



**Notification of Allocation of Convertible Bonds  
together with  
Warrants to Purchase Ordinary Shares No. 8 (CWT-W8)**

**of**

**Chai Watana Tannery Group Public Company Limited**

For the offering of Convertible Bonds to the Company's existing shareholders who are entitled to receive the allocation in proportion to their shareholdings (Right Offering) of Chai Watana Tannery Group Public Company Limited whose names appear in the shareholder register as of March 12, 2026 (Record Date) in an amount not exceeding 200,000 units, valued at 1,000 baht per 1 Convertible Bond unit

Total offering value not exceeding 200,000,000 baht

**Subscription period**

Between 12 – 15 and 18 May 2026 (total 5 business days)

Between 9.00 a.m. and 3.00 p.m. if subscribe at the Company

Or between 12 – 18 May 2026 (total 7 days)

24 hours a day (last day within 3.00 p.m.) if subscribe via online system (E-SUB)

**Place for subscription and payment of Convertible Bonds**

Chai Watana Tannery Group Public Company Limited

419-420 Phraeksa, Mueang Samut Prakan District, Samut Prakan 10280

Or subscribe via online system (E-SUB)

### ***Important notices***

*By receiving the Notification of Subscription Rights (“**Notification of Subscription Rights**”) for the Convertible Bonds issued and offered to the existing shareholders of Chai Watana Tannery Group Public Company Limited (the “**Company**”) in proportion to their shareholdings (Right Offering) (“**Convertible Bonds**”) together with the Warrants to Purchase Ordinary Shares of Chai Watana Tannery Group Public Company Limited No. 8 (CWT-W8) (“**Warrants No. 8**” or “**CWT-W8**”) issued and offered to the existing shareholders of the Company who subscribed for and were allocated the Convertible Bonds issued and offered to the existing shareholders in proportion to their shareholdings (Right Offering), the shareholders accept and agree to the statements and conditions as detailed below.*

*This offering of the Convertible Bonds together with the CWT-W8 to the existing shareholders of the Company in proportion to their respective shareholdings is an offering of securities in Thailand pursuant to Section 33 of the Securities and Exchange Act B.E. 2535 (as amended) and will occur only in Thailand. The Convertible Bonds and the CWT-W8 (a) have not been and will not be registered with the Securities and Exchange Commission of the United States or any securities regulatory authority of any country other than Thailand, or under the U.S. Securities Act of 1993 (the “**U.S. Securities Act**”) or under the laws of any country other than Thailand, and (b) are not offered or sold in the United States unless registered under the U.S. Securities Act or pursuant to any exemption from registration. The Company does not intend to register the Convertible Bonds and the CWT-W8 under the U.S. Securities Act or to offer any securities in the United States.*

*The shareholder shall not publish, print or distribute the subscription notice, in whole or in part. This subscription notice shall not constitute an offer to sell or a solicitation to subscribe for or purchase securities of the Company in the United States or any other country, nor shall it constitute a solicitation for the delivery of any money, securities or other consideration, and the Company shall refuse to deliver any money, securities or other consideration in response to the subscription notice or the information contained herein. The Company urges shareholders who have received the subscription notice to check for any restrictions on investing in securities and offering securities in the country in which the shareholder is domiciled or national. The Company shall not be responsible for any person violating such restrictions. The shareholder certifies that the shareholder is not restricted by the laws of any country in subscribing to the Company’s Convertible Bonds and CWT-W8 on this occasion, and that such action is not in violation of any applicable law of such country.*

**Part 1 Information on the Allocation of Convertible Bonds with Warrants to Purchase Ordinary Shares of Chai Watana Tannery Group Public Company Limited No. 8 (CWT-W8) (“Convertible Bonds with Warrants”)**

**1. Objective of this issuance of Convertible Bonds**

The Company will issue and offer for sale a total of not more than 200,000 Convertible Bonds, with a value of 1,000 baht per 1 Convertible Bond unit, totaling not more than 200,000,000 baht in value. The Company will use the proceeds from the issuance and offering of such Convertible Bonds To be used as an investment in a subsidiary's power plant project and as the Company's working capital, in an amount not exceeding 200,000,000 baht.

**2. The Board of Directors' Meeting and the 2026 Annual General Meeting of Shareholders resolved to allocate Convertible Bonds**

The issuance and offering of Convertible Bonds to existing shareholders in proportion to their shareholdings (Right Offering) was approved by the Board of Directors' Meeting No. 3/2026 on February 26, 2026 and was approved by the 2026 of Annual General Meeting of Shareholders on April 23, 2026 at 2.00 p.m.

**3. Details of the Convertible Bonds offered to the existing shareholders of the Company along with the Warrant No. 8 (CWT-W8)**

According to the 2026 Annual General Meeting of Shareholders on April 23, 2026 at 2.00 p.m., it was resolved to issue and offer Convertible Bonds to the existing shareholders of the Company who have the right to receive the allocation in proportion to their shareholding (Right Offering), totaling not more than 200,000 units, with a value of 1,000 baht per 1 Convertible Bond unit. The total value of the Convertible Bonds offered for sale is not more than 200,000,000 baht, with the list of shareholders entitled to receive the Convertible Bonds offered to existing shareholders in proportion to their shareholding (Right Offering) set for March 12, 2026 (Record Date) and set the subscription date for the Convertible Bonds is set for 12 – 15 and 18 May 2026 (total 5 business days) between 9.00 a.m. and 3.00 p.m. if subscribe at the Company or between 12 – 18 May 2026 (total 7 days) 24 hours a day (last day by 3.00 p.m.) if subscribe online (E-SUB), with the following details of the offering and allocation:

**3.1 Convertible Bonds**

**Name of Convertible Bonds** : Convertible Bonds of Chai Watana Tannery Group Public Company Limited No. 1/2026 Due 2028 With the Issuer’s Rights of Early Redemption and Convertible Bondholders’ Conditional Rights of Early Redemption ("**Convertible Bonds**")

**Method of offering and allocation** : The Company will offer and allocate all Convertible Bonds to the Company's existing shareholders who are entitled to receive allocation in proportion to their shareholding (Right Offering) in the proportion of 3,150 original shares : 1 Convertible Bond unit (if there is a fraction from the calculation, it shall be discarded in all cases). In addition, any shareholder of the Company who holds less than 3,150 shares will not receive the right to subscribe for Convertible Bonds in proportion to their rights (but may subscribe in excess of their rights). Existing shareholders who are entitled to receive allocation may subscribe for Convertible

Bonds in accordance with their rights, less than their rights, or in excess of their rights, or waive their rights to subscribe for the Convertible Bonds offered for sale this time. The Company will allocate Convertible Bonds to shareholders who subscribe in accordance with their rights until they are full first. If there are any Convertible Bonds remaining from the allocation according to their rights, the Company will allocate the remaining Convertible Bonds to shareholders who subscribe and pay for the Convertible Bonds in excess of their rights (until there are no Convertible Bonds left to allocate).

The Company reserves the right, at its sole discretion, to determine whether to offer or allocate the above-mentioned Convertible Bonds to any existing shareholder if such offer or allocation would result in any violation of the laws or regulations of Thailand or any foreign jurisdiction, or the Company's Articles of Association, or would cause the Company to be subject to any additional obligations or requirements beyond those prescribed under the applicable rules and regulations governing the issuance and offering of securities under Thai securities laws.

The Company shall complete the offering of newly issued Convertible Bonds and supporting shares within 12 months from the date on which the shareholders' meeting approves the Company to issue Convertible Bonds and supporting shares for the exercise of conversion rights.

<b>Convertible Bond Subscription Date</b>	: <u>12 – 15 and 18 May 2026 (total 5 business days) between 9.00 a.m. and 3.00 p.m. if subscribing at the Company</u> <u>or between 12 – 18 May 2026 (total 7 days) 24 hours a day (last day by 3.00 p.m.) if subscribing via the online system (E-SUB)</u>
<b>Issue Date of Convertible Bonds</b>	: May 19, 2026
<b>Term of Convertible Bonds</b>	: 2 years from the date of issuance of Convertible Bonds
<b>Redemption Date of Convertible Bonds</b>	: May 19, 2028 or the next business day if the said date is not a business day
<b>Interest rate</b>	: 6.00% per annum
<b>Interest payment</b>	: Four times per year, with interest payment due every quarter of each year, starting from the date of issuance of Convertible Bonds, namely February 19, May 19, August 19 and November 19. The first interest payment will be made on August 19, 2026, and the final interest payment on May 19, 2028.
<b>Transfer restrictions on Convertible Bonds</b>	: - None -

<b>Registrar of Convertible Bonds</b>	: Chai Watana Tannery Group Public Company Limited
<b>Representative of Convertible Bondholders</b>	: KPM Securities Company Limited
<b>Credit Rating</b>	: The issuer of Convertible Bonds has no credit rating for Convertible Bonds.
<b>Conversion Price</b>	: 5.00 baht per share or any other price resulting from the adjustment of the conversion price, in accordance with the terms and conditions to be specified in the rights offering terms.
<b>Conversion ratio</b>	: 1 Convertible Bond unit per 200 ordinary shares (or any other ratio resulting from a conversion price adjustment, in accordance with the terms and conditions to be specified in the rights of the Convertible Bonds)
<b>Number of Convertible Bonds</b>	: Not exceeding 200,000 units
<b>Value of Convertible Bond</b>	: 1,000 baht per 1 Convertible Bond unit
<b>Offering Value</b>	: Not exceeding 200,000,000 baht
<b>Number of shares to support the exercise of Convertible Bonds</b>	: Not exceeding 40,000,000 shares (par value of 1.00 baht per share)  Note: According to the resolution of the 2026 Annual General Meeting of Shareholders April 23, 2026, the resolution was approved to allocate additional ordinary shares of the Company to support the issuance and offering of Convertible Bonds.
<b>Allocation of Convertible Bonds</b>	: Offer and allocate all Convertible Bonds to the Company's existing shareholders who are entitled to receive the allocation in proportion to their shareholding (Right offering), whereby the shareholders who are entitled to receive the allocation of Convertible Bonds must be shareholders whose names appear in the shareholder register on March 12, 2026 (Record Date). The Company will allocate and offer to the Company's existing shareholders <u>in the ratio of 3,150 original shares : 1 Convertible Bond unit</u> . (If there is a remainder from the calculation, it must be discarded in all cases.) In this regard, any shareholder of the Company who holds less than 3,150 shares will not receive the right to subscribe for Convertible Bonds in accordance with the rights received in proportion (but can subscribe in excess of their rights).
<b>Conversion Date</b>	: The conversion right can be exercised after 2 years from the date of issuance of the Convertible Bonds, by converting on May 19, 2028 or the following business day if such day is not a business day, which day is the maturity date of the Convertible Bonds, which is considered the conversion date (hereinafter referred to as the “ <b>Conversion Date</b> ”).

**Exercise of Convertible Bonds** : In order to exercise the right to convert the Convertible Bonds into ordinary shares of the issuer of the Convertible Bonds, the Convertible Bondholder whose name is the last owner or transferee who intends to exercise the conversion right shall submit the Convertible Bond certificates in the amount intended to be exercised, together with the form of intention to exercise the conversion right of the Convertible Bonds (Enclosure 3 of the Terms and Conditions) with complete information, between 9.00 a.m. and 3.00 p.m. at the office of the Convertible Bond issuer or the head office of the Convertible Bond registrar, within no less than 15 days prior to the conversion date/conversion maturity date/conversion schedule/Convertible Bond expiration date. The conversion date is May 19, 2028 (Convertible Bondholders can express their intention to exercise the conversion rights of the Convertible Bonds between May 4, 2028 and May 18, 2028, only on business days).

However, the exercise of the conversion rights of the Convertible Bonds by mail cannot be made, and the issuer of the Convertible Bonds or the holders of the Convertible Bonds (as the case may be) shall be responsible for paying any tax and stamp duty as required by law for such person to be responsible for paying any tax and stamp duty in connection with the exercise of the conversion rights of the Convertible Bonds (if any).

**Other important information** : The Company will allocate the warrants to purchase ordinary shares of Chai Watana Tannery Group Public Company Limited No. 8 (the “**Warrants No. 8**” or “**CWT-W8**”) to the existing shareholders of the Company who have subscribed and received the allocation of the Convertible Bonds issued and offered to the existing shareholders in proportion to their shareholding (Right Offering) at no charge (zero baht) at a ratio of 1 unit of Convertible Bonds to 1,350 units of the Warrants No. 8 (CWT-W8).

### 3.2 Warrant No. 8 (CWT-W8)

**Type of securities** : Warrant to purchase ordinary shares of Chai Watana Tannery Group Public Company Limited No. 8 (the “**Warrants No. 8**” or “**CWT-W8**”)

**Number of warrants allocated** : Not exceeding 270,000,000 units

**Number of ordinary shares allocated to support the exercise of rights** : Not exceeding 270,000,000 shares, par value of 1.00 baht per share

**Type of securities** : Name specified and transferable warrants

**Warrant term** : 2 years from the date of issuance of the Warrants No. 8

- Allocation type** : Allocated to existing shareholders of the Company who subscribed and were allocated Convertible Bonds issued and offered to existing shareholders in proportion to their shareholding (Right Offering) at a ratio of 1 Convertible Bond unit to 1,350 units of the Warrants No. 8
- Offering price per unit** : No cost (Offering price per unit is zero baht)
- Exercise price** : 1.00 baht, except in the case of adjustment of the exercise price according to the conditions of the rights adjustment
- In the event of an adjustment to the exercise price, the exercise price of the Warrants to Purchase Ordinary Shares of the Company No. 8 (CWT-W8) per unit after the price adjustment shall not be lower than the par value of the Company's ordinary shares.
- Exercise rate** : 1 unit of warrant to 1 ordinary share of the Company (subject to change later according to the conditions of the rights adjustment)
- Exercise Date and Exercise Period** : The holders of Warrant No. 8 can exercise their rights for the first time after 12 months from the date of issuance and offering of the warrants No. 8, may be exercised for the last time on the date on which the Warrants No. 8 reach their maturity of 2 years from the date of issuance and offering of the Warrants No. 8.
- Period for notification of intention to exercise rights** : The holders of Warrant No. 8 who wish to exercise their rights to purchase ordinary shares of the Company must notify their intention to exercise their rights to purchase ordinary shares of the Company between 9.00 – 15.00 hrs. within 5 business days prior to each Exercise Date (the “**Notification Period**”). For the last exercise, the last notification period is within 15 days prior to the Exercise Date (the “**Last Notification Period**”).
- Conditions for adjustment of rights** : The Company will adjust the exercise price and exercise ratio when any of the events specified in Section 11(4)(c) occurs in accordance with the Capital Market Supervisory Board Announcement No. TorJor. 34/2551 on the request for permission and permission to offer newly issued warrants and newly issued shares to support warrants, dated December 15, 2008 (and amendments), which includes the following events:
1. When there is a change in the par value of the Company's shares, as a result of a share consolidation or share split
  2. When the Company offers newly issued shares at a low price
  3. When the Company offers Convertible Bonds at a low price or offers warrants at a low price
  4. When the Company pays all or part of dividends in the form of newly issued shares to shareholders

5. When the Company pays dividends in cash that exceed the rate specified in the rights terms
6. When there is any other case of the same nature as 1. to 5. that causes any benefits that the warrant holder will receive when exercising the rights under the warrant to be lower than before

However, the definition, calculation formula for adjusting the rights, and other additional details will be as specified in the rights terms

However, the Company will assign the board of directors and/or the executive board and/or the chief executive officer or a person assigned by the board of directors or the executive board or the chief executive officer to consider and determine the conditions and other details related to adjusting or changing the exercise rate and exercise price

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|--|---|---|
| <b>Secondary market of the Warrants</b>  | : | The Company will register the Warrants No. 8 as listed securities on the Stock Exchange of Thailand ("SET").  |
| <b>Secondary market of ordinary shares resulting from the exercise of the Warrants</b> | : | The Company will register the ordinary shares resulting from the exercise of the Warrants No. 8 as listed securities on the Stock Exchange.   |
| <b>Warrant Registrar</b>   | : | Thailand Securities Depository Co., Ltd.  |
| <b>Other conditions</b>  | : | The Board of Directors and/or the Executive Committee and/or the Managing Director or a person assigned by the Board of Directors or the Executive Committee or the Managing Director shall have the authority to determine and change the criteria, conditions and details for the issuance and offering of the Warrants No. 8 in all respects as deemed appropriate, and under the powers prescribed by law, such as the allocation and offering date of the Warrants No. 8, etc., including the power to perform various necessary and appropriate actions related to the issuance of the Warrants No. 8 in all respects, including but not limited to contacting, preparing, signing, certifying, endorsing and/or delivering various documents necessary or related to the issuance and offering of the Warrants No. 8 and the listing of the Warrants No. 8 as listed securities in the Stock Exchange of Thailand, as well as requesting permission from relevant agencies and appointing a sub-attorney, etc. |

#### **4. Record Date for Shareholders Who Have the Right to Subscribe to Convertible Bonds with Warrants**

March 12, 2026 (Record Date) is the Record Date for Shareholders Who Have the Right to Subscribe to Convertible Bonds with Warrants No. 8.

## 5. Date for subscription and payment of Convertible Bonds with warrants

### 5.1 Period for subscription and payment of Convertible Bonds with warrants

Between 12 – 15 and 18 May 2026 (total 5 business days) between 9.00 a.m. and 3.00 p.m. if subscribe at the Company or between 12 – 18 May 2026 (total 7 days) 24 hours a day (last day by 3.00 p.m.) if subscribe via online system (E-SUB)

### 5.2 Subscription method and place for subscription of Convertible Bonds with warrants

Chai Watana Tannery Group Public Company Limited (the “**Company**”) is the subscription agent for the Convertible Bonds of the Company on this occasion. Each existing shareholder with the right can subscribe for Convertible Bonds at the Company’s head office during 12 – 15 and 18 May 2026 (total 5 business days) between 9.00 a.m. and 3.00 p.m. if subscribed at the Company or during 12 – 18 May 2026 (total 7 days) 24 hours a day (last day by 3.00 p.m.) if subscribed via the online system (E-SUB). The address details are as follows:

#### **Chai Watana Tannery Group Public Company Limited**

Address : 419-420 Phraeksa, Mueang Samut Prakan District, Samut Prakan 10280  
Contact : Managing Director's Office  
Tel : 02-703-7880-1 ext. 1020

In the event that shareholders wish to submit a subscription form for Convertible Bonds via registered mail, please send the following documents: a subscription form for Convertible Bonds, a certificate of subscription for Convertible Bonds, and a crossed cheque/cashier’s cheque payable only **to the subscription location by registered mail**. The subscription documents must arrive at the Company’s office **by 3.00 p.m. on May 15, 2026** at the latest. For convenience in subscribing, please put “**Subscription for Convertible Bonds**” in the envelope corner.

For shareholders in the provinces, please contact the securities company where you have a securities trading account. Your securities company will provide advice and/or collect the subscription documents for the Company. In addition to subscribing to Convertible Bonds with warrants at the Company’s head office as mentioned above, each existing shareholder with rights can subscribe to Convertible Bonds via the online system (E-SUB) on the website <https://e-sub.investors-insight.com/g/cwt285a>

### 5.3 Payment method for subscription of Convertible Bonds with warrants

Subscribers can pay the full amount of the subscription for Convertible Bonds at one time between 12 – 15 and 18 May 2026 (total 5 business days) between 9.00 a.m. and 3.00 p.m. if subscribe at the Company or between 12 – 18 May 2026 (total 7 days) 24 hours a day (last day by 3.00 p.m.) if subscribe via the online system (E-SUB) by the following methods:

#### 5.3.1 Payment by transferring money to the Company's account

**Account name** : “Chai Watana Tannery Group Public Company Limited”  
**Bank** : Krung Thai Bank Public Company Limited, Branch Pak Nam  
**Account type** : Savings  
**Account number** : 219-0-03151-6

- (a) The subscriber must submit the subscription documents and the original deposit slip for the Convertible Bond subscription fee to the Company **by May 18, 2026 at 3.00 p.m.**, which is the last day for the subscription of the Convertible Bond.

- (b) In the case that the subscriber makes the subscription via the online system (E-SUB) <https://e-sub.investors-insight.com/g/cwt285a>, the subscriber must select the payment method as **"Transfer"** and attach the proof of payment for the Convertible Bond subscription fee in the system. Then check the subscription information, save and/or print the proof of payment. To be used as supporting documents for Convertible Bond subscription **within May 18, 2026 at 3.00 p.m.**, which is the last day of Convertible Bond subscription, which subscribers can subscribe to via the online system 24 hours a day on the subscription date (except for the last day of subscription).

### 5.3.2 Payment by check, cashier's check or draft

- (a) Crossed and made payable only to
- "Chai Watana Tannery Group Public Company Limited"**, which can be collected from **the clearing house in Bangkok within 1 business day**, delivered together with the Convertible Bond subscription form and the Convertible Bond subscription certificate at the subscription location **by 3.00 p.m. of the subscription period**. Please date the check or cashier's check according to the subscription date, but **no later than May 15, 2026, and state your name, surname and contact phone number on the back of the check or cashier's check**. In the event that the customer does not state their name, surname and contact phone number on the back of the check or cashier's check, or the Company is unable to contact the customer or cannot collect the money, the Company reserves the right to accept such share subscription.
- (b) Draft, collectible nationwide, made payable to **"Chai Watana Tannery Group Public Company Limited"**
- (c) Please state the shareholder registration number (Check from the certificate of subscription rights for Convertible Bonds (**"Enclosure 2"**)) Name-surname and contactable telephone number on the back of the check, cashier's check or draft
- (d) The subscription period for payment by check, cashier's check or draft is between 12 – 15 May 2026 (total 4 business days) between 9.00 a.m. and 3.00 p.m.
- (e) In the case that the subscriber makes a subscription via the online system (E-SUB) <https://e-sub.investors-insight.com/g/cwt285a>, the subscriber must select the payment method as **"Check / Cashier's Check / Draft"** and attach proof of payment for the subscription of Convertible Bonds in the system. Then check the subscription information, record and/or print proof of payment for the subscription as supporting documents for the subscription of Convertible Bonds **by 3.00 p.m. on May 18, 2026**, which is the last day for the subscription of Convertible Bonds. The purchasers can make a reservation through the online system 24 hours a day within the reservation opening date (except for the last day of reservation opening).

### 5.3.3 Payment via Internet Banking to the Company's account

**Account name** : "Chai Watana Tannery Group Public Company Limited"  
**Bank** : Krung Thai Bank Public Company Limited, Branch Pak Nam  
**Account type** : Savings  
**Account number** : 219-0-03151-6

- (a) The subscriber must submit the subscription documents and payment documents via Internet Banking to the Company **by May 18, 2026 at 3.00 p.m.**, which is the last day for the subscription of Convertible Bonds.
- (b) In the case that the subscriber makes a subscription via the online system (E-SUB) <https://e-sub.investors-insight.com/g/cwt285a>, the subscriber must select the payment method as "**Internet Banking**" and attach proof of payment for the Convertible Bond subscription in the system. Then, check the subscription information, record and/or print proof of payment as supporting documents for the Convertible Bond subscription **by May 18, 2026 at 3.00 p.m.**, which is the last day for the Convertible Bond subscription. The subscriber can make a subscription via the online system 24 hours a day on the subscription date (except for the last day for subscription).

#### 5.4 Subscription Documents

- (1) Subscription Form for Convertible Bonds with Warrants, which is completely filled in and signed

The Company has delivered the Subscription Form for Convertible Bonds with Warrants to all shareholders as specified in the list of shareholders entitled to receive the Convertible Bonds offered to existing shareholders in proportion to their shareholding (Right Offering) on March 12, 2026 (Record Date). In the case of a juristic person, the form must be signed and stamped (if any). In addition, a shareholder may submit only one Subscription Form for Convertible Bonds with Warrants for one Certificate of Subscription Rights for Convertible Bonds with Warrants. In addition, a shareholder may request a Subscription Form for Convertible Bonds with Warrants from Chai Watana Tannery Group Public Company Limited or download it from the Company's website ([www.cwt.co.th](http://www.cwt.co.th)).

- (2) Certificate of Subscription Rights for Convertible Bonds with Warrants, issued by the Thailand Securities Depository Co., Ltd. ("**Enclosure 2**")

- (a) In the event that there is no certificate of subscription rights for Convertible Bonds with warrants of the subscriber and/or in the event that there is a change of name or surname, which causes the name or surname to be different from the name of the shareholder appearing in the shareholder register as of March 12, 2026, which is the record date for determining the list of shareholders entitled to receive the allotment of Convertible Bonds offered to existing shareholders in proportion to their shareholding (Right Offering) (Record Date) or in the certificate of subscription rights for Convertible Bonds with warrants, attach documents issued by government agencies, such as a certificate, marriage certificate, divorce certificate, name or surname change notification, etc.

- (3) Evidence of payment for the subscription of Convertible Bonds with warrants, including:

- (a) Cheque, cashier's check or draft (or so-called "**Bank check**") that can be collected from the clearing house in Bangkok within 1 business day) or
- (b) Copy of deposit slip with the name, surname, address and contact telephone number written on the back or
- (c) A copy of proof of payment for the subscription of Convertible Bonds with warrants via the bank's Internet Banking system, in the case of payment via Internet Banking to the Company's account

- (4) A copy of the first page of the bank account book, savings account type or current account only, where the name of the bank account must be the same as the subscriber's name only, with a signature certifying that the copy is correct. In the event that the subscriber wishes to refund the subscription fee for securities that were not allocated or were allocated incompletely according to the amount oversubscribed via the bank account transfer system, including for receiving interest and repaying the principal (if any)
- (5) Supporting documents for identification, as follows:
- (a) Thai nationals : Copy of ID card, certified as true copy
  - (b) Foreigners : Copy of passport, certified as true copy
  - (c) Domestic juristic persons : Copy of company certificate issued by the Ministry of Commerce no more than 6 months prior to the exercise date, certified as true copy, and supporting documents of the authorized signatory under (a) or (b), certified as true copy
  - (d) Foreign juristic persons : Copy of company establishment certificate, memorandum and articles of association, and certificate issued no more than 6 months prior to the exercise date, certified by a Notary Public, certified as true copy, and supporting documents of the authorized signatory under (a) or (b), certified as true copy
- (6) Power of attorney to act on behalf of the person (“**Enclosure 5**”), affixed with a 30-baht stamp (in the case of assigning an authorized person to act on behalf of the person), along with a copy of the authorized person’s ID card (in the case of an alien granting the power of attorney, a copy of the alien certificate must be attached) or a copy of the passport showing proof of residence in Thailand) which is signed to certify that the copy is correct.
- (a) In the case of a power of attorney issued abroad, the power of attorney and a copy of the passport of the attorney that has not expired must be certified by a Notary Public and certified by an officer of the Thai Embassy or Thai Consulate in the country where the document was issued or certified.
  - (b) The authorized person must present their ID card or passport (original) to the company officer and submit a copy of the ID card or passport certified as a correct copy.

**The signature on all supporting documents must be the same as the signature signed in the subscription documents for Convertible Bonds with warrants.**

In this regard, if the subscriber does not deliver the subscription documents as stated above or delivers incomplete documents, the Company reserves the right to assume that the subscriber does not wish to exercise the right to subscribe for the Convertible Bonds with warrants on this occasion. However, the Company may, at its discretion, waive the acceptance of certain subscription documents for any subscriber or request other supporting documents as substitutes or additional documents as it deems appropriate.

## **5.5 Subscription Conditions**

- 5.5.1 Subscribers of Convertible Bonds with warrants may subscribe according to their rights, in excess of their rights, or less than their rights to be allocated. Shareholders who express their intention to subscribe for Convertible Bonds with warrants or subscribe for Convertible Bonds with warrants less than their rights to be allocated will be allocated the entire amount subscribed for, with any fractions discarded.

5.5.2 Shareholders who have subscribed and paid for the subscription have no right to cancel their subscription. The Company reserves the right to revoke the subscription rights if the Company does not receive the subscription documents for Convertible Bonds with warrants and/or the subscription payment for Convertible Bonds with warrants within the specified time.

5.5.3 In the case of payment for the subscription of Convertible Bonds with warrants by bank check, the subscription payment will be complete only when the paying bank has cashed the bank check and the subscription of Convertible Bonds with warrants will be complete only when the Company is able to collect the subscription fee.

If (1) the shareholder who subscribes cannot pay the subscription fee for the Convertible Bonds with warrants or the Company is unable to collect the subscription fee in any case that is not the Company's fault, whether in whole or in part, within the subscription period and payment for the Convertible Bonds with warrants as specified, or (2) the shareholder who subscribes does not fill in the information in the subscription form for the Convertible Bonds with warrants completely or unclearly, the Company has the right to consider that such shareholder has waived the right to subscribe for the Convertible Bonds with warrants, and the Company reserves the right to allocate the Convertible Bonds with warrants.

In addition, when paying the subscription fee for Convertible Bonds with warrants, the subscribed shareholder should check the subscription payment method and proceed in accordance with the specified terms and methods. If the subscribed shareholder does not comply with the subscription payment method for Convertible Bonds with warrants and does not proceed in accordance with the specified terms and methods in order to be able to collect the subscription fee in time according to the subscription period, the Company has the right to consider that such shareholder has waived the right to subscribe for such Convertible Bonds with warrants. The Company reserves the right to further allocate such Convertible Bonds with warrants.

5.5.4 In the event that a shareholder receives a certificate of subscription rights for Convertible Bonds together with Warrants for more than 1 shareholder registration number, the shareholder must prepare subscription documents in accordance with the number of shareholder registration numbers for which the shareholder receives a certificate of subscription rights for Convertible Bonds, i.e., 1 set of subscription documents per 1 shareholder registration number only. If the shareholder subscribes with a single shareholder registration number by combining the rights to receive the Company's securities of all shareholder registration numbers together as a single item or specifying such information in a single set of subscription documents, Subscribers may not receive all the Company's securities in accordance with their rights according to all shareholder registration numbers combined, and the Company reserves the right to allocate the Company's securities to subscribers as it deems appropriate or not allocate the Company's securities to such subscribers.

5.5.5 In the event that a shareholder wishes to send a subscription form for Convertible Bonds together with a warrant via registered mail, please send the following documents: a subscription form for Convertible Bonds, a certificate of subscription for Convertible Bonds, and a crossed cheque or cashier's cheque payable only to the subscriber **by registered mail to the subscription location**. The subscription documents must arrive at the Company's office **no later than 3.00 p.m. on May 15, 2026**. For convenience in subscribing, please put "**Subscription for Convertible Bonds**" in the envelope corner.

## **5.6 Refund of the subscription fee for Convertible Bonds and refund of the cheque for the subscription fee for Convertible Bonds**

- (1) In the event that a refund of the subscription fee for Convertible Bonds is required, in the event that the subscriber does not receive the allocation of Convertible Bonds due to breach of the subscription conditions or does not receive the allocation in full according to the amount subscribed in excess of the entitlement and/or cannot collect the subscription fee for Convertible Bonds by cheque or cashier's cheque, the Company shall arrange for a refund of the subscription fee for Convertible Bonds in such case in the portion not allocated or not allocated in full, without interest and without any damages within 14 business days from the date of closing the subscription for the Company's Convertible Bonds this time by transferring money to the subscriber's bank account as specified in the subscription form for Convertible Bonds of the Company.
- (2) In the event that a refund of the subscription fee for the portion not allocated or not allocated in full according to the amount subscribed in excess of the entitlement cannot be made by transferring money to the subscriber's bank account as specified in the subscription form for Convertible Bonds of the Company for any reason beyond the Company's control, the Company shall arrange for a refund of the subscription fee for the portion not allocated or not fully allocated according to the amount subscribed for exceeding the rights as a crossed check payable only in the name of the subscriber and sent by registered mail to the address shown in the Company's shareholder database according to the shareholder register as of March 12, 2026. In the case of refund by check, the subscriber will be responsible for the fee for collection from a different clearing house or bank check (if any).
- (3) In the event that the Company is unable to refund the subscription fee for the Company's securities that have not been allocated or have not been fully allocated to the subscriber within 14 business days from the end of the subscription period, the Company is responsible for returning the said amount along with paying interest to the subscriber at the rate of 7.50% per annum, calculated from the amount of the subscription fee that has not been allocated or has not been fully allocated and must be repaid from the date of expiration of the said 14 business days until the date of repayment in accordance with the above method.

## **5.7 Method of delivering securities**

The Company will issue a Convertible Bond certificate in the subscriber's name. The Company's Convertible Bond registrar will deliver the Convertible Bond certificate in the amount allocated to the allotted Convertible Bond recipients by post or airmail (in the case of delivery to Convertible Bondholders abroad) to the name and address specified in the subscription form within 15 business days from the closing date of the Convertible Bond subscription.

## **5.8 Allocation and other subscription information**

- 5.8.1 Any shareholder of the Company who holds less than 3,150 shares will not have the right to subscribe for Convertible Bonds according to their rights, but may express their intention to subscribe in excess of their rights.
- 5.8.2 A holder who is entitled to receive the allocation may subscribe for Convertible Bonds according to their rights, less than or more than their rights, or waive their right to subscribe for the Convertible Bonds offered for sale this time. The Company will allocate Convertible Bonds to shareholders who subscribe in full first. In the event that there are Convertible Bonds remaining from the allocation according to their rights that the shareholder must

receive, the Company will allocate the remaining Convertible Bonds to shareholders who subscribe and pay for the Convertible Bonds in excess of their rights until there are no more Convertible Bonds to allocate.

5.8.3 In the event that a holder subscribes for Convertible Bonds in excess of their rights, they must express their intention to subscribe for the Convertible Bonds in excess of their rights according to the subscription form for Convertible Bonds at the same time as the subscription for the Convertible Bonds according to their rights. In the event that there are Convertible Bonds remaining from the subscription according to their rights, Shareholders who oversubscribed will be allocated the oversubscribed Convertible Bonds as follows:

- (1) In the event that the number of Convertible Bonds remaining exceeds the total number of oversubscribed shareholders' demands, all oversubscribed shareholders will be allocated according to the demand of oversubscribed shareholders.
- (2) In the event that the number of Convertible Bonds remaining is less than the total number of oversubscribed shareholders' demands, oversubscribed shareholders will be allocated the oversubscribed Convertible Bonds in proportion to their original shareholdings in rounds until there are no more oversubscribed Convertible Bonds.

However, the number of Convertible Bonds to be allocated will not exceed the number of Convertible Bonds that each shareholder has subscribed for and paid for. In allocating the remaining Convertible Bonds to oversubscribed shareholders, if there is a fraction of the Convertible Bonds from the calculation, the Company will round down the remaining Convertible Bonds in full. In the event that there are Convertible Bonds remaining from such rounding, the Company will allocate such Convertible Bonds to shareholders in accordance with the above process until there is no fraction of the Convertible Bonds remaining. If there is still a remainder and the calculation method above cannot be followed, the Company will allocate the remaining Convertible Bonds 1 unit at a time, in order of subscription rights.

5.8.4 Shareholders who subscribe will receive evidence of the subscription of Convertible Bonds signed by the Company's officer as evidence of the subscription of Convertible Bonds. The subscription will be complete when the Company is able to collect the money and receive all supporting documents for subscription.

5.8.5 Shareholders who have submitted their intention to subscribe for Convertible Bonds and have paid the subscription fee may not cancel the subscription and request a refund. The Company has the right to cancel the subscription of shareholders who have not completed the subscription according to the method specified in Part 1, Sections 5.3 and 5.4.

5.8.6 In the event that the information of the subscriber does not match the information appearing in the Company's shareholder register on the date of determining the list of shareholders of the Company, the Company reserves the right to rely on the information appearing in the shareholder register as the main information. The Company reserves the right to change the details of the payment method for subscription fee, the terms of subscription, or any information related to the method of subscription of shares. and/or payment as appropriate in case of problems, obstacles or limitations in operations, including consideration and management of receipt of payment for subscription in case the subscriber deposits money into the subscription account to pay for the subscription which does not comply with the specified conditions. This is to maximize the benefit of the subscription of Convertible Bonds with warrants of the Company this time.

## **6. Method of payment of principal, interest and dividends**

### **6.1 Payment of principal**

In the event that the Convertible Bondholder does not express an intention to convert the Convertible Bonds before the conversion right exercise date, the Convertible Bond issuer will pay the principal according to the Convertible Bonds on the expiration date of the Convertible Bonds, which is May 19, 2028 (in the event that the expiration date of the Convertible Bonds falls on a public holiday, it will be postponed to the next business day, with additional interest charged on the postponed date) to the Convertible Bondholders whose names appear in the Convertible Bondholder register or according to the list of Convertible Bondholders received from the Securities Depository Center (as the case may be) through the Convertible Bond registrar by:

- (1) Issuing a crossed check in the name of the Convertible Bondholder only, dated on the business day on which payment is to be made according to the terms and conditions, whereby the Convertible Bond registrar will send such check in advance to the Convertible Bondholders by registered mail or air mail (in the case of sending to Convertible Bondholders abroad) to the address specified by the Convertible Bondholders in the Convertible Bond subscription form, or as the Convertible Bondholder has notified the Convertible Bond registrar in writing at least 14 (fourteen) business days prior to the due date for payment, or
- (2) Transferring money into the Convertible Bondholder's bank account opened with a commercial bank with branches in Thailand, according to the details that the Convertible Bondholder has stated in the Convertible Bond subscription form, or as the Convertible Bondholder has notified the Convertible Bond registrar in writing at least 14 (fourteen) business days prior to the due date for payment.
- (3) Any other payment method as may be agreed upon from time to time among the issuer, the debenture holders' representative, and the registrar.

### **6.2 Payment of Interest or Any Other Amount (if any)**

The Issuer of Convertible Bonds shall pay interest at the rate of 6.00% per annum on every February 19, May 19, August 19 and November 19 of each year throughout the term of the Convertible Bonds (in the event that it falls on a public holiday, it shall be postponed to the next business day) and the last interest payment date shall be May 19, 2028 (in the event that the expiry date of the Convertible Bonds falls on a public holiday, it shall be postponed to the next business day, with additional interest calculated on the postponed date) to the Convertible Bondholders whose names appear in the Convertible Bondholders Register or according to the list of Convertible Bondholders received from the Securities Depository Center on the closing date of the relevant Convertible Bondholders Register through the Convertible Bond Registrar by

- (1) Issuing a crossed check in the name of the Convertible Bondholder only, dated on the business day on which payment is to be made according to the terms and conditions, whereby the Convertible Bond registrar will send such check in advance to the Convertible Bondholders by registered mail or air mail (in the case of sending to Convertible Bondholders abroad) to the address specified by the Convertible Bondholders in the Convertible Bond subscription form, or as the Convertible Bondholder has notified the Convertible Bond registrar in writing at least 14 (fourteen) business days prior to the due date for payment, or
- (2) Issuing a crossed check in the name of the Convertible Bondholder only dated on the business day on which payment is required in accordance with the Terms and Conditions; The registrar of Convertible Bonds shall deliver the said check in advance to the Convertible Bondholder via

registered mail or airmail (in the case of delivery to Convertible Bondholders abroad) to the address specified by the Convertible Bondholder in the Convertible Bond subscription form or as notified in writing by the Convertible Bondholder to the registrar of Convertible Bonds at least 14 (fourteen) business days prior to the payment due date, or

- (3) Any other payment method as may be agreed upon from time to time by the issuer, the debenture holders' representative, and the registrar, provided that the debenture holders shall not be required to surrender their debenture certificates for payment, unless there are reasonable grounds for suspicion, in which case the issuer or the registrar may require such surrender, and payment shall not be made until the debenture certificates have been received.

### **6.3 In the event that the subscriber of Convertible Bonds converts to ordinary shares and wishes to receive dividends or other rights in cash into the bank account (e-Dividend) of the Thailand Securities Depository Co., Ltd. by transferring money to a bank account in Thailand**

Subscribers and/or holders of Convertible Bonds who wish to receive dividends or other rights in cash into the bank account (e-Dividend) of the Thailand Securities Depository Co., Ltd. by transferring money to a bank account in Thailand (the name of the bank account must be the same as the name of the subscriber and/or holder of the Convertible Bonds only), please fill in the information in the "Application for Payment of Dividends / Interest / Other Rights in Cash Deposit into the bank account (e-Dividend) of Thailand Securities Depository Co., Ltd. (TSD) ("**Enclosure 7**") ("**e-Dividend Application Form**") completely, sign (and affix stamp duty if there is a power of attorney) and prepare 1 set of documents as specified in the separate e-Dividend Application Form (documents cannot be used together with the Convertible Bond Subscription Form) and submit to the Company together with the Subscription Form.

In the event that the subscriber and/or Convertible Bondholder's information and/or bank account details in the e-Dividend Application Form do not match the database of Thailand Securities Depository Co., Ltd. that the subscriber and/or Convertible Bondholder has previously notified, Thailand Securities Depository Co., Ltd. will update the subscriber and/or Convertible Bondholder's information and/or bank account details to be in accordance with the information in the e-Dividend Application Form, and such information will be used with other securities that the subscriber and/or Convertible Bondholder holds.

### **6.4 Office of the Registrar of Convertible Bonds**

Chai Watana Tannery Group Public Company Limited  
Department: Convertible Debenture Registrar Department  
419-420, Phraek Sa Sub-district, Mueang Samut Prakan District, Samut Prakan 10280, Thailand  
Tel: 063-556-6651  
Email: imex@cwt.co.th

### **6.5 Office of the Securities Depository**

Thailand Securities Depository Co., Ltd.  
93 Stock Exchange of Thailand Building  
Ratchadapisek Road, Din Daeng Subdistrict, Din Daeng District, Bangkok 10400  
Tel: 02-009-9999

## **7. Conversion and Conversion Conditions**

### **7.1 Conversion Date**

The holders of Convertible Bonds may exercise their conversion rights into ordinary shares of the Issuer of Convertible Bonds at the conversion rate specified in the Convertible Bond Terms and Conditions, which can be converted after 2 years from the date of issuance of the Convertible Bonds, which is May 19, 2028 or the next business day if such day is not a business day, which day is the maturity date of the Convertible Bonds, which is the conversion date (hereinafter referred to as the “**Conversion Date**”).

### **7.2 Conversion Right Period**

The Convertible Bondholders who intend to exercise their conversion rights of the Company’s Convertible Bonds must notify their intention to exercise their conversion rights of the Convertible Bonds at the contact location for exercising the conversion rights as specified in Part 1, Section 7.3 and in accordance with the conversion methods and procedures as specified in Part 1, Section 7.4. In exercising the right to convert the Convertible Bonds into ordinary shares of the Convertible Bond Issuer, the Convertible Bondholders whose names are shown as the owner or the last transferee who intends to exercise their conversion rights Submit the Convertible Bond certificates in the amount you wish to exercise, together with the form for expressing your intention to exercise the Convertible Bond rights (Appendix 3 of the Terms and Conditions) with complete information between 9.00 a.m. and 3.00 p.m. at the office of the Convertible Bond issuer or the head office of the Convertible Bond registrar within a period of not less than 15 days before the conversion date/conversion maturity date/conversion schedule/conversion maturity date, which is May 19, 2028 (Convertible Bondholders can express their intention to exercise the conversion rights of the Convertible Bonds between May 4, 2028 and May 18, 2028, only on business days).

### **7.3 Contact Location for Exercising Conversion Rights**

Convertible Bondholders who wish to exercise their conversion rights to ordinary shares of the Convertible Bond issuer may express their intention to exercise their conversion rights at the head office of the Convertible Bond issuer or the head office of the Convertible Bond registrar on business days between 9.00 a.m. and 3.00 p.m.

#### Head office of the Convertible Bond issuer

Chai Watana Tannery Group Public Company Limited  
419-420 Phraeksa, Mueang Samut Prakan District, Samut Prakan 10280  
Tel: 02-703-7880-1 ext. 1020

#### Office of the Registrar of Convertible Bonds

Chai Watana Tannery Group Public Company Limited  
Department: Convertible Debenture Registrar Department  
419-420, Phraek Sa Sub-district, Mueang Samut Prakan District, Samut Prakan 10280, Thailand  
Tel: 063-556-6651  
Email: imex@cwt.co.th

In the event that the Company changes the contact location for exercising the conversion rights, the Company will inform the details to the Convertible Bondholders through the Stock Exchange of Thailand Information Dissemination System (ELCID).

## 7.4 Methods and procedures for conversion

7.4.1 In exercising the right to convert Convertible Bonds into ordinary shares of the Convertible Bond issuer, the Convertible Bondholder whose name shows ownership or the last transferee who intends to exercise the right to convert shall submit the Convertible Bond certificates in the amount intended to be exercised, together with the form expressing the intention to exercise the Convertible Bond conversion right (Appendix 3 of the Terms and Conditions) with complete information, between 9.00 a.m. and 3.00 p.m. at the office of the Convertible Bond issuer or the head office of the Convertible Bond registrar within a period of not less than 15 days before the date of exercising the right to convert/the due date for redemption of the Convertible Bond/the date for conversion/the expiration date of the Convertible Bond. The conversion date is May 19, 2028 (Convertible Bondholders can express their intention to exercise the conversion rights of the Convertible Bonds between May 4, 2028 and May 18, 2028, only on business days). They can contact to receive the form to express their intention to exercise the conversion rights of the Convertible Bonds at the contact place for exercising the conversion rights, according to the address specified in Part 1, Section 7.3, and prepare the following documents:

- (1) The form to express their intention to exercise the conversion rights of the Convertible Bonds, which has been correctly, clearly and completely filled in, and signed by the Convertible Bondholder.
- (2) The Convertible Bond certificate or the replacement certificate of the Convertible Bond certificate, which has the number of Convertible Bond units greater than or equal to the number specified in the form to express their intention to exercise the conversion rights of the Convertible Bonds.
- (3) Evidence for conversion
  - Thai nationals: A copy of the national ID card, government official ID card, or state enterprise employee ID card that has not expired, with a signature certifying that the copy is correct (in the case that the government official ID card or state enterprise employee ID card does not specify the national ID card number, attach a copy of the house registration with the 13-digit national ID number, with a signature certifying that the copy is correct). In the case that the subscriber is a minor, a copy of the national ID card of the guardian (father, mother, or legal representative), a copy of the national ID card of the minor (if any), and a copy of the house registration where the minor resides, must be attached, with a signature certifying that the copy is correct. The signature must be the same as the signature signed on the form expressing the intention to exercise the right to convert the Convertible Bonds and on the back of the Convertible Bond certificate.
  - Foreigners: A copy of the alien card or a copy of the passport that has not expired, with a signature certifying that the copy is correct. The signature must be the same as the signature signed in the form of intention to exercise the conversion rights of the Convertible Bonds and on the back of the Convertible Bond certificate.
  - Domestic juristic persons: A copy of the Ministry of Commerce's certificate issued no more than 6 months before the conversion date, with the signature of the authorized signatory of the juristic person and the company's seal (if any), and a copy of the valid ID card, civil servant card, or state enterprise employee card of the authorized signatory of the juristic person (in the case that the civil servant card

or state enterprise employee card does not specify the national ID number, attach a copy of the house registration with the 13-digit national ID number, with the signature certifying the correctness of the copy). In the case that the authorized signatory of the juristic person is a non-Thai national, a copy of the alien card or a copy of the valid passport of the authorized signatory of the juristic person, with the signature certifying the correctness of the copy, must be provided. The signature must be the same as the signature signed in the form of intent to exercise the conversion rights of the Convertible Bonds and on the back of the Convertible Bonds.

- Foreign juristic persons: A copy of the certificate of incorporation, memorandum of association, certificate issued by an officer of the juristic person or an agency of the country where the juristic person is domiciled, certifying the name of the juristic person, the name of the person authorized to sign to bind the juristic person, the location of the head office, and the authority or conditions for signing to bind the juristic person issued no more than 6 months before the conversion date, with a signature certifying that the copy is correct by the director authorized to sign to bind the juristic person and affixed with the company's official seal (if any), and a copy of the ID card, civil servant card, or state enterprise employee card that has not expired of the director authorized to sign the juristic person (in the case that the civil servant card or state enterprise employee card does not specify the national ID number, attach a copy of the house registration with the 13-digit national ID number, with a signature certifying that the copy is correct). In the case that the director authorized to sign to bind the juristic person is a person who is not of Thai nationality, a copy of the alien certificate is required. Or a copy of a valid passport of the authorized director who has the power to bind the juristic person, with a signature certifying that the copy is correct. The signature must be the same as the signature signed in the form indicating the intention to exercise the right to convert the Convertible Bonds and on the back of the Convertible Bond certificate.

In addition, the copies of the documents supporting the conversion of a non-Thai juristic person above must be certified by the signature of the preparer or the person certifying the correctness of the document by a Notary Public officer, with the Notary Public stamped, and certified by an officer of the Thai Embassy or Thai Consulate in the country where the document was prepared. The certification of the above documents must be no more than 6 months before the conversion date.

- (4) Power of attorney, affixed with a 30-baht stamp (in the case of assigning an attorney to act on behalf of the attorney), together with a copy of the evidence of the attorney and attorney, according to Section 1, Section 7.4.1 (3), as applicable.

The holder of Convertible Bonds who intends to convert will be responsible for the tax expenses. and/or all stamp duties (if any) in accordance with the provisions of the Revenue Code on Stamp Duty or other relevant regulations or laws applicable to the conversion of Convertible Bonds (if any).

According to the form of intention to exercise the conversion rights of Convertible Bonds, each Convertible Bond holder must choose either option (a) to redeem the Convertible Bonds in full for cash or (b) to redeem the Convertible Bonds by conversion in accordance with the terms of the Convertible Bonds, only one of which cannot be divided in order to choose options (a) and (b).

- 7.4.2 The number of Convertible Bond units to be converted must be in whole numbers only, with the conversion rate equal to 1 Convertible Bond unit per 200 common shares (if there is a fraction, it shall be discarded in all cases), unless there is an adjustment of rights in accordance with the conditions of the conversion of the Convertible Bond.

In the event that the price and conversion rate must be changed in accordance with the criteria for adjusting the conversion price and conversion ratio as specified in the conditions for adjusting the rights, and there is a fraction of the number of common shares from the conversion of the Convertible Bond, the fraction of shares shall be discarded, and the issuer of the Convertible Bond shall pay in cash to the Convertible Bondholders, calculated from (1) the fraction of shares multiplied by (2) the conversion price in effect on the last day of the relevant period for expressing the intention to exercise the conversion right. (No later than 2 (two) weeks from the maturity date of the Convertible Bonds)

- 7.4.3 Changes in the exercise of the Convertible Bonds shall be as specified in the terms and conditions
- 7.4.4 If the Company receives less than the number of Convertible Bonds as specified in the form of intention to exercise the Convertible Bonds, or the Company finds that the information filled in by the Convertible Bondholder in the form of intention to exercise the Convertible Bonds or the supporting documents for the conversion request is incomplete, incorrect, or the stamp duty (if any) is incomplete and in accordance with the regulations or laws, the Convertible Bondholder must make corrections to comply with the conditions within the period for the notification of intention to exercise the conversion right; otherwise, the Company shall deem that the notification of intention to exercise the conversion right has expired without conversion, and the Company shall return the Convertible Bonds to the Convertible Bondholder by post within 14 days from the conversion date without interest in any case. The Company reserves the right to do so and shall deem that the Convertible Bondholder does not wish to convert and wishes to receive the full principal back. (or request the company to redeem the Convertible Bonds in full for cash)
- 7.4.5 When the Convertible Bondholder has complied with the conditions of the notification of intention to exercise the conversion right, i.e., has delivered both the Convertible Bond certificate or the replacement Convertible Bond certificate, the form of intention to exercise the conversion right of the Convertible Bond, along with supporting evidence for the conversion correctly and completely, the Convertible Bondholder will not be able to revoke the conversion unless receiving written consent from the company.
- 7.4.6 When the conversion date has passed but the Convertible Bondholder has not fully complied with the conversion conditions specified and/or has not expressed intention to exercise the conversion right in any way within the period specified in Section 1, Clauses 7.2 and 7.4, the Convertible Bond shall be deemed to have expired without conversion and the Convertible Bondholder will not be able to convert it again. The Company reserves the right to redeem the Convertible Bonds as specified in Section 1, Clause 7.4.4, whereby the holders of such Convertible Bonds shall not have the right to claim any damages from the Company, and the Company shall not indemnify or compensate for any damages or compensation arising from such action.
- 7.4.7 The Company shall apply for the registration of the change in the Company's paid-up capital with the Ministry of Commerce in the amount of newly issued ordinary shares for conversion within 14 days from the date of conversion. In addition, the Company shall

register the holders of such Convertible Bonds as ordinary shareholders of the Company in the shareholder register in the amount of ordinary shares calculated from such conversion.

7.4.8 In the event that the ordinary shares reserved for conversion are insufficient, the Company shall indemnify the holders of Convertible Bonds who cannot convert, as specified in the terms and conditions of the issuer of Convertible Bonds and holders of Convertible Bonds.

7.4.9 The Board of Directors and/or persons assigned by the Board of Directors and/or the Managing Director shall consider other terms and conditions and other details or the reasons for issuing new shares, including changes in both the conversion price and conversion rate, in accordance with the appropriate calculation method. When there is an event as announced by the relevant Securities and Exchange Commission, if there is a case where a resolution from the shareholders' meeting is required, the Board of Directors will present it to the shareholders' meeting in accordance with the regulations.

## **7.5 Issuance and Delivery of New Ordinary Shares**

The Convertible Bondholders may choose for the Company to proceed in any of the following cases:

- (1) Prepare new common shares issued from conversion within 14 (fourteen) business days from the date of exercise of the conversion right and deliver the common shares to the Convertible Bondholders who receive the common shares from conversion (the Convertible Bond issuer shall not be responsible for any loss or damage that may occur in the event that the above common shares are lost or damaged after the Convertible Bond issuer has delivered such common shares to the Convertible Bondholders by post or air mail (as the case may be) to the address specified by the Convertible Bondholders in the form of intention to exercise the conversion right correctly. However, the Convertible Bond issuer may agree with the Convertible Bondholders to receive the common shares in person or
- (2) Deposit or arrange for the relevant securities company to deposit such common shares with the Securities Depository Center within 7 (seven) business days from the date of exercise of the conversion right. The name of the Convertible Bond holder who has been converted into ordinary shares must be the same as the name of the securities trading account in which the Convertible Bond holder who has been converted intends to deposit the shares in the account of the securities company only. Otherwise, the Company reserves the right to issue ordinary share certificates to the Convertible Bond holder who has been allocated shares in accordance with Part 1, Section 7.5 (1) instead.
- (3) In the case where the Convertible Bond holder who has been allocated shares does not wish to receive a share certificate but wishes to use the services of the Securities Depository Center by intending to deposit the shares in the securities issuer account number 600 in the name of the subscriber, in this case, the Company will proceed to deposit the shares resulting from the conversion with the Securities Depository Center, and the Securities Depository Center will record the account balance of the number of shares in the amount that the Convertible Bond holder has been allocated in the securities issuer account member number 600 and issue a deposit certificate to the Convertible Bond holder who has been allocated shares within 7 business days from the scheduled conversion date. When the person who has been allocated shares wishes to sell the shares, the person who has been allocated shares must withdraw the shares from the said account 600 by contacting a general securities company, which may incur a fee for the operation as specified by the Securities Depository Center. and/or the securities company as specified. Therefore, in this case, the person who has been allocated shares will be

able to sell the allocated shares on the stock exchange immediately when the stock exchange allows the Company's shares to be traded on the stock exchange and the person who has been allocated shares has already withdrawn the shares from the aforementioned 600 account.

## **8. Others**

- 8.1 The Company will allocate warrants to purchase ordinary shares of Chai Watana Tannery Group Public Company Limited No. 8 (CWT-W8) to shareholders who have subscribed and received the allotment of Convertible Bonds issued and offered to existing shareholders in proportion to their shareholding (Right Offering) without any consideration (zero baht) at a ratio of 1 unit of Convertible Bonds to 1,350 units of warrants No. 8 (CWT-W8), with details in Part 1, Section 3.2.
- 8.2 Shareholders, please see the details and other conditions of the Convertible Bonds in the (draft) Terms and Conditions on the Rights and Duties of the Issuer and Holders of Convertible Bonds of Chai Watana Tannery Group Public Company Limited attached herewith.
- 8.3 Details of the Representative of Convertible Bond Holders

KPM Securities Company Limited

address 944 Mitrtown Office Tower, 7th Floor, Units 707-708, Rama IV Road, Wang Mai,  
Pathum Wan, Bangkok 10330, Thailand

tel. 02-033-1000

## Part 2 Information of the Convertible Bond Issuer

### 1. General Information

Stock Symbol	: CWT
Name	: Chai Watana Tannery Group Public Company Limited
Corporate Identification	: 0107537002036
Head Office	: No. 176/1, 1480 Moo 1, Sukhumvit Road Km.30, Thai Ban Subdistrict, Mueang Samut Prakan District, Samut Prakan Province 10280
Business Operation	: Tanning of cattle and buffalo hides for car seats and automotive parts, leather furniture, and pet toys
Website	: www.cwt.co.th
Paid-Up Capital	: 630,116,465.00 Baht
No. of Shares	: 630,116,465 shares
First day trade	: April 29, 1991
Telephone	: 0-2703-7880
Fax	: 0-2703-7882
Common Share Registrar	: Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng District, Bangkok 10400 Telephone 02-009-9999
Auditor	: Mr. Kunlaham Chinphan, Certified Public Accountant Registration No. 7306 RSM Audit Services (Thailand) Limited, 20/1 Floor, Sathorn City Tower, 175 South Sathorn Road, Thung Mahamek, Sathorn, Bangkok 10120 Telephone: 0-2670-9002-6 Fax: 0-2670-9027-8

#### 1.1 Nature of Business

The Group's core business consists of 2 business groups:

1. Leather Business Group, which comprises 4 types of products: Tanned leather, dog chew toys, leather furniture, and leather seats and leather parts for automobiles.

2. Energy Business Group, which operates the production and distribution of electricity from renewable energy, including a waste management plant and the production and distribution of electricity from waste.

The leather business group under each product line consists of main departments such as Marketing, Production, Planning, Quality Assurance, and Research and Development within their own product lines for agility in management and in responding to customer needs. It also includes a central office

supporting various areas such as Human Resources, Accounting-Finance, Information Technology, and Purchasing, etc.

The business operations of Chai Watana Tannery Group Public Company Limited pay close attention to product quality and personnel development as a support unit for the organization's sustainable growth. It is also certified by renowned quality management system institutes. Examples include receiving the IATF16949:2016 (Excluding Product Design) Scope Manufacture of Grain and Split Leather quality management system, and the IATF16949:2016 (Excluding Product Design) Scope Manufacture of Leather & Synthetic Material Cutting Parts and Sewing Trim Cover quality management system from LRQA, standards for food and drug products (GHPs, HACCP), and the ISO9001:2015 Scope Production of Electricity quality management system, etc. These standards are systems that the management is committed to maintaining, improving, and further developing as ongoing operational standards.

### **Leather Business Group**

This group consists of 4 types of products: 1. Tanned leather, 2. Dog chew toys, 3. Leather furniture, and 4. Leather seats and leather parts for automobiles.

- **Product Characteristics**

1. Tanned Leather

This is a product used as a raw material for producing leather for car seats and automotive accessories for OEM companies, which are the company's main customers, as well as various finished leather products such as bags, shoes, belts, furniture, etc. This also includes contract manufacturing services for semi-finished and finished leather.

- It has good and recognized production process control, gaining trust from customers because it has received the IATF 16949:2016 quality management system certification.

2. Dog Chew Toys

These are made from the lower layer of leather (split leather) and leather scraps obtained from the pre-tanning process (by-products), also known as "glue", from the company's tannery. They are processed into pet toys in various formats according to market popularity. The dog chew toys business (Dog Chews) involves the processing of animal hide raw materials into dog chew and gnaw toy products, namely Rawhide & Munchy products.

Rawhide products include items such as knotted bones, pressed bones, twisted leather, and woven shoes, etc.

Munchy products use finely ground animal hides mixed with flour, coloring, and flavoring, passing through a pressing and injection process. They contain fluoride to help maintain dog gum and dental health.

- It has good and recognized production process control, gaining trust from customers because it is certified with the GMP & HACCP quality systems from the Department of Livestock Development according to international CODEX standards.
- It has received an animal feed production license and a certificate of registration for specific controlled animal feed, categorized as pet food/snacks for pets, for products sold domestically, which complies with the Specific Animal Feed Control Act announcement.
- New innovations have been applied to the animal feed industry by transitioning the product drying process from using electrical energy to a solar energy drying oven system, receiving

funding support from the government's Department of Alternative Energy Development and Efficiency, Ministry of Energy.

- It utilizes a strategy of leveraging the strength of having a sufficient volume of raw materials to produce semi-finished products. This supports customers who use supplementary raw materials, such as chicken meat, to mix into new finished products, enabling the company to generate better volume and sales than in the past.
- It has increased its capacity in animal feed production by accepting contract manufacturing for dried chicken inner fillet (Chicken Jerky) animal feed.

### 3. Leather Furniture

This is derived from adding value to the company's tanned leather by producing various types of furniture such as leather furniture and sofas. These are available in the form of semi-finished furniture (Cushion), where the company only cuts and sews the upholstery leather according to the design and size desired by the customer and sells it to them. They are also available as finished furniture (Set), where the company provides the frame and sews the upholstery leather as well. The company's customer groups include importers from various countries.

### 4. Leather Seats and Leather Parts for Automobiles

This involves adding value to tanned leather by producing leather car seats and automotive accessories such as seats, door panels, steering wheel covers, and gear knob covers, etc. These are distributed in the OEM market (accounting for approximately 95% of sales revenue) and the After Market (approximately 5% of sales revenue) both domestically and internationally. The products sold are of 2 types: finished leather sheets (Leather), cut leather pieces (Cut Piece), and sewn molded parts (Trim Cover). Key customer groups include manufacturers of leather auto parts for various car manufacturers.

#### • Marketing and Competition of the Leather Product Group

##### Marketing Policies and Characteristics of Key Leather Products

The company's leather product group consists of 4 product lines with key competitive strategies emphasizing product quality at reasonable prices, on-time delivery, and product designs that meet market demands, including product warranties for specified periods. The target customer groups for tanned leather are OEM clients; dog chews are OEM clients; leather furniture products include direct importers and furniture manufacturers; leather car seats and automotive leather parts include car accessory manufacturers; and pet toys include direct importers from chain stores and supermarkets, etc. Furthermore, over the past 3 years, the company has not relied on any single customer for more than 30% of total revenue. Most customer relationships are characterized by long-term business dealings, trust in the company and its products, and customers with strong financial standing. Distribution channels include direct sales to manufacturers, sales agencies, and intermediaries (middlemen).

The domestic to international sales ratio is approximately 95:5, with exports going to the following country groups:

Tanned leather products	: Asian countries including South Korea, China, Taiwan, Vietnam, India, and Indonesia.
Leather furniture products	: USA, UK, and Japan.
Leather seats and leather parts for automobiles	: Thailand, Malaysia, Indonesia, Philippines, and India.

The international to domestic sales ratio for pet toy products is approximately 60:40, with exports going to the following country groups:

Pet toy products : Canada, European Union group, Japan, Singapore, and Myanmar.

### Distribution and Distribution Channels of Leather Products

The company mainly sells products to customers through its own sales staff, except for leather car seat products where approximately 90% are sold through sales agents, and the rest through the company's sales staff. Each of the company's products has its own sales and marketing team to ensure agility and excellent reach to the target customers' needs. The company's products are sold both domestically and exported internationally to Asian and European countries.

The 4 types of company products have different distribution channels and customer groups based on the product type.

1. The main customer groups for tanned leather products are manufacturers of leather goods such as clothing, shoes, and furniture, as well as those seeking contract manufacturing and tanning services (cattle, buffalo, and pig hides) for tanneries both domestically and internationally, or general customers.

2. The main customer groups for dog chew toy products are overseas importers and domestic wholesalers who distribute to retail customers. Therefore, we do not have to take responsibility for retail distribution, build our own retail marketing team, or bear the burden of product storage. This product type is primarily exported, with key customers in Europe and Japan.

3. The main customer group for leather furniture products is overseas furniture importers.

4. The main customer groups for leather seats and leather parts for automobiles are manufacturers of leather car seats (2nd Tier) for various automobile manufacturers from Japan and the USA, such as Toyota, Mitsubishi, Honda, Isuzu, etc. Group Shareholding Structure

Trends and Industry Conditions of the Leather Business Group Currently, the products within the leather product group are quite distinct, with a high degree of differentiation among them

The proportion of revenue can be divided into 4 products. It can be seen that in 2023, the company's revenue from the leather product business group—namely tanned leather products, dog chew toy products, leather furniture products, and leather seats and automotive leather parts—accounted for 9.04%, 4.69%, 1.26%, and 53.72% of the company's sales and service revenue, respectively. Therefore, analyzing the trends and industry conditions for these 4 revenue-generating products requires separate analyses as follows:

#### 1. Tanned Leather Products Industry.

Since tanned leather is a crucial raw material used to manufacture various leather goods such as belts, shoes, and bags, the tanned leather industry is highly correlated with the leather goods industry. In the past, the leather goods industry was considered a significant industry for Thailand. However, currently, the export of Thai leather and leather goods faces severe competition in the global market, especially from manufacturers in China who have lower production costs. Additionally, domestic manufacturers face problems in producing tanned leather, such as insufficient domestic raw materials leading to the need for imports, and inconsistent quality that falls below international market standards. This has caused the export volume of Thai leather and leather goods to slow down. Generally, animal hides used in the leather and leather goods industry are classified into 4 types based on their characteristics:

(1) Fresh Hides and Skins: refers to slaughtered animal hides.

(2) Raw Hides and Skins: refers to animal hides obtained from slaughterhouses or fresh hides that have not yet undergone the tanning process but are preserved through various methods, such as Brine Cure, Wet Salted Hide, Dried Hides, Arsenicated Hide, and Dry Salted Hide.

(3) Crust: refers to incompletely tanned leather that requires one more production step, depending on each factory's process, to become finished leather.

(4) Leather: refers to raw hides that have undergone chemical processes to alter their internal properties to prevent decay, and have gone through dyeing and spraying processes to become various finished leather products.

## 2. Dog Chew Toy Products Industry.

In the current situation, the competitive environment is quite high due to the emergence of various substitute products, such as dried fresh chicken meat. The industry trend for dog toys made from the inner layer of our animal hides is highly likely to decline because the quantity of raw materials has visibly decreased over the past several years. Consequently, the company began producing products using substitute raw materials like meat since 2023.

## 3. Leather Furniture Product Industry

The leather furniture industry is a part of the overall furniture industry, which consists of wooden furniture, metal furniture, mattresses, other furniture (plastic, leather, etc.), and during the past period, the export value has increased continuously. Even though cheap products from China have entered the competition, entrepreneurs in Thailand are still able to compete because Thailand's important markets, namely the United States and Japan, are markets that demand quality products, on-time delivery, and standards, which competing companies from China have not yet been able to develop products to meet the demands of such markets.

## 4. Leather Seats and Automotive Parts Industry

### Basic Information

The automotive industry is a manufacturing sector that the Thai government has continuously promoted for investment. The initial phase of industrial development focused on import substitution, with government policies attracting automotive assembly investments in Thailand through various measures, such as investment privileges and reductions in import taxes for automotive parts used for domestic assembly.

### Automotive Industry Trends

New Challenges for the Thai Automotive Industry and How to Adapt for the Future of Modern Mobility.

The Thai automotive industry has been developing for over 60 years, with substantial foreign investments, making Thailand a leading regional automotive manufacturing hub today. Furthermore, collaborative factors between Thailand and Japan are likely to continue developing and growing, making the past situation of the Thai automotive industry look bright and promising.

However, no one knows for certain whether the Thai automotive industry will maintain its dominance as a manufacturing hub in the future, as the global automotive industry is transitioning into the Electric Vehicle (EV) era. Many nations are awakening to the EV trend and entering the automotive market competition, especially numerous Chinese EV brands that have announced investments to establish EV production bases in Thailand.

What will happen to current Internal Combustion Engine (ICE) vehicle manufacturers, and how far can EV production in Thailand go? This is a new challenge in the Thai automotive industry that is becoming increasingly clear, and operators must adapt to prepare for these upcoming changes. An analysis by Sara Chongbanyatcharoen and Dr. Lalita Harutaiphan from LiB Consulting, a leading consulting firm from Japan, is as follows:

### Changes Occurring in the Thai Automotive Industry Sector

According to LiB Consulting's analysis of the overall automotive industry landscape, the automotive world is currently highly awakened to Electric Vehicles (EVs), resulting in 3 trends:

- EVs and Hybrids are gradually growing and replacing ICE vehicles.

It is highly likely that ICE vehicles will be replaced by EVs and Fuel Cell vehicles. This transition will happen gradually, and the current situation is already showing signs, as seen from the declining ICE production rates in several countries.

For example, the volume of cars sold in Norway in May 2023 saw the proportion of EVs reach 81%, or in Thailand, where newly registered EVs during January to May totaled 24,106 units, an increase of 148% compared to the 2022 entire year. At the same time, the growth rate of the Ecosystem supporting the EV market has also increased, from the ecosystem for manufacturing vehicles and EV parts to electricity production, charging infrastructure, and carbon reduction regulations that support EV adoption.

- The shifting poles of players in the automotive industry

Due to Thailand being a significant production base for Japanese automakers in the past, it has given us an advantage regarding the Ecosystem. Although it is a strength of the Thai automotive industry, it is simultaneously a weakness.

Because American, European, and Chinese automakers are rapidly advancing into the new EV market, while Japanese automakers are slower in their transition plans towards EV production, Thailand, which is a major production base for Japanese vehicles, is affected as well due to the inability to adapt swiftly to rapidly changing market conditions.

- Increased international competition to become automotive production bases.

Driven by global interest in EVs, many countries are pushing their capabilities to join the automotive supply chain, particularly in parts manufacturing, such as Indonesia or Vietnam, who aim to replace Thailand as the leader in ASEAN automotive manufacturing. These countries have a growing advantage because they do not have deeply rooted ICE ecosystems like Thailand, and they possess battery production minerals like nickel, making their transition to EV production bases easier and faster, with lower production costs and minimum wages compared to Thailand.

Currently, the Indonesian government is issuing policies to promote the EV industry to attract foreign investment, such as controlling nickel exports and reducing taxes for EVs using more than 40% locally manufactured parts, while Thailand also has subsidy and import duty reduction policies for EVs.

Indonesia's determination and its advantage as the world's largest nickel reserve could affect the investment value of leading car brands, leading Thai operators to face unavoidable higher competition from foreign nations.

### Exploring New Challenges and Opportunities for the Thai Automotive Industry

Given these circumstances, Thailand could lose its status as a key automotive manufacturing base because it currently produces for export and domestic use at a ratio of approximately 50:50. If Thai

automotive operators fail to adapt to a market trending towards EVs, there is a high chance that the export proportion of Thai vehicles will disappear, meaning Thailand's vehicle production rate could drop by half. Furthermore, since EVs require fewer parts per vehicle than ICE cars, parts manufacturers in Thailand may experience widespread impacts from reduced market demand.

Nevertheless, several Chinese automakers are still interested in investing in Thailand due to the manufacturing capabilities Thailand has accumulated over a long time.

Currently, Chinese brands investing in Thailand have a total production capacity of 624,000 vehicles per year, compared to Thailand's car export volume of approximately 1,000,000 vehicles in 2022, which indicates that the future of the Thai automotive industry still holds new opportunities in the EV market.

### Solutions and Adaptation for Sustainability in the Thai Automotive Industry

The ongoing global changes in the automotive industry are sending signals to entrepreneurs in the Thai automotive sector to accelerate their adaptation to handle these shifts. LiB Consulting has proposed 3 approaches for adapting to the encroaching future situations as follows:

- Adjust Strategy to Create Cost Leadership

The Thai automotive industry must adjust its competitive strategy. Having a strong and stable infrastructure is considered our strength, but having high production costs and wages is a weakness that we must urgently address.

First, operators must accept that the export volume of ICE vehicles will decrease according to global market demand. However, Thailand should maintain its status as an ICE production base to serve as the final ICE production hub in the region.

Another strategy is Cost Leadership to compete on costs; it is true that Thailand's costs are not as low as China's. But we can strategize for Thailand to be a co-production base or a second production base for China under the "China + Alpha" policy. By controlling expenses so the overall cost is comparable to China, it will help the Thai automotive industry maintain its role as an ICE production base. Once costs are controlled, it will provide entrepreneurs with capital to invest in developing other areas as well.

- Diversify Production, Especially EV Parts

After securing the stronghold in ICE vehicle production, the production base should be adjusted by shifting focus toward manufacturing and assembling vehicles according to global demand—namely EVs—in parallel. Diversifying the production base in this manner will increase opportunities for new automotive companies focusing on EVs to look toward Thailand and choose Thailand as their production base, reducing the company's risk of relying solely on ICE vehicle production.

- Leverage Existing Potential to Step into New Businesses

This era of new challenges may be a good time for entrepreneurs to transform and develop themselves toward "new businesses," turning crisis into opportunity. Thai automotive industry entrepreneurs can use their existing resources and expertise to jump into new markets. This may involve collaborating with other private sectors and research institutes both domestically and internationally to develop new products according to demands both within and outside the industrial group.

Examples include MaaS (Mobility as a service), BaaS (Battery as a service), Agtech (Agricultural technology), and others, which would be another way to help entrepreneurs move forward sustainably.

### Conclusion

This is a new challenge approaching Thai operators. It presents a great opportunity for operators to adapt, eliminate unnecessary processes to increase business flexibility, and begin planning for long-term uncertainties by utilizing existing capabilities to produce new products.

Therefore, entrepreneurs should start by reducing unnecessary processes to make the business flexible and agile to increase competitiveness and start planning for long-term uncertainty, such as starting to invest in new businesses early on and using existing potential to produce new products that meet industrial market demands.

For example, automotive parts manufacturers in Japan have turned to producing new products, which are navigation system technologies for taxis and food delivery vehicles. Some companies have turned to producing sports shoe soles by applying their expertise and technology in automotive rubber production that they already possess, and some companies use the capabilities of automotive sensor technology to produce health monitoring products for the elderly, etc. This type of adaptation must be carried out alongside learning and developing new things so that we can stand firm and maintain our position within the supply chain, which will help the Thai automotive industry proceed with stability.

(Data Source: SALIKA)

The company has adapted to current situations by adopting new technologies to support the increasingly diverse needs of customers, creating good opportunities to receive orders from new manufacturers and customers.

The company proceeded with the construction of a new 250 million baht joint venture car seat sewing factory in Cambodia on July 15, 2015, located in the Poipet Special Economic Zone, Sanco SEZ Industrial Estate, holding a 25% stake alongside NHK Spring (Thailand) Co., Ltd.

This factory is only 6 kilometers from the Thai-Cambodian border, making it convenient for sending products back into Thailand and suitable for international export.

#### Competitive Conditions

Most companies have increasingly turned to price competition strategies, leading to lower profit margins. The company, as a manufacturer of tanned leather, leather furniture, and pet toys, has also been affected, prompting a review of its business policies to shift towards the development and production of leather car seats and leather interior accessories. These products require high manufacturing expertise and superior quality, which creates differentiation and higher profit margins. Competition in the leather car seat business is not yet intensely fierce because it demands manufacturing expertise and high-quality standards. It takes considerable time for an automaker to verify quality and standards before changing suppliers, making it difficult for customers to switch to other seat manufacturers once trust is established, thus limiting the number of new competitors in this industry. The company's status in the manufacturing industry for leather seats and automotive leather parts falls into 2 categories:

Tier 1: The company acts as a direct supplier of leather seats and automotive leather parts to the automakers.

Tier 2: when the company has the status of a manufacturer of leather seats and automotive leather parts, supplying them to companies that manufacture leather seats and automotive parts for car manufacturers in a subsequent step. It is not direct production; therefore, the company's customers in this case are companies that act as manufacturers of leather seats and automotive parts for car manufacturers.

Currently, almost all of the company’s production of leather seats and automotive leather parts is manufactured for companies that are car seat manufacturers for sale to various car manufacturers in turn (it is not direct production for car manufacturing companies).

Competitive Potential

Because the company has been a manufacturer and operator in the tanning business for over 50 years, it has resulted in the company having the experience and expertise to produce tanned leather—the initial raw material for its other products—to a high quality and standard that meets customer requirements. The fact that the company produces its own initial raw materials for its products allows it to control product quality and production costs even more effectively. Combined with the company's past reputation, which is well-recognized by customers, and its good relationships with them, the company’s products are competitive against other operators. This is especially true for leather car seat products, which are the company's main revenue generator and require high quality and production standards. Therefore, it is difficult for any particular leather car seat manufacturer to earn the trust and confidence to be a supplier for various automakers. Regarding the company, its product quality is currently accepted by customers, including Japanese and American car manufacturers, and companies that manufacture car seats for various automakers have placed their trust in and accepted the quality of the company's products. This makes the chance of the company losing automotive industry customers to competitors unlikely, as any manufacturer wishing to change to a new raw material source must conduct a thorough quality inspection, which takes a significant amount of time to establish trust and involves substantial costs. For these reasons, companies that produce car seats for various automakers, or the car manufacturing companies themselves, do not typically change raw material suppliers very often.

- Product and Service Management

Production Policy

- Choose raw materials that can be sourced within Asian countries and neighboring countries, such as Australia, Vietnam, Japan, etc.
- Reduce losses and increase production efficiency to deliver high-quality products on time.

**Production Capacity and Capacity Utilization Rate, 2024**

Product	Tanned Leather (Sq.ft./month)	Pet Toys				Leather Furniture (Pieces/month)	Car Seats (Units/month)
		Rawhides		Munchy			
		Knotted Bones (Tons/month)	Pressed Bones (Tons/month)	Ground Hide (Tons/month)	Semi-finished Products (Tons/month)		
Full Capacity	2,000,000	20	25	30	80	6,000	20,000
Actual Production Volume	1,920,630	6.7	9.59	11.16	32.43	3,555	10,550
Capacity Utilization Rate	96.03%	33.55%	22.36%	37.20%	40.54%	59.25%	52.75%

## Production Capacity and Capacity Utilization Rate, 2025

Product	Tanned Leather (Sq.ft./month)	Pet Toys				Leather Furniture (Pieces/month)	Car Seats (Units/month)
		Rawhides		Munchy			
		Knotted Bones (Tons/month)	Pressed Bones (Tons/month)	Ground Hide (Tons/month)	Semi-finished Products (Tons/month)		
Full Capacity	2,000,000	20	25	30	80	6,000	20,000
Actual Production Volume	1,370,210	2.21	13.34	9.79	26.63	3,888	11,611
Capacity Utilization Rate	68.51%	11.05%	53.36%	32.63%	33.29%	64.80%	58.05%

### Important Raw Materials for Production

#### **Tanning Branch**

The essential raw materials for production are cowhides and chemicals, sourced from both domestic and international markets with no issues in procurement. For leather raw materials, key factors include price and reliable sources in terms of quality, weight, and quantity. There are numerous raw material suppliers worldwide; most leather materials are purchased from salted hide producers who own slaughterhouses or factories that salt or brine raw hides themselves, of which there are approximately 6 suppliers. For chemicals, there are approximately 10 suppliers.

#### **Dog Chew Branch**

The essential raw materials for production are cattle hide glue and buffalo hide glue, both imported and domestic, including the processing of pigskin utilized as a substitute (body, filling, casing, ground) to cover all processes.

- Research and Development (R&D) Policy

Chai Watana Tannery Group Public Company Limited prioritizes research and development to build competitiveness and business growth, including the adoption of modern technology for production to achieve higher quality products than competitors in the market, increase competitive opportunities, and prepare for future changes. The main objectives and goals of research and development are as follows:

1. To increase production efficiency, reduce production costs, and achieve product quality that meets customer requirements.
2. To develop modern products to support future changes through new innovation.
3. To aim toward being a learning organization to build personnel potential.
4. To reduce environmental impacts occurring both within and outside the organization.

## Raw Material Purchasing Proportion

### **Tanning Branch**

Raw Material	2023		2024		2026		Imported from
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	
Cowhide							
- Imported from Abroad	48.79	55.40	63.70	92.55	41.32	79.55	Australia, the USA, and Japan
- Domestic	39.28	44.60	5.13	7.45	10.62	20.45	
Chemicals							
- Imported from Abroad	36.22	40.46	50.90	49.15	52.82	56.62	Singapore, Germany, China, India, South Korea, and Italy
- Domestic	53.30	59.54	52.64	50.84	40.47	43.38	
<b>Total</b>	<b>177.59</b>		<b>172.37</b>		<b>145.23</b>		

### **Pet Toy Branch, Furniture Branch, and Car Seat Branch**

- The majority of raw material purchasing is sourced domestically.

#### **Purchase – Sale Contracts**

Cowhide: This is a contract without a binding term. Volume can be reserved, but prices are not fixed; prices follow global economic conditions, but the contract specifies product grade quality, size, volume, and delivery timing conditions.

Chemicals: Specifications cover product quality and delivery. Prices are negotiated initially, and the price validity for chemicals is approximately 1 year.

#### Raw Material Shortage Problems

In the past, the company has never experienced any shortage of raw materials or chemicals. However, there are some issues with cowhide regarding price volatility due to seasonal Demand/Supply or animal epidemics, etc.

For pet toys, there is a possibility that raw material availability will decrease because the demand for PU or synthetic leather to replace cowhide has increased. Consequently, the raw materials (split leather) used to produce dog toys have decreased.

#### Suppliers

The company does not purchase products from any single supplier exceeding 30% of total raw material purchases. Most purchases are averaged out to maintain a certain level of suppliers and to diversify the risk in the company's raw material procurement. However, the company also considers price, quality, and punctuality in delivery. Furthermore, the suppliers from whom the company purchases raw materials have a good relationship with the company's executives due to long-term trading, which has resulted in the company never experiencing raw material shortage problems in the past.

#### Possibility of Product Substitutes

In the current market, there is no product that can fully substitute for genuine leather products. Even though there has been development of PVC SOLE to act as a replacement, it cannot truly substitute

due to the natural properties of the product itself, such as aesthetic quality, durability, long service life, and ease of cleaning, etc.

### Environmental Impact

The key factor for a tannery factory is wastewater. Wastewater from the production process is treated before discharge through a central wastewater treatment system where the company is located, which is the Leather Industrial Zone at KM. 30. Chromium sludge obtained from the treatment process is separated and taken for landfilling at a pollution control center. Additionally, leftover raw materials, such as leather scraps, can all be sold. However, the company currently produces Chrome-free leather to reduce environmental impact. In the past year, the company's subsidiary has improved its wastewater treatment system to ensure that treated water quality can be controlled according to industrial standards at all times. This is achieved using an Automation system to control energy consumption at a level that meets the standards of wastewater treatment to reduce environmental impact.

### **Energy Business Group**

- Product Characteristics

Consists of the production and distribution of electricity from renewable energy, including waste disposal plants and the production and distribution of electricity from waste (as of the present, the group has not yet recognized revenue from the distribution of electricity from waste).

Over the past several years, the company has been interested in the renewable energy business and has conducted studies on several projects, such as waste-to-energy, solar power, biomass fuel power, etc. The company recognizes that investment in the energy business shows continuous and steady growth, creating stable and recurring income that helps diversify risk from the leather tanning industry. It can create added value and long-term returns. If a study proves feasible, the company will proceed with the business to generate revenue for the company further.

In August 2016, the company restructured and separated the management of the energy group from Chai Watana Tannery Group Public Company Limited. On July 12, 2023, the group restructured again by transferring shares of the companies within the energy group together, as the energy business has management practices that differ from the company's original business. Investments focus on collaborating with partners who have expertise in each type of renewable energy and investing in companies that can develop and expand the business to serve as a fuel production base for companies engaged in the production and distribution of electricity in the future.

#### **Biomass Fuel Electricity Distribution Business**

- In 2016, the company's subsidiary, Chai Watana Green Co., Ltd., invested by purchasing 100% of the shares from existing shareholders of Khok Charoen Green Energy Co., Ltd., which was later renamed Green Power 2 Co., Ltd. Currently, it has a registered capital of 300 million Baht to operate a biomass power plant project. This plant produces electricity from eucalyptus bark and mixed deciduous wood with a production capacity of 9.6 MW. An amendment agreement was made to the Power Purchase Agreement VSPP-PEA-042/2015 by changing the electricity rate from an Adder rate to a Feed-in Tariff (FiT) rate with the Provincial Electricity Authority on October 17, 2016, with a project term of 15 years and 4 months from the Commercial Operation Date (COD). The electricity produced by the project will be sold to the distribution grid of the Provincial Electricity Authority (PEA) at a maximum electrical energy quantity of 8 MW at a voltage level of 22,000 volts. The electricity purchase point is located at the installation site in Sala Lamduan Subdistrict, Mueang Sa Kaeo District, Sa Kaeo Province. Green Power 2 Co., Ltd. entered into a Power Purchase Agreement with the Provincial Electricity Authority, specifying a Scheduled Commercial Operation Date (SCOD) within

October 16, 2017. The company received its Factory Operation License (R.N. 4) on February 8, 2017. On September 15, 2017, the 6/2017 meeting of the Electricity Purchase Administration Committee of the Provincial Electricity Authority passed a resolution to postpone the SCOD by another 6 months from the original contract deadline, setting the new SCOD as April 16, 2018. On April 24, 2018, the company began recognizing revenue from commercial electricity distribution at a purchase rate of 4.54 Baht/unit for the first 8 years, after which the price is 4.24 Baht/unit.

- On January 9, 2023, Chai Watana Green Co., Ltd. invested by purchasing 100% of the shares from existing shareholders of IEC Sa Kaeo 1 Co., Ltd. (currently renamed Green Power 5 Co., Ltd.) with an investment value of 227.94 million Baht to engage in the business of producing and distributing electricity from biomass fuel.

### **Electricity Purchase Rates from PEA**

The revenue components under the aforementioned contract can be divided into 3 components, with equations defined in the Power Purchase Agreement (PPA). The details are as follows:

1. Fixed Feed-in Tariff (FiT Fixed: FiTF): A rate calculated from the power plant construction costs and operations and maintenance (O&M) costs throughout the service life, fixed for the entire duration of the project support.

2. Variable Feed-in Tariff (FiT Variables: FiTV): A rate calculated from the cost of raw materials used in electricity production, which increases over time. This rate will increase continuously according to the Core Inflation rate, applicable to the biomass fuel category only.

3. Special Feed-in Tariff (FiT Premium): An additional purchase rate on top of the normal FiT rate. The rate varies according to the type of technology (renewable fuel) and projects located in special areas, such as the southern border provinces. This special purchase rate is supported for a period of 8 years from the Commercial Operation Date (COD).

Total Electricity Purchase Rate = FiTF + FiTV + FiT Premium (only for the first 8 years of electricity sales)

FiT Purchase Rates announced in 2015: For VSPP projects in the Biomass Energy Group

Installed Capacity (MW)	FiT (Baht/Unit)			Support Period (Years)	FiT Premium (Baht/Unit) (First 8 years)
	FiTF	FiTV.2560	FiT(a)		
Installed Capacity > 3 MW	2.39	1.85	4.24	20(b)	0.30

Note: (a) FiT rate for projects selling electricity into the system within 2017. Thereafter, the FiTV rate will increase continuously according to the Core Inflation rate for biomass fuel only.

(b) The project has a Power Purchase Agreement term under the FiT scheme set at 20 years (GP2 had its project support period reduced to 15 years and 4 months).

Source: Announcement of the Energy Regulatory Commission regarding the purchase of electricity from renewable energy during the transition period from Adder to FiT.

### **Renewable Energy Projects from Waste Fuel**

- The company's subsidiary, Chai Watana Green Co., Ltd., currently holds a 100% investment in Green Power 1 Co., Ltd. ("GP1"), which operates in waste sorting and management to produce fuel for sale to power plants, as well as waste-to-energy power production. This investment was approved by the Extraordinary General Meeting of Shareholders on July 1, 2015. Currently, the project is awaiting ministerial regulations because it originally operated under the Private Investments in State

Undertakings Act. Later, government policy shifted to operate projects under the Maintenance of Cleanliness and Orderliness of the Country Act (No. 2), B.E. 2560 (2017). This caused the procurement process for the waste disposal contract to restart in accordance with the Act that became effective in early 2017. The company is currently awaiting all steps and procedures to determine which stage will begin, which requires waiting for ministerial regulations under the Maintenance of Cleanliness and Orderliness of the Country Act, B.E. 2535 (1992), which will be amended and clearly announced to align with relevant laws.

“In this regard, the company’s project area for investment is not currently situated in a location that is ready or able to operate at this stage. However, the company’s area is in a high-potential location and is under consideration, currently in the process of securing a grid connection point for the next phase,” and is awaiting letters from the Energy Regulatory Commission or the Department of Local Administration.

In August 2020, the subsidiary “GP1” signed a contract for a community solid waste management and disposal project invested by the private sector for Nakhon Sawan Municipality. This waste management and disposal project operates within the Nakhon Sawan Municipality area, which currently has approximately 170 - 200 tons of community solid waste per day and approximately 1,000,000 tons of accumulated waste in the sanitary landfill disposal center at Ban Makluea Subdistrict. Nakhon Sawan Municipality therefore needed to improve its waste disposal system and increase waste disposal capacity to be sufficient for the continuously increasing trend of community waste volume. GP1 will perform waste disposal operations (converting it into RDF fuel) with a production capacity of at least 30 tons per hour and at least 400 tons per day. The project involves an investment of 325.80 million Baht, with a construction and machinery installation period to be completed within 730 days from the signing date.

GP1 has completed the construction of the waste disposal plant and officially handed over the work to Nakhon Sawan Municipality on August 31, 2023, and began recognizing revenue in October 2023. The project will be further developed into a Refuse Derived Fuel (RDF) power plant in the next stage.

#### **Investment Project in Rak Ban Rao Co., Ltd. (Waste sorting and waste-to-energy business)**

- The company’s subsidiary, Chai Watana Green Co., Ltd., entered into a joint investment with Rak Ban Rao Co., Ltd. to operate a waste sorting and waste-to-energy business located in Tha Khlong Subdistrict, Khlong Luang District, Pathum Thani Province. It currently operates on 42 rai of land with a registered capital of 176 million Baht, engaging in integrated waste sorting and electricity production from waste since 2009. It entered into an operational contract with Tha Khlong Municipality to sort 3 types of waste: plastic bags, glass/metal, and food scraps. The food scraps are fermented through a process to generate methane gas, which is sent to a generator producing 1 MW of electricity per day, sold to the private sector within the Navanakorn Industrial Zone.

In late 2017, Rak Ban Rao Co., Ltd. invested in improving its waste sorting system, which increased the company’s ability to generate revenue and profit. Regarding the company’s strategy and goals for investing in the renewable energy group, the company anticipates that entering the energy business is an investment in a steadily and securely growing sector, providing stable and continuous revenue while diversifying risk from the leather tanning industry—the current core business focused on car leather seats and parts. This creates added value and long-term returns for the company. Such investment is considered capable of generating strong performance, revenue, and profit, and creating certain cash flow for the company in the future. Currently, Rak Ban Rao Co., Ltd. has not had its contract renewed by Tha Khlong Municipality and no longer has operational activities.

Investment Project in Kalasin Rungrueang Bio Power 2012 Co., Ltd.

- On October 21, 2022, the direct subsidiary - Chai Watana Green Co., Ltd. - invested by purchasing shares from existing shareholders at a 75% ratio in Kalasin Rungrueang Bio Power 2012 Co., Ltd. to operate a waste sorting and waste-to-energy production and distribution business. It will produce electricity from Refuse Derived Fuel (RDF) with a capacity of 6 MW, selling 5 MW of electricity. The Power Purchase Agreement (PPA) was signed with the Provincial Electricity Authority on August 31, 2023. The Scheduled Commercial Operation Date (SCOD) is expected in 2025-2026. Currently, it is under power plant construction and preparing for the construction of 3 waste disposal centers.

#### • **Marketing and Competition of the Energy Group**

##### Marketing Policies and Key Characteristics of Products and Services

For the energy business group, there are 2 products: exporting wood chips, and the production and distribution of electricity from renewable energy. The production and distribution of electricity from renewable energy involves selling electricity solely to the electricity authorities. As for wood chip exports, in 2016, 100% was exported to Japan and China. In 2017, revenue from wood chip exports was 52.71 million Baht, and in 2018, the company had no revenue from wood chip exports.

##### Industry Trends and Conditions

During 2022 - 2025, the company's revenue from the energy group consisted solely of revenue from the production and distribution of electricity from renewable energy, accounting for 16.82 percent of the company's total sales and service revenue, respectively. In analyzing industry trends and conditions, it is necessary to categorize the analysis as follows:

In the recent period, the overall picture of renewable energy use for electricity production in Thailand has shown a positive growth trend, supported by key factors from the government sector aiming to push for increased renewable energy usage to replace fossil fuels by 20 percent of final energy consumption by 2036. Regarding the power generation sector, when considering the targets set by authorities according to the Thailand Power Development Plan 2015-2036 (PDP 2015), it is found that the 2036 target aims to push renewable energy use for electricity production to approximately 19,684.40 MW. Meanwhile, at the end of 2016, production according to the target had already reached 8,271.24 MW, or 42.0 percent of the predicted target.

It was found that the energy groups with production trends closest to their targets are Biomass, followed by Solar and Waste, while Wind energy is considered to be quite far from the target. Regarding biomass energy, it is considered among the first groups of renewable energy that the government supported because Thailand is an agricultural nation, resulting in large quantities of agricultural waste materials, which can be used as alternative energy for electricity production. This has allowed biomass electricity production to reach its target relatively faster than other types. However, in the long term, investment opportunities in this type of energy will be suitable for entrepreneurs in agricultural businesses who already have raw materials, such as palm oil mills, sugar mills, rubberwood mills, rice mills, etc., that wish to produce electricity for use within their own businesses to reduce electricity cost burdens and sell some of the remaining electricity back to EGAT in the form of Small Power Producers and Very Small Power Producers (SPP and VSPP), rather than being an investment by new entrepreneurs who do not already have by-products or fuel used for production.

### Proportion of Renewable Energy Usage for Electricity Production in Thailand

Renewable Energy	Unit	June 2020	Aug 2021	2025 Target	2036 Target
Wind Energy	MW	1,506.82	1,546.22	371.16	3,002.00
Solar Energy	MW	2,982.62	2,982.28	2,484.94	6,000.00
Waste	MW	324.44	348.48	440.00	550.00
Biogas	MW	542.24	569.79	533.94	1,280.00
Small Hydropower	MW	189.00	190.39	228.89	376.00
Biomass	MW	3,465.38	3,763.77	3,571.06	5,570.00
Large Hydropower	MW	2,919.66	2,919.66	2,906.40	2,906.00
Other Renewable Energy (Geothermal Energy)	MW	0.30	0.30	-	-
<b>Total</b>	<b>MW</b>	<b>11,930.46</b>	<b>12,320.89</b>	<b>10,536.39</b>	<b>19,684.00</b>

Source: Department of Alternative Energy Development and Efficiency (Latest data as of August 2021)

In recent periods, the government has begun turning to support the production of electricity from other types of renewable energy more in order to move toward the established goals, which specify that the proportion of renewable energy must reach 20% of final energy consumption. By setting electricity purchase rates in the form of FiT with power purchase agreement terms of 20-25 years, it incentivizes more investment in other renewable energy businesses such as solar, waste, and wind energy, which have received a fairly good response.

Regarding current renewable energy business trends, growth is still possible as the Thailand Power Development Plan serves as the main plan for procuring sufficient electricity to meet demand to support the country's economic growth and increasing population. The Ministry of Energy (MOE), together with the Electricity Generating Authority of Thailand (EGAT) and relevant agencies, therefore developed the Thailand Power Development Plan B.E. 2561-2580 (PDP2018), of which the timeframe aligns with the 20-year National Strategic Plan (B.E. 2561-2580).

The preparation of previous Thailand Power Development Plans primarily prioritized providing sufficient electricity to meet the overall national demand as the main factor, without considering conditions regarding the distribution of the power generation system or regional fuel source management, including the designation of power plants for security in each area. Additionally, recent electricity consumption situations have changed from the original demand forecasts used to develop the Thailand Power Development Plan B.E. 2558 - 2579 (PDP2015). Furthermore, as the PDP2015 has been implemented for some time, the Ministry of Energy has reviewed and updated PDP2015 to ensure that the country's power development planning aligns with changing electricity demand resulting from economic growth and future technological changes in power generation. This also reflects government policies and the 20-year National Strategic Plan by considering power development appropriate to electricity demand and production potential in each region. Furthermore, it takes into account the connection between investment in power generation and the security of the power transmission system to ensure maximum cost-effectiveness in power system management and the promotion of electricity affairs to increase competition under highly efficient supervision while maintaining security.

#### Guidelines for the Thailand Power Development Plan B.E. 2561 - 2580 (PDP2018)

The guidelines for PDP2018 consist of 4 main parts as follows:

1) Power plants according to government promotion policies: Promotes electricity production from renewable energy, including community waste and Pracharath biomass power plants in the 3 southern border provinces, etc.

2) Main fossil fuel power plants Consisting of EGAT power plants, Independent Power Producers (IPP), Small Power Producers (SPP), and electricity imports. By (1) allocating main power plants for regional security across 7 regions: North, Northeast, East, West, Central, South, and Metropolitan area. (2) Allocating main power plants according to necessity and sufficiency to maintain the security of regional power systems. EGAT still serves as the overseer of power system security.

3) Renewable energy power plants according to the Alternative Energy Development Plan (AEDP) consisting of biomass, biogas, solar energy, floating solar combined with hydropower, and other renewable energies, with annual purchase targets based on renewable electricity production policy, purchased at prices not exceeding Grid parity to prevent retail electricity prices from rising.

4) Energy conservation policy under the energy conservation plan that can prove reliability through quality and compete at prices not exceeding Grid Parity.

#### Power Plant Allocation Guidelines

The allocation of main power plants by region will consider additional main plants to maintain the security of the power system in each region, considering the fuel potential and existing infrastructure in each area to reduce additional investment. There is space for electricity production from new renewable energy technologies in the future as appropriate, without increasing the long-term obligations of the main system's power plants, while considering risks arising from Disruptive Technology. It reduces redundant investment between main and renewable power plants, which would be a burden on public electricity costs, maintains the production capacity level in the main power system, and increases main power plants in the Metropolitan area to reduce reliance on capacity from other regions so that each region is primarily secure through its own internal capacity.

#### Thailand Power Development Plan B.E. 2561 - 2580 (PDP2018)

The Thailand Power Development Plan B.E. 2561 - 2580 (PDP2018) will have a total net capacity in the 3 electricity authorities' system at the end of 2037 totaling 77,211 MW. This consists of the current production capacity at the end of 2017 equal to 46,090 MW, with a total of 56,431 MW from new power plants, and the retirement of 25,310 MW of old power plants reaching the end of their lives during 2018 - 2037.

#### **Power Generation Capacity during 2018 - 2037**

- Power Generation Capacity as of December 2017	46,090 MW
- New Power Generation Capacity during 2018 - 2037	56,431 MW
- Retired Power Generation Capacity during 2018 - 2037	-25,310 MW
- Total Power Generation Capacity at the end of 2037	77,211 MW

**New Power Generation Capacity during 2018 - 2037, totaling 56,431 MW, is categorized by power plant type as follows:**

- Renewable Energy Power Plants	20,766 MW
- Pumped Storage Hydropower Plants	500 MW
- Cogeneration Power Plants	2,112 MW
- Combined Cycle Power Plants	13,156 MW
- Coal / Lignite Power Plants	1,740 MW
- Power Purchases from Abroad	5,857 MW

- New / Replacement Power Plants	8,300 MW
- Energy Conservation Measures	4,000 MW
<b>Total</b>	<b>56,431 MW</b>

Renewable Energy Power Plants according to the Alternative Energy Development Plan (AEDP)

**Power Plants according to Government Promotion Policies**

Government promotion of renewable energy electricity production focuses on addressing overall social issues, such as community waste problems, as well as promoting electricity production from biomass and biogas in special areas like the 3 southern border provinces. This represents an integrated collaboration between the government, community, and private sectors, responding to local growth goals and contributing to security, income distribution, and job creation in the area by maximizing the use of local resources. The objectives of these operations are as follows:

- Create an integrated system and participation covering the government, community, and private sectors, resulting in security, income distribution, and employment for local communities.
- Generate economic growth and enhance prosperity for the community.
- Strengthen the country's electrical energy security.
- Promote the full utilization of local resources.
- Decentralize authority from the central government to the local/regional level.
- Foster a sense of ownership among the local community to protect the power transmission and distribution systems.

Promotion targets for renewable energy are determined based on area potential, considering data from the Department of Alternative Energy Development and Efficiency. The total target is 520 MW, consisting of:

- Waste Power Plants	400 MW
- Pracharath Biomass Power Plants in the 3 southern border provinces	120 MW

**New Renewable Energy Power Plants and Energy Conservation Measures**

Renewable Energy Power Plants will consider procuring power generation capacity from renewable energy to align with the country's remaining renewable energy potential and support changing electricity consumer behavior, as well as emerging Disruptive Technology in the electrical energy sector, while remaining in alignment with the COP21 agreement. This consists of biomass, biogas, solar energy, floating solar combined with hydropower, and other renewable energies, with the purchase objective of maintaining retail electricity price levels to prevent them from rising. Furthermore, it considers future energy conservation measures that will be reliable and have costs that can compete with renewable energy power plants.

(Unit: Megawatts)

Renewable Energy / Energy Conservation	Contracted Capacity	Dependable Capacity
Solar Energy	10,000	4,250
Biomass	3,376	2,296
Biogas	546	325
Floating Solar combined with Hydropower	2,725	1,158

Renewable Energy / Energy Conservation	Contracted Capacity	Dependable Capacity
Wind Energy	1,485	189
Industrial Waste	44	26
Electricity Energy Conservation Measures	-	4,000
<b>Total by 2037</b>	<b>18,176</b>	<b>12,244</b>

Note: 1. A solar energy project (Solar for the People) will be implemented at 100 MW per year for a period of 10 years.

2. Renewable energy procurement should be conducted on a competitive basis at a rate not exceeding the average wholesale rate (Grid Parity).

Source: Thailand Power Development Plan B.E. 2561–2580 (PDP2018), Energy Policy and Planning Office, Ministry of Energy.

However, one of the obstacles for waste-to-energy is the limitation in raw material procurement for electricity production, as generating 1 MW of electricity requires up to 100 tons of potential waste per day. Such large-scale waste sources in Thailand are limited, and the quality of waste sorting remains low. Furthermore, the selection of technology for electricity production is a crucial factor; inappropriate choices could lead to environmental impacts, particularly air pollution. Ultimately, environmental approval from the public is required before electricity can be offered for sale to EGAT.

Estimates from Kasikorn Research Center suggest that the investment value in the renewable energy business for power generation during 2016–2018 is expected to be around 110–150 billion Baht. Solar energy accounts for the highest investment, followed by wind, biomass, and waste, respectively. For the subsequent period up to 2036, or the end of the PDP 2015 plan (2019–2036), cash flow in the renewable energy business for power generation is expected to reach 5.35 million Baht.\*

Source: K SME Analysis

Type of Renewable Energy	Investment During 2016-2018		Remaining Target under PDP 2015 (2019-2036)	
	MW	Value (Million Baht)	MW	Value (Million Baht)
Wind Energy	969,000	41,000-58,000	1,799,100	108,000
Solar Energy	1,000,000	42,000-60,000	3,580,419	215,000
Biomass	291,749	13,000-19,000	2,551,651	166,000
Waste	112,892	12,000-17,000	305,428	46,000
<b>Total</b>	<b>2,373,641</b>	<b>110,000-154,000</b>	<b>8,236,598</b>	<b>535,000</b>

Source: ERC, compiled and estimated by Kasikorn Research Center.

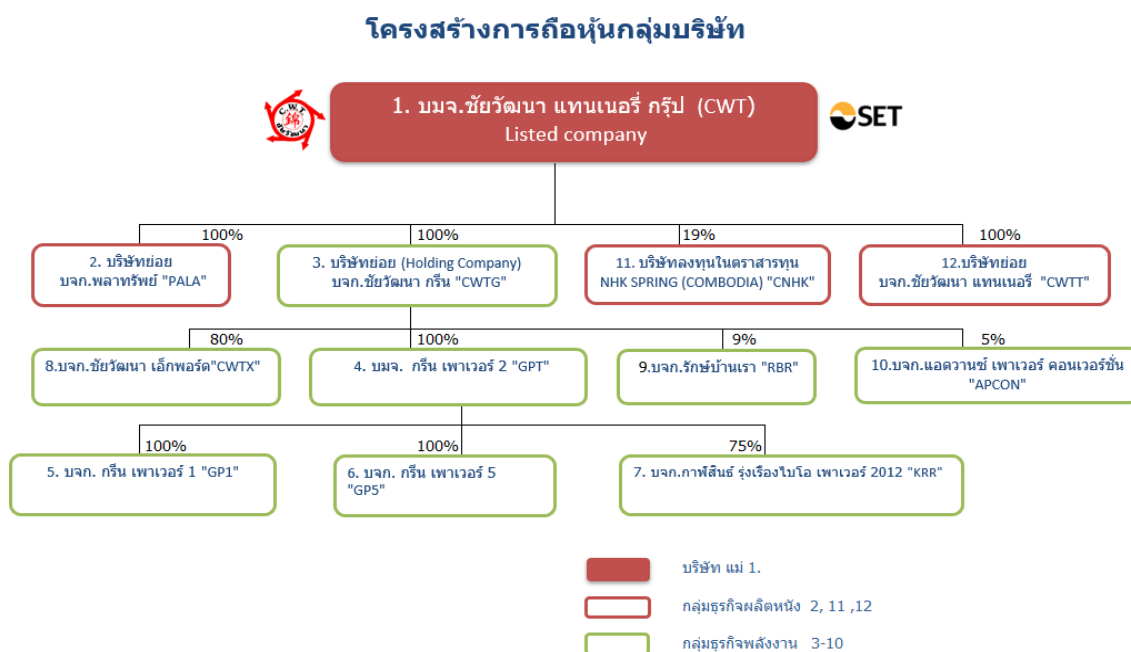
It can be seen that renewable energy remains a business with continuous growth opportunities. This presents a significant business opportunity for SME entrepreneurs in fields related to or linked with renewable energy to grow simultaneously. Therefore, entrepreneurs should closely monitor investment news, especially regarding project progress or various measures that may impact the business—both positively and negatively—as well as problems and obstacles in project implementation, to prepare for various situations that may affect their business. Additionally, building a trade alliance network is indispensable, as it allows entrepreneurs to become part of the renewable energy supply chain.

Currently, the government prioritizes energy management and promotes renewable energy policy as a National Agenda. By increasing the volume of electricity purchases according to the Alternative Energy Development Plan B.E. 2555-2564 (AEDP) from 9,201 MW to 13,927 MW, this will drive increased investment in electrical engineering, electrical and mechanical systems, and renewable energy power plants. This results in the expansion of the market for system work, 115-500 kV transmission lines, substations, and the construction of various types of renewable energy power plants at the SPP (Small Power Producer) level. This provides companies with opportunities for long-term revenue and profit growth. Within the PDP 2015 framework, the transmission system development plans are specified as follows:

1. 9 projects to develop the transmission system to meet increasing electricity demand.
2. 7 projects to develop the transmission system to enhance power system security.
3. 5 projects to renovate and expand transmission systems that have deteriorated due to age.
4. 9 projects for transmission systems to support power plant connections (to accommodate electricity purchases from IPP, SPP, and international sources).
5. International transmission system interconnection projects (Grid to Grid).
6. Smart Grid network development projects.

All of these are part of a development work plan in which EGAT intends to study and seek approval for an additional 19 projects.

## 1.2 Shareholding Structure of the Company Group



## 1.3 Number of Registered and Paid-up Capital

Stock symbol	:	CWT
Company name	:	Chai Watana Tannery Group Public Company Limited
Registered and paid capital	:	630,116,465.00 Baht
Number of shares	:	630,116,465 Shares
Par value	:	1.00 Baht
First share trading date	:	April 29, 1991

## **2. Risk Management**

### **2.1 Risk Management Policy and Plan**

In the past, the company has managed risks by establishing management guidelines to prevent impacts from various risks that could hinder the organization from achieving its set objectives. This is intended to build confidence among stakeholders that the company can operate its business under a continuously and rapidly changing environment.

Currently, executives and employees at all levels within the organization, including subsidiaries, participate in the implementation of the risk management plan in conjunction with the corporate strategic planning process. The Risk Management Committee provides continuous oversight to ensure that business goals are achieved.

### **2.2 Business Risk Factors**

#### **2.2.1 Risk to the Business Operations of the Company and its Subsidiaries**

Risk factors in the business operations of the company and its subsidiaries that may arise and significantly impact the company's future performance can be summarized as follows:

- **Tanning Industry Risk Factors:**

#### **Risk of Raw Material Shortage and Price Volatility**

Since the company's products require natural raw materials—specifically cowhides—which undergo various production processes to become semi-finished and finished goods, the company may face raw material shortages for production. The company is aware of this issue and has established policies and preventive measures to guard against shortages. This is achieved by diversifying raw material sources across various regions, such as Asia, Europe, Australia, North America, and South America. Additionally, the company constantly searches for new raw material sources and enters into forward purchase agreements regarding the volume and quality of the materials required. This enables the company to prevent raw material issues; historically, the company has never experienced a shortage of raw materials.

Regarding raw material price volatility, historically, prices have not fluctuated significantly except during crises—such as Mad Cow Disease, which severely impacts raw material volumes—or due to seasonal changes. For instance, during the rainy season, raw material prices tend to rise. To mitigate this risk, the company has implemented preventive measures by purchasing and stockpiling materials early in the year instead. Furthermore, if raw material prices rise significantly in any given year, the company can negotiate with customers to adjust product prices, depending on the negotiations between the company and its customers. However, in the past year, the company did not experience a significant increase in raw material costs due to its stockpiling measures, resulting in no negotiations for product price adjustments with customers.

#### **Environmental Impact Risk**

Since the upstream production processes in tanning factories may cause pollution to surrounding communities, the Company is fully aware of this issue. To establish sustainable solutions and prevention measures, the Company has implemented a policy to form an Environmental Management Working Group to apply for the ISO 14001 environmental management system certification, with the goal of achieving certification by 2023. Furthermore, the Company regularly participates in environmental and community-related projects with the Department of Industrial Works, Ministry of Industry.

Additionally, this year, the Company implemented a project to install a 6 ton/hr boiler using firewood as fuel to replace the previous 3 ton/hr boiler that used lignite coal. This upgrade helps reduce air pollution. Other initiatives include improving production formulas and processes to shorten production cycles, thereby reducing energy consumption and waste. A screw-type chiller system was also installed to replace the original piston-driven compressed air system, increasing efficiency and reducing electricity consumption by more than 50%. The Company also installed a 0.95 MW Solar Rooftop system, which has been operational since mid-January 2023.

### **Risk from the Loss of Major Domestic and Asian Customers**

Currently, more than 50% of the Company's revenue structure is derived from the automotive leather seat business. Key customers in this segment are manufacturers supplying leading American and Japanese automakers, including Honda, Toyota, and Isuzu. Consequently, future revenue could be impacted if the Company loses major customers in this sector.

To mitigate this, the Company has established preventive guidelines, such as diversifying revenue sources by expanding to other automakers, maintaining consistent high-quality standards, and fostering strong relationships with high-level executives and teams at various car companies. These efforts have steadily increased the Company's strategic importance and strengthened customer relationships, making the likelihood of losing these customers very low.

### **Credit Risk**

The Group is exposed to credit risk related to trade and other receivables, loans, bank deposits, and other financial instruments. The maximum potential loss from credit extension is the carrying amount of trade and other receivables and other financial assets. For trade receivables, the Group manages risk through appropriate credit control policies and procedures; therefore, no significant financial loss is expected.

Additionally, the Group monitors outstanding trade receivable balances at every month-end. The allowance for expected credit losses (ECL) is calculated based on the aging of outstanding debts from the due date for customer groups with similar credit risk profiles. Generally, the Group considers writing off trade receivables when there is no expectation of recovery and pursues legal action to follow up on such debts.

### **Product Substitution Risk**

The Company's products face competition from close substitutes. Future consumer behavior may shift toward other substitutes developed through technology to have properties equivalent to genuine leather, such as synthetic leather. This could impact the Company's revenue. However, the Company believes that in the near future, there will be no product capable of fully replacing genuine leather. Furthermore, leading automakers are increasingly focusing on environmental longevity, making the likelihood of switching from genuine leather to synthetic materials very low.

### **Innovation Risk in Product Manufacturing**

For the pet toy branch, there are limited channels for development alongside modern technology due to the constrained nature of raw materials. However, the Company has continued to develop existing raw materials to increase the variety of product styles and sizes. This includes sourcing other materials to mix with existing ones to create product differentiation and attract customer interest.

### **Foreign Exchange Risk**

The Group is exposed to foreign exchange risk related to the purchase and sale of goods in foreign currencies, primarily the US Dollar (USD) and Euro (EUR). In 2023, 2024, and 2025, the

Group recorded exchange rate gains (losses) of (2.05) million, 1.92 million, and 2.24 million Baht, respectively. The Group does not experience significant impacts on profit before tax from changes in the fair value of monetary assets and liabilities resulting from exchange rate fluctuations. Furthermore, the overall impact of exchange rates remains low as export sales account for only 5.48% of total revenue.

### **Liquidity Risk**

As of December 31, 2025, approximately 56% of the Group's liabilities are due within one year relative to the total book value. The Group has assessed the concentration of risk related to borrowing for debt refinancing and concluded that the Group maintains sufficient access to diverse funding sources.

<b>Financial Ratios</b>	<b>Unit</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Current Ratio	Times	0.76	0.73	0.89
Quick Ratio	Times	0.47	0.44	0.52
Net Debt to EBITDA Ratio	Times	(9.08)	4.86	5.66
Interest-Bearing Debt due within 1 year to Total Interest-Bearing Debt Ratio	Times	0.51	0.59	0.53

### **Risk from Technological and Digital Transformation**

Current business competition and development increasingly rely on modern technology and Internet of Things (IoT) connectivity to enhance operational efficiency and create positive customer experiences. Consequently, the Company has made preparations to accommodate these technological advancements and changes.

### **Human Resource Management Risk to Support Future Growth**

Expanding investments to diversify business risks creates stability and sustainable revenue for the organization. However, this expansion requires a more diverse workforce with specialized expertise in each specific business area. As a result, the Company must recruit highly capable personnel and effectively manage an intergenerational workforce to support business operations. The Company provides continuous learning opportunities and upskilling to ensure career advancement, maintain business continuity, and strengthen employee engagement with the organization. This involves collaborative analysis and planning between the executive and management teams to promote synergy and streamlined workflows among all affiliate companies.

- **Risk Factors for the Renewable Energy Business: Biomass Power Plant Projects**

### **External Factor Risks**

The company must assess risk management regarding external factors, particularly in the energy and infrastructure sectors which require high capital investment. Key factors to consider include economic, social, and political conditions, as well as rules, regulations, industry competition, and the investment climate. Based on an analysis of external obstacles to growth and capacity expansion—which may pose strategic risks affecting the mission to increase corporate value according to the company's vision, mission, goals, and strategies—the details are as follows:

- Thailand Power Development Plan 2015-2036 (PDP 2015): The adjustment of fuel proportions to ensure energy system balance and security acts as a constraint, preventing the company from expanding large-scale domestic power projects within 10 years. This is due to

the reduction in natural gas power plant proportions from 64% to 50%, while system reserves remain high at no less than 30%. Opportunities lie in developing renewable energy projects under Small Power Producer (SPP) and Very Small Power Producer (VSPP) schemes, which have seen an increased allocation.

- Global Economic Conditions: The global economy faces uncertainty and growth risks, such as currency volatility, oil price sensitivity, capital flows, and thinning trade volumes.
- Political Fluctuation: This affects policy changes and creates ambiguity in the regulations and laws governing business operations.
- Intense Competition: There is an increasing presence of Chinese investors in Asia who hold advantages in both technology and funding, as well as investors from various other industries entering the energy sector.
- Technological Innovation: Developments such as Electric Vehicles (EV) and Energy Storage Systems (ESS) are impacting energy business models.

### **Raw Material Adequacy Risk**

Since biomass fuel is a critical factor for project operations, any failure to secure an adequate and continuous supply would prevent the power plant from operating at full capacity, affecting revenue and returns. In addition to existing procurement agreements, the company has a policy to negotiate with additional suppliers to ensure sufficient volume and reduce reliance on a single vendor. Currently, other suppliers are available to deliver eucalyptus bark at the required volume and price. Furthermore, bagasse is purchased from sugar mills in Sa Kaeo as a supplementary fuel, which offers comparable heat value with less pungent smoke. In 2020, studies were initiated on using sugarcane leaves as a supplementary fuel. In the past year, fuel procurement met targets in terms of volume, quality, and price, with fuel cost management relative to revenue showing improved efficiency compared to 2018.

Additionally, the project has sources from other suppliers capable of meeting current demand. The team has also studied various types of raw materials to mitigate future risks. Currently, the company has purchase contracts with several new suppliers, ensuring an adequate fuel supply. Measures to ensure raw material adequacy include:

- Collaborating with partners in Sa Kaeo and nearby provinces for eucalyptus bark and wood chips, with plans to purchase fuel within a 100-kilometer radius of the power plant.
- Collaborating with partners in Chonburi for palm fruit bunches and fiber. Should future assessments indicate supply shortages or rising prices, the company will promote the cultivation of fast-growing energy crops, such as Giant Bamboo and Giant Leucaena (Krathin Yak), among farmers in Sa Kaeo. However, no shortages have been encountered currently, and fuel prices have shown a downward trend.

The company plans to maintain a fuel stockpile for approximately 45 days (around 15,000 tons) at the project site to ensure continuous electricity sales throughout the year.

### **Biomass Fuel Price Volatility Risk**

Fuel represents a high proportion of costs for biomass power plants. Therefore, any increase in biomass prices can impact operating profits. The company has prepared machinery and equipment capable of supporting multiple types of biomass fuel; if the price of one fuel type rises, others can be used as substitutes without causing damage. Management regularly monitors price changes. During periods when primary fuel prices are low, the company increases purchase volumes and stores the fuel in both indoor and outdoor storage areas to mitigate price volatility.

## **Calorific Value (Thermal Energy) Fluctuation Risk**

Fluctuations in the calorific value of biomass fuel impact electricity production volume. Since the production process is based on heat value assumptions for each fuel type, any deviation from these estimates can result in production not meeting the plan. To mitigate this, the company sets strict quality standards for biomass procurement; fuel is only accepted if it meets the specified criteria. Furthermore, fuel storage buildings have been constructed to house biomass during the rainy season, reducing the risk of calorific value fluctuations.

### **• Risks of the Waste-to-Energy Power Plant Project**

1. The waste-to-energy power plant project is implemented in two phases. The first phase involves the construction of a waste management, sorting, and processing system, while the second phase involves the construction of the power generation system. The first phase was successfully handed over to the municipality on August 31, 2023. The project receives municipal solid waste from Nakhon Sawan City Municipality, which undergoes a sorting process to be sold as recycled products. The project also generates revenue from waste management fees (tipping fees). Before commencing Phase 2, the Company must secure a Power Purchase Agreement (PPA). If the Company initiates Phase 2, its Net Debt to EBITDA ratio may increase.

2. The Company may face operational risks resulting from construction delays, environmental issues, or opposition from local **communities**.

### **• Corporate Image Risk**

The Company closely and consistently monitors and audits its corporate image risk management, fully recognizing that a strong corporate image is a vital foundation for business sustainability. Consequently, the Company has established **proactive and in-depth measures** to prevent and reduce the likelihood of risks, while preparing mitigation plans to minimize impacts on all stakeholders.

These measures cover potential issues such as **public opposition**, impacts on the community, society, and environment, as well as **good governance** concerns throughout the entire project lifecycle—from pre-development, through development and construction, during commercial operations, until the end of the contract. Furthermore, it may be necessary to maintain continuous measures after project completion to ensure that no undesirable incidents negatively impact the corporate image, while maintaining an appropriate financial cost.

## Part 3 Company financial information

### Statement of Financial Position

Statement of Financial Position	Consolidated Statement of Financial Position					
	Audited Financial Statements Dec 31, 2023 (Restated)		Audited Financial Statements Dec 31, 2024		Audited Financial Statements Dec 31, 2025	
	MB	%	MB	%	MB	%
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	104.06	2.9	55.81	1.63	207.55	5.93
Trade and other current receivables - net	348.73	9.73	307.66	9.01	271.25	7.75
Inventories - net	265.47	7.41	263.95	7.73	280.33	8.01
Temporary investments	0.24	0.01	0.23	0.01	-	-
Restricted bank deposits (Short-term)	40.29	1.12	56.09	1.64	34.13	0.98
Other current assets	33.62	0.94	19.78	0.58	23.58	0.67
<b>Total Current Assets</b>	<b>792.4</b>	<b>22.12</b>	<b>703.53</b>	<b>20.6</b>	<b>816.84</b>	<b>23.35</b>
<b>Non-current Assets</b>						
Restricted bank deposits (Long-term)	8.21	0.23	8.2	0.24	8.2	0.23
Investments in associates - net	30.59	0.85	-	-	-	-
Investments in non-listed debt instruments - net	6.09	0.17	24.78	0.73	24.39	0.7
Property, plant and equipment - net	2,233.67	62.35	2,188.25	64.07	2,241.27	64.06
Investment property	-	-	-	-	15.1	0.43
Service concession rights - net	279.26	7.79	268.15	7.85	255.1	7.29
Rights to produce and distribute electricity - net	165.73	4.53	153.62	4.5	109.75	3.14
Intangible assets - net	8.05	0.22	6.62	0.19	5.18	0.15
Goodwill - net	44.17	1.23	44.17	1.29	6.13	0.18
Other non-current assets	14.48	0.4	18.15	0.53	16.82	0.48
<b>Total Non-current Assets</b>	<b>2,790.26</b>	<b>77.88</b>	<b>2,711.95</b>	<b>79.4</b>	<b>2,681.95</b>	<b>76.65</b>
<b>TOTAL ASSETS</b>	<b>3,582.66</b>	<b>100</b>	<b>3,415.48</b>	<b>100</b>	<b>3,498.78</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Current Liabilities</b>						
Bank overdrafts and short-term loans from FIs	362.38	10.01	285.71	8.37	345.36	9.87
Trade and other current payables	307.26	8.58	210.94	6.18	189.9	5.43
Current portion of long-term loans from FIs	231.22	6.45	117.62	3.44	274.15	7.84
Current portion of lease liabilities	46.77	1.31	33.62	0.98	28.4	0.81
Short-term loans from other persons and parties	30	0.84	26	0.76	13.4	0.38
ST loans from related parties and accrued interest	39.84	1.11	-	-	-	-
Accrued corporate income tax	14.04	0.39	11.93	0.35	0.67	0.02
Provision for guarantee	-	-	60.32	1.77	57.71	1.65
Current portion of employee benefit obligations	-	-	0.31	0.01	1.8	0.05
Current portion of convertible debentures	-	-	199.51	5.84	-	-
Other current liabilities	15.82	0.44	12.16	0.36	10.39	0.3
<b>Total Current Liabilities</b>	<b>1,047.33</b>	<b>29.23</b>	<b>958.12</b>	<b>28.05</b>	<b>921.78</b>	<b>26.35</b>
<b>Non-current Liabilities</b>						
Convertible debentures - liability component	197.62	5.52	-	-	-	-
Long-term loans from FIs - net	441.48	12.32	431.89	12.65	491.22	14.01
Lease liabilities - net	96.2	2.69	117.1	3.43	87.9	2.51
Deferred tax liabilities	115.24	3.22	108.24	3.17	93.42	2.67
Non-current employee benefit obligations - net	32.96	0.92	43.11	1.26	48.61	1.39
Other non-current liabilities	4.73	0.13	4.7	0.14	4.83	0.14
<b>Total Non-current Liabilities</b>	<b>888.23</b>	<b>24.79</b>	<b>705.04</b>	<b>20.64</b>	<b>725.97</b>	<b>20.75</b>
<b>TOTAL LIABILITIES</b>	<b>1,935.56</b>	<b>54.02</b>	<b>1,663.17</b>	<b>48.7</b>	<b>1,647.75</b>	<b>47.1</b>
<b>EQUITY</b>						
Registered capital	870.26	24.29	996.94	29.19	996.94	28.49
Issued and paid-up capital	630.1	17.59	630.12	18.45	630.12	18.01

Statement of Financial Position	Consolidated Statement of Financial Position					
	Audited Financial Statements Dec 31, 2023 (Restated)		Audited Financial Statements Dec 31, 2024		Audited Financial Statements Dec 31, 2025	
	MB	%	MB	%	MB	%
	Share premium on ordinary shares	356.89	9.96	356.94	10.45	356.94
Deficit from changes in ownership interests in subsidiaries	-3.31	-0.09	-3.31	-0.1	3.31	-0.09
Convertible debentures - equity component	4.59	0.13	4.59	0.13	-	-
Retained earnings (deficit):						
Appropriated - legal reserve	55.63	1.55	55.63	1.63	77.8	2.22
Unappropriated	449.23	12.54	444.15	13	446.7	12.77
Other components of equity	256.74	7.17	252.77	7.4	253.01	7.23
<b>Total equity attributable to owners of the parent</b>	<b>1,749.87</b>	<b>48.84</b>	<b>1,740.87</b>	<b>50.97</b>	<b>1,761.26</b>	<b>50.34</b>
Non-controlling interests	-102.76	-2.87	11.44	0.33	89.77	2.57
<b>Total Equity</b>	<b>1,647.10</b>	<b>45.97</b>	<b>1,752.31</b>	<b>51.3</b>	<b>1,851.03</b>	<b>52.9</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,582.66</b>	<b>100</b>	<b>3,415.48</b>	<b>100</b>	<b>3,498.78</b>	<b>100</b>

### Statement of Comprehensive Income

Statement of Comprehensive Income	Consolidated Financial Statements					
	For the year ended					
	Audited					
	Dec 31, 2023 (Restated)		Dec 31, 2024		Dec 31, 2025	
	MB	%	MB	%	MB	%
Revenue from sales and services	1,786.37	100	1,605.57	100	1,375.24	100
Cost of sales and services	-1,480.46	-82.88	-1,220.38	-76.01	-1,136.78	-82.67
<b>Gross profit</b>	<b>305.91</b>	<b>17.12</b>	<b>385.19</b>	<b>23.99</b>	<b>238.36</b>	<b>17.33</b>
Gain (loss) on exchange rates	-2.05	-0.11	1.92	0.12	2.24	0.16
Share of profit from investments in associates	9.44	0.53	2.23	0.14	-	-
Gain on sale of assets	4.66	0.26	1.42	0.09	0.45	0.03
Gain on sale of investments in associates	-	-	1.62	0.1	-	-
Gain (loss) on sale of investments in subsidiaries	-	-	-64.12	-3.99	78.48	5.71
Other income	41.46	2.32	38.37	2.39	38.34	2.79
Selling expenses	-49.4	-2.77	-41.46	-2.58	-40.85	-2.97
Administrative expenses	-190.75	-10.55	-196.98	-12.27	-166.65	-12.12
Difference from deconsolidation of subsidiary	-	-	-1.8	-0.11	-	-
Impairment loss on PPE, net	-368	-20.6	-9.01	-0.56	-	-
Impairment loss on goodwill	-	-	-	-	-38.05	-2.77
Executive compensation	-37.99	-2.13	-36	-2.24	-36.15	-2.63
Finance costs	-83.46	-4.67	-77.43	-4.82	-66.85	-4.86
Profit (Loss) before income tax	-367.88	-20.59	3.96	0.25	9.32	0.68
Income tax revenue (expense)	-24.08	-1.35	-16.18	-1.01	11.47	0.83
Net profit (loss) for the year	-391.96	-21.94	-12.22	-0.76	20.79	1.51
Other comprehensive income						
Items that may be reclassified subsequently to P/L						
Exchange differences on translation of FS	-2.93	-0.16	-2.69	-0.17	-	-
Items that will not be reclassified to P/L						
Loss on changes in fair value of equity instruments	-9.21	-0.52	-4.93	-0.31	-	-
Surplus on revaluation of land	-	-	-	-	0.25	0.02
Actuarial gain (loss)	-1.13	-0.06	-5.91	-0.37	-1.82	-0.13
Total comprehensive income (loss) for the year	-405.23	-22.68	-25.76	-1.6	19.22	1.4
Profit (Loss) attribution						
Equity holders of the parent	-177.31	-9.93	0.83	0.05	21.96	1.6
Non-controlling interests	-214.65	-12.02	-13.06	-0.81	-1.17	-0.08
Net profit (loss) for the year	-391.96	-21.94	-12.22	-0.76	20.79	1.51

Statement of Comprehensive Income	Consolidated Financial Statements					
	For the year ended					
	Audited					
	Dec 31, 2023 (Restated)		Dec 31, 2024		Dec 31, 2025	
	MB	%	MB	%	MB	%
Total comprehensive income (loss) attribution						
Equity holders of the parent	-190.58	-10.67	-12.71	-0.79	20.39	1.48
Non-controlling interests	-214.65	-12.02	-13.06	-0.81	-1.17	-0.08
Total comprehensive income (loss) for the year	-405.23	-22.68	-25.76	-1.6	19.22	1.4
Earnings (Loss) per share						
Basic	-0.28		0		0	0.0349

## Statement of Cash Flows

Items	Consolidated Financial Statements		
	Audited		
	Dec 31, 2023	Dec 31, 2024	Dec 31, 2025
	MB	MB	MB
Cash flows from operating activities			
Profit (loss) before income tax	-367.88	3.96	9.32
Adjustments to reconcile net profit to net cash received (paid) from operating activities before changes in operating assets and liabilities			
Depreciation and amortization	140.91	136.75	142.8
Expected credit losses (reversal)	-3.68	15.04	-1.79
Provision for sales discounts and returns (reversal)	-4.17	-2.79	0.03
Loss from guarantee	-	-	6.98
Impairment loss on property, plant and equipment	368	9.01	-
Loss on revaluation of assets	-	-	0.22
Loss on write-off of investment in non-listed equity instruments	-	-	0.39
Loss on decline in value of inventories	51.74	15.36	-30.67
Long-term employee benefit obligations	3.3	3.49	4.72
Share of profit from investments in associates	-9.44	-2.23	-
Unrealized gain on measurement of temporary investments	-0.07	-	-
Loss (gain) on disposal of fixed assets	-4.66	-1.42	-0.45
Loss on write-off of fixed assets	-	2.07	-
Amortization of rights to produce and distribute electricity	27.41	28	27.99
Impairment loss on goodwill	-	-	38.05
Unrealized (gain) loss on exchange rate	-2.74	2.55	-0.61
Gain on sale of investments in associates	-	-1.62	-
Gain (loss) on sale of investments in subsidiaries	-	64.12	-78.48
Gain on sale of temporary investments	-	-	-0.01
Loss on debt restructuring	1.88	-	-
Loss from dilution of investment in associates	-	3.66	-
Loss on transfer of rights	-	1.39	-
Reversal of impairment on investment in associates	-	-	-
Difference from deconsolidation of subsidiary from consolidated FS	-	1.8	-
Dividend income	-0.04	-	-0.07
Interest income	-0.88	-1.01	-0.5
Interest expense	83.46	77.43	66.85
Operating profit before changes in operating assets and liabilities	283.14	355.57	184.77
Operating assets (increase) decrease			
Trade and other receivables	74.19	11.4	-11.87
Inventories	6.51	-14.61	14.29
Other current assets	-16.95	9.34	-2.89
Other non-current assets	-10.03	-5.57	1.31
Operating liabilities increase (decrease)			

Items	Consolidated Financial Statements		
	Audited		
	Dec 31, 2023	Dec 31, 2024	Dec 31, 2025
	MB	MB	MB
Trade and other payables	-51.53	-35.95	12.2
Other current liabilities	2.69	0.74	-1.75
Other non-current liabilities	-	-0.03	0.13
Cash received from operations	288.01	320.9	196.2
Cash paid for guarantees	-	-4.8	-9.6
Cash paid for employee benefits	-1.32	-	-
Interest paid	-77.61	-74.93	-61.83
Income tax paid	-29.61	-19.94	-20.52
Net cash provided by operating activities	179.47	221.22	104.25
Cash flows from investing activities			
Interest received	0.88	1.01	0.5
Dividends received	0.04	-	0.07
Restricted bank deposits (increase) decrease	43.52	-15.8	21.96
Decrease in short-term loans and accrued interest to related parties	-	-	-
Increase in long-term loans to related parties	-	-	-
Cash received from long-term loans from related parties	-	-	-
Cash received from short-term loans from other companies	-	-	1.65
Cash received from non-controlling interests	-	-	79.5
Cash received from sale of investments in associates	-	8.12	-
Cash received from sale of temporary investments	-	-	0.25
Cash received (paid) from disposal of investments in subsidiaries	-	-5.03	116.43
Cash received from sale of fixed assets	15.16	34.34	1.55
Cash paid for rights to produce and distribute electricity	-	-15.89	-
Cash paid for purchase of fixed assets	-305.68	-71.14	-211.04
Cash paid for purchase of intangible assets	-0.97	-0.01	-
Increase in non-controlling interests	7.15	-	-
Cash paid for investments in subsidiaries	-189.99	-	-
Net cash provided by (used in) investing activities	-429.91	-64.39	10.87
Cash flows from financing activities			
Dividends paid	-33.7	-	-
Bank overdrafts and short-term loans from FIs increase (decrease)	266.32	-78.6	60.21
Proceeds from share payment	0.01	0.06	-
Repayment of matured debentures	-	-	-200
Increase in short-term loans from related persons and parties	14.77	8.17	-
Payment of lease liabilities	-61.02	-37.63	-30.38
Repayment of long-term loans from FIs	-483.81	-299.03	-491.93
Repayment of short-term loans from other persons and companies	-	-4	-1.86
Proceeds from short-term loans from related parties	-	-	-
Proceeds from long-term loans from FIs	608.55	207.09	708.48
Payment of borrowing fees	-7.18	-1.15	-7.88
Net cash provided by (used in) financing activities	303.95	-205.08	36.64
Net increase (decrease) in cash and cash equivalents	53.51	-48.25	151.75
Cash and cash equivalents at beginning of year	50.57	104.06	55.81
Effect of exchange rate changes on cash and cash equivalents	-0.03	-	-0.01
Cash and cash equivalents at end of year	104.06	55.81	207.55

## Financial Ratios

Financial Ratios	Unit	FY (Restated)	FY Ended (12 Months)	FY Ended (12 Months)
		Dec 31, 2023	Dec 31, 2024	Dec 31, 2025
Liquidity Ratios				
Current Ratio	Times	0.76	0.73	0.89
Quick Ratio	Times	0.47	0.44	0.52
Cash Flow Liquidity Ratio	Times	0.17	0.23	0.11
Accounts Receivable Turnover	Times	7.23	15.31	7.51
Average Collection Period	Days	50	24	48
Finished Goods Turnover	Times	76.16	60.69	17.09
Average Finished Goods Sales Period	Days	5	6	21
Inventory Turnover	Times	10.26	5.8	4.18
Average Inventory Sales Period	Days	36	63	86
Accounts Payable Turnover	Times	9.15	8.44	5.67
Average Payment Period	Days	40	43	63
Cash Cycle	Days	46	44	6
Profitability Ratios				
EBITDA Margin	%	-7.8	13.21	23.75
Gross Profit Margin	%	17.12	23.99	17.33
Operating Profit Margin	%	-16.6	4.62	-0.39
Cash to Profit Ratio	%	-60.54	295.74	-1,967.87
Net Profit Margin	%	-21.3	-0.74	1.39
Return on Equity (ROE)	%	-23.8	-0.7	0.01
Average Return on Equity	%	-21.04	-0.72	1.15
Fixed Asset Turnover	Times	0.82	0.75	0.07
Efficiency Ratios				
Return on Assets (ROA)	%	-11.08	-0.35	0.6
Return on Fixed Assets	%	-10.5	5.63	7.39
Total Asset Turnover	Times	0.51	0.48	0.43
Financial Policy Analysis Ratios				
Debt to Equity Ratio (D/E)	Times	1.18	0.95	0.89
Net Debt to Equity Ratio	Times	0.8	0.64	0.78
Interest-Bearing Debt to Equity Ratio	Times	0.79	0.61	0.67
Net Interest-Bearing Debt to EBITDA	Times	-9.08	4.86	5.66
Current Portion of IBD to Total IBD	Times	0.51	0.59	0.53
Current Portion of IBD to Total IBD	%	50.93	59.28	53
Loans from FIs to Total Liabilities	Times	0.53	0.5	0.67
Loans from FIs to Total Liabilities	%	53.48	50.22	67
Interest Coverage Ratio (Cash Basis)	Times	3.69	4.19	1.56
Debt Service Coverage Ratio	Times	-0.22	0.35	0.31

## Part 4 Management Analysis and Description

Operating results for the year ended 31 December 2025 and 2024

	Consolidated		Change	
	Year 2025	Year 2024	Million Baht	%
Revenues from sales	1,375.24	1,605.57	(230.33)	(14.35)
Gain on exchange rate	2.24	1.92	0.32	16.53
Share of gain from investment in associated company	-	2.23	(2.23)	(100.00)
Gain from disposal of assets	0.45	1.42	(0.98)	(68.70)
Gain on sale of investment in associated company	-	1.62	(1.62)	(100.00)
Gain (Loss) on sale of investment in subsidiary companies	78.48	(64.12)	142.61	(222.39)
Other income	38.34	38.37	(0.03)	(0.08)
<b>Total income</b>	<b>1,494.75</b>	<b>1,587.01</b>	<b>(92.26)</b>	<b>(5.81)</b>
Cost of sales and services	1,136.88	1,220.38	(83.49)	(6.84)
Selling expenses	40.85	41.46	(0.61)	(1.47)
Administrative expenses	202.80	232.97	(30.17)	(12.95)
Difference from deconsolidation of subsidiary's financial statements	-	1.80	(1.80)	(100.00)
Loss on impairment of property, plant and equipment, net	-	9.01	(9.01)	(100.00)
Loss on impairment of goodwill	38.05	-	38.05	100.00
<b>Total Expenses</b>	<b>1,418.58</b>	<b>1,505.62</b>	<b>(87.04)</b>	<b>(5.78)</b>
Finance costs	66.85	77.43	(10.58)	(13.67)
Income tax benefit (expense)	11.47	(16.18)	27.66	(170.90)
<b>Gross profit</b>	<b>238.36</b>	<b>385.19</b>	<b>(146.83)</b>	<b>(38.12)</b>
<b>Net profit (loss) for the year</b>	<b>20.79</b>	<b>(12.22)</b>	<b>33.02</b>	<b>(270.09)</b>
<b>Profit (loss) attributable to Equity holders of the Parent</b>	<b>21.96</b>	<b>0.83</b>	<b>21.13</b>	<b>2,539.78</b>
<b>Earnings per share (Baht)</b>	<b>0.0349</b>	<b>0.0013</b>		

The Company hereby reports the operating results of the Company and its subsidiaries for the year 2025, the accounting period ended December 31, 2025. The Company and its subsidiaries had a profit attributable to the owners of the parent company of 21.96 million baht, compared to a profit of 0.83 million baht in 2024, an increase of 21.13 million baht. The changes are detailed as follows:

1. The company and its subsidiaries had revenue from sales and services of 1,375.24 million baht, compared to the same period of the previous year, which had total sales and service revenue of 1,605.57 million baht, a decrease of 230.33 million baht or 14.35 percent. Revenue from sales in the automotive leather upholstery business segment decreased due to lower production volumes for specific vehicle models. Revenue from the energy segment came from the production and sale of electricity totaling 16 megawatts, amounting to 579.76 million baht. This is a decrease from the previous year's revenue of 625.21 million baht due to a production shutdown for planned machinery maintenance and efficiency improvements. In addition, the company had earnings from exchange rate fluctuations of 2.24 million baht, earnings from the sale of investments in subsidiaries of 78.48 million baht, and other income of 38.34 million baht.

2. The company and its subsidiaries had total costs from sales and services in 2025 of 1,136.88 million baht, compared to 1,220.38 million baht in 2024, a decrease of 83.49 million baht or 6.84 percent. Selling and administrative expenses for 2025 amounted to 243.65 million baht, compared to 274.43 million baht in 2024, a decrease of 30.78 million baht or 11.21%. The main factor is the policy of controlling production costs and expenses. In addition, there was a loss from impairment of goodwill of a subsidiary company amounting to 38.05 million baht.

The Group's net goodwill decreased from 44.17 million baht to 6.13 million baht due to the recognition of an impairment loss of 38.05 million baht. This impairment resulted from a prudent review of asset valuation, referencing the company's production and machinery maintenance plans. This

reflects projected future cash flows under appropriate assumptions and in line with current circumstances. This item is an accounting entry that does not affect cash flow and is an adjustment of asset value to better reflect the business's revenue-generating potential.

3. The company and its subsidiaries have financial costs of 66.85 million baht in 2025, compared to 77.43 million baht in 2024, a decrease of 10.58 million baht or 13.67 percent, due to repayments of loans to financial institutions.

**Financial position as of December 31,2025 and December 31,2024.**

	Consolidated		Change	
	Year 2025	Year 2024	Million Baht	%
Total Current Assets	816.84	703.53	113.31	16.11
Total Non-Current Assets	2,681.95	2,711.95	(30.00)	(1.11)
Total Assets	3,498.78	3,415.48	83.31	2.44
Total Current Liabilities	921.78	1,042.24	(120.46)	(11.56)
Total Non-Current Liabilities	725.97	620.93	105.04	16.92
Total Liabilities	1,647.75	1,663.17	(15.42)	(0.93)
Total Equity	1,851.03	1,752.31	98.72	5.63

**Total Assets**

As of December 31, 2025, the Company and its subsidiaries had current assets of 816.84 million baht, comprising non-current assets of 2,681.95 million baht and total assets of 3,498.78 million baht. As of December 31, 2024, the Company had total current assets of 703.53 million baht, non-current assets of 2,711.95 million baht, and total assets of 3,415.48 million baht. The increase in total assets is due to working capital from subsidiaries that are currently constructing power plants.

**Total Liabilities**

The Company and its subsidiaries had current liabilities of 921.78 million baht as of December 31, 2025, and non-current liabilities of 725.97 million baht, totaling 1,647.75 million baht. This compares to current liabilities of 1,042.24 million baht and non-current liabilities of 620.93 million baht as of December 31, 2024, totaling 1,663.17 million baht.

**Total Equity**

The Company and its subsidiaries had owner's equity of 1,851.03 million baht as of December 31, 2025, compared to owner's equity of 1,752.31 million baht as of December 31, 2024, an increase of 98.72 million baht or 5.63%, due to the group's operating profits.

Furthermore, the company's financial ratios as of December 31, 2025 and December 31, 2024 were a liquidity ratio of 0.89x and 0.68x, and a total debt-to-equity ratio of 0.89x and 0.95x, respectively.