

IMPORTANT NOTICE

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S., EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH OJK IN INDONESIA, AND THEREFORE, THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE TERRITORY OF INDONESIA OR TO INDONESIAN CITIZENS, WHEREVER THEY ARE DOMICILED, OR TO INDONESIAN RESIDENTS, IN A MANNER WHICH CONSTITUTES A PUBLIC OFFERING UNDER LAW NO. 8 OF 1995 ON CAPITAL MARKETS AS AMENDED BY LAW NO 4 OF 2023 ON THE FINANCIAL SECTOR DEVELOPMENT AND REINFORCEMENT AND THE IMPLEMENTING REGULATIONS OR PRIVATE PLACEMENT UNDER OJK REGULATION NO. 30 OF 2019 ON THE ISSUANCE OF DEBT-LINKED SECURITIES AND/OR SUKUK ISSUED BY WAYS OF PRIVATE PLACEMENT.

This Offering Circular is for distribution only to, and is only directed at, persons who (i) are outside of the United Kingdom, (ii) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, or (iv) are persons to whom, in connection with the issue or sale of any securities, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be outside the United States as defined in Regulation S under the Securities Act. By accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are outside of the United States, (2) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and (3) you consent to the delivery of such Offering Circular by electronic transmission.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the Offering Circular to any other person. If this is not the case, you must return the Offering Circular to us immediately.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the joint lead managers or any affiliate of the joint lead managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the joint lead managers or such affiliate on behalf of PT Krakatau POSCO (“PTKTP”) in such jurisdiction. The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of BNP Paribas, Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited and MUFG Securities Asia Limited (collectively, the “Joint Lead Managers”) nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

The Joint Lead Managers are acting exclusively for PTKP and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as its client in relation to the offer and will not be responsible to anyone other than PTKP for providing the protections afforded to its clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

You should not reply by e-mail to this transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

OFFERING CIRCULAR



(incorporated with limited liability under the laws of the Republic of Indonesia)

US\$300,000,000 6.375% Notes due 2027

US\$400,000,000 6.375% Notes due 2029

We are offering US\$300,000,000 aggregate principal amount of 6.375% notes due 2027 (the “2027 Notes”) and US\$400,000,000 aggregate principal amount of 6.375% notes due 2029 (the “2029 Notes,” and together with the 2027 Notes, the “Notes”). Until redemption or maturity, interest on the Notes will be payable in arrears on June 11 and December 11 of each year, commencing December 11, 2024. We may not redeem the Notes in whole or in part prior to maturity except upon the occurrence of certain events related to Indonesian tax law as described herein.

The Notes will be our unsecured senior obligations and will rank *pari passu* with all of our other unsecured senior indebtedness.

There is currently no market for the Notes. Application will be made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the Notes on the SGX-ST. The Notes are each expected to be rated BBB- by S&P Global Ratings, a division of S&P Global, Inc. (“S&P”). Such ratings do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by such rating organizations.

The Notes will be issued in registered form in minimum denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Notes will be represented on issuance by global notes registered in the name of a nominee of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”), as depositary. It is expected that the delivery of the Notes will be made on or about June 11, 2024.

Investing in the Notes involves risks. See the section entitled “Risk Factors” beginning on page 7 of this offering circular (the “Offering Circular”) for a discussion of certain factors to be considered in connection with investing in the Notes.

Issue Price:

2027 Notes: 99.833%

2029 Notes: 99.600%

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction, and may not be offered or sold directly or indirectly within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (“Regulation S”) and in compliance with applicable laws, regulations and directives. For further details about eligible offers and resale restrictions, see “Subscription and Sale.”

The Notes may not be offered or sold within the territory of Indonesia or to Indonesia citizens, wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offer or private placement under the Law No. 8 of 1995 on Capital Markets (the “Indonesian Capital Markets Law”) including the Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector (the “P2SK Law”), which amends certain provisions of the Indonesian Capital Markets Law and their implementing regulations, and a private offering under the OJK Regulation No. 30 of 2019 on the Issuance of Debt-Linked Securities and/or Sukuk issued by ways of Private Placement (“OJK Regulation No. 30”).

Joint Bookrunners and Joint Lead Managers

BNP PARIBAS

Crédit Agricole CIB

HSBC

MUFG

The date of this Offering Circular is May 30, 2024.

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You should rely only on the information contained in this Offering Circular. We have not and the Joint Lead Managers have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to offer and sell these Notes. The information in this document may only be accurate as of the date of this Offering Circular.

IN CONNECTION WITH THIS OFFERING, TO THE EXTENT PERMITTED BY, AND IN ACCORDANCE WITH, APPLICABLE LAWS AND REGULATIONS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AS A STABILIZATION MANAGER (THE “STABILIZATION MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZATION MANAGER) WILL UNDERTAKE SUCH STABILIZATION. ANY STABILIZATION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH OJK IN INDONESIA, AND THEREFORE, THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE TERRITORY OF INDONESIA OR TO INDONESIAN CITIZENS, WHEREVER THEY ARE DOMICILED, OR TO INDONESIAN RESIDENTS, IN A MANNER WHICH CONSTITUTES A PUBLIC OFFERING UNDER THE INDONESIAN CAPITAL MARKETS LAW INCLUDING THE P2SK LAW, WHICH AMENDS CERTAIN PROVISIONS OF THE INDONESIAN CAPITAL MARKETS LAW AND THEIR IMPLEMENTING REGULATIONS, AND A PRIVATE OFFERING UNDER THE OJK REGULATION NO. 30 OF 2019 ON THE ISSUANCE OF DEBT-LINKED SECURITIES AND/OR SUKUK ISSUED BY WAYS OF PRIVATE PLACEMENT.

No person has been authorized in connection with any offering of the Notes to give any information or make any representation other than as contained in this Offering Circular and, if given or made, that information or representation must not be relied upon as having been authorized by us or by the Joint Lead Managers (as defined in “Subscription and Sale”). This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any Notes by any person except in compliance with all applicable laws and regulations. No representation or warranty, express or implied, is made by the Joint Lead Managers or any of their affiliates or advisers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by us in connection with the offering of the Notes or the Notes or their distribution or for any other statement made or purported to be made by any Joint Lead Manager or on its behalf in connection with us or the offering of the Notes. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Joint Lead Managers or their affiliates or advisers. To the fullest extent permitted by law, none of the Joint Lead Managers accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by any of the Joint Lead Managers or on its behalf in connection with us, or the issue and offering of the Notes. Each Joint Lead Manager accordingly disclaims any and all responsibility or liability whether arising in tort or contract or otherwise which it might otherwise have in respect of the information contained in this Offering Circular, any other information provided by us in connection with the offering of the Notes or any other such statement. Neither the delivery of this Offering Circular nor any sale made in connection with this Offering Circular shall under any circumstances imply that the information in this Offering Circular is

correct as of any date subsequent to the date of this Offering Circular or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our affairs since the date of this Offering Circular.

We, having made all reasonable inquiries, confirm that this Offering Circular contains all information with respect to us and the Notes which is material in the context of the issue and offering of the Notes, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Offering Circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts, the omission of which would, in the context of the issue and offering of the Notes, make this Offering Circular as a whole or any information or the expression of any opinions or intentions expressed in this Offering Circular misleading in any material respect. We accept responsibility accordingly.

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the “SFA”) – We have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Offering Circular is for distribution only to, and is only directed at, persons who (i) are outside of the United Kingdom, (ii) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, or (iv) are persons to whom, in connection with the issue or sale of any securities, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Offering Circular or any of its contents.

This Offering Circular does not constitute, and may not be used for purposes of, an offer, invitation or solicitation by anyone in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorized or to any person to whom it is unlawful to make such offer, invitation or solicitation. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular may come are required by us and the Joint Lead Managers to inform themselves about and to observe the relevant restrictions. For a description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular, see “Subscription and Sale.” No action is being taken in any jurisdiction to permit an offering to the general public of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for those purposes.

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offering of the Notes, including the merits and risks involved. We are not making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or tax advice.

NOTICE TO INDONESIAN INVESTORS

The Notes have not been offered or sold and will not be offered or sold in the Republic of Indonesia or to any Indonesian nationals, corporations or residents, including by way of invitation, offering or advertisement, and this Offering Circular and any other offering material relating to the Notes has not been distributed, and will not be distributed, in the Republic of Indonesia or to any Indonesian nationals, corporations or residents in a manner which would constitute a public offering or private placement in the Republic of Indonesia under the Indonesian Capital Markets Law, the P2SK Law and their implementing regulations, and OJK Regulation No. 30. The Indonesian Financial Services Authority (Otoritas Jasa Keuangan or the “OJK”) has not made any determination as to the accuracy or adequacy of this Offering Circular. Any statement to the contrary is a violation of Indonesian Law.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT

Prospective investors should be aware that certain intermediaries in the context of this offering of the Notes, including all Joint Lead Managers, are “capital market intermediaries” (together, the “CMIs”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (together, the “OCs”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are our directors, employees or major shareholders, a CMI or its group companies would be considered under the SFC Code as having an association (an “Association”) with us, the CMI or the relevant group company (as the case may be). Prospective investors associated with us or any CMI (including its group companies) should specifically disclose this when placing an order for the Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should so indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order.” If a prospective investor is

otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should so indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order.” Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMI (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to us, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

ENFORCEABILITY OF FOREIGN JUDGMENT IN INDONESIA

We are a limited liability company established in Indonesia and all of our assets are located in Indonesia. As a result, it may be difficult for investors to effect service of process, including judgments, on us or our commissioners and directors outside Indonesia, or to enforce against our commissioners and directors judgments obtained in non-Indonesian courts.

We have been advised by our Indonesian legal advisors that judgments of non-Indonesian courts are not enforceable in Indonesian courts, although such judgments could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. There is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability provisions of jurisdictions other than Indonesia. As a result, holders of the Notes may be required to pursue claims against us in Indonesia under Indonesian law. For more details, see “Risk Factors – Risks Relating to Indonesia – Judgments of a foreign court may not be enforceable against us.”

INDONESIAN REGULATION OF OFFSHORE DEBT

On December 31, 2014, Bank Indonesia issued Bank Indonesia Regulation No. 16/22/PBI/2014 regarding the Reporting on Foreign Exchange Activities and Reporting on the Implementation of Prudential Principles in the Management of Non-Bank Corporation’s Offshore Debt (“PBI 16/22”). PBI 16/22 requires any non-bank entity, which applies prudential principles, to submit reports, which cover (i) the implementation of prudential principles, which has complied with an attestation procedure, (ii) notification of compliance of credit ratings, (iii) financial statements and (iv) a report on the implementation of prudential principles (the “Implementation of Prudential Principle Report”). The Implementation of Prudential Principle Report is required to be submitted quarterly or on any other submission deadline as elaborated under PBI 16/22. However, on January 9, 2019, Bank Indonesia issued Bank Indonesia Regulation No. 21/2/PBI/2019 dated January 9, 2019 on Reporting of Foreign Exchange Activity (“PBI 21/2”), which came into effect on March 1, 2019. PBI 21/2 revokes all provisions on the reporting of foreign exchange activities under PBI 16/22. Pursuant to PBI 21/2, PBI 16/22 remains valid only in relation to the regulation of reports on the implementation of prudential principles.

PBI 21/2, and its implementing regulations, requires any entity engaged in activities that cause a movement of (i) financial assets and/or liabilities and/or risk participation transaction between an Indonesian resident and a non-Indonesian resident or (ii) offshore financial assets and/or liabilities and/or risk participation transaction between Indonesian residents, to submit a report on such foreign exchange activities to Bank Indonesia. PBI 21/2 applies to bank and non-bank financial entities, non-financial entities, individuals and entities other than enterprises, whether in the form of legal entities or non-legal entities established by government or public. The report must include, among other things, information relating to (i) trade activities in goods, services or other transactions between an Indonesian resident and a non-Indonesian resident, (ii) principal data of risk participation transaction and/or offshore loan, (iii) any plans to draw on and/or repay the offshore loan and/or risk participation transactions, (iv) realization from drawing and/or repaying the offshore loan and/or risk participation transactions, (v) the position and changes of offshore financial assets, offshore financial liabilities and/or risk participation transactions and/or (vi) any plans to incur new offshore loans and/or amendments to such plans. Bank Indonesia has issued implementing regulations for PBI 21/2, namely (i) the Members of the Board of Governor of Bank Indonesia Regulation No. 21/3/PADG/2019 dated February 15, 2019 on Offshore Debt of Bank and Other Bank's Liabilities in Foreign Exchange ("PADG 21/3") and (ii) the Members of the Board of Governor of Bank Indonesia Regulation No. 21/4/PADG/2019 dated February 28, 2019 on the Reporting of Foreign Exchange Activities in the form of Offshore Debt and Risk Participation Transactions, as amended by Members of the Board of Governor of Bank Indonesia Regulation No. 23/28/PADG/2021 ("PADG 21/4"). Both implementing regulations came into effect on March 1, 2019. The report on foreign exchange activities must be submitted using an online system in accordance with the implementing regulations of PBI 21/2 as applicable, namely PADG 21/4.

According to PADG 21/4, any individual or entity that obtains offshore debt in a foreign currency and/or Rupiah and conducts risk participation transactions pursuant to loan agreements, debt securities, trade credits or other loans, such as dividend loans and royalty loans, must report such activities to Bank Indonesia. There is no minimum loan amount threshold to trigger the reporting obligation with regard to offshore debt obtained by an entity (whether a financial or non-financial institution). In contrast, an individual's offshore debt is only required to be reported if such debt exceeds an amount of US\$200,000 or its equivalent in any other currency. The reports consist of the main data report and/or amendments, the monthly recapitulation data report and the offshore debt plan data report. The main data report must be submitted to Bank Indonesia by no later than the 15th day of the following month between 07:10 and 16:15 Western Indonesia time after the signing of the loan agreement or the issuance of the debt securities and/or the debt acknowledgment over the trade credits and/or other loans, and a monthly recapitulation data report must be submitted to Bank Indonesia by no later than the 15th day of the following month at 24:00 Western Indonesia time, until the offshore debt has been repaid in full. In addition, data reports for new offshore debt plans must be submitted to Bank Indonesia by no later than the March 15 of the respective year, and any changes to an existing offshore debt plan must be submitted by June 15 of the respective year.

On April 12, 2019, Members of the Board of Governor of Bank Indonesia issued another implementing regulation of PBI 21/2, namely Members of the Board of Governor of Bank Indonesia Regulation No. 21/7/PADG/2019 dated April 12, 2019 on the Reporting of Foreign Exchange Activities for Non-Bank Corporations ("PADG 21/7").

In addition to reporting on foreign exchange activities, for the purpose of PBI 16/21 (as defined below), PBI 16/22 also requires reporting on the implementation of the prudential principles. Under the implementing regulation of PBI 16/22, namely Bank Indonesia Circular No. 17/3/Dsta dated March 6, 2015 on the Reporting of the Implementation of Prudential Principles in the Offshore Loan Management for Non-Bank Corporations, as lastly amended by Bank Indonesia Circular No. 17/24/Dsta dated October 12, 2015 ("SEBI 17/3/Dsta"), non-bank corporations must submit:

- the prudential principle implementation activity report (“KPPK Report”) including (i) a non-attested KPPK Report, which is to be submitted on a quarterly basis, no later than the end of the third month after the end of the relevant quarter; and (ii) an attested KPPK Report (attested by a public accountant), which is to be submitted no later than the end of June of the following year;
- information on the fulfillment of credit ratings, which is to be submitted at the latest at the end of the month following the execution or issuance of the offshore debt; and
- the financial statements of the company, consisting of: (i) unaudited financial statements, to be submitted on a quarterly basis, by no later than the end of the third month after the end of the relevant quarter; and (ii) annual audited financial statements, which must be submitted by no later than end of June of the following year.

Bank Indonesia examines the accuracy of the foreign exchange activities report and the prudential principle implementation activity report. It can also request clarifications, evidence, records or other supporting documents from the relevant party or institutions, including direct inspection to the company or appoint a third party to do so.

As of January 1, 2016, submissions of and corrections to the prudential principle implementation activity report shall be made online. The requirement to submit credit ratings fulfillment only applies to offshore debt executed or issued as of January 1, 2016.

On December 23, 2015, Bank Indonesia issued Bank Indonesia Regulation No. 17/23/PBI/2015 (“PBI 17/23/2015”) to amend Bank Indonesia Regulation No. 16/10/PBI/2014 on Foreign Exchange Export Revenue and Drawdown of Offshore Debt, which was issued on May 14, 2014 (“PBI 16/10/2014”). In addition, on January 18, 2019, Bank Indonesia issued Bank Indonesia Regulation No. 21/3/PBI/2019, which revoked certain provisions of PBI 17/23/2015 and PBI 16/10/2014 with respect to the receipt of export proceeds from the exploitation, management and/or processing of natural resources (which are now regulated under a separate set of provisions). Moreover, on April 6, 2015, Bank Indonesia issued Bank Indonesia Circular Letter No. 18/5/Dsta on the Receipt of Offshore Debt as the implementing regulation of PBI 16/10/2014. Based on PBI 16/10/2014, any drawdown from offshore debt (in foreign currencies) originating from (i) a non-revolving loan agreement (including offshore debt originating from a difference between the refinanced debt and the previous debt) or (ii) offshore debt securities (including acknowledgments of debt which is tradable in domestic or international financial and capital markets, among others, in the form of bonds, medium term notes, floating rate notes, promissory notes and commercial paper) must be withdrawn through foreign exchange banks (which include offshore bank branches in Indonesia) and must be reported to Bank Indonesia with the relevant supporting documents. Administrative sanctions will be imposed on companies that fail to comply with reporting obligations.

With respect to the foregoing reporting obligations to Bank Indonesia, the sanctions that may be imposed by Bank Indonesia are as follows:

- any (i) delay or failure to submit and (ii) incompleteness and/or inaccuracy of information on a foreign exchange report on an offshore debt plan is an administrative sanction in the form of warning letter and/or notification to the relevant authority or institution which will be issued by Bank Indonesia;
- any incompleteness and/or inaccuracy of information on the KPPK Report is subject to an administrative sanction in the form of a penalty at the amount of Rp.500,000 (five hundred thousand Rupiah) per incompleteness and/or inaccuracy;

- any delay to submit the foreign exchange report (except for offshore debt plan) and the KPPK Report (whether non-attested or attested), including its supporting documents and financial statements (except for information on credit rating), is an administrative sanction in the form of a penalty at the amount of Rp.500,000 (five hundred thousand Rupiah) per day of delay, provided that the maximum amount of penalty imposed shall not exceed Rp.5,000,000 (five million Rupiah);
- any failure to submit the foreign exchange report (except for offshore debt plan) and the KPPK Report (whether non-attested or attested), including its supporting documents and financial statements (except for information on credit rating), is subject to an administrative sanction in the form of a penalty at the amount of Rp.10,000,000 (ten million Rupiah);
- in addition to a penalty, an administrative sanction in the form of a warning letter and/or notification to the relevant authority or institution will be issued by Bank Indonesia for any delay or failure to submit the KPPK Report (whether non-attested or attested), including its supporting documents and financial statement (except for information on credit rating);
- any delay or failure to submit information on credit rating is subject to an administrative sanction in the form of a warning letter and/or notification to the relevant authority or institution which will be issued by Bank Indonesia; and
- any failure to comply with the obligation to withdraw the offshore debt through a foreign exchange bank in Indonesia is an administrative sanction in the form of a penalty of 0.25% (zero point two five percent) of the withdrawal amount which does not pass through a foreign exchange bank in Indonesia, provided that the maximum amount of the penalty imposed will not exceed Rp.50,000,000 (fifty million Rupiah).

The sanction imposed by Bank Indonesia in connection with the report on prudential principle implementation activity, including the supporting documents (except for information on credit rating) has been effective since the delivery of third quarter data reports for 2015, while the sanction in connection with the report on prudential principles implementation with respect to credit rating has been effective since January 1, 2016.

Details on the report on prudential principles implementation is regulated by Bank Indonesia Regulation No. 16/21/PBI/2014 on the Implementation of Prudential Principles in the Management of Non-Bank Corporation's Offshore Debt as amended by Bank Indonesia Regulation No. 18/4/PBI/2016 dated April 22, 2016 ("PBI 16/21"), which is applicable to non-bank corporations that obtain offshore debt in a foreign currency (non-Indonesian Rupiah). With respect to the implementation of PBI 16/21, Bank Indonesia also issued (i) Bank Indonesia Circular Letter No. 16/24/DKEM dated December 30, 2014, as initially amended by Bank Indonesia Circular Letter No. 17/18/DKEM dated June 30, 2015 ("SEBI 16/24/DKEM") and lastly amended by Bank Indonesia Circular Letter No. 18/6/DKEM dated April 22, 2016 ("SEBI 18/6/DKEM") and (ii) SEBI 17/3/Dsta.

PBI 16/21 requires non-bank corporations that have offshore debt in a foreign currency (non-Indonesian Rupiah) to maintain the following prudential principles, namely: (i) minimum hedging requirement, (ii) minimum liquidity requirement and (iii) minimum credit ratings. The minimum hedging requirement does not apply to non-bank corporations whose financial statements are presented in U.S. dollars and who fulfill the following criteria: (i) having an export revenue to business revenue ratio of more than 50.0% in the previous calendar year, and (ii) having obtained approval from the Ministry of Finance to use U.S. dollars in their financial statement, which approval shall be evidenced by submitting supporting documents to Bank Indonesia. The minimum hedging requirement is applied with a two-stage approach to avoid unnecessary difficulties for corporations having existing offshore debt. Foreign currency assets comprise of cash, demand deposits, regular deposits, term deposits, accounts receivable, inventories, marketable securities and receivables from forwards, swaps and/or options transactions in a foreign currency (non-Indonesian Rupiah) calculated based on position at the end of the relevant quarter.

SEBI 16/24/DKEM defines foreign currency liabilities as liabilities in foreign currency to residents and non-residents, including liability deriving from forwards, swaps and/or options transactions maturing (a) within three months from the end of the relevant quarter and (b) between three and six months from the end of the relevant quarter. Foreign currency liability which will be due may not be calculated as foreign currency liability if (a) it is in the process of roll over, revolving, or refinancing, to the extent the transaction which underlies it is in accordance with Bank Indonesia Regulation No. 17/3/PBI/2015 on the Mandatory Use of Rupiah in the Territory of the Republic of Indonesia (“PBI 17/3”) and/or (b) it constitutes foreign currency liability with respect to project financing which will be due within the next six months to the extent secured by offshore debt drawdown in foreign currency where the schedule of such drawdown is adjusted to the payable foreign currency liabilities and the transaction activities are in accordance with PBI 17/3. These two points must be proven by sufficient supporting documentation. SEBI 16/24/DKEM determines that only corporations that have negative difference between foreign currency assets and foreign currency liabilities of more than US\$100,000 are obliged to fulfill the minimum hedging requirement. In addition, PBI 16/21 also regulates that hedging transactions for the fulfillment of the minimum hedging requirement shall be conducted with banks in Indonesia and became effective in 2017.

On the minimum liquidity requirement, non-bank corporations that have offshore debt in foreign currency are also required to comply with the minimum liquidity ratio of at least 70.0% by providing sufficient foreign exchange assets against foreign exchange liabilities that will become due within three months from the end of the relevant quarter. The minimum liquidity ratio of 70.0% was effective on January 1, 2016, while the applicable minimum liquidity ratio in 2015 was 50.0%.

The minimum credit rating requirement for a non-bank corporation’s issuance of foreign currency offshore debt is BB- (BB minus) or an equivalent rating from a rating agency recognized by Bank Indonesia. Such credit rating will be in the form of the applicable rating over the relevant corporation (issuer rating) and/or bonds (issue rating) in accordance with the type and period of such foreign currency offshore debt. Such rating shall be valid for two years as of the rating issuance. PBI 16/21 sets additional provisions where a corporation may use its parent company credit rating if (i) such corporation enters into an offshore debt in foreign currency with its parent company, or if the offshore debt is guaranteed by the parent company or (ii) such corporation is a newly established corporation with a maximum three years since the corporation begins its commercial operation. The requirement to fulfill the minimum credit rating requirement is exempted for (i) the refinancing of offshore debt in foreign currency (such exemption is limited to refinancing which does not increase the outstanding amount of the previous debt or if it increases, such increase shall not exceed (a) US\$2,000,000 or its equivalent or (b) 5.0% of the outstanding amount of such refinanced debt if such 5.0% figure is higher than US\$2,000,000 or its equivalent), (ii) offshore debt in foreign currency for infrastructure project financing derived (a) all from an international bilateral/multilateral lending agency or (b) from syndicated loan where more than 50.0% of the contribution comes from international bilateral/multilateral institutions, (iii) offshore debt in foreign currency for central or regional government infrastructure project financing, (iv) offshore debt in foreign currency which is secured by international bilateral/multilateral institutions, (v) offshore debt in foreign currency in form of trade credits, (vi) offshore debt in foreign currency in form of other loans, (vii) offshore debt in foreign currency by a finance company (a business entity which conducts financing activities for the procurement of goods and services) to the extent (a) such finance company has minimum financial soundness of “healthy” as lastly issued by OJK or (b) such finance company fulfills the maximum gearing ratio as regulated by OJK or (viii) offshore debt in foreign currency by Lembaga Pembiayaan Ekspor Indonesia (“Indonesia Eximbank”). Non-bank corporations that have offshore debt in foreign currency are obliged to submit a report to Bank Indonesia on the implementation of prudential principles and the exemptions, together with the relevant supporting documents. Non-compliance of the requirements will be subject to administrative sanction in the form of warning letter. PBI 16/21 does not specify any other sanction in the event the non-bank corporations ignore such warning letter. However, Bank Indonesia may inform related parties, such as relevant offshore creditors, the Ministry of State-Owned Companies (for state-owned non-bank corporation), the Ministry of Finance on behalf of Directorate General of Tax, OJK and

the Indonesian Stock Exchange (for publicly listed non-bank corporation) on the implementation of administrative sanctions. PBI 16/21 became effective as of January 1, 2015, with exceptions for the implementation of (i) the administrative sanction requirement, which became effective starting from the delivery of the fourth quarter report of 2015 and (ii) the minimum credit rating requirement, which applies to offshore debt that is signed or issued on or after January 1, 2016.

LANGUAGE OF TRANSACTION DOCUMENTS

On July 9, 2009, the government of the Republic of Indonesia enacted Law No. 24 of 2009 on National Flag, Language, Emblem and Anthem (“Law No. 24/2009”) requiring that agreements involving Indonesian parties be written in the Indonesian language. Where an agreement also involves foreign parties, it may also be executed in both the Indonesian language and a foreign language; provided that the agreement in the foreign language and the agreement in the Indonesian language are equally authoritative. On September 30, 2019, Presidential Regulation No. 63 of 2019 on the Use of Bahasa Indonesia (“PR No. 63/2019”) was issued as an implementing regulation to Law No. 24/2009, which, among other things, stipulates that in the event of any inconsistency or difference in interpretation between the Indonesian language and the foreign language version of an agreement or memorandum of understanding, then the language as agreed by the parties in such agreement or memorandum of understanding shall prevail. PR No. 63/2019 also stipulates that the Indonesian language must be used in memorandums of understanding or agreements that involve, among others, Indonesian private entities (including Indonesian limited liability companies). If the agreement involves a foreign party, the agreement may also be made in the national language of such foreign party or in English. This provision also implies that the Indonesian language version of the agreement must be executed at the same time as the English version of the agreement, or the agreement will need to be executed in a bilingual version.

Notwithstanding the above, even if the relevant agreements for the Notes are prepared in English and Indonesian versions as required under Law No. 24/2009 and PR No. 63/2019, as one or more parties to such agreements are incorporated under the laws of Indonesia, we cannot fully assure you that, in the event of inconsistencies between the Indonesian language and English language versions of these agreements, an Indonesian court would hold the English version to prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may not be fully captured by the Indonesian language version. If this occurs, we cannot assure you that the terms of such agreements will be interpreted and enforced by the Indonesian courts as intended. For more details, see “Risk Factors – Risk Relating to Indonesia – An Indonesian law requiring agreements involving Indonesian parties to be written in the Indonesian language may raise issues as to the enforceability of agreements entered into in connection with the Notes.”

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements (i) as of and for the years ended December 31, 2021 and 2022 (the “2022 Financial Statements”) and (ii) as of and for the years ended December 31, 2022 and 2023 (the “2023 Financial Statements”) included in this Offering Circular have been prepared in accordance with the Indonesian Financial Accounting Standards (*Standar Akuntansi Keuangan* or “IFAS”), which may differ in certain respects from generally accepted accounting principles in other countries, including generally accepted accounting principles in the United States and International Financial Reporting Standards applied in other countries.

All financial information, descriptions and other information regarding us are, unless indicated otherwise, given on a consolidated basis. Any discrepancies in the tables included in this Offering Circular between the listed amounts and totals thereof are due to rounding.

CERTAIN DEFINED TERMS AND CONVENTIONS

All references to “we,” “us,” “our,” “our company,” “the Company” or “the Issuer” refer to PT Krakatau POSCO and its consolidated subsidiaries, unless otherwise specified or the context otherwise requires. References to “Krakatau Steel” refer to PT Krakatau Steel (Persero) Tbk. and its consolidated subsidiaries. References to “POSCO Holdings” refer to POSCO Holdings Inc. and its consolidated subsidiaries. References to “POSCO” refers to POSCO and its consolidated subsidiaries. POSCO is a wholly-owned subsidiary of POSCO Holdings.

References to “Indonesia” or the “Republic” are references to The Republic of Indonesia. References to the “Government” are references to the government of the Republic of Indonesia. We publish our financial statements in U.S. dollars, which is our functional currency. References to “Rupiah” or “Rp.” are to Indonesian Rupiah, which is the legal tender currency of Indonesia. References to “US\$,” “U.S. dollars” or “cents” are to the currency of the United States. For a discussion of historical information regarding the rate of exchange between Rupiah and the U.S. dollar, see “Exchange Rates.” Unless otherwise specified, all conversions of U.S. dollars into Rupiah and vice versa appearing in this Offering Circular were made at the applicable base rate under the market average exchange rate system, announced by the Bank Indonesia (the “Market Average Exchange Rate”). On December 31, 2023, the Market Average Exchange Rate was Rp.15,416 to US\$1.00. No representation is made that the Rupiah or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or Rupiah, as the case may be, at any particular rate or at all.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements,” as defined in Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “believes,” “expects,” “anticipates,” “estimates,” “projects,” “plans,” “intends,” “targets,” “seeks,” “aims,” “contemplates,” “goal,” “should,” “can,” “may,” “will” and similar expressions or the negatives thereof. Those statements include, among other things, the discussions of our business strategy and expectations concerning its market position, future operations, cash flows, margins, profitability, liquidity and capital resources. Reliance on any forward-looking statement involves risks and uncertainties, and although we believe that the assumptions on which the forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. The uncertainties in this regard include, but are not limited to, those identified in the risk factors discussed elsewhere in this Offering Circular. See “Risk Factors.” In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances, except as required by law.

SUMMARY

We are the leading steel producer in Indonesia based on annual crude steel production. We manufacture and sell hot rolled coils, steel plates and steel slabs, and we are able to meet a broad range of customer needs from diverse industries that consume such products, including the construction, automotive, shipbuilding and machinery industries. We were incorporated in 2010 as a joint venture between POSCO and Krakatau Steel, and we began our commercial operations in March 2014. Our shareholders are:

- **POSCO** – POSCO is the largest fully-integrated steel producer in Korea, and one of the largest steel producers in the world. POSCO holds a 50.0% interest in us through its ownership of 739,900 Class A Shares; and
- **Krakatau Steel** – Krakatau Steel is Indonesia’s largest steel company that is owned 80% by the Government. Krakatau Steel holds a 50.0% in us through its ownership of 317,100 Class A Shares and 422,800 Class B Shares.

We produced approximately 3.1 million tons of crude steel in 2021, 3.0 million tons in 2022 and 3.0 million tons in 2023. As of December 31, 2023, we had approximately 3.0 million tons of annual crude steel production capacity, all of which is located in Indonesia. We believe that our production facilities are some of the most technologically-advanced integrated steel production facilities in Southeast Asia.

Indonesia is our most important market. Domestic sales accounted for 66.2% of our total revenue in 2021, 67.4% in 2022 and 72.1% in 2023. We derive a substantial portion of our sales from Krakatau Steel and its subsidiaries, which obtain our products primarily as feedstock for production of higher value-added products. Our sales to Krakatau Steel and its subsidiaries accounted for 40.7% of our total revenue in 2021, 34.4% in 2022 and 27.3% in 2023. Our sales to customers abroad accounted for 33.8% of our total revenue in 2021, 32.6% in 2022 and 27.9% in 2023. Our largest export markets in recent years have been countries in Europe and Southeast Asia. Spain accounted for 9.7% of our sales to customers abroad in 2021, 17.9% in 2022 and 19.5% in 2023. Vietnam accounted for 6.4% of our sales to customers abroad in 2021, 11.6% in 2022 and 16.9% in 2023. Belgium accounted for 4.3% of our sales to customers abroad in 2021, 19.8% in 2022 and 14.9% in 2023. We also sell some of our products and services to the subsidiaries of POSCO Holdings Inc. (“POSCO Holdings”). Our sales to the subsidiaries of POSCO Holdings accounted for 20.4% of our total revenue in 2021, 10.7% in 2022 and 10.2% in 2023.

We are a consolidated subsidiary of POSCO and a member company of the POSCO Group, for which POSCO Holdings serves as its holding company and owns all of the shares of POSCO. Pursuant to the amended and restated joint venture agreement between POSCO Holdings and Krakatau Steel dated November 28, 2022 (the “Amended and Restated Joint Venture Agreement”), under our current shareholding arrangement, POSCO Holdings has the right to nominate four of our seven directors (President Director, Finance Director, Production Director and Stakeholder Relations Director) and Krakatau Steel has the right to nominate the remaining three directors (HR & GA Director, Commercial Director and Technology & Business Development Director). As a result, through the directors nominated by POSCO Holdings, it is able to exert control over the operation of our business, including capital expenditure decisions. See “Shareholders – Amended and Restated Joint Venture Agreement.” Our two shareholders provide support to many areas of our operations, including purchasing substantial portions of our products and services, providing key manufacturing technologies, selling key production facilities, raw materials and other goods and services to us and providing financial support. See “Risk Factors – We rely on POSCO and its affiliates and Krakatau Steel and its affiliates for many aspects of our operations.”

The POSCO Group engages in businesses that complement POSCO's steel manufacturing operations in Korea and also carefully seeks out promising investment opportunities to diversify its businesses both vertically and horizontally. POSCO International is a global trading company that primarily engages in the trading of steel and raw materials as well as investing in energy and mineral development projects throughout the world. POSCO E&C is one of the leading engineering and construction companies in Korea that primarily engages in the planning, design and construction of industrial plants and architectural works and civil engineering. The POSCO Group has also made investments in the past decade to secure new growth engines by diversifying into new businesses related to our steel operations that it believes will offer greater potential returns, as well as entering into new businesses not related to our steel operations such as hydrogen-related businesses, production of anode and cathode materials for rechargeable batteries, alternative energy solutions, LNG and agricultural trading, and production of comprehensive materials such as lithium.

Our functional currency is U.S. dollars for the preparation of our financial statements, and transactions in foreign currencies (including Rupiah) are translated to U.S. dollars at the rates of exchange prevailing on the transaction date. We generated revenue of US\$2,355 million in 2021, US\$2,328 million in 2022 and US\$2,397 million in 2023. We recorded net profit of US\$415 million in 2021, US\$105 million in 2022 and US\$51 million in 2023. We had total assets of US\$3,480 million and total equity of US\$859 million as of December 31, 2022, compared to total assets of US\$3,041 million and total equity of US\$910 million as of December 31, 2023.

THE OFFERING

Terms used in this summary and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Notes.”

Issuer	PT Krakatau POSCO
Notes offered	US\$300,000,000 aggregate principal amount of 6.375% notes due 2027 (the “2027 Notes”) and US\$400,000,000 aggregate principal amount of 6.375% notes due 2029 (the “2029 Notes,” and together with the 2027 Notes, the “Notes”)
Maturity.	2027 Notes: June 11, 2027 2029 Notes: June 11, 2029
Issue Price	2027 Notes: 99.833% 2029 Notes: 99.600%
Interest Payment Dates. . .	Until redemption or maturity, interest on each of the Notes will be payable in arrears on June 11 and December 11 of each year, commencing December 11, 2024. For a further description of payments of interest on the Notes, see “Terms and Conditions of the Notes – Payments.”
Ranking of the Notes. . . .	The Notes will be unsecured and will be our direct, unconditional and unsubordinated general obligations and will rank <i>pari passu</i> among themselves without any preference of one over the other by reason of priority of date of issue or otherwise and at least equally with all of our other outstanding unsecured and unsubordinated general obligations (subject to certain statutory exceptions under the laws of Indonesia).
Support Agreement	We entered into a support agreement with POSCO on April 9, 2024, pursuant to which (i) POSCO confirmed its present intention to maintain at least a 50% shareholding in us during the life of the Notes and (ii) POSCO will endeavor in good faith to exercise its influence as our controlling shareholder to the end that we pay the amount that becomes due and payable under the Notes. The support agreement does not create any assurance or guarantee of any kind on behalf of us under any circumstances, or impose any liabilities on POSCO under or in connection with the Notes.
Denomination; Form	The Notes will be issued in denominations of US\$200,000 principal amount and integral multiples of US\$1,000 in excess thereof. We will issue the Notes in the form of fully registered global notes, registered in the name of a nominee of a common depositary (the “Common Depositary”) for Euroclear Bank SA/NV as operator of the Euroclear System (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Except as described in “Terms and Conditions of the Notes,” the global notes will not be exchangeable for the Notes in definitive registered form and will not be issued in definitive registered form. Any secondary market trading of book-entry interests in the Notes will take place through Euroclear and Clearstream. The Notes may not be sold or otherwise transferred except in accordance with the restrictions described under “Subscription and Sale.”

Negative Pledge	The Notes will contain a negative pledge provision as described in Condition 4 of the “Terms and Conditions of the Notes.”
Redemption for Taxation .	We may, at our option, redeem each tranche of the Notes, in whole but not in part, at their principal amount plus accrued interest to the date fixed for redemption, if we have or would become obligated to pay Additional Amounts in respect of certain Indonesian taxes imposed in respect of payments of principal of or interest on the Notes. See “Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation.”
Use of Proceeds	The net proceeds from the issuance of the 2027 Notes are expected to be approximately US\$297,999,000, and the net proceeds from the issuance of the 2029 Notes are expected to be approximately US\$396,400,000, in each case, after deducting underwriting commissions but not estimated expenses of the offering. An amount equivalent to the net proceeds from the Notes will be used for refinancing existing indebtedness and other general corporate purposes. See “Use of Proceeds.”
Rating of the Notes	The Notes are each expected to be rated BBB- by S&P. Such ratings do not constitute a recommendation to buy, sell or hold the Notes and may be subject to revision or withdrawal at any time by such rating organizations. Each such rating should be evaluated independently of any other rating of the Notes.
Listing	Application will be made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this offering circular. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Notes or us. There is currently no public market for the Notes. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of US\$200,000.
Lock-up	We have agreed that we will not issue, offer, sell or contract to sell, or announce the offering of, any U.S. dollar-denominated debt securities issued or guaranteed by us (other than the Notes), without the prior written consent of the Joint Lead Managers for a period of 30 days following the date of the Subscription Agreement (as defined below). For the avoidance of doubt, we may, during such period, issue, offer, sell or contract to sell, or announce the offering of, any debt securities issued or guaranteed by us other than U.S. dollar-denominated debt securities. See “Subscription and Sale.”

Further Issues	Subject to the lock-up provisions, we may from time to time, without the consent of the existing holders of the Notes, create and issue additional notes to the extent permitted under the applicable laws, having the same terms and conditions as the Notes in all respects except for issue date and/or issue price.
Selling Restrictions	There are certain restrictions on the offer, sale and transfer of the Notes. See “Subscription and Sale.”
Transfer Restrictions	The Notes have not been and will not be registered under the Securities Act, or the securities laws of any other jurisdiction, and may not be offered or sold directly or indirectly within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and in compliance with applicable laws, regulations and directives. For further details about eligible offers and resale restrictions, see “Subscription and Sale.”
Governing Law	The Notes and each of the Fiscal Agency Agreements will be governed by English law.
Security Codes	2027 Notes ISIN: XS2833229391 Common Code: 283322939 2029 Notes ISIN: XS2832048719 Common Code: 283204871
Legal Entity Identifier	98450003F1F2D08D9C16

SUMMARY FINANCIAL AND OTHER INFORMATION

The following tables present our summary financial and other information. The summary financial information presented as of and for the years ended December 31, 2021, 2022 and 2023 are derived from the 2022 Financial Statements and the 2023 Financial Statements included elsewhere in this Offering Circular.

The Company's consolidated financial statements have been prepared in accordance with IFAS, which may differ in certain respects from generally accepted accounting principles in other countries, including generally accepted accounting principles in the United States and International Financial Reporting Standards applied in other countries. See "Risk Factors – Indonesian accounting standards differ from those in the United States, countries in the European Union, the United Kingdom and other jurisdictions."

Statement of Comprehensive Income Information

	For the Year Ended December 31,					
	2021		2022		2023	
	(in millions of dollars)					
Revenue	US\$	2,355	US\$	2,328	US\$	2,397
Cost of sales		1,810		2,070		2,179
Gross profit		545		258		218
Selling and distribution expenses		10		9		9
Administrative expenses		32		28		31
Impairment reversal (loss) on trade and other receivables		0		(0)		1
Currency exchange gain (loss), net.		(1)		(17)		6
Other income, net		(2)		1		7
Operating profit		500		205		191
Finance costs		86		101		146
Finance income		1		1		6
Profit before income tax		415		105		51
Income tax expense		—		—		—
Profit	US\$	415	US\$	105	US\$	51
Other comprehensive income (loss), net of tax.		2		0		(0)
Total comprehensive income	US\$	417	US\$	105	US\$	50
Profit attributable to:						
Owners of the company	US\$	415	US\$	105	US\$	51
Non-controlling interests		0		(0)		(0)

Statement of Financial Position Information

	As of December 31,					
	2021		2022		2023	
	(in millions of dollars)					
Working capital ⁽¹⁾	US\$	(159)	US\$	(1,074)	US\$	(393)
Total current assets		817		888		629
Property, plant and equipment, net		2,188		2,585		2,398
Total non-current assets		2,195		2,592		2,412
Total assets		3,011		3,480		3,041
Loans and borrowings, current		445		1,100		423
Long-term borrowings, non-current		1,487		658		1,107
Total liabilities		2,475		2,621		2,132
Total equity		536		859		910

(1) "Working capital" means current assets minus current liabilities.

RISK FACTORS

An investment in the Notes is subject to numerous risks, including those listed below. Investors should carefully consider the following risks as well as the other information contained in this Offering Circular before purchasing the Notes. These risks could materially affect our ability to meet our obligations under the Notes. In such case, investors may lose all or part of their investment in, and the expected return on, the Notes.

Risks Relating to the Company

The global economic downturn may adversely affect our business and performance. The global economic outlook for the near future remains uncertain.

Our business is affected by highly cyclical market demand for our products. In particular, our production activities are affected by market demand from a number of industries, including the construction, automotive, shipbuilding and machinery industries as well as downstream steel processors, which are sensitive to general conditions in the global economy. Macroeconomic factors, such as the economic growth rate, employment levels, interest rates, inflation rates, exchange rates, commodity prices, demographic trends and fiscal policies of governments can have a significant effect on such industries. From time to time, these industries have experienced significant and sometimes prolonged downturns, which in turn have negatively impacted our business. Global economic conditions have deteriorated in recent years, with global financial and capital markets experiencing substantial volatility. In particular, the COVID-19 pandemic that began in late 2019 and rapid increases in interest rates globally starting in the second half of 2021 to combat inflation have materially and adversely affected the global economy and financial markets. See “– Earthquakes, tsunamis, floods, severe health epidemics (including the global COVID-19 pandemic and any possible occurrences of other types of widespread infectious diseases) and other natural calamities could materially and adversely affect our business, results of operations or financial condition.” Such developments have also been caused by, and continue to be exacerbated by, among other things, the invasion of Ukraine by Russia in February 2022 that has destabilized the global energy sector, the slowdown of economic growth in China and other major emerging market economies, adverse economic and political conditions in Europe and Latin America and continuing geopolitical and social instability in North Korea and various parts of the Middle East, including the escalation of hostilities in the Middle East following the Israel-Hamas war, as well as a deterioration in economic and trade relations between the United States and its major trading partners, particularly China.

Actual or anticipated further deterioration of global economic conditions may result in a decline in demand for our products. In the case of a prolonged decrease in demand, we may need to rationalize our production capacity and reduce fixed costs, and we will likely face pressure to reduce prices of our products. From time to time, we have adjusted our crude steel production levels and sales prices in response to sluggish demand from our customers in industries adversely impacted by the deteriorating economic conditions. We expect fluctuation in demand for our steel products to continue at least in the near future. We may decide to further adjust our future crude steel production or our sales prices on an ongoing basis subject to market demand for our products, the production outlook of the Indonesian and global steel industries and Indonesian and global economic conditions in general. In addition, economic downturns in the Indonesian and global economies could result in market conditions characterized by weaker demand for steel products from a number of industries as well as falling prices for export and import products and reduced trade levels. Deterioration of market conditions may result in changes in assumptions underlying the carrying value of certain assets, which in turn could result in impairment of such assets. Our ability to reduce expenditures for production facilities and research and development during an industry downturn is limited because of the need to maintain our competitive position. If we are unable to reduce our expenses sufficiently to offset reductions in price and sales volume, our margins will suffer and our business, financial condition and results of operations may be materially and adversely affected.

Indonesia is our most important market, and our current business and future growth could be materially and adversely affected if economic conditions in the region deteriorate.

We conduct all of our production activities in Indonesia, and Indonesia is our most important market. Domestic sales accounted for 66.2% of our total revenue in 2021, 67.4% in 2022 and 72.1% in 2023. Domestic demand for steel products is affected by the conditions in the major steel-consuming industries, such as construction, automotive, shipbuilding, machinery and downstream steel processors, and the Indonesian economy in general. As a result, we are subject to political, economic, legal and regulatory risks specific to Indonesia, and our performance and successful fulfillment of our operational strategies are largely dependent on the overall Indonesian economy. In the past, the economic indicators in Indonesia have shown mixed signs of growth and uncertainty. In 2020, the overall Indonesian economy and the economies of Indonesia's major trading partners deteriorated due to the debilitating effects of the COVID-19 pandemic. After showing signs of recovery in 2021 and 2022, the overall Indonesian economy experienced slowdown in growth in 2023. Future growth of the Indonesian economy is subject to many factors beyond our control, including developments in the global economy.

In recent years, adverse conditions and volatility in the global financial markets, fluctuations in oil and commodity prices, supply chain disruptions and the increasing weakness of the global economy, in particular due to the COVID-19 pandemic, have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Indonesian economy. The value of the Rupiah relative to major foreign currencies has fluctuated significantly and, as a result of uncertain global and Indonesian economic conditions, there has been significant volatility in the stock prices of Indonesian companies recently. Future declines in the Jakarta Stock Price Index, and large amounts of sales of Indonesian securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Rupiah, the foreign currency reserves held by financial institutions in Indonesia, and the ability of Indonesian companies to raise capital. Any future deterioration of the Indonesian economy could adversely affect our business, financial condition and results of operations and the market price of the Notes.

Developments that could have an adverse impact on Indonesia's economy include:

- declines in consumer confidence and a slowdown in consumer spending, including as a result of severe health epidemics;
- hostilities or, political or social tensions involving Russia (including the invasion of Ukraine by Russia and ensuing actions that the United States and other countries have taken and may take in the future) and any resulting adverse effects on the global supply of oil and other natural resources or the global financial markets;
- adverse conditions or developments in the economies of countries and regions that are important export markets for Indonesia, such as China, Southeast Asia, the United States and Europe, or in emerging market economies elsewhere, including as a result of the deteriorating economic and trade relations between the United States and China and increased uncertainties in the global financial markets and industries;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, the Euro or the Japanese Yen exchange rates or revaluation of the Chinese Yuan), interest rates, inflation rates or stock markets;
- the occurrence of severe health epidemics in Indonesia or other parts of the world, in addition to the COVID-19 pandemic;

- deterioration in economic or diplomatic relations between Indonesia and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Indonesia;
- investigations of large Indonesian business groups and their senior management for possible misconduct;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- social and labor unrest;
- substantial changes in the market prices of Indonesian real estate;
- a substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs;
- financial problems or lack of progress in the restructuring of Indonesian business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues concerning certain Indonesian companies;
- geopolitical uncertainty and the risk of further attacks by terrorist groups in Indonesia and around the world;
- political uncertainty or increasing strife among or within political parties in Indonesia;
- hostilities or political or social tensions involving oil-producing countries in the Middle East (including the escalation of hostilities in the Middle East following the Israel-Hamas war) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil; and
- natural or man-made disasters that have a significant adverse economic or other impact on Indonesia or its major trading partners.

We operate in the highly competitive global steel industry, and our failure to successfully compete would adversely affect our market position and business.

In the domestic market, we compete primarily with PT Gunung Raja Paksi Tbk and PT Java Pacific, smaller specialized domestic manufacturers and various foreign producers, primarily from China. We also compete in our export markets with many of the leading steel manufacturers in the world. We compete with global steel manufacturers with significant production capacity such as ArcelorMittal S.A. and Nippon Steel Corporation, as well as competitors from emerging markets such as JSW Steel Limited and Hoa Phat Steel Co., Ltd.

China is the largest steel-producing country in the world by a significant margin, with the balance between its domestic production and demand being an important factor in the determination of global steel prices. In recent years, a slowdown in domestic demand for steel products in China resulting from

slowed economic growth as well as the impact from the COVID-19 pandemic, combined with an expansion in steel production capacity, has led to production over-capacity in the Chinese steel industry, which in turn has led the Chinese government to pursue aggressive consolidation in the Chinese steel industry that has resulted in fewer but larger steel manufacturers that are able to compete more effectively in the global steel industry. Competition from such global steel manufacturers with expanded production capacity as well as competitors from emerging markets, especially from China and India, has resulted in significant price competition and may result in declining margins and reductions in revenue in the future. Our larger competitors may use their resources against us in a variety of ways, including by making additional acquisitions, investing more aggressively in product development and capacity and displacing demand for our steel product in Indonesia and elsewhere.

Increased production capacity, combined with decreased demand resulting from a slowdown of the global economy, has from time to time resulted in production over-capacity in the global steel industry which in turn has resulted in downward pressure on global steel prices. Such production over-capacity in the global steel industry was exacerbated in 2020 due to a decrease in demand caused by the COVID-19 pandemic. Although global demand for steel products recovered in 2021 and the first half of 2022, such demand weakened starting in the second half of 2022. Production over-capacity in the global steel industry may further intensify if global market conditions remain weak or demand from developing countries, particularly from China, continues to lag behind the growth in production capacity. Production over-capacity in the global steel industry is likely to:

- reduce export prices of our principal products, which in turn may reduce our sales prices in Indonesia;
- increase competition in the Indonesian market as foreign producers seek to export steel products to Indonesia as other markets experience a slowdown;
- negatively affect demand for our products abroad and our ability to expand export sales; and
- affect our ability to increase steel production in general.

Steel also competes with other natural and synthetic materials that may be used as steel substitutes, such as aluminum, cement, composites, glass, plastic and wood. Government regulatory initiatives mandating the use of such materials instead of steel, whether for environmental or other reasons, as well as the development of attractive alternative substitutes for steel products, may reduce demand for steel products and increase competition in the global steel industry. There is no assurance that we will be able to continue to compete successfully in this economic environment or that the prolonged slowdown of the global economy or production over-capacity will not have a material adverse effect on our business, results of operations or financial condition.

We rely on export sales for a significant portion of our total sales. Adverse economic and financial developments in Europe and Southeast Asia in the future may have an adverse effect on demand for our products in Europe and Southeast Asia and increase our foreign exchange risks.

We rely on export sales for a significant portion of our total sales. Our sales to customers abroad represented 33.8% of our total revenue in 2021, 32.6% in 2022 and 27.9% in 2023. Our largest export markets in recent years have been countries in Europe and Southeast Asia. Spain accounted for 9.7% of our sales to customers abroad in 2021, 17.9% in 2022 and 19.5% in 2023. Vietnam accounted for 6.4% of our sales to customers abroad in 2021, 11.6% in 2022 and 16.9% in 2023. Belgium accounted for 4.3% of our sales to customers abroad in 2021, 19.8% in 2022 and 14.9% in 2023. We also sell some of our products and services to the subsidiaries of POSCO Holdings. Our sales to the subsidiaries of POSCO Holdings accounted for 20.4% of our total revenue in 2021, 10.7% in 2022 and 10.2% in 2023. Accordingly, adverse economic and financial developments in these countries may have an adverse effect on demand for our products. Unfavorable or uncertain economic and market conditions, which can be caused, among others, by difficulties in the financial sector, corporate, political or other scandals that

may reduce confidence in the markets, declines in business confidence, increases in inflation, natural disasters or pandemics, outbreaks of hostilities or other geopolitical instability. Deterioration in economic or diplomatic relations between Indonesia and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy, or a combination of these or other factors, have in the past adversely affected, and may in the future adversely affect, demand for our steel products.

Economic weakness in Europe and Southeast Asia may also adversely affect our sales to the companies that export to the region, especially companies in the construction, shipbuilding, automotive, electrical appliances and downstream steel processing industries. Weaker demand in these countries, combined with an increase in global production capacity, may also reduce export prices of our principal products sold to customers in Europe and Southeast Asia. For a discussion of production over-capacity in the global steel industry, see “– We operate in the highly competitive global steel industry, and our failure to successfully compete would adversely affect our market position and business.”

Concentration of our production operations in Cilegon subjects us to certain risks.

All of our production facilities are located in Cilegon, which is located on the Sunda Strait Coast in Indonesia, which is approximately 100 kilometers west of Jakarta. We currently operate one blast furnace at such site with an annual production capacity of 3.0 million tons of crude steel, and our integrated production facilities include a plate mill with an annual production capacity of 1.5 million tons of steel plates and a hot rolling mill with an annual production capacity of 1.5 million tons of hot rolled coils. Manufacturing steel products is a highly complex process, requiring production in a tightly controlled environment that is exposed to significant hazards that could result in fires or other unexpected interruptions. In addition, the normal operation of our production facilities may be interrupted by accidents caused by operating hazards, including power supply disruptions, equipment failures, natural disasters or other events. See “– Earthquakes, tsunamis, floods, severe health epidemics (including the global COVID-19 pandemic and any possible occurrences of other types of widespread infectious diseases) and other natural calamities could materially and adversely affect our business, financial condition and results of operations.” There can be no assurance that such events will not occur in the future or that our integrated production facilities will not be materially and adversely impacted as a result of such events. Any interruption in the operation of our key production facilities, particularly our blast furnace, plate mill and hot rolling mill, could materially and adversely affect our business, financial condition and results of operations.

We had incurred significant operating losses in the past.

We were incorporated in 2010, and we began our commercial operations in March 2014. We had incurred significant operating losses in the past, and we had an accumulated deficit of US\$707 million as of December 31, 2023 and a working capital deficit (current assets minus current liabilities) of US\$393 million. However, we have been able to achieve profitability in recent years, and we recorded net profit of US\$415 million in 2021, US\$105 million in 2022 and US\$51 million in 2023. In addition, we recorded positive cash flows from operating activities of US\$439 million in 2021, US\$207 million in 2022 and US\$273 million in 2023. However, we recorded net loss during the first quarter of 2024 primarily due to (i) a decrease in demand for our steel plates as a result of the suspension of many Government-sponsored infrastructure projects due to the presidential elections that took place in February 2024 and (ii) a depreciation of the Rupiah against the U.S. dollar during the first quarter of 2024, which resulted in currency exchange losses. Our functional currency is U.S. dollars for the preparation of our financial statements, and transactions in Rupiah are translated to U.S. dollars at the rate of exchange prevailing on the transaction date.

We will continue our initiatives in optimizing our cost structure by managing inventory turnover and increasing production process efficiency. In addition, we plan to continue making joint operational arrangements with Krakatau Steel. We believe that our long-term business growth will depend on, among other factors, our ability to attract new customers while retaining current customers, achieve a

positive return on capital expenditures, successfully develop and cost-effectively manufacture higher value-added steel products and increase our brand awareness. If we are unable to achieve adequate revenue growth and manage our expenses, we may incur significant losses in the future. In addition, it would make it more difficult for us to satisfy our obligations with respect to our indebtedness, including the Notes, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under the agreements governing such indebtedness.

We have incurred significant amounts of debt, the terms of which impose certain covenants and conditions on us.

We continue to rely on significant amounts of debt to finance our operations, including the expansion thereof through the acquisition of a hot rolling mill from Krakatau Steel in November 2022. As of December 31, 2023, we had US\$423 million of short-term loans and borrowings and US\$1,107 million of long-term loans and borrowings. See Note 9 to the 2023 Financial Statements.

Our debt instruments are subject to certain covenants and borrowing conditions, including on the pledging of our assets to other parties, other than certain permitted security interests; disposal of a significant portion of our assets; consolidation or merger with another entity; changing the scope of our business; incurrence of financial indebtedness, other than for certain working capital purposes and other permitted indebtedness; and acquisition of shares, business or other ownership interests. Such covenants and borrowing conditions could (i) restrict our ability to pursue our growth and restrict flexibility in planning for, or reacting to, changes in our business environment and (ii) increase our vulnerability to general adverse economic and industry conditions. Further, any defaults in these covenants or borrowing conditions may lead to cross defaults under our other indebtedness, which may significantly impair our ability to pay the interest of and principal on the Notes. There can be no assurance that debt financing on acceptable terms to meet our financial and operational requirements will be available in the future, which could materially and adversely affect our business, financial condition and results of operations.

We may selectively seek opportunities to expand our steel production operations, which expansion efforts may not be successful.

Our production facilities with an annual production capacity of 3.0 million tons of crude steel are located in Cilegon, Indonesia. As part of our strategy, we may selectively seek opportunities to expand our steel production operations that we believe offer promising growth prospects, including the possible addition of a second blast furnace and acquisition or construction of production facilities for hot rolled products and cold rolled products. The demand and market acceptance for our steel products are subject to a high level of uncertainty and are substantially dependent upon the market condition of the Indonesian and global steel industries. Our ability to expand and successfully operate additional production facilities and increase output is subject to significant risks and uncertainties, including:

- our ability to raise sufficient funds to build and operate new production facilities, including procuring the necessary construction costs and securing adequate working capital for labor costs and the purchase of raw materials and other supplies;
- delays and cost overruns associated with the build-out of additional facilities due to external factors, many of which may be beyond our control, such as delays in government approvals, problems with equipment vendors or raw material suppliers, difficulties in recruiting and retaining talented and capable employees and equipment malfunctions and breakdowns;
- our ability to secure adequate purchase orders from customers in Indonesia and abroad to maintain adequate production capacity utilization rates;
- our ability to satisfy conditions to qualify for certain governmental subsidies or tax incentives, such as minimum investment amounts and employment levels, which, if breached, could result in a refund or decrease in such governmental subsidies or tax incentives;

- political, social and economic instability in Indonesia; and
- diversion of significant management attention and other resources.

We review our capital expenditure plans on an on-going basis, and the actual amount expended on capital investments may differ based on market conditions and business outlook for our steel products, discovery of more attractive investment opportunities, changes in interest rates, expansion of our competitors' production capacities resulting in changes to global supply and demand dynamics and other factors beyond our control, including a prolonged outbreak of widespread infectious diseases. We may delay or not implement some of our capital expenditure plans based on our assessment of such factors. If we are unable to expand our production capacity and ramp up our operations within our anticipated timeframe and budgeted costs, we may not be able to meet customer demand and pursue additional economies of scale and growth, which could have a material adverse effect on our business, financial condition and results of operations.

Fluctuation in value of the U.S. dollar against Rupiah and other major currencies may have a material adverse effect on the results of our operations and on the price of the Notes.

Our functional currency is U.S. dollars for the preparation of our financial statements, and transactions in foreign currencies (including Rupiah) are translated to U.S. dollars at the rates of exchange prevailing on the transaction date. We conduct all of our production activities in Indonesia, and we incur substantial portion of our expenses in Rupiah, such as purchases of fixed assets and equipment from local suppliers and employee compensation expenses. To the extent that we incur costs in one currency and make sales in another (such as our exports sold in U.S. dollars), our profit margins may be materially affected by changes in the exchange rates between the two currencies. Accordingly, our consolidated financial results and assets and liabilities may be materially affected by changes in the exchange rates of foreign currencies (particularly Rupiah) to U.S. dollars.

The overall net impact from fluctuations of the U.S. dollars against Rupiah and other major currencies is difficult to estimate and varies from year to year. We strive to naturally offset our foreign exchange risk by matching foreign currency receivables (such as receivables related to sales to customers in Indonesia made in Rupiah) with our foreign currency payables. When necessary, we also engage in buying and selling currencies other than U.S. dollars at spot rates. Although the impact of our exchange rate fluctuations is partially mitigated by such strategies, our results of operations have historically been affected by exchange rate fluctuations and there can be no assurance that such strategies will be sufficient to reduce or eliminate the adverse impact of such fluctuations in the future.

We are dependent on imported raw materials, and significant increases in market prices of essential raw materials could adversely affect our margins and profits.

The principal raw materials used in producing steel through the basic oxygen steelmaking method are iron ore and coal. We purchased approximately 5 million dry metric tons of iron ore and 2 million wet metric tons of coal in 2023. Iron ore is sourced primarily from Australia and Malaysia. Coal is sourced primarily from Australia and Indonesia. Supply disruptions, which could be caused by political or other events in the countries from which we import these materials, could adversely affect our operations. In addition, we are particularly exposed to increases in the prices of coal and iron ore, which represent the largest components of our cost of goods sold. The prices of our key raw materials have fluctuated significantly in recent years. For example, the average market price of iron ore per dry metric ton (Iron Ore 62% Fe, CFR China Index announced by Platts) was US\$160 in 2021, US\$120 in 2022 and US\$120 in 2023. The average market price of coal per wet metric ton (Premium Low Vol Coking Coal, FOB Australia Index announced by Platts) was US\$226 in 2021, US\$364 in 2022 and US\$296 in 2023. Such fluctuations in the price of coal in recent years was in large part attributable to sanctions imposed on Russia, a large exporter of coal, following its invasion of Ukraine in February 2022.

We purchase a substantial portion of our iron ore and coal imports pursuant to supply contracts generally having terms of one to three years and provide for periodic price adjustments to the then-market prices. We typically adjust the prices on a monthly basis and maintain approximately one month of inventory of raw materials. Such price adjustments are driven by various factors, including the global economic outlook, global market prices of raw materials and steel products, supply and demand outlook of raw materials and production costs of raw materials. Future increases in prices of our key raw materials and our inability to pass along such increases to our customers could adversely affect our margins and profits. Increased prices may also cause potential customers to defer purchase of steel products, while rapidly falling prices may increase loss on valuation of raw material inventory purchased when prices were higher, either of which could have an adverse effect on our business, financial condition and results of operations.

Earthquakes, tsunamis, floods, severe health epidemics (including the global COVID-19 pandemic and any possible occurrences of other types of widespread infectious diseases) and other natural calamities could materially and adversely affect our business, financial condition and results of operations.

If earthquakes, tsunamis, floods, severe health epidemics or any other natural calamities were to occur in the future in any area where any of our assets, suppliers or customers are located, our business, results of operations or financial condition could be adversely affected. In particular, all of our production facilities are located in Cilegon, which is located on the Sunda Strait Coast in Indonesia, which is approximately 100 kilometers west of Jakarta. The Indonesian archipelago is one of the most seismically active regions in the world, and it is subject to significant seismic activity that can lead to destructive volcanoes, earthquakes and tsunamis, or tidal waves. See “– Risks Relating to Indonesia – Indonesia is located in an earthquake zone and is subject to the risk of significant geological and other natural disasters such as landslides and floods that could lead to property damage, loss of life, social unrest and economic loss.” A number of suppliers of our raw materials and customers of our products are also located in countries that have historically suffered natural calamities from time to time. Any occurrence of such natural calamities in countries where our suppliers are located may lead to shortages or delays in the supply of raw materials. In addition, natural calamities in areas where our customers are located, including Indonesia, Spain and Vietnam, may cause disruptions in their businesses, which in turn could adversely impact their demand for our products.

Furthermore, COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2, was declared a “pandemic” by the World Health Organization in March 2020. The global outbreak of COVID-19 had led to global economic and financial disruptions and had adversely affected our business operations.

Risks associated with COVID-19 or other types of widespread infectious disease include:

- an increase in unemployment among, and/or decrease in disposable income of, consumers who purchase the products manufactured by our customers and a decline in overall consumer confidence and spending levels, which in turn may decrease demand for our products;
- disruption in the normal operations of the businesses of our customers, which in turn may decrease demand for our products;
- disruption in supply of raw materials from our suppliers and vendors;
- disruption in delivery of our products to our customers;
- disruption in the normal operations of our business resulting from contraction of infectious diseases by our employees or quarantine measures imposed by governments, which may necessitate our employees to be quarantined and/or our manufacturing facilities or offices to be temporarily shut down;

- disruption resulting from the necessity for social distancing, including implementation of temporary adjustment of work arrangements requiring employees to work remotely, which may lead to a reduction in labor productivity (for example, from time to time, we implemented staggered remote working arrangements for our employees at our headquarters);
- depreciation of the Rupiah against major foreign currencies, which in turn may increase the cost of imported raw materials in Rupiah terms;
- unstable global and Indonesian financial markets, which may adversely affect our ability to meet our funding needs on a timely and cost-effective basis; and
- impairments in the fair value of our investments in companies that may be adversely affected by the pandemic.

In the event that a future recurrence of COVID-19 or an occurrence of other types of widespread infectious diseases cannot be effectively and timely contained, our business, financial condition and results of operations may be materially and adversely affected.

We have limited insurance coverage and may incur significant losses resulting from operating hazards, product liability claims from customers or business interruptions.

The normal operation of our manufacturing facilities may be interrupted by accidents caused by operating hazards, power supply disruptions and equipment failures, as well as natural disasters. As with other industrial companies, our operations involve the use, handling, generation, processing, storage, transportation and disposal of hazardous materials, which may result in fires, explosions, spills and other unexpected or dangerous accidents causing property damage as well as personal injuries or death. We are also exposed to risks associated with product liability claims in the event that the use of the products we sell results in injury. We maintain property insurance for our property, plant and equipment that we believe to be consistent with market practice. However, we may not have adequate resources to satisfy a judgment in excess of our insurance coverage in the event of a successful claim against us. Any occurrence of accidents or other events affecting our operations could result in potentially significant monetary damages, diversion of resources, production disruption and delay in delivery of our products, which may have a material adverse effect on our business, financial condition and results of operations.

Further increases in, or new impositions of, anti-dumping, safeguard or countervailing duty proceedings may have an adverse impact on our export sales.

From time to time, our exporting activities have become subject to anti-dumping, safeguard and countervailing proceedings. As a steel producer with global sales, we are involved in trade remedy proceedings in markets worldwide, including in the United States. We actively participate in such proceedings to minimize any adverse effects and associated risks. While there has been an increase in focus on trade issues by government officials, our trade cases have been limited in scope relative to our global sales operations. We continue to carefully monitor developments with respect to trade remedy policy in all markets in which we participate and, where necessary, vigorously defend our rights through litigation before international tribunals. Our products that are subject to anti-dumping duties, safeguard duties, countervailing duties, quotas or tariffs in the aggregate currently have not had a material adverse impact on our business and operations in recent years. However, there can be no assurance that increases in, or new impositions of, anti-dumping duties, safeguard duties, countervailing duties, quotas or tariffs on our exports of products abroad may not have a material adverse impact on our exports in the future.

We are subject to environmental regulations, and our operations could expose us to substantial liabilities.

We are subject to national and local environmental laws and regulations, including increasing pressure to reduce emission of carbon dioxide relating to our manufacturing process, and our steel manufacturing operations could expose us to risk of substantial liability relating to environmental or

health and safety issues, such as those resulting from discharge of pollutants and carbon dioxide into the environment, the handling, storage and disposal of solid or hazardous materials or wastes and the investigation and remediation of contaminated sites. The Ministry of Environment and Forestry (the “MoEF”) requires a business entity to acquire an environmental license in order for the Government to supervise any business activity that may have significant impact on the environment. Through the MoEF Regulation No. 4 of 2021 on the List of Businesses and/or Activities Required to Secure Environmental Impact Analysis, Environmental Management Efforts and Environmental Monitoring Efforts or Statements of Ability to Manage and Monitor the Environment, steel manufacturing activity is required to have environmental licenses of either *Surat Pernyataan Kesanggupan Pengelolaan dan Pemantauan* (SPPL), *Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* (UKL-UPL) or *Analisis Dampak Lingkungan* (Amdal). In addition, the MoEF Regulation No. 5 of 2021 on Procedures for the Issuance of Technical Approvals and Operational Feasibility Certificates for the Environmental Pollution Control Sector requires steel companies in Indonesia to acquire technical approval and operational feasibility certificates from the MoEF.

Regardless of the obtainment of such permits, we may be subject to investigation and responsible for remediation of environmental conditions at currently and formerly operated manufacturing sites. We may also be subject to associated liabilities, including liabilities for natural resource damage, third party property damage or personal injury resulting from lawsuits brought by the Government or private litigants. In the course of our operations, hazardous wastes may be generated at third party-owned or operated sites, and hazardous wastes may be disposed of or treated at third party-owned or operated disposal sites. If those sites become contaminated, we could also be held responsible for the cost of investigation and remediation of such sites, for any associated natural resource damage, and for civil or criminal fines or penalties.

Furthermore, heightened global awareness and international and national commitments to reduce greenhouse gas emissions and counteract climate change (including increased activism by non-governmental and political organizations campaigning against fossil fuel extractions) may lead to increased costs for us. Investor preferences and sentiments are also influenced by environmental, social and corporate governance considerations including climate change and the transition to a lower carbon economy. Changes in such preferences and sentiment, including increased scrutiny from market participants, environmental organizations or the press, as well as compliance with such new and more stringent environmental obligations relating to greenhouse gas emissions may require additional capital expenditures or modifications in operating practices, as well as additional reporting obligations.

Significant breaches of information security could lead to legal and financial exposure, damage to our reputation and a loss of confidence by our customers.

Our business relies heavily on mission-critical, complex and interdependent information technology systems that support our business processes. It involves the storage and transmission of confidential information relating to us as well as our customers and suppliers. Any significant breach in our information security could expose us to a risk of loss, improper use or disclosure of such information, and could give rise to significant liability or litigation, any of which could harm our reputation and adversely affect our business.

We believe that there has been no instance of a material breach in our information security to date that resulted in significant disruption of our operations and had a significant adverse effect on our operational results, or on third parties, including our customers and suppliers. However, there can be no assurance that we will be able to continue to prevent security incidents or other breaches in our information security from having a material adverse effect on our business, results of operations, financial viability or reputation. In addition, our information security measures may fail due to external and internal security threats, outages, malicious intrusions and attacks, programming or human errors and malfeasance, or other similar events.

Instituting appropriate access controls and safeguards across our information technology infrastructure is challenging. Furthermore, outside parties may attempt to fraudulently induce employees to divulge sensitive information to gain access to our data or our customers' data or access credentials. Because the techniques used to obtain unauthorized access, disable or degrade services or sabotage systems change frequently and often are not recognized until attacks are launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our cybersecurity occurs or the market perception of the effectiveness of our information security measures is compromised, this may lead to significant legal and financial exposure, including legal claims and regulatory fines and penalties, reputational harm and a loss of confidence of our customers, which could have an adverse effect on our business, financial condition and results of operations.

Failure to protect our intellectual property rights could impair our competitiveness and harm our business and future prospects.

POSCO provides access to key manufacturing technologies, through licenses or other arrangements, and we engage in technology exchange meetings with our shareholders. We also engage in basic research and applied technology development. We believe that developing new steel manufacturing technologies that can be differentiated from those of our competitors is critical to the success of our business. We take active measures to protect technologies licensed from our shareholders as well as obtain protection of our intellectual property by obtaining patents and undertaking monitoring activities in our major markets. However, we cannot assure you that the measures we take will effectively deter competitors from improper use of our proprietary technologies. Our competitors may misappropriate our intellectual property, disputes as to ownership of intellectual property may arise and our intellectual property may otherwise become known or independently developed by our competitors. Any failure to protect our intellectual property could impair our competitiveness and harm our business and future prospects.

We rely on trade secrets and other unpatented proprietary know-how to maintain our competitive position, and unauthorized disclosure of our trade secrets or other unpatented proprietary know-how could negatively affect our business.

We rely on trade secrets and unpatented proprietary know-how and information. We enter into confidentiality agreements with each of our employees and consultants upon the commencement of an employment or consulting relationship. These agreements generally provide that all inventions, ideas, discoveries, improvements and patentable material made or conceived by the individual arising out of the employment or consulting relationship and all confidential information developed or made known to the individual during the term of the relationship is our exclusive property. We cannot assure the enforceability of these types of agreements, or that they will not be breached. We also cannot be certain that we will have adequate remedies for any breach. The disclosure of our trade secrets or other know-how as a result of such a breach could adversely affect our business.

We face the risk of litigation proceedings relating to infringement of intellectual property rights of third parties, which, if determined adversely to us, could cause us to lose significant rights, pay significant damage awards or suspend the sale of certain products.

Our success depends largely on our ability to develop and use our technology and know-how in a proprietary manner without infringing the intellectual property rights of third parties. The validity and scope of claims relating to technology and patents involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. In addition, because patent applications in many jurisdictions are kept confidential for an extended period before they are published, we may be unaware of other persons' pending patent applications that relate to our products or manufacturing processes. Accordingly, we face the risk of litigation proceedings relating to infringement of intellectual property rights of third parties.

The plaintiffs in actions relating to infringement of intellectual property rights typically seek injunctions and substantial damages. Although patent and other intellectual property disputes are often settled through licensing or similar arrangements, there can be no assurance that such licenses can be obtained on acceptable terms or at all. Accordingly, regardless of the scope or validity of disputed patents or the merits of any patent infringement claims by potential or actual litigants, we may have to engage in protracted litigation. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings could subject us to pay substantial damages to third parties, require us to seek licenses from third parties and pay ongoing royalties or redesign certain products, or subject us to injunctions prohibiting the manufacture and sale of our products or the use of technologies in certain jurisdictions. The occurrence of any of the foregoing could have a material adverse effect on our reputation, business, financial condition and results of operations.

Risks Relating to the Shareholders

POSCO Holdings, under our current shareholding arrangement, has the right to appoint a majority of our directors and exert control over the operations of our business.

We were formed as a joint venture between POSCO Holdings and Krakatau Steel. In September 2023, POSCO Holdings transferred its 50.0% interest in us to POSCO, its wholly-owned subsidiary. POSCO holds such 50.0% interest in us through its ownership of 739,900 Class A Shares, and Krakatau Steel holds a 50.0% interest in us through its ownership of 317,100 Class A Shares and 422,800 Class B Shares. Pursuant to the Amended and Restated Joint Venture Agreement, under our current shareholding arrangement, POSCO Holdings has the right to nominate four of our seven directors (President Director, Finance Director, Production Director and Stakeholder Relations Director) and Krakatau Steel has the right to nominate the remaining three directors (Human Resources and General Affairs Director, Commercial Director and Technology & Business Development Director). As a result, through the directors nominated by POSCO Holdings, it is able to exercise control over the operation of our business, including capital expenditure decisions.

Pursuant to the Amended and Restated Joint Venture Agreement, if either of the shareholders owns more than 50.0% interest in us, such shareholder is entitled to nominate four of our seven directors (including the President Director). See “Shareholders – Amended and Restated Joint Venture Agreement.” Accordingly, a change in the current shareholding arrangement between POSCO and Krakatau Steel may result in a change in our controlling shareholder, which could have a material adverse effect on our business, financial condition and results of operations.

We rely on POSCO and its affiliates and Krakatau Steel and its affiliates for many aspects of our operations.

We are a joint venture created by POSCO Holdings and Krakatau Steel, and our two shareholders provide support to many areas of our operations, including purchasing substantial portions of our products and services, providing key manufacturing technologies, selling key production facilities, raw materials and other goods and services to us and providing financial support.

- We derive a substantial portion of our sales from Krakatau Steel and its subsidiaries, which obtain our products primarily as feedstock for production of higher value-added products. Our sales to Krakatau Steel and its subsidiaries accounted for 40.7% of our total revenue in 2021, 34.4% in 2022 and 27.3% in 2023. We also sell some of our products and services to the subsidiaries of POSCO Holdings. Our sales to the subsidiaries of POSCO Holdings accounted for 20.4% of our total revenue in 2021, 10.7% in 2022 and 10.2% in 2023.

- POSCO and Krakatau Steel provide access to key manufacturing technologies, through licenses or other arrangements, and we engage in technology exchange meetings with our shareholders. We also rely on our shareholders to recruit and retain important research and development personnel.
- In 2022, we purchased US\$561 million of fixed assets from Krakatau Steel and its subsidiaries, including a hot rolling mill in November 2022.
- We purchase goods and services from our shareholders and their affiliates. Our purchases of goods and services from the subsidiaries of POSCO Holdings, which primarily consisted of raw materials and information technology services, were US\$1,308 million in 2021, US\$966 million in 2022 and US\$885 million in 2023. Our purchases of goods and services from Krakatau Steel and its subsidiaries, which primarily consisted of infrastructure services, were US\$37 million in 2021, US\$453 million in 2022 and US\$70 million in 2023.
- POSCO provides financial support to us, including providing guarantees for some of our working capital facilities and entering into a support agreement in connection with the offering of the Notes.

There can be no assurance that our shareholders will continue to provide support to us in the manner they have done so in the past. Any financial instability of, or contractual disputes with, such companies may disrupt their ability to provide support to us in a timely manner. The occurrence of any such events that impact our operations could have a material adverse effect on our business, financial condition and results of operations.

The interests of POSCO and Krakatau Steel, and the directors and officers nominated by POSCO Holdings and Krakatau Steel, may differ from or conflict with ours.

When exercising their rights as our shareholders, either alone or in concert, POSCO and Krakatau Steel may take into account not only our interests but also their interests and the interests of their affiliates or other joint venture companies in the steel manufacturing business. Our board of directors is currently composed of four directors who have been appointed by POSCO Holdings and three directors who have been appointed by Krakatau Steel. See “– POSCO, under our current shareholding arrangement, has the right to exert control over the operations of our business.”

Various other conflicts of interest between our two shareholders and us may arise in the future in a number of areas relating to our business and relationships, including potential acquisitions of businesses or properties, incurrences of indebtedness, financial commitments, sales and marketing functions, indemnity arrangements, service arrangements and the exercise by POSCO and Krakatau Steel of control over our management and affairs. No assurance can be provided that these conflicts may not result in lost corporate opportunities for us, including opportunities to enter into lines of business that may overlap with those pursued by other steel manufacturing businesses of POSCO or Krakatau Steel, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to Indonesia

Political and social instability in Indonesia may adversely affect us.

We are subject to political, legal and regulatory conditions in Indonesia that differ in certain significant respects from those prevailing in other countries with more developed economies. Our business and operations are subject to the changing economic and political conditions prevailing from time to time in Indonesia. The Government has frequently intervened in the Indonesian economy and occasionally made significant changes in policy. Our business, cash flows, financial condition, results of operations and prospects may be adversely affected by changes in Government policies. From time to time in the recent past, Indonesia has experienced instability and general social and civil unrest, which reflect the unpredictable nature of its changing political landscape.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Abdurrahman Wahid, former President Megawati Soekarno Putri, former President Susilo Bambang Yudhoyono and President Joko Widodo, as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets and anti-corruption measures. Although these demonstrations were generally peaceful, some became violent. Other protests regarding elections have also occurred. For example, the process of implementing the 2024 presidential election, starting from the nomination of President Joko Widodo's son (Gibran Rakabuming Raka) as the Vice Presidential candidate through a change in the election law through the Constitutional Court's decision, through the announcement of Prabowo Subianto and Gibran Rakabuming Raka as the winners of the 2024 presidential election based on early counts, has triggered various political instabilities, including issues related to electoral fraud, which were pursued through disputes in the Constitutional Court.

In addition, in September 2019, the House of Representatives (Dewan Perwakilan Rakyat) planned to enact a draft Indonesian criminal code and a draft anti-corruption law which was met by a series of protests and rallies opposing the draft laws. The protestors argued that the draft criminal code contained several articles that potentially threaten civil liberty and contradicted several Constitutional Court decisions. The draft amendment of the anti-corruption law was also rejected by the protestors on the grounds that the draft law has onerous requirements that would essentially hinder the eradication of corruption. After the rallies on September 30, 2019, there was a riot where several police stations and public property were destroyed. Due to the controversy surrounding the draft laws and the series of rallies, the Government agreed to postpone the enactment and further revise the draft laws. In October and November 2020, there were numerous protests across the country against the newly issued Law No. 11 of 2020 concerning Job Creation (the "Job Creation Law"), which amends more than 70 existing laws and is aimed at reducing red tape and boosting investment to create jobs. Protesters claim that the new Job Creation Law would generally undermine existing labor laws and weaken environmental protections. There can be no assurance that this situation or future sources of discontent will not lead to further political and social instability, which may in turn have a material adverse effect on our business, financial condition and results of operations.

Downgrades of credit ratings of Indonesia could adversely affect the Indonesian financial market and our ability to finance our operations.

Currently, Indonesia's sovereign foreign currency long-term debt is rated "BBB" (stable) by S&P, "Baa2" (stable) by Moody's Investors Service ("Moody's"), "BBB" (stable) by Fitch Ratings Inc. ("Fitch"). These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due, and are an improvement over the sovereign ratings granted by these international credit rating agencies to Indonesia following the 1997 financial crisis.

There can be no assurance that S&P, Moody's, Fitch or any other international credit rating agency will not downgrade the credit ratings of Indonesia in the future. Any such downgrade could have an adverse impact on the liquidity of Indonesian financial markets, on the ability of the Government and Indonesian companies, including us, to raise financing, and on the interest rates and other commercial terms at which such additional financing is available.

Labor activism and legislation could adversely affect us, our customers and Indonesian companies in general, which in turn could affect our business, financial condition and results of operations.

Laws and regulations that facilitate the formation of labor unions, combined with weak economic conditions, have in the past resulted, and may in the future result, in labor unrest and activism in Indonesia. A labor union law passed in 2000 permits employees to form unions without intervention from their employers. A labor law, passed in 2003 (the "Labor Law"), among other things, increased the amount of severance, pension, medical coverage, life insurance, service and compensation payments payable to employees upon termination of employment. The Labor Law requires further implementation

of regulations that may substantively affect labor relations in Indonesia. The Labor Law regulates provisions regarding the labor union and also requires companies with 50 or more employees to establish bipartite forums with participation from employers and employees. In the event that the company has a labor union, the Labor Law also requires such labor union to have participation of more than half of the employees of a company (or support from more than half of the employees through a voting process) in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. Following the enactment, several labor unions urged the Indonesian Constitutional Court to declare certain provisions of the Labor Law unconstitutional and order the Government to revoke those provisions. The Indonesian Constitutional Court declared the Labor Law valid except for certain provisions, including relating to the right of an employer to terminate its employee who committed a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labor strike.

On November 2, 2020, the Job Creation Law was enacted. The Job Creation Law represents the Government's effort to comprehensively amend or revoke numerous sectoral laws and regulations with the goal to create job opportunities and improve Indonesia's investment eco-system. The changes amend several provisions in the Labor Law, among other things, on the termination of employment and the amount of severance pay. The Government then issued Regulation No. 35 of 2021 on Definite Period Employment Agreement, Outsourcing, Working Hours and Resting Hours, and Termination of Employment ("GR 35/2021") as the implementation regulation of the Job Creation Law, which regulates further the compensation that must be paid for the termination of employees which are under a Definite Period Employment Agreement (Perjanjian Kerja Waktu Tertentu/PKWT). Based on GR 35/2021, the employer must now pay compensation when a Definite Period Employment Agreement expires depending on the employment period of the relevant definite period employee. In addition, under GR 35/2021, such compensation must be paid at the expiry of the Definite Period Employment Agreement. If the Definite Period Employment Agreement is extended, such compensation for the initial contract period must be paid when the initial contract period expires. Such compensation covering the period of extension must be paid when the extension expires. If the work is completed earlier than the end of the intended contract period under the Definite Period Employment Agreement, such compensation is calculated based on the actual work period the employee has completed (not the intended contract period). If a party terminates the Definite Period Employment Agreement early, the employer must also provide such compensation calculated based on the employee's period of employment until the early termination of the Definite Period Employment Agreement.

Labor unrest and activism in Indonesia could disrupt our operations or those of our customers and could affect the financial condition of Indonesian companies in general, which may have an adverse effect on the prices of Indonesian securities on the Indonesian stock exchanges and the value of the Rupiah. Such events could materially and adversely affect our business, financial condition and results of operations.

Indonesia is located in an earthquake zone and is subject to the risk of significant geological and other natural disasters such as landslides and floods that could lead to property damage, loss of life, social unrest and economic loss.

The Indonesian archipelago is one of the most seismically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive volcanoes, earthquakes and tsunamis, or tidal waves. For example, in September 2018, a 7.5 magnitude earthquake struck off the central island of Sulawesi and triggered a tsunami that hit the coastal city of Palu. The region is also prone to heavy rains and flooding. The region is also prone to volcanic eruptions, such as recent eruptions of Mount Agung, Mount Merapi, Mount Sinabung, Mount Marapi and Mount Anak Krakatau. These types of natural disasters have the potential to, among other things, displace local residents and disrupt air travel and local tourism.

In the past, the Government has had to expend significant amounts of resources on emergency aid and resettlement efforts. A significant portion of these costs has been underwritten by foreign governments and international aid agencies. However, there can be no assurance that such aid will continue to be forthcoming, or that it will be delivered to recipients on a timely basis. If the Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Additionally, recovery and relief efforts are likely to continue to strain the Government's finances and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could potentially trigger an event of default under numerous private-sector borrowings including ours, thereby materially and adversely affecting our business, financial condition and results of operations.

In addition, there can be no assurance that future geological or meteorological occurrences or other natural disasters will not significantly impact the Indonesian economy. A significant earthquake or other geological disturbance or other natural disasters near the location of our plants or in any of Indonesia's more populated cities and financial centers could materially and adversely affect our business, financial condition and results of operations.

Terrorist attacks and activities and certain destabilizing events have led to substantial and continuing economic and social volatility in Indonesia, which may materially and adversely affect our business.

During the last two decades in Indonesia, there have been numerous bombing incidents directed toward the Government, foreign governments and public and commercial buildings frequented by foreigners, including the Indonesia Stock Exchange Building and Jakarta's Soekarno-Hatta International Airport. For example, in November 2019, a suicide bomber affiliated with Jamaah Ansharut Daulah, a terrorist group, attacked the metropolitan police headquarters in Medan, North Sumatra, Indonesia. More recently, in March 2021, two suicide bombers attacked a Catholic church in Makassar, leaving at least 14 people wounded. In response to terrorist attacks, the Government has institutionalized certain security improvements and undertaken certain legal reforms which seek to better implement anti-terrorism measures, and some suspected key terrorist figures have been arrested and tried, but we cannot assure you that further terrorist acts will not occur in the future.

Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and in turn our business. Any of the foregoing events, including damage to our infrastructure or that of our suppliers and customers, could materially and adversely affect international financial markets and the Indonesian economy. We cannot assure you that our properties will not be subject to acts of terrorism, violent acts and adverse political developments that may materially and adversely affect our business, financial condition and results of operations.

Judgments of a foreign court may not be enforceable against us.

We are a limited liability company established in Indonesia and all of our assets are located in Indonesia. As a result, it may be difficult for investors to effect service of process, including judgments, on us or our commissioners and directors outside Indonesia, or to enforce against our commissioners and directors judgments obtained in non-Indonesian courts.

We have been advised by our Indonesian legal advisors that judgments of non-Indonesian courts are not enforceable in Indonesian courts, although such judgments could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. There is doubt as to whether Indonesian courts will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability provisions of jurisdictions other than Indonesia. As a result, holders of the Notes may be required to pursue claims against us in Indonesia under Indonesian law.

The claims and remedies available under Indonesian law may not be the same or as extensive as those available in other jurisdictions. The Indonesian courts may not protect the interests of investors in the same manner or to the same extent as courts in other jurisdictions.

Indonesia's legal system is a civil law system based on written statutes, and decided legal cases do not constitute binding precedent and are not systematically published. The administration of laws and regulations by courts and government agencies may be subject to considerable discretion. For example, a foreign court judgment could be offered and accepted as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court as the Indonesian court may deem appropriate in its sole discretion. In addition, there is doubt as to whether an Indonesian court will enter judgments in original actions brought in Indonesian courts predicated solely upon the civil liability regime of jurisdictions other than Indonesia. Further, because relatively few disputes relating to commercial matters and modern financial transactions and instruments are brought before Indonesia's courts, such courts do not necessarily have the experience of courts in other countries. There is uncertainty as to how long it will take for proceedings in Indonesian courts to be concluded and the outcome of proceedings in Indonesian courts may be more uncertain than that of similar proceedings in other jurisdictions. Furthermore, corruption in the legal system in Indonesia has been widely reported in publicly available sources. Accordingly, it may not be possible for investors to obtain swift and equitable enforcement of their legal rights.

An Indonesian law requiring agreements involving Indonesian parties to be written in the Indonesian language may raise issues as to the enforceability of agreements entered into in connection with the Notes.

On July 9, 2009, the Government enacted Law No. 24 of 2009 on National Flag, Language, Emblem and Anthem ("Law No. 24/2009") requiring that agreements involving Indonesian parties be written in the Indonesian language. Where an agreement also involves foreign parties, it may also be executed in both the Indonesian language and a foreign language; provided that the agreement in the foreign language and the agreement in the Indonesian language are equally authoritative. On September 30, 2019, Presidential Regulation No. 63 of 2019 on the Use of Bahasa Indonesia ("PR No. 63/2019") was issued as an implementing regulation to Law No. 24/2009, which, among other things, stipulates that in the event of any inconsistency or difference in interpretation between the Indonesian language and the foreign language version of an agreement or memorandum of understanding, then the language as agreed by the parties in such agreement or memorandum of understanding shall prevail. PR No. 63/2019 also stipulates that the Indonesian language must be used in memorandums of understanding or agreements that involve, among others, Indonesian private entities (including Indonesian limited liability companies). If the agreement involves a foreign party, the agreement may also be made in the national language of such foreign party or in English. This provision also implies that the Indonesian language version of the agreement must be executed at the same time as the English version of the agreement, or the agreement will need to be executed in a bilingual version.

In addition, in 2023, the Supreme Court of Indonesia issued a circular letter of the Supreme Court of Indonesia (*Surat Edaran Mahkamah Agung* or "SEMA"), which has become a new guideline for the Indonesian court judges in making court decisions that is related to agreements made in a foreign language. Through the SEMA issued by the Supreme Court judges as stipulated in SEMA No. 3 of 2023 on the Enforcement of the 2023 Supreme Court Chamber Plenary meeting Result Formulations as Guidelines for the Implementation of the Duties of the Court ("SEMA No. 3/2023"), the judges of the Supreme Court mentioned that a private Indonesian institution or an Indonesian individual that enters into agreements with foreign parties in foreign languages that are not accompanied by Indonesian translations cannot use such absence as a reason for the annulment of the agreement unless it can be proven that the absence of the Indonesian translation is due to bad faith by one of the parties. Such guideline is made by the Supreme Court in order to make sure that the judges may consider the absence of the Indonesian language to affect the validity of an agreement. Nevertheless, SEMA No. 3/2023

serves as a guideline, and it remains possible that the absence of the Indonesian language could be grounds for the nullification of the agreement by the judges, irrespective of whether bad faith is involved.

Notwithstanding the above, even if the relevant agreements for the Notes are prepared in English and Indonesian versions as required under Law No. 24/2009 and PR No. 63/2019, as one or more parties to such agreements are incorporated under the laws of Indonesia, we cannot fully assure you that, in the event of inconsistencies between the Indonesian language and English language versions of these agreements, an Indonesian court would hold the English version to prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may not be fully captured by the Indonesian language version. If this occurs, we cannot assure you that the terms of such agreements will be interpreted and enforced by the Indonesian courts as intended.

Indonesian accounting standards differ from those in the United States, countries in the European Union, the United Kingdom and other jurisdictions.

Our financial statements are prepared in accordance with IFAS, which is an accounting standard derived from International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). Differences between IFAS and IFRS are primarily due to differences in effective dates, since there is generally one-year delayed implementation of the latest IFRS in Indonesia. IFAS is not based on U.S. generally accepted accounting principles (“U.S. GAAP”), and therefore differs in certain material aspects from U.S. GAAP. As a result, our financial statements and reported earnings could be different from those which would be reported under current IFRS and U.S. GAAP. This Offering Circular does not contain a reconciliation of our financial statements to current IFRS and/or U.S. GAAP, and there is no assurance that such a reconciliation would not reveal material differences.

Our transactions with related parties may be restricted under Indonesian fair trade regulations.

Our business relationships and transactions with our related parties are subject to Law Number 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition (the “Indonesian Competition Law”), which is enforced by the Indonesia Competition Commission (KPPU) to oversee agreements or actions, including prohibited agreements, prohibited activities and dominant positions leading to unfair competition or monopolistic practices by business entities. We engage in various transactions with our related parties, including sale of steel products produced by us and obtaining key raw materials for our production. Any future determinations by the Indonesia Competition Commission (KPPU) that we have engaged in transactions that violate fair trade laws and regulations may result in fines or other punitive measures and may have a material adverse effect on our reputation and our business. However, in the Indonesian Competition Law, agreements or actions are not prohibited as long as the transaction does not result in monopolistic practices or unfair business competition.

Our transactions with related parties are subject to close scrutiny by the Indonesian tax authorities.

Under Indonesian tax law, there is an inherent risk that our transactions with our related parties may be challenged by the Indonesian tax authorities if such transactions are viewed as having been made on terms that were not on an arm’s-length basis. If the Indonesian tax authorities determine that any of our transactions with related parties were not on an arm’s-length basis, the Indonesian tax authorities would adjust the expenses that were not on arm’s-length basis, which may result in incurrence of additional tax expenses for us.

Risks Relating to the Notes

The Notes are unsecured obligations.

Because the Notes are unsecured obligations, their repayment may be compromised if:

- we enter into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under our future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of our indebtedness.

If any of these events occurs, our assets may not be sufficient to pay amounts due on any of the Notes. In addition, any secured indebtedness incurred by us would have priority over our unsecured indebtedness to the extent of the assets securing such indebtedness.

The Notes contain limited restrictive covenants and will not restrict our ability to make investments, incur unsecured indebtedness or pay dividends.

The Notes contain limited restrictive covenants and will not restrict our ability to:

- invest in affiliates, associates or subsidiaries;
- repurchase common or preferred shares, make distributions or issue dividends;
- issue preferred securities or incur unsecured indebtedness; or
- make capital expenditures.

Our election to take such actions could adversely affect our ability to pay amounts due on the Notes.

The Notes may have limited liquidity.

The Notes constitute a new issue of securities for which there is no existing market. Application will be made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The offer and sale of the Notes is not conditioned on obtaining a listing of the Notes on the SGX-ST or any other exchange. Although the Joint Lead Managers have advised us that they currently intend to make a market in the Notes, they are not obligated to do so, and any market-making activity with respect to the Notes, if commenced, may be discontinued at any time without notice at their sole discretion. For a further discussion of the Joint Lead Managers' planned market-making activities, see "Plan of Distribution."

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including:

- prevailing interest rates;
- our results of operations and financial condition;
- the rate of exchange between Rupiah and the currency of the Notes;
- political and economic developments in and affecting Indonesia and other regions;
- the market conditions for similar securities; and
- the financial condition and stability of the Indonesian financial and other sectors.

The credit ratings assigned to us and the Notes are limited in scope.

We and our debt securities, including the Notes, are subject to periodic review by independent credit rating agencies. Accordingly, increases in the level of our outstanding indebtedness, a deterioration in our operating performance or other events could cause the rating agencies to downgrade our credit ratings generally and the ratings on the Notes, which could adversely impact the trading prices for, or the liquidity of, the Notes. Any such downgrade could also adversely affect our cost of borrowing, limit our access to the capital markets or result in more restrictive covenants in future debt agreements.

The Notes are each expected to be rated BBB- by S&P. The credit ratings assigned to the Notes are limited in scope, and may not reflect the potential impact of all risks related to structure and other factors that may affect the value of the Notes. Each agency's rating should be evaluated independently of any other agency's rating. A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. There can be no assurance that these ratings will remain in effect for a given period or that these ratings will not be revised or withdrawn by the relevant rating agency if in its judgment circumstances in the future so warrant. Neither we nor the agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisors or any person who controls any of them has any obligation to inform holders of the Notes of any such revision, suspension or withdrawal. A revision, suspension, or withdrawal at any time of a rating assigned to the Notes may adversely affect the market price of the Notes.

Risks Relating to Forward-Looking Statements

This Offering Circular contains forward-looking statements. We caution you not to rely on the forward-looking statements, which speak only as of the date of this Offering Circular.

In addition to the risks related to our business discussed above, other factors could cause actual results to differ materially from those described in the various forward-looking statements contained in this Offering Circular, including our use of proceeds from the offering. These factors include, but are not limited to, the following:

- general economic, business and political conditions;
- trends in the Indonesian and global steel industries;
- delay or cancellation of our announced capital expenditure plans;
- market conditions and business outlook for our products;
- occurrences of widespread infectious diseases such as COVID-19;
- occurrences of natural calamities such as earthquakes, tsunamis and floods;
- fluctuations in prices of raw materials;
- adverse trends in regulatory, legislative and judicial developments;
- changes in interest rates and currency exchange rates;
- our leverage and our ability to meet our debt obligations; and
- conditions in the Indonesian and global financial markets.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs (including capital costs) could increase, investments could be delayed and anticipated improvements in performance might not be fully realized.

We caution you not to rely on the forward-looking statements, which speak only as of the date of this Offering Circular. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

USE OF PROCEEDS

The net proceeds from the issuance of the 2027 Notes are expected to be approximately US\$297,999,000, and the net proceeds from the issuance of the 2029 Notes are expected to be approximately US\$396,400,000, in each case, after deducting underwriting commissions but not estimated expenses of the offering.

An amount equivalent to the net proceeds from the Notes will be used for refinancing existing indebtedness and other general corporate purposes.

CAPITALIZATION

The following table sets forth our capitalization (defined as the sum of long-term debt, excluding current portion, and total equity) as of December 31, 2023 and as adjusted to give effect to the issuance of the Notes, before deducting underwriting commissions and estimated expenses of the offering payable by us and on the assumption that the proceeds from the issuance of the Notes will not be used for the immediate repayment of outstanding borrowings. For additional information, see “Summary Financial and Other Data” and our financial statements and related notes included elsewhere in this Offering Circular.

	As of December 31, 2023	
	Outstanding	As Adjusted
	(In millions of US\$)	
Long-term debt:		
Long-term borrowings, excluding current installments.	US\$ 1,107	US\$ 1,107
Notes offered hereby ⁽¹⁾	—	698
Total long-term debt	<u>US\$ 1,107</u>	<u>US\$ 1,805</u>
Shareholders’ equity:		
Share capital.	US\$ 1,275	US\$ 1,275
Other equity components	342	342
Accumulated deficit.	(707)	(707)
Non-controlling interest	0	0
Total shareholders’ equity.	<u>US\$ 910</u>	<u>US\$ 910</u>
Total capitalization ⁽²⁾	<u>US\$ 2,017</u>	<u>US\$ 2,715</u>

(1) Pursuant to IFAS, the Notes will be accounted for as long-term debt for purposes of our capitalization.

(2) Sum of long-term debt (excluding current portion) and total equity.

Other than as indicated above, there has been no material change in our total capitalization since December 31, 2023.

EXCHANGE RATES

The following table sets out, for the periods and dates indicated, information concerning the Market Average Exchange Rate. No representation is made that the Rupiah or U.S. dollar amounts referred to herein could have been or could be converted in U.S. dollars or Rupiah, as the case may be, at any particular rate or at all.

Period	At End of Period	Average Rate⁽¹⁾	High	Low
		(Rupiah per US\$1.00)		
2019	Rp.13,901	Rp.14,131	Rp.14,385	Rp.13,901
2020	14,105	14,625	16,367	13,662
2021	14,269	14,345	14,572	14,084
2022	15,731	14,917	15,737	14,349
2023	15,416	15,219	15,916	14,751
November	15,384	15,617	15,946	15,384
December	15,416	15,513	15,631	15,414
2024 (through May 30)	16,160	15,812	16,280	15,439
January	15,796	15,611	15,829	15,439
February	15,673	15,665	15,803	15,585
March	15,853	15,703	15,853	15,576
April	16,249	16,100	16,280	15,873
May (through May 30)	16,160	16,074	16,276	15,944

Source: The Bank Indonesia

- (1) The average rate for each period is calculated as the average of the Market Average Exchange Rates on each business day during the relevant period (or portion thereof).

BUSINESS

Overview

We are the leading steel producer in Indonesia based on annual crude steel production. We manufacture and sell hot rolled coils, steel plates and steel slabs, and we are able to meet a broad range of customer needs from diverse industries that consume such products, including the construction, automotive, shipbuilding and machinery industries. We were incorporated in 2010 as a joint venture between POSCO and Krakatau Steel, and we began our commercial operations in March 2014. Our shareholders are:

- **POSCO** – POSCO is the largest fully-integrated steel producer in Korea, and one of the largest steel producers in the world. POSCO holds a 50.0% interest in us through its ownership of 739,900 Class A Shares; and
- **Krakatau Steel** – Krakatau Steel is Indonesia's largest steel company that is owned 80% by the Government. Krakatau Steel holds a 50.0% in us through its ownership of 317,100 Class A Shares and 422,800 Class B Shares.

We produced approximately 3.1 million tons of crude steel in 2021, 3.0 million tons in 2022 and 3.0 million tons in 2023. As of December 31, 2023, we had approximately 3.0 million tons of annual crude steel production capacity, all of which is located in Indonesia. We believe that our production facilities are some of the most technologically-advanced integrated steel production facilities in Southeast Asia.

Indonesia is our most important market. Domestic sales accounted for 66.2% of our total revenue in 2021, 67.4% in 2022 and 72.1% in 2023. We derive a substantial portion of our sales from Krakatau Steel and its subsidiaries, which obtain our products primarily as feedstock for production of higher value-added products. Our sales to Krakatau Steel and its subsidiaries accounted for 40.7% of our total revenue in 2021, 34.4% in 2022 and 27.3% in 2023. Our sales to customers abroad accounted for 33.8% of our total revenue in 2021, 32.6% in 2022 and 27.9% in 2023. Our largest export markets in recent years have been countries in Europe and Southeast Asia. Spain accounted for 9.7% of our sales to customers abroad in 2021, 17.9% in 2022 and 19.5% in 2023. Vietnam accounted for 6.4% of our sales to customers abroad in 2021, 11.6% in 2022 and 16.9% in 2023. Belgium accounted for 4.3% of our sales to customers abroad in 2021, 19.8% in 2022 and 14.9% in 2023. We also sell some of our products and services to the subsidiaries of POSCO Holdings. Our sales to the subsidiaries of POSCO Holdings accounted for 20.4% of our total revenue in 2021, 10.7% in 2022 and 10.2% in 2023.

We are a consolidated subsidiary of POSCO and a member company of the POSCO Group, for which POSCO Holdings serves as its holding company and owns all of the shares of POSCO. Pursuant to the Amended and Restated Joint Venture Agreement, under our current shareholding arrangement, POSCO Holdings has the right to nominate four of our seven directors (President Director, Finance Director, Production Director and Stakeholder Relations Director) and Krakatau Steel has the right to nominate the remaining three directors (HR & GA Director, Commercial Director and Technology & Business Development Director). As a result, through the directors nominated by POSCO Holdings, it is able to exert control over the operation of our business, including capital expenditure decisions. See "Shareholders – Amended and Restated Joint Venture Agreement." Our two shareholders provide support to many areas of our operations, including purchasing substantial portions of our products and services, providing key manufacturing technologies, selling key production facilities, raw materials and other goods and services to us and providing financial support. See "Risk Factors – We rely on POSCO and its affiliates and Krakatau Steel and its affiliates for many aspects of our operations."

The POSCO Group engages in businesses that complement POSCO's steel manufacturing operations in Korea and also carefully seeks out promising investment opportunities to diversify its businesses both vertically and horizontally. POSCO International is a global trading company that

primarily engages in the trading of steel and raw materials as well as investing in energy and mineral development projects throughout the world. POSCO E&C is one of the leading engineering and construction companies in Korea that primarily engages in the planning, design and construction of industrial plants and architectural works and civil engineering. The POSCO Group has also made investments in the past decade to secure new growth engines by diversifying into new businesses related to our steel operations that it believes will offer greater potential returns, as well as entering into new businesses not related to our steel operations such as hydrogen-related businesses, production of anode and cathode materials for rechargeable batteries, alternative energy solutions, LNG and agricultural trading, and production of comprehensive materials such as lithium.

Our functional currency is U.S. dollars for the preparation of our financial statements, and transactions in foreign currencies (including Rupiah) are translated to U.S. dollars at the rates of exchange prevailing on the transaction date. We generated revenue of US\$2,355 million in 2021, US\$2,328 million in 2022 and US\$2,397 million in 2023. We recorded net profit of US\$415 million in 2021, US\$105 million in 2022 and US\$51 million in 2023. We had total assets of US\$3,480 million and total equity of US\$859 million as of December 31, 2022, compared to total assets of US\$3,041 million and total equity of US\$910 million as of December 31, 2023.

Major Products and Services

We manufacture and sell a broad line of steel products, including the following:

- Hot rolled coils;
- Steel plates; and
- Steel slabs.

We also engage in shipping and handling services through various arrangements with major shipping companies.

The table below sets out our revenue by principal product and service category and related percentage data for the periods indicated.

	For the Year Ended December 31,					
	2021		2022		2023	
	(in millions of dollars, except percentages)					
Sales of products:						
Hot rolled coils	US\$	–	–%	US\$ 251	10.8%	US\$ 1,113 46.4%
Steel plates		1,009	42.8	1,195	51.3	1,042 43.5
Steel slabs		1,225	52.0	758	32.6	109 4.5
Others (including cast iron and pig iron).		65	2.8	68	2.9	77 3.2
Sub-total	US\$	2,299	97.6	US\$ 2,273	97.6	US\$ 2,341 97.7
Shipping and handling services	US\$	56	2.4	US\$ 56	2.4	US\$ 56 2.3
Total revenue	US\$	2,355	100.0%	US\$ 2,328	100.0%	US\$ 2,397 100.0%

The table below sets out the sales volume of our steel products by principal product category and related percentage data for the periods indicated.

	For the Year Ended December 31,					
	2021		2022		2023	
	(in thousand tons, except percentages)					
Hot rolled coils	–	–%	146	6.0%	1,571	50.6%
Steel plates	1,220	42.3	1,304	53.1	1,369	44.1
Steel slabs	1,661	57.7	1,006	41.0	162	5.2
Total sales volume	2,881	100.0%	2,456	100.0%	3,102	100.0%

Hot Rolled Coils

Hot rolled coils have many industrial applications. They are used to manufacture structural steel used in the construction of buildings, automobile chassis and industrial pipes and tubes. They are also used as feedstock to manufacture higher value-added products such as cold rolled products and silicon steel sheets. Our hot rolled coils are manufactured in a wide range of widths and thicknesses to address the specific needs of our customers. We began production of hot rolled coils upon completion of our acquisition of a hot rolling mill from Krakatau Steel in November 2022.

Our sales volume of hot rolled coils amounted to 1,571 thousand tons in 2023, representing 50.6% of our total sales volume of principal steel products. Our revenue from sales of hot rolled coils amounted to US\$1,113 million in 2023, representing 46.4% of our total revenue. The largest customers of our hot rolled products are downstream steelmakers that use the products to manufacture industrial pipes and tubes and cold rolled products, including Krakatau Steel. Hot rolled coils constituted our largest product category in terms of sales volume of our principal steel products and revenue in 2023.

We believe we had a domestic market share for hot rolled coils of approximately 43.7% in 2023.

Steel Plates

Steel plates are primarily used in structural steelwork, shipbuilding, oil and gas pipeline production, pressure vessels and other industrial machinery. Our steel plates are manufactured in a wide range of widths and thicknesses to address the specific needs of our customers.

Our sales volume of steel plates amounted to 1,369 thousand tons in 2023, representing 44.1% of our total sales volume of principal steel products. Our revenue from sales of steel plates amounted to US\$1,042 million in 2023, representing 43.5% of our total revenue. The largest customers of our steel plates are Hyundai Mipo Dockyard Co., Ltd. and PT Shibaura Shearing. Steel plates constituted our second largest product category in terms of sales volume of our principal steel products and revenue in 2023.

We believe we had a domestic market share for steel plates of approximately 50.7% in 2023.

Steel Slabs

Steel slabs are used as feedstock in the manufacture of a wide range of higher value-added steel products. The thickness of our steel slabs is fixed at 230 millimeters with maximum unit weight of 35.0 tons.

Our sales volume of steel slabs amounted to 162 thousand tons in 2023, representing 5.2% of our total sales volume of principal steel products. Our revenue from sales of steel slabs amounted to US\$109 million in 2023, representing 4.5% of our total revenue. Subsequent to our acquisition of a hot rolling mill from Krakatau Steel in November 2022 and commencement of our production of hot rolled coils, our sale volume of steel slabs to external customers decreased significantly. We recorded sales volume

of 1,661 thousand tons in 2021, 1,006 thousand tons in 2022 and 162 thousand tons in 2023. The largest customers of our steel slabs are downstream steelmakers in Indonesia that use the products to manufacture higher value-added steel products, including Krakatau Steel.

Others

Other products include lower value-added semi-finished products such as cast iron and pig iron.

Markets and Customers

Indonesia is our most important market. Domestic sales represented 66.2% of our total revenue in 2021, 67.4% in 2022 and 72.1% in 2023, a significant portion of which is sold to Krakatau Steel. Our sales to customers abroad represented 33.8% of our total revenue in 2021, 32.6% in 2022 and 27.9% in 2023. Our sales strategy has been to devote our production primarily to satisfy domestic demand, while seeking export sales to utilize capacity to the fullest extent and to expand our international market presence.

The tables below set out our sales to customers abroad in terms of revenue by geographical market for the periods indicated.

	For the Year Ended December 31,								
	2021		2022		2023				
	(in millions of dollars, except percentages)								
Indonesia	US\$	1,559	66.2%	US\$	1,569	67.4%	US\$	1,729	72.1%
Spain		77	3.3		136	5.8		130	5.4
Vietnam		51	2.2		88	3.8		113	4.7
Belgium		34	1.4		150	6.5		99	4.2
Italy		20	0.9		42	1.8		86	3.6
India		33	1.4		14	0.6		41	1.7
Turkiye		43	1.8		11	0.5		34	1.4
Malaysia		28	1.2		24	1.0		31	1.3
Others		509	21.6		295	12.7		134	5.6
Total revenue	US\$	2,355	100.0%	US\$	2,328	100.0%	US\$	2,397	100.0%

The table below sets out our revenue by customer category and related percentage data for the periods indicated.

	For the Year Ended December 31,					
	2021		2022		2023	
	(in millions of dollars, except percentages)					
Sales of products:						
Third parties	US\$ 875	37.1%	US\$ 1,429	61.4%	US\$ 1,444	60.2%
Related parties:						
Krakatau Steel and its subsidiaries . . .	958	40.7	800	34.4	649	27.1
Subsidiaries of POSCO Holdings . . .	456	19.3	21	0.9	231	9.7
Associates of POSCO Holdings	10	0.4	22	0.9	16	0.7
Sub-total	US\$ 2,299	97.6	US\$ 2,273	97.6	US\$ 2,341	97.7
Shipping and handling services:						
Third parties	US\$ 31	1.3%	US\$ 45	1.9%	US\$ 39	1.6%
Related parties:						
Krakatau Steel and its subsidiaries . . .	1	0.0	1	0.0	4	0.2
Subsidiaries of POSCO Holdings . . .	24	1.0	10	0.4	14	0.6
Sub-total	US\$ 56	2.4	US\$ 56	2.4	US\$ 56	2.3
Total revenue	US\$ 2,355	100.0%	US\$ 2,328	100.0%	US\$ 2,397	100.0%

Domestic Market

We primarily sell in Indonesia semi-finished products to steel manufacturers for further processing and higher value-added and other finished products to end-users. We provide service technicians for large customers and distributors in each important product area. We also sell finished steel products to local distribution companies and sales affiliates, which in turn sell such products to their customers.

We derive a substantial portion of our sales from Krakatau Steel and its subsidiaries, which obtain our products primarily as feedstock for production of higher value-added products. Our sales of products and services to Krakatau Steel and its subsidiaries accounted for 40.7% of our total revenue in 2021, 34.4% in 2022 and 27.3% in 2023.

Exports

Our sales to customers abroad represented 33.8% of our total revenue in 2021, 32.6% in 2022 and 27.9% in 2023. We distribute our export products mostly through trading companies including POSCO International Co., Ltd. Our largest export markets in recent years have been countries in Europe and Southeast Asia. Spain accounted for 9.7% of our sales to customers abroad in 2021, 17.9% in 2022 and 19.5% in 2023. Vietnam accounted for 6.4% of our sales to customers abroad in 2021, 11.6% in 2022 and 16.9% in 2023. Belgium accounted for 4.3% of our sales to customers abroad in 2021, 19.8% in 2022 and 14.9% in 2023. We also sell some of our products and services to the subsidiaries of POSCO Holdings. Our sales of products and services to the subsidiaries of POSCO Holdings accounted for 20.4% of our total revenue in 2021, 10.7% in 2022 and 10.2% in 2023.

From time to time, our exporting activities have become subject to anti-dumping, safeguard and countervailing proceedings. As a steel producer with global sales, we are involved in trade remedy proceedings in markets worldwide, including in the United States. We actively participate in such proceedings to minimize any adverse effects and associated risks. While there has been an increase in focus on trade issues by government officials, our trade cases have been limited in scope relative to our global sales operations. We continue to carefully monitor developments with respect to trade remedy policy in all markets in which we participate and, where necessary, vigorously defend our rights through litigation before international tribunals. Our products that are subject to anti-dumping duties, safeguard duties, countervailing duties, quotas or tariffs in the aggregate currently have not had a material adverse impact on our business and operations in recent years.

Pricing Policy

We determine the pricing of our products based on market conditions, taking into consideration production outlook of the Indonesian and global steel industries and Indonesian and global economic conditions in general. In setting prices, we take into account our costs, including those of raw materials, supply and demand in the Indonesian steel market, exchange rates, and conditions in the international steel market. Our prices can fluctuate considerably over time, depending on market conditions and other factors. The prices of our steel products in markets abroad are determined considering the prices of similar products charged by our competitors.

Raw Materials

The principal raw materials used in producing steel through the basic oxygen steelmaking method are iron ore and coal. We purchased approximately 5 million dry metric tons of iron ore and 2 million wet metric tons of coal in 2023. Iron ore is sourced primarily from Australia and Malaysia. Coal is sourced primarily from Australia and Indonesia.

We purchase a substantial portion of our iron ore and coal imports pursuant to supply contracts generally having terms of one to three years and provide for periodic price adjustments to the then-market prices. We typically adjust the prices on a monthly basis and maintain approximately one month of inventory of raw materials. Such price adjustments are driven by various factors, including the global economic outlook, global market prices of raw materials and steel products, supply and demand outlook of raw materials and production costs of raw materials. For both coal and iron ore, we typically agree on the purchase price with the suppliers primarily based on the spot market price periodically announced by Platts (Premium Low Vol Coking Coal, FOB Australia Index and Iron Ore 62% Fe, CFR China Index). We or the suppliers may cancel the long-term contracts only if performance under the contracts is prevented by causes beyond our or their control and these causes continue for a specified period.

We also procure raw materials from other member companies of the POSCO Group that engage in exploration and production projects abroad by acquiring mining rights of raw materials or by investing in projects either as part of a consortium or through an acquisition of a minority interest. In 2023, we purchased approximately 11% of our iron ore imports and 10% of our coal imports from foreign mines in which other member companies of the POSCO Group have made investments. POSCO Group's major investments to procure supplies of coal and iron ore are primarily located in Australia, Canada and Brazil.

The average market price of iron ore per dry metric ton (Iron Ore 62% Fe, CFR China Index announced by Platts) was US\$160 in 2021, US\$120 in 2022 and US\$120 in 2023. The average market price of coal per wet metric ton (Premium Low Vol Coking Coal, FOB Australia Index announced by Platts) was US\$226 in 2021, US\$364 in 2022 and US\$296 in 2023. We currently do not depend on any single country or supplier for our iron ore or coal.

Transportation

In order to meet our transportation needs for iron ore and coal, we have entered into long-term contracts of affreightment with shipping companies. Such contracts are performed by a fleet of dedicated vessels on a consecutive voyage basis with fully loaded cargo for each voyage. These vessels under long-term contracts transported approximately 9% of the total requirements in 2023, and the remainder was transported by vessels sourced through spot contracts subject to market conditions. We plan to continue to enter into contracts of affreightment with shipping companies in order to cope with changes in the global shipping environment, as well as upgrade some of the existing vessels with vessels that utilize energy-saving and eco-friendly technologies.

The Steelmaking Process

We produce steel by the basic oxygen steelmaking method. We produce our products through continuous casting, which improves product quality by imparting a homogenous structure to the steel. The key components of our basic oxygen steelmaking method are as follows:

- First, molten pig iron is produced in a blast furnace from iron ore, which is the basic raw material used in steelmaking. Molten pig iron is then refined into molten steel in converters by blowing pure oxygen at high pressure to remove impurities. Different desired steel properties may also be obtained by regulating the chemical contents.
- At this point, molten steel is made into semi-finished products such as slabs at the continuous casting machine. Slabs are produced at different standardized sizes and shapes. Slabs are semi-finished lower-margin products that we either use to produce our further processed products or sell to other steelmakers that produce further processed steel products.
- Slabs are processed to produce hot rolled coil products at hot strip mills or to produce plates at plate mills. Hot rolled coils are an intermediate-stage product that may either be sold to our customers as various finished products or be further processed by us or our customers into higher value-added products, such as cold rolled sheets and silicon steel sheets.

Competition

Domestic Market

In the domestic market, we compete primarily with PT Gunung Raja Paksi Tbk and PT Java Pacific, smaller specialized domestic manufacturers and various foreign producers, primarily from China. In the hot rolled coil market, we believe we had a domestic market share of approximately 43.7% in 2023. In the steel plate market, we believe we had a domestic market share of approximately 50.7% in 2023.

In Indonesia, Imports of steel products are subject to tariff and ad valorem duty imposed by the Government, other than in free trade zones such as Batam.

Export Markets

We compete in our export markets with many of the leading steel manufacturers in the world. We compete with global steel manufacturers with significant production capacity such as ArcelorMittal S.A. and Nippon Steel Corporation, as well as competitors from emerging markets such as JSW Steel Limited and Hoa Phat Steel Co., Ltd. In the past decade, there has been a trend toward industry consolidation among our competitors, and smaller competitors in the global steel market today may become larger competitors in the future. In recent years, a slowdown in domestic demand for steel products in China resulting from slowed economic growth, combined with an expansion in steel production capacity, has led to production over-capacity in the Chinese steel industry, which in turn has led the Chinese government to pursue aggressive consolidation in the Chinese steel industry that has resulted in fewer but larger steel manufacturers that are able to compete more effectively in the global steel industry. Major competitive factors include range of products offered, quality, price, delivery performance and customer service. Our larger competitors may use their resources, which may be greater than ours, against us in a variety of ways, including by making additional acquisitions, investing more aggressively in product development and capacity and displacing demand for our export products.

Various export markets currently impose tariffs on different types of steel products. However, we do not believe that tariffs significantly affect our ability to compete in these markets.

Production Facilities

Our production facilities are located in Cilegon, which is located on the Sunda Strait Coast in Indonesia, which is approximately 100 kilometers west of Jakarta. Construction of our steel manufacturing plant began soon after our incorporation in 2010. We completed the construction of the steel manufacturing plant in December 2013, and the plant began its commercial operations in March 2014. In November 2022, we acquired a hot rolling mill from Krakatau Steel in exchange for considerations of (i) US\$216 million in cash, (ii) purchase payables of US\$121 million and (iii) 422,800 newly issued Class B Shares valued at US\$218 million. Following our acquisition of the hot rolling mill, Krakatau Steel's ownership in us increased from 30.0% to 50.0%.

Our integrated production facilities include:

- a blast furnace with an annual production capacity of 3.0 million tons of crude steel;
- a coke plant;
- a sinter plant;
- a steelmaking plant;
- a plate mill with an annual production capacity of 1.5 million tons of steel plates;
- a hot rolling mill with an annual production capacity of 1.5 million tons of hot rolled coils;
- docking and unloading facilities for raw materials capable of accommodating large ships for unloading raw materials, storage areas for raw materials and separate docking facilities for ships carrying products for export; and
- supporting facilities including waste treatment facility, water treatment facility, oxygen plant and power plant.

We believe we operate one of the most technologically advanced integrated steel production facilities in Southeast Asia. We have a completely automated, linear production system that enables the whole production process, from iron-making to finished products, to take place without interruption. Our steel production facilities are equipped with a highly advanced computerized production-management system, which allows constant monitoring and control of the production process. In addition, we are vigorous in our efforts to engage in environmentally responsible management of, and to protect the environment from damage resulting from, our operations. Our levels of pollution control are higher than those mandated by Government standards. We operate an environmental management system in accordance with ISO 14001:2015 standards that includes environmental control facilities such as a wastewater treatment plant. We assess environmental impact by monitoring wells, ambient emissions and sea water quality. We also use a continuous emission monitoring system for monitoring air quality and engage licensed waste management companies to manage our hazardous waste.

Capacity Utilization Rates

The following table sets out the aggregate capacity utilization rates for the periods indicated.

	As of or for the Year Ended December 31,		
	2021	2022	2023
Crude steel production capacity for the year (million tons per year)	3.00	3.00	3.00
Actual crude steel output (million tons)	3.14	3.03	3.01
Capacity utilization rate (%) ⁽¹⁾	104.5%	101.0%	100.2%

(1) Calculated by dividing actual crude steel output by the actual crude steel production capacity for the relevant period as determined by us.

Capital Expenditures

Cash used for acquisition of fixed assets was US\$5 million in 2021, US\$226 million in 2022 and US\$6 million in 2023, and payments for assets under construction was US\$4 million in 2021, US\$15 million in 2022 and US\$11 million in 2023. In 2022, our capital expenditures increased significantly as a result of our acquisition of a hot rolling mill from Krakatau Steel in November 2022. In 2024, we currently expect our capital expenditures to be approximately US\$34 million. Our current plan for capital investment in production facilities emphasizes capacity rationalization and improvements in the efficiency of older facilities in order to reduce operating costs. We may adjust such plan on an ongoing basis subject to market demand for our products, the production outlook of the Indonesian and global steel industries and Indonesian and global economic conditions in general. We may delay or not implement some of our current capital expenditure plans based on our assessment of such market conditions.

As part of our strategy, we may also selectively seek opportunities to expand our steel production operations that we believe offer promising growth prospects, including the possible addition of a second blast furnace and acquisition or construction of facilities for production of hot rolled products and cold rolled products. See “Risk Factors – We may selectively seek opportunities to expand our steel production operations, which expansion efforts may not be successful.”

Research and Development

We receive technology support provided by POSCO, and we engage in technology exchange meetings with our shareholders. We also engage in basic research and applied technology development. Our success depends in part on our ability to obtain patents, licenses and other intellectual property rights relating to our products and manufacturing process. Our ability to develop our technologies and to continue to enhance our production know-how and our access to technologies of POSCO and Krakatau Steel, through licenses or other arrangements, are important to our ability to design and manufacture competitive steel products.

Insurance

We maintain property insurance policies with reputable insurance companies covering our production facilities and shipment cargos. These insurance policies cover losses due to riots, strikes, earthquakes and various other incidents that may occur during cargo shipments. We consider our insurance coverage to be consistent with market practice in Indonesia.

Employees

On a consolidated basis, we had 2,700 full-time employees and 130 contract-based employees as of December 31, 2023. Our success depends to a significant extent upon our ability to attract, retain and motivate qualified employees. Such employees, particularly engineers, production managers and technicians, are in high demand, and we devote significant resources to identifying, hiring, training, successfully integrating and retaining these employees. We seek to leverage operational experiences of POSCO and Krakatau Steel to attract top-tier talent, and we strive to maintain an entrepreneurial, productive and innovation-focused culture. We may grant annual increases in basic wages and may pay annual bonuses. We also provide benefits such as medical insurance, periodic medical examinations and the provision of recreational facilities.

Approximately 67.4% of our full-time employees are members of our labor union. On a monthly basis, representatives of the labor union and the management meet to discuss labor-related issues. In December 2022, we entered into a collective bargaining agreement, which has been registered with the Ministry of Manpower, and such agreement is valid from November 16, 2022 to November 15, 2024. We have not experienced any material labor strikes or other material labor disputes in recent years and consider our current relations with our workforce to be good.

Our employees are subject to a pension insurance system, pursuant to which we make contributions to the personal pension accounts of the employees, and, upon retirement, such employees are paid from their personal pension accounts. Our employees are required to participate in the Defined Contribution Pension Program, in which our contribution is determined in advance on an annual basis and such contribution is managed directly by the employee.

Legal Proceedings

We are not currently involved in any legal or regulatory proceedings that would, in the reasonable judgment of our management, have a material adverse effect on our financial condition or results of operations.

MANAGEMENT

We maintain a board of directors and a board of commissioners. Our management and day-to-day operations are carried out by our board of directors under the supervision of the board of commissioners, the members of which are appointed through a general meeting of shareholders. The rights and obligations of each member of the board of commissioners and board of directors are established under our articles of association and by the decisions of our shareholders in a general meeting of shareholders. No individual may serve as a member of both boards.

Board of Directors

Our board of directors has the ultimate responsibility for the management of our business affairs. Our board consists of seven directors. Pursuant to the Amended and Restated Joint Venture Agreement, under our current shareholding arrangement, POSCO Holdings has the right to nominate four of our seven directors (President Director, Finance Director, Production Director and Stakeholder Relations Director) and Krakatau Steel has the right to nominate the remaining three directors (Human Resources & General Affairs Director, Commercial Director and Technology & Business Development Director). The right of nomination includes the right to remove at any time from the office any such person nominated by a party. In addition, POSCO Holdings and Krakatau Steel are obligated to vote in favor of, and take all other necessary actions to ensure appointment of, the director candidates nominated by the other party. Under the Amended and Restated Joint Venture Agreement, such nomination rights are amended if either party owns more than 50.0% interest in us. Under such scenario, the party owning more than 50.0% is entitled to nominate four directors (including the President Director) and the other party is entitled to nominate the remaining three directors.

The President Director represents us externally and is responsible for our day-to-day management. The term of office of each of the directors is three years. Each director's term expires at the close of the general meeting of shareholders convened in respect of the fiscal year that is the last one to end during such director's tenure.

The names and positions of our directors are as follows:

<u>Name</u>	<u>Age</u>	<u>Title</u>	<u>Other Position</u>	<u>Position Held Since</u>	<u>Position Ends on</u>
Bum-Su Jung	59	President Director	Vice President of POSCO	April 3, 2024	General meeting of shareholders 2025
Noor Fuad	51	Commercial Director	None	September 1, 2023	General meeting of shareholders 2025
Dicky Mardiana . . .	53	Human Resources & General Affairs Director	Chairman of Downstream Committee at PT Krakatau Steel	October 1, 2022	General meeting of shareholders 2025
Sang-Ho Lee.	60	Production Director	None	September 7, 2022	General meeting of shareholders 2025
Nam-Hoon Lee	53	Finance Director	None	January 16, 2023	General meeting of shareholders 2025
Alhadis.Syamsuddin.	53	Technology & Business Development Director	Vice President of Operation Excellence at PT Krakatau Steel	January 12, 2024	General meeting of shareholders 2025
Suk Yoon.Jung	48	Stakeholder Relations Director	None	February 14, 2024	General meeting of shareholders 2025

Board of Commissioners

Our board of commissioners oversees policies of the board of directors related to the management and provides advice to the board of directors. Unanimous approval of the commissioners is required for (i) resolving to dismiss any member of the board of directors and (ii) resolving on matters that would prevent a director from timely discharging his or her fiduciary duty.

Under the Amended and Restated Joint Venture Agreement, POSCO Holdings and Krakatau Steel are each entitled to nominate two commissioners, and Krakatau Steel has the right to nominate the President Commissioner, provided that such commissioner may be nominated on a rotational basis if mutually agreed by the shareholders.

Members of our board of commissioners are Silmy Karim (President Commissioner), Kwang Moo Kim, Sang-Yong Kim and Purwono Wildodo, and their current terms end on the date of the annual general meeting of shareholders to be held in 2025.

Board Committees

Investment Committee

Under the Joint Venture Agreement, POSCO Holdings and Krakatau Steel have agreed to operate an Investment Committee. The Investment Committee has the responsibility to prepare, review and finalize our investment plans and provide its recommendations to the board of directors. In addition, the Investment Committee has the role of implementing our next stage of expansion plans, including addition of upstream production capacity and expansion of facilities to further diversify production of downstream products.

Under the Joint Venture Agreement, the Investment Committee is composed of seven members. POSCO Holdings is entitled to nominate four members, at least two of whom are required to be our current directors (including the President Director). Krakatau Steel is entitled to nominate the remaining three members, at least two of whom are required to be the current directors of Krakatau Steel. The right of nomination includes the right to remove at any time from the office any such person nominated by a party. In addition, POSCO Holdings and Krakatau Steel are obligated to vote in favor of, and take all other necessary actions to ensure appointment of, the candidates nominated by the other party.

We are currently in the process of forming the Investment Committee. Bum-Su Jung will serve as the chairman of the Investment Committee.

Compensation

In 2023, the aggregate compensation paid and accrued to our directors was US\$2 million.

SHAREHOLDERS

The following table sets forth certain information relating to the shareholders of our common stock issued as of December 31, 2023:

Stockholder	Number of Class A Common Shares Held	Number of Class B Common Shares Held	Percentage of Total Common Shares Outstanding
POSCO	739,900	–	50.00%
PT Krakatau Steel (Persero) Tbk.	317,100	422,800	50.00%
	<u>1,057,000</u>	<u>422,800</u>	<u>100.00%</u>

On August 4, 2010, POSCO (which subsequently converted into a holding company in March 2022 and amended its name to POSCO Holdings) and Krakatau Steel entered into a joint venture agreement (the “Joint Venture Agreement”) to establish us, in which POSCO Holdings originally held a 70.0% interest and Krakatau Steel held a 30.0% interest. In November 2022, we acquired a hot rolling mill from Krakatau Steel in exchange for considerations of (i) US\$216 million in cash, (ii) purchase payables of US\$121 million and (iii) 422,800 newly issued Class B Shares valued at US\$218 million. Following our acquisition of the hot rolling mill, Krakatau Steel’s ownership in us increased from 30.0% to 50.0%, and the ownership interest of POSCO Holdings decreased from 70.0% to 50.0%.

On November 28, 2022, POSCO Holdings and Krakatau Steel entered into an amendment and restatement of the Joint Venture Agreement (the “Amended and Restated Joint Venture Agreement”), including (i) amendment of certain terms and conditions governing the operation and management of the joint venture following changes to the shareholding structure and (ii) clarification of terms and conditions related to implementation of our next stage of expansion plans.

In September 2023, POSCO Holdings transferred its 50.0% interest in us to POSCO, its wholly-owned subsidiary. However, the Amended and Restated Joint Venture Agreement has not been amended to transfer POSCO Holding’s rights to POSCO, including its right to appoint our directors.

For a description of the corporate governance arrangements under the Amended and Restated Joint Venture Agreement, see “Management – Board of Directors.”

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Support Agreement

We entered into a support agreement with POSCO on April 9, 2024, pursuant to which (i) POSCO confirmed its present intention to maintain at least a 50% shareholding in us during the life of the Notes and (ii) POSCO will endeavor in good faith to exercise its influence as our controlling shareholder to the end that we pay the amount that becomes due and payable under the Notes. The support agreement does not create any assurance or guarantee of any kind on behalf of us under any circumstances, or impose any liabilities on POSCO under or in connection with the Notes.

Information concerning POSCO is provided in Appendix A to this Offering Circular for background purposes only in view of the existence of the support agreement. Inclusion of such information regarding POSCO should not be treated as implying that the support agreement can be viewed as a guarantee.

Transactions with Our Shareholders

We engage in various transactions with our related parties, including (i) Krakatau Steel and its subsidiaries and (ii) the subsidiaries of POSCO Holdings.

Krakatau Steel and its Subsidiaries

Sales

We derive a substantial portion of our sales from Krakatau Steel and its subsidiaries, which obtain our products primarily as feedstock for production of higher value-added products. Sales of our products to Krakatau Steel and its subsidiaries amounted to US\$958 million (40.7% of our total revenue) in 2021, US\$800 million (34.4% of our total revenue) in 2022 and US\$649 million (27.1% of our total revenue) in 2023. Sales of our shipping and handling services to Krakatau Steel and its subsidiaries amounted to US\$1 million in 2021, US\$1 million in 2022 and US\$4 million in 2023.

Purchases

Our purchases of goods and services from Krakatau Steel and its subsidiaries, which consist primarily of infrastructure services, amounted to US\$37 million in 2021, US\$453 million in 2022 and US\$70 million in 2023. Our purchases of fixed assets from Krakatau Steel and its subsidiaries amounted to US\$0.03 million in 2021, US\$561 million in 2022 (including a hot rolling mill in November 2022) and US\$1 million in 2023.

Subsidiaries of POSCO Holdings

Sales

We sell steel products and services to the subsidiaries of POSCO Holdings. Sales of our products to the subsidiaries of POSCO Holdings amounted to US\$456 million (19.3% of our total revenue) in 2021, US\$239 million (10.3% of our total revenue) in 2022 (which amount has been restated from US\$21 million as stated in Note 16 to the 2023 Financial Statements and Note 16 to the 2022 Financial Statements) and US\$231 million (9.7% of our total revenue) in 2023. Sales of our shipping and handling services to the subsidiaries of POSCO Holdings amounted to US\$24 million (1.0% of our total revenue) in 2021, US\$10 million (0.4% of our total revenue) in 2022 and US\$14 million (0.6% of our total revenue) in 2023.

Purchases

Our purchases from subsidiaries of POSCO Holdings, which consist primarily of raw materials and information technology services, amounted to US\$1,308 million in 2021, US\$966 million in 2022 and US\$885 million in 2023. Our purchases of fixed assets from the subsidiaries of POSCO Holdings amounted to US\$3 million in 2021, US\$4 million in 2022 and US\$10 million in 2023.

Other Related Parties

For further information relating to our transactions with related parties, see Note 16 to the 2022 Financial Statements and Note 16 to the 2023 Financial Statements included elsewhere in this Offering Circular.

TERMS AND CONDITIONS OF THE NOTES

The issue of the U.S.\$300,000,000 6.375% senior unsecured notes due 2027 (the “2027 Notes”) and the U.S.\$400,000,000 6.375% senior unsecured notes due 2029 (the “2029 Notes”, and together with the 2027 Notes, the “Notes”) was authorised by a resolution of the Board of Directors of PT Krakatau Posco (the “Issuer”) passed on 10 May 2024. Fiscal agency agreements dated 11 June 2024 (respectively, the “2027 Notes Fiscal Agency Agreement” and the “2029 Notes Fiscal Agency Agreement”, and each, a “Fiscal Agency Agreement”) have been entered into in relation to such Notes between the Issuer, The Hongkong and Shanghai Banking Corporation Limited as fiscal agent (the “Fiscal Agent”), paying agent (the “Paying Agent”), registrar (the “Registrar”) and transfer agent (the “Transfer Agent”) and any other agent or agents appointed from time to time with respect to the Notes. Each tranche of the Notes have the benefit of a deed of covenant (collectively, the “Deeds of Covenant”) dated 11 June 2024 executed by the Issuer relating to such Notes. The fiscal agent, the paying agent, the registrar and any transfer agent for the time being are referred to below respectively as the “Fiscal Agent,” the “Paying Agent,” the “Registrar” and the “Transfer Agents.” “Agents” means the Fiscal Agent, the Paying Agent, the Registrar, the Transfer Agents and any other agent or agents appointed from time to time with respect to the Notes. The Fiscal Agency Agreements include the forms of the Notes. Copies of the Fiscal Agency Agreements and the Deeds of Covenant are available to the Noteholders following prior written request and satisfactory proof of holding during normal business hours from the specified offices of the Fiscal Agent. The holders of the Notes (the “Noteholders”) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

All capitalised terms that are not defined in these terms and conditions (the “Conditions”) will have the meanings given to them in the Fiscal Agency Agreement.

1 Form, Specified Denomination and Title

The Notes are issued in the specified denomination of U.S.\$200,000 and higher integral multiples of U.S.\$1,000.

The Notes are represented by registered certificates (“Certificates”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same holder.

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Fiscal Agency Agreement (the “Register”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” and “holder” means the person in whose name a Note is registered.

2 Transfers of Notes

- (a) **Transfer:** A holding of Notes may, subject to Condition 2(e), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a

person who is already a holder of Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Fiscal Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any Noteholder upon written request and satisfactory proof of holding.

Transfers of interests in Notes evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

- (b) **Exercise of Options or Partial Redemption in Respect of Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.
- (c) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) or Condition 2(b) shall be available for delivery within three business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (d) **Transfer or Exercise Free of Charge:** Certificates, on transfer, exercise of an option or partial redemption, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may require) of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).
- (e) **Closed Periods:** No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) after any such Note has been called for redemption, or (iii) during the period of seven days ending on (and including) any Record Date.

3 Status

The Notes constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations including liabilities in respect of deposits.

4 Certain Covenants

- (a) **Negative Pledge:** So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer will not create or have outstanding, and will ensure that none of its Subsidiaries will create, or have outstanding, any Security Interest, other than any Permitted Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution of the Noteholders unless, after giving effect thereto, the aggregate principal amount of all such secured Relevant Indebtedness entered into after the date of the issuance of the Notes, would not exceed 10% of Consolidated Net Tangible Assets.

- (b) **Certain Definitions:**

“Consolidated Net Tangible Assets” means the total amount of assets of the Issuer and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries, after deducting therefrom (a) all current liabilities (excluding any current liabilities constituting Long-term Debt by reason of their being renewable or extendible) and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent audited annual consolidated statement of financial position of the Issuer and its consolidated Subsidiaries and computed in accordance with Indonesian Financial Accounting Standards;

“Extraordinary Resolution” means a resolution passed (a) at a meeting duly convened and held in accordance with the Fiscal Agency Agreement by at least 75 per cent. of the votes cast, (b) by a Written Resolution or (c) by an Electronic Consent (as defined in the Fiscal Agency Agreement);

“Long-term Debt” means any note, bond, debenture or other similar evidence of indebtedness of money borrowed having a maturity of more than one year from the date such evidence of indebtedness was incurred or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the borrower beyond one year from the date such evidence on indebtedness was incurred;

“Permitted Security Interest” means (1) any Security Interest existing as of the date of the Fiscal Agency Agreement, (2) any Security Interest existing on any assets or property prior to the acquisition thereof by the Issuer or any of its Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition; (3) any Security Interest on any assets or property securing Relevant Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, provided that such Security Interest attaches to such assets or property concurrently with or within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof; (4) any Security Interest existing on any assets or property of any Subsidiary prior to the time such Subsidiary becomes a Subsidiary of the Issuer or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof; (5) any Security Interest securing Relevant Indebtedness owing to the Issuer or to a Subsidiary; and (6) any Security Interest arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Security Interest permitted by any of the foregoing paragraphs, provided that such Relevant Indebtedness is not increased and is not secured by any additional property;

“**person**” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof;

“**Relevant Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (but excluding for the avoidance of doubt, instruments commonly referred to as transferable loan certificates) which (a) either are by their terms payable, or confer a right to receive payment, in any currency other than IDR or are denominated in IDR and more than 50% of the aggregate principal amount thereof is initially distributed outside Indonesia and (b) for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market outside Indonesia;

“**Security Interest**” means any mortgage, charge, *hak tanggungan*, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**Subsidiary**” means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Issuer; and

“**Written Resolution**” means a resolution in writing signed by the holders of a majority in aggregate principal amount of the Notes outstanding.

5 Interest

The 2027 Notes bear interest on their outstanding principal amount from and including 11 June 2024 at the rate of 6.375 per cent. per annum, and the 2029 Notes bear interest on their outstanding principal amount from and including 11 June 2024 at the rate of 6.375 per cent. per annum, in each case, payable semi-annually in arrear on 11 June and 11 December in each year (each, an “Interest Payment Date”), except that the first payment of interest, to be made on 11 December 2024, will be in respect of the period from and including 11 June 2024 to but excluding 11 December 2024. Each Note will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Note, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including 11 June 2024 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “Interest Period.”

Interest in respect of any Note shall be calculated per U.S.\$1,000 in principal amount of the Notes (the "Calculation Amount"). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6 Redemption and Purchase

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the 2027 Notes will be redeemed at their principal amount on 11 June 2027, and the 2029 Notes will be redeemed at their principal amount on 11 June 2029. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.
- (b) **Redemption for Taxation:** Each tranche of the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Indonesia or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 30 May 2024, and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that (I) no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts and (II) at the time such notice of redemption is given, such obligation to pay such additional amounts remains in effect. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorised persons of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Fiscal Agent shall be protected and shall have no liability to any Noteholder or any other person for so accepting and relying on such certificate or opinion.
- (c) **Purchase:** the Issuer and its Subsidiaries (as defined in the Fiscal Agency Agreement) may at any time purchase Notes in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 12(a).
- (d) **Cancellation:** All Certificates representing Notes purchased by or on behalf of the Issuer shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Notes shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments

- (a) **Method of Payment:**
 - (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in the manner provided in paragraph (ii) below.

- (ii) Interest on each Note shall be paid to the person shown on the Register at the close of business on the business day before the due date for payment thereof (the “Record Date”). Payments of interest on each Note shall be made in the relevant currency by may be made by transfer to an account in the relevant currency maintained by the payee with a bank. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Noteholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear Bank SA/NV, Clearstream Banking S.A. or an Alternative Clearing System (as defined in the form of the Global Certificate), each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 1 January and 25 December.

- (b) **Payments subject to Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Noteholders in respect of such payments.
- (c) **Payment Initiation:** Where payment is to be made by transfer to an account in the relevant currency, payment instructions (for value the due date, or if that is not a Business Day, for value the first following day which is a Business Day) will be initiated, and, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Fiscal Agent is open for business and on which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Fiscal Agent, the Paying Agent, the Registrar and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agent, the Registrar and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent, (iii) a Registrar, (iv) a Transfer Agent and (v) such other agents as may be required by any other stock exchange on which the Notes may be listed.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders by the Issuer in accordance with Condition 14.

- (e) **Delay in Payment:** Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a business day, if the Noteholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment.

- (f) **Non-Business Days:** If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “business day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Jakarta, in New York City, in London, in Hong Kong and in the place in which the specified office of the Fiscal Agent is located.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (a) held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (b) in respect of which the certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the Certificate representing such Note for payment on the last day of such period of 30 days; or
- (c) in respect of any taxes that would not have been so withheld or deducted but for the failure of the Noteholder or a beneficial owner of the Notes to comply with a request by the Issuer or the Fiscal Agent to satisfy any certification, identification or other reporting requirements, imposed as a precondition to exemption from or reduction in the rate of such taxes, concerning nationality, residence or connection with the Relevant Jurisdiction; provided that at least 30 calendar days prior to the first payment date with respect to which compliance with such certification, identification or other reporting requirement is required, the Noteholder has been notified by the Issuer or the Fiscal Agent that such compliance is required; or
- (d) to a Noteholder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the additional amounts had the beneficiary, settlor, member or beneficial owner been the Noteholder of the Note; or
- (e) in respect of any estate, inheritance, gift, sales, transfer, personal property or other similar taxes; or
- (f) in respect of any taxes payable other than by withholding or deduction; or
- (g) in respect of any combination of paragraphs (a) through (f) above.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation

thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “FATCA Withholding”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

“**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender; and

“**Relevant Jurisdiction**” means Indonesia or any political subdivision or any authority thereof or therein having power to tax.

None of the Agents shall in any event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and nor will any Agent be responsible or liable for any failure by the Issuer or the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment or be responsible to provide any notice or information in relation to the Notes in connection with payment of such tax, duty, charges, withholding or other payment.

9 Events of Default

The term “Event of Default” means any of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) which shall have occurred and be continuing:

- (a) default in the payment of any instalment of interest upon any of the Notes when it becomes due and payable, and continuance of such default for a period of 30 days; or
- (b) default in the payment of all or any part of the principal of (or premium, if any, on) any of the Notes as and when the same shall become due and payable, and continuance of such default for a period of 7 days, whether at maturity, upon redemption or otherwise; or
- (c) default in the performance, or breach, of the covenants or agreements on the part of the Issuer contained herein or in the Fiscal Agency Agreement, and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Issuer at the office of the Fiscal Agent by the Noteholders of at least 10% in aggregate principal amount of the Notes at the time outstanding a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder; or
- (d) any Relevant Indebtedness of the Issuer in the aggregate outstanding principal amount of U.S.\$30,000,000 or more either (i) becoming due and payable prior to the due date for payment thereof by reason of acceleration thereof following default by the Issuer or (ii) not being repaid at, and remaining unpaid after, maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Issuer in respect of Relevant Indebtedness of any other person not being honoured when, and remaining dishonoured after becoming, due and called; provided that, in the case of (i) above, if any such default under any such Relevant Indebtedness shall be cured or waived, then the default hereunder by reason thereof shall be deemed to have been cured and waived; or

- (e) the entry of a decree or order for relief in respect of the Issuer by a court having jurisdiction in the premises in an involuntary case under any applicable bankruptcy, insolvency, rehabilitation or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or
- (f) the commencement by the Issuer of a voluntary case under any applicable bankruptcy, insolvency, rehabilitation or other similar law now or hereafter in effect, or the consent by the Issuer to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Issuer or of any substantial part of its property, or the mailing by the Issuer of an assignment for the benefit of its creditors, or the admission by the Issuer in writing of inability to pay its debts generally as they become due, or the taking of corporate action by the Issuer in furtherance of any such action.

If an Event of Default occurs and is continuing, the holders of not less than 25% in aggregate principal amount of the Notes then outstanding may declare the principal amount of and all accrued but unpaid interest on all the Notes to be due and payable immediately, by a notice in writing to the Issuer at the office of the Fiscal Agent, and upon such declaration any such principal amount and interest shall become immediately due and payable. Upon such declaration, the Fiscal Agent shall give notice thereof to the Issuer and to the Noteholders, by mail and publication. If, after any such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Issuer pays or deposits with the Fiscal Agent all amounts then due with respect to the Notes (other than amounts due solely because of such declaration) and cures all other Events of Default with respect to the Notes, such defaults may be waived and such declaration may be annulled and rescinded by the holders of more than 50% in aggregate outstanding principal amount of the Notes by written notice thereof to the Issuer at the office of the Fiscal Agent.

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, prefunding and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Noteholders and Modification and Substitution

- (a) **Meetings of Noteholders:** The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing

a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of or interest on, the Notes, (iii) to change the currency of payment of the Notes, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than two thirds, or at any adjourned meeting not less than 25 per cent, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Fiscal Agency Agreement provides that a resolution in writing signed by or on behalf of the Noteholders, or by way of electronic consent by or on behalf of the Noteholders, of a majority of the aggregate principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification of the Fiscal Agency Agreement:** The Issuer shall only permit any modification of, without the consent of the Noteholders, to these Conditions or any of the provisions of the Fiscal Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is not materially prejudicial to the interests of the Noteholders. Any determination as to prejudice applying to the interests of the Noteholders pursuant to this Condition shall be made by the Issuer and none of the Agents shall have any responsibility or liability whatsoever with respect to such determinations. Any modification shall be binding on the Noteholder and shall be notified by the Issuer to the Noteholder as soon as practicable thereafter in accordance with Condition 14.
- (c) **Substitution:** The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders, substitute for itself as principal debtor under the Notes such company (the “Substitute”) as is specified in the Fiscal Agency Agreement, provided that no payment in respect of the Notes is at the relevant time overdue. The substitution shall be made by a deed poll (the “Deed Poll”), and may take place only if (i) the Fiscal Agent has been given 30 days’ notice in writing by the Issuer of such intended substitution and the Fiscal Agent has confirmed in writing to the Issuer that the Substitute has fulfilled all necessary “know your customer” and other applicable checks of the Fiscal Agent; (ii) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (iii) the obligations of the Substitute under the Deed Poll, the Notes shall be unconditionally guaranteed by the Issuer by means of the Deed Poll, (iv) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll and the Notes represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Issuer have been taken, fulfilled and done and are in full force and effect, (v) the Substitute shall have become party to the Fiscal Agency Agreement by way of a supplement or amendment, with any appropriate

consequential amendments satisfactory to the Fiscal Agent, as if it had been an original party to it, (vi) legal opinions addressed to the Noteholders shall have been delivered to them from a lawyer or firm of lawyers with a leading securities practice in each jurisdiction referred to in (ii) above and in England as to the fulfilment of the preceding conditions of this Condition 12(c) and the other matters specified in the Deed Poll and (vii) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available from the Issuer. References in Condition 9 to obligations under the Notes shall be deemed to include obligations under the Deed Poll.

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

14 Notices

Notices required to be given to the holders of Notes pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fifth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices required to be given to the holders of Notes pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of the stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Notes are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or an Alternative Clearing System, notices to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or the Alternative Clearing System, for communication by it to entitled accountholders, in substitution for notification as required by the Conditions.

15 Currency Indemnity

U.S. dollars is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective

of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person that exists or is available apart from such Act.

17 Governing Law and Jurisdiction

- (a) **Governing Law:** The Fiscal Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with any Notes (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Agent for Service of Process:** The Issuer irrevocably appoints POSCO INTERNATIONAL Corp., London Branch located at 10th Floor, CI Tower, St. Georges Square, New Malden, KT3 4TE, United Kingdom as its agent in England to receive service of process in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

THE GLOBAL NOTES

Capitalized terms used in this section and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Notes.”

The Notes will initially be represented by the Global Notes. The Global Notes will be deposited with and registered in the name of a nominee of the Common Depositary, and Euroclear and Clearstream will credit their respective account holders with the respective principal amounts of the individual interests represented by such Global Notes. Such accounts will be designated initially by or on behalf of the representative of the Joint Lead Managers. Ownership of beneficial interests in the Global Notes will be limited to persons who have accounts with Euroclear or Clearstream or persons who hold interests through such account holders. Ownership of beneficial interests in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, the records maintained by Euroclear and Clearstream (with respect to interests of their respective account holders) and the records of such account holders (with respect to interests of persons other than such account holders).

Each Global Note (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein and described under “Subscription and Sale.” Except in the limited circumstances described in Terms and Conditions of the Notes, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of definitive certificates representing their Notes.

Payments in respect of the Notes represented by the Global Notes will be made to the Common Depositary or its nominee as the registered owner thereof. None of us, the Fiscal Agent, the Common Depositary, the Registrar, any Paying Agent, any Transfer Agent or any other Agent will have any responsibility or liability for the accuracy of any of the records relating to, or payments made on account of, beneficial interests in the Global Notes or for any notice permitted or required to be given to persons with beneficial interests in the Global Notes or any consent given or actions taken by such persons. We expect that the Common Depositary, upon receipt of any payment in respect of any Notes represented by the Global Notes held by it or its nominee, will promptly credit the accounts of the participants of Euroclear and Clearstream with payments proportionate to their respective interests in the principal amount of the Notes represented by the Global Notes as shown on its records.

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear and Clearstream and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream and their respective direct and indirect participants.

Although Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants and account holders of Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of us, the Fiscal Agent, the Common Depositary, the Registrar, any Paying Agent, any Transfer Agent or any other Agent will have any responsibility for the performance by Euroclear, Clearstream or their respective participants, indirect participants or account holders, of their respective obligations under the rules and procedures governing their operations.

Euroclear and Clearstream each holds the Notes for participating organizations and facilitates the clearance and settlement of Note transactions between its respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Participants of Euroclear and Clearstream are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other

organizations. Indirect access to Euroclear and Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a participant of Euroclear or Clearstream, either directly or indirectly.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that a Global Note is exchanged for definitive certificates, we will appoint and maintain a paying agent in Singapore, where the definitive certificates may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for definitive certificates, an announcement of such exchange will be made by or on behalf of us through the SGX-ST, and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore.

INDONESIAN TAXATION

You are advised to consult with your tax advisors about the particular tax consequences of making an investment in the Notes.

The following is a summary with respect to taxes imposed by the Government. The summary does not address any laws other than the tax laws of Indonesia in force and as they are applied in practice as of the date of this Offering Circular.

General

Resident taxpayers, individual or corporate, are subject to income tax in Indonesia. Subject to the provisions of any applicable agreement for the avoidance of double taxation (a “tax treaty”), non-resident taxpayers, namely corporations not domiciled or established in Indonesia, which do not have a permanent establishment in Indonesia, or individuals, which derive income sourced in Indonesia from, among other things, the sale of assets situated in Indonesia, services performed in or outside Indonesia or interest, royalties or dividends from Indonesia, are subject to a withholding tax on that income at the rate of 20.0%. If the income is effectively connected with a permanent establishment of a non-resident corporation in Indonesia, the income is subject to corporate income tax at a flat rate of 22.0% and deemed distribution tax of 20.0% of the after-tax profits, subject to applicable tax treaties.

Withholding Tax

Payment of interest in whatever name or form is subject to withholding tax Article 23 at the rate of 15.0% if paid to Indonesian residents and permanent establishments (other than Indonesian banks). Payment of interest in whatever name or form is subject to withholding tax Article 26 at the rate of 20.0% if paid to Non-Indonesian residents. Directorate General of Tax Regulation No. PER-25/PJ/2018 (“DGT Reg 25”) stipulates conditions for non-residents seeking to obtain the benefits of an applicable tax treaty with Indonesia. The conditions include that there is no abuse of the treaty (“Anti-Abuse Requirement”) that the income recipient is the beneficial owner of the income if that is required by the treaty (“Beneficial Ownership Requirement”) and that the income recipient submit Form DGT that requires attestation as to meeting these substantive conditions.

To fulfill the Anti-Abuse Requirement, the foreign entity must satisfy the following:

- the entity has economic substance in the establishment or the implementation of transactions;
- the entity has the legal form similar to economic substance in the establishment of entity or the implementation of transactions;
- the entity has business activity managed by own management and the management has sufficient authorities to enter into transactions;
- the entity has fixed assets and non-fixed assets, which are sufficient and adequate to conduct business activity in the P3B counterparty country or in counterparty jurisdiction other than assets generating incomes from Indonesia;
- the entity has employees in sufficient and adequate number with certain expertise and skill in accordance with the business field conducted by company;
- the entity has active activity or business other than only receiving incomes in the form of dividend, interest and/or royalty originating from Indonesia; and
- the purpose of the transaction is not to directly or indirectly obtain the benefit under the treaty that is contrary to the object and purpose of the tax treaty.

To fulfill the Beneficial Ownership Requirement, the foreign entity must satisfy the following:

- the entity is not acting as agent, nominee, or conduit;
- the entity has control to use or benefit from funds, assets, or rights generating income from Indonesia;
- not more than 50% of the income of the entity is used to fulfill liabilities to other parties;
- the entity bears risk of assets, capitals, or liabilities owned; and
- the entity has no liabilities whether written or not written to pass on a part of or the entire income received from Indonesia to other parties.

In order to obtain the benefit of the reduced rate under the tax treaty, the recipient of the interest payable on the Notes must comply with the certification, eligibility, information and reporting requirements in force in Indonesia. Currently, such recipient would need to provide an original Certificate of Tax Domicile/DGT Form (commonly known as a Certificate of Residence) in the format specifically provided by the Indonesian Tax Authority. If the tax treaty benefits are not available, the withholding tax rate applicable will be 20.0%.

Moreover, pursuant to Article 2 paragraph 2 of the Government Regulation No. 91 of 2021 concerning Income Tax on Income in the Form of Bond Interest Received or Obtained by Domestic Taxpayers and Permanent Establishments and Article 3 paragraph 3 of the Government Regulation No. 9 of 2021 concerning Tax Treatment to Support Ease of Conducting Business, income received or earned by foreign taxpayers (an individual or a company) other than permanent establishments in the form of interest and bond discounts is subject to a final withholding tax at 10.0% of the tax base.

However, interest on the Notes is exempt from any withholding or deduction on account of the Notes. The Noteholders shall not be liable for, or otherwise be required to pay, any tax, duty, withholding or other payment, which may arise as a result of the ownership, transfer, payment or enforcement of the Notes. Based on tax practice in Indonesia, if interest on the Notes is grossed up, the interest expense of the purchase of the Notes will not be seen as fiscal adjustment in the calculation of corporate income tax by the Directorate General of Tax. Therefore, in principle, all payments made by the Noteholders shall be made subject to any such tax, duty, withholding or other payment, which may be required to be made, paid, withheld or deducted.

Taxes on Capital Gains

Gains from disposal of the Notes by an Indonesian tax resident is taxable in Indonesia and subject to income tax up to a maximum rate of 35.0% for individuals, at a flat rate of 22.0% for companies and permanent establishments, and an additional distribution tax for permanent establishments of 20.0% of after-tax profits, subject to applicable tax treaties.

Taxes on Intercompany Loans

In respect to intercompany loans, the payment of the interest must be done in accordance with the arm's length principle. If the arm's length principle is not applied, Article 18 Paragraph (3) of Income Tax Law No. 36 Year 2008 as amended by Laws No. 7 of 2021 of Tax Regulation Harmonization ("Income Tax Law") applies. It states that the DGT will have the authority to re-determine the amount of income and deductions as well as determine debt as equity to calculate the amount of taxable income for taxpayers with a special relationship with other taxpayers in accordance with the arm's length principle that is not influenced by special relationship, using comparable uncontrolled price method, resale price method, cost-plus method or other methods.

Article 18 Paragraph (4) of Income Tax Law states that a “special relation” exists if:

- the taxpayer has, directly or indirectly, capital participation of a minimum of 25% of the other taxpayer; relation between taxpayer with a minimum participation of 25% at two taxpayers or more (i.e., a relationship exists between the taxpayer and two or more legal entities if the taxpayer holds at least a 25% ownership stake in each of these entities); or relation between two taxpayers or more mentioned latter (i.e., a relationship exists between two or more legal entities that share common shareholders, each such shareholder holding at least a 25% stake in these entities);
- the taxpayer controls other taxpayer or that two or more taxpayers that are under the same possession both directly and indirectly; or
- there is a family relation, both biologically and by marriage, in vertical and/or horizontal lineage of the first degree.

Other Indonesian Taxes

There are no Indonesian estate, inheritance, succession or gift taxes generally applicable to the acquisition, ownership or disposition of the Notes. There are no Indonesian stamp, issue, registration or similar taxes or duties payable by holders of the Notes as a result of their holding of the Notes.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

SUBSCRIPTION AND SALE

BNP Paribas, Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited and MUFG Securities Asia Limited (the “Joint Lead Managers”) have, pursuant to a Subscription Agreement (the “Subscription Agreement”) dated May 30, 2024, agreed to subscribe and pay for, or to procure subscriptions and payment for, the principal amount of the 2027 Notes and the 2029 Notes, subject to certain conditions contained therein.

The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities (including liabilities under the Securities Act), incurred in connection with the issue and sale of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

The initial issue price is set forth on the cover of this Offering Circular. After the Notes are released for sale, the Joint Lead Managers may change the issue price and other selling terms. The offering of the Notes by the Joint Lead Managers is subject to receipt and acceptance and subject to the Joint Lead Managers’ right to reject any order in whole or in part.

The Joint Lead Managers and certain of their respective affiliates have, from time to time, performed, and may in the future perform, certain investment banking, commercial banking and advisory services for the Issuer and/or its affiliates for which they have received or will receive customary fees and expenses.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer.

The Joint Lead Managers or their affiliates may subscribe the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be subscribers of the Notes).

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Manager or its affiliate on behalf of the Issuer in such jurisdiction.

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the relevant Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Notes.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorize it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);

- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus orders should be sent to:
dl.asia.syndicate@asia.bnpparibas.com; HKG-Syndicate@ca-cib.com; hk_syndicate_omnibus@hsbc.com.hk; Asia-Syndicate@hk.sc.mufg.jp.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The relevant Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Manager with such evidence within the timeline requested.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Notes are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area, each Joint Lead Manager has represented and agreed that it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Joint Lead Manager or Joint Lead Managers nominated by us for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Notes shall require us or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of the Notes to the public” in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129, as amended.

United Kingdom

Each Manager has represented and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Manager has represented and agreed that:

- it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Notes which are, or are intended to be, disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been, and will not be, registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “Financial Instruments and Exchange Act”). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an

invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Switzerland

This Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the offering, nor the Issuer nor the Notes have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority (“FINMA”), and investors in the Notes will not benefit from protection or supervision by such authority.

Korea

The Notes have not been and will not be registered with the Financial Services Commission of Korea under the FSCMA. Accordingly, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined in the Foreign Exchange Transactions Law of Korea and regulation thereunder), or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations. In addition, within one year following the issuance of the Notes, the Notes may not be transferred to any resident of Korea other than a Korean “qualified institutional buyer” (as defined in the Regulation on Securities Issuance, Public Disclosure, Etc. of Korea, a “Korean QIB”) registered with the Korea Financial Investment Association as a Korean QIB, provided that the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20% of the aggregate principal amount of the Notes. Each Manager severally but not jointly has undertaken to ensure that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Manager that it will comply with the restrictions described above.

Transfer Restrictions

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfers of the Notes.

The Notes have not been and will not be registered under the Securities Act. The Notes may not be offered or sold to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Except in certain limited circumstances, interests in the Notes may only be held through interests in the Global Notes. Such interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear, Clearstream and their respective direct and indirect participants. See “Terms and Conditions of the Notes” and “The Global Notes.”

Each purchaser of the Notes, by accepting delivery of this Offering Circular, will be deemed to have acknowledged and represented and agreed as follows:

- The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States or any other jurisdiction and are subject to significant restrictions on transfer.
- Until forty (40) days after the commencement of offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.
- Such purchaser will not offer, sell, pledge or otherwise transfer any interest in the Notes except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
- The Notes will bear legends to the following effect, unless the Issuer determines otherwise in compliance with applicable law, and such purchaser will observe the restrictions contained therein:

THE NOTES EVIDENCED HEREBY OF PT KRAKATAU POSCO HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH OJK IN INDONESIA, AND THEREFORE, THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE TERRITORY OF INDONESIA OR TO INDONESIAN CITIZENS, WHEREVER THEY ARE DOMICILED, OR TO INDONESIAN RESIDENTS, IN A MANNER WHICH CONSTITUTES A PUBLIC OFFERING UNDER LAW NO. 8 OF 1995 ON CAPITAL MARKETS INCLUDING THE LAW NO. 4 OF 2023 CONCERNING THE DEVELOPMENT AND STRENGTHENING OF THE FINANCIAL SECTOR, WHICH AMENDS CERTAIN PROVISIONS OF THE INDONESIAN CAPITAL MARKETS LAW AND THEIR IMPLEMENTING REGULATIONS, AND A PRIVATE OFFERING UNDER THE OJK REGULATION NO. 30 OF 2019 ON THE ISSUANCE OF DEBT-LINKED SECURITIES AND/OR SUKUK ISSUED BY WAYS OF PRIVATE PLACEMENT.

LEGAL MATTERS

Certain legal matters with respect to the issue and sale of the Notes will be passed upon for us by Cleary Gottlieb Steen & Hamilton LLP and Hanafiah Ponggawa & Partners. Certain legal matters relating to the issue and sale of the Notes will be passed upon for the Joint Lead Managers by Linklaters LLP. Hanafiah Ponggawa & Partners may rely on the opinions of Cleary Gottlieb Steen & Hamilton LLP and Linklaters LLP with respect to matters of English law, and Cleary Gottlieb Steen & Hamilton LLP and Linklaters LLP may rely on the opinion of Hanafiah Ponggawa & Partners with respect to matters of Indonesian law.

INDEPENDENT AUDITORS

Our financial statements as of and for the years ended December 31, 2021, 2022 and 2023 included elsewhere in this Offering Circular have been audited by Siddharta Widjaja & Rekan, independent auditors, as stated in their reports appearing in this Offering Circular.

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**PT KRAKATAU POSCO DAN ENTITAS ANAK/
*PT KRAKATAU POSCO AND SUBSIDIARY***

**LAPORAN KEUANGAN KONSOLIDASIAN/
*CONSOLIDATED FINANCIAL STATEMENTS***

**TAHUN BERAKHIR 31 DESEMBER 2023/
*YEAR ENDED 31 DECEMBER 2023***

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

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**SURAT PERNYATAAN DIREKSI
TENTANG TANGGUNG JAWAB ATAS
LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK TAHUN BERAKHIR
31 DESEMBER 2023
PT KRAKATAU POSCO DAN ENTITAS ANAK**

Kami, yang bertanda tangan dibawah ini, untuk dan atas nama Dewan Direksi:

1. Nama : Kim Kwang Moo
Alamat kantor : Jl. Afrika No. 2,
Alamat domisili : The Pakubuwono Signature Lt 55
No SW 55C Tower Satinwood
Jl. Pakubowono 6 No 72
Kebayoran Baru Jakarta Selatan
Telepon : 0254 - 369700
Jabatan : Direktur Utama
2. Nama : Lee Nam Hoon
Alamat kantor : Jl. Afrika No. 2,
Cilegon 42443
Telepon : 0254 - 369700
Jabatan : Direktur

menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian PT Krakatau Posco dan entitas anak;
2. Laporan keuangan konsolidasian PT Krakatau Posco dan entitas anak telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan konsolidasian PT Krakatau Posco dan entitas anak telah diungkapkan secara lengkap dan akurat;
b. Laporan keuangan konsolidasian PT Krakatau Posco dan entitas anak tidak mengandung informasi atau fakta material yang tidak benar, dan kami tidak menghilangkan informasi atau fakta yang material; dan
4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Krakatau Posco dan entitas anak.

Demikian pernyataan ini dibuat dengan sebenarnya.

**THE DIRECTORS' STATEMENT
OF RESPONSIBILITY FOR THE
CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED
31 DECEMBER 2023
PT KRAKATAU POSCO AND SUBSIDIARY**

We, the undersigned, for and on behalf of Board of Directors:

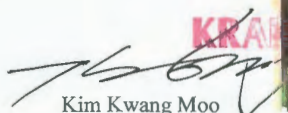
1. Name : Kim Kwang Moo
Office address : Jl. Afrika No. 2,
Domicile : The Pakubuwono Signature 55 Fl.
address : No SW 55C Tower Satinwood
Jl. Pakubowono 6 No 72
Kebayoran Baru South Jakarta
Telephone : 0254 - 369700
Title : President Director
2. Name : Lee Nam Hoon
Office address : Jl. Afrika No. 2,
Cilegon 42443
Telephone : 0254 - 369700
Title : Director

declare that:

1. *We are responsible for the preparation and presentation of consolidated financial statements of PT Krakatau Posco and subsidiary;*
2. *The consolidated financial statements of PT Krakatau Posco and subsidiary have been prepared and presented in accordance with Indonesian Financial Accounting Standards;*
3. a. *All information in the consolidated financial statements of PT Krakatau Posco and subsidiary have been completely and accurately disclosed;*
b. *The consolidated financial statements of PT Krakatau Posco and subsidiary do not contain misleading material information or facts, and we have not omitted any material information or facts; and*
4. *We are responsible for the internal controls system of PT Krakatau Posco and subsidiary.*

This statement is made truthfully.

Cilegon 20 Maret 2024 / 20 March 2024


Kim Kwang Moo
Direktur Utama/President Director


Lee Nam Hoon
Direktur/Director


604ALX070889227

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

**LAPORAN POSISI KEUANGAN KONSOLIDASIAN/
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Dalam Dolar Amerika Serikat, kecuali dinyatakan lain/*In US Dollar, unless otherwise specified*)

<u>Dalam Dolar Amerika Serikat</u>	<u>Catatan/ Notes</u>	<u>31 Desember/December</u>		<u>In US Dollar</u>
		<u>2023</u>	<u>2022</u>	
ASET				ASSETS
Aset lancar				Current assets
Kas dan setara kas	4	41.800.579	20.369.964	Cash and cash equivalents
Piutang usaha dan nonusaha	5	184.412.744	200.668.872	Trade and other receivables
Persediaan	6	379.550.826	581.521.931	Inventories
Pajak pertambahan nilai dibayar di muka		-	26.340.128	Prepaid value added tax
Uang muka		22.716.611	58.879.650	Advance payments
Aset lancar lainnya		540.619	108.906	Other current assets
Total aset lancar		<u>629.021.379</u>	<u>887.889.451</u>	Total current assets
Aset tidak lancar				Non-current assets
Aset tetap, neto	7	2.397.792.779	2.584.556.332	Fixed assets, net
Aset takberwujud, neto		6.281.226	897.093	Intangible assets, net
Aset tidak lancar lainnya		8.268.988	7.028.439	Other non-current assets
Total aset tidak lancar		<u>2.412.342.993</u>	<u>2.592.481.864</u>	Total non-current assets
TOTAL ASET		<u>3.041.364.372</u>	<u>3.480.371.315</u>	TOTAL ASSETS
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
Liabilitas jangka pendek				Current liabilities
Utang usaha dan nonusaha	8	583.373.598	852.688.041	Trade and other payables
Utang bank dan pinjaman	9	422.794.504	1.099.767.836	Loans and borrowings
Uang muka dari pelanggan		12.501.619	6.989.071	Advance from customers
Utang pajak lainnya		3.744.242	2.454.971	Other taxes payable
Total liabilitas jangka pendek		<u>1.022.413.963</u>	<u>1.961.899.919</u>	Total current liabilities
Liabilitas jangka panjang				Non-current liabilities
Utang bank dan pinjaman	9	1.107.498.710	657.548.665	Loans and borrowings
Liabilitas imbalan kerja		1.645.032	1.441.096	Employee benefits obligation
Total liabilitas jangka panjang		<u>1.109.143.742</u>	<u>658.989.761</u>	Total non-current liabilities
TOTAL LIABILITAS		<u>2.131.557.705</u>	<u>2.620.889.680</u>	TOTAL LIABILITIES
EKUITAS				EQUITY
Modal dasar	10	1.275.164.800	1.275.164.800	Share capital
Komponen ekuitas lainnya		341.872.477	341.872.342	Other equity components
Akumulasi defisit		(707.231.711)	(757.556.794)	Accumulated deficit
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk		909.805.566	859.480.348	Equity attributable to owners of the Company
Kepentingan nonpengendali		1.101	1.287	Non-controlling interest
TOTAL EKUITAS		<u>909.806.667</u>	<u>859.481.635</u>	TOTAL EQUITY
TOTAL LIABILITAS DAN EKUITAS		<u>3.041.364.372</u>	<u>3.480.371.315</u>	TOTAL LIABILITIES AND EQUITY

Lihat Catatan atas Laporan Keuangan Konsolidasian yang merupakan bagian tak terpisahkan dari laporan keuangan konsolidasian ini.

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

**LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN/
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
(Dalam Dolar Amerika Serikat, kecuali dinyatakan lain/*In US Dollar, unless otherwise specified*)

	Catatan/ Notes	Tahun berakhir 31 Desember/ Year ended 31 December		In US Dollar
		2023	2022	
Dalam Dolar Amerika Serikat				
Pendapatan	11	2.396.836.317	2.328.391.955	Revenue
Beban pokok penjualan	12	(2.178.982.542)	(2.070.457.406)	Cost of sales
LABA BRUTO		217.853.775	257.934.549	GROSS PROFIT
Beban penjualan dan distribusi	13	(9.029.670)	(8.769.048)	Selling and distribution expenses
Beban administrasi	14	(31.480.451)	(27.876.569)	Administrative expenses
Pembalikan (rugi) penurunan nilai piutang usaha dan nonusaha		652.686	(101.117)	Impairment reversal (loss) on trade and other receivables
Laba (rugi) selisih kurs, neto		5.891.679	(16.990.008)	Currency exchange gain (loss), net
Pendapatan lainnya, neto		6.796.531	771.919	Other income, net
		(27.169.225)	(52.964.823)	
LABA OPERASI		190.684.550	204.969.726	OPERATING PROFIT
Beban keuangan		(146.242.164)	(100.870.245)	Finance costs
Pendapatan keuangan		6.076.173	645.696	Finance income
BEBAN KEUANGAN NETO		(140.165.991)	(100.224.549)	NET FINANCE COSTS
LABA SEBELUM PAJAK		50.518.559	104.745.177	PROFIT BEFORE TAX
Beban pajak penghasilan	15	-	-	Income tax expense
LABA SETELAH PAJAK		50.518.559	104.745.177	PROFIT AFTER TAX
PENGHASILAN KOMPREHENSIF LAIN				OTHER COMPREHENSIVE INCOME
Pos-pos yang tidak akan direklasifikasi ke laba rugi				Items that will never be reclassified to profit or loss
Pengukuran kembali liabilitas imbalan pasti		(193.662)	73.025	Remeasurements of defined benefit liability
Pos-pos yang mungkin direklasifikasi ke laba rugi				Item that may be reclassified to profit or loss
Selisih kurs yang timbul dari translasi entitas anak		135	3.842	Exchange differences arising from translation of a subsidiary
JUMLAH PENGHASILAN KOMPREHENSIF LAIN		(193.527)	76.867	TOTAL OTHER COMPREHENSIVE INCOME
JUMLAH PENGHASILAN KOMPREHENSIF		50.325.032	104.822.044	TOTAL COMPREHENSIVE INCOME
JUMLAH LABA (RUGI) YANG DAPAT DIATRIBUSIKAN KEPADA:				PROFIT (LOSS) ATTRIBUTABLE TO:
Pemilik entitas induk		50.518.745	104.745.414	Owners of the Company
Kepentingan nonpengendali		(186)	(237)	Non-controlling interest
		50.518.559	104.745.177	
JUMLAH PENGHASILAN (RUGI) KOMPREHENSIF YANG DAPAT DIATRIBUSIKAN KEPADA:				TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:
Pemilik entitas induk		50.325.218	104.822.281	Owners of the Company
Kepentingan nonpengendali		(186)	(237)	Non-controlling interest
		50.325.032	104.822.044	
LABA PER SAHAM	18	34	71	EARNINGS PER SHARE

Lihat Catatan atas Laporan Keuangan Konsolidasian yang merupakan bagian tak terpisahkan dari laporan keuangan konsolidasian ini.

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

**LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN/
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(Dalam Dolar Amerika Serikat, kecuali dinyatakan lain/In US Dollar, unless otherwise specified)

	Ekuitas yang dapat diatribusikan kepada pemilik entitas induk/ Equity attributable to owners of the Company					Kepentingan nonpengendali/ Non-controlling Interest	Total ekuitas/ Total equity	Total ekuitas/ Total equity	In US Dollar
	Modal saham/ Share capital	Akumulasi defisit/ Accumulated deficit	Surplus revaluasi/ Revaluation surplus	Selisih translasi/ Translation difference	Total ekuitas/ Total equity				
<u>Dalam Dolar Amerika Serikat</u>									
Saldo pada 31 Desember 2021	1.057.000.000	(862.375.233)	341.941.323	(72.823)	536.493.267	1.524	536.494.791		Balance as of 31 December 2021
Penerbitan saham baru (Catatan 10)	218.164.800	-	-	-	218.164.800	-	218.164.800		Issuance of new shares (Note 10)
Penghasilan komprehensif - 2022									Comprehensive income - 2022
Laba	-	104.745.414	-	-	104.745.414	(237)	104.745.177		Profit
Jumlah penghasilan komprehensif lain	-	73.025	-	3.842	76.867	-	76.867		Other comprehensive income
Saldo pada 31 Desember 2022	1.275.164.800	(757.556.794)	341.941.323	(68.981)	859.480.348	1.287	859.481.635		Balance as of 31 December 2022
Penghasilan komprehensif - 2023									Comprehensive income - 2023
Laba	-	50.518.745	-	-	50.518.745	(186)	50.518.559		Profit
Jumlah penghasilan komprehensif lain	-	(193.662)	-	135	(193.527)	-	(193.527)		Other comprehensive income
Saldo pada 31 Desember 2023	1.275.164.800	(707.231.711)	341.941.323	(68.846)	909.805.566	1.101	909.806.667		Balance as of 31 December 2023

Lihat Catatan atas Laporan Keuangan Konsolidasian yang merupakan bagian tak terpisahkan *See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.*

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

**LAPORAN ARUS KAS KONSOLIDASIAN/
CONSOLIDATED STATEMENT OF CASH FLOWS**

(Dalam Dolar Amerika Serikat, kecuali dinyatakan lain/*In US Dollar, unless otherwise specified*)

Dalam Dolar Amerika Serikat	Tahun berakhir 31 Desember/ Year ended 31 December		In US Dollar
	2023	2022	
ARUS KAS DARI AKTIVITAS OPERASI:			CASH FLOWS FROM OPERATING ACTIVITIES
Laba	50.518.559	104.745.177	Profit
Penyesuaian untuk:			Adjustments for:
Depresiasi	219.749.536	191.310.964	Depreciation
Kerugian pelepasan aset tetap	426.109	2.149.780	Loss on disposal of fixed assets
Amortisasi aset takberwujud	855.504	566.300	Amortization of intangible assets
(Pembalikan) penyisihan penurunan nilai persediaan	(31.929.665)	28.132.029	(Reversal of) provision for inventory write-down
Pendapatan keuangan	(6.076.173)	(645.696)	Finance income
Beban keuangan	146.242.164	100.870.245	Finance costs
Pembalikan rugi penurunan nilai piutang usaha dan nonusaha	(652.685)	(2.649.911)	Reversal of impairment loss on trade and other receivables
Selisih kurs dari translasi entitas anak	135	3.842	Exchange differences from translation of a subsidiary
Perubahan pada:			Changes in:
Piutang usaha dan nonusaha	(103.996.979)	(96.157.910)	Trade and other receivables
Persediaan	233.900.770	(167.586.956)	Inventories
Pajak pertambahan nilai dibayar di muka	26.340.128	(2.376.886)	Prepaid value added tax
Uang muka	36.163.039	(54.991.495)	Advance payments
Aset lancar lainnya	(431.713)	14.527	Other current assets
Aset tidak lancar lainnya	(1.240.549)	(1.388.951)	Other non-current assets
Utang usaha dan nonusaha	(163.546.181)	210.411.645	Trade and other payables
Utang muka dari pelanggan	5.512.548	2.919.532	Advance from customers
Utang pajak lainnya	1.289.271	582.732	Other taxes payable
Liabilitas imbalan kerja	10.274	(10.544.327)	Employee benefits obligation
Penerimaan bunga	6.076.173	645.696	Interest received
Pembayaran bunga	(146.672.948)	(99.035.077)	Interest paid
Kas netto dari aktivitas operasi	272.537.317	206.975.260	Net cash from operating activities
ARUS KAS DARI AKTIVITAS INVESTASI:			CASH FLOWS FROM INVESTING ACTIVITIES
Pembelian aset tetap	(5.997.423)	(225.610.967)	Acquisition of fixed assets
Pembayaran untuk aset dalam pembangunan	(11.480.055)	(14.683.240)	Payments for assets under construction
Pembelian aset takberwujud	(5.640.068)	(294.230)	Acquisition of intangible assets
Kas netto digunakan untuk aktivitas investasi	(23.117.546)	(240.588.437)	Net cash used in investing activities
ARUS KAS DARI AKTIVITAS PENDANAAN:			CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan pinjaman modal kerja	1.495.061.635	80.000.000	Proceeds of working capital loans
Pembayaran pinjaman modal kerja	(2.173.875.195)	(20.000.000)	Repayments of working capital loans
Penerimaan pinjaman jangka panjang	680.000.000	-	Proceed of long-term loan
Pembayaran pinjaman jangka panjang	(223.925.797)	(223.925.797)	Repayments of long-term loans
Pembayaran pembiayaan pihak ketiga	(3.850)	(5.487)	Repayments of third party financing
Pembayaran liabilitas sewa	(5.245.949)	(26.917.939)	Payment of lease liabilities
Kas netto digunakan untuk aktivitas pendanaan	(227.989.156)	(190.849.223)	Net cash used in financing activities
KENAIKAN (PENURUNAN) NETO KAS DAN SETARA KAS	21.430.615	(224.462.400)	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS, AWAL TAHUN	20.369.964	244.832.364	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR
KAS DAN SETARA KAS, AKHIR TAHUN	41.800.579	20.369.964	CASH AND CASH EQUIVALENTS, END OF YEAR

Lihat Catatan atas Laporan Keuangan Konsolidasian yang merupakan bagian tak terpisahkan dari laporan keuangan konsolidasian ini.

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. UMUM

1. GENERAL

- | | |
|---|---|
| <p>a. PT Krakatau Posco (“Perseroan”) didirikan di Republik Indonesia pada tahun 2010. Kantor dan pabrik Perseroan berlokasi di Jl. Afrika No.2, Cilegon.</p> <p>b. Sesuai dengan pasal 3 Anggaran Dasarnya, Perseroan bergerak dalam bidang manufaktur baja. Perseroan mulai beroperasi secara komersial pada bulan Maret 2014.</p> <p>c. Pemegang saham pengendali Perseroan, POSCO, berbadan hukum Korea, memiliki entitas anak dan afiliasi di seluruh dunia.</p> <p>d. Sejak 1 April 2015 (tanggal pendirian entitas anak), Perseroan memiliki kepemilikan langsung pada entitas anak berikut:</p> | <p>a. <i>PT Krakatau Posco (the “Company”) was established in the Republic of Indonesia in 2010. The Company’s office and factory are located at Jl. Afrika No. 2, Cilegon.</i></p> <p>b. <i>In accordance with article 3 of its Articles of Association, the Company is engaged in manufacturing of steel. The Company started its commercial operations in March 2014.</i></p> <p>c. <i>The Company’s controlling shareholder, POSCO, incorporated in Korea, has subsidiaries and affiliates throughout the world.</i></p> <p>d. <i>Since 1 April 2015 (the establishment date of subsidiary), the Company has direct ownership interest in the following subsidiary:</i></p> |
|---|---|

Nama entitas anak/ Subsidiary’s name	Domisili/ Domicile	Aktivitas bisnis/ Business activity	Tahun dimulainya operasi komersial/ Year commenced commercial operation	Persentase kepemilikan/ Percentage of ownership		Total aset sebelum eliminasi/ Total assets before elimination	
				31 Desember/December		31 Desember/December	
				2023	2022	2023	2022
PT KPSE Services Indonesia	Indonesia	Jasa pengelolaan limbah/ Waste management services	2015	99.9%	99.9%	USD 1.148.105	USD 1.145.642

2. DASAR PENYUSUNAN

2. BASIS OF PREPARATION

- | | |
|---|--|
| <p>a. Laporan keuangan konsolidasian disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia (“SAK”).</p> <p>b. Direktur Perseroan menyetujui penerbitan laporan keuangan konsolidasian pada tanggal 20 Maret 2024.</p> <p>c. Dasar konsolidasi</p> | <p>a. <i>The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards (“SAK”).</i></p> <p>b. <i>The Company’s directors approved the consolidated financial statements for issuance on 20 March 2024.</i></p> <p>c. <i>Basis of consolidation</i></p> |
|---|--|

Laporan keuangan konsolidasian mencakup laporan keuangan Perseroan dan entitas anak (“Grup”). Entitas anak adalah entitas di mana Perseroan terekspos atau memiliki hak atas imbal hasil variabel dari keterlibatannya dengan entitas dan memiliki kemampuan untuk mempengaruhi imbal hasil tersebut melalui kekuasaannya atas entitas tersebut. Entitas anak dikonsolidasikan sejak tanggal pengendalian efektif diperoleh Perseroan dan tidak lagi dikonsolidasikan sejak tanggal pengendalian dihentikan.

The consolidated financial statements include the financial statements of the Company and subsidiary (“the Group”). Subsidiary is entity on which the Company is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is consolidated from the date on which effective control is obtained by the Company and is no longer consolidated from the date that control ceased.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
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CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. DASAR PENYUSUNAN (Lanjutan)

2. BASIS OF PREPARATION (Continued)

c. Dasar konsolidasi (Lanjutan)

Kebijakan akuntansi yang diterapkan dalam laporan keuangan konsolidasian diterapkan secara konsisten oleh Grup.

Transaksi, saldo, pendapatan dan beban yang signifikan dan keuntungan atau kerugian yang belum direalisasi atas transaksi antara Grup dieliminasi dalam laporan keuangan konsolidasian.

Kepentingan nonpengendali disajikan dalam ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari ekuitas yang dapat diatribusikan kepada pemilik Perseroan. Laba atau rugi dan setiap komponen penghasilan komprehensif lain diatribusikan kepada pemilik Perseroan dan kepada kepentingan nonpengendali berdasarkan kepemilikan secara proporsional.

d. Dasar pengukuran

Laporan keuangan konsolidasian disusun atas dasar akrual dengan menggunakan konsep biaya perolehan, kecuali jika standar akuntansi mensyaratkan pengukuran nilai wajar.

e. Mata uang fungsional dan penyajian

Laporan keuangan konsolidasian disajikan dalam Dolar Amerika Serikat, yang merupakan mata uang fungsional Perseroan.

f. Penggunaan pertimbangan, estimasi dan asumsi

Penyusunan laporan keuangan konsolidasian mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi penerapan kebijakan akuntansi serta jumlah aset, liabilitas, pendapatan dan beban yang dilaporkan. Hasil aktual mungkin berbeda dengan jumlah yang diestimasi.

Estimasi dan asumsi yang digunakan ditelaah secara berkesinambungan. Revisi atas estimasi akuntansi diakui secara prospektif.

c. Basis of consolidation (Continued)

The accounting policies adopted in the consolidated financial statements are consistently applied by the Group.

Significant intercompany transactions, balances, income and expenses and unrealized gain or loss on transactions between the Group are eliminated in the consolidated financial statements.

Non-controlling interest is presented within equity in the consolidated statement of financial position, separately from the equity attributable to the owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interest based on the ownership interest proportionally.

d. Basis of measurement

The consolidated financial statements are prepared on the accrual basis using the historical cost concept, except where the accounting standards require fair value measurement.

e. Functional and presentation currency

The consolidated financial statements are presented in US Dollars, which is the Company's functional currency.

f. Use of judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimated amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
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CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. DASAR PENYUSUNAN (Lanjutan)	2. BASIS OF PREPARATION (Continued)
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f. Penggunaan pertimbangan, estimasi dan asumsi (Lanjutan)

(i) Pertimbangan

Informasi tentang pertimbangan penting dalam menerapkan kebijakan akuntansi yang memiliki pengaruh paling signifikan terhadap jumlah yang diakui dalam laporan keuangan disajikan dalam Catatan 7 dan 9 - sewa; apakah suatu perjanjian mengandung sewa.

(ii) Asumsi dan ketidakpastian estimasi

Informasi tentang asumsi dan ketidakpastian estimasi yang dapat menghasilkan penyesuaian material dalam tahun berikutnya tercakup dalam Catatan 7 - aset tetap, estimasi masa manfaat dan surplus revaluasi tanah: asumsi utama yang mendasari pengukuran nilai wajar tanah.

Sejumlah kebijakan akuntansi dan pengungkapan mensyaratkan pengukuran terhadap nilai wajar, baik untuk aset dan liabilitas keuangan maupun non keuangan

Ketika mengukur nilai wajar dari suatu aset atau liabilitas, Grup sedapat mungkin menggunakan data pasar yang dapat diobservasi. Nilai wajar ditentukan menggunakan hierarki atas *input* yang digunakan dalam teknik penilaian untuk aset dan liabilitas:

- Level 1: harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik;
- Level 2: *input*, selain dari harga kuotasian yang diklasifikasikan pada Level 1, yang dapat diobservasi, baik secara langsung (contoh: harga) atau tidak langsung (contoh: bersumber dari harga lain yang dapat diobservasi);
- Level 3: *input* yang tidak didasarkan pada data pasar yang dapat diobservasi (*input* tidak dapat diobservasi).

f. *Use of judgments, estimates and assumptions (Continued)*

(i) *Judgments*

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Notes 7 and 9 - leases; whether an arrangement contains a lease.

(ii) *Assumptions and estimation uncertainties*

Information about the assumptions and estimation uncertainties that may result in a material adjustment within the following year is included in Note 7 - fixed assets, useful lives estimation and revaluation surplus of land: key assumptions underlying fair value measurement of land.

A number of accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data to the extent possible. Fair values are determined using the following hierarchy of inputs used in the valuation techniques for assets and liabilities:

- *Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.*
- *Level 2: inputs, other than quoted prices included in Level 1, that are observable, either directly (i.e. price) or indirectly (i.e. derived from other observable price);*
- *Level 3: inputs that are not based on observable market data (unobservable inputs).*

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CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. DASAR PENYUSUNAN (Lanjutan)

2. BASIS OF PREPARATION (Continued)

f. Penggunaan pertimbangan, estimasi dan asumsi (Lanjutan)

Apabila *input* yang digunakan untuk mengukur nilai wajar dari aset atau liabilitas diperoleh dari gabungan beberapa level yang berbeda dalam hierarki nilai wajar, maka pengukuran nilai wajar untuk keseluruhan aset dan liabilitas diasumsikan telah menggunakan level *input* terendah yang signifikan terhadap keseluruhan pengukuran (Level 3 sebagai level terendah).

Informasi lebih lanjut mengenai asumsi yang dibuat dalam mengukur nilai wajar tercakup dalam catatan berikut ini:

- Catatan 7 - aset tetap (revaluasi tanah); dan
- Catatan 17 - instrumen keuangan.

g. Amendemen atas PSAK

Amendemen dan penyesuaian tahunan yang telah efektif sejak 1 Januari 2023 dinilai tidak berlaku untuk atau diperkirakan tidak memiliki dampak material terhadap laporan keuangan konsolidasian Grup.

Beberapa amendemen atas PSAK telah diterbitkan tetapi belum berlaku efektif untuk tahun yang berakhir tanggal 31 Desember 2023 dan belum diterapkan dalam penyusunan laporan keuangan konsolidasian ini. Antara lain, amendemen berikut yang dapat diterapkan lebih awal, mungkin relevan dengan laporan keuangan konsolidasian Grup di masa depan, dan mungkin memerlukan penerapan retrospektif berdasarkan PSAK 25*, “Kebijakan Akuntansi, Perubahan Estimasi Akuntansi, dan Kesalahan”:

- Amendemen PSAK 1 - Klasifikasi Liabilitas sebagai Jangka Pendek atau Jangka Panjang, yang kemudian digantikan dengan Amendemen PSAK 1 - Liabilitas Jangka Panjang dengan Kovenan

f. Use of judgments, estimates and assumptions (Continued)

If the inputs used to measure the fair value of an asset or a liability are drawn from a mixture of different level sources of the fair value hierarchy, then the fair value measurement for the entire class of the asset or liability is considered to have been done using the lowest level input that is significant to the entire measurement (Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7 - fixed assets (revaluation of land); and
- Note 17 - financial instruments.

g. Amendments to PSAKs

Amendments and annual improvements to the standards that have been effective since 1 January 2023 are assessed as either not applicable or are not expected to have material impacts to the Group's consolidated financial statements.

Certain amendments to PSAK have been issued but are not yet effective for the year ended 31 December 2023 and have not been applied in preparing these consolidated financial statements. Among others, the following amendments which are available for early adoption, may be relevant to the Group's future consolidated financial statements, and may require retrospective application under PSAK 25*, “Accounting Policies, Changes in Accounting Estimates and Errors”:

- Amendments to PSAK 1 - Classification of Liabilities as Current or Non-current, which were later superseded with Amendments to PSAK 1 - Non-current Liabilities with Covenant

* sebelum penomoran ulang seluruh PSAK/ISAK, efektif sejak 1 Januari 2024/ prior to renumbering of all PSAKs/ISAKs, effective from 1 January 2024

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CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. DASAR PENYUSUNAN (Lanjutan)

2. BASIS OF PREPARATION (Continued)

Amendemen tersebut mengklarifikasi kriteria dalam PSAK 1 untuk mengklasifikasikan liabilitas sebagai liabilitas tidak lancar, di mana entitas diharuskan memiliki hak untuk menunda penyelesaian liabilitas selama setidaknya 12 bulan setelah periode pelaporan. Amendemen tersebut antara lain a) menetapkan bahwa hak entitas untuk menunda penyelesaian harus ada pada akhir periode pelaporan; b) mengklarifikasi bahwa klasifikasi tidak terpengaruh oleh intensi atau ekspektasi manajemen tentang apakah entitas akan menggunakan haknya untuk menunda penyelesaian; c) menjelaskan bagaimana kondisi pinjaman mempengaruhi klasifikasi; dan d) mensyaratkan pengungkapan atas liabilitas jangka panjang yang tunduk pada kovenan masa depan. Amendemen tersebut akan berlaku efektif untuk periode pelaporan tahunan yang dimulai pada atau setelah 1 Januari 2024.

Amendemen atas PSAK berikut ini diperkirakan tidak memiliki dampak signifikan terhadap laporan keuangan konsolidasian Grup:

- Liabilitas Sewa pada Transaksi Jual dan Sewa-Balik (Amendemen PSAK 73), berlaku efektif 1 Januari 2024;
- Pengaturan Pembiayaan Pemasok (Amendemen PSAK 2 dan PSAK 60), berlaku efektif 1 Januari 2024;
- Kekurangan Ketertukaran (Amendemen PSAK 10), berlaku efektif 1 Januari 2025.

Sampai dengan tanggal penerbitan laporan keuangan konsolidasian ini, manajemen belum menentukan sejauh mana dampak retrospektif, jika ada, dari penerapan standar ini di masa depan terhadap posisi keuangan dan hasil operasi grup.

The amendments clarify a criterion in PSAK 1 for classifying a liability as non-current, whereby the entity is required to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments among others a) specify that an entity's right to defer settlement must exist at the end of the reporting period; b) clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; c) clarify how lending conditions affect classification; and d) require new disclosures for non-current liabilities that are subject to future covenants. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024.

The following amendments to PSAKs are not expected to have significant impacts to the Group's consolidated financial statements:

- *Lease Liability in a Sale and Leaseback (Amendments to PSAK 73), effective 1 January 2024;*
- *Supplier Finance Arrangements (Amendments to PSAK 2 and PSAK 60), effective 1 January 2024;*
- *Lack of Exchangeability (Amendments to PSAK 10), effective 1 January 2025.*

As of the issuance date of these consolidated financial statements, management has not determined the extent of the retrospective impact, if any, that the future adoption of these standards will have on the Group's financial position and operating results.

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CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**3. IKHTISAR KEBIJAKAN
AKUNTANSI MATERIAL**

**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES**

Kebijakan akuntansi yang dijelaskan di bawah ini telah diterapkan secara konsisten untuk semua periode yang disajikan dalam laporan keuangan konsolidasian.

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

a. Penilaian persediaan

a. Inventory valuation

Persediaan diukur pada nilai yang lebih rendah antara biaya perolehan dan nilai realisasi neto; biaya perolehan ditentukan dengan menggunakan metode rata-rata, dan termasuk pengeluaran yang terjadi untuk memperoleh persediaan, biaya produksi atau konversi, dan biaya lain yang timbul untuk membawanya ke lokasi dan kondisi saat ini. Dalam hal persediaan yang diproduksi dan barang dalam proses, biaya persediaan termasuk overhead produksi yang dialokasikan berdasarkan kapasitas produksi normal.

Inventories are measured at the lower of cost and net realizable value; cost is determined using the average method, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Nilai realisasi neto adalah estimasi harga jual dalam kegiatan usaha normal dikurangi estimasi biaya penyelesaian dan estimasi biaya yang diperlukan untuk melakukan penjualan. Ketika penurunan harga bahan menunjukkan bahwa beban pokok barang jadi melebihi realisasi netonya, nilai realisasi neto bahan baku diukur dengan mengacu pada biaya pengantiannya.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When a decline in price of materials indicates that the cost of finished goods exceeds its net realizable, the net realizable value of the materials are measured by reference to its replacement cost.

b. Aset tetap

b. Fixed assets

Tanah yang diperoleh dengan sertifikat Hak Guna Bangunan ("HGB") diukur pada saat pengakuan awal sebesar biaya perolehan (termasuk biaya legal dan administrasi yang timbul dalam transaksi untuk memperoleh tanah) dan tidak diamortisasi. Sejak akhir tahun 2015, tanah diukur dengan model revaluasi.

Land acquired under Hak Guna Bangunan ("HGB") title is measured upon initial recognition at acquisition cost (includes legal and administrative costs incurred in transactions to acquire the land) and is not amortized. Since end of 2015, land is measured under the revaluation model.

Penilaian tanah dilakukan oleh penilai yang berkualifikasi. Penilaian tersebut secara berkala dinilai kembali untuk memastikan bahwa jumlah tercatat pada tanggal pelaporan tidak berbeda secara material dengan nilai wajar aset revaluasi. Surplus yang timbul dari revaluasi diakui di pendapatan komprehensif lain tahun berjalan dan termasuk dalam surplus revaluasi di ekuitas pada tanggal pelaporan. Setiap penurunan revaluasi setelahnya diakui di penghasilan komprehensif lain sepanjang penurunan tersebut mengurangi surplus revaluasi sebelumnya di ekuitas.

The valuation of land was performed by a qualified appraiser. The valuation is periodically reassessed to ensure that the carrying amount at the reporting date does not differ materially from the fair value of revalued asset. The surplus arising from the revaluation was recognized in other comprehensive income for the year and included in revaluation surplus within equity at reporting date. Any subsequent revaluation decrease is recognized in other comprehensive income to the extent that it reduces the previous revaluation surplus in equity.

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CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**3. IKHTISAR KEBIJAKAN
AKUNTANSI MATERIAL (Lanjutan)**

**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES (Continued)**

b. Aset tetap (Lanjutan)

Aset tetap lainnya diukur dengan model biaya, di mana pada awalnya diukur sebesar biaya perolehan dan selanjutnya dikurangi akumulasi penyusutan dan akumulasi rugi penurunan nilai. Penyusutan dihitung menggunakan metode garis lurus selama taksiran masa manfaat dari aset sebagai berikut:

Bangunan dan perbaikan	5 - 40 tahun/years
Mesin	2 - 25 tahun/years
Peralatan kantor, perabot dan perlengkapan	2 - 10 tahun/years
Kendaraan bermotor	2 - 10 tahun/years

Aset tetap dalam pembangunan merupakan akumulasi biaya bahan, tenaga kerja langsung, dan biaya lainnya yang berkaitan langsung dengan penyelesaian aset tetap, termasuk biaya pinjaman yang dikapitalisasi (jika ada). Akumulasi biaya perolehan direklasifikasi ke akun aset tetap terkait pada saat pembangunan selesai, dan aset tersebut siap untuk digunakan sesuai dengan tujuannya.

c. Aset takberwujud

Aset takberwujud yang dibeli, yang terdiri dari lisensi perangkat lunak komputer dan lisensi teknologi lainnya, memiliki masa manfaat yang terbatas, dan diukur pada biaya perolehan dikurangi akumulasi amortisasi dan akumulasi kerugian penurunan nilai. Amortisasi diakui dalam laba rugi dengan metode garis lurus selama taksiran masa manfaat aset takberwujud, sejak tanggal aset tersebut tersedia untuk digunakan. Estimasi masa manfaat aset takberwujud berkisar antara 4 tahun sampai dengan 10 tahun.

d. Penurunan nilai aset nonkeuangan

Jumlah tercatat aset non-keuangan Grup ditelaah pada setiap tanggal pelaporan untuk menentukan apakah terdapat indikasi penurunan nilai. Jika terdapat indikasi tersebut, maka nilai terpulihkan aset tersebut diestimasi.

Rugi penurunan nilai diakui jika jumlah tercatat unit penghasil kas melebihi jumlah terpulihkannya. Unit penghasil kas adalah kelompok terkecil aset yang dapat diidentifikasi dan menghasilkan arus kas yang sebagian besar independen dari aset lainnya. Rugi penurunan nilai diakui dalam laba rugi.

b. Fixed assets (Continued)

Other fixed assets are measured using the cost model, i.e. initially measured at cost and subsequently carried net of accumulated depreciation and accumulated impairment losses. Depreciation is applied using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements
Machinery
Office equipment, furniture and fixtures
Motor vehicles

Assets under construction represent the accumulated cost of materials, direct labor, and other costs directly related to the construction of the fixed assets, including capitalized borrowing costs (if applicable). The accumulated cost is reclassified to the related fixed assets account when the construction is completed, and that asset is ready for its intended use.

c. Intangible assets

Purchased intangible assets, which comprise computer software licenses and other technological license, have finite useful lives, and are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date they are available for use. The estimated useful life of the intangible assets ranged between 4 years up to 10 years.

d. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets. Impairment losses are recognized in profit or loss.

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**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES (Continued)**

d. Penurunan nilai aset nonkeuangan (Lanjutan)

Jumlah terpulihkan unit penghasil kas adalah nilai yang lebih tinggi antara nilai pakai dan nilai wajar dikurangi dengan biaya untuk menjual. Dalam menentukan nilai pakai, estimasi arus kas masa depan didiskontokan ke nilai sekarang dengan menggunakan tingkat diskonto sebelum pajak yang mencerminkan penilaian pasar kini atas nilai waktu uang dan risiko spesifik atas aset.

Rugi penurunan nilai yang diakui pada periode sebelumnya dievaluasi pada setiap tanggal pelaporan atas indikasi apakah rugi penurunan nilai telah berkurang atau tidak ada lagi. Rugi penurunan nilai dipulihkan jika terjadi perubahan dalam estimasi yang digunakan untuk menentukan nilai terpulihkan. Rugi penurunan nilai dipulihkan sebatas nilai aset tercatat yang tidak melebihi jumlah tercatat yang seharusnya diakui, setelah dikurangi penyusutan atau amortisasi, jika tidak ada rugi penurunan nilai yang telah diakui.

e. Provisi

Provisi diakui jika, sebagai akibat peristiwa masa lalu, Grup memiliki kewajiban hukum atau konstruktif kini yang dapat diestimasi secara andal, dan besar kemungkinan bahwa arus keluar manfaat ekonomi akan diperlukan untuk menyelesaikan kewajiban. Provisi ditentukan dengan mendiskontokan arus kas masa depan yang diharapkan, pada tingkat diskonto sebelum pajak yang mencerminkan penilaian pasar kini atas nilai waktu uang dan risiko spesifik liabilitas, kecuali dampak diskonto tidak signifikan.

f. Imbalan pascakerja

Kewajiban imbalan pascakerja dihitung sebesar nilai kini dari estimasi jumlah imbalan pascakerja di masa depan yang timbul dari jasa yang telah diberikan oleh karyawan pada masa kini dan masa lalu. Perhitungan dilakukan oleh aktuaris yang berkualifikasi menggunakan metode *projected unit credit*.

Keuntungan atau kerugian yang timbul dari pengukuran kembali liabilitas imbalan pasti neto diakui segera dalam penghasilan komprehensif lain. Ketika imbalan program berubah atau ketika terjadi kurtailmen atas program, dampak perubahan imbalan yang terkait dengan jasa masa lalu atau keuntungan atau kerugian dari kurtailmen diakui segera dalam laba rugi.

d. Impairment of non-financial assets (Continued)

The recoverable amount of a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

e. Provisions

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

f. Employee benefits

The obligation for post-employment benefits is calculated at the present value of estimated future benefits that the employees have earned in return for their services in the current and prior periods. The calculation is performed by a qualified actuary using the projected unit credit method.

Gains or losses arising from actuarial remeasurements of the net defined benefit liability are recognized immediately in other comprehensive income. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

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**3. IKHTISAR KEBIJAKAN
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**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES (Continued)**

g. Instrumen keuangan

g. Financial instruments

(i) Aset keuangan

(i) Financial assets

Pada saat pengakuan awal, aset keuangan diklasifikasikan dan diukur pada biaya perolehan diamortisasi; nilai wajar melalui penghasilan komprehensif lain (FVOCI) - instrumen utang; FVOCI - instrumen ekuitas; atau, nilai wajar melalui laba rugi (FVTPL).

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income ("FVOCI") - debt instrument; FVOCI - equity instrument; or, fair value through profit or loss ("FVTPL").

Aset keuangan tidak direklasifikasi setelah pengakuan awalnya kecuali jika Grup mengubah model bisnisnya dalam mengelola aset keuangan, di mana dalam hal ini semua aset keuangan yang terkena dampak direklasifikasi pada hari pertama periode pelaporan setelah perubahan dalam model bisnis.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Aset keuangan yang diukur pada biaya perolehan diamortisasi terdiri dari kas dan setara kas, piutang usaha dan nonusaha dan uang jaminan yang dapat dikembalikan (disajikan sebagai aset tidak lancar lainnya). Aset keuangan ini pada awalnya diakui pada nilai wajar ditambah biaya transaksi yang dapat diatribusikan secara langsung dan selanjutnya diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif. Biaya perolehan diamortisasi dikurangi dengan rugi penurunan nilai. Pendapatan bunga, keuntungan dan kerugian selisih kurs dan penurunan nilai diakui dalam laba rugi. Laba atau rugi dari penghentian pengakuan diakui dalam laba atau rugi.

The financial assets that are measured at amortized cost consist of cash and cash equivalents, trade and other receivables and refundable deposits (presented as other non-current assets). These financial assets are initially recognized at fair value plus directly attributable transaction costs, and subsequently are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains or losses on derecognition of these financial assets are recognized in profit or loss.

(ii) Liabilitas keuangan

(ii) Financial liabilities

Liabilitas keuangan diklasifikasikan dan diukur pada biaya perolehan diamortisasi atau FVTPL. Liabilitas keuangan diklasifikasikan pada FVTPL jika dimiliki untuk diperdagangkan, derivatif, atau ditetapkan sebagai FVTPL pada pengakuan awal.

Financial liabilities are classified as either measured-at-amortized cost, or at FVTPL. FVTPL financial liability is measured as such if it is classified as held-for-trading, if it is a derivative, or if it is designated as measured-at-FVTPL on initial recognition.

Utang bank dan pinjaman dan utang usaha dan nonusaha pada awalnya diakui pada nilai wajar ditambah biaya transaksi dan selanjutnya diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif. Beban bunga dan keuntungan dan kerugian selisih kurs diakui pada laba rugi. Keuntungan atau kerugian dari penghentian pengakuan juga diakui dalam laba rugi.

Loans and borrowings and trade and other payables are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Gains or losses on derecognition are also recognized in profit or loss.

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**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES (Continued)**

g. Instrumen keuangan (Lanjutan)

g. Financial instruments (Continued)

(iii) Penghentian pengakuan

(iii) Derecognition

Aset keuangan

Financial assets

Grup menghentikan pengakuan aset keuangan ketika hak kontraktual atas arus kas dari aset keuangan berakhir, atau ketika Grup mengalihkan hak untuk menerima arus kas kontraktual dalam transaksi di mana secara substansial seluruh risiko dan manfaat dari kepemilikan aset keuangan telah dialihkan: yaitu ketika kendali atas aset keuangan dilepaskan.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred: i.e. when control over the financial asset is relinquished.

Liabilitas keuangan

Financial liabilities

Grup menghentikan pengakuan liabilitas keuangan ketika kewajiban kontraktualnya telah dilepaskan, dibatalkan, atau berakhir. Grup juga tidak lagi mengakui liabilitas keuangan ketika persyaratannya dimodifikasi dan arus kas dari liabilitas modifikasi tersebut berbeda secara substansial, di mana dalam hal ini liabilitas keuangan baru, berdasarkan persyaratan yang dimodifikasi, diakui pada nilai wajar.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or otherwise extinguished. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability, based on the modified terms, is recognized at fair value.

Pada saat penghentian pengakuan liabilitas keuangan, perbedaan antara jumlah tercatat yang dihentikan dan imbalan yang dibayarkan (termasuk aset nonkas yang dialihkan atau diasumsikan sebagai liabilitas) diakui dalam laba rugi.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Saling hapus

(iv) Offsetting

Aset keuangan dan liabilitas keuangan dapat saling hapus dan jumlah netonya disajikan dalam laporan posisi keuangan konsolidasian jika, dan hanya jika, Grup saat ini memiliki hak yang dapat dipaksakan secara hukum untuk melakukan saling hapus dan bermaksud untuk menyelesaikannya secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitas secara simultan.

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

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**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES (Continued)**

g. Instrumen keuangan (Lanjutan)

g. Financial instruments (Continued)

(v) Penurunan nilai

(v) Impairment

Grup mengakui penyisihan kerugian untuk kerugian kredit ekspektasian ("KKE") atas aset keuangan yang diukur pada biaya perolehan diamortisasi.

The Group recognizes loss allowances for expected credit loss ("ECL") on financial assets measured at amortized cost.

Pengukuran KKE

Measurement of ECLs

KKE adalah estimasi probabilitas tertimbang kerugian kredit. Kerugian kredit diukur pada nilai kini dari semua kekurangan kas (yaitu selisih arus kas yang terutang kepada Grup sesuai dengan kontrak dan arus kas yang diharapkan akan diterima Grup). KKE didiskontokan pada suku bunga efektif dari aset keuangan.

ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Penyajian penyisihan KKE dalam laporan posisi keuangan konsolidasian

Presentation of allowance for ECL in the statement of financial position

Penyisihan kerugian untuk aset keuangan yang diukur pada biaya perolehan diamortisasi dikurangkan dari jumlah tercatat bruto aset. Grup mengukur penyisihan kerugian dengan jumlah yang sama dengan KKE sepanjang umur, kecuali untuk kas di bank, setara kas, dan deposito berjangka yang risiko kreditnya (yaitu risiko gagal bayar yang terjadi selama perkiraan umur instrumen keuangan) tidak meningkat secara signifikan sejak pengakuan awal, di mana penyisihan kerugian diukur ditentukan berdasarkan pada KKE 12 bulan.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Group measures loss allowances at an amount that reflects the lifetime ECL, except for cash in bank for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, wherein the loss allowances are determined based on the 12-month ECL.

Penyisihan kerugian untuk piutang usaha dan nonusaha dan uang jaminan yang dapat dikembalikan, yang diukur dengan biaya perolehan diamortisasi diukur pada jumlah yang mewakili KKE sepanjang umur.

Loss allowances for trade and other receivables and refundable deposits, that are measured at amortized cost, are measured at an amount that represents the lifetime ECL.

h. Sewa

h. Leases

Pada tanggal inisiasi suatu kontrak, Grup menilai apakah suatu kontrak merupakan, atau mengandung, suatu sewa. Suatu kontrak adalah, atau mengandung, sewa jika kontrak tersebut memberikan hak untuk mengendalikan penggunaan suatu aset identifikasi selama suatu jangka waktu untuk dipertukarkan dengan imbalan. Untuk menilai apakah suatu kontrak memberikan hak untuk mengendalikan suatu aset identifikasi, Grup menilai apakah:

At inception of a contract, the Group determines if a contract is, or contains, a lease by considering whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. A contract conveys the right to control the use of an identified asset if all of the following conditions are met:

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**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES (Continued)**

h. Sewa (Lanjutan)

- Kontrak melibatkan penggunaan suatu aset identifikasi - ini dapat ditentukan secara eksplisit atau implisit dan secara fisik dapat dibedakan atau mewakili secara substansial seluruh kapasitas dari aset yang secara fisik dapat dibedakan. Jika pemasok memiliki hak substitusi substantif, maka aset tersebut tidak teridentifikasi;
- Grup memiliki hak untuk memperoleh secara substansial seluruh manfaat ekonomik dari penggunaan aset selama periode penggunaan; dan
- Grup memiliki hak untuk mengarahkan penggunaan aset identifikasi: yaitu memiliki hak pengambilan keputusan yang paling relevan untuk mengubah bagaimana dan untuk tujuan apa aset tersebut digunakan.

Pada tanggal inisiasi atau pada saat penilaian kembali suatu kontrak yang mengandung suatu komponen sewa, Grup mengalokasikan imbalan dalam kontrak ke masing-masing komponen sewa berdasarkan harga tersendiri relatif dari komponen sewa.

Grup mengakui aset hak-guna dan liabilitas sewa pada tanggal dimulainya sewa. Aset hak-guna awalnya diukur pada biaya perolehan, yang terdiri dari jumlah pengukuran awal dari liabilitas sewa disesuaikan dengan pembayaran sewa yang dilakukan pada atau sebelum tanggal permulaan, ditambah dengan biaya langsung awal yang dikeluarkan, dan estimasi biaya untuk membongkar dan memindahkan aset pendasar atau untuk merestorasi aset pendasar atau tempat di mana aset berada, dikurangi insentif sewa yang diterima.

Aset hak-guna selanjutnya disusutkan dengan menggunakan metode garis-lurus dari tanggal permulaan hingga tanggal yang lebih awal antara akhir masa manfaat aset hak-guna atau akhir masa sewa.

h. Leases (Continued)

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset cannot be considered as identifiable;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset: i.e. it has decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES (Continued)**

h. Sewa (Lanjutan)

Estimasi masa manfaat aset hak-guna ditentukan dengan dasar yang sama dengan aset tetap. Selain itu, aset hak-guna secara berkala dikurangi dengan kerugian penurunan nilai, jika ada, dan disesuaikan dengan pengukuran kembali liabilitas sewa.

Liabilitas sewa awalnya diukur pada nilai kini pembayaran sewa yang belum dibayar pada tanggal permulaan, didiskontokan menggunakan suku bunga implisit dalam sewa atau, jika suku bunga tersebut tidak dapat ditentukan, digunakan suku bunga pinjaman inkremental Grup.

Umumnya, Grup menggunakan suku bunga pinjaman inkremental sebagai suku bunga diskonto.

Pembayaran sewa yang termasuk dalam pengukuran liabilitas sewa meliputi:

- pembayaran tetap, termasuk pembayaran tetap secara substansi;
- pembayaran sewa variabel yang bergantung pada suatu indeks atau suku bunga, yang pada awalnya diukur dengan menggunakan indeks atau suku bunga pada tanggal permulaan;
- jumlah yang diperkirakan akan dibayarkan dalam jaminan nilai residual; dan
- harga eksekusi opsi beli di mana Grup cukup pasti untuk mengeksekusi opsi tersebut, pembayaran sewa dalam periode perpanjangan opsional jika Grup cukup pasti untuk mengeksekusi opsi perpanjangan, dan penalti untuk penghentian dini dari sewa kecuali jika Grup cukup pasti untuk tidak mengakhiri lebih dini.

Liabilitas sewa diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif. Liabilitas sewa diukur kembali ketika ada perubahan pembayaran sewa masa depan yang timbul dari perubahan indeks atau suku bunga, jika ada perubahan estimasi Grup atas jumlah yang diperkirakan akan dibayar dalam jaminan nilai residual, atau jika Grup mengubah penilaiannya apakah akan mengeksekusi opsi beli, perpanjangan atau penghentian.

h. Leases (Continued)

The estimated useful lives of right-of-use assets are determined on the same basis as those of fixed assets. In addition, the right-of-use asset is periodically reduced by impairment losses if any and adjusted for certain remeasurements (as described below) of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability consist of the following:

- *fixed payments, including in-substance fixed payments;*
- *variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;*
- *amounts expected to be payable under a residual value guarantee; and*
- *the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an option renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.*

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES (Continued)**

h. Sewa (Lanjutan)

Ketika liabilitas sewa diukur kembali dengan cara ini, penyesuaian terkait dilakukan terhadap jumlah tercatat aset hak-guna, atau dicatat dalam laba rugi jika jumlah tercatat aset hak-guna telah berkurang menjadi nol.

Aset hak-guna Grup disajikan sebagai bagian dari "Aset tetap" dan liabilitas sewa disajikan sebagai bagian dari "Utang bank dan pinjaman" di laporan posisi keuangan konsolidasian.

Sewa jangka-pendek dan sewa aset bernilai-rendah

Grup memilih untuk tidak mengakui aset hak-guna dan liabilitas sewa untuk sewa jangka-pendek seperti sewa mobil dan sewa kendaraan berat yang memiliki masa sewa 12 bulan atau kurang dan sewa atas aset bernilai-rendah seperti sewa mesin fotokopi. Grup mengakui pembayaran sewa terkait dengan sewa ini sebagai beban dengan dasar garis-lurus selama masa sewa.

i. Pengakuan pendapatan

Pendapatan diukur berdasarkan imbalan yang ditentukan dalam kontrak dengan pelanggan. Grup mengakui pendapatan ketika Grup mengalihkan pengendalian atas produk kepada pelanggan.

Tabel berikut memberikan informasi tentang sifat dan waktu pemenuhan kewajiban pelaksanaan dalam kontrak dengan pelanggan, termasuk persyaratan pembayaran yang signifikan, dan kebijakan pengakuan pendapatan terkait.

Sifat dan waktu pemenuhan kewajiban pelaksanaan, termasuk syarat pembayaran yang signifikan/
Nature and timing of satisfaction of performance obligations, including significant payment terms

Untuk penjualan lokal, pelanggan memperoleh pengendalian atas produk biasanya saat produk diterima di gudang pelanggan, sedangkan untuk pengiriman internasional, pelanggan mendapatkan pengendalian atas produk saat memuat produk ke pengangkut terkait di pelabuhan. Faktur diterbitkan dan pendapatan diakui pada waktu tersebut. Faktur biasanya dibayarkan dalam waktu 30 hari. Tidak ada diskon, poin loyalitas, atau pengembalian yang ditawarkan untuk produk. Tidak ada pengaturan *bill-and-hold*.

h. Leases (Continued)

When the lease liability is measured this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group right-of-use assets are presented as part of "Fixed assets" and lease liabilities are presented as part of "Loans and borrowings" in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases such as car rental and heavy vehicle rental that have a lease term of 12 months or less and leases of low value assets such as photocopy machine rental. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a product to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Pengakuan pendapatan/
Revenue recognition

Pendapatan diakui pada saat pelanggan memperoleh pengendalian atas barang, di mana untuk penjualan lokal biasanya pada saat produk diterima di gudang pelanggan, sedangkan untuk pengiriman internasional, pelanggan mendapatkan pengendalian atas produk pada saat produk dimuat pengangkut yang terkait di pelabuhan, karena pada saat itu pelanggan dapat mengarahkan penggunaan barang dan pelanggan akan memperoleh secara substansial seluruh manfaat ekonomik dari barang tersebut.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. IKHTISAR KEBIJAKAN AKUNTANSI MATERIAL (Lanjutan)	3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)
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i. Pengakuan pendapatan (Lanjutan)

Sifat dan waktu pemenuhan pelaksanaan kewajiban,
termasuk syarat pembayaran yang signifikan/
*Nature and timing of satisfaction of performance
obligations, including significant payment terms*

For local sales, customers obtain control of the products usually when the products are received at the customer's warehouse, while for international shipments, customers obtain control of the products upon loading the products onto the relevant carrier at the port. Invoices are generated and revenue is recognized at that point in time. Invoices are usually payable within 30 days. No discounts, loyalty points or returns are offered for the products. There are no bill-and-holds arrangements.

Jasa pengiriman dan penanganan yang diberikan kepada pelanggan setelah pengendalian barang dialihkan ke pelanggan pada titik pengiriman dipertimbangkan sebagai kewajiban pelaksanaan terpisah. Kewajiban pelaksanaan dipenuhi sepanjang waktu, yaitu ketika jasa diberikan, dan pelanggan menerima dan mengonsumsi manfaat dari jasa pengiriman dan penanganan. Grup mengalokasikan harga transaksi berdasarkan harga jual berdiri sendiri relatif dari unsur-unsur pendapatan.

Shipping and handling services that are provided to customers after control of the goods is transferred to the customers at the point of dispatch are considered as separate performance obligations. The performance obligation is satisfied overtime, i.e. when the service is rendered, and the customer receives and consumes the benefits of the shipping and handling services. The Group allocates the transaction price based on the relative stand-alone selling prices of the revenue elements.

j. Transaksi mata uang asing

Transaksi dalam mata uang asing dijabarkan dalam mata uang fungsional Perseroan (Dolar Amerika Serikat) dengan kurs pada tanggal transaksi. Aset dan liabilitas moneter berdenominasi dalam mata uang asing dijabarkan ke dalam mata uang fungsional dengan kurs yang berlaku pada tanggal pelaporan. Keuntungan atau kerugian kurs atas aset dan liabilitas moneter terdiri dari selisih antara biaya perolehan diamortisasi yang diukur dalam mata uang fungsional pada awal periode, disesuaikan dengan suku bunga efektif dan pembayaran selama periode berjalan, dan biaya perolehan diamortisasi yang diukur dalam mata uang asing yang dijabarkan dengan menggunakan kurs pada tanggal pelaporan.

Aset dan liabilitas nonmoneter dalam mata uang asing yang diukur pada nilai historis dijabarkan dengan menggunakan kurs pada tanggal transaksi.

i. Revenue recognition (Continued)

Pengakuan pendapatan/
Revenue recognition

Revenue is recognized when the customer obtains control of the goods, which for local sales usually when the products are received at the customer's warehouse, while for international shipments, customers obtain control of the products upon loading the products onto the relevant carrier at the port, because by that time the customer can direct the use of the goods and the customer will obtain substantially all of the economic benefits from the goods.

Pendapatan diakui sepanjang waktu berdasarkan kemajuan penyelesaian pengiriman pada tanggal pelaporan.

Revenue is recognized over time based on the progress of completion of the delivery as at reporting date.

j. Foreign currency transactions

Transactions in foreign currencies are translated to the Company's functional currency (US Dollar) at the rates of exchange prevailing at transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Foreign currency gains or losses on monetary items are comprised of the difference between amortized cost measured in the functional currency at the beginning of the period as adjusted for effective interest and payments during the period, and the amortized cost measured in foreign currency translated at the exchange rate at reporting date.

Non-monetary assets and liabilities denominated in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction.

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**3. IKHTISAR KEBIJAKAN
AKUNTANSI MATERIAL (Lanjutan)**

**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES (Continued)**

j. Transaksi mata uang asing (Lanjutan)

Keuntungan dan kerugian kurs dari penjabaran ulang aset dan liabilitas moneter yang berasal dari aktivitas operasi umumnya diakui di laba rugi.

Aset dan liabilitas entitas anak dijabarkan ke dalam Dolar Amerika Serikat dengan menggunakan kurs pada tanggal pelaporan. Pendapatan dan beban entitas anak dijabarkan ke dalam Dolar Amerika Serikat dengan kurs pada tanggal transaksi. Selisih mata uang asing yang dihasilkan diakui dalam pendapatan komprehensif lain dan diakumulasikan dalam perbedaan translasi di ekuitas.

k. Pendapatan dan beban keuangan

Pendapatan keuangan terdiri dari pendapatan bunga atas dana yang diinvestasikan. Biaya keuangan terdiri dari beban bunga pinjaman.

Pendapatan dan biaya yang berasal dari aktivitas pendanaan dan keuntungan dan kerugian selisih kurs yang terkait disajikan dalam laba rugi sebagai bagian dari "Pendapatan (biaya) keuangan neto".

l. Pajak penghasilan

Beban pajak penghasilan terdiri dari pajak penghasilan kini dan pajak penghasilan tangguhan. Pajak kini dan pajak tangguhan diakui dalam laba rugi kecuali jika pajak tersebut terkait dengan transaksi atau kejadian yang diakui secara langsung di ekuitas atau di penghasilan komprehensif lain.

Pajak kini adalah utang atau pengembalian pajak yang diharapkan atas penghasilan atau rugi kena pajak selama tahun berjalan, menggunakan tarif pajak yang secara substantif berlaku pada tanggal pelaporan, dan termasuk penyesuaian terhadap provisi pajak tahun-tahun sebelumnya baik untuk menyesuaikan dengan pajak penghasilan yang dilaporkan di SPT pajak penghasilan tahunan, atau untuk memperhitungkan perbedaan-perbedaan yang timbul dari ketetapan pajak. Pajak kini yang terutang atau yang dapat dikembalikan diukur menggunakan estimasi terbaik atas jumlah yang diharapkan dibayar atau diterima, dengan mempertimbangkan ketidakpastian terkait kompleksitas peraturan perpajakan.

Pajak tangguhan diakui atas perbedaan temporer antara jumlah tercatat aset dan liabilitas untuk tujuan pelaporan keuangan dan jumlah yang digunakan untuk tujuan perpajakan.

j. Foreign currency transactions (Continued)

Foreign currency gains and losses on retranslation of monetary assets and liabilities that arise from operating activities are generally recognized in profit or loss.

The assets and liabilities of subsidiary are translated into US Dollar at the exchange rate at the reporting date. The income and expenses of the subsidiary are translated into US Dollar at the exchange rate at the dates of the transactions. The resulting foreign currency differences are recognized in other comprehensive income and accumulated in the translation differences in equity.

k. Finance income and finance costs

Finance income comprises interest income on funds invested. Finance costs comprise interest expense on borrowings.

Income and costs derived from financing activities and the related currency exchange gains and losses are reflected in profit or loss as part of "Net finance income (costs)".

l. Income tax

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or refundable on taxable income or loss for the year, using tax rates substantively enacted as of the reporting date, and includes true-up adjustments made to the previous years' tax provisions either to reconcile them with the income tax reported in annual tax returns, or to account for differences arising from tax assessments. Current tax payable or refundable is measured using the best estimate of the amount expected to be paid or received, taking into consideration the uncertainty associated with the complexity of tax regulations.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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**3. IKHTISAR KEBIJAKAN
AKUNTANSI MATERIAL (Lanjutan)**

**3. SUMMARY OF MATERIAL
ACCOUNTING POLICIES (Continued)**

l. Pajak penghasilan (Lanjutan)

Pajak tangguhan diukur menggunakan tarif pajak yang diharapkan akan diterapkan terhadap perbedaan temporer pada saat pembalikan, berdasarkan peraturan yang telah berlaku atau secara substantif berlaku pada tanggal pelaporan. Metode ini juga mengharuskan pengakuan manfaat pajak masa depan, seperti kompensasi rugi fiskal, jika kemungkinan realisasi manfaat tersebut di masa mendatang cukup besar.

Aset pajak tangguhan dikaji ulang pada setiap tanggal pelaporan dan dikurangi jika sudah tidak terdapat kemungkinan bahwa manfaat pajak terkait akan direalisasi; pengurangan tersebut dibalik ketika kemungkinan akan laba kena pajak di masa depan meningkat.

Aset pajak tangguhan yang belum diakui dinilai kembali pada setiap tanggal pelaporan dan diakui sepanjang kemungkinan besar laba kena pajak masa depan akan tersedia untuk digunakan.

m. Laba per saham dasar

Laba per saham dasar dihitung dengan membagi laba yang dapat didistribusikan kepada pemilik entitas induk Perseroan dengan rata-rata tertimbang jumlah saham ditempatkan dan disetor penuh dalam tahun yang bersangkutan.

n. Informasi segmen operasi

Segmen operasi adalah komponen dari Grup yang melakukan aktivitas bisnis yang menghasilkan pendapatan dan menimbulkan beban, termasuk pendapatan dan beban terkait transaksi dengan komponen lain dalam Grup yang sama, yang hasil operasinya dikaji secara berkala oleh pengambil keputusan operasional untuk membuat keputusan tentang sumber daya yang dialokasikan pada segmen tersebut dan menilai kinerjanya.

Segmen operasi dilaporkan secara konsisten menurut pelaporan internal yang digunakan oleh pengambil keputusan operasional dalam mengalokasikan sumber daya dan menilai kinerja segmen operasi Grup.

Grup mengidentifikasi hanya terdapat satu segmen operasi, yaitu segmen baja.

l. Income tax (Continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as of the reporting date. This method also requires the recognition of future tax benefits, such as tax loss carry forwards, to the extent that realization of such benefits is probable.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realized; such reduction is reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that has become probable that future taxable profits will be available against which they can be used.

m. Earnings per share

Basic earnings per share are computed by dividing profit for the year attributable to owners of the Company with the weighted average number of total issued and paid-up shares during the year.

n. Operating segment information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same Group, whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

Operating segment is reported consistently based on the internal reporting used by the chief operating decision maker in allocating resources and assessing performance of the Group's operating segment.

The Group identifies only one operating segment, that is steel segment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. KAS DAN SETARA KAS	4. CASH AND CASH EQUIVALENTS
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Dalam Dolar Amerika Serikat	2023	2022	In US Dollar
Kas	733	727	Cash on hand
Kas di bank	32.962.075	20.338.810	Cash in banks
Deposito berjangka	8.837.771	30.427	Time deposits
	41.800.579	20.369.964	

5. PIUTANG USAHA DAN NONUSAHA	5. TRADE AND OTHER RECEIVABLES
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Dalam Dolar Amerika Serikat	2023	2022	In US Dollar
Piutang yang dihasilkan dari aktivitas penjualan terdiri dari:			Receivables resulting from sales generation activities consist of:
Piutang usaha dari pihak ketiga	111.396.442	69.100.590	Trade receivables from third parties
Piutang usaha dari pihak berelasi	65.562.149	128.866.614	Trade receivables from related parties
	176.958.591	197.967.204	
Piutang nonusaha dari pihak ketiga	327.610	3.281.567	Other receivables from third parties
Piutang nonusaha dari pihak berelasi	7.165.357	111.600	Other receivables from related parties
	184.451.558	201.360.371	
Dikurangi: penyisihan kerugian penurunan nilai	(38.814)	(691.499)	Less: allowance for impairment loss
	184.412.744	200.668.872	

6. PERSEDIAAN	6. INVENTORIES
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Dalam Dolar Amerika Serikat	2023	2022	In US Dollar
Barang jadi	68.176.564	130.507.299	Finished goods
Barang dalam pengolahan	126.948.993	203.992.292	Work in process
Bahan baku dan bahan habis pakai	90.976.844	162.639.954	Raw materials and consumables
Produk sampingan	1.761.759	2.315.542	By products
Bahan bakar dan suku cadang	68.077.105	67.470.679	Fuel and spare parts
Barang dalam perjalanan	26.066.040	48.982.309	Materials in transit
	382.007.305	615.908.075	
Penurunan nilai realisasi neto	(2.456.479)	(34.386.144)	Net realizable value write-downs
	379.550.826	581.521.931	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. ASET TETAP, neto

7. FIXED ASSETS, net

	2023				
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pelepasan, reklasifikasi dan penyesuaian/ Disposals, reclassifications and adjustments *)	Saldo akhir/ Ending balance	
Dalam Dolar Amerika Serikat					In US Dollar
Tanah, jumlah revaluasian	669.372.592	-	-	669.372.592	Land, revalued amount
Harga perolehan					Cost
Bangunan dan perbaikan	891.203.124	1.645.616	7.166.283	900.015.023	Buildings and improvements
Mesin	2.252.830.632	4.068.500	11.355.117	2.268.254.249	Machinery
Peralatan kantor, perabot dan perlengkapan	26.728.889	1.980.922	(62.593)	28.647.218	Office equipment, furniture and fixtures
Kendaraan bermotor	2.591.609	286.418	(38.476)	2.839.551	Motor vehicles
Aset hak-guna	386.160.770	-	8.499.462	394.660.232	Right-of-use assets
	4.228.887.616	7.981.456	26.919.793	4.263.788.865	
Aset tetap dalam pembangunan	13.572.987	16.588.285	(22.003.627)	8.157.645	Assets under construction
	4.242.460.603	24.569.741	4.916.166	4.271.946.510	
Akumulasi penyusutan					Accumulated depreciation
Bangunan dan perbaikan	(332.164.480)	(44.806.195)	185.074	(376.785.601)	Buildings and improvements
Mesin	(1.104.098.756)	(151.606.553)	2.191.626	(1.253.513.683)	Machinery
Peralatan kantor, perabot dan perlengkapan	(19.776.590)	(2.995.433)	1.130.450	(21.641.573)	Office equipment, furniture and fixtures
Kendaraan bermotor	(1.538.416)	(205.313)	33.909	(1.709.820)	Motor vehicles
Aset hak-guna	(200.326.029)	(20.177.025)	-	(220.503.054)	Right-of-use assets
	(1.657.904.271)	(219.790.519)	3.541.059	(1.874.153.731)	
Jumlah tercatat	2.584.556.332			2.397.792.779	Carrying amount

*) termasuk penyesuaian akibat dari modifikasi sewa/including adjustments resulting from lease modifications

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7. ASET TETAP, neto (Lanjutan)

7. FIXED ASSETS, net (Continued)

Dalam Dolar Amerika Serikat	2022				In US Dollar
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pelepasan, reklasifikasi dan penyesuaian/ Disposals, reclassifications and adjustments *)	Saldo akhir/ Ending balance	
Tanah, jumlah revaluasian	629.051.088	40.321.504	-	669.372.592	Land, revalued amount
Harga perolehan					Cost
Bangunan dan perbaikan	755.895.761	133.931.160	1.376.203	891.203.124	Buildings and improvements
Mesin	1.869.480.391	384.753.638	(1.403.397)	2.252.830.632	Machinery
Peralatan kantor, perabot dan perlengkapan	22.054.631	4.950.510	(276.252)	26.728.889	Office equipment, furniture and fixtures
Kendaraan bermotor	2.461.591	132.862	(2.844)	2.591.609	Motor vehicles
Aset hak-guna	380.156.940	-	6.003.830	386.160.770	Right-of-use assets
	3.659.100.402	564.089.674	5.697.540	4.228.887.616	
Aset tetap dalam pembangunan	4.744.573	13.198.808	(4.370.394)	13.572.987	Assets under construction
	3.663.844.975	577.288.482	1.327.146	4.242.460.603	
Akumulasi penyusutan					Accumulated depreciation
Bangunan dan perbaikan	(292.981.557)	(38.872.411)	(310.512)	(332.164.480)	Buildings and improvements
Mesin	(977.111.352)	(129.065.087)	2.077.683	(1.104.098.756)	Machinery
Peralatan kantor, perabot dan perlengkapan	(18.477.180)	(1.987.943)	688.533	(19.776.590)	Office equipment, furniture and fixtures
Kendaraan bermotor	(1.390.888)	(157.557)	10.029	(1.538.416)	Motor vehicles
Aset hak-guna	(186.028.488)	(21.227.966)	6.930.425	(200.326.029)	Right-of-use assets
	(1.475.989.465)	(191.310.964)	9.396.158	(1.657.904.271)	
Jumlah tercatat	2.187.855.510			2.584.556.332	Carrying amount

*) termasuk penyesuaian akibat dari modifikasi sewa/including adjustments resulting from lease modifications

Tanah terdaftar dengan sertifikat Hak Guna Bangunan (HGB), yang akan berakhir antara tahun 2032 dan 2036. Manajemen mengantisipasi bahwa hak pakai yang diberikan berdasarkan sertifikat ini akan dapat diperbarui dengan biaya minimal.

Land is registered under Hak Guna Bangunan (HGB) titles, which will expire between 2032 and 2036. Management anticipates that the usage rights granted under these titles will be perpetually renewable at minimal cost.

Pada tanggal 31 Desember 2023 dan 2022, saldo sebesar USD 7.679.252 dan USD 121.492.780 masih belum dibayar untuk pembelian aset tetap/aset tetap dalam pembangunan tertentu.

As of 31 December 2023 and 2022, balances amounting to USD 7,679,252 and USD 121,492,780 remained unpaid for purchases of certain fixed assets/assets under construction.

Pada tanggal 31 Desember 2023 dan 2022, tanah yang terdaftar dengan HGB yang terletak di Kubangsari, Samangraya, dan Tegal Ratu serta sebagian besar bangunan dan mesin yang merupakan bagian dari aset tetap tunduk pada surat utang terdaftar untuk menjamin utang bank (Catatan 9).

As of 31 December 2023 and 2022, land registered under HGB titles located in Kubangsari, Samangraya, and Tegal Ratu and substantial buildings and machinery as part of fixed assets are subject to a registered debenture to secure bank loans (Note 9).

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7. ASET TETAP, neto (Lanjutan)

7. FIXED ASSETS, net (Continued)

Pada bulan November 2022, Perseroan membeli sekelompok aset Hot Strip Mill 2 (HSM#2) dan fasilitas terkait, yang terdiri dari tanah, bangunan, dan perbaikan, peralatan kantor, perabot, dan perlengkapan mesin, serta kendaraan bermotor dari pemegang saham nonpengendali (PT Krakatau Steel [Persero] Tbk) dengan imbalan berupa kas sebesar USD 216.021.882, utang pembelian aset tetap sebesar USD 120.905.792 dan penerbitan saham Seri B sebesar USD 218.164.800 (Catatan 10).

In November 2022, the Company acquired group of assets of Hot Strip Mill 2 (HSM#2) and the related facilities, comprising of land, buildings and improvements, office equipment, furniture and fixtures, machinery, and motor vehicles from non-controlling shareholder (PT Krakatau Steel [Persero] Tbk) for considerations of cash amounted to USD 216.021,882, payables for purchases of fixed assets amounted to USD 120,905,792 and issuance of Class B shares amounted to USD 218,164,800 (Note 10).

Dalam Dolar Amerika Serikat	2023	2022	In US Dollar
Beban penyusutan dibebankan ke:			Depreciation expenses was charged to:
Beban pokok penjualan	217.088.589	188.551.651	Cost of sales
Beban administrasi	2.701.930	2.759.313	Administrative expenses
	<u>219.790.519</u>	<u>191.310.964</u>	

Pengukuran nilai wajar tanah telah dikategorikan sebagai nilai wajar Level 2 berdasarkan input pada teknik penilaian yang digunakan. Teknik penilaian yang digunakan adalah pendekatan data pasar pembandingan dan pendekatan pendapatan. Perkiraan harga pasar dari tanah pembandingan disesuaikan dengan perbedaan atribut utama seperti ukuran tanah, lokasi, dan penggunaan tanah.

The fair value measurement of land has been categorized as a Level 2 fair value based on the inputs to the valuation techniques used. The valuation techniques used is comparable market data approach and income approach. The approximate market prices of comparable land are adjusted for differences in key attributes such as land size, location, and the use of land.

Nilai revaluasi tanah berdasarkan hasil penilaian pada tanggal 24 Januari 2024 dan 8 September 2021, masing-masing untuk tanggal 31 Desember 2023 dan 31 Desember 2022. Penilaian dilakukan oleh KJPP Stefanus Tonny Hardi & Rekan. Jika tanah dicatat dengan model biaya, jumlah tercatat pada tanggal 31 Desember 2023 dan 2022 adalah USD 287.109.765.

The revalued amount of the land is based on the appraised value as of 24 January 2024 and 8 September 2021, for 31 December 2023 and 31 December 2022, respectively. The valuation was prepared by KJPP Stefanus Tonny Hardi & Rekan. If land is carried under the cost model, the carrying amount as of 31 December 2023 and 2022 would be USD 287,109,765.

Perseroan menyewa gedung, gudang, berbagai mesin dan kendaraan untuk jangka waktu 6 - 15 tahun. Kontrak termasuk opsi untuk memperbarui sewa untuk periode tambahan dengan durasi yang sama setelah akhir masa kontrak.

The Company leases buildings, warehouses, various machineries and vehicles for a term of 6 - 15 years. The contracts include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Dalam Dolar Amerika Serikat	2023				In US Dollar
	Bangunan/ Buildings	Mesin/ Machineries	Kendaraan/ Vehicles	Jumlah/ Total	
Saldo per 31 Desember 2022	30.830.270	154.604.503	399.968	185.834.741	Balance at 31 December 2022
Modifikasi dan penyesuaian sewa	(2.571.493)	9.469.934	1.601.021	8.499.462	Lease modifications and adjustment
Beban depresiasi	(2.622.109)	(15.839.323)	(1.715.593)	(20.177.025)	Depreciation charge
Saldo per 31 Desember 2023	<u>25.636.668</u>	<u>148.235.114</u>	<u>285.396</u>	<u>174.157.178</u>	Balance at 31 December 2023

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7. ASET TETAP, neto (Lanjutan)

7. FIXED ASSETS, net (Continued)

Dalam Dolar Amerika Serikat	2022				In US Dollar
	Bangunan/ Buildings	Mesin/ Machineries	Kendaraan/ Vehicles	Jumlah/ Total	
Saldo per 31 Desember 2021	31.535.504	161.889.693	703.255	194.128.452	Balance at 31 December 2021
Modifikasi dan penyesuaian sewa	2.809.162	8.993.380	1.131.713	12.934.255	Lease modifications and adjustment
Beban depresiasi	(3.514.396)	(16.278.570)	(1.435.000)	(21.227.966)	Depreciation charge
Saldo per 31 Desember 2022	30.830.270	154.604.503	399.968	185.834.741	Balance at 31 December 2022

Dalam Dolar Amerika Serikat	2023		2022	In US Dollar
Jumlah diakui di laba rugi				Amounts recognized in profit or loss
Bunga atas liabilitas sewa			26.826.364	Interest on lease liabilities
Pembayaran sewa variabel tidak termasuk dalam pengukuran liabilitas sewa			60.467.607	Variable lease payments not included in the measurement of lease liabilities
Depresiasi aset hak-guna			20.177.025	Depreciation of right-of-use assets
Beban terkait sewa jangka pendek dan sewa dengan nilai rendah			5.067.900	Expenses relating to short-term and low value leases

8. UTANG USAHA DAN NONUSAHA

8. TRADE AND OTHER PAYABLES

Dalam Dolar Amerika Serikat	2023		2022	In US Dollar
Utang yang timbul dari pembelian barang dan jasa, terdiri dari:				Payables arising from purchases of goods and services, consist of the following:
Utang usaha kepada pihak ketiga	72.392.263		87.610.837	Trade payables to third parties
Utang usaha kepada pihak berelasi	476.394.730		607.640.583	Trade payables to related parties
	548.786.993		695.251.420	
Utang yang timbul dari pembelian aset tetap:				Payables arising from purchases of fixed assets:
Pihak ketiga	5.957.530		144.542	Third parties
Pihak berelasi	1.721.722		121.348.238	Related parties
	7.679.252		121.492.780	
Akrual dan utang lainnya:				Other accrued expenses and payables:
Akrual utilitas dari pihak berelasi	4.498.524		5.753.675	Accrued utilities from related parties
Akrual transportasi, perbaikan dan jasa	1.708.099		2.199.348	Accrued transportation, repair and services
Akrual bunga	2.770.453		3.201.237	Accrued interest
Akrual utilitas dari pihak ketiga	5.077.607		5.309.248	Accrued utilities from third parties
Akrual lainnya	12.852.670		19.480.333	Accrued others
	583.373.598		852.688.041	

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9. UTANG BANK DAN PINJAMAN

9. LOANS AND BORROWINGS

Utang bank dan pinjaman terdiri dari pinjaman sebagai berikut:

Loans and borrowings were comprised of the following loans:

Dalam Dolar Amerika Serikat	2023		2022		In US Dollar
	Jumlah pokok/ Principal amount	Jumlah tercatat/ Carrying amount	Jumlah pokok/ Principal amount	Jumlah tercatat/ Carrying amount	
Utang bank:					Bank loans:
<i>Senior Facilities Agreement</i>	396.918.416	394.413.896	595.377.547	590.292.366	<i>Senior Facilities Agreement</i>
<i>Additional Facilities Agreement</i>	50.933.333	50.648.938	76.400.000	75.817.540	<i>Additional Facilities Agreement</i>
Pinjaman modal kerja	861.186.440	861.186.440	860.000.000	860.000.000	Working capital loan
Pembiayaan pihak ketiga	-	-	3.850	3.850	Third party financing
Liabilitas sewa	224.043.940	224.043.940	231.202.745	231.202.745	Lease liabilities
	1.533.082.129	1.530.293.214	1.762.984.142	1.757.316.501	
Bagian lancar	(422.794.504)	(422.794.504)	(1.099.767.836)	(1.099.767.836)	Current portion
Bagian tidak lancar	1.110.287.625	1.107.498.710	663.216.306	657.548.665	Non-current portion

Pada tahun 2012, Perseroan menandatangani *Senior Facilities Agreement* ("SFA") dengan konsorsium pemberi pinjaman, yang dikoordinasikan oleh The Export-Import Bank of Korea. Dampak utama dari SFA adalah untuk menetapkan persyaratan tertentu yang seragam untuk menyediakan fasilitas pinjaman yang dijamin sebesar USD 1.729.000.000. Pada tahun 2013, Perseroan menandatangani *Additional Facilities Agreement* ("AFA"), perpanjangan dari SFA, dengan fasilitas keseluruhan sebesar USD 200.000.000. Pinjaman ini terutama digunakan untuk membiayai pembangunan pabrik baja terintegrasi Perseroan dengan fasilitas pinjaman yang dijamin.

In 2012, the Company entered into Senior Facilities Agreement ("SFA") with a consortium of lenders, that are coordinated by The Export-Import Bank of Korea. The principal effect of the SFA is to establish certain uniform terms to provide an aggregate of USD 1.729.000.000 in secured loan facilities. In 2013, the Company entered into Additional Facilities Agreement ("AFA"), an extension to SFA, with an aggregate facility of USD 200.000.000. These loans were primarily used to finance the construction of the Company's integrated steel mill in secured loan facilities.

Fasilitas pinjaman yang dijamin terdiri dari pinjaman berbasis suku bunga variabel. Pinjaman yang dijamin dikenakan bunga, sebesar Term SOFR ditambah margin, berkisar antara 6,85% dan 9,15% per tahun (2022: antara 6,41% dan 8,71% per tahun), dengan jangka waktu pembayaran sebelas tahun setelah pembayaran pertama pada bulan Desember 2014, jatuh tempo pada Desember 2025. Pada tanggal 31 Desember 2023 dan 2022, rata-rata suku bunga efektif tertimbang masing-masing adalah 8,85% dan 8,40%.

The secured loan facilities are comprised of variable-rate-based loans. The secured loans bear interest, at Term SOFR plus a margin, ranging between 6.85% dan 9.15% per annum (2022: between 6.41% and 8.71% per annum), with a repayment period of eleven years after the first repayment in December 2014, due in December 2025. As of 31December 2023 and 2022, the weighted average effective interest rate was 8.85% and 8.40%, respectively.

Pada tahun 2015, Perseroan menandatangani perjanjian dengan pemberi pinjaman untuk menjadwalkan ulang pembayaran pokok, meskipun tanggal jatuh tempo tetap tidak berubah.

In 2015, the Company concluded an agreement with the lenders to reschedule the principal payments, although the original maturity dates remain unchanged.

Pinjaman ini memiliki beberapa kovenan negatif, antara lain: menjaminkan asetnya kepada pihak lain; pelepasan sebagian besar asetnya; peleburan atau penggabungan dengan entitas lain; mengubah bisnis Perseroan; memiliki utang keuangan lain; dan memperoleh saham, bisnis, atau kepentingan kepemilikan lainnya. Perseroan juga diharuskan untuk menjaga rasio keuangan tertentu.

These loans had several negative covenants, among others: pledging of its assets to other parties; disposal of significant portion of its assets; consolidation or merger with other entity; changing the course of the Company's business; incurred any financial indebtedness; and acquire any shares, business or other ownership interests. The Company was also required to maintain certain financial ratios.

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**9. UTANG BANK DAN PINJAMAN
(Lanjutan)**

Pinjaman ini dijamin dengan tanah terdaftar dengan sertifikat HGB yang terletak di Kubangsari, Samangraya dan Tegal Ratu serta sebagian besar bangunan dan mesin sebagai bagian dari aset tetap.

Perseroan mengadakan beberapa perjanjian fasilitas modal kerja dengan beberapa pemberi pinjaman untuk memberikan fasilitas pinjaman modal kerja sejumlah USD 861.186.440 jatuh tempo pada berbagai tanggal antara 4 Desember 2023 - 26 September 2025 (31 Desember 2022: jatuh tempo pada berbagai tanggal antara 30 Januari 2022 - 30 September 2023). Pinjaman modal kerja ini dikenakan bunga JIBOR atau Term SOFR (31 Desember 2022: SIBOR atau LIBOR atau SOFR) ditambah margin 0,90% - 1,80% per tahun (31 Desember 2022: berkisar antara 0,81% - 0,95% per tahun). Sejumlah USD 710.000.000 dari pinjaman modal kerja tersebut dijamin oleh POSCO, dan atas jumlah USD 680.000.000 dari pinjaman tersebut berlaku kovenan bagi pihak penjamin untuk menjaga EBITDA minimum 4 kali dari seluruh beban bunga pihak penjamin, di luar beban bunga yang timbul dari pinjaman tersebut di atas.

Entitas anak Perseroan melakukan perjanjian pembiayaan dengan PT Adira Dinamika Multi Finance Tbk pada bulan Oktober 2019 dalam rangka pembelian kendaraan, dengan jumlah pokok Rp 290.688 ribu (setara dengan USD 20.053), yang telah dilunasi pada tanggal 4 Oktober 2023, dikenakan tingkat bunga tetap sebesar 16,5% per tahun.

Perseroan mengadakan perjanjian dengan PT Krakatau Posco Futurem ("KPFM"; pihak berelasi, sebelumnya PT Krakatau Posco Chemical Calcination) di mana KPFM membangun pabrik kalsinasi kapur, yang terletak di dalam pabrik baja terintegrasi milik Perseroan, yang akan digunakan KPFM untuk memproduksi dan mengirimkan bahan baku tertentu ke Perseroan untuk jangka waktu minimal 15 tahun. Karena sifat bahan baku yang ditentukan, KPFM tidak mungkin dapat menjual bahan baku tersebut kepada pelanggan lain. Perseroan juga mengadakan perjanjian dengan PT Krakatau Posco Energy ("KPE"; pihak berelasi) di mana KPE membangun pembangkit listrik, yang terletak di dalam pabrik baja terintegrasi milik Perseroan, yang akan digunakan oleh KPE untuk memasok listrik ke Perseroan untuk jangka waktu minimal 25 tahun, sesuai addendum (sebelumnya: 15 tahun). Karena desain sebagai pembangkit listrik *captive*, Perseroan akan memiliki hak secara substansial atas seluruh listrik yang dihasilkan oleh pembangkit listrik tersebut.

**9. LOANS AND BORROWINGS
(Continued)**

These loans are secured over land registered under HGB titles located in Kubangsari, Samangraya and Tegal Ratu and substantial buildings and machinery as part of fixed assets.

The Company entered into several working capital facility agreements with several lenders to provide working capital loan facilities totaling USD 861,186,440 due on varying dates between 4 December 2023 - 26 September 2025 (31 December 2022: due on varying dates between 30 January 2022 - 30 September 2023). These working capital loans bear interest at either JIBOR or Term SOFR (31 December 2022: SIBOR or LIBOR or SOFR) plus a margin 0.90% - 1.80% per annum (31 December 2022: ranging between 0.81% - 0.95% per annum). An amount of USD 710,000,000 of the working capital loan is guaranteed by POSCO, and for the loan amount of USD 680,000,000 a covenant applies for the guarantor to maintain EBITDA at the minimum of 4 times of guarantor's total interest costs, excluding interest arising from the aforementioned loan.

The subsidiary of the Company entered into financing arrangement with PT Adira Dinamika Multi Finance Tbk in October 2019 for the purpose of acquiring vehicle, with principal amount of IDR 290,688 thousand (equivalent to USD 20,053), which has been paid on 4 October 2023, bearing fixed interest of 16.5% per annum.

The Company entered into an arrangement with PT Krakatau Posco Futurem ("KPFM"; a related party, formerly PT Krakatau Posco Chemical Calcination) whereby KPFM built a lime calcination plant, located within the Company's integrated steel mill plant, which KPFM will use to produce and deliver specified materials to the Company for a minimum period of 15 years. Due to a specified nature of the materials, KPFM is unlikely to be able to sell the materials to other customers. The Company also entered into an arrangement with PT Krakatau Posco Energy ("KPE"; a related party) whereby KPE built power plants, located within the Company's integrated steel mill plant, which KPE will use to supply electricity to the Company for a minimum period of 25 years, as amended (previously: 15 years). Due to the design as captive power plants, the Company will have rights to substantially all electricity generated by the power plants.

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**9. UTANG BANK DAN PINJAMAN
(Lanjutan)**

Perseroan mengendalikan aset pendasar melalui hak untuk menentukan desain dan spesifikasi aset pendasar pada saat dimulainya pengaturan. Untuk kedua pengaturan tersebut, Perseroan membayar biaya tahunan tetap selama jangka waktu pengaturan, ditambah biaya variabel berdasarkan jumlah bahan baku atau meteran listrik yang dikirimkan. Kedua pengaturan dicatat sebagai sewa.

Pembayaran sewa minimum masa depan untuk sewa ini pada tanggal 31 Desember 2023 dan 2022 adalah sebagai berikut:

Dalam Dolar Amerika Serikat	2023	2022
Liabilitas sewa harus dibayar sebagai berikut:		
Kurang dari satu tahun	42.631.896	42.428.386
Diantara satu hingga lima tahun	160.883.678	157.470.422
Lebih dari lima tahun	242.906.198	279.338.098
Jumlah pembayaran sewa minimum di masa depan	446.421.772	479.236.906
Bagian bunga dari pembayaran sewa	(222.377.832)	(248.034.161)
Nilai sekarang dari pembayaran sewa minimum	224.043.940	231.202.745

Berikut ini ikhtisar komponen perubahan liabilitas selama tahun berjalan:

Dalam Dolar Amerika Serikat	2023	2022
Saldo awal	1.757.316.501	1.932.913.090
Arus kas:		
Penerimaan pinjaman modal kerja dan pinjaman jangka panjang	2.175.061.635	80.000.000
Pembayaran pinjaman modal kerja dan pinjaman jangka panjang lainnya	(2.397.804.842)	(243.931.284)
Pembayaran liabilitas sewa	(5.245.949)	(26.917.939)
Perubahan nonkas		
Sewa baru	-	-
Modifikasi sewa	8.499.462	6.003.830
Perubahan lainnya	(7.533.593)	9.248.804
Saldo akhir	1.530.293.214	1.757.316.501

**9. LOANS AND BORROWINGS
(Continued)**

The Company controls the underlying assets by way of rights to determine the design and specification of the underlying assets upon inception of the arrangements. For both arrangements, the Company pays a fixed annual fee over the term of the arrangements, plus a variable charge based on the quantity of materials or the meter of electricity delivered. Both arrangements are accounted for as leases.

Future minimum lease payments for these leases as of 31 December 2023 and 2022 was as follows:

In US Dollar
Lease liabilities are payable as follows:
Less than one year
Between one and five years
More than five years
Total future minimum lease payments
Interest portion of the lease payments
Present value of minimum lease payments

The following summarizes the components of change in the liabilities during the year:

In US Dollar
Beginning balance
Cash flows:
Proceeds of working capital loans
Repayments of working capital loans and other long-term loans
Payments of lease liabilities
Non-cash changes
New leases
Lease modifications
Other changes
Ending balance

10. MODAL SAHAM

Pada bulan Oktober 2023, para pemegang saham Perseroan menyetujui pengalihan 739.900 saham Seri A dari POSCO HOLDINGS INC. kepada POSCO.

10. SHARE CAPITAL

In October 2023, the Company's shareholders approved the transfer of 739,900 shares Class A from POSCO HOLDINGS INC. to POSCO.

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10. MODAL SAHAM (Lanjutan)

10. SHARE CAPITAL (Continued)

Dengan demikian susunan pemegang saham Perseroan pada tanggal 31 Desember 2023 menjadi sebagai berikut:

Accordingly, the Company's shareholders as of 31 December 2023 are as follows:

Pemegang saham/ Shareholders	Jumlah saham/ Number of shares	Nilai nominal/ Par value	%
		Dolar Amerika Serikat/ US Dollar	
POSCO			
Seri A/Class A	739.900	739.900.000	50
PT Krakatau Steel (Persero) Tbk			
Seri A/Class A	317.100	317.100.000	
Seri B/Class B	422.800	218.164.800	
	739.900	535.264.800	50
	1.479.800	1.275.164.800	100

Pada tanggal 31 Desember 2022, modal dasar Perseroan sebesar USD 2.237.096.800 (2.018.932 saham Seri A dengan nilai nominal USD 1.000 per saham, setara dengan total Rp 18.075.489.196 ribu dan 422.800 saham Seri B dengan nilai nominal USD 516 per saham, setara dengan Rp 3.337.703.275 ribu) telah ditempatkan dan disetor sebesar USD 1.275.164.800 (1.057.000 saham Seri A dengan nilai nominal USD 1.000 per saham, setara dengan Rp 9.463.321.000 ribu dan 422.800 saham Seri B dengan nilai nominal USD 516 per saham, setara dengan Rp 3.337.703.275 ribu) oleh pemegang saham berikut:

As of 31 December 2022, the Company's authorized capital amounted to USD 2,237,096,800 (2,018,932 shares Class A at par value of USD 1,000 per share, equivalent to a total of IDR 18,075,489,196 thousand and 422,800 Class B at par value of USD 516 per share, equivalent to a total of IDR 3,337,703,275 thousand) has been issued to and paid-up in the amount of USD 1,275,164,800 (1,057,000 shares Class A at par value of USD 1,000 per share, equivalent to a total of IDR 9,463,321,000 thousand and 422,800 shares Class B at par value of USD 516 per share, equivalent to a total of IDR 3,337,703,275 thousand) by the following shareholders:

Pemegang saham/ Shareholders	Jumlah saham/ Number of shares	Nilai nominal/ Par value	%
		Dolar Amerika Serikat/ US Dollar	
POSCO HOLDINGS INC. (sebelumnya/formerly POSCO)			
Seri A/Class A	739.900	739.900.000	50
PT Krakatau Steel (Persero) Tbk			
Seri A/Class A	317.100	317.100.000	
Seri B/Class B	422.800	218.164.800	
	739.900	535.264.800	50
	1.479.800	1.275.164.800	100

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11. PENDAPATAN

11. REVENUE

Dalam Dolar Amerika Serikat	2023	2022	In US Dollar
Produk/jasa utama			Major products/service
Penjualan produk:			Sales of products:
Pihak ketiga	1.443.608.977	1.429.426.207	Third parties
Pihak berelasi	897.087.079	843.116.508	Related parties
Pemberian jasa pengiriman dan penanganan:			Rendering of shipping and handling services:
Pihak ketiga	38.645.319	45.266.464	Third parties
Pihak berelasi	17.494.942	10.582.776	Related parties
	<u>2.396.836.317</u>	<u>2.328.391.955</u>	
Waktu pengakuan pendapatan			Timing of revenue recognition
Produk dialihkan pada satu waktu tertentu	2.340.696.056	2.272.542.715	Products transferred at a point in Time
Jasa dialihkan sepanjang waktu	<u>56.140.261</u>	<u>55.849.240</u>	Services transferred over time
	<u>2.396.836.317</u>	<u>2.328.391.955</u>	

Grup bertindak sebagai prinsipal atas kewajiban pelaksanaannya untuk memberikan jasa pengiriman dan penanganan kepada pelanggan, karena Grup mengendalikan hak yang memberikan Grup kemampuan untuk mengarahkan pihak lain untuk memberikan jasa tersebut atas nama Grup. Dalam kontraknya dengan pelanggan, Grup terutama bertanggung jawab untuk menyediakan jasa pengiriman dan penanganan yang ditentukan dan memiliki keleluasaan dalam menetapkan harga untuk jasa tertentu tersebut.

The Group acts as a principal on its performance obligation to provide shipping and handling services to customer, because the Group controls the right which gives the Group the ability to direct other parties to provide such services on the Group's behalf. In its contract with the customers, the Group is primarily responsible for providing the specified shipping and handling services and has discretion in establishing prices for such specified services.

12. BEBAN POKOK PENJUALAN

12. COST OF SALES

Dalam Dolar Amerika Serikat	2023	2022	In US Dollar
Bahan baku yang digunakan	1.458.777.295	1.706.321.356	Raw materials used
Gaji karyawan dan kompensasi lainnya	47.617.321	36.986.818	Employees' salaries and other compensations
Depresiasi aset tetap	217.088.589	188.551.651	Depreciation of fixed assets
Overhead pabrik lainnya	<u>316.125.303</u>	<u>285.152.233</u>	Other factory overhead
Total beban produksi	2.039.608.508	2.217.012.058	Total production costs
Barang dalam pengolahan, saldo awal	203.992.292	136.326.235	Work in process inventory, beginning balance
Barang dalam pengolahan, saldo akhir	<u>(126.948.993)</u>	<u>(203.992.292)</u>	Work in process inventory, ending balance
Beban pokok produksi	2.116.651.807	2.149.346.001	Cost of goods manufactured
Barang jadi, saldo awal	130.507.299	51.618.704	Finished goods inventory, beginning balance
Barang jadi, saldo akhir	<u>(68.176.564)</u>	<u>(130.507.299)</u>	Finished goods inventory, ending balance
Beban pokok penjualan	<u>2.178.982.542</u>	<u>2.070.457.406</u>	Cost of sales

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13. BEBAN PENJUALAN DAN DISTRIBUSI

13. SELLING AND DISTRIBUTION EXPENSES

<u>Dalam Dolar Amerika Serikat</u>	<u>2023</u>	<u>2022</u>	<u>In US Dollar</u>
Pengangkutan, penyimpanan, dan penanganan	7.672.580	8.218.776	Freight, storage, and handling
Komisi penjualan	949.491	196.636	Sales commissions
Periklanan dan promosi	407.599	353.636	Advertising and promotion
	<u>9.029.670</u>	<u>8.769.048</u>	

14. BEBAN ADMINISTRASI

14. ADMINISTRATIVE EXPENSES

<u>Dalam Dolar Amerika Serikat</u>	<u>2023</u>	<u>2022</u>	<u>In US Dollar</u>
Kompensasi karyawan	10.718.741	10.755.127	Employee compensation
Sewa	4.797.336	1.549.742	Rent
Beban pajak	4.008.064	3.432.475	Tax expenses
Jasa profesional	3.992.595	5.464.540	Professional fees
Depresiasi	2.701.930	2.759.313	Depreciation
Pelatihan dan pengembangan	1.241.596	1.132.330	Training and development
Peralatan kantor	514.648	495.148	Office supplies
Utilitas	230.707	229.142	Utilities
Lainnya	3.274.834	2.058.752	Others
	<u>31.480.451</u>	<u>27.876.569</u>	

15. PAJAK PENGHASILAN

15. INCOME TAX

- a. Komponen beban pajak penghasilan adalah sebagai berikut:

- a. The components of income tax expense are as follows:

<u>Dalam Dolar Amerika Serikat</u>	<u>2023</u>	<u>2022</u>	<u>In US Dollar</u>
Perseroan			Company
Beban pajak kini:			Current tax expense:
Tahun berjalan	-	-	Current year
Entitas anak			Subsidiary
Beban pajak kini:			Current tax expense:
Tahun berjalan	-	-	Current year
	<u>-</u>	<u>-</u>	

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15. PAJAK PENGHASILAN (Lanjutan)

15. INCOME TAX (Continued)

- b. Beban pajak penghasilan direkonsiliasi dengan laba sebelum pajak sebagai berikut:

Dalam Dolar Amerika Serikat	2023	2022
Perseroan:		
Laba sebelum pajak	50.692.863	104.930.809
Tarif pajak yang berlaku	22%	22%
	11.152.430	23.084.778
Beban yang tidak dapat dikurangkan	5.819.782	8.522.748
Perubahan rugi pajak yang belum diakui dan aset pajak tangguhan yang belum diakui	6.981.923	(12.992.457)
Kredit pajak investasi diperhitungkan terhadap laba pajak tahun berjalan	(23.954.135)	(18.615.069)
Beban pajak penghasilan	-	-
Entitas anak:		
Rugi sebelum pajak	(174.304)	(185.632)
Tarif pajak yang berlaku	22%	22%
	(38.347)	(40.839)
Koreksi fiskal	8.309	43.487
Pengaruh pengurangan fasilitas pajak (Catatan 15e)	30.038	(2.648)
Beban pajak penghasilan	-	-

Pajak penghasilan dihitung untuk setiap entitas karena pelaporan pajak penghasilan badan konsolidasi tidak diperbolehkan.

- b. *Income tax expense is reconciled with profit before tax as follows:*

In US Dollar
Company:
Profit before tax
Statutory tax rate
Non-deductible expenses
Changes in unrecognized tax loss and unrecognized deferred tax assets
Investment tax credit count towards current year taxable profit
Income tax expense
Subsidiary:
Loss before tax
Statutory tax rate
Fiscal corrections
Effect of tax rate reduction facility (Note 15e)
Income tax expense

Income tax is computed for each legal entity as consolidated corporate income tax returns are not permitted.

- c. Aset pajak tangguhan belum diakui sehubungan dengan pos-pos berikut:

Dalam Dolar Amerika Serikat	2023	2022
Rugi pajak yang dapat dikompensasi	172.665.773	240.256.814
Penyisihan penurunan nilai persediaan	540.425	7.564.952
Sewa, neto	10.975.088	9.980.961
Liabilitas imbalan kerja	361.907	317.041
	184.543.193	258.119.768

- c. *Deferred tax assets have not been recognized in respect of the following items:*

In US Dollar
Tax loss carryforwards
Provision for decline in inventory value
Leases, net
Employee benefits obligation

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15. INCOME TAX (Continued)

Realisasi aset pajak tangguhan Grup tergantung pada keuntungan hasil operasi. Manajemen telah menilai bahwa, dengan mempertimbangkan informasi relevan yang tersedia pada akhir periode pelaporan, aset pajak tangguhan yang timbul dari akumulasi rugi fiskal, aset tetap, dll mungkin tidak dapat direalisasi di masa depan. Oleh karena itu, aset pajak tangguhan belum diakui.

Realization of the Group's deferred tax assets is dependent upon its profitable operations. Management has assessed that taking into account relevant information available as at the end of reporting period, deferred tax assets arising from tax loss carryforwards, fixed assets, etc may not be realized in the future. Therefore, the deferred tax assets have not been recognized.

Berdasarkan Peraturan Pemerintah No. 52/2011 tentang Insentif Pajak, Kementerian Keuangan melalui Keputusannya No. 05/KM.3/2013 tanggal 21 November 2013 memberikan persetujuan kepada Perseroan untuk pemenuhan syarat mendapatkan insentif pajak penghasilan, termasuk tambahan pengurangan pajak tahunan sebesar 5% dari realisasi penanaman modal untuk jangka waktu sampai dengan 6 tahun, penyusutan yang dipercepat, perpanjangan rugi fiskal yang dapat dikompensasikan sampai dengan 10 tahun, dan pengurangan tarif pajak atas dividen yang dibayarkan kepada pemegang saham bukan penduduk. Penggunaan insentif pajak harus mendapat persetujuan dan verifikasi lebih lanjut dari otoritas pajak. Pada bulan Maret 2014, otoritas pajak mengeluarkan persetujuan untuk penggunaan insentif pajak, dengan penerapan retrospektif efektif mulai 30 April 2013.

Pursuant to Government Regulation No. 52/2011 concerning tax incentives, the Ministry of Finance through its decision No. 05/KM.3/2013 dated 21 November 2013 granted an approval for the Company to qualify for income tax incentives, which includes additional annual tax deduction of 5% of realized capital investments for a period up to 6 years, accelerated depreciation, extension of tax loss carryforwards up to 10 years, and reduced withholding tax rate on dividends paid to non-resident shareholders. The utilization of tax incentives is subject to further approval and verification from the tax authorities. In March 2014, the tax authorities issued approval for utilization of the tax incentives, with a retrospective application effective from 30 April 2013.

- d. Berdasarkan undang-undang perpajakan Indonesia, Grup melaporkan pajak berdasarkan basis penilaian sendiri (*self-assessment*). Otoritas pajak dapat menetapkan atau mengubah pajak dalam batas waktu yang ditentukan, berdasarkan peraturan yang berlaku.

- d. *Under the taxation laws of Indonesia, the Group submit tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within the statute of limitations, under prevailing regulations.*

Posisi pajak Grup dapat dipertanyakan oleh otoritas pajak. Posisi perpajakan Grup disusun dengan dasar teknis yang baik, sesuai dengan peraturan perpajakan. Oleh karena itu, manajemen berkeyakinan bahwa tidak diperlukan akrual atas potensi liabilitas pajak. Penelaahan tersebut didasarkan atas estimasi dan asumsi dan melibatkan pertimbangan akan kejadian di masa depan. Informasi baru mungkin dapat tersedia yang menyebabkan manajemen mengubah pertimbangannya. Perubahan tersebut akan mempengaruhi beban pajak di periode di mana penentuan tersebut dibuat.

The Group's tax positions may be challenged by the tax authorities. The Group's tax positions are formed on sound technical bases, in compliance with the tax regulations. Accordingly, management believes that no accruals for potential income tax liabilities is necessary. This assessment relies on estimates and assumptions and may involve judgment about future events. New information may become available that causes management to change its judgment. Such changes will impact tax expense in the period in which such determination is made.

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15. PAJAK PENGHASILAN (Lanjutan)

15. INCOME TAX (Continued)

- e. Entitas dengan pendapatan bruto kurang dari Rp50 miliar berhak atas pengurangan 50% dari tarif pajak penghasilan badan atas proporsi penghasilan kena pajak yang diperoleh dari Rp 4.8 miliar dibagi dengan pendapatan bruto tahunan. Dalam hal pendapatan bruto di bawah Rp 4.8 miliar, pengurangan berlaku untuk seluruh penghasilan kena pajak. Pada tahun 2023 dan 2022 entitas anak berhak atas fasilitas pengurangan tarif pajak tersebut.

- e. A Group with gross revenue of less than IDR 50 billion is eligible for a 50% reduction of the corporate tax rate on the proportion of taxable income which results from IDR 4.8 billion is divided by gross annual revenue. When gross revenue is below IDR 4.8 billion, the reduction applies to all taxable income. In 2023 and 2022 the subsidiary is entitled for such tax rate reduction facility.

16. INFORMASI PIHAK BERELASI

16. RELATED PARTY INFORMATION

Perseroan dikendalikan oleh POSCO (berbadan hukum Korea), yang memiliki 50% saham Perseroan. Entitas induk terakhir adalah POSCO HOLDINGS INC. (berbadan hukum Korea).

The Company is controlled by POSCO (incorporated in Korea, which owns 50% of the Company's shares. The ultimate parent is POSCO HOLDINGS INC. (incorporated in Korea).

Berikut transaksi yang dilakukan dengan pihak berelasi:

The following transactions were carried out with related parties:

- (a) Penjualan produk dan pemberian jasa pengiriman dan penanganan

- (a) Sales of products and rendering of shipping and handling services

Dalam Dolar Amerika Serikat	2023	2022	In US Dollar
Produk dijual ke (Catatan 11):			Products sold to (Note 11):
Pemegang saham nonpengendali dan entitas anak	649.458.107	800.136.190	Non-controlling shareholder and its subsidiaries
Entitas sepengendali	231.380.802	20.947.140	Entities under common control
Entitas asosiasi dari entitas induk terakhir	16.248.170	22.033.178	Associates of ultimate parent
	<u>897.087.079</u>	<u>843.116.508</u>	
Dalam Dolar Amerika Serikat	2023	2022	In US Dollar
Pemberian jasa pengiriman dan penanganan ke (Catatan 11):			Rendering of shipping and handling services to (Note 11):
Pemegang saham nonpengendali dan entitas anak	3.910.480	709.921	Non-controlling shareholder and its subsidiaries
Entitas sepengendali	13.584.462	9.872.855	Entities under common control
	<u>17.494.942</u>	<u>10.582.776</u>	
Jumlah	<u>914.582.021</u>	<u>853.699.284</u>	Total

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16. INFORMASI PIHAK BERELASI (Lanjutan)	16. RELATED PARTY INFORMATION (Continued)
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(b) Pembelian barang, jasa, dan aset tetap		(b) Purchases of goods, services, and fixed assets	
<u>Dalam Dolar Amerika Serikat</u>	<u>2023</u>	<u>2022</u>	<u>In US Dollar</u>
Pembelian barang dan jasa:			Purchases of goods and services:
Pemegang saham nonpengendali dan entitas anak	70.140.743	453.234.308	Non-controlling shareholder and its subsidiaries
Entitas sepengendali	884.983.285	965.797.196	Entities under common control
Entitas asosiasi dari entitas induk terakhir	40.557.531	43.559.605	Associates of ultimate parent
Jumlah	<u>995.681.559</u>	<u>1.462.591.109</u>	Total
Pembelian aset tetap:			Purchases of fixed assets:
Pemegang saham nonpengendali dan entitas anak	1.120.602	561.027.185	Non-controlling shareholder and its subsidiaries
Entitas sepengendali	9.923.872	4.319.747	Entities under common control
Jumlah	<u>11.044.474</u>	<u>565.346.932</u>	Total
Pembelian utilitas:			Purchases of utilities:
Entitas sepengendali	<u>54.871.062</u>	<u>59.170.297</u>	Entities under common control
(c) Kompensasi manajemen kunci		(c) Key management compensation	
Manajemen kunci termasuk direktur dan komisaris. Berikut ini mencerminkan kompensasi yang dibayarkan atau terutang kepada manajemen kunci untuk jasa yang diberikan dalam kapasitas mereka sebagai karyawan:		Key management includes directors and commissioners. The following reflects the compensation paid or payable to key management individuals for services rendered in their capacity as employees:	
<u>Dalam Dolar Amerika Serikat</u>	<u>2023</u>	<u>2022</u>	<u>In US Dollar</u>
Gaji dan tunjangan jangka pendek lainnya	<u>2.111.296</u>	<u>1.379.010</u>	Salaries and other short-term benefits
(d) Saldo akhir tahun yang timbul dari pembelian aset tetap, utilitas, jasa, dll:		(d) Year-end balances arising from purchases of fixed assets, utilities, services, etc:	
<u>Dalam Dolar Amerika Serikat</u>	<u>2023</u>	<u>2022</u>	<u>In US Dollar</u>
Utang dan akrual kepada pihak berelasi (Catatan 8):			Payables and accruals to related parties (Note 8):
Entitas sepengendali	6.220.246	6.196.121	Entities under common control
Pemegang saham nonpengendali dan entitas anak	-	120.905.792	Non-controlling shareholder and its subsidiaries
Jumlah	<u>6.220.246</u>	<u>127.101.913</u>	

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(Lanjutan)**

**16. RELATED PARTY INFORMATION
(Continued)**

(e) Saldo akhir tahun yang timbul dari penjualan dan pembelian barang dan jasa:

(e) Year-end balances arising from sales and purchases of goods and services:

Dalam Dolar Amerika Serikat	2023	2022	In US Dollar
Piutang usaha kepada pihak berelasi, neto (Catatan 5):			Trade receivables from related parties, net (Note 5):
Pemegang saham nonpengendali dan entitas anak	53.351.793	107.249.857	Non-controlling shareholder and its subsidiaries
Entitas sependangali	9.707.625	21.595.514	Entities under common control
Entitas asosiasi dari entitas induk terakhir	2.472.878	-	Associates of ultimate parent
Jumlah	65.532.296	128.845.371	Total
Piutang nonusaha kepada pihak berelasi, neto (Catatan 5):			Other receivables from related parties, net (Note 5):
Pemegang saham nonpengendali dan entitas anak	6.933.420	50.381	Non-controlling shareholder and its subsidiaries
Entitas sependangali	213.875	61.219	Entities under common control
Entitas asosiasi dari entitas induk terakhir	18.062	-	Associates of ultimate parent
Jumlah	7.165.357	111.600	Total
Utang usaha kepada pihak berelasi (Catatan 8):			Trade payables to related parties (Note 8):
Pemegang saham nonpengendali dan entitas anak	4.910.107	521.723	Non-controlling shareholder and its subsidiaries
Entitas sependangali	464.895.620	604.951.943	Entities under common control
Entitas asosiasi dari entitas induk terakhir	6.589.003	2.166.916	Associates of ultimate parent
Jumlah	476.394.730	607.640.583	Total

(f) Saldo akhir tahun yang timbul dari pinjaman (Catatan 9):

(f) Year-end balances arising from borrowings (Note 9):

Dalam Dolar Amerika Serikat	2023	2022	In US Dollar
Liabilitas sewa - porsi lancar:			Lease liabilities - current portion:
Entitas sependangali	8.919.929	8.276.793	Entities under common control
Liabilitas sewa - porsi tidak lancar:			Lease liabilities - non-current portion:
Entitas sependangali	183.623.300	193.607.679	Entities under common control

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17. INSTRUMEN KEUANGAN DAN MANAJEMEN RISIKO KEUANGAN	17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
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Instrumen keuangan

Jumlah tercatat dan perkiraan nilai wajar aset dan liabilitas keuangan disajikan di bawah ini:

Financial Instruments

The carrying amount and approximate fair values of financial assets and liabilities are presented below:

Dalam Dolar Amerika Serikat	2023		2022		In US Dollar
	Jumlah tercatat/ Carrying amount	Nilai wajar/ Fair value	Jumlah tercatat/ Carrying amount	Nilai wajar/ Fair value	
Aset keuangan:					Financial assets:
Kas dan setara kas	41.800.579	41.800.579	20.369.964	20.369.964	Cash and cash equivalents
Piutang usaha dan nonusaha	184.412.744	184.412.744	200.668.872	200.668.872	Trade and other receivables
Aset tidak lancar lainnya	8.268.988	8.268.988	7.028.439	7.028.439	Other non-current Assets
	234.482.311	234.482.311	228.067.275	228.067.275	
Liabilitas keuangan:					Financial liabilities:
Utang usaha dan nonusaha	583.373.598	583.373.598	852.688.041	852.688.041	Trade and other payables
Utang bank dan pinjaman	1.530.293.214	1.530.897.095	1.757.316.501	1.760.684.430	Loans and borrowings
	2.113.666.812	2.114.270.693	2.610.004.542	2.613.372.471	

Untuk tujuan pengungkapan, nilai wajar level 2 atas utang bank dan pinjaman ditentukan berdasarkan nilai kini dari arus kas pokok dan bunga masa depan, yang didiskontokan pada tingkat suku bunga pasar pada akhir periode pelaporan.

For disclosure purpose, the fair value level 2 of loans and borrowings is determined based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of reporting period.

Tabel berikut menunjukkan teknik penilaian yang digunakan dalam mengukur nilai wajar level 2, serta input yang digunakan dalam pengukuran nilai wajar:

The following tables show the valuation techniques used in measuring level 2 fair values, as well as the inputs used in the fair value measurement.

Tipe/Type	Teknik valuasi/Valuation technique
Utang bank dan pinjaman (untuk tujuan pengungkapan)	Teknik pendekatan pendapatan: Arus kas yang didiskontokan dari pembayaran pokok dan bunga masa depan. didiskontokan menggunakan tingkat bunga pasar pada akhir periode pelaporan.
<i>Loans and borrowings (for disclosure purpose)</i>	<i>Income approach technique: Discounted cash flows of future principal and interest payments. discounted using market rate of interest at the end of reporting period.</i>

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**17. INSTRUMEN KEUANGAN DAN
MANAJEMEN RISIKO KEUANGAN
(Lanjutan)**

Aset dan liabilitas keuangan lainnya diharapkan dapat direalisasi atau diselesaikan dalam waktu dekat. Oleh karena itu, jumlah tercatatnya mendekati nilai wajarnya.

Manajemen risiko keuangan

Risiko utama yang timbul dari instrumen keuangan Grup adalah risiko kredit, risiko likuiditas dan risiko pasar.

Risiko kredit

Risiko kredit adalah risiko kerugian finansial jika pelanggan atau pihak lawan dari instrumen keuangan gagal memenuhi kewajiban kontraktualnya. Risiko kredit Grup terutama timbul dari piutang usaha dari pelanggan.

Piutang usaha dan nonusaha

Eksposur Grup terhadap risiko kredit terutama dipengaruhi oleh karakteristik individu dari setiap pelanggan. Namun, manajemen juga mempertimbangkan faktor-faktor yang dapat mempengaruhi risiko kredit dari basis pelanggannya, termasuk risiko gagal bayar yang terkait dengan industri dan negara tempat pelanggan beroperasi. Grup meminimalkan eksposur risiko kredit atas piutang usaha dan nonusaha dengan mewajibkan pelanggan untuk melakukan pembayaran di muka atau membuka *letter of credit* untuk menjamin pembayaran. Eksposur juga dibatasi lebih lanjut dengan mewajibkan persyaratan pembayaran tidak lebih dari 30 hari dan dengan secara aktif memberlakukan penagihan dari pelanggan sebelum tanggal jatuh tempo.

Pada tanggal pelaporan, eksposur akhir atas risiko kredit untuk piutang usaha dan nonusaha menurut wilayah geografis adalah sebagai berikut:

<i>Dalam Dolar Amerika Serikat</i>	31 Desember/December		<i>In US Dollar</i>
	2023	2022	
Domestik	153.918.371	163.636.512	Domestic
Asia Pasifik	26.376.248	37.032.360	Asia Pacific
Eropa	4.118.125	-	Europe
	<u>184.412.744</u>	<u>200.668.872</u>	

Pelanggan terbesar Grup, PT Krakatau Baja Industri (entitas anak dari pemegang saham nonpengendali), mencakup USD 29,3 juta dari jumlah tercatat piutang usaha pada 31 Desember 2023 (31 Desember 2022: PT Krakatau Steel (Persero) Tbk, pemegang saham nonpengendali sebesar USD 106,7 juta).

**17. FINANCIAL INSTRUMENTS
AND FINANCIAL RISK MANAGEMENT
(Continued)**

Other financial assets and liabilities are expected to be realized or settled in the near term. Therefore, their carrying amounts approximate their fair values.

Financial risk management

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of financial loss in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk principally arises from trade receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group minimizes its exposure to credit risk of trade and other receivables by requiring customers to place advance payments or open letter of credits to guarantee payments. The exposure is also further limited by mandating payment terms of no longer than 30 days and by actively enforcing collection from customers prior to the due date.

At reporting dates, the ultimate exposure to credit risk for trade and other receivables by geographic region was as follows:

The Group's most significant customer, PT Krakatau Baja Industri (subsidiary of non-controlling shareholder), accounts for USD 29.3 million of the trade receivables carrying amount at 31 December 2023 (31 December 2022: PT Krakatau Steel (Persero) Tbk, non-controlling shareholder amounted to USD 106.7 million).

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MANAJEMEN RISIKO KEUANGAN
(Lanjutan)**

**17. FINANCIAL INSTRUMENTS
AND FINANCIAL RISK MANAGEMENT
(Continued)**

Risiko kredit (Lanjutan)

Credit risk (Continued)

Piutang usaha dan nonusaha

Trade and other receivables

Analisis kualitas kredit piutang usaha dan nonusaha dirangkum di bawah ini:

An analysis of the credit quality of trade and other receivables is summarized below:

	2023	2022	
	Jumlah tercatat/ Carrying amount	Jumlah tercatat/ Carrying amount	In US Dollar
<i>Dalam Dolar Amerika Serikat</i>			
Belum jatuh tempo	106.599.790	143.348.057	Not past due
Jatuh tempo 1 - 30 hari	34.635.524	57.277.370	Past due 1 - 30 days
Jatuh tempo 31 - 180 hari	22.607.129	29.674	Past due 31 - 180 days
Jatuh tempo diatas 180 hari	20.570.301	13.770	Past due above 180 days
	<u>184.412.744</u>	<u>200.668.872</u>	

Tabel berikut memberikan informasi tentang eksposur risiko kredit dan KKE untuk piutang usaha dan nonusaha per 31 Desember 2023:

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 31 December 2023:

	31 Desember/December 2023			In US Dollar
	Kerugian rata-rata tertimbang/ Weighted average loss rate	Jumlah tercatat bruto/ Gross carrying amount	Cadangan kerugian/ Loss allowance	
<i>Dalam Dolar Amerika Serikat</i>				
Belum jatuh tempo	0,00%	106.599.790	-	Not past due
Jatuh tempo 1 - 30 hari	0,02%	34.640.893	(5.369)	Past due 1 - 30 days
Jatuh tempo 31 - 180 hari	0,02%	22.611.022	(3.893)	Past due 31 - 180 days
Jatuh tempo diatas 180 hari	0,14%	20.599.853	(29.552)	Past due above 180 days
		<u>184.451.558</u>	<u>(38.814)</u>	

	31 Desember/December 2022			In US Dollar
	Kerugian rata-rata tertimbang/ Weighted average loss rate	Jumlah tercatat bruto/ Gross carrying amount	Cadangan kerugian/ Loss allowance	
<i>Dalam Dolar Amerika Serikat</i>				
Belum jatuh tempo	0,02%	143.371.609	(23.551)	Not past due
Jatuh tempo 1 - 30 hari	1,14%	57.939.226	(661.856)	Past due 1 - 30 days
Jatuh tempo 31 - 180 hari	0,34%	29.775	(101)	Past due 31 - 180 days
Jatuh tempo diatas 180 hari	30,32%	19.761	(5.991)	Past due above 180 days
		<u>201.360.371</u>	<u>(691.499)</u>	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**17. INSTRUMEN KEUANGAN DAN
MANAJEMEN RISIKO KEUANGAN
(Lanjutan)**

**17. FINANCIAL INSTRUMENTS
AND FINANCIAL RISK MANAGEMENT
(Continued)**

Risiko kredit (Lanjutan)

Credit risk (Continued)

Piutang usaha dan nonusaha

Trade and other receivables

Mutasi cadangan penurunan nilai piutang usaha dan nonusaha selama tahun berjalan adalah sebagai berikut:

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

<u>Dalam Dolar Amerika Serikat</u>	<u>31 Desember/December</u>		<u>In US Dollar</u>
	<u>2023</u>	<u>2022</u>	
Saldo awal	691.499	3.341.410	<i>Beginning balance</i>
Pengukuran kembali neto dari penyisihan kerugian	(652.685)	(2.649.911)	<i>Net remeasurement of loss allowance</i>
Saldo akhir	<u>38.814</u>	<u>691.499</u>	<i>Ending balance</i>

Kas di bank dan setara kas

Cash in banks and cash equivalents

Kas di bank dan setara kas Grup disimpan pada bank terkemuka yang tunduk pada peraturan yang ketat, sehingga risiko kerugian dapat diminimalkan.

The Group's cash in banks and cash equivalents are deposited at reputable banks that are subject to tight regulations. Therefore, the exposure to loss is minimized.

Risiko likuiditas

Liquidity risk

Risiko likuiditas adalah risiko bahwa Grup akan mengalami kesulitan dalam memenuhi kewajiban yang terkait dengan kewajibannya yang diselesaikan dengan menyerahkan kas atau aset keuangan lainnya. Grup mengelola risiko likuiditas ini dengan terus memantau arus kas proyeksi dan aktual.

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages this liquidity risk by on-going monitoring of the projected and actual cash flows.

Pada tanggal 31 Desember 2023, Grup memiliki fasilitas pinjaman dengan jaminan dan fasilitas modal kerja yang belum digunakan, dengan jumlah total USD 18 juta dari PT Bank BTPN Tbk (31 Desember 2022: USD 20 juta), tersedia sampai Mei 2024 (31 Desember 2022: September 2023).

As of 31 December 2023, the Group had unused secured loan facilities and working capital loan facility amounted to USD 18 million from PT Bank BTPN Tbk (31 December 2022: USD 20 million), available until May 2024 (31 December 2022: September 2023).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

**17. INSTRUMEN KEUANGAN DAN
MANAJEMEN RISIKO KEUANGAN
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**17. FINANCIAL INSTRUMENTS
AND FINANCIAL RISK MANAGEMENT
(Continued)**

Risiko likuiditas (Lanjutan)

Liquidity risk(Continued)

Berikut ini adalah jatuh tempo kontraktual liabilitas keuangan, termasuk estimasi pembayaran bunga:

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Jumlah tercatat/ Carrying amount	Arus kas kontraktual/Contractual cash flows					
		Jumlah/ Total	Kurang dari 1 tahun/ Less than 1 year	1 – 2 tahun/ 1 – 2 years	2 – 5 tahun/ 2 – 5 years	Lebih dari 5 tahun/ More than 5 years	
31 Desember 2023							31 December 2023
Liabilitas keuangan							Financial liabilities
Utang usaha dan nonusaha	583.373.598	583.373.598	583.373.598	-	-	-	Trade and other payables
Utang bank dan pinjaman	1.530.293.214	1.801.035.855	480.015.458	959.190.126	118.924.073	242.906.198	Loans and borrowings
	<u>2.113.666.812</u>	<u>2.384.409.453</u>	<u>1.063.389.056</u>	<u>959.190.126</u>	<u>118.924.073</u>	<u>242.906.198</u>	
	Jumlah tercatat/ Carrying amount	Arus kas kontraktual/Contractual cash flows					
		Jumlah/ Total	Kurang dari 1 tahun/ Less than 1 year	1 – 2 tahun/ 1 – 2 years	2 – 5 tahun/ 2 – 5 years	Lebih dari 5 tahun/ More than 5 years	
31 Desember 2022							31 December 2022
Liabilitas keuangan							Financial liabilities
Utang usaha dan nonusaha	852.688.041	852.688.041	852.688.041	-	-	-	Trade and other payables
Utang bank dan pinjaman	1.757.316.501	2.510.253.584	1.567.448.433	309.663.302	353.803.751	279.338.098	Loans and borrowings
	<u>2.610.004.542</u>	<u>3.362.941.625</u>	<u>2.420.136.474</u>	<u>309.663.302</u>	<u>353.803.751</u>	<u>279.338.098</u>	

Risiko pasar

Market risk

Risiko pasar adalah risiko bahwa perubahan nilai tukar mata uang asing dan suku bunga akan mempengaruhi penghasilan Grup atau nilai instrumen keuangannya. Tujuan dari manajemen risiko pasar adalah untuk menjaga eksposur risiko pasar dalam parameter yang dapat diterima, sekaligus mengoptimalkan pengembalian.

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or the value of its financial instruments. The objective of market risk management is to maintain market risk exposures within acceptable parameters, while optimizing the return.

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**17. INSTRUMEN KEUANGAN DAN
MANAJEMEN RISIKO KEUANGAN
(Lanjutan)**

**17. FINANCIAL INSTRUMENTS
AND FINANCIAL RISK MANAGEMENT
(Continued)**

Risiko pasar (Lanjutan)

Risiko mata uang

Utang yang timbul dari pembelian aset tetap dan bahan baku pendukung dari pemasok lokal mengekspos Peseroan terhadap fluktuasi nilai tukar mata uang, terutama Rupiah. Risiko ini, sampai batas tertentu, dimitigasi dengan penjualan lokal Grup. Grup mengelola risiko ini dengan membeli atau menjual mata uang selain Dolar Amerika Serikat pada kurs spot, bila diperlukan.

Eksposur neto Grup terhadap risiko mata uang adalah sebagai berikut:

<u>Dalam jutaan Rupiah</u>	<u>31 Desember/December</u>		<u>In millions of Rupiah</u>
	<u>2023</u>	<u>2022</u>	
Aset	3.072.146	2.873.514	Assets
Liabilitas	(729.532)	(333.050)	Liabilities
Eksposur neto	<u>2.342.614</u>	<u>2.540.464</u>	Net exposure

Pada tanggal pelaporan, saldo aset dan liabilitas moneter dalam mata uang selain Dolar Amerika Serikat dijabarkan ke dalam Dolar Amerika Serikat dengan menggunakan kurs yang berlaku, yaitu pada tanggal 31 Desember 2023: Rp 15,416/Dolar Amerika Serikat dan Rp 15,731/Dolar Amerika Serikat pada tanggal 31 Desember 2022.

Penguatan atau pelemahan Rupiah terhadap Dolar Amerika Serikat sebesar 10% pada tanggal 31 Desember 2023 (sebesar 5% pada tanggal 31 Desember 2022) tidak berdampak signifikan terhadap ekuitas dan laba rugi setelah pajak penghasilan.

Risiko suku bunga

Grup memiliki utang bank dan pinjaman dengan suku bunga variabel. Pinjaman dengan suku bunga variabel Grup terekspos fluktuasi arus kas karena perubahan suku bunga. Grup menilai risiko suku bunga dengan terus mengidentifikasi dan memantau perubahan eksposur suku bunga yang dapat berdampak negatif terhadap arus kas masa depan yang diharapkan.

Manajemen risiko modal

Grup mengelola modal dengan tujuan untuk dapat mempertahankan kelangsungan usahanya dan mempertahankan kemampuannya untuk memberikan imbal hasil bagi pemegang saham dan manfaat bagi pemangku kepentingan lainnya, serta mempertahankan struktur permodalan yang optimal untuk meminimalkan biaya permodalan efektif. Tujuan ini dicapai dengan mengoptimalkan tingkat utang.

Market risk (Continued)

Currency risk

Payables arising from purchases of fixed assets and supporting materials from local suppliers expose the Group to fluctuating currency exchange rates, primarily Rupiah. This risk is, to some extent, mitigated by the Group's local sales. The Group manages this risk by buying or selling currencies other than US Dollar at spot rates, when necessary.

The Group's net exposure to currency risk is as follows:

At reporting dates, balances of monetary assets and liabilities denominated in currencies other than US Dollar are translated into US Dollar using the prevailing exchange rates, which were at 31 December 2023: Rp 15,416/US Dollar and Rp 15,731/US Dollar at 31 December 2022.

A strengthening or weakening of the Rupiah against US Dollar by 10% at 31 December 2023 (by 5% at 31 December 2022) would not have significant impact to equity and profit or loss after income tax.

Interest rate risk

The Group has variable-rate loans and borrowings. The Group's variable-rate loans are exposed to fluctuation in cash flows due to changes in interest rate. The Group assesses interest rate risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows.

Capital risk management

The Group manages capital with the objective of being able to continue as a going concern and sustaining its ability to provide returns for shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to minimize the effective cost of capital. This objective is achieved by optimizing debt levels.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. LABA PER SAHAM

18. EARNINGS PER SHARE

Laba per saham dasar dihitung dengan membagi laba tahun berjalan dengan jumlah rata-rata tertimbang saham beredar dalam tahun yang bersangkutan, sebagai berikut:

Basic earnings per share are computed by dividing profit for the year attributable to owners of the Group with the weighted average number of total issued and paid-up shares during the year as follows:

	2023	2022	
	USD	USD	
Laba yang dapat diatribusikan kepada pemilik entitas induk	50.518.745	104.745.414	<i>Profit attributable to owners of the Company</i>
Rata-rata tertimbang saham ditempatkan dan disetor penuh tahun berjalan (dalam lembar saham)	1.479.800	1.479.800	<i>Weighted average of total issued and paid-up shares during the year (in shares)</i>
Laba per saham dasar	34	71	<i>Earnings per share</i>

Tidak terdapat instrumen keuangan dengan fitur yang berpotensi dilutif, sehingga laba per saham dasar sama dengan laba per saham dilusian.

There are no financial instruments with potential dilutive features, thus basic earnings per share is equal to diluted earnings per share.

19. INFORMASI SEGMENT OPERASI

19. OPERATING SEGMENT INFORMATION

Grup mengevaluasi bisnisnya berdasarkan perspektif produk. Grup hanya memiliki satu segmen operasi, yaitu segmen baja.

The Group evaluates its business based on product perspective. The Group has only one operating segment, that is steel segment.

Pendapatan Grup berdasarkan wilayah geografis adalah sebagai berikut:

The Group's revenues based on geographic areas were as follows:

	2023	2022	
	USD	USD	
Indonesia	1.728.706.150	1.568.729.226	<i>Indonesia</i>
Spanyol	129.956.593	136.108.837	<i>Spain</i>
Vietnam	113.085.715	88.295.551	<i>Vietnam</i>
Belgia	99.471.152	150.379.445	<i>Belgium</i>
Italia	85.883.412	41.733.013	<i>Italia</i>
India	41.252.213	13.610.757	<i>India</i>
Turki	33.872.801	10.924.681	<i>Turkey</i>
Malaysia	30.702.908	23.659.185	<i>Malaysia</i>
Negara lainnya	133.905.373	294.951.260	<i>Other countries</i>
	<u>2.396.836.317</u>	<u>2.328.391.955</u>	

Pada tanggal 31 Desember 2023, seluruh aset Grup berlokasi di Indonesia.

As at 31 December 2023, all the Group's assets were located in Indonesia.

Pada tahun 2023 dan 2022, pendapatan dari pelanggan yang jumlahnya melebihi 10% dari total pendapatan adalah dari PT Krakatau Steel (Persero) Tbk (pemegang saham nonpengendali).

In 2023 and 2022, revenue earned from customer that exceeded 10% of total revenue are from PT Krakatau Steel (Persero) Tbk (non-controlling shareholder).

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CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. KELANGSUNGAN USAHA

20. GOING CONCERN

Pada 31 Desember 2023, Grup mengalami defisit modal kerja sebesar USD 393 juta dan akumulasi defisit sebesar USD 707 juta sebagai akibat dari kerugian kumulatif. Meskipun demikian, Grup memperoleh laba bersih sebesar USD 51 juta dan memiliki arus kas positif dari aktivitas operasi sebesar USD 273 juta untuk tahun yang berakhir pada tanggal 31 Desember 2023.

Menanggapi kondisi diatas, Grup berencana melanjutkan persiapan dan pengaturan operasi bersama dengan pemegang saham nonpengendali, untuk mengakuisisi pabrik dan fasilitas (Hot Strip Mill 1) pada semester kedua tahun 2024, bergantung pada penyelesaian tambahan pendanaan di 2024.

Selain itu, Grup akan tetap melanjutkan inisiatifnya dalam mengoptimalkan struktur biaya dengan mengelola perputaran persediaan dan meningkatkan efisiensi proses produksi.

As of 31 December 2023, the Group has a working capital deficit amounting to USD 393 million and accumulated deficit amounting to USD 707 million as a result of cumulative losses. Nonetheless, the Group earned net profit of USD 51 million and has positive cash flows from operating activities of USD 273 million for the year ended 31 December 2023.

In response to the above conditions, the Group plans to continue making preparations and joint operational arrangements with non-controlling shareholders, to acquire the factory and facilities (Hot Strip Mill 1) in the second semester of 2024, subject to successful completion of additional financing in 2024.

In addition, the Group will continue its initiative in optimizing the cost structure by managing inventory turnover and increasing production process efficiency.

PT KRAKATAU POSCO

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION
 LAPORAN POSISI KEUANGAN/STATEMENT OF FINANCIAL POSITION
 (PERUSAHAAN INDUK/PARENT COMPANY)

Laporan keuangan entitas induk berikut ini, yang tidak termasuk saldo entitas anak Perseroan, telah disusun dengan menggunakan kebijakan akuntansi yang konsisten dengan kebijakan akuntansi yang diterapkan pada laporan keuangan konsolidasian Perseroan, kecuali untuk investasi pada entitas anak, yang dicatat dengan metode biaya.

The following parent entity financial statements, which exclude the balances of the Company's subsidiary, have been prepared using the accounting policies that are consistent with those applied to the Company's consolidated financial statements, except for investment in subsidiary, which has been accounted under the cost method.

Dalam Dolar Amerika Serikat	31 Desember/December		In US Dollar
	2023	2022	
ASET			ASSETS
Aset lancar			Current assets
Kas dan setara kas	41.487.493	19.541.228	Cash and cash equivalents
Piutang usaha dan nonusaha	184.407.660	200.663.185	Trade and other receivables
Persediaan	379.548.451	581.519.101	Inventories
Pajak pertambahan nilai dibayar di muka	-	26.348.404	Prepaid value added tax
Uang muka	22.716.611	58.879.568	Advance payments
Aset lancar lainnya	30.478	30.423	Other current assets
Total aset lancar	628.190.693	886.981.909	Total current assets
Aset tidak lancar			Non-current assets
Aset tetap	2.397.716.706	2.584.420.255	Fixed assets, net
Aset takberwujud	6.280.060	895.448	Intangible assets, net
Investasi pada entitas anak	1.078.622	1.078.622	Investment in subsidiary
Aset tidak lancar lainnya	8.267.691	7.027.167	Other non-current assets
Total aset tidak lancar	2.413.343.079	2.593.421.492	Total non-current assets
TOTAL ASET	3.041.533.772	3.480.403.401	TOTAL ASSETS
LIABILITAS DAN EKUITAS			LIABILITIES AND EQUITY
Liabilitas jangka pendek			Current liabilities
Utang usaha dan nonusaha	583.712.108	853.073.376	Trade and other payables
Utang bank dan pinjaman	422.792.720	1.099.757.482	Loans and borrowings
Utang muka dari pelanggan	12.501.619	6.989.071	Advance from customers
Utang pajak lainnya	3.736.046	2.454.744	Other taxes payable
Total liabilitas jangka pendek	1.022.742.493	1.962.274.673	Total current liabilities
Liabilitas jangka panjang			Non-current liabilities
Utang bank dan pinjaman	1.107.498.710	657.546.916	Loans and borrowings
Liabilitas imbalan kerja	1.559.437	1.347.881	Employee benefits obligation
Total liabilitas jangka panjang	1.109.058.147	658.894.797	Total non-current liabilities
TOTAL LIABILITAS	2.131.800.640	2.621.169.470	TOTAL LIABILITIES
EKUITAS			EQUITY
Modal dasar	1.275.164.800	1.275.164.800	Share capital
Komponen ekuitas lainnya	341.941.323	341.941.323	Other equity components
Akumulasi defisit	(707.372.991)	(757.872.192)	Accumulated deficit
TOTAL EKUITAS	909.733.132	859.233.931	TOTAL EQUITY
TOTAL LIABILITAS DAN EKUITAS	3.041.533.772	3.480.403.401	TOTAL LIABILITIES AND EQUITY

PT KRAKATAU POSCO

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION
 LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN/
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIF INCOME
 (PERUSAHAAN INDUK/PARENT COMPANY)

Laporan keuangan entitas induk berikut ini, yang tidak termasuk saldo entitas anak Perseroan, telah disusun dengan menggunakan kebijakan akuntansi yang konsisten dengan kebijakan akuntansi yang diterapkan pada laporan keuangan konsolidasian Perseroan, kecuali untuk investasi pada entitas anak, yang dicatat dengan metode biaya.

The following parent entity financial statements, which exclude the balances of the Company's subsidiary, have been prepared using the accounting policies that are consistent with those applied to the Company's consolidated financial statements, except for investment in subsidiary, which has been accounted under the cost method.

	Tahun berakhir 31 Desember/ Year ended 31 December		
	2023	2022	
Dalam Dolar Amerika Serikat			<i>In US Dollar</i>
Pendapatan	2.396.796.058	2.328.335.025	<i>Revenue</i>
Beban pokok penjualan	(2.179.197.346)	(2.070.654.452)	<i>Cost of sales</i>
LABA BRUTO	217.598.712	257.680.573	GROSS PROFIT
Beban penjualan dan distribusi	(9.029.670)	(8.769.048)	<i>Selling and distribution expenses</i>
Beban administrasi	(31.245.612)	(27.586.236)	<i>Administrative expenses</i>
Pembalikan (rugi) penurunan nilai piutang usaha dan nonusaha	652.686	(100.851)	<i>Impairment reversal (loss) on trade and other receivables</i>
Laba (rugi) selisih kurs, neto	6.079.115	(16.874.962)	<i>Currency exchange gain (loss) net</i>
Pendapatan lainnya, neto	6.813.658	814.161	<i>Other income, net</i>
	(26.729.823)	(52.516.936)	
LABA OPERASI	190.868.889	205.163.637	OPERATING PROFIT
Beban keuangan	(146.239.898)	(100.864.942)	<i>Finance costs</i>
Pendapatan keuangan	6.063.872	632.114	<i>Finance income</i>
BEBAN KEUANGAN NETO	(140.176.026)	(100.232.828)	NET FINANCE COSTS
LABA SEBELUM PAJAK	50.692.863	104.930.809	PROFIT BEFORE TAX
Beban pajak penghasilan	-	-	<i>Income tax expense</i>
LABA SETELAH PAJAK	50.692.863	104.930.809	PROFIT AFTER TAX
PENGHASILAN KOMPREHENSIF LAIN			OTHER COMPREHENSIVE INCOME
Pos-pos yang tidak akan direklasifikasi ke laba rugi			<i>Items that will never be reclassified to profit or loss</i>
Pengukuran kembali liabilitas imbalan pasti	(193.662)	73.025	<i>Remeasurements of defined benefit liability</i>
JUMLAH PENGHASILAN KOMPREHENSIF	50.499.201	105.003.834	TOTAL COMPREHENSIVE INCOME
LABA PER SAHAM	34	71	EARNINGS PER SHARE

PT KRAKATAU POSCO
INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION
LAPORAN PERUBAHAN EKUITAS/STATEMENT OF CHANGES IN EQUITY
(PERUSAHAAN INDUK/PARENT COMPANY)

Laporan keuangan entitas induk berikut ini, yang tidak termasuk saldo entitas anak Perseroan, telah disusun dengan menggunakan kebijakan akuntansi yang konsisten dengan kebijakan akuntansi yang diterapkan pada laporan keuangan konsolidasian Perseroan, kecuali untuk investasi pada entitas anak, yang dicatat dengan metode biaya. *The following parent entity financial statements, which exclude the balances of the Company's subsidiary, have been prepared using the accounting policies that are consistent with those applied to the Company's consolidated financial statements, except for investment in subsidiary, which has been accounted under the cost method.*

Dalam Dolar Amerika Serikat	Modal saham/ Share capital	Akumulasi defisit/ Accumulated deficit	Surplus revaluasi/ Revaluation surplus	Total ekuitas/ Total equity	In US Dollar
Saldo pada 31 Desember 2021	1.057.000.000	(862.876.026)	341.941.323	536.065.297	Balance as of 31 December 2021
Penerbitan saham baru	218.164.800	-	-	218.164.800	Issuance of new shares
Penghasilan komprehensif - 2022					Comprehensive income - 2022
Laba	-	104.930.809	-	104.930.809	Profit
Jumlah penghasilan komprehensif lain	-	73.025	-	73.025	Other comprehensive income
Saldo pada 31 Desember 2022	1.275.164.800	(757.872.192)	341.941.323	859.233.931	Balance as of 31 December 2022
Penghasilan komprehensif - 2023					Comprehensive income - 2023
Laba	-	50.692.863	-	50.692.863	Profit
Jumlah penghasilan komprehensif lain	-	(193.662)	-	(193.662)	Other comprehensive income
Saldo pada 31 Desember 2023	1.275.164.800	(707.372.991)	341.941.323	909.733.132	Balance as of 31 December 2023

PT KRAKATAU POSCO

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION
 LAPORAN ARUS KAS/STATEMENT OF CASH FLOWS
 (PERUSAHAAN INDUK/PARENT COMPANY)

Laporan keuangan entitas induk berikut ini, yang tidak termasuk saldo entitas anak Perseroan, telah disusun dengan menggunakan kebijakan akuntansi yang konsisten dengan kebijakan akuntansi yang diterapkan pada laporan keuangan konsolidasian Perseroan, kecuali untuk investasi pada entitas anak, yang dicatat dengan metode biaya.

The following parent entity financial statements, which exclude the balances of the Company's subsidiary, have been prepared using the accounting policies that are consistent with those applied to the Company's consolidated financial statements, except for investment in subsidiary, which has been accounted under the cost method.

Dalam Dolar Amerika Serikat	Tahun berakhir 31 Desember/ Year ended 31 December		In US Dollar
	2023	2022	
ARUS KAS DARI AKTIVITAS OPERASI:			CASH FLOWS FROM OPERATING ACTIVITIES
Laba	50.692.863	104.930.809	Profit
Penyesuaian untuk:			Adjustments for:
Depresiasi	219.688.699	192.971.954	Depreciation
Kerugian pelepasan aset tetap	426.109	2.149.780	Loss on disposal of fixed assets
Amortisasi aset takberwujud	856.062	566.300	Amortization of intangible assets
(Pembalikan) penyisihan penurunan nilai persediaan	(31.929.665)	28.312.029	(Reversal of) provision for inventory write-down
Pendapatan keuangan	(6.063.872)	(632.114)	Finance income
Beban keuangan	146.239.898	100.864.942	Finance costs
Pembalikan rugi penurunan nilai piutang usaha dan nonusaha	(652.685)	(2.649.911)	Reversal of impairment loss on trade and other receivables
Perubahan pada:			Changes in:
Piutang usaha dan nonusaha	(103.997.582)	(96.156.911)	Trade and other receivables
Persediaan	233.900.314	(167.767.296)	Inventories
Pajak pertambahan nilai dibayar di muka	26.348.404	(2.373.052)	Prepaid value added tax
Uang muka	36.162.957	(55.004.357)	Advance payments
Aset lancar lainnya	(55)	(78)	Other current assets
Aset tidak lancar lainnya	(1.240.524)	(1.387.680)	Other non-current assets
Utang usaha dan nonusaha	(163.852.198)	208.633.690	Trade and other payables
Uang muka dari pelanggan	5.512.548	2.919.533	Advance from customers
Utang pajak lainnya	1.281.302	582.712	Other taxes payable
Liabilitas imbalan kerja	17.894	(10.558.518)	Employee benefits obligation
Penerimaan bunga	6.063.872	632.114	Interest received
Pembayaran bunga	(146.670.682)	(99.029.773)	Interest paid
Kas netto dari aktivitas operasi	272.783.659	207.004.173	Net cash from operating activities
ARUS KAS DARI AKTIVITAS INVESTASI:			CASH FLOWS FROM INVESTING ACTIVITIES
Pembelian aset tetap	(5.740.401)	(225.667.939)	Acquisition of fixed assets
Pembayaran untuk aset dalam pembangunan	(11.480.055)	(14.683.240)	Payments for assets under construction
Pembelian aset takberwujud	(5.638.100)	(294.230)	Acquisition of intangible assets
Kas netto digunakan untuk aktivitas investasi	(22.858.556)	(240.645.409)	Net cash used in investing activities
ARUS KAS DARI AKTIVITAS PENDANAAN:			CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan pinjaman modal kerja	1.495.061.635	80.000.000	Proceeds of working capital loans
Pembayaran pinjaman modal kerja	(2.173.875.195)	(20.000.000)	Repayments of working capital loans
Penerimaan pinjaman jangka panjang	680.000.000	-	Proceeds of long-term loan
Pembayaran pinjaman jangka panjang	(223.925.797)	(223.925.797)	Repayments of long-term loans
Pembayaran liabilitas sewa	(5.239.481)	(26.908.782)	Payment of lease liabilities
Kas netto digunakan untuk aktivitas pendanaan	(227.978.838)	(190.834.579)	Net cash used in financing activities
KENAIKAN (PENURUNAN) NETO KAS DAN SETARA KAS	21.946.265	(224.475.815)	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS, AWAL TAHUN	19.541.228	244.017.043	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR
KAS DAN SETARA KAS, AKHIR TAHUN	41.487.493	19.541.228	CASH AND CASH EQUIVALENTS, END OF YEAR



Siddharta Widjaja & Rekan Registered Public Accountants

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Laporan Auditor Independen

No.: 00096/2.1005/AU.1/04/1548-6/1/III/2024

Para Pemegang Saham
Dewan Komisaris dan Dewan Direksi
PT Krakatau Posco:

Opini

Kami telah mengaudit laporan keuangan konsolidasian PT Krakatau Posco dan entitas anaknya ("Grup"), yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2023, serta laporan laba rugi dan penghasilan komprehensif lain konsolidasian, laporan perubahan ekuitas konsolidasian, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, serta catatan, yang terdiri dari informasi kebijakan akuntansi material dan informasi penjelasan lainnya.

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian Grup tanggal 31 Desember 2023, serta kinerja keuangan konsolidasian dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Basis Opini

Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Tanggung jawab kami menurut standar tersebut diuraikan lebih lanjut dalam paragraf Tanggung Jawab Auditor terhadap Audit atas Laporan Keuangan Konsolidasian pada laporan kami. Kami independen terhadap Grup berdasarkan ketentuan etika yang relevan dalam audit kami atas laporan keuangan konsolidasian di Indonesia, dan kami telah memenuhi tanggung jawab etika lainnya berdasarkan ketentuan tersebut. Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Tanggung Jawab Manajemen dan Pihak yang Bertanggung Jawab atas Tata Kelola terhadap Laporan Keuangan Konsolidasian

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Independent Auditors' Report

No.: 00096/2.1005/AU.1/04/1548-6/1/III/2024

The Shareholders,
Board of Commissioners and Board of Directors
PT Krakatau Posco:

Opinion

We have audited the consolidated financial statements of PT Krakatau Posco and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Indonesia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



Dalam penyusunan laporan keuangan konsolidasian, manajemen bertanggung jawab untuk menilai kemampuan Grup dalam mempertahankan kelangsungan usahanya, mengungkapkan, sesuai dengan kondisinya, hal-hal yang berkaitan dengan kelangsungan usaha, dan menggunakan basis akuntansi kelangsungan usaha, kecuali manajemen memiliki intensi untuk melikuidasi Grup atau menghentikan operasi, atau tidak memiliki alternatif yang realistis selain melaksanakannya.

Pihak yang bertanggung jawab atas tata kelola bertanggung jawab untuk mengawasi proses pelaporan keuangan Grup.

Tanggung Jawab Auditor terhadap Audit atas Laporan Keuangan Konsolidasian

Tujuan kami adalah untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian secara keseluruhan bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan, dan untuk menerbitkan laporan auditor yang mencakup opini kami. Keyakinan memadai merupakan suatu tingkat keyakinan tinggi, namun bukan merupakan suatu jaminan bahwa audit yang dilaksanakan berdasarkan Standar Audit akan selalu mendeteksi kesalahan penyajian material ketika hal tersebut ada. Kesalahan penyajian dapat disebabkan oleh kecurangan maupun kesalahan dan dianggap material jika, baik secara individual maupun secara agregat, dapat diekspektasikan secara wajar akan memengaruhi keputusan ekonomi yang diambil oleh pengguna berdasarkan laporan keuangan konsolidasian tersebut.

Sebagai bagian dari suatu audit berdasarkan Standar Audit, kami menerapkan pertimbangan profesional dan mempertahankan skeptisisme profesional selama audit. Kami juga:

- Mengidentifikasi dan menilai risiko kesalahan penyajian material dalam laporan keuangan konsolidasian, baik yang disebabkan oleh kecurangan maupun kesalahan, mendesain dan melaksanakan prosedur audit yang responsif terhadap risiko tersebut, serta memperoleh bukti audit yang cukup dan tepat untuk menyediakan basis bagi opini kami. Risiko tidak terdeteksinya kesalahan penyajian material yang disebabkan oleh kecurangan lebih tinggi dari yang disebabkan oleh kesalahan, karena kecurangan dapat melibatkan kolusi, pemalsuan, penghilangan secara sengaja, pernyataan salah, atau pengabaian pengendalian internal.
- Memperoleh suatu pemahaman tentang pengendalian internal yang relevan dengan audit untuk mendesain prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal Grup.
- Mengevaluasi ketepatan kebijakan akuntansi yang digunakan serta kewajaran estimasi akuntansi dan pengungkapan terkait yang dibuat oleh manajemen.
- Menyimpulkan ketepatan penggunaan basis akuntansi kelangsungan usaha oleh manajemen dan, berdasarkan bukti audit yang diperoleh, apakah terdapat suatu ketidakpastian material yang terkait dengan peristiwa atau kondisi yang dapat menyebabkan keraguan signifikan atas kemampuan Grup untuk mempertahankan kelangsungan usahanya. Ketika kami menyimpulkan bahwa terdapat suatu ketidakpastian material,

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- *Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements, or to modify our opinion if the disclosures are inadequate or if the material uncertainty is not disclosed.*



kami diharuskan untuk menarik perhatian dalam laporan auditor kami ke pengungkapan terkait dalam laporan keuangan konsolidasian atau, jika pengungkapan tersebut tidak memadai, harus menentukan apakah perlu untuk memodifikasi opini kami. Kesimpulan kami didasarkan pada bukti audit yang diperoleh hingga tanggal laporan auditor kami. Namun, peristiwa atau kondisi masa depan dapat menyebabkan Grup tidak dapat mempertahankan kelangsungan usaha.

- Mengevaluasi penyajian, struktur, dan isi laporan keuangan konsolidasian secara keseluruhan, termasuk pengungkapannya, dan apakah laporan keuangan konsolidasian mencerminkan transaksi dan peristiwa yang mendasarinya dengan suatu cara yang mencapai penyajian wajar.
- Memeroleh bukti audit yang cukup dan tepat terkait informasi keuangan entitas atau aktivitas bisnis dalam Grup untuk menyatakan opini atas laporan keuangan konsolidasian. Kami bertanggung jawab atas arahan, supervisi, dan pelaksanaan audit grup. Kami tetap bertanggung jawab sepenuhnya atas opini audit kami.

Kami mengomunikasikan kepada pihak yang bertanggung jawab atas tata kelola mengenai, antara lain, ruang lingkup dan saat yang direncanakan atas audit, serta temuan audit signifikan, termasuk setiap defisiensi signifikan dalam pengendalian internal yang teridentifikasi oleh kami selama audit.

Hal Lain

Audit kami dilaksanakan dengan tujuan untuk merumuskan opini atas laporan keuangan konsolidasian secara keseluruhan. Informasi keuangan tambahan yang termasuk dalam Lampiran 1 hingga 4, yang terdiri dari laporan posisi keuangan PT Krakatau Posco (perusahaan induk saja) tanggal 31 Desember 2023, serta laporan laba rugi dan penghasilan komprehensif lain, perubahan ekuitas dan arus kas terkait untuk tahun yang berakhir pada tanggal tersebut, disajikan untuk tujuan analisis tambahan dan bukan merupakan bagian yang diwajibkan dalam laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan di Indonesia. Informasi tersebut telah menjadi obyek prosedur audit yang diterapkan dalam audit atas laporan keuangan konsolidasian dan, menurut opini kami, dinyatakan secara wajar, dalam semua hal yang material, sehubungan dengan laporan keuangan konsolidasian terlampir secara keseluruhan.

report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- *Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*
- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.*

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

Other Matter

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary financial information included in Appendix 1 through 4, which comprises the statement of financial position of PT Krakatau Posco (parent company only) as of 31 December 2023, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements prepared in accordance with Indonesian Financial Accounting Standards. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Kantor Akuntan Publik/Registered Public Accountants
Siddharta Widjaja & Rekan

Severinus Indra Wijaya, S.E., CPA
Public Accountant License No. AP. 1548

Jakarta, 20 Maret 2024

Jakarta, 20 March 2024



**PT KRAKATAU POSCO DAN
ENTITAS ANAK/
*PT KRAKATAU POSCO AND
SUBSIDIARY***

**LAPORAN KEUANGAN KONSOLIDASIAN/
*CONSOLIDATED FINANCIAL STATEMENTS***

**31 DESEMBER 2022/
*31 DECEMBER 2022***

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

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**SURAT PERNYATAAN DIREKSI
TENTANG TANGGUNG JAWAB ATAS
LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK TAHUN BERAKHIR
31 DESEMBER 2022
PT KRAKATAU POSCO DAN ENTITAS ANAK**

Kami, yang bertanda tangan dibawah ini, untuk dan atas nama Dewan Direksi:

1. Nama : Kim Kwang Moo
Alamat kantor : Jl. Afrika No. 2,
Alamat : The Pakubuwono Signature Lt 55
domisili : No SW 55C Tower Satinwood
Jl. Pakubowono 6 No 72
Kebayoran Baru Jakarta Selatan
Telepon : 0254 - 369700
Jabatan : Direktur Utama
2. Nama : Lee Nam Hoon
Alamat kantor : Jl. Afrika No. 2,
Alamat domisili : Posco E&C Hotel Jl. Raya
Serang, Wanayasa Kramatwatu
Serang Banten
Telepon : 0254 - 369700
Jabatan : Direktur

menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian PT Krakatau Posco dan entitas anak;
2. Laporan keuangan konsolidasian PT Krakatau Posco dan entitas anak telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi dalam laporan keuangan konsolidasian PT Krakatau Posco dan entitas anak telah diungkapkan secara lengkap dan akurat;
b. Laporan keuangan konsolidasian PT Krakatau Posco dan entitas anak tidak mengandung informasi atau fakta material yang tidak benar, dan kami tidak menghilangkan informasi atau fakta yang material; dan
4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Krakatau Posco dan entitas anak.

Demikian pernyataan ini dibuat dengan sebenarnya.

**THE DIRECTORS' STATEMENT
OF RESPONSIBILITY FOR THE
CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED
31 DECEMBER 2022
PT KRAKATAU POSCO AND SUBSIDIARY**

We, the undersigned, for and on behalf of Board of Directors:

1. Name : Kim Kwang Moo
Office address : Jl. Afrika No. 2,
Domicile : The Pakubuwono Signature 55 Fl.
address : No SW 55C Tower Satinwood
Jl. Pakubowono 6, No 72
Kebayoran Baru South Jakarta
Telephone : 0254 - 369700
Title : President Director
2. Name : Lee Nam Hoon
Office address : Jl. Afrika No. 2,
Domicile : Posco E&C Hotel Jl. Raya
address : Serang, Wanayasa Kramatwatu
Serang Banten
Telephone : 0254 - 369700
Title : Director

declare that:

1. We are responsible for the preparation and presentation of consolidated financial statements of PT Krakatau Posco and subsidiary;
2. The consolidated financial statements of PT Krakatau Posco and subsidiary have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in the consolidated financial statements of PT Krakatau Posco and subsidiary have been completely and accurately disclosed;
b. The consolidated financial statements of PT Krakatau Posco and subsidiary do not contain misleading material information or facts, and we have not omitted any material information or facts; and
4. We are responsible for the internal controls system of PT Krakatau Posco and subsidiary.

This statement is made truthfully.

Cilegon, 13 March 2023 / March 2023


Kim Kwang Moo
Direktur Utama/President Director


Lee Nam Hoon
Direktur/Director


B43AKX338107034

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

**LAPORAN POSISI KEUANGAN KONSOLIDASIAN/
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Dalam Dolar Amerika Serikat, kecuali dinyatakan lain/In US Dollar, unless otherwise specified)

Dalam Dolar Amerika Serikat	Catatan/ Notes	31 Desember/December		In US Dollar
		2022	2021	
ASET				ASSETS
Aset lancar				Current assets
Kas dan setara kas	4	20.369.964	244.832.364	Cash and cash equivalents
Piutang usaha dan nonusaha	5	200.668.872	101.861.051	Trade and other receivables
Persediaan	6	581.521.931	442.067.004	Inventories
Pajak pertambahan nilai dibayar di muka		26.340.128	23.963.242	Prepaid value added tax
Uang muka		58.879.650	3.888.155	Advance payments
Aset lancar lainnya		108.906	123.433	Other current assets
Total aset lancar		<u>887.889.451</u>	<u>816.735.249</u>	Total current assets
Aset tidak lancar				Non-current assets
Aset tetap, neto	7	2.584.556.332	2.187.855.510	Fixed assets, net
Aset takberwujud, neto		897.093	1.169.904	Intangible assets, net
Aset tidak lancar lainnya		7.028.439	5.639.488	Other non-current assets
Total aset tidak lancar		<u>2.592.481.864</u>	<u>2.194.664.902</u>	Total non-current assets
TOTAL ASET		<u>3.480.371.315</u>	<u>3.011.400.151</u>	TOTAL ASSETS
LIABILITAS DAN EKUITAS				LIABILITIES AND EQUITY
Liabilitas jangka pendek				Current liabilities
Utang usaha dan nonusaha	8	852.688.041	523.992.044	Trade and other payables
Utang bank dan pinjaman	9	1.099.767.836	445.480.580	Loans and borrowings
Uang muka dari pelanggan		6.989.071	4.069.539	Advance from customers
Utang pajak lainnya		2.454.971	1.872.239	Other taxes payable
Total liabilitas jangka pendek		<u>1.961.899.919</u>	<u>975.414.402</u>	Total current liabilities
Liabilitas jangka panjang				Non-current liabilities
Utang bank dan pinjaman	9	657.548.665	1.487.432.510	Loans and borrowings
Liabilitas imbalan kerja		1.441.096	12.058.448	Employee benefits obligation
Total liabilitas jangka panjang		<u>658.989.761</u>	<u>1.499.490.958</u>	Total non-current liabilities
TOTAL LIABILITAS		<u>2.620.889.680</u>	<u>2.474.905.360</u>	TOTAL LIABILITIES
EKUITAS				EQUITY
Modal dasar	10	1.275.164.800	1.057.000.000	Share capital
Komponen ekuitas lainnya		341.872.342	341.868.500	Other equity components
Akumulasi defisit		(757.556.794)	(862.375.233)	Accumulated deficit
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk		859.480.348	536.493.267	Equity attributable to owners of the Company
Kepentingan nonpengendali		1.287	1.524	Non-controlling interest
TOTAL EKUITAS		<u>859.481.635</u>	<u>536.494.791</u>	TOTAL EQUITY
TOTAL LIABILITAS DAN EKUITAS		<u>3.480.371.315</u>	<u>3.011.400.151</u>	TOTAL LIABILITIES AND EQUITY

Lihat Catatan atas Laporan Keuangan Konsolidasian yang merupakan bagian tak terpisahkan dari laporan keuangan konsolidasian ini.

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

**LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN/
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
(Dalam Dolar Amerika Serikat, kecuali dinyatakan lain/*In US Dollar, unless otherwise specified*)

Dalam Dolar Amerika Serikat	Catatan/ Notes	Tahun berakhir 31 Desember/ Year ended 31 December		In US Dollar
		2022	2021	
Pendapatan	11	2.328.391.955	2.355.216.655	Revenue
Beban pokok penjualan	12	(2.070.457.406)	(1.810.286.486)	Cost of sales
LABA BRUTO		257.934.549	544.930.169	GROSS PROFIT
Beban penjualan dan distribusi	13	(8.769.048)	(9.678.975)	Selling and distribution expenses
Beban administrasi	14	(27.876.569)	(32.468.544)	Administrative expenses
(Rugi) pembalikan penurunan nilai piutang usaha dan nonusaha		(101.117)	122.709	Impairment (loss) reversal on trade and other receivables
Rugi selisih kurs, neto		(16.990.008)	(744.439)	Currency exchange loss, net
Pendapatan (beban) lainnya, neto		771.919	(1.775.669)	Other income (expense), net
		(52.964.823)	(44.544.918)	
LABA OPERASI		204.969.726	500.385.251	OPERATING PROFIT
Beban keuangan		(100.870.245)	(86.350.144)	Finance costs
Pendapatan keuangan		645.696	1.146.499	Finance income
BEBAN KEUANGAN NETO		(100.224.549)	(85.203.645)	NET FINANCE COSTS
LABA SEBELUM PAJAK		104.745.177	415.181.606	PROFIT BEFORE TAX
Beban pajak penghasilan	15	-	-	Income tax expense
LABA SETELAH PAJAK		104.745.177	415.181.606	PROFIT AFTER TAX
PENGHASILAN KOMPREHENSIF LAIN				OTHER COMPREHENSIVE INCOME
Pos-pos yang tidak akan direklasifikasi ke laba rugi				Items that will never be reclassified to profit or loss
Pengukuran kembali liabilitas imbalan pasti		73.025	323.549	Remeasurements of defined benefit liability
Surplus revaluasi tanah		-	1.234.076	Revaluation surplus of land
		73.025	1.557.625	
Pos-pos yang mungkin direklasifikasi ke laba rugi				Item that may be reclassified to profit or loss
Selisih kurs yang timbul dari translasi entitas anak		3.842	114	Exchange differences arising from translation of a subsidiary
JUMLAH PENGHASILAN KOMPREHENSIF LAIN		76.867	1.557.739	TOTAL OTHER COMPREHENSIVE INCOME
JUMLAH PENGHASILAN KOMPREHENSIF		104.822.044	416.739.345	TOTAL COMPREHENSIVE INCOME
JUMLAH LABA (RUGI) YANG DAPAT DIATRIBUSIKAN KEPADA:				PROFIT (LOSS) ATTRIBUTABLE TO:
Pemilik entitas induk		104.745.414	415.181.330	Owners of the Company
Kepentingan nonpengendali		(237)	276	Non-controlling interest
		104.745.177	415.181.606	
JUMLAH PENGHASILAN (RUGI) KOMPREHENSIF YANG DAPAT DIATRIBUSIKAN KEPADA:				TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:
Pemilik entitas induk		104.822.281	416.739.069	Owners of the Company
Kepentingan nonpengendali		(237)	276	Non-controlling interest
		104.822.044	416.739.345	

Lihat Catatan atas Laporan Keuangan Konsolidasian yang merupakan bagian tak terpisahkan dari laporan keuangan konsolidasian ini.

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**
**LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN/
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
(Dalam Dolar Amerika Serikat, kecuali dinyatakan lain/*In US Dollar, unless otherwise specified*)

Ekuitas yang dapat diatribusikan kepada pemilik entitas induk/ <i>Equity attributable to owners of the Company</i>							
	Modal saham/ <i>Share capital</i>	Akumulasi defisit/ <i>Accumulated deficit</i>	Surplus revaluasi/ <i>Revaluation surplus</i>	Selisih translasi/ <i>Translation difference</i>	Total ekuitas/ <i>Total equity</i>	Kepentingan nonpengendali/ <i>Non-controlling interest</i>	Total ekuitas/ <i>Total equity</i>
Dalam Dolar Amerika Serikat							
Saldo pada 31 Desember 2020	1 057 000 000	(1 277 880 112)	340 707 247	(72 937)	119 754 198	1 248	119 755 446
Penghasilan komprehensif - 2021							
Laba	-	415 181 330	-	-	415 181 330	276	415 181 606
Jumlah penghasilan komprehensif lain	-	323 549	1 234 076	114	1 557 739	-	1 557 739
Saldo pada 31 Desember 2021	1 057 000 000	(862 375 233)	341 941 323	(72 823)	536 493 267	1 524	536 494 791
Penerbitan saham baru (Catatan 10)	218 164 800	-	-	-	218 164 800	-	218 164 800
Penghasilan komprehensif - 2022							
Laba	-	104 745 414	-	-	104 745 414	(237)	104 745 177
Jumlah penghasilan komprehensif lain	-	73 025	-	3 842	76 867	-	76 867
Saldo pada 31 Desember 2022	1 275 164 800	(757 556 794)	341 941 323	(68 981)	859 480 348	1 287	859 481 635

Lihat Catatan atas Laporan Keuangan Konsolidasian yang merupakan bagian tak terpisahkan. See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

**LAPORAN ARUS KAS KONSOLIDASIAN/
CONSOLIDATED STATEMENT OF CASH FLOWS**

(Dalam Dolar Amerika Serikat, kecuali dinyatakan lain/*In US Dollar, unless otherwise specified*)

Dalam Dolar Amerika Serikat	Tahun berakhir 31 Desember/ Year ended 31 December		In US Dollar
	2022	2021	
ARUS KAS DARI AKTIVITAS OPERASI:			CASH FLOWS FROM OPERATING ACTIVITIES
Laba (rugi)	104.745.177	415.181.606	Profit (loss)
Penyesuaian untuk:			Adjustments for:
Depresiasi	191.310.964	191.337.188	Depreciation
Kerugian pelepasan aset tetap	2.149.780	2.303.732	Loss on disposal of fixed assets
Amortisasi aset takberwujud	566.300	1.418.455	Amortization of intangible assets
Penyisihan penurunan nilai persediaan	28.132.029	1.035.279	Provision for inventory write-down
Pendapatan keuangan	(645.696)	(1.146.499)	Finance income
Beban keuangan	100.870.245	86.350.144	Interest expenses
(Pembalikan) rugi penurunan nilai piutang usaha dan nonusaha	(2.649.911)	(122.706)	(Reversal) of impairment loss on trade and other receivables
Selisih kurs dari translasi entitas anak	3.842	114	Exchange differences from translation of a subsidiary
Perubahan pada:			Changes in:
Piutang usaha dan nonusaha	(96.157.910)	(18.415.890)	Trade and other receivables
Persediaan	(167.586.956)	(127.788.909)	Inventories
Pajak pertambahan nilai dibayar di muka	(2.376.886)	(13.149.080)	Prepaid value added tax
Uang muka	(54.991.495)	(3.480.370)	Advance payments
Aset lancar lainnya	14.527	414.787	Other current assets
Aset tidak lancar lainnya	(1.388.951)	65.570	Other non-current assets
Utang usaha dan nonusaha	210.411.645	(7.384.499)	Trade and other payables
Uang muka dari pelanggan	2.919.532	(567.681)	Advance from customers
Utang pajak lainnya	582.732	242.254	Other taxes payable
Liabilitas imbalan kerja	(10.544.327)	(767.321)	Employee benefits obligation
Penerimaan bunga	645.696	1.146.499	Interest received
Pembayaran bunga	(99.035.077)	(88.123.961)	Interest paid
Kas neto dari aktivitas operasi	206.975.260	438.548.712	Net cash from operating activities
ARUS KAS DARI AKTIVITAS INVESTASI:			CASH FLOWS FROM INVESTING ACTIVITIES
Pembelian aset tetap	(225.610.967)	(4.599.219)	Acquisition of fixed assets
Pembayaran untuk aset dalam pembangunan	(14.683.240)	(3.633.248)	Payments for assets under construction
Pembelian aset takberwujud	(294.230)	(21.633)	Acquisition of intangible assets
Kas neto digunakan untuk aktivitas investasi	(240.588.437)	(8.254.100)	Net cash used in investing activities
ARUS KAS DARI AKTIVITAS PENDANAAN:			CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan pinjaman modal kerja	80.000.000	861.050.000	Proceeds of working capital loans
Pembayaran pinjaman modal kerja	(20.000.000)	(848.030.598)	Repayments of working capital loans
Pembayaran pinjaman jangka panjang	(223.925.797)	(223.925.797)	Repayments of long-term loans
Pembayaran pembiayaan pihak ketiga	(5.487)	(5.248)	Repayments of third party financing
Pembayaran liabilitas sewa	(26.917.939)	(26.554.533)	Payment of lease liabilities
Kas neto digunakan untuk aktivitas pendanaan	(190.849.223)	(237.466.176)	Net cash used in financing activities
(PENURUNAN) KENAIKAN NETO KAS DAN SETARA KAS	(224.462.400)	192.828.436	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS, AWAL TAHUN	244.832.364	52.003.928	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR
KAS DAN SETARA KAS, AKHIR TAHUN	20.369.964	244.832.364	CASH AND CASH EQUIVALENTS, END OF YEAR

Lihat Catatan atas Laporan Keuangan Konsolidasian yang merupakan bagian tak terpisahkan dari laporan keuangan konsolidasian ini.

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. UMUM

1. GENERAL

- | | |
|---|---|
| <p>a. PT Krakatau Posco ("Perseroan") didirikan di Republik Indonesia pada tahun 2010. Kantor dan pabrik Perseroan berlokasi di Jl. Afrika No.2, Cilegon.</p> <p>b. Sesuai dengan pasal 3 Anggaran Dasarnya, Perseroan bergerak dalam bidang manufaktur baja. Perseroan mulai beroperasi secara komersial pada bulan Maret 2014.</p> <p>c. Pemegang saham pengendali Perseroan, POSCO HOLDINGS INC., berbadan hukum Korea, memiliki entitas anak dan afiliasi di seluruh dunia.</p> <p>d. Sejak 1 April 2015 (tanggal pendirian entitas anak), Perseroan memiliki kepemilikan langsung pada entitas anak berikut:</p> | <p>a. <i>PT Krakatau Posco (the "Company") was established in the Republic of Indonesia in 2010. The Company's office and factory are located at Jl. Afrika No. 2, Cilegon.</i></p> <p>b. <i>In accordance with article 3 of its Articles of Association, the Company is engaged in manufacturing of steel. The Company started its commercial operations in March 2014.</i></p> <p>c. <i>The Company's controlling shareholder, POSCO HOLDINGS INC., incorporated in Korea, has subsidiaries and affiliates throughout the world.</i></p> <p>d. <i>Since 1 April 2015 (the establishment date of subsidiary), the Company has direct ownership interest in the following subsidiary:</i></p> |
|---|---|

Nama entitas anak/ Subsidiary's name	Domisili/ Domicile	Aktivitas bisnis/ Business activity	Tahun dimulainya operasi komersial/ Year commenced commercial operation	Persentase kepemilikan/ Percentage of ownership		Total aset sebelum eliminasi/ Total assets before elimination	
				31 Desember/December		31 Desember/December	
				2022	2021	2022	2021
PT KPSE Services Indonesia	Indonesia	Jasa pengelolaan limbah/ Waste management services	2015	99.9%	99.9%	USD 1,145,642	USD 1,360,891

2. DASAR PENYUSUNAN

2. BASIS OF PREPARATION

- | | |
|---|--|
| <p>a. Laporan keuangan konsolidasian disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia ("SAK").</p> <p>b. Direktur Perseroan menyetujui penerbitan laporan keuangan konsolidasian pada tanggal 13 Maret 2023.</p> | <p>a. <i>The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK").</i></p> <p>b. <i>The Company's directors approved the consolidated financial statements for issuance on 13 March 2023.</i></p> |
|---|--|

c. Dasar konsolidasi

c. *Basis of consolidation*

Laporan keuangan konsolidasian mencakup laporan keuangan Perseroan dan entitas anak ("Grup"). Entitas anak adalah entitas di mana Perseroan terekspos atau memiliki hak atas imbal hasil variabel dari keterlibatannya dengan entitas dan memiliki kemampuan untuk mempengaruhi imbal hasil tersebut melalui kekuasaannya atas entitas tersebut. Entitas anak dikonsolidasikan sejak tanggal pengendalian efektif diperoleh Perseroan dan tidak lagi dikonsolidasikan sejak tanggal pengendalian dihentikan.

The consolidated financial statements include the financial statements of the Company and subsidiary ("the Group"). Subsidiary is entity on which the Company is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is consolidated from the date on which effective control is obtained by the Company and is no longer consolidated from the date that control ceased.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. DASAR PENYUSUNAN (Lanjutan)

2. BASIS OF PREPARATION (Continued)

c. Dasar konsolidasi (Lanjutan)

Kebijakan akuntansi yang diterapkan dalam laporan keuangan konsolidasian diterapkan secara konsisten oleh Grup.

Transaksi, saldo, pendapatan dan beban yang signifikan dan keuntungan atau kerugian yang belum direalisasi atas transaksi antara Grup dieliminasi dalam laporan keuangan konsolidasian.

Kepentingan nonpengendali disajikan dalam ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari ekuitas yang dapat diatribusikan kepada pemilik Perseroan. Laba atau rugi dan setiap komponen penghasilan komprehensif lain diatribusikan kepada pemilik Perseroan dan kepada kepentingan nonpengendali berdasarkan kepemilikan secara proporsional.

d. Dasar pengukuran

Laporan keuangan konsolidasian disusun atas dasar akrual dengan menggunakan konsep biaya perolehan, kecuali jika standar akuntansi mensyaratkan pengukuran nilai wajar.

e. Mata uang fungsional dan penyajian

Laporan keuangan konsolidasian disajikan dalam Dolar Amerika Serikat, yang merupakan mata uang fungsional Perseroan.

f. Penggunaan pertimbangan, estimasi dan asumsi

Penyusunan laporan keuangan konsolidasian mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi penerapan kebijakan akuntansi serta jumlah aset, liabilitas, pendapatan dan beban yang dilaporkan. Hasil aktual mungkin berbeda dengan jumlah yang diestimasi.

Estimasi dan asumsi yang digunakan ditelaah secara berkesinambungan. Revisi atas estimasi akuntansi diakui secara prospektif.

c. Basis of consolidation (Continued)

The accounting policies adopted in the consolidated financial statements are consistently applied by the Group.

Significant intercompany transactions, balances, income and expenses and unrealized gain or loss on transactions between the Group are eliminated in the consolidated financial statements.

Non-controlling interest is presented within equity in the consolidated statement of financial position, separately from the equity attributable to the owners of the Company. Profit or loss and each component of other comprehensive income are attributable to the owners of the Company and to the non-controlling interest based on the ownership interest proportionally.

d. Basis of measurement

The consolidated financial statements are prepared on the accrual basis using the historical cost concept, except where the accounting standards require fair value measurement.

e. Functional and presentation currency

The consolidated financial statements are presented in US Dollars, which is the Company's functional currency.

f. Use of judgments, estimates and assumptions

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimated amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. DASAR PENYUSUNAN (Lanjutan)

2. BASIS OF PREPARATION (Continued)

f. Penggunaan pertimbangan, estimasi dan asumsi (Lanjutan)

f. Use of judgments, estimates and assumptions (Continued)

(i) Pertimbangan

(i) Judgments

Informasi tentang pertimbangan penting dalam menerapkan kebijakan akuntansi yang memiliki pengaruh paling signifikan terhadap jumlah yang diakui dalam laporan keuangan disajikan dalam Catatan 7 dan 9 - sewa; apakah suatu perjanjian mengandung sewa.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Notes 7 and 9 - leases; whether an arrangement contains a lease.

(ii) Asumsi dan ketidakpastian estimasi

(ii) Assumptions and estimation uncertainties

Informasi tentang asumsi dan ketidakpastian estimasi yang dapat menghasilkan penyesuaian material dalam tahun berikutnya tercakup dalam Catatan 7 - aset tetap, estimasi masa manfaat dan surplus revaluasi tanah; asumsi utama yang mendasari pengukuran nilai wajar tanah.

Information about the assumptions and estimation uncertainties that may result in a material adjustment within the following year is included in Note 7 - fixed assets, useful lives estimation and revaluation surplus of land; key assumptions underlying fair value measurement of land.

Sejumlah kebijakan akuntansi dan pengungkapan mensyaratkan pengukuran terhadap nilai wajar, baik untuk aset dan liabilitas keuangan maupun non keuangan

A number of accounting policies, and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Ketika mengukur nilai wajar dari suatu aset atau liabilitas, Grup sedapat mungkin menggunakan data pasar yang dapat diobservasi. Nilai wajar ditentukan menggunakan hierarki atas *input* yang digunakan dalam teknik penilaian untuk aset dan liabilitas:

When measuring the fair value of an asset or a liability, the Group use observable market data to the extent possible. Fair values are determined using the following hierarchy of inputs used in the valuation techniques for assets and liabilities:

- Level 1: harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik;
- Level 2: *input*, selain dari harga kuotasian yang diklasifikasikan pada Level 1, yang dapat diobservasi, baik secara langsung (contoh: harga) atau tidak langsung (contoh: bersumber dari harga lain yang dapat diobservasi);
- Level 3: *input* yang tidak didasarkan pada data pasar yang dapat diobservasi (*input* tidak dapat diobservasi).

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs, other than quoted prices included in Level 1, that are observable, either directly (i.e. price) or indirectly (i.e. derived from other observable price);
- Level 3: inputs that are not based on observable market data (unobservable inputs).

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. DASAR PENYUSUNAN (Lanjutan)

2. BASIS OF PREPARATION (Continued)

f. Penggunaan pertimbangan, estimasi dan asumsi (Lanjutan)

Apabila *input* yang digunakan untuk mengukur nilai wajar dari aset atau liabilitas diperoleh dari gabungan beberapa level yang berbeda dalam hierarki nilai wajar, maka pengukuran nilai wajar untuk keseluruhan aset dan liabilitas diasumsikan telah menggunakan level *input* terendah yang signifikan terhadap keseluruhan pengukuran (Level 3 sebagai level terendah).

Informasi lebih lanjut mengenai asumsi yang dibuat dalam mengukur nilai wajar tercakup dalam catatan berikut ini:

- Catatan 7 - aset tetap (revaluasi tanah); dan
- Catatan 17 - instrumen keuangan.

g. Amendemen atas PSAK

Amendemen dan penyesuaian tahunan yang telah efektif sejak 1 Januari 2022 dinilai tidak berlaku untuk atau diperkirakan tidak memiliki dampak material terhadap laporan keuangan Grup.

Beberapa amendemen atas PSAK telah diterbitkan tetapi belum berlaku efektif untuk tahun yang berakhir tanggal 31 Desember 2022 dan belum diterapkan dalam penyusunan laporan keuangan konsolidasian ini. Antara lain, amendemen berikut yang dapat diterapkan lebih awal, mungkin relevan dengan laporan keuangan konsolidasian Grup di masa depan, dan mungkin memerlukan penerapan retrospektif berdasarkan PSAK 25, "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi, dan Kesalahan";

- Amendemen PSAK 1, "Klasifikasi Liabilitas sebagai Jangka Pendek atau Jangka Panjang", yang kemudian digantikan dengan Amendemen PSAK 1, "Liabilitas Jangka Panjang dengan Kovenan"

Amendemen tersebut mengklarifikasi kriteria dalam PSAK 1 untuk mengklasifikasikan liabilitas sebagai liabilitas tidak lancar, di mana entitas diharuskan memiliki hak untuk menunda penyelesaian liabilitas selama setidaknya 12 bulan setelah periode pelaporan.

f. Use of judgments, estimates and assumptions (Continued)

If the inputs used to measure the fair value of an asset or a liability are drawn from a mixture of different level sources of the fair value hierarchy, then the fair value measurement for the entire class of the asset or liability is considered to have been done using the lowest level input that is significant to the entire measurement (Level 3 being the lowest).

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7 - fixed assets (revaluation of land); and
- Note 17 - financial instruments.

g. Amendments to PSAKs

Amendments and annual improvements to the standards that have been effective since 1 January 2022 are assessed as either not applicable or are not expected to have material impacts to the Group's financial statements.

Certain amendments to PSAKs have been issued but are not yet effective for the year ended 31 December 2022 and have not been applied in preparing these consolidated financial statements. Among others, the following amendments which are available for early adoption, may be relevant to the Group's future consolidated financial statements, and may require retrospective application under PSAK 25, "Accounting Policies, Changes in Accounting Estimates and Errors";

- Amendments to PSAK 1, "Classification of Liabilities as Current or Non-current", which were later superseded with Amendments to PSAK 1, "Non-current Liabilities with Covenant"

The amendments clarify a criterion in PSAK 1 for classifying a liability as non-current, whereby the entity is required to have the right to defer settlement of the liability for at least 12 months after the reporting period.

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
PT KRAKATAU POSCO AND SUBSIDIARY**

CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN (Lanjutan)/
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. DASAR PENYUSUNAN (Lanjutan)

2. BASIS OF PREPARATION (Continued)

g. Amendemen-amendemen PSAK (Lanjutan)

- Amendemen PSAK 1, "Klasifikasi Liabilitas sebagai Jangka Pendek atau Jangka Panjang", yang kemudian digantikan dengan Amendemen PSAK 1, "Liabilitas Jangka Panjang dengan Kovenan" (Lanjutan)

Amendemen tersebut antara lain a) menetapkan bahwa hak entitas untuk menunda penyelesaian harus ada pada akhir periode pelaporan; b) mengklarifikasi bahwa klasifikasi tidak terpengaruh oleh intensi atau ekspektasi manajemen tentang apakah entitas akan menggunakan haknya untuk menunda penyelesaian; dan c) menjelaskan bagaimana kondisi pinjaman mempengaruhi klasifikasi.

- Amendemen PSAK 16, "Aset Tetap: Aset Tetap tentang Hasil Sebelum Penggunaan yang Diintensikan"

Amendemen tersebut melarang mengurangi hasil penjualan dari biaya perolehan aset tetap, dan mensyaratkan pengakuan hasil penjualan tersebut dan beban terkait di laba rugi sesuai dengan persyaratan dalam PSAK yang berlaku.

Amendemen tersebut akan berlaku efektif untuk periode pelaporan tahunan yang dimulai pada atau setelah 1 Januari 2023 (dan amendemen kemudian atas PSAK 1 pada atau setelah 1 Januari 2024), dan penerapan dini diperbolehkan.

Sampai dengan tanggal penerbitan laporan keuangan konsolidasian ini, manajemen belum menentukan sejauh mana dampak retrospektif, jika ada, dari penerapan standar ini di masa depan terhadap posisi keuangan dan hasil operasi Grup.

g. Amendments to PSAKs (Continued)

- Amendments to PSAK 1, "Classification of Liabilities as Current or Non-current", which were later superseded with Amendments to PSAK 1, "Non-current Liabilities with Covenant" (Continued)

The amendments among others a) specify that an entity's right to defer settlement must exist at the end of the reporting period; b) clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement; and c) clarify how lending conditions affect classification.

- Amendment to PSAK 16, "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit deducting sales proceeds from the cost of an item of property, plant and equity, and require the recognition of such proceeds and the related costs in profit or loss in accordance with the requirements of the applicable PSAKs.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2023 (and the later amendments to PSAK 1 on or after 1 January 2024), and early adoption is permitted.

As of the issuance date of these consolidated financial statements, management has not determined the extent of the retrospective impact, if any, that the future adoption of these standards will have on the Group's financial position and operating results.

3. IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kebijakan-kebijakan akuntansi yang dijelaskan di bawah ini telah diterapkan secara konsisten untuk semua periode yang disajikan dalam laporan keuangan konsolidasian.

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

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**3. IKHTISAR KEBIJAKAN
AKUNTANSI SIGNIFIKAN (Lanjutan)**

**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

a. Penilaian persediaan

Persediaan diukur pada nilai yang lebih rendah antara biaya perolehan dan nilai realisasi neto; biaya perolehan ditentukan dengan menggunakan metode rata-rata, dan termasuk pengeluaran yang terjadi untuk memperoleh persediaan, biaya produksi atau konversi, dan biaya lain yang timbul untuk membawanya ke lokasi dan kondisi saat ini. Dalam hal persediaan yang diproduksi dan barang dalam proses, biaya persediaan termasuk *overhead* produksi yang dialokasikan berdasarkan kapasitas produksi normal.

Nilai realisasi neto adalah estimasi harga jual dalam kegiatan usaha normal dikurangi estimasi biaya penyelesaian dan estimasi biaya yang diperlukan untuk melakukan penjualan. Ketika penurunan harga bahan menunjukkan bahwa beban pokok barang jadi melebihi realisasi netonya, nilai realisasi neto bahan baku diukur dengan mengacu pada biaya penggantian.

b. Aset tetap

Tanah yang diperoleh dengan sertifikat Hak Guna Bangunan ("HGB") diukur pada saat pengakuan awal sebesar biaya perolehan (termasuk biaya legal dan administrasi yang timbul dalam transaksi untuk memperoleh tanah) dan tidak diamortisasi. Sejak akhir tahun 2015, tanah diukur dengan model revaluasi.

Penilaian tanah dilakukan oleh penilai yang berkualifikasi. Penilaian tersebut secara berkala dinilai kembali untuk memastikan bahwa jumlah tercatat pada tanggal pelaporan tidak berbeda secara material dengan nilai wajar aset revaluasi. Surplus yang timbul dari revaluasi diakui di pendapatan komprehensif lain tahun berjalan dan termasuk dalam surplus revaluasi di ekuitas pada tanggal pelaporan. Setiap penurunan revaluasi setelahnya diakui di penghasilan komprehensif lain sepanjang penurunan tersebut mengurangi surplus revaluasi sebelumnya di ekuitas.

a. Inventory valuation

Inventories are measured at the lower of cost and net realizable value; cost is determined using the average method, and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in process, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When a decline in price of materials indicates that the cost of finished goods exceeds its net realizable, the net realizable value of the materials are measured by reference to its replacement cost.

b. Fixed assets

Land acquired under Hak Guna Bangunan ("HGB") title is measured upon initial recognition at acquisition cost (includes legal and administrative costs incurred in transactions to acquire the land) and is not amortized. Since end of 2015, land is measured under the revaluation model.

The valuation of land was performed by a qualified appraiser. The valuation is periodically reassessed to ensure that the carrying amount at the reporting date does not differ materially from the fair value of revalued asset. The surplus arising from the revaluation was recognized in other comprehensive income for the year and included in revaluation surplus within equity at reporting date. Any subsequent revaluation decrease is recognized in other comprehensive income to the extent that it reduces the previous revaluation surplus in equity.

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**3. IKHTISAR KEBIJAKAN
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**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

b. Aset tetap (Lanjutan)

Aset tetap lainnya diukur dengan model biaya, di mana pada awalnya diukur sebesar biaya perolehan dan selanjutnya dikurangi akumulasi penyusutan dan akumulasi rugi penurunan nilai. Penyusutan dihitung menggunakan metode garis lurus selama taksiran masa manfaat dari aset sebagai berikut:

Bangunan dan perbaikan	5 - 40 tahun/years	<i>Buildings and improvements</i>
Mesin	2 - 25 tahun/years	<i>Machinery</i>
Peralatan kantor, perabot dan perlengkapan	2 - 10 tahun/years	<i>Office equipment, furniture and fixtures</i>
Kendaraan bermotor	2 - 10 tahun/years	<i>Motor vehicles</i>

Aset tetap dalam pembangunan merupakan akumulasi biaya bahan, tenaga kerja langsung, dan biaya lainnya yang berkaitan langsung dengan penyelesaian aset tetap, termasuk biaya pinjaman yang dikapitalisasi (jika ada). Akumulasi biaya perolehan direklasifikasi ke akun aset tetap terkait pada saat pembangunan selesai, dan aset tersebut siap untuk digunakan sesuai dengan tujuannya.

b. Fixed assets (Continued)

Other fixed assets are measured using the cost model, i.e. initially measured at cost and subsequently carried net of accumulated depreciation and accumulated impairment losses. Depreciation is applied using the straight-line method over the estimated useful lives of the assets as follows:

Assets under construction represent the accumulated cost of materials, direct labor, and other costs directly related to the construction of the fixed assets, including capitalized borrowing costs (if applicable). The accumulated cost is reclassified to the related fixed assets account when the construction is completed, and that asset is ready for its intended use.

c. Aset takberwujud

Aset takberwujud yang dibeli, yang terdiri dari lisensi perangkat lunak komputer dan lisensi teknologi lainnya, memiliki masa manfaat yang terbatas, dan diukur pada biaya perolehan dikurangi akumulasi amortisasi dan akumulasi kerugian penurunan nilai. Amortisasi diakui dalam laba rugi dengan metode garis lurus selama taksiran masa manfaat aset takberwujud, sejak tanggal aset tersebut tersedia untuk digunakan. Estimasi masa manfaat aset takberwujud berkisar antara 4 tahun sampai dengan 10 tahun.

c. Intangible assets

Purchased intangible assets, which comprise computer software licenses and other technological license, have finite useful lives, and are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date they are available for use. The estimated useful life of the intangible assets ranged between 4 years up to 10 years.

d. Penurunan nilai aset nonkeuangan

Jumlah tercatat aset non-keuangan Grup ditelaah pada setiap tanggal pelaporan untuk menentukan apakah terdapat indikasi penurunan nilai. Jika terdapat indikasi tersebut, maka nilai terpulihkan aset tersebut diestimasi.

d. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Rugi penurunan nilai diakui jika jumlah tercatat unit penghasil kas melebihi jumlah terpulihkannya. Unit penghasil kas adalah kelompok terkecil aset yang dapat diidentifikasi dan menghasilkan arus kas yang sebagian besar independen dari aset lainnya. Rugi penurunan nilai diakui dalam laba rugi.

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets. Impairment losses are recognized in profit or loss.

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**3. IKHTISAR KEBIJAKAN
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**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

d. Penurunan nilai aset nonkeuangan (Lanjutan)

Jumlah terpulihkan unit penghasil kas adalah nilai yang lebih tinggi antara nilai pakai dan nilai wajar dikurangi dengan biaya untuk menjual. Dalam menentukan nilai pakai, estimasi arus kas masa depan didiskontokan ke nilai sekarang dengan menggunakan tingkat diskonto sebelum pajak yang mencerminkan penilaian pasar kini atas nilai waktu uang dan risiko spesifik atas aset.

Rugi penurunan nilai yang diakui pada periode sebelumnya dievaluasi pada setiap tanggal pelaporan atas indikasi apakah rugi penurunan nilai telah berkurang atau tidak ada lagi. Rugi penurunan nilai dipulihkan jika terjadi perubahan dalam estimasi yang digunakan untuk menentukan nilai terpulihkan. Rugi penurunan nilai dipulihkan sebatas nilai aset tercatat yang tidak melebihi jumlah tercatat yang seharusnya diakui, setelah dikurangi penyusutan atau amortisasi, jika tidak ada rugi penurunan nilai yang telah diakui.

e. Provisi

Provisi diakui jika, sebagai akibat peristiwa masa lalu, Grup memiliki kewajiban hukum atau konstruktif kini yang dapat diestimasi secara andal, dan besar kemungkinan bahwa arus keluar manfaat ekonomi akan diperlukan untuk menyelesaikan kewajiban. Provisi ditentukan dengan mendiskontokan arus kas masa depan yang diharapkan, pada tingkat diskonto sebelum pajak yang mencerminkan penilaian pasar kini atas nilai waktu uang dan risiko spesifik liabilitas, kecuali dampak diskonto tidak signifikan.

f. Imbalan pascakerja

Kewajiban imbalan pascakerja dihitung sebesar nilai kini dari estimasi jumlah imbalan pascakerja di masa depan yang timbul dari jasa yang telah diberikan oleh karyawan pada masa kini dan masa lalu. Perhitungan dilakukan oleh aktuaris yang berkualifikasi menggunakan metode *projected unit credit*.

Keuntungan atau kerugian yang timbul dari pengukuran kembali liabilitas imbalan pasti neto diakui segera dalam penghasilan komprehensif lain. Ketika imbalan program berubah atau ketika terjadi kurtailmen atas program, dampak perubahan imbalan yang terkait dengan jasa masa lalu atau keuntungan atau kerugian dari kurtailmen diakui segera dalam laba rugi.

d. Impairment of non-financial assets (Continued)

The recoverable amount of a cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

e. Provisions

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

f. Employee benefits

The obligation for post-employment benefits is calculated at the present value of estimated future benefits that the employees have earned in return for their services in the current and prior periods. The calculation is performed by a qualified actuary using the projected unit credit method.

Gains or losses arising from actuarial remeasurements of the net defined benefit liability are recognized immediately in other comprehensive income. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss.

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**3. IKHTISAR KEBIJAKAN
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**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

g. Instrumen keuangan

g. Financial instruments

(i) Aset keuangan

(i) Financial assets

Pada saat pengakuan awal, aset keuangan diklasifikasikan dan diukur pada biaya perolehan diamortisasi; nilai wajar melalui penghasilan komprehensif lain (FVOCI) - instrumen utang; FVOCI - instrumen ekuitas; atau, nilai wajar melalui laba rugi (FVTPL).

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income ("FVOCI") - debt instrument; FVOCI - equity instrument; or, fair value through profit or loss ("FVTPL").

Aset keuangan tidak direklasifikasi setelah pengakuan awalnya kecuali jika Grup mengubah model bisnisnya dalam mengelola aset keuangan, di mana dalam hal ini semua aset keuangan yang terkena dampak direklasifikasi pada hari pertama periode pelaporan setelah perubahan dalam model bisnis.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Aset keuangan yang diukur pada biaya perolehan diamortisasi terdiri dari kas dan setara kas, piutang usaha dan nonusaha dan uang jaminan yang dapat dikembalikan (disajikan sebagai aset tidak lancar lainnya). Aset keuangan ini pada awalnya diakui pada nilai wajar ditambah biaya transaksi yang dapat diatribusikan secara langsung dan selanjutnya diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif. Biaya perolehan diamortisasi dikurangi dengan rugi penurunan nilai. Pendapatan bunga, keuntungan dan kerugian selisih kurs dan penurunan nilai diakui dalam laba rugi. Laba atau rugi dari penghentian pengakuan diakui dalam laba atau rugi.

The financial assets that are measured at amortized cost consist of cash and cash equivalents, trade and other receivables and refundable deposits (presented as other non-current assets). These financial assets are initially recognized at fair value plus directly attributable transaction costs, and subsequently are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Gains or losses on derecognition of these financial assets are recognized in profit or loss.

(ii) Liabilitas keuangan

(ii) Financial liabilities

Liabilitas keuangan diklasifikasikan dan diukur pada biaya perolehan diamortisasi atau FVTPL. Liabilitas keuangan diklasifikasikan pada FVTPL jika dimiliki untuk diperdagangkan, derivatif, atau ditetapkan sebagai FVTPL pada pengakuan awal.

Financial liabilities are classified as either measured-at-amortized cost, or at FVTPL. FVTPL financial liability is measured as such if it is classified as held-for-trading, if it is a derivative, or if it is designated as measured-at-FVTPL on initial recognition.

Utang bank dan pinjaman dan utang usaha dan nonusaha pada awalnya diakui pada nilai wajar ditambah biaya transaksi dan selanjutnya diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif. Beban bunga dan keuntungan dan kerugian selisih kurs diakui pada laba rugi. Keuntungan atau kerugian dari penghentian pengakuan juga diakui dalam laba rugi.

Loans and borrowings and trade and other payables are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Gains or losses on derecognition are also recognized in profit or loss.

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**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

g. Instrumen keuangan (Lanjutan)

g. Financial instruments (Continued)

(iii) Penghentian pengakuan

(iii) Derecognition

Aset keuangan

Financial assets

Grup menghentikan pengakuan aset keuangan ketika hak kontraktual atas arus kas dari aset keuangan berakhir, atau ketika Grup mengalihkan hak untuk menerima arus kas kontraktual dalam transaksi di mana secara substansial seluruh risiko dan manfaat dari kepemilikan aset keuangan telah dialihkan: yaitu ketika kendali atas aset keuangan dilepaskan.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred: i.e. when control over the financial asset is relinquished.

Liabilitas keuangan

Financial liabilities

Grup menghentikan pengakuan liabilitas keuangan ketika kewajiban kontraktualnya telah dilepaskan, dibatalkan, atau berakhir. Grup juga tidak lagi mengakui liabilitas keuangan ketika persyaratannya dimodifikasi dan arus kas dari liabilitas modifikasi tersebut berbeda secara substansial, di mana dalam hal ini liabilitas keuangan baru, berdasarkan persyaratan yang dimodifikasi, diakui pada nilai wajar.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or otherwise extinguished. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability, based on the modified terms, is recognized at fair value.

Pada saat penghentian pengakuan liabilitas keuangan, perbedaan antara jumlah tercatat yang dihentikan dan imbalan yang dibayarkan (termasuk aset nonkas yang dialihkan atau diasumsikan sebagai liabilitas) diakui dalam laba rugi.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Saling hapus

(iv) Offsetting

Aset keuangan dan liabilitas keuangan dapat saling hapus dan jumlah netonya disajikan dalam laporan posisi keuangan konsolidasian jika, dan hanya jika, Grup saat ini memiliki hak yang dapat dipaksakan secara hukum untuk melakukan saling hapus dan bermaksud untuk menyelesaikannya secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitas secara simultan.

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

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g. Instrumen keuangan (Lanjutan)

(v) Penurunan nilai

Grup mengakui penyisihan kerugian untuk kerugian kredit ekspektasian ("KKE") atas aset keuangan yang diukur pada biaya perolehan diamortisasi.

Pengukuran KKE

KKE adalah estimasi probabilitas tertimbang kerugian kredit. Kerugian kredit diukur pada nilai kini dari semua kekurangan kas (yaitu selisih arus kas yang terutang kepada Grup sesuai dengan kontrak dan arus kas yang diharapkan akan diterima Grup). KKE didiskontokan pada suku bunga efektif dari aset keuangan.

Penyajian penyisihan KKE dalam laporan posisi keuangan konsolidasian

Penyisihan kerugian untuk aset keuangan yang diukur pada biaya perolehan diamortisasi dikurangkan dari jumlah tercatat bruto aset. Grup mengukur penyisihan kerugian dengan jumlah yang sama dengan KKE sepanjang umur, kecuali untuk kas di bank dan deposito berjangka yang risikonya (yaitu risiko gagal bayar yang terjadi selama perkiraan umur instrumen keuangan) tidak meningkat secara signifikan sejak pengakuan awal, dimana penyisihan kerugian diukur ditentukan berdasarkan pada KKE 12 bulan.

Penyisihan kerugian untuk piutang usaha dan nonusaha dan uang jaminan yang dapat dikembalikan, yang diukur dengan biaya perolehan diamortisasi diukur pada jumlah yang mewakili KKE sepanjang umur.

h. Sewa

Pada tanggal inisiasi suatu kontrak, Grup menilai apakah suatu kontrak merupakan, atau mengandung, suatu sewa. Suatu kontrak adalah, atau mengandung, sewa jika kontrak tersebut memberikan hak untuk mengendalikan penggunaan suatu aset identifikasi selama suatu jangka waktu untuk dipertukarkan dengan imbalan. Untuk menilai apakah suatu kontrak memberikan hak untuk mengendalikan suatu aset identifikasi, Grup menilai apakah:

g. Financial instruments (Continued)

(v) Impairment

The Group recognizes loss allowances for expected credit loss ("ECL") on financial assets measured at amortized cost.

Measurement of ECLs

ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The Group measures loss allowances at an amount that reflects the lifetime ECL, except for cash in bank and time deposit for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, wherein the loss allowances are determined based on the 12-month ECL.

Loss allowances for trade and other receivables and refundable deposits, that are measured at amortized cost, are measured at an amount that represents the lifetime ECL.

h. Leases

At inception of a contract, the Group determines if a contract is, or contains, a lease by considering whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. A contract conveys the right to control the use of an identified asset if all of the following conditions are met:

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AKUNTANSI SIGNIFIKAN (Lanjutan)**

**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

h. Sewa (Lanjutan)

- Kontrak melibatkan penggunaan suatu aset identifikasian - ini dapat ditentukan secara eksplisit atau implisit dan secara fisik dapat dibedakan atau mewakili secara substansial seluruh kapasitas dari aset yang secara fisik dapat dibedakan. Jika pemasok memiliki hak substitusi substantif, maka aset tersebut tidak teridentifikasi;
- Grup memiliki hak untuk memperoleh secara substansial seluruh manfaat ekonomik dari penggunaan aset selama periode penggunaan; dan
- Grup memiliki hak untuk mengarahkan penggunaan aset identifikasian: yaitu memiliki hak pengambilan keputusan yang paling relevan untuk mengubah bagaimana dan untuk tujuan apa aset tersebut digunakan.

Pada tanggal insepri atau pada saat penilaian kembali suatu kontrak yang mengandung suatu komponen sewa, Grup mengalokasikan imbalan dalam kontrak ke masing-masing komponen sewa berdasarkan harga tersendiri relatif dari komponen sewa.

Grup mengakui aset hak-guna dan liabilitas sewa pada tanggal dimulainya sewa. Aset hak-guna awalnya diukur pada biaya perolehan, yang terdiri dari jumlah pengukuran awal dari liabilitas sewa disesuaikan dengan pembayaran sewa yang dilakukan pada atau sebelum tanggal permulaan, ditambah dengan biaya langsung awal yang dikeluarkan, dan estimasi biaya untuk membongkar dan memindahkan aset pendasar atau untuk merestorasi aset pendasar atau tempat di mana aset berada, dikurangi insentif sewa yang diterima.

Aset hak-guna selanjutnya disusutkan dengan menggunakan metode garis-lurus dari tanggal permulaan hingga tanggal yang lebih awal antara akhir masa manfaat aset hak-guna atau akhir masa sewa.

Estimasi masa manfaat aset hak-guna ditentukan dengan dasar yang sama dengan aset tetap. Selain itu, aset hak-guna secara berkala dikurangi dengan kerugian penurunan nilai, jika ada, dan disesuaikan dengan pengukuran kembali liabilitas sewa.

h. Leases (Continued)

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset cannot be considered as identifiable;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset: i.e. it has decision-making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of right-of-use assets are determined on the same basis as those of fixed assets. In addition, the right-of-use asset is periodically reduced by impairment losses if any and adjusted for certain remeasurements (as described below) of the lease liability.

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**3. IKHTISAR KEBIJAKAN
AKUNTANSI SIGNIFIKAN (Lanjutan)**

**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

h. Sewa (Lanjutan)

Liabilitas sewa awalnya diukur pada nilai kini pembayaran sewa yang belum dibayar pada tanggal permulaan, didiskontokan menggunakan suku bunga implisit dalam sewa atau, jika suku bunga tersebut tidak dapat ditentukan, digunakan suku bunga pinjaman inkremental Grup.

Umumnya, Grup menggunakan suku bunga pinjaman inkremental sebagai suku bunga diskonto.

Pembayaran sewa yang termasuk dalam pengukuran liabilitas sewa meliputi:

- pembayaran tetap, termasuk pembayaran tetap secara substansi;
- pembayaran sewa variabel yang bergantung pada suatu indeks atau suku bunga, yang pada awalnya diukur dengan menggunakan indeks atau suku bunga pada tanggal permulaan;
- jumlah yang diperkirakan akan dibayarkan dalam jaminan nilai residual; dan
- harga eksekusi opsi beli di mana Grup cukup pasti untuk mengeksekusi opsi tersebut, pembayaran sewa dalam periode perpanjangan opsional jika Grup cukup pasti untuk mengeksekusi opsi perpanjangan, dan penalti untuk penghentian dini dari sewa kecuali jika Grup cukup pasti untuk tidak mengakhirinya lebih dini.

Liabilitas sewa diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif. Liabilitas sewa diukur kembali ketika ada perubahan pembayaran sewa masa depan yang timbul dari perubahan indeks atau suku bunga, jika ada perubahan estimasi Grup atas jumlah yang diperkirakan akan dibayar dalam jaminan nilai residual, atau jika Grup mengubah penilaiannya apakah akan mengeksekusi opsi beli, perpanjangan atau penghentian.

Ketika liabilitas sewa diukur kembali dengan cara ini, penyesuaian terkait dilakukan terhadap jumlah tercatat aset hak-guna, atau dicatat dalam laba rugi jika jumlah tercatat aset hak-guna telah berkurang menjadi nol.

h. Leases (Continued)

The lease liability is initially measured at the present value of the lease payments that are not yet paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability consist of the following:

- *fixed payments, including in-substance fixed payments;*
- *variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;*
- *amounts expected to be payable under a residual value guarantee; and*
- *the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an option renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.*

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is measured this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

h. Sewa (Lanjutan)

Aset hak-guna Grup disajikan sebagai bagian dari "Aset tetap" dan liabilitas sewa disajikan sebagai bagian dari "Utang bank dan pinjaman" di laporan posisi keuangan konsolidasian.

Sewa jangka-pendek dan sewa aset bernilai-rendah

Grup memilih untuk tidak mengakui aset hak-guna dan liabilitas sewa untuk sewa jangka-pendek yang memiliki masa sewa 12 bulan atau kurang dan sewa atas aset bernilai-rendah. Grup mengakui pembayaran sewa terkait dengan sewa ini sebagai beban dengan dasar garis-lurus selama masa sewa.

i. Pengakuan pendapatan

Pendapatan diukur berdasarkan imbalan yang ditentukan dalam kontrak dengan pelanggan. Grup mengakui pendapatan ketika Grup mengalihkan pengendalian atas produk kepada pelanggan.

Tabel berikut memberikan informasi tentang sifat dan waktu pemenuhan kewajiban pelaksanaan dalam kontrak dengan pelanggan, termasuk persyaratan pembayaran yang signifikan, dan kebijakan pengakuan pendapatan terkait.

Sifat dan waktu pemenuhan kewajiban pelaksanaan, termasuk syarat pembayaran yang signifikan/
Nature and timing of satisfaction of performance obligations, including significant payment terms

Untuk penjualan lokal, pelanggan memperoleh pengendalian atas produk biasanya saat produk diterima di gudang pelanggan, sedangkan untuk pengiriman internasional, pelanggan mendapatkan pengendalian atas produk saat memuat produk ke pengangkut terkait di pelabuhan. Faktur diterbitkan dan pendapatan diakui pada waktu tersebut. Faktur biasanya dibayarkan dalam waktu 30 hari. Tidak ada diskon, poin loyalitas, atau pengembalian yang ditawarkan untuk produk. Tidak ada pengaturan *bill-and-hold*.

For local sales, customers obtain control of the products usually when the products are received at the customer's warehouse, while for international shipments, customers obtain control of the products upon loading the products onto the relevant carrier at the port. Invoices are generated and revenue is recognized at that point in time. Invoices are usually payable within 30 days. No discounts, loyalty points or returns are offered for the products. There are no bill-and-holds arrangements.

h. Leases (Continued)

The Group's right-of-use assets are presented as part of "Fixed assets" and lease liabilities are presented as part of "Loans and borrowings" in the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a product to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Pengakuan pendapatan/
Revenue recognition

Pendapatan diakui pada saat-pelanggan memperoleh pengendalian atas barang, di mana untuk penjualan lokal biasanya pada saat produk diterima di gudang pelanggan, sedangkan untuk pengiriman internasional, pelanggan mendapatkan pengendalian atas produk pada saat produk dimuat pengangkut yang terkait di pelabuhan, karena pada saat itu pelanggan dapat mengarahkan penggunaan barang dan pelanggan akan memperoleh secara substansial seluruh manfaat ekonomik dari barang tersebut.

Revenue is recognized when the customer obtains control of the goods, which for local sales usually when the products are received at the customer's warehouse, while for international shipments, customers obtain control of the products upon loading the products onto the relevant carrier at the port, because by that time the customer can direct the use of the goods and the customer will obtain substantially all of the economic benefits from the goods.

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**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

i. Pengakuan pendapatan (Lanjutan)

i. Revenue recognition (Continued)

Sifat dan waktu pemenuhan kewajiban pelaksanaan, termasuk syarat pembayaran yang signifikan/
Nature and timing of satisfaction of performance obligations, including significant payment terms

Pengakuan pendapatan/
Revenue recognition

Jasa pengiriman dan penanganan yang diberikan kepada pelanggan setelah pengendalian barang dialihkan ke pelanggan pada titik pengiriman dipertimbangkan sebagai kewajiban pelaksanaan terpisah. Kewajiban pelaksanaan dipenuhi sepanjang waktu, yaitu ketika jasa diberikan, dan pelanggan menerima dan mengonsumsi manfaat dari jasa pengiriman dan penanganan. Grup mengalokasikan harga transaksi berdasarkan harga jual berdiri sendiri relatif dari unsur-unsur pendapatan.

Pendapatan diakui sepanjang waktu berdasarkan kemajuan penyelesaian pengiriman pada tanggal pelaporan.

Shipping and handling services that are provided to customers after control of the goods is transferred to the customers at the point of dispatch are considered as separate performance obligations. The performance obligation is satisfied overtime, i.e. when the service is rendered, and the customer receives and consumes the benefits of the shipping and handling services. The Group allocates the transaction price based on the relative stand-alone selling prices of the revenue elements.

Revenue is recognized over time based on the progress of completion of the delivery as at reporting date.

j. Transaksi mata uang asing

j. Foreign currency transactions

Transaksi dalam mata uang asing dijabarkan dalam mata uang fungsional Perseroan (Dolar Amerika Serikat) dengan kurs pada tanggal transaksi. Aset dan liabilitas moneter berdenominasi dalam mata uang asing dijabarkan ke dalam mata uang fungsional dengan kurs yang berlaku pada tanggal pelaporan. Keuntungan atau kerugian kurs atas aset dan liabilitas moneter terdiri dari selisih antara biaya perolehan diamortisasi yang diukur dalam mata uang fungsional pada awal periode, disesuaikan dengan suku bunga efektif dan pembayaran selama periode berjalan, dan biaya perolehan diamortisasi yang diukur dalam mata uang asing yang dijabarkan dengan menggunakan kurs pada tanggal pelaporan.

Transactions in foreign currencies are translated to the Company's functional currency (US Dollar) at the rates of exchange prevailing at transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate at the reporting date. Foreign currency gains or losses on monetary items are comprised of the difference between amortized cost measured in the functional currency at the beginning of the period as adjusted for effective interest and payments during the period, and the amortized cost measured in foreign currency translated at the exchange rate at reporting date.

Aset dan liabilitas nonmoneter dalam mata uang asing yang diukur pada nilai historis dijabarkan dengan menggunakan kurs pada tanggal transaksi.

Non-monetary assets and liabilities denominated in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Keuntungan dan kerugian kurs dari penjabaran ulang aset dan liabilitas moneter yang berasal dari aktivitas operasi umumnya diakui di laba rugi.

Foreign currency gains and losses on retranslation of monetary assets and liabilities that arise from operating activities are generally recognized in profit or loss.

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j. Transaksi mata uang asing (Lanjutan)

Aset dan liabilitas entitas anak dijabarkan ke dalam Dolar Amerika Serikat dengan menggunakan kurs pada tanggal pelaporan. Pendapatan dan beban entitas anak dijabarkan ke dalam Dolar Amerika Serikat dengan kurs pada tanggal transaksi. Selisih mata uang asing yang dihasilkan diakui dalam pendapatan komprehensif lain dan diakumulasikan dalam perbedaan translasi di ekuitas.

k. Pendapatan dan beban keuangan

Pendapatan keuangan terdiri dari pendapatan bunga atas dana yang diinvestasikan. Biaya keuangan terdiri dari beban bunga pinjaman.

Pendapatan dan biaya yang berasal dari aktivitas pendanaan dan keuntungan dan kerugian selisih kurs yang terkait disajikan dalam laba rugi sebagai bagian dari "Pendapatan (biaya) keuangan neto".

l. Pajak penghasilan

Beban pajak penghasilan terdiri dari pajak penghasilan kini dan pajak penghasilan tangguhan. Pajak kini dan pajak tangguhan diakui dalam laba rugi kecuali jika pajak tersebut terkait dengan transaksi atau kejadian yang diakui secara langsung di ekuitas atau di penghasilan komprehensif lain.

Pajak kini adalah utang atau pengembalian pajak yang diharapkan atas penghasilan atau rugi kena pajak selama tahun berjalan, menggunakan tarif pajak yang secara substantif berlaku pada tanggal pelaporan, dan termasuk penyesuaian terhadap provisi pajak tahun-tahun sebelumnya baik untuk menyesuaikan dengan pajak penghasilan yang dilaporkan di SPT pajak penghasilan tahunan, atau untuk memperhitungkan perbedaan-perbedaan yang timbul dari ketetapan pajak. Pajak kini yang terutang atau yang dapat dikembalikan diukur menggunakan estimasi terbaik atas jumlah yang diharapkan dibayar atau diterima, dengan mempertimbangkan ketidakpastian terkait kompleksitas peraturan perpajakan.

Pajak tangguhan diakui atas perbedaan temporer antara jumlah tercatat aset dan liabilitas untuk tujuan pelaporan keuangan dan jumlah yang digunakan untuk tujuan perpajakan.

j. Foreign currency transactions (Continued)

The assets and liabilities of subsidiary are translated into US Dollar at the exchange rate at the reporting date. The income and expenses of the subsidiary are translated into US Dollar at the exchange rate at the dates of the transactions. The resulting foreign currency differences are recognized in other comprehensive income and accumulated in the translation differences in equity.

k. Finance income and finance costs

Finance income comprises interest income on funds invested. Finance costs comprise interest expense on borrowings.

Income and costs derived from financing activities and the related currency exchange gains and losses are reflected in profit or loss as part of "Net finance income (costs)".

l. Income tax

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or refundable on taxable income or loss for the year, using tax rates substantively enacted as of the reporting date, and includes true-up adjustments made to the previous years' tax provisions either to reconcile them with the income tax reported in annual tax returns, or to account for differences arising from tax assessments. Current tax payable or refundable is measured using the best estimate of the amount expected to be paid or received, taking into consideration the uncertainty associated with the complexity of tax regulations.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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**3. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (Continued)**

1. Pajak penghasilan (Lanjutan)

Pajak tangguhan diukur menggunakan tarif pajak yang diharapkan akan diterapkan terhadap perbedaan temporer pada saat pembalikan, berdasarkan peraturan yang telah berlaku atau secara substantif berlaku pada tanggal pelaporan. Metode ini juga mengharuskan pengakuan manfaat pajak masa depan, seperti kompensasi rugi fiskal, jika kemungkinan realisasi manfaat tersebut di masa mendatang cukup besar.

Aset pajak tangguhan dikaji ulang pada setiap tanggal pelaporan dan dikurangi jika sudah tidak terdapat kemungkinan bahwa manfaat pajak terkait akan direalisasi; pengurangan tersebut dibalik ketika kemungkinan akan laba kena pajak di masa depan meningkat.

Aset pajak tangguhan yang belum diakui dinilai kembali pada setiap tanggal pelaporan dan diakui sepanjang kemungkinan besar laba kena pajak masa depan akan tersedia untuk digunakan.

1. Income tax (Continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as of the reporting date. This method also requires the recognition of future tax benefits, such as tax loss carry forwards, to the extent that realization of such benefits is probable.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realized; such reduction is reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that has become probable that future taxable profits will be available against which they can be used.

4. KAS DAN SETARA KAS

4. CASH AND CASH EQUIVALENTS

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Kas	727	601	Cash on hand
Kas di bank	20.338.810	204.758.089	Cash in banks
Deposito berjangka	30.427	40.073.674	Time deposits
	<u>20.369.964</u>	<u>244.832.364</u>	

5. PIUTANG USAHA DAN NONUSAHA

5. TRADE AND OTHER RECEIVABLES

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Piutang yang dihasilkan dari aktivitas penjualan terdiri dari:			Receivables resulting from sales generation activities consist of:
Piutang usaha dari pihak ketiga	69.100.590	67.577.988	Trade receivables from third parties
Piutang usaha dari pihak berelasi	128.866.614	33.583.061	Trade receivables from related parties
	<u>197.967.204</u>	<u>101.161.049</u>	
Piutang nonusaha dari pihak ketiga	3.281.567	3.539.297	Other receivables from third parties
Piutang nonusaha dari pihak berelasi	111.600	502.115	Other receivables from related parties
	<u>201.360.371</u>	<u>105.202.461</u>	
Dikurangi: penyisihan kerugian penurunan nilai	(691.499)	(3.341.410)	Less: allowance for impairment loss
	<u>200.668.872</u>	<u>101.861.051</u>	

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6. PERSEDIAAN

6. INVENTORIES

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Barang jadi	130.507.299	51.618.704	Finished goods
Barang dalam pengolahan	203.992.292	136.326.235	Work in process
Bahan baku dan bahan habis pakai	162.639.954	162.667.761	Raw materials and consumables
Produk sampingan	2.315.542	3.002.550	By products
Bahan bakar dan suku cadang	67.470.679	46.724.491	Fuel and spare parts
Barang dalam perjalanan	48.982.309	47.801.378	Materials in transit
	615.908.075	448.141.119	
Penurunan nilai realisasi neto	(34.386.144)	(6.074.115)	Net realizable value write-downs
	581.521.931	442.067.004	

7. ASET TETAP, neto

7. FIXED ASSETS, net

Dalam Dolar Amerika Serikat	2022				In US Dollar
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pelepasan, reklasifikasi dan penyesuaian/ Disposals, reclassification and adjustment *)	Saldo akhir/ Ending balance	
Tanah, jumlah revaluasi	629.051.088	40.321.504	-	669.372.592	Land, revalued amount
Harga perolehan					Cost
Bangunan dan perbaikan	755.895.761	133.931.160	1.376.203	891.203.124	Buildings and improvements
Mesin	1.869.480.391	384.753.638	(1.403.397)	2.252.830.632	Machinery
Peralatan kantor, perabot dan perlengkapan	22.054.631	4.950.510	(276.252)	26.728.889	Office equipment, furniture and fixtures
Kendaraan bermotor	2.461.591	132.862	(2.844)	2.591.609	Motor vehicles
Aset hak-guna	380.156.940	-	6.003.830	386.160.770	Right-of-use assets
	3.659.100.402	564.089.674	5.697.540	4.228.887.616	
Aset tetap dalam pembangunan	4.744.573	13.198.808	(4.370.394)	13.572.987	Assets under construction
	3.663.844.975	577.288.482	1.327.146	4.242.460.603	
Akumulasi penyusutan					Accumulated depreciation
Bangunan dan perbaikan	(292.981.557)	(38.872.411)	(310.512)	(332.164.480)	Buildings and improvements
Mesin	(977.111.352)	(129.065.087)	2.077.683	(1.104.098.756)	Machinery
Peralatan kantor, perabot dan perlengkapan	(18.477.180)	(1.987.943)	688.533	(19.776.590)	Office equipment, furniture and fixtures
Kendaraan bermotor	(1.390.888)	(157.557)	10.029	(1.538.416)	Motor vehicles
Aset hak-guna	(186.028.488)	(21.227.966)	6.930.425	(200.326.029)	Right-of-use assets
	(1.475.989.465)	(191.310.964)	9.396.158	(1.657.904.271)	
Jumlah tercatat	2.187.855.510			2.584.556.332	Carrying amount

*) termasuk penyesuaian akibat dari modifikasi sewa/including adjustment resulting from lease modifications

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7. ASET TETAP, neto (Lanjutan)

7. FIXED ASSETS, net (Continued)

Dalam Dolar Amerika Serikat	2021					In US Dollar
	Saldo awal/ Beginning balance	Penambahan/ Additions	Pelepasan, reklasifikasi dan penyesuaian/ Disposals, reclassification and adjustment *)	Surplus revaluasi/ Revaluation surplus	Saldo akhir/ Ending balance	
Tanah, jumlah revaluasi	627.817.012	-	-	1.234.076	629.051.088	Land, revalued amount
Harga perolehan						Cost
Bangunan dan perbaikan	762.903.703	406.247	(7.414.189)	-	755.895.761	Buildings and improvements
Mesin	1.858.550.221	2.644.767	8.285.403	-	1.869.480.391	Machinery
Peralatan kantor, perabot dan perlengkapan	20.374.930	1.925.615	(245.914)	-	22.054.631	Office equipment, furniture and fixtures
Kendaraan bermotor	2.413.426	49.085	(920)	-	2.461.591	Motor vehicles
Aset hak-guna	379.577.216	-	579.724	-	380.156.940	Right-of-use assets
	3.651.636.508	5.025.714	1.204.104	1.234.076	3.659.100.402	
Aset tetap dalam pembangunan	926.696	5.698.502	(1.880.625)	-	4.744.573	Assets under construction
	3.652.563.204	10.724.216	(676.521)	1.234.076	3.663.844.975	
Akumulasi penyusutan						Accumulated depreciation
Bangunan dan perbaikan	(257.742.223)	(35.245.612)	6.278	-	(292.981.557)	Buildings and improvements
Mesin	(849.848.693)	(125.765.966)	(1.496.693)	-	(977.111.352)	Machinery
Peralatan kantor, perabot dan perlengkapan	(17.258.097)	(1.481.046)	261.963	-	(18.477.180)	Office equipment, furniture and fixtures
Kendaraan bermotor	(1.219.282)	(171.606)	-	-	(1.390.888)	Motor vehicles
Aset hak-guna	(157.355.530)	(28.672.958)	-	-	(186.028.488)	Right-of-use assets
	(1.283.423.825)	(191.337.188)	(1.228.452)	-	(1.475.989.465)	
Jumlah tercatat	2.369.139.379				2.187.855.510	Carrying amount

*) termasuk penyesuaian akibat dari modifikasi sewa/including adjustment resulting from lease modifications

Tanah terdaftar dengan sertifikat Hak Guna Bangunan (HGB), yang akan berakhir antara tahun 2032 dan 2036. Manajemen mengantisipasi bahwa hak pakai yang diberikan berdasarkan sertifikat ini akan selalu dapat diperbarui dengan biaya minimal.

Land is registered under Hak Guna Bangunan (HGB) titles, which will expire between 2032 and 2036. Management anticipates that the usage rights granted under these titles will be perpetually renewable at minimal cost.

Pada tanggal 31 Desember 2022 dan 2021, saldo sebesar USD 121.492.780 dan USD 2.663.305 masih belum dibayar untuk pembelian aset tetap atau aset tetap dalam pembangunan tertentu.

As of 31 December 2022 and 2021, balances amounting to USD 121,492,780 and USD 2,663,305 remained unpaid for purchases of certain fixed assets or assets under construction.

Pada bulan November 2022, Perseroan membeli sekelompok aset Hot Strip Mill 2 (HSM#2) dan fasilitas terkait, yang terdiri dari tanah, bangunan dan perbaikan, peralatan kantor, perabot dan perlengkapan, mesin serta kendaraan bermotor dari pemegang saham nonpengendali (PT Krakatau Steel [Persero] Tbk) dengan imbalan berupa kas sebesar USD 216.021.882, utang pembelian aset tetap (Catatan 8) sebesar USD 120.905.792 dan penerbitan saham Seri B sebesar USD 218.164.800 (Catatan 10).

In November 2022, the Company acquired group of assets of Hot Strip Mill 2 (HSM#2) and the related facilities, comprising of land, buildings and improvements, office equipment, furniture and fixtures, machinery and motor vehicles from non-controlling shareholder (PT Krakatau Steel [Persero] Tbk) for considerations of cash amounted to USD 216,021,882, payables for purchases of fixed assets (Note 8) amounted to USD 120,905,792 and issuance of Class B shares amounted to USD 218,164,800 (Note 10).

**PT KRAKATAU POSCO DAN ENTITAS ANAK/
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. ASET TETAP, neto (Lanjutan)

7. FIXED ASSETS, net (Continued)

Pada tanggal 31 Desember 2022 dan 2021, tanah yang terdaftar dengan HGB yang terletak di Kubangsari, Samangraya dan Tegal Ratu serta sebagian besar bangunan dan mesin yang merupakan bagian dari aset tetap tunduk pada surat utang terdaftar untuk menjamin utang bank (Catatan 9).

As of 31 December 2022 and 2021, land registered under HGB titles located in Kubangsari, Samangraya and Tegal Ratu and substantial buildings and machinery as part of fixed assets are subject to a registered debenture to secure bank loans (Note 9).

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Beban penyusutan dibebankan ke:			Depreciation expenses was charged to:
Beban pokok penjualan	188.551.651	189.014.129	Cost of sales
Beban administrasi	2.759.313	2.323.059	Administrative expenses
	<u>191.310.964</u>	<u>191.337.188</u>	

Pengukuran nilai wajar tanah telah dikategorikan sebagai nilai wajar Level 2 berdasarkan input pada teknik penilaian yang digunakan. Teknik penilaian yang digunakan adalah pendekatan data pasar pembandingan dan pendekatan pendapatan. Perkiraan harga pasar dari tanah pembandingan disesuaikan dengan perbedaan atribut utama seperti ukuran tanah, lokasi dan penggunaan tanah.

The fair value measurement of land has been categorized as a Level 2 fair value based on the inputs to the valuation techniques used. The valuation techniques used is comparable market data approach and income approach. The approximate market prices of comparable land are adjusted for differences in key attributes such as land size, location and the use of land.

Nilai revaluasi tanah berdasarkan hasil penilaian pada tanggal 8 September 2021. Penilaian dilakukan oleh KJPP Stefanus Tonny Hardi & Rekan. Jika tanah dicatat dengan model biaya, jumlah tercatat pada tanggal 31 Desember 2022 dan 2021 adalah masing-masing USD 327.431.269 dan USD 287.109.765. Manajemen berkeyakinan bahwa tidak ada perubahan signifikan atas nilai tanah pada tanggal 31 Desember 2022.

The revalued amount of the land is based on the appraised value as of 8 September 2021. The valuation was prepared by KJPP Stefanus Tonny Hardi & Rekan. If land is carried under the cost model, the carrying amount as of 31 December 2022 and 2021 would be USD 327,431,269 and USD 287,109,765, respectively. Management believes that there is no significant change in the land value at 31 December 2022.

Perseroan menyewa gedung, gudang, berbagai mesin dan kendaraan untuk jangka waktu 6 - 15 tahun. Kontrak termasuk opsi untuk memperbarui sewa untuk periode tambahan dengan durasi yang sama setelah akhir masa kontrak.

The Company leases buildings, warehouses, various machineries and vehicles for a term of 6 - 15 years. The contracts include an option to renew the lease for an additional period of the same duration after the end of the contract term.

	2022				
Dalam Dolar Amerika Serikat	Bangunan/ Buildings	Mesin/ Machineries	Kendaraan/ Vehicles	Jumlah/ Total	In US Dollar
Saldo per 31 Desember 2021	31.535.504	161.889.693	703.255	194.128.452	Balance at 31 December 2021
Modifikasi dan penyesuaian sewa	2.809.162	8.993.380	1.131.713	12.934.255	Lease modifications and adjustment
Beban amortisasi	(3.514.396)	(16.278.570)	(1.435.000)	(21.227.966)	Amortization charge
Saldo per 31 Desember 2022	<u>30.830.270</u>	<u>154.604.503</u>	<u>399.968</u>	<u>185.834.741</u>	Balance at 31 December 2022

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7. ASET TETAP, neto (Lanjutan)

7. FIXED ASSETS, net (Continued)

Dalam Dolar Amerika Serikat	2021				<i>In US Dollar</i>
	Bangunan/ <i>Buildings</i>	Mesin/ <i>Machineries</i>	Kendaraan/ <i>Vehicles</i>	Jumlah/ <i>Total</i>	
Saldo per 31 Desember 2020	35.584.129	185.169.130	1.468.427	222.221.686	Balance at 31 December 2020
Modifikasi dan penyesuaian sewa	(35.436)	469.281	145.879	579.724	Lease modifications and Adjustment
Beban amortisasi	(4.013.189)	(23.748.718)	(911.051)	(28.672.958)	Amortization charge
Saldo per 31 Desember 2021	31.535.504	161.889.693	703.255	194.128.452	Balance at 31 December 2021

Dalam Dolar Amerika Serikat	2022	2021	<i>In USD</i>
Jumlah diakui di laba rugi			Amounts recognized in profit or loss
Bunga atas liabilitas sewa	30.904.039	34.090.683	Interest on lease liabilities
Pembayaran sewa variabel tidak termasuk dalam pengukuran liabilitas sewa	79.189.235	79.320.579	Variable lease payments not included in the measurement of lease liabilities
Amortisasi aset hak-guna	21.227.966	28.672.958	Amortization of right-of-use assets
Beban terkait sewa jangka pendek dan sewa dengan nilai rendah	6.005.196	6.553.928	Expenses relating to short-term and low value leases

8. UTANG USAHA DAN NONUSAHA

8. TRADE AND OTHER PAYABLES

Dalam Dolar Amerika Serikat	2022	2021	<i>In US Dollar</i>
Utang yang timbul dari pembelian barang dan jasa, terdiri dari:			Payables arising from purchases of goods and services, consist of the following:
Utang usaha kepada pihak ketiga	87.610.838	21.645.368	Trade payables to third parties
Utang usaha kepada pihak berelasi	607.640.582	474.145.776	Trade payables to related parties
	695.251.420	495.791.144	
Utang yang timbul dari pembelian aset tetap:			Payables arising from purchases of fixed assets:
Pihak ketiga	144.542	1.642.846	Third parties
Pihak berelasi	121.348.238	1.020.459	Related parties
	121.492.780	2.663.305	
Akrual dan utang lainnya:			Other accrued expenses and payables:
Akrual utilitas dari pihak berelasi	5.753.675	6.410.541	Accrued utilities from related parties
Akrual transportasi, perbaikan dan jasa	2.199.348	3.660.432	Accrued transportation, repair and services
Akrual bunga	3.201.237	1.366.069	Accrued interest
Akrual utilitas dari pihak ketiga	5.309.248	3.075.484	Accrued utilities from third parties
Akrual lainnya	19.480.333	11.025.069	Accrued others
	852.688.041	523.992.044	

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. UTANG BANK DAN PINJAMAN

9. LOANS AND BORROWINGS

Utang bank dan pinjaman terdiri dari pinjaman sebagai berikut:

Loans and borrowings were comprised of the following loans:

Dalam Dolar Amerika Serikat	2022		2021		In US Dollar
	Jumlah pokok/ Principal amount	Jumlah tercatat/ Carrying amount	Jumlah pokok/ Principal amount	Jumlah tercatat/ Carrying amount	
Utang bank:					Bank loans:
<i>Senior Facilities Agreement</i>	595.377.547	590.292.366	793.836.522	785.213.432	<i>Senior Facilities Agreement</i>
<i>Additional Facilities Agreement</i>	76.400.000	75.817.540	101.866.667	100.876.224	<i>Additional Facilities Agreement</i>
Pinjaman modal kerja	860.000.000	860.000.000	800.000.000	800.000.000	Working capital loan
Pembayaan pihak ketiga	3.850	3.850	9.337	9.337	Third party financing
Liabilitas sewa	231.202.745	231.202.745	246.814.097	246.814.097	Lease liabilities
	1.762.984.142	1.757.316.501	1.942.526.623	1.932.913.090	
Bagian lancar	(1.099.767.836)	(1.099.767.836)	(445.480.580)	(445.480.580)	Current portion
Bagian tidak lancar	663.216.306	657.548.665	1.497.046.043	1.487.432.510	Non-current portion

Pada tahun 2012, Perseroan menandatangani *Senior Facilities Agreement* ("SFA") dengan konsorsium pemberi pinjaman, yang dikoordinasikan oleh The Export-Import Bank of Korea. Dampak utama dari SFA adalah untuk menetapkan persyaratan tertentu yang seragam untuk menyediakan fasilitas pinjaman yang dijamin sebesar USD 1.729.000.000. Pada tahun 2013, Perseroan menandatangani *Additional Facilities Agreement* ("AFA"), perpanjangan dari SFA, dengan fasilitas keseluruhan sebesar USD 200.000.000. Pinjaman ini terutama digunakan untuk membiayai pembangunan pabrik baja terintegrasi Perseroan dengan fasilitas pinjaman yang dijamin.

In 2012, the Company entered into Senior Facilities Agreement ("SFA") with a consortium of lenders, that are coordinated by The Export-Import Bank of Korea. The principal effect of the SFA is to establish certain uniform terms to provide an aggregate of USD 1,729,000,000 in secured loan facilities. In 2013, the Company entered into Additional Facilities Agreement ("AFA"), an extension to SFA, with an aggregate facility of USD 200,000,000. These loans were primarily used to finance the construction of the Company's integrated steel mill in secured loan facilities.

Fasilitas pinjaman yang dijamin terdiri dari pinjaman berbasis suku bunga variabel. Pinjaman yang dijamin dikenakan bunga, sebesar LIBOR ditambah margin, berkisar antara 6,41% dan 8,71% per tahun (2021: antara 1,50% dan 3,80% per tahun), dengan jangka waktu pembayaran sebelas tahun setelah pembayaran pertama pada bulan Desember 2014, jatuh tempo pada Desember 2025. Pada tanggal 31 Desember 2022 dan 2021, rata-rata suku bunga efektif tertimbang masing-masing adalah 8,40% dan 3,44%.

The secured loan facilities are comprised of variable-rate-based loans. The secured loans bear interest, at LIBOR plus a margin, ranging between 6.41% and 8.71% per annum (2021: between 1.50% and 3.80% per annum), with a repayment period of eleven years after the first repayment in December 2014, due in December 2025. As of 31 December 2022 and 2021, the weighted average effective interest rate was 8.40% and 3.44%, respectively.

Pada tahun 2015, Perseroan menandatangani perjanjian dengan pemberi pinjaman untuk menjadwalkan ulang pembayaran pokok, meskipun tanggal jatuh tempo tetap tidak berubah.

In 2015, the Company concluded an agreement with the lenders to reschedule the principal payments, although the original maturity dates remain unchanged.

Pinjaman ini memiliki beberapa kovenan negatif, antara lain: menjaminkan asetnya kepada pihak lain; melepas sebagian besar asetnya; peleburan atau penggabungan dengan entitas lain; mengubah bisnis Perseroan; memiliki utang keuangan lain; dan memperoleh saham, bisnis, atau kepentingan kepemilikan lainnya. Perseroan juga diharuskan untuk menjaga rasio keuangan tertentu.

These loans had several negative covenants, among others: pledging of its assets to other parties; disposal of significant portion of its assets; consolidation or merger with other entity; changing the course of the Company's business; incurred any financial indebtedness; and acquire any shares, business or other ownership interests. The Company was also required to maintain certain financial ratios.

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**9. UTANG BANK DAN PINJAMAN
(Lanjutan)**

Pinjaman ini dijamin dengan tanah terdaftar dengan sertifikat HGB yang terletak di Kubangsari, Samangraya dan Tegal Ratu serta sebagian besar bangunan dan mesin sebagai bagian dari aset tetap.

Perseroan mengadakan beberapa perjanjian fasilitas modal kerja dengan beberapa pemberi pinjaman untuk memberikan fasilitas pinjaman modal kerja sejumlah USD 800 juta, jatuh tempo pada berbagai tanggal antara 30 Januari 2023 - 30 September 2023 (2021: 30 Maret 2022 - 30 September 2023). Pinjaman modal kerja ini dikenakan bunga baik SIBOR atau LIBOR atau SOFR ditambah margin 0,85% - 0,95% per tahun.

Entitas anak Perseroan melakukan perjanjian pembiayaan dengan PT Adira Dinamika Multi Finance Tbk pada bulan Oktober 2019 dalam rangka pembelian kendaraan, dengan jumlah pokok Rp 290.688 ribu (setara dengan USD 20.053), dengan jatuh tempo pada bulan Oktober 2023, dikenakan tingkat bunga tetap sebesar 16,5% per tahun.

Perseroan mengadakan perjanjian dengan PT Krakatau Posco Chemical Calcination ("KPCC"; pihak berelasi, sebelumnya PT Krakatau Posco Chemtech Calcination) di mana KPCC membangun pabrik kalsinasi kapur, yang terletak di dalam pabrik baja terintegrasi milik Perseroan, yang akan digunakan KPCC untuk memproduksi dan mengirimkan bahan baku tertentu ke Perseroan untuk jangka waktu minimal 15 tahun. Karena sifat bahan baku yang ditentukan, KPCC tidak mungkin dapat menjual bahan baku tersebut kepada pelanggan lain. Perseroan juga mengadakan perjanjian dengan PT Krakatau Posco Energy ("KPE"; pihak berelasi) dimana KPE membangun pembangkit listrik, yang terletak di dalam pabrik baja terintegrasi milik Perseroan, yang akan digunakan oleh KPE untuk memasok listrik ke Perseroan untuk jangka waktu minimal 15 tahun. Karena desain sebagai pembangkit listrik *captive*, Perseroan akan memiliki hak secara substansial atas seluruh listrik yang dihasilkan oleh pembangkit listrik tersebut. Perseroan mengendalikan aset pendasar melalui hak untuk menentukan desain dan spesifikasi aset pendasar pada saat dimulainya pengaturan. Untuk kedua pengaturan tersebut, Perseroan membayar biaya tahunan tetap selama jangka waktu pengaturan, ditambah biaya variabel berdasarkan jumlah bahan baku atau meteran listrik yang dikirimkan. Kedua pengaturan dicatat sebagai sewa.

Pembayaran sewa minimum masa depan untuk sewa ini pada tanggal 31 Desember 2022 dan 2021 adalah sebagai berikut:

**9. LOANS AND BORROWINGS
(Continued)**

These loans are secured over land registered under HGB titles located in Kubangsari, Samangraya and Tegal Ratu and substantial buildings and machinery as part of fixed assets.

The Company entered into several working capital facility agreements with several lenders to provide working capital loan facilities totaling USD 800 million, due on varying dates between 30 January 2023 - 30 September 2023 (2021: 30 March 2022 - 30 September 2023). These working capital loans bear interest at either SIBOR or LIBOR or SOFR plus a margin 0.85% - 0.95% per annum.

The subsidiary of the Company entered into financing arrangement with PT Adira Dinamika Multi Finance Tbk in October 2019 for the purpose of acquiring vehicle, with principal amount of IDR 290,688 thousand (equivalent to USD 20,053), with maturity date in October 2023, bearing fixed interest of 16.5% per annum.

The Company entered into an arrangement with PT Krakatau Posco Chemical Calcination ("KPCC"; a related party, formerly PT Krakatau Posco Chemtech Calcination) whereby KPCC built a lime calcination plant, located within the Company's integrated steel mill plant, which KPCC will use to produce and deliver specified materials to the Company for a minimum period of 15 years. Due to a specified nature of the materials, KPCC is unlikely to be able to sell the materials to other customers. The Company also entered into an arrangement with PT Krakatau Posco Energy ("KPE"; a related party) whereby KPE built power plants, located within the Company's integrated steel mill plant, which KPE will use to supply electricity to the Company for a minimum period of 15 years. Due to the design as captive power plants, the Company will have rights to substantially all electricity generated by the power plants. The Company controls the underlying assets by way of rights to determine the design and specification of the underlying assets upon inception of the arrangements. For both arrangements, the Company pays a fixed annual fee over the term of the arrangements, plus a variable charge based on the quantity of materials or the meter of electricity delivered. Both arrangements are accounted for as leases.

Future minimum lease payments for these leases as of 31 December 2022 and 2021 was as follows:

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**9. UTANG BANK DAN PINJAMAN
(Lanjutan)**

**9. LOANS AND BORROWINGS
(Continued)**

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Liabilitas sewa harus dibayar sebagai berikut:			Lease liabilities are payable as follows:
Kurang dari satu tahun	42.428.386	58.119.082	Less than one year
Diantara satu hingga lima tahun	157.470.422	221.906.440	Between one and five years
Lebih dari lima tahun	279.338.098	114.864.695	More than five years
Jumlah pembayaran sewa minimum di masa depan	479.236.906	394.890.217	Total future minimum lease payments
Bagian bunga dari pembayaran Sewa	(248.034.161)	(148.076.120)	Interest portion of the lease payments
Nilai sekarang dari pembayaran sewa Minimum	231.202.745	246.814.097	Present value of minimum lease payments

Berikut ini ikhtisar komponen perubahan liabilitas selama tahun berjalan:

The following summarizes the components of change in the liabilities during the year:

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Saldo awal	1.932.913.090	2.167.030.581	Beginning balance
Arus kas:			Cash flows:
Penerimaan pinjaman modal kerja	80.000.000	861.050.000	Proceeds of working capital loans
Pembayaran pinjaman modal kerja dan pinjaman jangka panjang	(243.931.284)	(1.071.961.643)	Repayments of working capital loans and long-term loans
Pembayaran liabilitas sewa	(26.917.939)	(26.554.533)	Payments of lease liabilities
Perubahan nonkas			Non-cash changes
Modifikasi dan penghentian sewa	6.003.830	579.724	Lease modifications and termination
Perubahan lainnya	9.248.804	2.768.961	Other changes
Saldo akhir	1.757.316.501	1.932.913.090	Ending balance

10. MODAL SAHAM

10. SHARE CAPITAL

Pada bulan November 2022, Perseroan menerbitkan 422.800 lembar saham Seri B (Catatan 7) kepada pemegang saham nonpengendali (PT Krakatau Steel [Persero] Tbk) dengan nilai nominal USD 218.164.800.

In November 2022, the Company issued 422,800 B series shares (Note 7) to the non-controlling shareholder (PT Krakatau Steel [Persero] Tbk) with nominal value of USD 218,164,800.

Dengan demikian, pada tanggal 31 Desember 2022, modal dasar Perseroan sebesar USD 2.237.096.800 (2.018.932 saham Seri A dengan nilai nominal USD 1.000 per saham, setara dengan total Rp 18.075.489.196 ribu dan 422.800 saham Seri B dengan nilai nominal USD 516 per saham, setara dengan Rp 3.337.703.275 ribu) telah ditempatkan dan disetor sebesar USD 1.275.164.800 (1.057.000 saham Seri A dengan nilai nominal USD 1.000 per saham, setara dengan Rp 9.463.321.000 ribu dan 422.800 saham Seri B dengan nilai nominal USD 516 per saham, setara dengan Rp 3.337.703.275 ribu) oleh pemegang saham berikut:

Accordingly, as of 31 December 2022, the Company's authorized capital amounted to USD 2,237,096,800 (2,018,932 shares Class A at par value of USD 1,000 per share, equivalent to a total of IDR 18,075,489,196 thousand and 422,800 Class B at par value of USD 516 per share, equivalent to a total of IDR 3,337,703,275 thousand) has been issued to and paid-up in the amount of USD 1,275,164,800 (1,057,000 shares Class A at par value of USD 1,000 per share, equivalent to a total of IDR 9,463,321,000 thousand and 422,800 shares Class B at par value of USD 516 per share, equivalent to a total of IDR 3,337,703,275 thousand) by the following shareholders:

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10. MODAL SAHAM (Lanjutan)

10. SHARE CAPITAL (Continued)

Pemegang saham/ Shareholders	Jumlah saham/ Number of shares	Nilai nominal/ Par value	%
		Dolar Amerika Serikat/ US Dollar	
POSCO HOLDINGS INC. (sebelumnya/formerly POSCO)			
Seri A/Class A	739.900	739.900.000	50
PT Krakatau Steel (Persero) Tbk			
Seri A/Class A	317.100	317.100.000	
Seri B/Class B	422.800	218.164.800	
	739.900	535.264.800	50
	1.479.800	1.275.164.800	100

Pada tanggal 31 Desember 2021, modal dasar Perseroan sebesar USD 2.018.932.000 (2.018.932 saham dengan nilai nominal USD 1.000 per saham, setara dengan total Rp 18.075.489.196 ribu) telah ditempatkan dan disetor sebesar USD 1.057.000.000 (1.057.000 saham dengan nilai nominal USD 1.000 per saham, setara dengan Rp 9.463.321.000 ribu) oleh pemegang saham berikut:

As of 31 December 2021, the Company's authorized capital amounted to USD 2,018,932,000 (2,018,932 shares at par value of USD 1,000 per share, equivalent to a total of IDR 18,075,489,196 thousand) has been issued to and paid-up in the amount of USD 1,057,000,000 (1,057,000 shares at par value of USD 1,000 per share, equivalent to a total of IDR 9,463,321,000 thousand) by the following shareholders:

Pemegang saham/ Shareholders	Jumlah saham/ Number of shares	Nilai nominal/ Par value	%
		Dolar Amerika Serikat/ US Dollar	
POSCO	739.900	739.900.000	70
PT Krakatau Steel (Persero) Tbk	317.100	317.100.000	30
	1.057.000	1.057.000.000	100

11. PENDAPATAN

11. REVENUE

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Produk/jasa utama			Major products/service
Penjualan produk:			Sales of products:
Pihak ketiga	1.429.426.207	874.799.378	Third parties
Pihak berelasi	843.116.508	1.424.004.837	Related parties
Pemberian jasa pengiriman dan penanganan:			Rendering of shipping and handling services:
Pihak ketiga	45.266.464	31.396.270	Third parties
Pihak berelasi	10.582.776	25.016.170	Related parties
	2.328.391.955	2.355.216.655	

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11. PENDAPATAN (Lanjutan)

11. REVENUE (Continued)

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Waktu pengakuan pendapatan			Timing of revenue recognition
Produk dialihkan pada satu waktu tertentu	2.272.542.715	2.298.804.215	Products transferred at a point in time
Jasa dialihkan sepanjang waktu	55.849.240	56.412.440	Services transferred over time
	<u>2.328.391.955</u>	<u>2.355.216.655</u>	

Grup bertindak sebagai prinsipal atas kewajiban pelaksanaannya untuk memberikan jasa pengiriman dan penanganan kepada pelanggan, karena Grup mengendalikan hak yang memberikan Grup kemampuan untuk mengarahkan pihak lain untuk memberikan jasa tersebut atas nama Grup. Dalam kontraknya dengan pelanggan, Grup terutama bertanggung jawab untuk menyediakan jasa pengiriman dan penanganan yang ditentukan dan memiliki keleluasaan dalam menetapkan harga untuk jasa tertentu tersebut.

The Group acts as a principal on its performance obligation to provide shipping and handling services to customer, because the Group controls the right which gives the Group the ability to direct other parties to provide such services on the Group's behalf. In its contract with the customers, the Group is primarily responsible for providing the specified shipping and handling services and has discretion in establishing prices for such specified services.

12. BEBAN POKOK PENJUALAN

12. COST OF SALES

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Bahan baku yang digunakan	1.706.321.356	1.347.434.902	Raw materials used
Gaji karyawan dan kompensasi lainnya	36.986.818	41.712.066	Employees' salaries and other compensations
Depresiasi aset tetap	188.551.651	189.014.129	Depreciation of fixed assets
Overhead pabrik lainnya	285.152.233	327.102.321	Other factory overhead
Total beban produksi	<u>2.217.012.058</u>	<u>1.905.263.418</u>	Total production costs
Barang dalam pengolahan, saldo awal	136.326.235	48.071.970	Work in process inventory, beginning balance
Barang dalam pengolahan, saldo akhir	<u>(203.992.292)</u>	<u>(136.326.235)</u>	Work in process inventory, ending balance
Beban pokok produksi	<u>2.149.346.001</u>	<u>1.817.009.153</u>	Cost of goods manufactured
Barang jadi, saldo awal	51.618.704	44.896.037	Finished goods inventory, beginning balance
Barang jadi, saldo akhir	<u>(130.507.299)</u>	<u>(51.618.704)</u>	Finished goods inventory, ending balance
Beban pokok penjualan	<u>2.070.457.406</u>	<u>1.810.286.486</u>	Cost of sales

13. BEBAN PENJUALAN DAN DISTRIBUSI

13. SELLING AND DISTRIBUTION EXPENSES

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Pengangkutan, penyimpanan, dan penanganan	8.218.776	9.216.157	Freight, storage and handling
Periklanan dan promosi	353.636	101.492	Advertising and promotion
Komisi penjualan	196.636	361.326	Sales commissions
	<u>8.769.048</u>	<u>9.678.975</u>	

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14. BEBAN ADMINISTRASI

14. ADMINISTRATIVE EXPENSES

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Kompensasi karyawan	10.755.127	11.478.377	Employee compensation
Jasa profesional	5.464.540	3.165.074	Professional fees
Beban pajak	3.432.475	9.839.256	Tax expenses
Depresiasi	2.759.313	2.323.059	Depreciation
Sewa	1.549.742	1.602.931	Rental
Pelatihan dan pengembangan	1.132.330	1.282.714	Training and development
Peralatan kantor	495.148	322.568	Office supplies
Utilitas	229.142	309.464	Utilities
Lainnya	2.058.752	2.145.101	Others
	<u>27.876.569</u>	<u>32.468.544</u>	

15. PAJAK PENGHASILAN

15. INCOME TAX

a. Komponen beban pajak penghasilan adalah sebagai berikut:

a. The components of income tax expense are as follows:

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Perseroan			Company
Beban pajak kini:			Current tax expense:
Tahun berjalan	-	-	Current year
Entitas anak			Subsidiary
Beban pajak kini:			Current tax expense:
Tahun berjalan	-	-	Current year
	<u>-</u>	<u>-</u>	

b. Beban pajak penghasilan direkonsiliasi dengan rugi pajak sebagai berikut:

b. Income tax expense is reconciled with loss before tax as follows:

Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Perseroan:			Company:
Laba sebelum pajak	104.930.809	415.172.352	Profit before tax
Tarif pajak yang berlaku	22%	22%	Statutory tax rate
	<u>23.084.778</u>	<u>91.337.917</u>	
Beban yang tidak dapat dikurangkan	8.522.748	7.156.839	Non-deductible expenses
Perubahan rugi pajak yang belum diakui dan aset pajak tangguhan yang belum diakui	(12.992.457)	(67.958.963)	Changes in unrecognized tax loss and unrecognized deferred tax assets
Kredit pajak investasi diperhitungkan terhadap rugi pajak tahun berjalan	(18.615.069)	(30.535.793)	Investment tax credit count towards current year tax loss
Beban pajak penghasilan	<u>-</u>	<u>-</u>	Income tax expense
Entitas anak:			Subsidiary:
(Rugi) laba sebelum pajak	(185.632)	9.254	(Loss) profit before tax
Tarif pajak yang berlaku	22%	22%	Statutory tax rate
	<u>(40.839)</u>	<u>2.036</u>	
Koreksi fiskal	43.487	(1.672)	Fiscal corrections
Pengaruh pengurangan fasilitas pajak (Catatan 15e)	(2.648)	(364)	Effect of tax rate reduction facility (Note 15e)
Beban pajak penghasilan	<u>-</u>	<u>-</u>	Income tax expense

Pajak penghasilan dihitung untuk setiap entitas karena pelaporan pajak penghasilan badan konsolidasi tidak diperbolehkan.

Income tax is computed for each legal entity as consolidated corporate income tax returns are not permitted.

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15. PAJAK PENGHASILAN (Lanjutan)

15. INCOME TAX (Continued)

- c. Aset pajak tangguhan belum diakui sehubungan dengan pos-pos berikut:

- c. *Deferred tax assets have not been recognized in respect of the following items:*

Dalam Dolar Amerika Serikat	2022
Rugi pajak yang dapat dikompensasi	240.256.814
Penyisihan penurunan nilai persediaan	7.564.952
Sewa	9.980.961
Liabilitas imbalan kerja	317.041
	<u>258.119.768</u>

	2021	In US Dollar
	290.369.869	Tax loss carryforwards
	1.336.305	Provision for decline in inventory value
	12.717.990	Leases
	2.652.858	Employee benefits obligation
	<u>307.077.022</u>	

Realisasi aset pajak tangguhan Grup tergantung pada laba dari hasil operasi. Manajemen telah menilai bahwa, dengan mempertimbangkan informasi relevan yang tersedia pada akhir periode pelaporan, aset pajak tangguhan yang timbul dari akumulasi rugi fiskal, aset tetap, dll mungkin tidak dapat direalisasi di masa depan. Oleh karena itu, aset pajak tangguhan belum diakui.

Realization of the Group's deferred tax assets is dependent upon its profitable operations. Management has assessed that, taking into account relevant information available as at the end of reporting period, deferred tax assets arising from tax loss carryforwards, fixed assets, etc may not be realized in the future. Therefore, the deferred tax assets have not been recognized.

Berdasarkan Peraturan Pemerintah No. 52/2011 tentang Insentif Pajak, Kementerian Keuangan melalui Keputusannya No. 05/KM.3/2013 tanggal 21 November 2013 memberikan persetujuan kepada Perseroan untuk pemenuhan syarat mendapatkan insentif pajak penghasilan, termasuk tambahan pengurangan pajak tahunan sebesar 5% dari realisasi penanaman modal untuk jangka waktu sampai dengan 6 tahun, penyusutan yang dipercepat, perpanjangan rugi fiskal yang dapat dikompensasikan sampai dengan 10 tahun, dan pengurangan tarif pajak atas dividen yang dibayarkan kepada pemegang saham bukan penduduk. Penggunaan insentif pajak harus mendapat persetujuan dan verifikasi lebih lanjut dari otoritas pajak. Pada bulan Maret 2014, otoritas pajak mengeluarkan persetujuan untuk penggunaan insentif pajak, dengan penerapan retrospektif efektif mulai 30 April 2013.

Pursuant to Government Regulation No. 52/2011 concerning tax incentives, the Ministry of Finance through its decision No. 05/KM.3/2013 dated 21 November 2013 granted an approval for the Company to qualify for income tax incentives, which includes additional annual tax deduction of 5% of realized capital investments for a period up to 6 years, accelerated depreciation, extension of tax loss carryforwards up to 10 years, and reduced withholding tax rate on dividends paid to non-resident shareholders. The utilization of tax incentives is subject to further approval and verification from the tax authorities. In March 2014, the tax authorities issued approval for utilization of the tax incentives, with a retrospective application effective from 30 April 2013.

Pada bulan Oktober 2021, UU No. 7/2021 mengubah ketentuan UU No. 2/2020, di mana tarif pajak wajib sebesar 22% berlaku untuk tahun fiskal 2022 dan seterusnya.

In October 2021, Law No. 7/2021 amended the provision of Law No. 2/2020, in that the statutory tax rate of 22% applies for fiscal year 2022 and onward.

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15. PAJAK PENGHASILAN (Lanjutan)

15. INCOME TAX (Continued)

- d. Berdasarkan undang-undang perpajakan Indonesia, Grup melaporkan pajak berdasarkan basis penilaian sendiri (*self-assessment*). Otoritas pajak dapat menetapkan atau mengubah pajak dalam batas waktu yang ditentukan, berdasarkan peraturan yang berlaku.

Posisi pajak Grup dapat dipertanyakan oleh otoritas pajak. Posisi perpajakan Grup disusun dengan dasar teknis yang baik, sesuai dengan peraturan perpajakan. Oleh karena itu, manajemen berkeyakinan bahwa tidak diperlukan akrual atas potensi liabilitas pajak. Penelaahan tersebut didasarkan atas estimasi dan asumsi dan melibatkan pertimbangan akan kejadian di masa depan. Informasi baru mungkin dapat tersedia yang menyebabkan manajemen mengubah pertimbangannya. Perubahan tersebut akan mempengaruhi beban pajak di periode di mana penentuan tersebut dibuat.

- e. Entitas dengan pendapatan bruto kurang dari Rp 50 miliar berhak atas pengurangan 50% dari tarif pajak penghasilan badan atas proporsi penghasilan kena pajak yang diperoleh dari Rp 4,8 miliar dibagi dengan pendapatan bruto tahunan. Dalam hal pendapatan bruto di bawah Rp 4,8 miliar, pengurangan berlaku untuk seluruh penghasilan kena pajak. Pada tahun 2022 dan 2021, entitas anak berhak atas fasilitas pengurangan tarif pajak tersebut.

- d. Under the taxation laws of Indonesia, the Group submit tax returns on the basis of self-assessment. The tax authorities may assess or amend taxes within the statute of limitations, under prevailing regulations.

The Group's tax positions may be challenged by the tax authorities. The Company's tax positions are formed on sound technical bases, in compliance with the tax regulations. Accordingly, management believes that no accruals for potential income tax liabilities is necessary. This assessment relies on estimates and assumptions and may involve judgment about future events. New information may become available that causes management to change its judgment. Such changes will impact tax expense in the period in which such determination is made.

- e. A company with gross revenue of less than IDR 50 billion is eligible for a 50% reduction of the corporate tax rate on the proportion of taxable income which results from IDR 4.8 billion is divided by gross annual revenue. When gross revenue is below IDR 4.8 billion, the reduction applies to all taxable income. In 2022 and 2021 the subsidiary is entitled for such tax rate reduction facility.

16. INFORMASI PIHAK BERELASI

16. RELATED PARTY INFORMATION

Perseroan dikendalikan oleh POSCO Holdings Inc (berbadan hukum Korea), yang memiliki 50% saham (2021: 70%) Perseroan.

Berikut transaksi yang dilakukan dengan pihak berelasi:

- (a) Penjualan produk dan pemberian jasa pengiriman dan penanganan

The Company is controlled by POSCO Holdings Inc (incorporated in Korea), which owns 50% shares (2021: 70%) of the Company.

The following transactions were carried out with related parties:

- (a) Sales of products and rendering of shipping and handling services

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16. INFORMASI PIHAK BERELASI (Lanjutan)		16. RELATED PARTY INFORMATION (Continued)	
Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Produk dijual ke (Catatan 11):			Products sold to (Note 11):
Pemegang saham nonpengendali dan entitas anak	800.136.190	958.085.666	Non-controlling shareholder and its subsidiaries
Entitas sepengendali	20.947.140	455.637.663	Entities under common control
Entitas asosiasi dari entitas induk akhir	22.033.178	10.281.508	Associates of ultimate parent
	843.116.508	1.424.004.837	
Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Pemberian jasa pengiriman dan penanganan ke: (Catatan 11):			Rendering of shipping and handling services to (Note 11):
Pemegang saham nonpengendali dan entitas anak	709.921	1.166.754	Non-controlling shareholder and its subsidiaries
Entitas sepengendali	9.872.855	23.849.416	Entities under common control
	10.582.776	25.016.170	
Jumlah	853.699.284	1.053.358.212	Total
(b) Pembelian barang, jasa dan aset tetap			(b) Purchases of goods, services and fixed assets
Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Pembelian barang dan jasa:			Purchases of goods and services:
Pemegang saham nonpengendali dan entitas anak	453.234.308	36.890.385	Non-controlling shareholder and its subsidiaries
Entitas sepengendali	965.797.196	1.308.038.028	Entities under common control
Entitas asosiasi dari entitas induk akhir	43.559.605	38.139.217	Associates of ultimate parent
Jumlah	1.462.591.109	1.383.067.630	Total
Pembelian aset tetap:			Purchases of fixed assets:
Pemegang saham nonpengendali dan entitas anak	561.027.185	33.484	Non-controlling shareholder and its subsidiaries
Entitas sepengendali	4.319.747	3.009.987	Entities under common control
Entitas asosiasi dari entitas induk akhir	-	331.338	Associates of ultimate parent
Jumlah	565.346.932	3.374.809	Total
Pembelian utilitas:			Purchases of utilities:
Entitas sepengendali	59.170.297	65.850.128	Entities under common control
(c) Kompensasi manajemen kunci			(c) Key management compensation
Manajemen kunci termasuk direktur dan komisaris. Berikut ini mencerminkan kompensasi yang dibayarkan atau terutang kepada manajemen kunci untuk jasa yang diberikan dalam kapasitas mereka sebagai karyawan:			Key management includes directors and commissioners. The following reflects the compensation paid or payable to key management individuals for services rendered in their capacity as employees:
Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Gaji dan tunjangan jangka pendek lainnya	1.379.010	795.777	Salaries and other short-term benefits

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(d) Saldo akhir tahun yang timbul dari pembelian aset tetap, utilitas, jasa, dll:		(d) Year-end balances arising from purchases of fixed assets, utilities, services, etc:	
Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Utang dan akrual kepada pihak berelasi (Catatan 8):			Payables and accruals to related parties (Note 8):
Entitas sependengali	6.196.121	7.431.000	Entities under common control
Pemegang saham nonpengendali dan entitas anak	120.905.792	-	Non-controlling shareholder and its subsidiaries
(e) Saldo akhir tahun yang timbul dari penjualan dan pembelian barang dan jasa:		(e) Year-end balances arising from sales and purchases of goods and services:	
Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Piutang usaha kepada pihak berelasi, neto (Catatan 5):			Trade receivables from related parties, net (Note 5):
Pemegang saham nonpengendali dan entitas anak	107.249.857	30.004.484	Non-controlling shareholder and its subsidiaries
Entitas sependengali	21.595.514	2.100.932	Entities under common control
Entitas asosiasi dari entitas induk akhir	-	1.465.051	Associates of ultimate parent
Jumlah	128.845.371	33.570.467	Total
Piutang nonusaha kepada pihak berelasi, neto (Catatan 5):			Other receivables from related parties, net (Note 5):
Pemegang saham nonpengendali dan entitas anak	50.381	8.132	Non-controlling shareholder and its subsidiaries
Entitas sependengali	61.219	488.945	Entities under common control
Jumlah	111.600	497.077	Total
Utang usaha kepada pihak berelasi (Catatan 8):			Trade payables to related parties (Note 8):
Pemegang saham nonpengendali dan entitas anak	521.723	1.781.550	Non-controlling shareholder and its subsidiaries
Entitas sependengali	604.951.943	470.485.298	Entities under common control
Entitas asosiasi dari entitas induk akhir	2.166.916	1.878.928	Associates of ultimate parent
Jumlah	607.640.582	474.145.776	Total
(f) Saldo akhir tahun yang timbul dari pinjaman (Catatan 9):		(f) Year-end balances arising from borrowings (Note 9):	
Dalam Dolar Amerika Serikat	2022	2021	In US Dollar
Liabilitas sewa - porsi lancar:			Lease liabilities - current portion:
Entitas sependengali	8.276.793	21.000.518	Entities under common control
Liabilitas sewa - porsi tidak lancar:			Lease liabilities - non-current portion:
Entitas sependengali	193.607.679	189.926.949	Entities under common control

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17. INSTRUMEN KEUANGAN DAN MANAJEMEN RISIKO KEUANGAN	17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT
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Instrumen keuangan

Financial Instruments

Jumlah tercatat dan perkiraan nilai wajar aset dan liabilitas keuangan disajikan di bawah ini:

The carrying amount and approximate fair values of financial assets and liabilities are presented below:

	2022		2021		
	Jumlah tercatat/ Carrying amount	Nilai wajar/ Fair value	Jumlah tercatat/ Carrying amount	Nilai wajar/ Fair value	
<u>Dalam Dolar Amerika Serikat</u>					<u>In US Dollar</u>
Aset keuangan:					Financial assets:
Kas dan setara kas	20.369.964	20.369.964	244.832.364	244.832.364	Cash and cash equivalents
Piutang usaha dan nonusaha	200.668.872	200.668.872	101.861.051	101.861.051	Trade and other receivables
Aset tidak lancar lainnya	7.028.439	7.028.439	5.639.488	5.639.488	Other non-current assets
	<u>228.067.275</u>	<u>228.067.275</u>	<u>352.332.903</u>	<u>352.332.903</u>	
Liabilitas keuangan:					Financial liabilities:
Utang usaha dan nonusaha	852.688.041	852.688.041	523.992.044	523.992.044	Trade and other payables
Utang bank dan pinjaman	1.757.316.501	1.760.684.430	1.932.913.090	1.944.407.861	Loans and borrowings
	<u>2.610.004.542</u>	<u>2.613.372.471</u>	<u>2.456.905.134</u>	<u>2.468.399.905</u>	

Untuk tujuan pengungkapan, nilai wajar level 2 atas utang bank dan pinjaman ditentukan berdasarkan nilai kini dari arus kas pokok dan bunga masa depan, yang didiskontokan pada tingkat suku bunga pasar pada akhir periode pelaporan.

For disclosure purpose, the fair value level 2 of loans and borrowings is determined based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of reporting period.

Tabel berikut menunjukkan teknik penilaian yang digunakan dalam mengukur nilai wajar level 2, serta input yang digunakan dalam pengukuran nilai wajar:

The following tables show the valuation techniques used in measuring level 2 fair values, as well as the inputs used in the fair value measurement.

Tipe/Type	Teknik valuasi/Valuation technique
Utang bank dan pinjaman (untuk tujuan pengungkapan)	Teknik pendekatan pendapatan: Arus kas yang didiskontokan dari pembayaran pokok dan bunga masa depan, didiskontokan menggunakan tingkat bunga pasar pada akhir periode pelaporan.
<i>Loans and borrowings (for disclosure purpose)</i>	<i>Income approach technique: Discounted cash flows of future principal and interest payments, discounted using market rate of interest at the end of reporting period.</i>
Aset dan liabilitas keuangan lainnya diharapkan dapat direalisasi, atau diselesaikan dalam waktu dekat. Oleh karena itu, jumlah tercatatnya mendekati nilai wajarnya.	<i>Other financial assets and liabilities are expected to be realized, or settled in the near term. Therefore, their carrying amounts approximate their fair values.</i>

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**17. INSTRUMEN KEUANGAN DAN
MANAJEMEN RISIKO KEUANGAN
(Lanjutan)**

**17. FINANCIAL INSTRUMENTS
AND FINANCIAL RISK MANAGEMENT
(Continued)**

Manajemen risiko keuangan

Risiko utama yang timbul dari instrumen keuangan Grup adalah risiko kredit, risiko likuiditas dan risiko pasar.

Risiko kredit

Risiko kredit adalah risiko kerugian finansial jika pelanggan atau pihak lawan dari instrumen keuangan gagal memenuhi kewajiban kontraktualnya. Risiko kredit Grup terutama timbul dari piutang usaha dari pelanggan.

Piutang usaha dan nonusaha

Eksposur Grup terhadap risiko kredit terutama dipengaruhi oleh karakteristik individu dari setiap pelanggan. Namun, manajemen juga mempertimbangkan faktor-faktor yang dapat mempengaruhi risiko kredit dari basis pelanggannya, termasuk risiko gagal bayar yang terkait dengan industri dan negara tempat pelanggan beroperasi. Grup meminimalkan eksposur risiko kredit atas piutang usaha dan nonusaha dengan mewajibkan pelanggan untuk melakukan pembayaran di muka atau membuka *letter of credit* untuk menjamin pembayaran. Eksposur juga dibatasi lebih lanjut dengan mewajibkan persyaratan pembayaran tidak lebih dari 30 hari dan dengan secara aktif memberlakukan penagihan dari pelanggan sebelum tanggal jatuh tempo.

Pada tanggal pelaporan, eksposur akhir atas risiko kredit untuk piutang usaha dan nonusaha menurut wilayah geografis adalah sebagai berikut:

Dalam Dolar Amerika Serikat

Domestik
Asia Pasifik

31 Desember/December	
2022	2021
163.636.512	76.254.466
37.032.360	25.606.585
200.668.872	101.861.051

Pelanggan terbesar Grup, PT Krakatau Steel (Persero) Tbk (pemegang saham nonpengendali), mencakup USD 106,7 juta dari jumlah tercatat piutang usaha pada 31 Desember 2022 (31 Desember 2021: USD 29,1 juta).

Analisis kualitas kredit piutang usaha dan nonusaha dirangkum di bawah ini:

Financial risk management

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of financial loss in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk principally arises from trade receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group minimizes its exposure to credit risk of trade and other receivables by requiring customers to place advance payments or open letter of credits to guarantee payments. The exposure is also further limited by mandating payment terms of no longer than 30 days and by actively enforcing collection from customers prior to the due date.

At reporting dates, the ultimate exposure to credit risk for trade and other receivables by geographic region was as follows:

In US Dollar

Domestic
Asia Pacific

The Group's most significant customer, PT Krakatau Steel (Persero) Tbk (non-controlling shareholder), accounts for USD 106.7 million of the trade receivables carrying amount at 31 December 2022 (31 December 2021: USD 29.1 million).

An analysis of the credit quality of trade and other receivables is summarized below:

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17. INSTRUMEN KEUANGAN DAN MANAJEMEN RISIKO KEUANGAN (Lanjutan) **17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)**

Risiko kredit (Lanjutan)

Credit risk (Continued)

	2022	2021	
<i>Dalam Dolar Amerika Serikat</i>	Jumlah tercatat/ Carrying amount	Jumlah tercatat/ Carrying amount	<i>In US Dollar</i>
Belum jatuh tempo	143.348.058	94.899.962	Not past due
Jatuh tempo 1 - 30 hari	57.277.370	6.328.632	Past due 1 - 30 days
Jatuh tempo 31 - 180 hari	29.674	630.388	Past due 31 - 180 days
Jatuh tempo diatas 180 hari	13.770	2.069	Past due above 180 days
	200.668.872	101.861.051	

Tabel berikut memberikan informasi tentang eksposur risiko kredit dan KKE untuk piutang usaha dan nonusaha per 31 Desember 2022:

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 31 December 2022:

<u>Dalam Dolar Amerika Serikat</u>	<u>31 Desember/December 2022</u>			<u>In US Dollar</u>
	Kerugian rata-rata tertimbang/ <i>Weighted average loss rate</i>	Jumlah tercatat bruto/ <i>Gross carrying amount</i>	Cadangan kerugian/ <i>Loss allowance</i>	
Belum jatuh tempo	0,02%	143.371.609	(23.551)	<i>Not past due</i>
Jatuh tempo 1 - 30 hari	1,14%	57.939.226	(661.856)	<i>Past due 1 - 30 days</i>
Jatuh tempo 31 - 180 hari	0,34%	29.775	(101)	<i>Past due 31 - 180 days</i>
Jatuh tempo diatas 180 hari	30,32%	19.761	(5.991)	<i>Past due above 180 days</i>
		201.360.371	(691.499)	

<u>Dalam Dolar Amerika Serikat</u>	31 Desember/December 2021			<u>In US Dollar</u>
	Kerugian rata-rata tertimbang/ <i>Weighted average loss rate</i>	Jumlah tercatat bruto/ <i>Gross carrying amount</i>	Cadangan kerugian/ <i>Loss allowance</i>	
Belum jatuh tempo	0,02%	94.918.388	(18.426)	<i>Not past due</i>
Jatuh tempo 1 - 30 hari	0,28%	6.346.390	(17.758)	<i>Past due 1 - 30 days</i>
Jatuh tempo 31 - 180 hari	5,02%	663.712	(33.324)	<i>Past due 31 - 180 days</i>
Jatuh tempo diatas 180 hari	99,94%	3.273.971	(3.271.902)	<i>Past due above 180 days</i>
		105.202.461	(3.341.410)	

Mutasi cadangan penurunan nilai piutang usaha dan nonusaha selama tahun berjalan adalah sebagai berikut:

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

<i>Dalam Dolar Amerika Serikat</i>	31 Desember/December		<i>In US Dollar</i>
	2022	2021	
Saldo awal	3.341.410	3.464.116	Beginning balance
Pengukuran kembali neto dari penyisihan kerugian	(2.649.911)	(122.706)	Net remeasurement of loss allowance
Saldo akhir	691.499	3.341.410	Ending balance

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**17. FINANCIAL INSTRUMENTS
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(Continued)**

Risiko kredit (Lanjutan)

Kas di bank dan setara kas

Kas di bank dan setara kas Grup ditempatkan pada bank terkemuka yang tunduk pada peraturan yang ketat, sehingga risiko kerugian dapat diminimalkan.

Risiko likuiditas

Risiko likuiditas adalah risiko bahwa Grup akan mengalami kesulitan dalam memenuhi kewajiban yang terkait dengan kewajibannya yang diselesaikan dengan menyerahkan kas atau aset keuangan lainnya. Grup mengelola risiko likuiditas ini dengan terus memantau arus kas proyeksi dan aktual.

Pada tanggal 31 Desember 2022, Grup memiliki fasilitas pinjaman dengan jaminan dan fasilitas pinjaman modal kerja yang belum digunakan sebesar USD 20 juta (31 Desember 2021: Nihil), tersedia sampai September 2023.

Berikut ini adalah jatuh tempo kontraktual liabilitas keuangan, termasuk estimasi pembayaran bunga:

Credit risk (Continued)

Cash in banks and cash equivalents

The Group's cash in banks and cash equivalents are deposited at reputable banks that are subject to tight regulations, therefore, the exposure to loss is minimized.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages this liquidity risk by ongoing monitoring of the projected and actual cash flows.

As of 31 December 2022, the Group had unused secured loan facilities and working capital loan facility amounted to USD 20 million (31 December 2021: Nil), available through September 2023.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

		Arus kas kontraktual/Contractual cash flows					
	Jumlah tercatat/ Carrying amount	Jumlah/ Total	Kurang dari 1 tahun/ Less than 1 year	1 – 2 tahun/ 1 – 2 years	2 – 5 tahun 2 – 5 years	Lebih dari 5 tahun/ More than 5 years	
31 Desember 2022							31 December 2022
Liabilitas keuangan							Financial liabilities
Utang usaha dan nonusaha	852.688.041	852.688.041	852.688.041	-	-	-	Trade and other payables
Utang bank dan pinjaman	1.757.316.501	2.510.253.584	1.567.448.433	309.663.302	353.803.751	279.338.098	Loans and borrowings
	<u>2.610.004.542</u>	<u>3.362.941.625</u>	<u>2.420.136.474</u>	<u>309.663.302</u>	<u>353.803.751</u>	<u>279.338.098</u>	
		Arus kas kontraktual/Contractual cash flows					
	Jumlah tercatat/ Carrying amount	Jumlah/ Total	Kurang dari 1 tahun/ Less than 1 year	1 – 2 tahun/ 1 – 2 years	2 – 5 tahun 2 – 5 years	Lebih dari 5 tahun/ More than 5 years	
31 Desember 2021							31 December 2021
Liabilitas keuangan							Financial liabilities
Utang usaha dan nonusaha	523.992.044	523.992.044	523.992.044	-	-	-	Trade and other payables
Utang bank dan pinjaman	1.932.913.090	2.518.304.103	863.489.471	908.577.445	631.372.492	114.864.695	Loans and borrowings
	<u>2.456.905.134</u>	<u>3.042.296.147</u>	<u>1.387.481.515</u>	<u>908.577.445</u>	<u>631.372.492</u>	<u>114.864.695</u>	

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**17. FINANCIAL INSTRUMENTS
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Risiko pasar

Risiko pasar adalah risiko bahwa perubahan nilai tukar mata uang asing dan suku bunga akan mempengaruhi penghasilan Grup atau nilai instrumen keuangannya. Tujuan dari manajemen risiko pasar adalah untuk menjaga eksposur risiko pasar dalam parameter yang dapat diterima, sekaligus mengoptimalkan pengembalian.

Risiko mata uang

Utang yang timbul dari pembelian aset tetap dan bahan baku pendukung dari pemasok lokal mengekspos Grup terhadap fluktuasi nilai tukar mata uang, terutama Rupiah. Risiko ini, sampai batas tertentu, dimitigasi dengan penjualan lokal Grup. Grup mengelola risiko ini dengan membeli atau menjual mata uang selain Dolar Amerika Serikat pada kurs *spot*, bila diperlukan.

Eksposur neto Grup terhadap risiko mata uang adalah sebagai berikut:

Dalam jutaan Rupiah	31 Desember/December		In millions of Rupiah
	2022	2021	
Aset	2.873.514	1.753.856	Assets
Liabilitas	(333.050)	(343.028)	Liabilities
Eksposur neto	2.540.464	1.410.828	Net exposure

Pada tanggal pelaporan, saldo aset dan liabilitas moneter dalam mata uang selain Dolar Amerika Serikat dijabarkan ke dalam Dolar Amerika Serikat dengan menggunakan kurs yang berlaku, yaitu pada tanggal 31-Desember-2022: Rp 15.731/Dolar Amerika Serikat dan Rp 14.269/Dolar Amerika Serikat pada tanggal 31 Desember 2021.

Penguatan atau pelemahan Rupiah terhadap Dolar Amerika Serikat sebesar 5% pada tanggal 31 Desember 2022 (sebesar 2% pada tanggal 31 Desember 2021) tidak berdampak signifikan terhadap ekuitas dan laba rugi setelah pajak penghasilan.

Risiko suku bunga

Grup memiliki utang bank dan pinjaman dengan suku bunga variabel. Pinjaman dengan suku bunga variabel Grup terekspos fluktuasi arus kas karena perubahan suku bunga. Grup menilai risiko suku bunga dengan terus mengidentifikasi dan memantau perubahan eksposur suku bunga yang dapat berdampak negatif terhadap arus kas masa depan yang diharapkan.

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the Group's income or the value of its financial instruments. The objective of market risk management is to maintain market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Payables arising from purchases of fixed assets and supporting materials from local suppliers expose the Group to fluctuating currency exchange rates, primarily Rupiah. This risk is, to some extent, mitigated by the Group's local sales. The Group manages this risk by buying or selling currencies other than US Dollar at spot rates, when necessary.

The Group's net exposure to currency risk is as follows:

At reporting dates, balances of monetary assets and liabilities denominated in currencies other than US Dollar are translated into US Dollar using the prevailing exchange rates, which were at 31 December 2022: Rp 15,731/US Dollar and Rp 14,269/US Dollar at 31 December 2021.

A strengthening or weakening of the Rupiah against US Dollar by 5% at 31 December 2022 (by 2% at 31 December 2021) would not have significant impact to equity and profit or loss after income tax.

Interest rate risk

The Group has variable-rate loans and borrowings. The Group's variable-rate loans are exposed to fluctuation in cash flows due to changes in interest rate. The Group assesses interest rate risk by continually identifying and monitoring changes in interest rate exposures that may adversely impact expected future cash flows.

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**17. FINANCIAL INSTRUMENTS
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Manajemen risiko modal

Grup mengelola modal dengan tujuan untuk dapat mempertahankan kelangsungan usahanya dan mempertahankan kemampuannya untuk memberikan imbal hasil bagi pemegang saham dan manfaat bagi pemangku kepentingan lainnya, serta mempertahankan struktur permodalan yang optimal untuk meminimalkan biaya permodalan efektif. Tujuan ini dicapai dengan mengoptimalkan tingkat utang.

Capital risk management

The Group manages capital with the objective of being able to continue as a going concern and sustaining its ability to provide returns for shareholders and benefits for other stakeholders, as well as maintaining an optimal capital structure to minimize the effective cost of capital. This objective is achieved by optimizing debt levels.

18. KELANGSUNGAN USAHA

18. GOING CONCERN

Pada 31 Desember 2022, Grup mengalami defisit modal kerja sebesar USD 1.074 juta dan akumulasi defisit sebesar USD 758 juta sebagai akibat dari kerugian kumulatif. Meskipun demikian, Grup memperoleh laba bersih sebesar USD 105 juta dan memiliki arus kas positif dari aktivitas operasi sebesar USD 207 juta untuk tahun yang berakhir pada tanggal 31 Desember 2022.

As of 31 December 2022, the Group has a working capital deficit amounting to USD 1,074 million and accumulated deficit amounting to USD 758 million as a result of cumulative losses. Nonetheless, the Group earned net profit of USD 105 million and has positive cash flows from operating activities of USD 207 million for the year ended 31 December 2022.

Menanggapi kondisi diatas, Grup berencana mengadakan pengaturan operasi bersama dengan pemegang saham non-pengendali untuk mengakuisisi pabrik dan fasilitas (*Hot Strip Mill 1*), yang jika digabungkan dengan pabrik dan fasilitas yang telah diakuisi pada tahun 2022 (Catatan 7), akan meningkatkan pangsa pasarnya dengan menembus pasar domestik *hot-rolled coil* dan mempertahankan posisi terdepan di pasar pelat domestik. Selain itu, Grup berencana untuk melanjutkan inisiatifnya dalam mengoptimalkan struktur biaya dengan mengelola perputaran persediaan, meningkatkan efisiensi proses produksi, dan mengelola modal kerja.

In response to the above conditions, the Group plans to enter into operate joint operation arrangement with the non-controlling shareholder for another factory and facilities (*Hot Strip Mill 1*), which altogether with the factory and facilities acquired in 2022 (Note 7), will increase its market share by penetrating *hot-rolled coil* domestic market and maintaining its leading position in the domestic plate market. Furthermore, the Group plans to continue its initiatives of optimizing cost structure by managing inventory turnover, improving efficiency of the production processes, and managing working capital.

LAMPIRAN/APPENDIX I

PT KRAKATAU POSCO

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION
LAPORAN POSISI KEUANGAN/STATEMENT OF FINANCIAL POSITION
(PERUSAHAAN INDUK/PARENT COMPANY)

Laporan keuangan entitas induk berikut ini, yang tidak termasuk saldo entitas anak Perseroan, telah disusun dengan menggunakan kebijakan akuntansi yang konsisten dengan kebijakan akuntansi yang diterapkan pada laporan keuangan konsolidasian Perseroan, kecuali untuk investasi pada entitas anak, yang dicatat dengan metode biaya.

The following parent entity financial statements, which exclude the balances of the Company's subsidiary, have been prepared using the accounting policies that are consistent with those applied to the Company's consolidated financial statements, except for investment in subsidiary, which has been accounted under the cost method.

Dalam Dolar Amerika Serikat	31 Desember/December		<i>In US Dollar</i>
	2022	2021	
ASET			ASSETS
Aset lancar			Current assets
Kas dan setara kas	19.541.228	244.017.043	Cash and cash equivalents
Piutang usaha dan nonusaha	200.663.185	101.856.363	Trade and other receivables
Persediaan	581.519.101	442.063.834	Inventories
Pajak pertambahan nilai dibayar di muka	26.348.404	23.975.352	Prepaid value added tax
Uang muka	58.879.568	3.875.211	Advance payments
Aset lancar lainnya	30.423	30.345	Other current assets
Total aset lancar	886.981.909	815.818.148	Total current assets
Aset tidak lancar			Non-current assets
Aset tetap	2.584.420.255	2.187.649.222	Fixed assets, net
Aset takberwujud	895.448	1.167.523	Intangible assets, net
Investasi pada entitas anak	1.078.622	1.078.622	Investment in subsidiary
Aset tidak lancar lainnya	7.027.167	5.639.487	Other non-current assets
Total aset tidak lancar	2.593.421.492	2.195.534.854	Total non-current assets
TOTAL ASET	3.480.403.401	3.011.353.002	TOTAL ASSETS
LIABILITAS DAN EKUITAS			LIABILITIES AND EQUITY
Liabilitas jangka pendek			Current liabilities
Utang usaha dan nonusaha	853.073.376	524.480.368	Trade and other payables
Utang bank dan pinjaman	1.099.757.482	445.467.176	Loans and borrowings
Uang muka dari pelanggan	6.989.071	4.069.538	Advance from customers
Utang pajak lainnya	2.454.744	1.872.032	Other taxes payable
Total liabilitas jangka pendek	1.962.274.673	975.889.114	Total current liabilities
Liabilitas jangka panjang			Non-current liabilities
Utang bank dan pinjaman	657.546.916	1.487.419.167	Loans and borrowings
Liabilitas imbalan kerja	1.347.881	11.979.424	Employee benefits obligation
Total liabilitas jangka panjang	658.894.797	1.499.398.591	Total non-current liabilities
TOTAL LIABILITAS	2.621.169.470	2.475.287.705	TOTAL LIABILITIES
EKUITAS			EQUITY
Modal dasar	1.275.164.800	1.057.000.000	Share capital
Komponen ekuitas lainnya	341.941.323	341.941.323	Other equity components
Akumulasi defisit	(757.872.192)	(862.876.026)	Accumulated deficit
TOTAL EKUITAS	859.233.931	536.065.297	TOTAL EQUITY
TOTAL LIABILITAS DAN EKUITAS	3.480.403.401	3.011.353.002	TOTAL LIABILITIES AND EQUITY

PT KRAKATAU POSCO

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION
 LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN/
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIF INCOME
 (PERUSAHAAN INDUK/PARENT COMPANY)

Laporan keuangan entitas induk berikut ini, yang tidak termasuk saldo entitas anak Perseroan, telah disusun dengan menggunakan kebijakan akuntansi yang konsisten dengan kebijakan akuntansi yang diterapkan pada laporan keuangan konsolidasian Perseroan, kecuali untuk investasi pada entitas anak, yang dicatat dengan metode biaya.

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	Tahun berakhir 31 Desember/ Year ended 31 December		
	2022	2021	
Dalam Dolar Amerika Serikat			In US Dollar
Pendapatan	2.328.335.025	2.355.202.709	Revenue
Beban pokok penjualan	(2.070.654.452)	(1.810.639.273)	Cost of sales
LABA BRUTO	257.680.573	544.563.436	GROSS PROFIT
Beban penjualan dan distribusi	(8.769.048)	(9.678.975)	Selling and distribution expenses
Beban administrasi	(27.586.236)	(32.149.124)	Administrative expenses
(Rugi) pembalikan penurunan nilai piutang usaha dan nonusaha	(100.851)	122.984	Impairment (loss) reversal on trade and other receivables
Rugi selisih kurs, neto	(16.874.962)	(717.421)	Currency exchange loss, net
Pendapatan (beban) lainnya, neto	814.161	(1.756.292)	Other income (expense), net
	(52.516.936)	(44.178.828)	
LABA OPERASI	205.163.637	500.384.608	OPERATING PROFIT
Beban keuangan	(100.864.942)	(86.343.494)	Finance costs
Pendapatan keuangan	632.114	1.131.238	Finance income
BEBAN KEUANGAN NETO	(100.232.828)	(85.212.256)	NET FINANCE COSTS
LABA SEBELUM PAJAK	104.930.809	415.172.352	PROFIT BEFORE TAX
Beban pajak penghasilan	-	-	Income tax expense
LABA SETELAH PAJAK	104.930.809	415.172.352	PROFIT AFTER TAX
PENGHASILAN KOMPREHENSIF LAIN			OTHER COMPREHENSIVE INCOME
Pos-pos yang tidak akan direklasifikasi ke laba rugi			Items that will never be reclassified to profit or loss
Pengukuran kembali liabilitas imbalan pasti	73.025	323.549	Remeasurements of defined benefit liability
Surplus revaluasi tanah	-	1.234.076	Revaluation surplus of land
	73.025	1.557.625	
JUMLAH PENGHASILAN KOMPREHENSIF	105.003.834	416.729.977	TOTAL COMPREHENSIVE INCOME

PT KRAKATAU POSCO
INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION
LAPORAN PERUBAHAN EKUITAS/STATEMENT OF CHANGES IN EQUITY
(PERUSAHAAN INDUK/PARENT COMPANY)

Laporan keuangan entitas induk berikut ini, yang tidak termasuk saldo entitas anak Perseroan, telah disusun dengan menggunakan kebijakan akuntansi yang konsisten dengan kebijakan akuntansi yang diterapkan pada laporan keuangan konsolidasian Perseroan, kecuali untuk investasi pada entitas anak, yang dicatat dengan metode biaya.

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Dalam Dolar Amerika Serikat	Modal saham/ Share capital	Akumulasi defisit/ Accumulated deficit	Surplus revaluasi/ Revaluation surplus	Total ekuitas/ Total equity	In US Dollar
Saldo pada 31 Desember 2020	1.057.000.000	(1.278.371.927)	340.707.247	119.335.320	Balance as of 31 December 2020
Penghasilan komprehensif - 2021					Comprehensive income - 2021
Laba	-	415.172.352	-	415.172.352	Profit
Jumlah penghasilan komprehensif lain	-	323.549	1.234.076	1.557.625	Other comprehensive income
Saldo pada 31 Desember 2021	1.057.000.000	(862.876.026)	341.941.323	536.065.297	Balance as of 31 December 2021
Penerbitan saham baru	218.164.800	-	-	218.164.800	Issuance of new shares
Penghasilan komprehensif - 2022					Comprehensive income - 2022
Laba	-	104.930.809	-	104.930.809	Profit
Jumlah penghasilan komprehensif lain	-	73.025	-	73.025	Other comprehensive income
Saldo pada 31 Desember 2022	1.275.164.800	(757.872.192)	341.941.323	859.233.931	Balance as of 31 December 2022

PT KRAKATAU POSCO

INFORMASI TAMBAHAN/SUPPLEMENTARY INFORMATION
 LAPORAN ARUS KAS/STATEMENT OF CASH FLOWS
 (PERUSAHAAN INDUK/PARENT COMPANY)

Laporan keuangan entitas induk berikut ini, yang tidak termasuk saldo entitas anak Perseroan, telah disusun dengan menggunakan kebijakan akuntansi yang konsisten dengan kebijakan akuntansi yang diterapkan pada laporan keuangan konsolidasian Perseroan, kecuali untuk investasi pada entitas anak, yang dicatat dengan metode biaya.

The following parent entity financial statements, which exclude the balances of the Company's subsidiary, have been prepared using the accounting policies that are consistent with those applied to the Company's consolidated financial statements, except for investment in subsidiary, which has been accounted under the cost method.

Dalam Dolar Amerika Serikat	Tahun berakhir 31 Desember/ Year ended 31 December		In US Dollar
	2022	2021	
ARUS KAS DARI AKTIVITAS OPERASI:			CASH FLOWS FROM OPERATING ACTIVITIES
Laba	104.930.809	415.172.352	Profit
Penyesuaian untuk:			Adjustments for:
Depresiasi	192.971.954	191.216.212	Depreciation
Kerugian pelepasan aset tetap	2.149.780	2.303.732	Loss on disposal of fixed assets
Amortisasi aset takberwujud	566.300	1.418.455	Amortization of intangible assets
Penyisihan untuk penghapusan persediaan	28.312.029	1.035.279	Provision for inventory write-down
Pendapatan keuangan	(632.114)	(1.131.238)	Finance income
Beban keuangan	100.864.942	86.343.494	Interest expenses
Rugi penurunan nilai piutang usaha dan nonusaha	(2.649.911)	(122.706)	Impairment loss on trade and other receivables
Perubahan pada:			Changes in:
Piutang usaha dan nonusaha	(96.156.911)	(18.413.520)	Trade and other receivables
Persediaan	(167.767.296)	(127.793.511)	Inventories
Pajak pertambahan nilai dibayar di muka	(2.373.052)	(13.167.432)	Prepaid value added tax
Uang muka	(55.004.357)	(3.512.984)	Advance payments
Aset lancar lainnya	(78)	461.230	Other current assets
Aset tidak lancar lainnya	(1.387.680)	65.571	Other non-current assets
Utang usaha dan nonusaha	208.633.690	(7.334.160)	Trade and other payables
Utang muka dari pelanggan	2.919.533	(567.682)	Advance from customers
Utang pajak lainnya	582.712	251.755	Other taxes payable
Liabilitas imbalan kerja	(10.558.518)	(784.478)	Employee benefits obligation
Penerimaan bunga	632.114	1.131.238	Interest received
Pembayaran bunga	(99.029.773)	(88.117.311)	Interest paid
Kas netto dari aktivitas operasi	207.004.173	438.454.296	Net cash from operating activities
ARUS KAS DARI AKTIVITAS INVESTASI:			CASH FLOWS FROM INVESTING ACTIVITIES
Pembelian aset tetap	(225.667.939)	(4.576.042)	Acquisition of fixed assets
Pembayaran untuk aset dalam pembangunan	(14.683.240)	(3.633.248)	Payments for assets under construction
Pembelian aset takberwujud	(294.230)	(21.633)	Acquisition of intangible assets
Kas netto digunakan untuk aktivitas investasi	(240.645.409)	(8.230.923)	Net cash used in investing activities
ARUS KAS DARI AKTIVITAS PENDANAAN:			CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan pinjaman modal kerja	80.000.000	861.050.000	Proceeds of working capital loans
Pembayaran pinjaman modal kerja	(20.000.000)	(848.030.598)	Repayments of working capital loans
Pembayaran pinjaman jangka panjang	(223.925.797)	(223.925.797)	Repayments of long-term loans
Pembayaran liabilitas sewa	(26.908.782)	(26.556.641)	Payment of lease liabilities
Kas netto digunakan untuk aktivitas pendanaan	(190.834.579)	(237.463.036)	Net cash used in financing activities
(PENURUNAN) KENAIKAN NETO KAS DAN SETARA KAS	(224.475.815)	192.760.337	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS
KAS DAN SETARA KAS, AWAL TAHUN	244.017.043	51.256.706	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR
KAS DAN SETARA KAS, AKHIR TAHUN	19.541.228	244.017.043	CASH AND CASH EQUIVALENTS, END OF YEAR



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Laporan Auditor Independen

No.: 00047/2.1005/AU.1/04/1548-5/1/III/2023

Para Pemegang Saham
Dewan Komisaris dan Dewan Direksi
PT Krakatau Posco:

Laporan Audit atas Laporan Keuangan Konsolidasian

Opini

Kami telah mengaudit laporan keuangan konsolidasian PT Krakatau Posco dan entitas anaknya ("Grup"), yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2022, serta laporan laba rugi dan penghasilan komprehensif lain konsolidasian, laporan perubahan ekuitas konsolidasian, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, serta catatan, yang terdiri dari kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian Grup tanggal 31 Desember 2022, serta kinerja keuangan konsolidasian dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Basis Opini

Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Tanggung jawab kami menurut standar tersebut diuraikan lebih lanjut dalam paragraf Tanggung Jawab Auditor terhadap Audit atas Laporan Keuangan Konsolidasian pada laporan kami. Kami independen terhadap Grup berdasarkan ketentuan etika yang relevan dalam audit kami atas laporan keuangan konsolidasian di Indonesia, dan kami telah memenuhi tanggung jawab etika lainnya berdasarkan ketentuan tersebut. Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Independent Auditors' Report

No.: 00047/2.1005/AU.1/04/1548-5/1/III/2023

The Shareholders,
Board of Commissioners and Board of Directors
PT Krakatau Posco:

Report on Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of PT Krakatau Posco and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Indonesia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Tanggung Jawab Manajemen dan Pihak yang Bertanggung Jawab atas Tata Kelola terhadap Laporan Keuangan Konsolidasian

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Dalam penyusunan laporan keuangan konsolidasian, manajemen bertanggung jawab untuk menilai kemampuan Grup dalam mempertahankan kelangsungan usahanya, mengungkapkan, sesuai dengan kondisinya, hal-hal yang berkaitan dengan kelangsungan usaha, dan menggunakan basis akuntansi kelangsungan usaha, kecuali manajemen memiliki intensi untuk melikuidasi Grup atau menghentikan operasi, atau tidak memiliki alternatif yang realistis selain melaksanakannya.

Pihak yang bertanggung jawab atas tata kelola bertanggung jawab untuk mengawasi proses pelaporan keuangan Grup.

Tanggung Jawab Auditor terhadap Audit atas Laporan Keuangan Konsolidasian

Tujuan kami adalah untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian secara keseluruhan bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan, dan untuk menerbitkan laporan auditor yang mencakup opini kami. Keyakinan memadai merupakan suatu tingkat keyakinan tinggi, namun bukan merupakan suatu jaminan bahwa audit yang dilaksanakan berdasarkan Standar Audit akan selalu mendeteksi kesalahan penyajian material ketika hal tersebut ada. Kesalahan penyajian dapat disebabkan oleh kecurangan maupun kesalahan dan dianggap material jika, baik secara individual maupun secara agregat, dapat diekspektasikan secara wajar akan memengaruhi keputusan ekonomi yang diambil oleh pengguna berdasarkan laporan keuangan konsolidasian tersebut.

Sebagai bagian dari suatu audit berdasarkan Standar Audit, kami menerapkan pertimbangan profesional dan mempertahankan skeptisisme profesional selama audit. Kami juga:

- Mengidentifikasi dan menilai risiko kesalahan penyajian material dalam laporan keuangan konsolidasian, baik yang disebabkan oleh kecurangan maupun kesalahan, mendesain dan melaksanakan prosedur audit yang responsif terhadap risiko tersebut, serta memperoleh bukti audit yang cukup dan tepat untuk menyediakan basis bagi opini kami. Risiko tidak terdeteksinya kesalahan penyajian material yang disebabkan oleh kecurangan lebih tinggi dari yang disebabkan oleh kesalahan, karena kecurangan dapat melibatkan kolusi, pemalsuan, penghilangan secara sengaja, pernyataan salah, atau pengabaian pengendalian internal.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Memeroleh suatu pemahaman tentang pengendalian internal yang relevan dengan audit untuk mendesain prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal Grup.
- Mengevaluasi ketepatan kebijakan akuntansi yang digunakan serta kewajaran estimasi akuntansi dan pengungkapan terkait yang dibuat oleh manajemen.
- Menyimpulkan ketepatan penggunaan basis akuntansi kelangsungan usaha oleh manajemen dan, berdasarkan bukti audit yang diperoleh, apakah terdapat suatu ketidakpastian material yang terkait dengan peristiwa atau kondisi yang dapat menyebabkan keraguan signifikan atas kemampuan Grup untuk mempertahankan kelangsungan usahanya. Ketika kami menyimpulkan bahwa terdapat suatu ketidakpastian material, kami diharuskan untuk menarik perhatian dalam laporan auditor kami ke pengungkapan terkait dalam laporan keuangan konsolidasian atau, jika pengungkapan tersebut tidak memadai, harus menentukan apakah perlu untuk memodifikasi opini kami. Kesimpulan kami didasarkan pada bukti audit yang diperoleh hingga tanggal laporan auditor kami. Namun, peristiwa atau kondisi masa depan dapat menyebabkan Grup tidak dapat mempertahankan kelangsungan usaha.
- Mengevaluasi penyajian, struktur, dan isi laporan keuangan konsolidasian secara keseluruhan, termasuk pengungkapannya, dan apakah laporan keuangan konsolidasian mencerminkan transaksi dan peristiwa yang mendasarinya dengan suatu cara yang mencapai penyajian wajar.
- Memeroleh bukti audit yang cukup dan tepat terkait informasi keuangan entitas atau aktivitas bisnis dalam Grup untuk menyatakan opini atas laporan keuangan konsolidasian. Kami bertanggung jawab atas arahan, supervisi, dan pelaksanaan audit grup. Kami tetap bertanggung jawab sepenuhnya atas opini audit kami.
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*
- *Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.*

Kami mengomunikasikan kepada pihak yang bertanggung jawab atas tata kelola mengenai, antara lain, ruang lingkup dan saat yang direncanakan atas audit, serta temuan audit signifikan, termasuk setiap defisiensi signifikan dalam pengendalian internal yang teridentifikasi oleh kami selama audit.

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



Hal Lain

Audit kami dilaksanakan dengan tujuan untuk merumuskan opini atas laporan keuangan konsolidasian secara keseluruhan. Informasi keuangan tambahan yang termasuk dalam Lampiran 1 hingga 4, yang terdiri dari laporan posisi keuangan PT Krakatau Posco (perusahaan induk saja) tanggal 31 Desember 2022, serta laporan laba rugi dan penghasilan komprehensif lain, perubahan ekuitas dan arus kas terkait untuk tahun yang berakhir pada tanggal tersebut, disajikan untuk tujuan analisis tambahan dan bukan merupakan bagian yang diwajibkan dalam laporan keuangan konsolidasian sesuai dengan Standar Akuntansi Keuangan di Indonesia. Informasi tersebut telah menjadi obyek prosedur audit yang diterapkan dalam audit atas laporan keuangan konsolidasian dan, menurut pendapat kami, dinyatakan secara wajar, dalam hal-hal material, sehubungan dengan laporan keuangan konsolidasian terlampir secara keseluruhan.

Other Matter

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary financial information included in Appendix 1 through 4, which comprises the statement of financial position of PT Krakatau Posco (parent company only) as of 31 December 2022, and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements prepared in accordance with Indonesian Financial Accounting Standards. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Kantor Akuntan Publik/*Registered Public Accountants*
Siddharta Widjaja & Rekan

Severinus Indra Wijaya, S.E., CPA
Public Accountant License No. AP. 1548

Jakarta, 13 Maret 2023

Jakarta, 13 March 2023



APPENDIX A

INFORMATION REGARDING POSCO

The following information concerning POSCO has been provided by POSCO and is included in view of the existence of the support agreement between POSCO and us, dated as of April 9, 2024. While we believe that the information in this Appendix A is correct, it is based solely upon information made available by POSCO. See “Certain Relationships and Related Transactions – Support Agreement.” The support agreement is not, and nothing done by POSCO pursuant to the support agreement shall be deemed to constitute, a guarantee by POSCO of any of the Notes.

POSCO is the largest fully-integrated steel producer in Korea, and one of the largest steel producers in the world, based on annual crude steel production. POSCO produced approximately 35.9 million tons of crude steel and stainless steel in 2020, 38.3 million tons in 2021, 34.2 million tons in 2022 and 26.7 million tons in the first nine months of 2023, all of which were produced at Pohang Works and Gwangyang Works. As of September 30, 2023, POSCO had approximately 40.7 million tons of annual crude steel and stainless steel production capacity. POSCO believes Pohang Works and Gwangyang Works are two of the most technologically-advanced integrated steel facilities in the world. POSCO manufactures and sells a diversified line of steel products, including cold rolled and hot rolled products, stainless steel products, plates, wire rods and silicon steel sheets, and POSCO is able to meet a broad range of customer needs from manufacturing industries that consume steel, including the automotive, shipbuilding, home appliance, engineering and machinery industries. POSCO also engages in the production of a wide range of coated steel sheets through POSCO Steeleon, a subsidiary in which POSCO holds a 56.9% interest. Since December 2022, POSCO has also acquired POSCO Holdings’ interests in some of its subsidiaries and investments related to steel manufacturing and sales, including POSCO Holdings’ 74.6% interest in POSCO Thainox Public Company Limited, 100.0% interest in POSCO (Thailand) Co., Ltd., 51.0% interest in POSCO Yamato VINA Steel Joint Stock Company, 50.0% interest in us and 83.3% interest in POSCO MEXICO S.A. DE C.V.

Korea is POSCO’s most important market. Domestic sales accounted for 59.5% of POSCO’s total revenue in 2022 and 51.5% in the first nine months of 2023. POSCO believes that its steel products constituted approximately 56.3% of the total sales volume of steel products sold in Korea in 2022 and approximately 52.3% in the first nine months of 2023. POSCO’s sales to customers abroad accounted for 40.5% of its total revenue in 2022 and 48.5% in the first nine months of 2023. POSCO’s major export market is Asia, with Asia other than China and Japan accounting for 24.9%, China accounting for 13.1%, and Japan accounting for 13.1% of its total export revenue in 2022, and Asia other than China and Japan accounting for 27.0%, Japan accounting for 13.2%, and China accounting for 9.0% of its total export revenue in the first nine months of 2023.

POSCO was incorporated on March 2, 2022 following a vertical spin-off of its domestic steel business by POSCO Holdings (formerly known as POSCO) in accordance with Articles 530-2 through 530-12 of the Korean Commercial Code. As part of the spin-off, POSCO became a holding company and renamed itself POSCO Holdings, and the spun-off entity was named POSCO. POSCO Holdings holds a 100.0% interest in POSCO.

POSCO is a member company of the POSCO Group, which consists of companies controlled by POSCO Holdings. The POSCO Group engages in businesses that complement POSCO’s steel manufacturing operations in Korea and also carefully seeks out promising investment opportunities to diversify its businesses both vertically and horizontally. POSCO International is a global trading company that primarily engages in the trading of steel and raw materials as well as investing in energy and mineral development projects throughout the world. POSCO E&C is one of the leading engineering and construction companies in Korea that primarily engages in the planning, design and construction of industrial plants and architectural works and civil engineering. The POSCO Group has also made investments in the past decade to secure new growth engines by diversifying into new businesses related to POSCO’s steel operations that it believes will offer greater potential returns, as well as entering into new businesses not related to POSCO’s steel operations such as hydrogen-related businesses, production of anode and cathode materials for rechargeable batteries, alternative energy solutions, LNG and agricultural trading, and production of comprehensive materials such as lithium.

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