 31, 2020, mainly due to a decrease in cash and deposits at financial institutions.

Year 2022

As of December 31, 2022, NSSEA had total assets of THB 6,567.76 million, an increase of THB 1,437.66 million or an increase of 28.08 percent from December 31, 2021, mainly due to an increase in cash and deposits at financial institutions.

5.1.5 Liabilities

Year 2020

As of December 31, 2020, NSSEA had total liabilities of THB 4,606.09 million, a decrease of THB 20.27 million or a decrease of 0.45 percent from December 31, 2019.

Year 2021

As of December 31, 2021, NSSEA had total liabilities of THB 4,255.64 million, a decrease of THB 350.45 million or 7.61 percent from December 31, 2020, mainly due to a decrease in short-term loans.

Year 2022

As of December 31, 2022, NSSEA had total liabilities of THB 5,703.88 million, an increase of THB 1,448.24 million or an increase of 34.03 percent from December 31, 2021, mainly due to an increase in short-term loans.

5.1.6 Shareholders' equity

Year 2020

As of December 31, 2020, NSSEA had shareholders' equity of THB 867.57 million, with shareholders' equity consisting of paid-up capital and retained earnings.

As of December 31, 2020, NSSEA had an increase in shareholders' equity from the end of 2019 in the amount of THB 108.73 million, or an increase of 14.33 percent from an increase in paid-up registered capital.

Year 2021

As of December 31, 2021, NSSEA had shareholders' equity of THB 875.26 million, with shareholders' equity consisting of paid-up capital and retained earnings.

As of December 31, 2021, NSSEA had increased shareholders' equity from the end of 2020 in the amount of THB 7.68 million or an increase of 0.89 percent from an increase in retained earnings.

Year 2022

As of December 31, 2022, NSSEA had shareholders' equity of THB 863.88 million, with shareholders' equity consisting of paid-up capital and retained earnings.

As of December 31, 2022, NSSEA had a decrease in shareholders' equity from the end of 2021 in the amount of THB 11.37 million or a decrease of 1.30 percent from a decrease in retained earnings.

6. Steel Global Industry Outlook

Steelmaking excess capacity is on the rise again and is expected to be as high as in 2014, at the start of the last steel crisis. The bleak outlook for steel demand and the increasing relocation of steel capacity from the People's Republic of China to other regions create a worrying outlook for the coming years. This is also a major obstacle to achieving steel decarbonisation targets.

The ongoing steel excess capacity crisis is currently escalating. Steelmaking capacity is forecast to increase to 2 498 million metric tonnes (mmt) by the end of 2023, marking the 5th consecutive year of growth, and outpacing the latest projections for steel demand. The capacity increase this year of 57 mmt translates into the highest annual volume increase in global capacity in a decade. For purposes of comparison, the global increase this year alone is roughly equivalent to the existing level of capacity of a major steel-producing economy, for example that of Brazil or Germany. Regional developments show significant capacity growth in Africa, ASEAN and the Middle East, while the two largest steel producing economies, China and India, which currently account for 47% and 6% of world capacity respectively, are also contributing to the expansion. Strategic planning is essential to ensure market stability.

Unfortunately, the problem of overcapacity is expected to become even more acute in the future. Global steelmaking capacity is projected to increase significantly over the next three years (2024-2026), with 46 mmt of capacity additions underway and an additional 78 mmt in the planning stage. At the same time, prospects for global steel demand growth are clouded by growing risks of a serious downturn in Chinese steel demand as a consequence of the real estate downturn and its ripple effects on financial markets and the economy.

Excess capacity is leading to difficult market conditions and contributes to climate concerns. The global capacity utilisation rate has deteriorated for two years in a row. In 2023, the global steel capacity-production gap has widened, reaching 610 mmt in annualised terms, in the midst of growing market challenges. Excess capacity is also contributing significantly to emissions from the steel industry. Back-of-the-envelope calculations show that even a partial reduction in global excess capacity (by approximately one-third) would lead to a reduction in the emissions of the global steel sector in the range of 2%-14%, and to much healthier business conditions for steel producers.

Chinese steel companies are investing significantly overseas, specifically in ASEAN and other parts of Asia, as well as Africa. Capacity expansions by Chinese companies in third countries, through cross-border investments account for 65.1% of total cross-border investments in new steelmaking capacity taking place around the world. Their investments in ASEAN account for 81% of the region's total capacity expansion. Furthermore, the information analysed in this report suggests that outdated induction furnaces, which do not

meet environmental and product quality standards, are frequently imported into ASEAN economies, raising concerns in local communities.

Most of the new investments in Asia involve traditional blast furnace/basic oxygen furnace. Other regions are seeing more moderate increases in capacity, with a focus on electric-arc furnaces (EAF). There are also 65 new low-carbon steel projects taking place around the world involving new innovative technologies.

Sources: Organisation for Economic Co-operation and Development (OECD)

Attachment 3

Summary Information of Nippon Steel Corporation

1. Company Profile

Company Name	:	Nippon Steel Corporation (“NSC”)
Headquarter Address	:	2-6-1, Marunouchi, Chiyoda-ku, Tokyo 100-8071, Japan
Telephone	:	81 3 6867 4111
Fax	:	81 3 6867 5607
Type of Business	:	Steelmaking and steel fabrication / Engineering / Chemicals / New materials / System solutions
Registration Number	:	0100-01-008848
Website	:	https://www.nipponsteel.com/en/
Registered Capital	:	JPY 2,000,000,000.00
Paid-up Capital	:	JPY 950,321,402.00

2. Business Information

2.1. Key Events

Year	Key Events
2012	Incorporated on October 1, integrating Nippon Steel Corporation and Sumitomo Metal Industries.
2019	Nippon Steel & Sumitomo Metal Corporation was renamed Nippon Steel Corporation.
2020	Merged with Nippon Steel Nisshin Co.,Ltd. Steelworks are integrated and reorganized as six steelworks, namely the Muroran, East Nippon, Nagoya, Kansai, Setouchi and Kyusyu Works.
2022	Muroran Works and East Nippon Works Kamaishi Area were reorganized to become North Nippon Works.

Source: NSC

2.2. Organization operation of the group of companies

2.2.1. Business Overview

With manufacturing bases in Japan and 15 countries or more worldwide, Nippon Steel Corporation is Japan's largest steelmaker and one of the world's leading steel producers. Our group—the Nippon Steel Group—does business in four areas, starting with our core segment of Steelmaking and Steel Fabrication and including Engineering and Construction, Chemicals and Materials, and System Solutions. We undertake these businesses based on four pillars laid out in our Medium- to Long-term Management Plan: 1) rebuilding our

domestic steel business and strengthening our group's management, 2) promoting a global strategy to deepen and expand our overseas business, 3) taking on the challenge of carbon neutrality and, 4) promoting digital transformation strategies. With the aim of continually growing to become the "best steelmaker with world-leading capabilities," we will pursue world-leading technologies and manufacturing capabilities and contribute to society by providing excellent products and services.

2.2.2. Product features

Business Segment	Main Products		
Steelmaking and Steel Fabrication	Steel Materials	Bars and shapes	Billets, rails, sheet piles, H-beams, other shapes bars, bars, bars-in-coils, wire rods, special wire rods
		Flat-rolled products	Heavy plates, medium plates, hot-rolled sheets, coldrolled sheets, tinplates, tin-free steel, hot-dipped galvanized sheets, other metallic coated sheets, precoated sheets, cold-rolled electrical sheets
		Pipes and tubes	Seamless, butt-welded, electric resistance-welded, electric-arc welded, cold-drawn, and coated pipes and tubes
		Railway/automotive/machinery parts	Parts for railway vehicles, die-forged products, forged aluminum wheels, retarders, ring-rolled products, forged steel products
		Specialty steel	Stainless steel, machine structural carbon steel, structural alloy steel, spring steel, bearing steel, heatresistant steel, free-cutting steel, piano wire rods, high tensile strength steel
		Secondary steel products	Steel and synthetic segments, NS-BOXTM, metro deckTM, PANZERMAST, vibration-damping sheets and plates, structural steel sheet members, columns, welding materials, drums, bolts/nuts/washers, wire products, OCTG accessories, building and civil engineering materials
	Pig iron, steel ingots and others	Steelmaking pig iron, foundry pig iron, steel ingots, iron and steel slag products, cement, foundry coke	

Business Segment	Main Products	
	Businesses incidental to Steelmaking and Steel Fabrication	Design/maintenance/installation of machines/electrical equipment/measurement apparatuses, marine transport, port/harbor transport, land transport, loading/unloading, warehousing, packaging, material testing/analysis, measurement of working environments, surveys on technical information, operation and management of facilities, security services, services related to payment of raw materials, iron-and steelmaking plant construction engineering, operating assistance, steelmaking know-how provision, rolls
	Others	Rolled titanium products, power supply, real estate, services and others
Engineering and Construction	Iron and steelmaking plants, industrial machinery and equipment, industrial furnaces, resources recycling and environment restoration solutions, environmental plants, waterworks, energy facilities and plants, chemical plants, storage tanks, on-land and offshore pipelines laying works, energy-related solutions, offshore structure fabrication/construction, civil engineering work, pipe piling work, building construction, steel-structure construction, trusses, standardized buildings products, base-isolation and vibration-control devices	
Chemicals and Materials	Pitch coke, pitch, naphthalene, phthalic anhydride, carbon black, styrene monomer, bisphenol A, styrene resin, epoxy resin, adhesive-free copper-clad laminated sheet for flexible printed circuit boards, liquid crystal display materials, organic EL materials, UV/thermosetting resins, Rolled metallic foils, semiconductor bonding wire and microballs, fillers for semiconductor encapsulation materials, carbon-fiber composite products, metal catalyst carriers for cleaning automotive emissions, mesoporous carbon material	
System Solutions	Computer systems engineering and consulting, outsourcing and other services using IT	

Source: NSC

2.3. Shareholding structure of the Company's group

In order to increase the Company's competitive capability and to reduce its production cost, the Company has invested in subsidiaries by held shares in target subsidiaries and type of business as at March 31, 2023 detail are as follows:

(JPY million, unless stated otherwise)

Company	Address	Established	Paid-in capital	Ratio of voting rights	Sales
Steelmaking (Subsidiaries)					
Sanyo Special Steel Co., Ltd.	3007, Nakashima, Shikama-ku, Himeji City, Hyogo Pref., Japan Tel. 81-79-235-6003	Jan. 1935	53,800	53.2%	210,722
NIPPON STEEL COATED SHEET CORPORATION	1-5-6, Nihonbashihonchou, Chuo-ku, Tokyo, Japan	Feb. 1950	12,588	100.0%	119,126
Osaka Steel Co., Ltd.	3-6-1, Doshomachi, Chuo-ku, Osaka, Japan (Keihanshin-Midosuji Building 11F) Tel. 81-6-6204-0300	May 1978	8,769	66.3%	76,602
NIPPON STEEL METAL PRODUCTS CO., LTD	4-14-1, Sotokanda, Chiyoda-Ku, Tokyo, Japan Tel. 81-3-6625-6000	Apr. 1973	5,912	100.0%	107,572
NIPPON STEEL PIPE CO.,LTD.	1-1-3, Yurakucho, Chiyoda-ku, Tokyo, Japan Tel. 81-3-6758-0275	Sep. 1911	5,831	100.0%	99,210
Krosaki Harima Corporation	1-1, Higashi Hamamachi, Yahata Nishi-ku, Kitakyushu City, Fukuoka Pref., Japan Tel. 81-93-622-7224	Oct. 1918	5,537	46.9%	113,615
NIPPON STEEL TEXENG. CO., LTD.	2-5-2, Marunouchi, Chiyoda-ku, Tokyo, Japan Tel. 81-3-6860-6600	Oct. 1946	5,468	100.0%	294,836
NIPPON STEEL Stainless Steel Corporation	1-8-2, Marunouchi, Chiyoda-ku, Tokyo, Japan Tel. 81-3-6841-4800	Oct. 2003	5,000	100.0%	317,220
NIPPON STEEL LOGISTICS CO.,LTD.	1-13-1, Nihonbashi, Chou-Ku, Tokyo, Japan Tel. 81-3-3241-6400	Apr. 2006	4,000	100.0%	217,385
NIPPON STEEL SG WIRE CO.,LTD	1-9-1, Marunouchi, Chiyoda-ku, Tokyo, Japan Tel. 81-3-3214-4131	May 1938	3,634	100.0%	48,874
Geostr Corporation	Koishikawa Sakura Bldg., 1-28-1, Koishikawa, Bunkyo-ku, Tokyo, Japan Tel. 81-3-5844-1200	Mar. 1970	3,352	42.3%	30,150

Company	Address	Established	Paid-in capital	Ratio of voting rights	Sales
NIPPON STEEL WELDING & ENGINEERING Co., Ltd.	Shingu Bldg., 2-4-2, Toyo, Koto-ku, Tokyo, Japan Tel. 81-3-6388-9000	Jul. 2002	2,100	100.0%	19,613
NIPPON STEEL DRUM CO.,LTD.	1-5-7, Kameido, Koto-ku, Tokyo, Japan Tel. 81-3-5627-2311	Oct. 1934	1,654	100.0%	20,364
NIPPON STEEL CEMENT CO.,LTD.	64, Nakamachi, Muroran City, Hokkaido, Japan Tel. 81-143-44-1693	Jun. 1954	1,500	85.0%	15,027
NIPPON STEEL COATED STEEL PIPE Co., Ltd.	4-11-5,Hatchobori,Chuo-ku,Tokyo,Japan Tel. 81-3-5117-4211	Feb.1983	1,400	100.0%	14,883
NIPPON STEEL FINANCE Co., Ltd	2-6-1, Marunouchi, Chiyoda-ku, Tokyo, Japan Tel. 81-3-6867-2911	Jul. 1986	1,000	100.0%	319
NIPPON STEEL STAINLESS STEEL PIPE CO., LTD.	2-5,Kandasudochou,Chiyoda-ku,Tokyo,Japan Tel. 81-3-3254-2436	Oct. 1950	916	100.0%	22,336
NIPPON STEEL WIRE CO.,LTD.	7 Nozomigaoka, Seki City, Gifu Pref., Japan Tel. 81-575-25-6511	Jun. 2006	697	51.0%	11,037
NIPPON STEEL Eco-Tech Corporation	1-18-1, Kyobashi, Chuo-ku, Tokyo, Japan Tel. 81-3-6862-8700	Sep. 1970	500	85.1%	24,941
NIPPON STEEL BOLTEN CORPORATION	1-4-16, Midorigi, Suminoe-ku, Osaka, Japan Tel. 81-6-6682-3261	Sep. 1964	498	85.0%	10,757
NIPPON STEEL STRUCTURAL SHAPES CORPORATION	1850 Minato, Wakayama City, Wakayama Pref., Japan Tel. 81-73-454-1131	Jul. 1991	400	100.0%	14,714
NIPPON STEEL BLAST FURNACE SLAG CEMENT CO.,LTD.	16, Nishi Minatomachi, Kokura Kita-ku, Kitakyushu City, Fukuoka Pref., Japan Tel. 81-93-563-5100	Feb. 1999	100	100.0%	12,154
NIPPON STEEL TUBOS DO BRASIL LTDA	Av.Paulista 2300, 18 ^o andar, conj.181 e 183. (NIPPON STEEL AMERICA DO SUL LTDA.) CEP:01310-300. Sao Paulo, SP,	Dec. 2010	BRL 1,221mln	100.0%	BRL 6mln

Company	Address	Established	Paid-in capital	Ratio of voting rights	Sales
	BRASIL Tel. 55-11-3563-1700				
PT KRAKATAU NIPPON STEEL SYNERGY	Jl. Eropa 1, Kav. A2, Kawasan Industri Krakatau, Cilegon, Banten, Indonesia Tel. 62-254-386-141	Dec.2012	USD 141mln	80.0%	USD 98mln
NS-Siam United Steel Co., Ltd.	12, Soi G2, Pakorn Songkrohraj Rd., Maptaphut, Muang Rayong, Rayong 21150, Thailand Tel. 66-3868-5144	Jun. 2011	THB 13,007mln	80.2%	THB 19,883mln
NIPPON STEEL NORTH AMERICA., INC.	1251 Avenue of the Americas, Suite 2320, New York, NY 10020, U.S.A. Tel. 1-212-486-7150	Nov. 1972	USD 85mln	100.0%	USD 202mln
WHEELING- NIPPON STEEL, INC.	P.O. BOX635, PENN & MAIN STREETS, FOLLANSBEE, STATE OF WEST VIRGINIA 26037 U.S.A. Tel. 1-304-527-2800	Jun.1984	USD 71min	100.0%	USD 495mln
Standard Steel, LLC	500 N Walnut Street, Burnham, PA 17009, U.S.A. Tel. 1-717-248-4911	1795	USD 47mln	100.0%	USD 187mln
PT. PELAT TIMAH NUSANTARA TBK.	Krakatau Steel Bldg. 3rd Floor, Jl. Jendral Gatot Subroto Kav. 54, Jakarta 12950, Indonesia Tel. 62-21-520-9883	Oct. 1982	USD 26mln	35.0%	USD 145mln
NIPPON STEEL (THAILAND) CO., LTD. ^{1/}	909, Ample Tower, 14th Floor, Bangna-Trad Road, Khwang Bangna, Khet Bangna, Bangkok 10260, Thailand Tel. 66-2-744-1480	Apr. 2011	THB 827min	100.0%	THB 136mln
Siam Tinplate Co., Ltd.	34th Floor, Lumpini Tower Bldg. 1168/103 Rama IV Road, Thungmahamek, Sathorn, Bangkok10120, Thailand Tel. 66-2-286-9401	Aug.1988	THB 800min	82.7%	THB 5,213mln
NIPPON STEEL AUSTRALIA PTY. LIMITED	Level 14, 115 Pitt Street Sydney NSW 2000 Australia Tel. 61-2-8036-6600	Mar. 1977	AUD 21mln	100.0%	AUD 1,645mln

Company	Address	Established	Paid-in capital	Ratio of voting rights	Sales
NIPPON STEEL Steel Processing (Thailand) Co., Ltd.	64/5 Moo 4 Eastern Seaboard Industrial Estate, Tambol Pluakdaeng, Amphur Pluakdaeng, Rayong 21140, Thailand Tel. 66-38-954-435	Jan. 2013	THB 571mln	66.5%	THB 3,916mln
Ovako AB	P.O. Box 1721 SE-111 87 Stockholm, Sweden Tel. 46-8-622-1300	Jul. 2010	EUR 60,000	100.0%	EUR 706mln
Steelmaking (Affiliates)					
Godo Steel, Ltd.	8th Floor, Toyobo Bldg., 2-2-8, Dojimahama, Kita-ku, Osaka, Japan Tel. 81-6-6343-7600	Dec. 1937	34,896	17.8%	152,785
Topy Industries, Limited	1-2-2, Osaki, Shinagawa-ku, Tokyo, Japan Tel. 81-3-3493-0777	Oct. 1921	20,983	20.9%	225,121
Kyoei Steel Ltd.	1-4-16, Dojimahama, Kita-ku, Osaka, Japan Tel. 81-6-6346-5221	Aug. 1947	18,515	26.7%	226,371
NIPPON STEEL TRADING CORPORATION	8-5-27, Akasaka, Minato-ku, Tokyo, Japan Tel. 81-3-5412-5001	Aug. 1977	16,389	35.3%	2,073,240
Nippon Denko Co., Ltd.	1-4-16, Yaesu, Chuo-ku, Tokyo, Japan Tel. 81-3-6860-6800	Jan. 1935	11,057	20.8%	54,004
Nichia Steel Works, Ltd.	19, Nakahama-cho, Amagasaki City, Hyogo Pref., Japan Tel. 81-6-6416-1021	Jun. 1952	10,720	24.2%	27,816
NS United Kaiun Kaisha, Ltd.	Otemachi First Square West Tower, 1-5-1, Otemachi, Chiyoda-ku, Tokyo, Japan Tel. 81-3-6895-6400	Apr. 1950	10,300	33.4%	138,454
Unipres Corporation	1-19-20 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa Pref., Japan Tel. 81-45-470-8250	Mar. 1945	10,168	17.4%	234,545
Nippon Coke & Engineering Co., Ltd.	3-3-3, Toyosu, Koto-ku, Tokyo, Japan Tel. 81-3-5560-1311	Jan. 1889	7,000	22.6%	87,883

Company	Address	Established	Paid-in capital	Ratio of voting rights	Sales
Sanko Metal Industrial Co., Ltd.	4-13-23, Shibaura, Minato-ku, Tokyo, Japan Tel. 81-3-5446-5600	Jun. 1949	1,980	33.2%	32,239
Sanyu Co., Ltd.	3-1-1, Kasuga Kitamachi, Hirakata City, Osaka, Japan Tel. 81-72-858-1251	Jan. 1957	1,513	34.5%	17,142
NST NIHON TEPPAN Co.,Ltd.	1-2-5, Nihonbashi, Chuo-ku, Tokyo, Japan Tel. 81-3-3272-5112	May 1955	1,300	34.0%	89,347
Usinas Siderúrgicas de Minas Gerais S.A.- USIMINAS	Rua Prof. Jose Vieira de Mendonca, 3011-Engenho Nogueira, 31310-260-Belo Horizonte, Minas Gerais, Brasil Tel. 55-31-3499-8000	Jan. 1958	BRL13,200mln	31.4%	BRL 12,371mln
BAOSTEEL – NIPPON STEEL AUTOMOTIVE STEEL SHEETS CO., LTD.	Cold Rolling Comprehensive Building, Wei Wu Road, Baosteel, Baoshan District, Shanghai 201900, P.R. China Tel. 86-21-2664-3526	Jul. 2004	RMB 3.0bln	50.0%	RMB 12,467mln
WISCO-NIPPON STEEL Tinplate Co., LTD.	Changqian, Qingshan District, Wuhan City, Hubei Province, China Tel. 86-27-8621-9283	Oct. 2011	RMB 2.31bln	50.0%	RMB 3,927mln
AMNS Luxembourg Holding S.A.	24-26 boulevard d'Avranches L- 1160 Luxembourg R.C.S Luxemburg Tel. 352-4792-2248	Dec. 2019	USD 230mln	40.0%	USD 3,992mln
Jamshedpur Continuous Annealing & Processing Company Pvt. Ltd.	Tata Centre, 43, Jawaharlal Nehru Road, Kolkata 700 071, West Bengal, India. Tel. 91-657-6500197	Mar. 2011	INR 14,320mln	49.0%	INR 21,661mln
UNIGAL Ltda.	Av. Pedro Linhares Gomes, 5431- A, Bairro Usiminas, Ipatinga, MG, CEP 35160-900, Brasil Tel. 55-31-3829-4578	Jun. 1999	BRL 584mln	30.0%	BRL 290mln
Companhia Nipo- Brasileira de Pelotizacao	Av. Dante Michelini 5,500, Tubarao-Vitoria, Espirito Santo, CEP 29090-900 , Brasil Tel. 55-27-3333-5179	Mar. 1974	BRL 690mln	33.0%	BRL 86mln

Company	Address	Established	Paid-in capital	Ratio of voting rights	Sales
Al Ghurair Iron & Steel LLC	Industrial City of Abu Dhabi (11FR6, 12FR6 and 13F2), UAE Tel. 971-2659-3400	May 2005	AED 165mln	20.0%	AED 1,344mln
Engineering and Construction (Subsidiary)					
NIPPON STEEL ENGINEERING CO., LTD.	1-5-1, Osaki, Shinagawa-ku, Tokyo, Japan Tel. 81-3-6665-2000	Feb. 2006	15,000	100.0%	324,468
Chemicals and Materials (Subsidiary)					
NIPPON STEEL Chemical & Material CO., LTD.	1-13-1, Nihonbashi, Chuo-ku, Tokyo, Japan Tel. 81-3-3510-0301	Oct. 1956	5,000	100.0%	178,678
System Solutions (Subsidiary)					
NS Solutions Corporation	Toranomon Hills Business Tower Numbers 17-1, Toranomon 1- chome Minato-ku, Tokyo, Japan Tel. 81-3-6899-6000	Oct. 1980	12,952	63.4%	252,476

Remark: 1/ NIPPON STEEL (THAILAND) CO., LTD. was renamed NIPPON STEEL SOUTHEAST ASIA CO., LTD. in April 1, 2021

Source: NSC

2.4 Revenue Structure

The operating results by business segment are as follows:

(Unit: JPY billion)

Revenue (company and subsidiaries)	Fiscal 2020		Fiscal 2021		Fiscal 2022		Third Quarter of Fiscal 2023	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
- Steelmaking and Steel Fabrication	4,228.40	87.56	6,153.60	90.38	7,245.50	90.85	6,082.27	91.58
- Engineering and Construction	324.40	6.72	279.20	4.10	352.20	4.42	284.95	4.29
- Chemicals and Materials	178.60	3.70	249.80	3.67	274.50	3.44	197.04	2.97
- System Solutions	252.40	5.23	271.30	3.98	292.50	3.67	220.57	3.32
Total	4,984.00	103.21	6,954.00	102.13	8,164.80	102.37	6,784.84	102.15
Adjustments	(154.70)	(3.20)	(145.00)	(2.13)	(189.20)	(2.37)	(143.02)	(2.15)
Consolidated total	<u>4,829.20</u>	<u>100.00</u>	<u>6,808.80</u>	<u>100.00</u>	<u>7,975.50</u>	<u>100.00</u>	<u>6,641.82</u>	<u>100.00</u>

Source: NSC

3. Shareholders and Board of Directors

3.1. List of Shareholders

As of 30 September 2023, top ten shareholders and stock holding proportion based on paid-up capital are as follows:

No.	Name of shareholders	Number Shares	Shareholding %
1.	The Master Trust Bank of Japan, Ltd. (Trust Account)	130,031	14.1%
2.	Custody Bank of Japan, Ltd. (Trust Account)	47,471	5.1%
3.	Nippon Life Insurance Company	19,179	2.1%
4.	STATE STREET BANK WEST CLIENT - TREATY 505234	17,381	1.9%
5.	Meiji Yasuda Life Insurance Company	13,712	1.5%
6.	Nippon Steel Group Employee Shareholding Association	12,223	1.3%
7.	Mizuho Bank, Ltd.	12,199	1.3%
8.	Sumitomo Mitsui Banking Corporation	10,252	1.1%
9.	MUFG Bank, Ltd.	9,558	1.0%
10.	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	9,096	1.0%
11.	Other shareholders	643,576	69.6%
Total		924,678	100.0%

Note: The percentage of ownership is calculated based on the total number of shares issued excluding treasury stocks

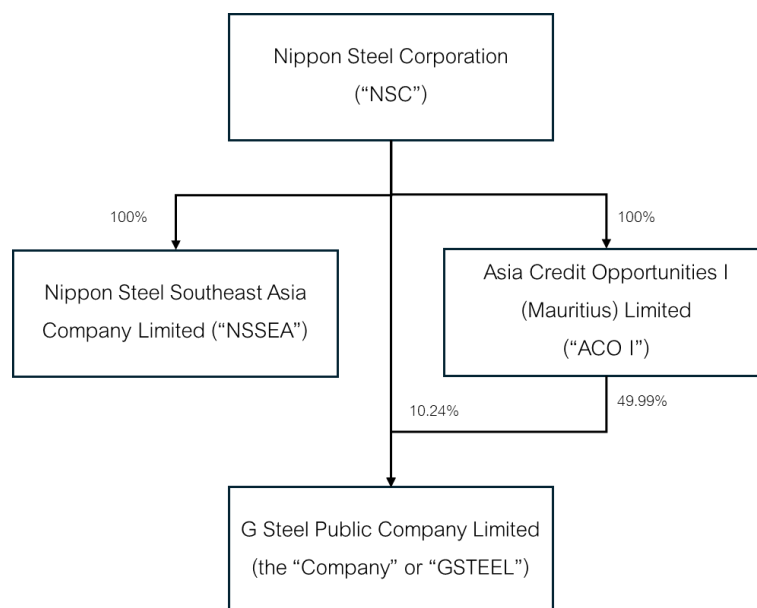
Source: NSC

3.2. Relationship with related persons

Finance receiver : G Steel Public Company Limited

Finance supporter : Nippon Steel Southeast Asia Company Limited (to be changed to "Nippon Steel (Thailand) Co., Ltd." from April 1, 2024)

Relationship : NSSEA has the same major shareholder with the Company which is NSC where NSC directly holds 10.24% of the Company's paid-up capital and indirectly, through ACO I, holds 49.99% of the Company's paid-up capital.



3.3. Board of Directors

List of the Company's Board of Directors, information as of January 12, 2024

	Name	Position
1.	Mr. Kosei Shindo	Representative Director and Chairman
2.	Mr. Eiji Hashimoto	Representative Director and President
3.	Mr. Naoki Sato	Representative Director and Executive Vice President
4.	Mr. Takahiro Mori	Representative Director and Executive Vice President
5.	Mr. Takashi Hirose	Representative Director and Executive Vice President
6.	Mr. Kazuhisa Fukuda	Representative Director and Executive Vice President
7.	Mr. Tadashi Imai	Representative Director and Executive Vice President
8.	Mr. Hirofumi Funakoshi	Representative Director and Executive Vice President
9.	Mr. Tetsuro Tomita	Director, Member of the Board
10.	Ms. Kuniko Urano	Director, Member of the Board
11.	Mr. Shozo Furumoto	Director, Member of the Board Senior Audit & Supervisory Committee Member
12.	Mr. Masayoshi Murase	Director, Member of the Board Audit & Supervisory Committee Member

Name		Position
13.	Mr. Seiichiro Azuma	Director, Member of the Board Audit & Supervisory Committee Member
14.	Mr. Hiroshi Yoshikawa	Director, Member of the Board Audit & Supervisory Committee Member
15.	Mr. Masato Kitera	Director, Member of the Board Audit & Supervisory Committee Member

Source: NSC

4. Summary of Key Components in the Financial Report

4.1. Consolidated statement of financial position

(Unit: JPY billion)

COMPONENTS	March 31, 2021		March 31, 2022		March 31, 2023		December 31, 2023	
	JPY billion	(%)	JPY billion	(%)	JPY billion	(%)	JPY billion	(%)
ASSETS								
Current assets:								
Cash and cash equivalents	359.47	4.75	551.05	6.30	670.41	7.01	585.42	5.47
Trade and other receivables	805.31	10.63	939.41	10.73	1,062.38	11.10	1,618.64	15.13
Inventories	1,349.36	17.82	1,756.59	20.07	2,085.97	21.80	2,308.59	21.58
Other financial assets	27.77	0.37	41.36	0.47	28.18	0.29	27.14	0.25
Other current assets	130.79	1.73	226.25	2.59	223.58	2.34	247.01	2.31
Total Current Assets	2,672.69	35.29	3,514.66	40.16	4,070.52	42.55	4,786.79	44.75
Non-current assets:								
Property, plant and equipment	2,954.94	39.01	3,052.64	34.88	3,183.64	33.28	3,361.61	31.42
Right-of-use assets	88.56	1.17	78.16	0.89	83.94	0.88	85.08	0.80
Goodwill	46.34	0.61	61.74	0.71	65.06	0.68	68.47	0.64
Intangible assets	95.83	1.27	130.50	1.49	157.44	1.65	171.64	1.60
Investments accounted for using the equity method	817.33	10.79	1,079.07	12.33	1,210.54	12.65	1,280.84	11.97
Other financial assets	628.23	8.29	548.28	6.26	528.79	5.53	693.34	6.48
Defined benefit assets	110.40	1.46	123.56	1.41	124.63	1.30	131.97	1.23
Deferred tax assets	153.12	2.02	158.03	1.81	136.35	1.43	110.99	1.04
Other non-current assets	6.52	0.09	5.70	0.07	6.19	0.06	6.92	0.06
Total Non-Current Assets	4,901.26	64.71	5,237.69	59.84	5,496.58	57.45	5,910.84	55.25
TOTAL ASSETS	7,573.95	100.00	8,752.35	100.00	9,567.10	100.00	10,697.64	100.00
LIABILITIES								
Current liabilities:								
Trade and other payables	1,382.76	18.26	1,526.72	17.44	1,592.14	16.64	1,664.79	15.56

COMPONENTS	March 31, 2021		March 31, 2022		March 31, 2023		December 31, 2023	
	JPY billion	(%)	JPY billion	(%)	JPY billion	(%)	JPY billion	(%)
Bonds, borrowings and lease liabilities	308.99	4.08	344.06	3.93	403.03	4.21	830.60	7.76
Other financial liabilities	1.25	0.02	1.04	0.01	5.88	0.06	8.92	0.08
Income taxes payable	24.26	0.32	109.96	1.26	51.92	0.54	88.24	0.82
Other current liabilities	54.08	0.71	36.85	0.42	40.84	0.43	75.21	0.70
Total Current Liabilities	1,771.33	23.39	2,018.63	23.06	2,093.80	21.89	2,667.77	24.94
Non-current liabilities:								
Bonds, borrowings and lease liabilities	2,250.25	29.71	2,309.34	26.39	2,296.32	24.00	2,177.85	20.36
Other financial liabilities	4.78	0.06	1.21	0.01	0.32	0.00	0.07	0.00
Defined benefit liabilities	189.45	2.50	188.35	2.15	185.44	1.94	193.31	1.81
Deferred tax liabilities	37.39	0.49	39.81	0.45	37.69	0.39	48.68	0.46
Other non-current liabilities	189.36	2.50	298.01	3.40	307.11	3.21	353.77	3.31
Total Non-Current Liabilities	2,671.23	35.27	2,836.71	32.41	2,826.88	29.55	2,773.68	25.93
TOTAL LIABILITIES	4,442.56	58.66	4,855.34	55.47	4,920.68	51.43	5,441.44	50.87
EQUITY								
Common stock	419.52	5.54	419.52	4.79	419.52	4.39	419.52	3.92
Capital surplus	393.17	5.19	393.55	4.50	399.37	4.17	398.64	3.73
Retained earnings	1,910.33	25.22	2,514.78	28.73	3,079.14	32.18	3,381.03	31.61
Treasury stock	(58.34)	(0.77)	(57.98)	(0.66)	(58.05)	(0.61)	(58.12)	(0.54)
Other components of equity	95.31	1.26	196.93	2.25	341.17	3.57	548.90	5.13
Total equity attributable to owners of the parent	2,760.00	36.44	3,466.80	39.61	4,181.16	43.70	4,689.98	43.84
Non-controlling interests	371.39	4.90	430.21	4.92	465.26	4.86	566.21	5.29
Total equity	3,131.39	41.34	3,897.01	44.53	4,646.42	48.57	5,256.19	49.13
Total liabilities and equity	7,573.95	100.00	8,752.35	100.00	9,567.10	100.00	10,697.64	100.00

Source: NSC

4.2. Consolidated statement of comprehensive income

(Unit: JPY billion)

COMPONENTS	12-Month Period March 31, 2021		12-Month Period March 31, 2022		12-Month Period March 31, 2023		9-Month Period December 31, 2023	
	JPY billion	(%)	JPY billion	(%)	JPY billion	(%)	JPY billion	(%)
Revenue	4,829.27	100.00	6,808.89	100.00	7,975.59	100.00	6,641.82	100.00
Cost of sales	(4,263.94)	(88.29)	(5,587.33)	(82.06)	(6,682.03)	(83.78)	(5,593.17)	(84.21)
Gross profit	565.33	11.71	1,221.56	17.94	1,293.56	16.22	1,048.64	15.79
Selling, general and administrative expenses	(469.13)	(9.71)	(544.73)	(8.00)	(579.41)	(7.26)	(541.80)	(8.16)

COMPONENTS	12-Month Period March 31, 2021		12-Month Period March 31, 2022		12-Month Period March 31, 2023		9-Month Period December 31, 2023	
	JPY billion	(%)	JPY billion	(%)	JPY billion	(%)	JPY billion	(%)
Share of profit in investments accounted for using the equity method	55.22	1.14	214.48	3.15	102.92	1.29	105.83	1.59
Other operating income	49.71	1.03	128.42	1.89	181.50	2.28	142.56	2.15
Other operating expenses	(91.08)	(1.89)	(81.60)	(1.20)	(82.10)	(1.03)	(62.85)	(0.95)
Business profit	110.05	2.28	938.13	13.78	916.46	11.49	692.37	10.42
Losses on reorganization	(98.67)	(2.04)	(97.23)	(1.43)	(32.81)	(0.41)	(73.69)	(1.11)
Operating profit	11.38	0.24	840.90	12.35	883.65	11.08	618.68	9.31
Finance income	5.37	0.11	1.93	0.03	8.09	0.10	17.17	0.26
Finance costs	(25.40)	(0.53)	(26.25)	(0.39)	(24.89)	(0.31)	(27.77)	(0.42)
Profit (loss) before income taxes	(8.66)	(0.18)	816.58	11.99	866.85	10.87	608.09	9.16
Income tax expense	(10.67)	(0.22)	(149.05)	(2.19)	(128.12)	(1.61)	(139.20)	(2.10)
Profit (loss) for the year	(19.33)	(0.40)	667.53	9.80	738.73	9.26	468.88	7.06

Source: NSC

4.3. Consolidated cash flow statement

(Unit: JPY million)

COMPONENTS	12-Month Period March 31, 2021	12-Month Period March 31, 2022	12-Month Period March 31, 2023
Net cash flows provided by operating activities	403,185	615,635	661,274
Net cash flows used in investing activities	(389,035)	(378,866)	(366,580)
Net cash flows provided by (used in) financing activities	52,694	(61,304)	(197,655)
Effect of Exchange rate changes on cash and cash equivalents	3,161	16,119	22,322
Net increase in cash and cash equivalents	70,006	191,583	119,361
Cash and cash equivalents at beginning of the year	289,459	359,465	551,049
Cash and cash equivalents at end of the year	359,465	551,049	670,410

Source: NSC

4.4. Financial ratios

COMPONENTS	Unit	12-Month Period March 31,2021	12-Month Period March 31,2022	12-Month Period March 31,2023	9-Month Period December 31,2023
Liquidity Ratio					
Current Ratio	Times	1.51	1.74	1.94	1.79
Quick Ratio	Times	0.75	0.87	0.95	0.93
Profitability Ratio					
Revenue Growth Rate	%	(18.45)	40.99	17.13	11.41
Gross Profit Margin	%	11.71	17.94	16.22	15.79

COMPONENTS	Unit	12-Month Period March 31,2021	12-Month Period March 31,2022	12-Month Period March 31,2023	9-Month Period December 31,2023
Net Profit Margin	%	(0.40)	9.80	9.26	7.06
Return on Equity	%	(0.63)	19.00	17.29	9.47
Efficiency Ratio					
Return on Asset	%	(0.26)	8.18	8.07	4.63
Return on Fixed Asset	%	(0.40)	13.17	13.76	8.22
Asset Turnover	Times	0.64	0.83	0.87	0.66
Debt Leverage Ratio					
Debt to Equity Ratio	Times	1.42	1.25	1.06	1.04
Interest Coverage Ratio	Times	(0.34)	31.11	34.83	21.90

Source: NSC

5. Management Discussion and Analysis (MD&A)

5.1. Operating Results by Segment

5.1.1. Steelmaking and Steel Fabrication

Year 2020

The Steelmaking and Steel Fabrication segment strived to fully establish the overall stability of its facilities and operations, while taking every possible measures on the safety, environment, disaster prevention, quality management, and compliance, improve its long-term contractual prices and variable costs, and substantially reduce fixed costs. In addition, the segment has been working to enhance its earnings base, including the structural measures for production facilities decided in February of last year, and to reform the management structure. In response to changes in steel demand, caused by the spread of COVID-19, the segment has promptly and appropriately implemented measures, such as production management (including temporary suspension and re-operation of blast furnaces), implementation of the business continuity plan (BCP), temporary business shutdowns, and measures in light of the deterioration in operating cash flow. As for the Steelmaking and Steel Fabrication segment's operating results in fiscal 2020, it recorded a significant loss in the first half, mainly due to a decline in production and shipping volumes, driven by the decline in steel demand, and deterioration in Group companies' profits. In the second half, the segment worked on production in prompt, appropriate response to a recovery in steel demand, mainly from the manufacturing industry, and substantially reduced fixed costs and improved variable costs, which resulted in turning into a profitable structure in non-consolidated operating income. For the full year, the segment recorded revenue of JPY 4,228.4 billion (compared to JPY 5,257.3 billion in fiscal 2019) and business profit of JPY 63.5 billion (compared to business loss of JPY 325.3 billion).

Year 2021

While the recovery in domestic steel demand began to slow down in the second half of 2021, the Steelmaking and Steel Fabrication segment strived to establish a profit structure that ensures a high level of business profit regardless of the external environment. The actions taken included significant reduction in the

breakeven point which resulted from a drastic cost improvement that was implemented in fiscal 2020, improvement in direct contract-based prices for customers, effects of selection and concentration of order intake with streamlined integrated production capacity, and improved profitability of the overseas Group companies. As a result, the segment recorded revenue of JPY 6,153.6 billion (compared to JPY 4,228.4 billion in fiscal 2020) and a business profit of JPY 871.0 billion (compared to JPY 63.5 billion), significantly exceeding the results in the previous fiscal year.

Year 2022

Although the business environment remained extremely harsh, the Steelmaking and Steel Fabrication segment strived to maximize profits by continuing to implement measures such as enhancing the fundamental profit structure, and also established a foundation that will enable the segment to stably record high-level profits compared to major steelmakers in East Asia. As a result, the segment recorded revenue of JPY 7,245.5 billion (compared to JPY 6,153.6 billion in fiscal 2021) and a business profit of JPY 861.4 billion (compared to JPY 871.0 billion).

9-Months of Fiscal 2023

As a result, the segment recorded revenue of JPY 6,082.3 billion (compared to JPY 5,435.8 billion through the third quarter of fiscal 2022) and a business profit of JPY 665.9 billion (compared to JPY 726.0 billion).

5.1.2. Engineering and Construction

Year 2020

Nippon Steel Engineering Co., Ltd. posted a decrease in overall revenue due to a decline in the scale of its electric power business, but the overall Engineering and Construction segment recorded an increase in profit, supported mainly by the steady implementation and management of large-scale projects that were ordered in the past fiscal year, and the completion of several projects. These large-scale projects included facility renovation works in the steelmaking plant sector, a gas-fired melting furnace in the environment and energy sector, and the construction of distribution facilities in the urban infrastructure sector. The spread of COVID-19 caused delays in orders and processes for some projects but the segment endeavored to thoroughly respond to changes in the business environment. The Engineering and Construction segment recorded revenue of JPY 324.4 billion (compared to JPY 340.4 billion in fiscal 2019) and business profit of JPY 17.7 billion (compared to JPY 10.7 billion)

Year 2021

Nippon Steel Engineering Co., Ltd. posted a decrease in revenue in each sector from the previous fiscal year mainly because the Environment and Energy sector's waste to energy plants business was subject to a lull in revenue recognition of construction project orders and there were few completed construction projects for large-scale logistics centers in the Urban Infrastructure sector and for refurbishments in the Steelmaking Plant sector. In terms of business profit, the Engineering and Construction segment strived to

minimize the impact of the COVID-19 pandemic but business profit decreased due to a decline in revenue. The segment will continue to carefully monitor changes in the business environment, such as the current weakening of the yen and the sharp rise in resource prices. For fiscal 2021 the Engineering and Construction segment recorded revenue of JPY 279.2 billion (compared to JPY 324.4 billion in fiscal 2020) and business profit of JPY 6.3 billion (compared to JPY 17.7 billion).

Year 2022

Nippon Steel Engineering Co., Ltd. is working to contribute to a carbon-neutral society and expand businesses related to building resilient cities against disasters. The Environment and Energy sector recorded robust sales in the construction of offshore wind power plants and the construction and operation of waste-to-energy facilities, while the Urban Infrastructure sector also recorded robust sales, such as in seismic isolation devices and bridge products, and the construction of large-scale logistics facilities. As a result, sales and profit increased year-on-year. Nippon Steel Engineering will continue to work on business expansion while closely monitoring changes in the business environment, including the recent surge in labor costs and material prices. For fiscal 2022 the Engineering and Construction segment recorded revenue of JPY 352.2 billion (compared to JPY 279.2 billion in fiscal 2021) and business profit of JPY 11.6 billion (compared to JPY 6.3 billion).

9-Months of Fiscal 2023

For the third quarter of fiscal 2023 the Engineering and Construction segment recorded revenue of JPY 285.0 billion (compared to JPY 249.0 billion through the third quarter of fiscal 2022) and business loss of JPY 4.8 billion (compared to business profit of JPY 6.6 billion).

5.1.3. Chemicals and Materials

Year 2020

Nippon Steel Chemical & Materials Co., Ltd. experienced severe profit conditions in the first half of fiscal 2020, amid the global economic slowdown caused by the spread of COVID-19. In the second half, however, the business environment improved, and partly due to efforts to improve profitability, such as cost reduction, and changes in the retirement benefit system, the company managed to record a profit for the full year. In the Coal Chemical business, demand for needle coke used in graphite electrodes continued to decline. In the Chemicals business, the market for styrene monomer and bisphenol A, which had been weak since the beginning of 2020, recovered in the second half. In the Functional Materials business, sales of semiconductor-related materials and LCD materials remained strong throughout the fiscal year, and sales of smartphone materials, which had been sluggish at the beginning of the fiscal year, started to recover. In the Composite Materials business, carbon fiber reinforced materials for civil engineering and construction recorded record-high annual sales, and epoxy resin sales increased for automotive equipment and semiconductor package substrates. The Chemicals & Materials segment recorded revenue of JPY 178.6 billion (compared to JPY 215.7 billion in fiscal 2019) and business profit of JPY 7.6 billion (compared to JPY 18.4 billion).

Year 2021

Nippon Steel Chemical & Material Co., Ltd. was affected by the continuing COVID-19 pandemic, the rise in raw material prices, the global semiconductor shortage, and the disruption in logistics, but recorded a significant increase in revenue and profit compared with fiscal 2020 mainly by passing on the rise in raw material prices to sales prices and taking measures aimed at sales expansion. In the Coal Chemical business, demand for needle coke used in graphite electrodes recovered and prices remained firm. In the Chemicals business, market conditions for benzene and bisphenol A were generally firm, contributing to improved earnings. In the Functional Materials business, sales of semiconductor-related materials, circuit board materials, LCD materials, and organic EL materials showed continued strength. In the Composite Materials business, sales of epoxy resin for semiconductor package substrates, carbon fiber composite materials for civil engineering and construction reinforcement, industrial rolls, and carbon fiber for the sports and space industries expanded. The overall Chemicals and Materials segment recorded revenue of JPY 249.8 billion (compared to JPY 178.6 billion in fiscal 2020) and business profit of JPY 25.3 billion (compared to JPY 7.6 billion)

Year 2022

Nippon Steel Chemical & Material Co., Ltd. posted a year-on-year decline in earnings due to a rise in raw material and fuel prices and a decline in demand for semiconductors and other products from the middle of the year. In the Coal Chemical business, sales of carbon black for tires were strong, but demand for needle coke used in graphite electrodes remained sluggish. In the Chemicals business, the benzene market remained generally stable, but earnings deteriorated due to sluggish demand for styrene monomer and bisphenol A while progress was made to construct new production facilities in China. In the Function Materials business, sales volume decreased due to a rapid decline in demand for semiconductor-related materials and display-related materials. In the Composite Materials business, while demand for infrastructure upgrades is expected to continue, sales volume of reinforcement materials for mainstay civil engineering and construction decreased due to delays in construction starts. On the other hand, sales of carbon fiber remained strong, mainly in the sports field. The overall Chemicals and Materials segment recorded revenue of JPY 274.5 billion (compared to JPY 249.8 billion in fiscal 2021) and business profit of JPY 16.1 billion (compared to JPY 25.3 billion).

9-Months of Fiscal 2023

The overall Chemicals and Materials segment recorded revenue of JPY 197.0 billion (compared to JPY 211.8 billion through the third quarter of fiscal 2022) and business profit of JPY 12.4 billion (compared to JPY 16.2 billion).

5.1.4. System Solutions

Year 2020

NS Solutions Corporation has provided digital workplace solutions and other services for IT needs to accommodate new workstyles amid harsh economic activities caused by the spread of COVID-19. In order to support customers' promotion of DX, the company has made efforts to provide digital innovation co-creation programs and promote local 5G and loX solutions, centered on the manufacturing and energy industries.

However, the System Solutions segment recorded a decline in revenue mainly due to a decrease relative to the booking of a large-scale infrastructure project in fiscal 2019. The segment's business profit also decreased from the previous year, mainly reflecting a decline in gross profit. The System Solutions segment recorded revenue of JPY 252.4 billion (compared to JPY 273.2 billion in fiscal 2019) and business profit of JPY 23.9 billion (compared to JPY 26.1 billion).

Year 2021

NS Solutions Corporation has been making corporate-wide efforts to maximize DX needs and expand its business, while deepening relationships with customers, with a view to the full-scale DX deployment of Japanese companies. In the digital manufacturing area, which is one of the key areas of focus, NS Solutions has integrated its solutions, services, and know-how into a unified brand called "Planetary" to support the promotion of DX for manufacturing customers. In other areas of focus, the company has expanded sales of digital workplace solutions to meet the IT needs of new working styles and has also promoted internet services as support for platformers and DX in the EC operators and financial services areas. Customers have been increasing their IT investment on the back of DX promotion, and the segment increased revenue and profit compared to fiscal 2020. The System Solutions segment recorded revenue of JPY 271.3 billion (compared to JPY 252.4 billion in fiscal 2020) and business profit of JPY 30.8 billion (compared to JPY 23.9 billion).

Year 2022

NS Solutions Corporation has been making corporate-wide efforts to maximize DX needs and expand its business, while deepening relationships with customers, with a view to the full-scale DX deployment of Japanese companies. In the digital manufacturing area, which is one of the key areas of focus, NS-IoT (a platform using wireless IoT sensors) and NS-Lib (an integrated data platform) have been established to promote DX for the Company. NS Solutions has also worked to promote DX in the manufacturing industry such as by establishing an integrated data utilization platform jointly with a pharmaceutical company. Efforts have also been made to strengthen the company's ability to respond to DX needs by developing new solutions for the electric power, financial, and food industries, in addition to entering into capital and business alliances and strategic partnership agreements with companies that have respective strengths in the AI field, support for digitalization of business processes, the data utilization field, abundant DX human resources, and other fields. The System Solutions segment recorded revenue of JPY 292.5 billion (compared to JPY 271.3 billion in fiscal 2021) and business profit of JPY 32.1 billion (compared to JPY 30.8 billion).

9-Months of Fiscal 2023

The System Solutions segment recorded revenue of JPY 220.6 billion (compared to JPY 207.5 billion through the third quarter of fiscal 2022) and business profit of JPY 24.0 billion (compared to JPY 22.6 billion).

5.2. Revenue and Profit

Year 2020

With regard to the consolidated business results for fiscal 2020, Nippon Steel recorded a significant loss in the first half, mainly due to a decline in production and shipping volumes, driven by the decline in steel demand as affected by the spread of COVID-19, and deterioration in Group companies' profits. In the second half, the Company worked on production in prompt, appropriate response to a recovery in steel demand, mainly from the manufacturing industry, and substantially reduced fixed costs and improved variable costs, which resulted in turning into a profitable structure in non-consolidated operating income. For the full fiscal year, the Company recorded consolidated revenue of JPY 4,829.2 billion (compared to JPY 5,921.5 billion in fiscal 2019) and business profit of JPY 110.0 billion (compared to business loss of JPY 284.4 billion). In addition, due to losses from reorganization and other factors, the Company posted loss attributable to owners of the parent of JPY 32.4 billion (compared to loss of JPY 431.5 billion).

Year 2021

For fiscal 2021, Nippon Steel recorded consolidated revenue of JPY 6,808.8 billion (compared to JPY 4,829.2 billion in fiscal 2020), business profit of JPY 938.1 billion (compared to JPY 110.0 billion), and profit attributable to owners of the parent of JPY 637.3 billion (compared to loss of JPY 32.4 billion). Contributing factors included significant reduction in the breakeven point which resulted from a drastic cost improvement that was implemented in fiscal 2020, improvement in direct contract-based prices for customers, effects of selection and concentration of order intake with streamlined integrated production capacity, a recovery in production and shipping volumes, improved profitability of the overseas Group companies, and inventory valuation.

Year 2022

For fiscal 2022, although the business environment remained extremely harsh, the Company strived to maximize profit by continuing to implement measures such as to fundamentally improve profit structure. As a result, the Company recorded consolidated revenue of JPY 7,975.5 billion (compared to JPY 6,808.8 billion in fiscal 2021), business profit of JPY 916.4 billion (compared to JPY 938.1 billion), and profit attributable to owners of the parent of JPY 694.0 billion (compared to JPY 637.3 billion).

9-Months of Fiscal 2023

As a result, the Company recorded consolidated revenue of JPY 6,641.8 billion (compared to JPY 5,961.7 billion through the third quarter of fiscal 2022), business profit of JPY 692.4 billion (compared to JPY 761.8 billion) and profit attributable to owners of the parent of JPY 440.9 billion (compared to JPY 517.1 billion).

5.3. Assets

Year 2020

Consolidated total assets as of March 31, 2021 were JPY 7,573.9 billion, an increase of JPY 128.9 billion from JPY 7,444.9 billion as of March 31, 2020. The main factors were an increase of JPY 70.0 billion in

cash and cash equivalents, an increase of JPY 142.3 billion in property, plant and equipment, and an increase of JPY 147.1 billion in other financial assets (non-current assets). The increase was partially offset by a decrease of JPY 182.8 billion in inventories, caused by production in response to changes in steel demand in Japan and overseas, and a decrease of JPY 60.9 billion in investments accounted for using the equity method, such as the sale of shares of I/N Tek and I/N Kote, which were engaged in the cold-rolling and galvanizing steel sheet business in the United States, and the sale of shares of VSB, which was engaged in the seamless pipe business in Brazil.

Year 2021

Consolidated total assets as of March 31, 2022 were JPY 8,752.3 billion, an increase of JPY 1,178.3 billion from JPY 7,573.9 billion as of March 31, 2021. The main factors were an increase in cash and cash equivalents (JPY 191.5 billion), an increase in trade and other receivables (JPY 134.0 billion), an increase in inventories (JPY 407.2 billion), an increase in property, plant and equipment (JPY 97.7 billion), and an increase in investments accounted for using the equity method (JPY 261.7 billion).

Year 2022

Consolidated total assets as of March 31, 2023 were JPY 9,567.1 billion, an increase of JPY 814.7 billion from JPY 8,752.3 billion as of March 31, 2022. The main factors were an increase in cash and cash equivalents (JPY 119.4 billion), an increase in inventories (JPY 329.4 billion), an increase in property, plant and equipment (JPY 131.0 billion), and an increase in investments accounted for using the equity method (JPY 131.4 billion).

9-Months of Fiscal 2023

Consolidated total assets as of December 31, 2023 were JPY 10,697.64 billion, an increase of JPY 1,130.54 billion from JPY 9,567.1 billion as of March 31, 2023. The main factors were an increase in trade and other receivables (JPY 556.3 billion), an increase in inventories (JPY 222.6 billion), an increase in property, plant and equipment (JPY 178.0 billion), and an increase in other financial assets (JPY 164.5 billion).

5.4. Liabilities

Year 2020

Consolidated total liabilities as of March 31, 2021 were JPY 4,442.5 billion, a decrease of JPY 5.7 billion from JPY 4,448.3 billion as of March 31, 2020. Trade and other payables decreased by JPY 67.0 billion, while interest-bearing debt increased by JPY 70.5 billion, from JPY 2,488.7 billion as of March 31, 2020 to JPY 2,559.2 billion as of March 31, 2021, stemming from the refinancing of subordinated bonds and other factors.

Year 2021

Consolidated total liabilities as of March 31, 2022 were JPY 4,855.3 billion, an increase of JPY 412.8 billion from JPY 4,442.6 billion as of March 31, 2021. Interest-bearing debt increased by JPY 94.2 billion from JPY 2,559.2 billion as of March 31, 2021 to JPY 2,653.4 billion due to the issuance of convertible bonds with

stock acquisition rights. In addition, trade and other payables increased (JPY 144.0 billion) and income taxes payable increased (JPY 85.7 billion).

Year 2022

Consolidated total liabilities as of March 31, 2023 were JPY 4,920.7 billion, an increase of JPY 65.3 billion from JPY 4,855.3 billion as of March 31, 2022. Interest-bearing debt increased by JPY 46.0 billion from JPY 2,653.4 billion as of March 31, 2022 to JPY 2,699.3 billion and trade and other payables also increased (JPY 65.4 billion), which were more than offset a decrease in items such as income taxes payable (JPY 58.0 billion).

9-Months of Fiscal 2023

Consolidated total liabilities as of December 31, 2023 were JPY 5,441.4 billion, an increase of JPY 520.8 billion from JPY 4,920.7 billion as of March 31, 2023. Interest-bearing debt increased by JPY 309.1 billion from JPY 2,699.3 billion as of March 31, 2023 to JPY 3,008.5 billion and trade and other payables also increased (JPY 72.7 billion). In addition, income taxes payable increased (JPY 36.3 billion).

5.5. Equity

Year 2020

Consolidated total equity as of March 31, 2021 was JPY 3,131.4 billion, an increase of JPY 134.8 billion from JPY 2,996.6 billion as of March 31, 2020. This was primarily contributed by an increase of JPY 122.0 billion in the fair value of financial assets measured at fair value through other comprehensive income and an increase of JPY 45.1 billion in remeasurements of defined benefit plans, which more than offset a decrease from loss for the year attributable to owners of the parent of JPY 32.4 billion. As a result, total equity attributable to owners of the parent as of March 31, 2021 amounted to JPY 2,760.0 billion, and the ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio) was 0.93 times (0.70 times after adjusting for equity credit attributes of subordinated loans and subordinated bonds).

Year 2021

Consolidated total equity as of March 31, 2022 was JPY 3,897.0 billion, an increase of JPY 765.6 billion from JPY 3,131.4 billion as of March 31, 2021. This was primarily contributed by an increase from profit attributable to owners of the parent of JPY 637.3 billion, a decrease in dividend payment (JPY 73.7 billion), an increase in the foreign exchange differences on translation of foreign operations (JPY 75.0 billion) and an increase in non-controlling interests (JPY 58.8 billion). As a result, total equity attributable to owners of the parent as of March 31, 2022 amounted to JPY 3,466.8 billion, and the ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio) was 0.77 times (0.59 times after adjusting for equity credit attributes of subordinated loans and subordinated bonds).

Year 2022

Consolidated total equity as of March 31, 2023 was JPY 4,646.4 billion, an increase of JPY 749.4 billion from JPY 3,897.0 billion as of March 31, 2022. This was primarily contributed by an increase from profit

attributable to owners of the parent of JPY 694.0 billion, a decrease in dividend payment (JPY 165.9 billion), and an increase in the foreign exchange differences on translation of foreign operations (JPY 93.9 billion). As a result, total equity attributable to owners of the parent as of March 31, 2023 amounted to JPY 4,181.1 billion, and the ratio of interest-bearing debt to total equity attributable to owners of the parent (D/E ratio) was 0.65 times (0.51 times after adjusting for equity credit attributes of subordinated loans and subordinated bonds).

9-Months of Fiscal 2023

Consolidated total equity as of December 31, 2023 was JPY 5,256.2 billion, an increase of JPY 609.8 billion from JPY 4,646.4 billion as of March 31, 2023.

5.6. Dividend policy

The Company's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year, in consideration of the consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects, while also considering the financial structure of the Company on both consolidated and non-consolidated bases. The Company has adopted a consolidated annual payout ratio target of around 30% as the benchmark for the "payment of dividends from distributable funds in consideration of the consolidated operating results." The level of the interim dividend is determined in consideration of the first-half performance results and forecasts for the full fiscal year.

6. Steel Global Industry Outlook

Steelmaking excess capacity is on the rise again and is expected to be as high as in 2014, at the start of the last steel crisis. The bleak outlook for steel demand and the increasing relocation of steel capacity from the People's Republic of China to other regions create a worrying outlook for the coming years. This is also a major obstacle to achieving steel decarbonisation targets.

The ongoing steel excess capacity crisis is currently escalating. Steelmaking capacity is forecast to increase to 2 498 million metric tonnes (mmt) by the end of 2023, marking the 5th consecutive year of growth, and outpacing the latest projections for steel demand. The capacity increase this year of 57 mmt translates into the highest annual volume increase in global capacity in a decade. For purposes of comparison, the global increase this year alone is roughly equivalent to the existing level of capacity of a major steel-producing economy, for example that of Brazil or Germany. Regional developments show significant capacity growth in Africa, ASEAN and the Middle East, while the two largest steel producing economies, China and India, which currently account for 47% and 6% of world capacity respectively, are also contributing to the expansion. Strategic planning is essential to ensure market stability.

Unfortunately, the problem of overcapacity is expected to become even more acute in the future. Global steelmaking capacity is projected to increase significantly over the next three years (2024-2026), with 46 mmt of capacity additions underway and an additional 78 mmt in the planning stage. At the same time,

prospects for global steel demand growth are clouded by growing risks of a serious downturn in Chinese steel demand as a consequence of the real estate downturn and its ripple effects on financial markets and the economy.

Excess capacity is leading to difficult market conditions and contributes to climate concerns. The global capacity utilisation rate has deteriorated for two years in a row. In 2023, the global steel capacity-production gap has widened, reaching 610 mmt in annualised terms, in the midst of growing market challenges. Excess capacity is also contributing significantly to emissions from the steel industry. Back-of-the-envelope calculations show that even a partial reduction in global excess capacity (by approximately one-third) would lead to a reduction in the emissions of the global steel sector in the range of 2%-14%, and to much healthier business conditions for steel producers.

Chinese steel companies are investing significantly overseas, specifically in ASEAN and other parts of Asia, as well as Africa. Capacity expansions by Chinese companies in third countries, through cross-border investments account for 65.1% of total cross-border investments in new steelmaking capacity taking place around the world. Their investments in ASEAN account for 81% of the region's total capacity expansion. Furthermore, the information analysed in this report suggests that outdated induction furnaces, which do not meet environmental and product quality standards, are frequently imported into ASEAN economies, raising concerns in local communities.

Most of the new investments in Asia involve traditional blast furnace/basic oxygen furnace. Other regions are seeing more moderate increases in capacity, with a focus on electric-arc furnaces (EAF). There are also 65 new low-carbon steel projects taking place around the world involving new innovative technologies.

Sources: Organisation for Economic Co-operation and Development (OECD)