

(Translation)

COTTO 010/2023

30 March 2023

Subject Business Restructuring, Delisting of the Company's shares from being listed securities on the Stock Exchange of Thailand, Amendment of the Articles of Association and Convening of the Extraordinary General Meeting of Shareholders No.1/2023

To President

The Stock Exchange of Thailand

Enclosures 1. Preliminary Information on the Restructuring of SCG Decor Company Limited
2. Report Form for Delisting of Shares from Being Listed Securities (F10-6)

SCG Ceramics Public Company Limited (the "**Company**" or "**COTTO**") hereby announces that on 29 March 2023, the Company has received a notification on the business restructuring of SCG Decor Company Limited ("**SCG Decor**") (As of 8 February 2023, SCG Decor is a major shareholder of the Company, holding 82.75 percent of the total issued and paid-up shares of the Company) to delist its securities from being listed securities on the Stock Exchange of Thailand (the "**SET**"), along with the listing of SCG Decor's ordinary shares in the SET instead (collectively the "**Letter of Intention for Business Restructuring**"). The special Board of Directors' Meeting of the Company No. 3/2023, which was held on 30 March 2023, has considered the aforementioned matter and passed the following significant resolutions:

1. Propose to the Extraordinary General Meeting of Shareholders No.1/2023 to consider and approve the delisting of the Company's shares from the SET, which is in accordance with the Letter of Intention for Business Restructuring, in order for SCG Decor to be the flagship company of The Siam Cement Public Company Limited ("**SCC**") for floor tiles, wall tiles, and bathroom business in Thailand and overseas and to make SCG Decor the single company in the SCC group that operates the floor tiles, wall tiles, and bathroom business. In this regard, SCG Decor plans to raise fund through initial public offering and listing its shares on the SET ("**IPO**"), concurrently with making a tender offer to purchase all shares of COTTO held by other shareholders (the "**Tender Offer**") in exchange for SCG Decor's newly issued ordinary shares. In connection with the Tender Offer, SCG Decor will purchase the shares from all shareholders

of the Company who accept the Tender Offer at a price of THB 2.40 per share (the “**Offering Price**”) and it will pay for the shares with its newly issued ordinary shares (the “**Shares Consideration**”) as consideration for the Tender Offer provided that there will be no cash alternative. In this regard, in the event that the shareholders accept the Tender Offer, such shareholders will receive such Shares Consideration pursuant to a swap ratio for exchange of the shares in the Company and the Shares Consideration, which will be calculated from the Offering Price divided by the final IPO price of SCG Decor’s shares to be derived from the book-building process in the future (the “**Final IPO Shares Price**”). In this regard, if there is any fraction of shares from the allocation of the Shares Consideration to the Company’s shareholders according to the final swap ratio, such fraction will be rounded down and no compensation will be made therefor. However, the Final IPO Shares Price will be announced after completion of the book-building process, which is expected to be completed after the end of the Tender Offer period. Therefore, in the preliminary stages of the Tender Offer, the shareholders of the Company will know the fixed Company’s shares price and the preliminary swap ratio and they will know the Final IPO Shares Price and the final swap ratio at the end of the book-building process. In order to make SCG Decor a single flagship company listed on the SET, COTTO will be delisted from the SET upon the successful completion of the IPO and the Tender Offer (collectively, the “**Restructuring Plan**”). Therefore, shareholders of COTTO who accept the Tender Offer will become SCG Decor’s shareholders and will retain ownership in COTTO indirectly through SCG Decor.

In making the Tender Offer mentioned above, SCG Decor will not send or distribute documents in relation to the Tender Offer into jurisdictions which may cause SCG Decor to violate the laws of such jurisdictions or impose additional obligations on SCG Decor to comply with the laws of such jurisdictions other than the obligations under the relevant laws and regulations of Thailand. However, the Tender Offer will contain such applicable disclaimer and will be published on the websites of the Company, the Securities and Exchange Commission (the “**SEC**”), and the SET where investors may further study the Tender Offer in detail. Subject to the foregoing restrictions and the procedure to be set out by SCG Decor, SCG Decor will accept to purchase shares from the shareholders of the Company who intend to sell their shares in Thailand in the Tender

Offer process. In this regard, the shareholders of the Company who accept the Tender Offer will receive the consideration in the form of Share Consideration.

However, SCG Decor may cancel the Tender Offer upon the occurrence of any of the following events:

- a. Any event occurring after the submission of the Tender Offer to the SEC but before the end of the offer period that has or may have a material adverse effect on the Company's status and assets where such event is not as a result of SCG Decor's action or any action for which SCG Decor is responsible;
- b. Any event that causes the request for the delisting to be terminated;
- c. In completion of the IPO, including, but not limited to, the occurrence of any of the events as specified in the relevant underwriting agreement, which may cause the underwriter to exercise its rights to cancel the IPO under such agreement;
- d. SCG Decor's lack of any required qualification or failure to comply with the SET's conditions for its preliminary approval to list its shares on the SET, resulted from actions or incidents which are beyond SCG Decor's control.

The Restructuring Plan of SCG Decor can be summarized as follows:

- The shareholders' meeting of the Company approves the delisting of the Company's securities from the SET.
- The shareholders' meeting of SCG Decor approves, among others, the Restructuring Plan of SCG Decor, the conversion into a public company limited, the increase of its registered capital, and the allocation of its newly issued shares, etc.
- SCG Decor submits an application for approval of an offer for sale of its newly issued shares (the "**IPO Application**"), together with the registration statements (Form 69-1), and the draft prospectus to the SEC where the SEC will notify the result of the IPO Application within 165 days from the date on which the SEC receives the completed IPO Application, the registration statement (Form 69-1), the draft prospectus, and all necessary supporting documents.
- Once the SEC approves the IPO Application and the SET preliminary approves the listing of SCG Decor's shares on the SET and approve the delisting of the Company's

shares from the SET, SCG Decor will conduct the Tender Offer process. In addition, the shareholders who accept the Tender Offer will receive the consideration in the form of Share Consideration from SCG Decor.

Moreover, the Meeting has passed to propose that the Extraordinary General Meeting of Shareholders No. 1/2023 consider and approve the authorization to Managing Director of COTTO to undertake actions relating to the delisting pursuant to the proposal under the Restructuring Plan of SCG Decor and undertake any other relevant actions, which include the following actions:

- a. Determination, amendments, or changes of details, signing documents and/or agreements related to the delisting of the Company's shares from the SET.
- b. Contacting, coordinating, requesting for permission, submitting of any documents and taking action related to regulatory authorities or other agencies as required by law, including the SET or the SEC, that is relevant and necessary for the delisting.
- c. Any relevant and/or ongoing action in connection with the delisting of the Company's shares from the SET.

In this regard, details on the Restructuring Plan of SCG Decor and SCG Decor's information are as set out in the Preliminary Information on the Restructuring of SCG Decor Company Limited (**Enclosure 1**) and details on the delisting are as set out in the Report Form for Delisting of Shares from Being Listed Securities (F10-6) (**Enclosure 2**).

The shareholders of the Company can study additional information in relation to the delisting of the Company's shares for supporting the consideration and decision of the shareholders from the notice to the Extraordinary General Meeting of the Company which comprises the opinion of the independent directors on the delisting of the Company's shares from being listed securities of the SET and the opinion of independent financial advisor on the delisting of the Company's shares from being listed securities of the SET which the Company will further circulate to the shareholders.

2. Approve (with approvals from independent directors) the appointment of Discover Management Company Limited to be (a) an independent financial advisor (IFA) to provide an opinion on the delisting under the Restructuring Plan of SCG Decor and the Restructuring Plan of SCG Decor; and (b) an independent financial advisor (IFA) to provide an opinion in supporting of the Company on the Tender Offer. (In this regard, the performance of the independent financial advisor (IFA) under (b) will occur after the SET has approved and informed the result of the approval of the delisting of the Company's shares and SCG Decor has already submitted a tender offer for delisting of the Company's shares).
3. Propose to the Extraordinary General Meeting of Shareholders No. 1/2023 to consider and approve the amendment of the Articles of Association of the Company to be in line with the IPO, which requires SCG Decor (as the parent company of the Company) to adopt governance policy for SCG Decor's core subsidiaries and core associated companies, as well as ensuring that such core subsidiaries and core associated companies comply with the measures and mechanisms as specified, pursuant to the Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares (as amended thereto).
4. Approve the convening of the Extraordinary General Meeting of Shareholders No. 1/2023 to be held on 23 May 2023, at 9:00 hours. The meeting will be held at Le Concorde Ballroom, 2nd Floor, Swissôtel Bangkok Ratchada, No. 204 Ratchadaphisek Road, Huay Kwang, Bangkok, to consider the following agenda items:

Agenda 1 To consider and approve the delisting of the Company's shares from the SET pursuant to the proposal under the Restructuring Plan of SCG Decor and the relevant authorization;

Agenda 2 To consider and approve the amendment of the Articles of Associations of the Company to be in line with the proposed initial public offering and listing its shares on the SET;

Agenda 3 Other matters (if any).

In this regard, the Company will publicize the Notice of the Extraordinary General Meeting of Shareholders containing the details of the agenda on the Company's website (www.scgceramics.com) as from 8 May 2023 onward.

5. Determine a Record Date to ascertain the list of shareholders with the right to attend the Extraordinary General Meeting of Shareholders No. 1/2023 on 17 April 2023 (the SET shall post the “XM” sign or the date on which the shareholders shall have no rights to attend the shareholder meeting on 12 April 2023).

Please be informed accordingly.

Yours faithfully,

SCG Ceramics Public Company Limited

-Signed by-

(Mr. Numpol Malichai)

Managing Director

Preliminary Information on the Restructuring of SCG Decor Company Limited**Overview**

SCG Ceramics Public Company Limited (the “**Company**” or “**COTTO**”) has strategy to increase product ranges of sanitary wares and fittings (“**Bathroom**”) such as flush toilets, basins, bathtubs, tabs, showers, and other related products into its portfolio to fulfil customer’s needs and to expand business operation in the production of ceramic tiles for floors and walls (“**Floor Tiles**” and “**Wall Tiles**”) to have coverage throughout Thailand and other ASEAN countries. In this regard, The Siam Cement Public Company Limited (“**SCC**”), a major shareholder of the Company by holding indirectly through SCG Decor Company Limited (“**SCG Decor**”) (formerly known as SCG Building Materials Company Limited) 82.7% of total paid up capital of the Company, has a business operation in the production of Floor Tiles and Wall Tiles in Thailand and other ASEAN countries and Bathroom business in Thailand. In this regard, the Company and SCC therefore have considered that the consolidation of the business as the same group under a single listed company in The Stock Exchange of Thailand (“**SET**”) would create greatest benefits to the shareholders of COTTO and SCC.

To implement the above strategy, COTTO and SCC have considered a business restructuring plan based on various factors such as legal limitations, cost of restructuring, timing, and effects to the shareholders of COTTO and SCC, and concluded that , **SCG Decor will be the flagship company of SCC group for Floor Tiles, Wall Tiles and Bathroom business in Thailand and overseas** whereby, SCG Decor distributed Floor Tiles, Wall Tiles and Bathroom products through various distribution channels including SCG Decor’s own distribution channel such as manufacturing outlets and showroom outlets. SCG Decor will integrate SCC’s existing business operation in the production of Floor Tiles, Wall Tiles and Bathroom in Thailand, Vietnam, Philippines, and Indonesia to be operated under SCG Decor and SCG Decor will be the only listed company listed on the SET.

To achieve the mentioned objectives, SCG Decor plans to make a tender offer to purchase all COTTO’s shares held by other shareholders (the “**Tender Offer**”) in exchange for SCG Decor’s newly issued ordinary shares as a consideration of the Tender Offer (the “**Shares Consideration**”) with no cash alternative and delist the Company’s shares from the SET. These will occur in parallel with a capital increase through an initial public offering and listing of SCG Decor’s shares in the SET (the “**IPO**”) to make SCG Decor the only company that is listed on the SET and to delist COTTO from the SET (the “**Delisting**”) after the completion of IPO and Tender Offer (collectively, the “**Restructuring Plan**”). As a result, the Company’s shareholders who accept the Tender Offer will become SCG Decor’s shareholders and will retain ownership in the Company indirectly through SCG Decor.

In this regard, on March 29, 2023, the Company received a notice from SCG Decor, which was directly and indirectly held 100% of total paid up capital by SCC, that the Board of Directors of SCG Decor has approved the Restructuring Plan as detailed above. Consequently, the Company’s Board of Directors’ Meeting No. 3/2023, which was held on March 30, 2023, has considered the detail of the Restructuring Plan and resolved to propose to the shareholders’ meeting of the Company to approve the Delisting.

Objectives and Rationales for the Restructuring Plan

The objectives and rationales for the Restructuring Plan are as follows:

- (1) To integrate business operation of Decor Surfaces and Bathroom in ASEAN including Thailand, Vietnam, Philippines, and Indonesia to be under SCG Decor which will be the only listed company on the SET. The new flagship company (SCG Decor) will become a company with strengths that is ready to expand its business to fully cover customer's needs. This will increase competitiveness and improve ability to navigate the company through future industry challenges and become one of the comprehensive regional leaders in Decor Surfaces and Bathroom business.
- (2) To maximize the utilization of competencies of the SCC group and create business synergy by sharing knowledge on production and technologies and using resources within the group to the maximum benefits for business operation of the Decor Surfaces and Bathroom business in ASEAN including Thailand, Vietnam, Philippines, and Indonesia under SCG Decor.
- (3) To align benefits of shareholders by expanding business operation of Decor Surfaces and Bathroom under a single listed company which will help create clarity, reduce redundancy of investments and maximize benefits of business expansion.
- (4) To create a flagship company in Floor Tiles, Wall Tiles and Bathroom business of SCC group, the leading regional player who has strong financial position and significant business size. This will attract Thai and international investors interest in the Company and become vehicle for such business of SCC group to raise funds to expand the business for a sustainable growth.

The Restructuring Plan

SCG Decor will make the Tender Offer of all remaining shares in the Company by doing a share swap of the Company's shares with the Shares Consideration ("**Share Swap**") where consideration will be made with no cash alternative, and the Company will delist the Company's shares from the SET. In this regard, the Company's shareholders who accept the Tender Offer will instead become shareholders of SCG Decor and will be able to trade the Shares Consideration on the SET after the IPO is completed and the shareholders who accept the Tender Offer will be allocated the Shares Consideration from SCG Decor.

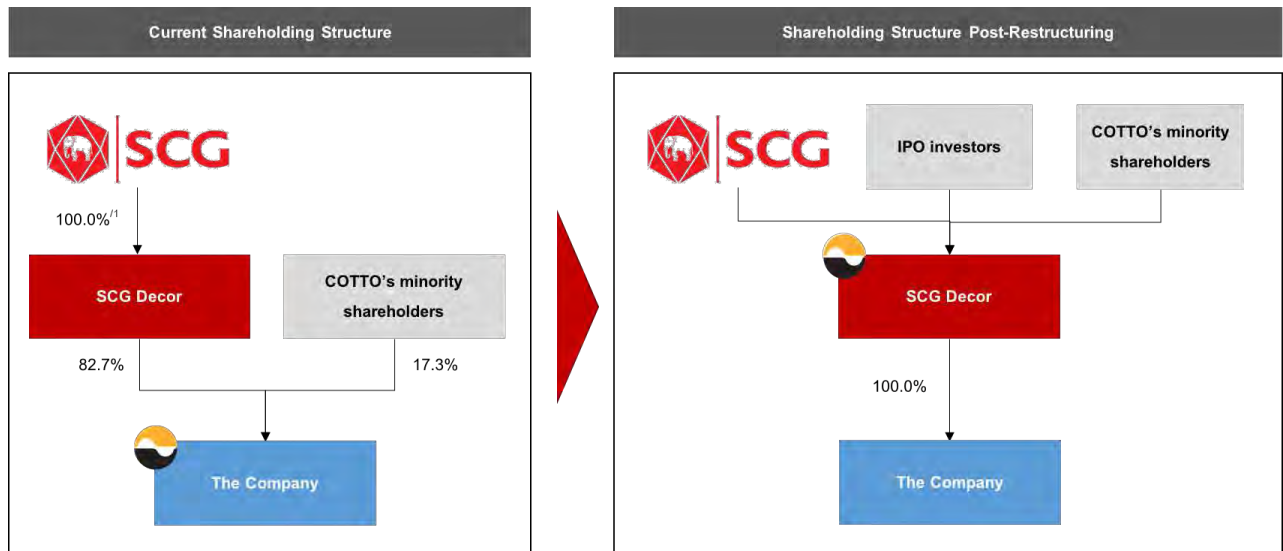
In implementing the Restructuring Plan, SCG Decor requested for certain waivers for the tender offer rules under the Notification of Capital Market Supervisory Board No. Tor Chor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated May 13, 2011 (as amended) ("**Tor Chor. 12/2554**") with the Takeover Panel (the "**Takeover Panel**") and was granted such waivers from the Takeover Panel on March 28, 2023¹ as summarized as follows:

1. waiver was granted so that the rules on tender offer price for delisting of securities are disappplied
2. A waiver was granted so that the Tender Offer for all securities of the Company can be made with no cash alternative.

¹ After the date on which the approval is granted from Takeover Panel until the completion of business restructuring of SCG Decor, if the facts have significantly changed from this waiver letter, SCG Decor shall promptly inform the relevant fact to the SEC, which the SEC may change its consideration on such waiver

3. A waiver was granted so that the consideration for the offer in the form of newly issued shares of SCG Decor does not require an appraisal.
4. A waiver was granted so that tender offer documents and tender offer forms are not required to be sent to the shareholders of the Company in certain jurisdictions that may result in a violation of the laws of such jurisdictions or an imposition of a duty on SCG Decor under such laws.
5. A waiver was granted so that the offer period after the final day announcement will be decreased from not less than 15 business days to not less than 10 business days.
6. A waiver was granted so that the cause of cancellation of the Tender Offer may be added in case of (1) the unsuccessful completion of the public offering of shares or (2) SCG Decor's lack of qualifications for the SET's preliminary approval as a listed company must be caused by an external factor that is beyond SCG Decor's control.
7. A waiver was granted so that the Tender Offer may be cancelled after the end of the offer period if the offering of the IPO shares is unsuccessful, but on condition that SCG Decor must arrange for the Company to set out the successful completion of the IPO as a condition for the Delisting, disclose such condition as well as the grounds for cancelling the Tender Offer in the notice of the shareholders' meeting.

The Company's shareholding structures before and after completion of the Restructuring Plan (on the assumption that all other shareholders accept the Tender Offer) are as follows:



Remark:

/1 SCC indirectly holds SCG Decor through The Siam Fibre-Cement Co., Ltd. ("SFCC")

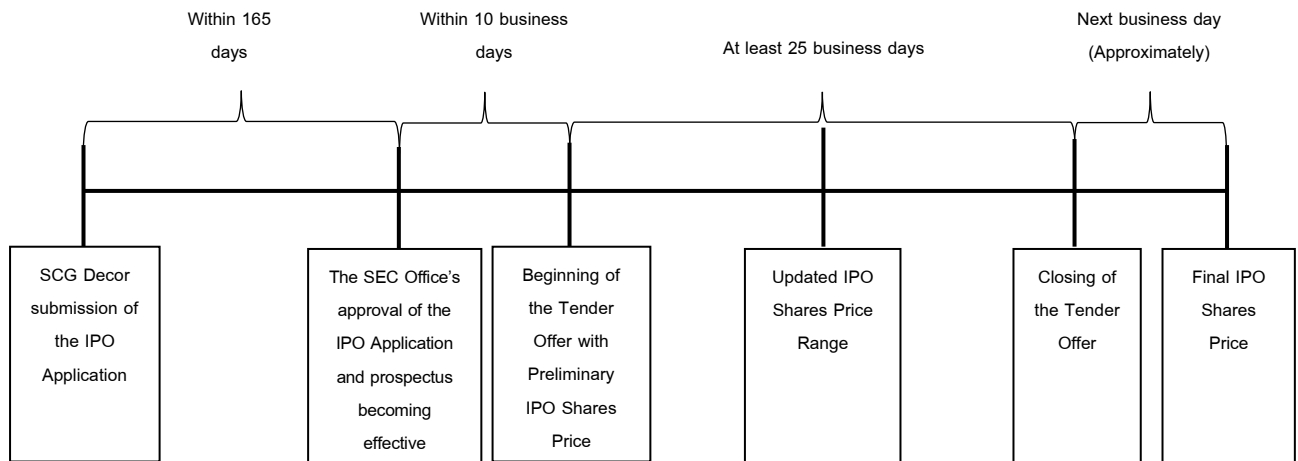
The Steps of the Restructuring Plan

The shareholders' meeting of the Company will receive information on the Restructuring Plan and consider approving the Delisting, which requires the votes of not less than three-fourths of the total issued shares of the Company where the shares held by the shareholders who object to the Delisting must not exceed 10 percent of the total issued shares of the Company. In connection with the Tender Offer, SCG Decor will propose to purchase shares from all shareholders of the Company who accepts the Tender Exchange Offer at a price of THB 2.40 per share (the "**Company Shares Price**"), where such Company Shares Price was derived from various methods determined by SCG Decor, e.g. market price, trading multiples, and discounted cash flow, and will be further proposed to the shareholders' meeting for consideration. In this regard, SCG Decor will issue the Shares Consideration as consideration for the Tender Offer where consideration will be made with no cash alternative. In this regard, the Company's shareholders will receive such Shares Consideration pursuant to a swap ratio for the exchange of the shares in the Company and the Shares Consideration, which will be calculated from the Company Shares Price divided by the final IPO price of SCG Decor which will be derived from the book-building process in the future (the "**IPO Shares Price**"). In this regard, if there is any fraction of shares from the allocation of the Shares Consideration as consideration to the shareholders of the Company according to the final swap ratio, such fraction will be rounded down and no compensation will be made therefor.

In connection with the Restructuring Plan and the IPO, SCG Decor will propose its shareholders' meeting's approval, among others, the public conversion of, the increase of its registered capital and the allocation of its newly issued ordinary shares, and matters in relation to the IPO. If the shareholders' meetings of the Company and SCG Decor have approved the foregoing transactions, SCG Decor will proceed to submit an application for approval of an offer for sale of its newly issued ordinary shares (the "**IPO Application**") together with the registration statement (Form 69-1) to the SEC Office, and once the SEC Office approves the IPO Application, SCG Decor will start the Tender Offer process, which will remain open for not less than 25 business days² and will take place concurrently with and be conditional upon the IPO. Moreover, SCG Decor will submit an application for listing of its shares on the SET whereas the Company applies for the Delisting to the SET. Once the Tender Offer and SCG Decor's initial public offering are completed, SCG Decor will request the SET to preliminarily approve the listing of its shares on the SET and approve the delisting of the Company's shares from the SET.

The preliminary IPO Shares Price range will be set out when SCG Decor's prospectus is declared effective and will be updated to be narrower after the end of the IPO marketing period. The final IPO Shares Price will be announced after completion of the book-building process, which is expected to be completed after the end of the Tender Offer period. Therefore, in the preliminary stages of the Tender Offer, the shareholders of the Company will know the fixed Company Shares Price and the preliminary swap ratio, and they will know the final IPO Shares Price and the final swap ratio at the end of the book-building process. In this regard, the offer period of the Company will start within ten business days after the prospectus is declared effective and the adjustment of the IPO Shares Price range will take place following the commencement of the Tender Offer and the IPO marketing period, as detailed below.

² SCG Decor will further request for a waiver for such offer period from the SET



SCG Decor's IPO will conclude after the end of the Tender Offer period. After the Tender Offer and the IPO subscription period, SCG Decor will register its paid-up capital as a result of issuing the newly issued ordinary shares allocated for the Tender Offer and the IPO with the Ministry of Commerce at the same time. Once such registration is completed and the SET preliminary approves the listing of SCG Decor's shares on the SET and approve the delisting of the Company's shares from the SET, the Company's shareholders who accept the Tender Offer and the IPO subscribers will be able to trade SCG Decor's shares on the SET at the same time. The tentative timeline for the Restructuring Plan is as set out under *"Expected Timetable under the Restructuring Plan"*.

The Tender Offer can be summarized as follows:

- Type and class of securities tendered

Ordinary shares of the Company held by other shareholders

- Tender offer price

THB 2.40 which was derived from various methods determined by SCG Decor, e.g., market price, trading multiples, and discounted cash flow, and will be further proposed to the shareholders' meeting of the Company for consideration.

- Consideration

Consideration comprises SCG Decor's newly issued ordinary shares where consideration will be made with no cash alternative.

- Swap ratio

The swap ratio for the exchange of the Company's shares to SCG Decor's Shares Consideration will be calculated from the Company Shares Price divided by the final IPO Shares Price. In this regard, if there is any fraction of shares from the allocation of the Shares Consideration as consideration to the shareholders of the Company according to the final swap ratio, such fraction will be rounded down, and no compensation will be made.

- Offer period

The offer period is a period of not less than 25 business days and not more than 45 business days. In this regard, SCG Decor will further request for a waiver for such offer period from the SET.

- Conditions for cancellation of the Tender Offer

SCG Decor may cancel the Tender Offer upon the occurrence of any of the following events:

- Any event occurring after the submission of the Tender Offer to the SEC Office but before the end of the offer period that has or may have a material adverse effect on the Company's status or assets where such event is not as a result of SCG Decor's action or any action for which SCG Decor is responsible.
- Any event that causes the application for the Delisting to terminate.
- Incompletion of the IPO, including, but not limited to, the relevant underwriting agreements which may cause the underwriters to exercise their rights to cancel the IPO under such agreements.
- SCG Decor's lack of any required qualification or failure to comply with the SET's conditions for its preliminary approval to list its shares on the SET, resulted from actions or incidents which are beyond SCG Decor's control.

Preliminary Timeline of the Restructuring Plan

The preliminary timeline regarding the Tender Offer of COTTO, the IPO and the listing of SCG Decor's shares in the SET are as follows:

Description	Timetable	
	COTTO	SCG Decor
Board of directors' meeting of SCG Decor to propose the shareholders' approval of the Restructuring Plan	-	March 29, 2023
Board of directors' meeting of COTTO to propose the shareholders' approval of the delisting	March 30, 2023	-
Extraordinary general meeting of shareholders of COTTO to approve the delisting	May 23, 2023	-
Board of directors' meeting of SCG Decor to approve the transformation into public company limited, the increase of registered capital, the offering of newly issued ordinary shares, and the IPO	-	May 11, 2023
Extraordinary general meeting of shareholders of SCG Decor to approve the transformation into public company limited, the increase of registered capital, the	-	Within June 2023

Description	Timetable	
	COTTO	SCG Decor
offering of newly issued ordinary shares, and the IPO		
SCG Decor to submit the IPO application for the offering of its newly issued ordinary shares as consideration for the Tender Offer and for the IPO to the SEC Office and the application for listing securities to the SET	-	As soon as practicable following shareholder approval at the extraordinary general meeting of shareholders of SCG Decor
Application for the delisting to be submitted to the SET (Form F 10-7)	Before the SEC Office approves the IPO Application	-
The SEC Office to approve the IPO application and declare the prospectus of SCG Decor effective	-	Within 165 days from the receipt of the IPO Application (if the SEC Office has no further issues)
SCG Decor to start the Tender Offer (the offer period will last for at least 25 business days)	Within 10 business days after SCG Decor's prospectus is declared effective	
The delisting of the Company and the listing of SCG Decor's shares on the SET to be completed	As soon as practicable, but no later than 2 weeks after the end of the tender offer period	

Remark: The above expected timetable may be subject to change.

Conditions Affecting Implementation of the Restructuring Plan

The implementation of the Restructuring Plan is subject to the conditions which are under and beyond SCG Decor's control, such as:

- The shareholders' meeting of the Company approves the delisting with votes of not less than three-fourths of the total issued shares of the Company where the shares held by the shareholders of the Company who object to the Delisting must not exceed 10 percent of the total issued shares of the Company.
- The shareholders' meeting of SCG Decor approves the following with votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the rights to vote:
 - the Restructuring Plan
 - the transformation into public company limited
 - the increase of registered capital, the issuance and offering of SCG Decor's newly issued ordinary shares to the shareholders of the Company as consideration for the Tender Offer and the IPO

- The SEC Office approves the IPO application for the offering of SCG Decor's newly issued ordinary shares as consideration for the Tender Offer and the IPO.
- SCG Decor is able to successfully complete the Tender Offer and the IPO.
- The SET approves the listing of SCG Decor's newly issued ordinary shares and existing shares on the SET.
- The SET approves the delisting of the Company from being the listed company in the SET.

In the case that any of the conditions above or any other conditions causes the IPO to be incomplete (some conditions may occur after the Tender Offer period), or SCG Decor cancels the Tender Offer, or SCG Decor does not issue the Shares Consideration, resulting in the unsuccessful implementation of the delisting, the Company's shares will remain listed on the SET and the Company's shareholders will be able to continue trading the Company's shares on the SET.

Impacts from the Restructuring Plan on COTTO

Under the Restructuring Plan, COTTO will submit an application for delisting of securities to the SET and the impacts on the COTTO from such Restructuring Plan can be summarized as follows:

(1) Impact on COTTO's status

Under the Restructuring Plan, once the IPO and the Tender Offer of SCG Decor has been completed, and the SET has delisted COTTO's shares, COTTO will be a non-listed company on the SET. Therefore, there will be no secondary market for the trading of COTTO's shares. However, COTTO will remain being the public company limited and operate business as usual.

(2) Impact on the COTTO's financial position and operating results

COTTO's financial position and operating results will not be affected significantly whether the implementation of the Restructuring Plan is successful or not since SCG Decor does not plan to sell or transfer any business of the Company or the Company's subsidiaries. However, SCG Decor will have more control on the business plan and direction of the Company and may increase shareholding in COTTO from the Tender Offer.

Nevertheless, SCG Decor may reorganize the management structure in COTTO in the future to be suitable with the business environment and for the maximum benefits to shareholders. Such actions will be conducted with transparency in accordance with good corporate governance guidelines and accordance with the laws and requirements of related authorities.

(3) Accounting and tax impact from the Restructuring Plan

COTTO will not have any accounting or tax impact whether the Restructuring Plan is success or not success.

Impacts on COTTO's Shareholders

Impacts on COTTO's shareholders are as follows:

a) Impact on COTTO's shareholders who accept to sell their shares in the Tender Offer

COTTO's shareholders who accept to sell their shares in the Tender Offer will be allocated the Shares Consideration from SCG Decor at the fair price as IPO price of SCG Decor will be determined by book building process which is accepted and commonly used process with transparency and undistorted. Then COTTO's shareholders will become SCG Decor's shareholders, the flagship company of SCC group in Floor Tiles, Wall Tiles and Bathroom business in Thailand and international. Thus, COTTO's shareholders will have benefits from the Restructuring Plan as follows:

(1) To enhance the business from being a leading operator in Thailand to become a regional leader that has potential and competitiveness in regional level to create opportunities and values for all stakeholders in each country.

(2) To strengthen business synergy among the company group in Decor Surfaces and Bathroom by developing key strengths of each business in SCG Decor for rapid and efficient growth in business operation in the regional level such as design, research and development, knowledge sharing on production and technologies, cost reduction, sharing in distribution channels, planning, co-sourcing and distribution, and joint business expansion.

(3) Comprehensive business operation and product varieties of SCG Decor to fulfil customer's needs and increase competitiveness of COTTO and SCG Decor to have ability to manage changes of industry in the future. While at the moment the business operation of COTTO has less product varieties and mainly focus on Thailand.

(4) To maximize the utilization of resources among the SCC group by operating Decor Surfaces and Bathroom business under a single listed company.

(5) The larger business size and more trading liquidity in the market from free float that is expected to increase from higher minority shareholders after listing of SCG Decor, compared to COTTO at the moment, will attract more investors attention in SCG Decor.

In this regard, The Company's shareholders who accept to sell their shares in the Tender Offer and the subscribers who receive the allocation the IPO shares will be able to trade such shares on the SET at the same time and will continue to have liquidity and be able to trade SCG Decor's shares on the SET.

b) Impact on COTTO's shareholders who decide not to sell their shares in the Tender Offer

If the shareholders' meeting of the Company resolves to approve the delisting and the SET approve the application for delisting of securities, the Company will become a non-listed company. The Company's shareholders who refuse to sell their shares in the Tender Offer will remain shareholders of the Company and will still have the rights to receive dividends and vote at the shareholders' meetings of the Company. However, the shareholders who refuse to sell their shares in the Tender Offer will be affected by the Company's being a non-listed company as follows:

(1) The Company's shares will no longer be liquid as there will be no secondary market for trading such shares and there will be no market trading price for the Company's shares. Therefore, the shareholders who decide not to sell their shares in the Tender Offer will lack of liquidity for trading the company's shares.

(2) At the moment, SCG Decor has voting rights of more than 75% in the Company, meaning that SCG Decor as the one entity, have majority voting rights and approval in the important agenda at the shareholders' meeting of the Company. Therefore, the minorities shareholders of the Company will have risk of unable to balance the power of SCG Decor.

(3) The shareholders will receive less information on the Company's transactions as the Company will not be subject to the rules governing listed companies of the SET and the Securities and Exchange Commission ("SEC Office"). In addition, after the completion of the Tender Offer of the Company, other shareholders who are not the offeror, person acting in concert, and person under Section 258 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) of such person who held the Company's shares of not more than 5 percent of total voting rights in the Company or shareholders and person who held warrants to purchase shares totaled of not more than 100 persons, will result in (1) The Company will not be responsible for preparing and submitting financial statements and other reports relating to its financial position and performance to the SEC pursuant to Notification of the Capital Market Supervisory Board No. Tor Jor. 44/2556 on Rules and Conditions for Disclosure of Information on the Financial Position and Performance of the Issued Company (as amended) (2) the Company and executives will not be under the regulations relating to the management of issued companies as specified in Chapter 3/1 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) such as involving into related parties transaction, involving into a significant transaction of the business and the responsibilities to report the interests of directors and executives and (3) Directors, executives and auditors of the Company will not be responsible for preparing and disclosing shareholding report of the Company pursuant to Notification of the Securities and Exchange Regulatory No. Sor Jor. 38/2561 on Preparation of Report on Changes in Securities and Derivatives Holding of Directors, Executives, Auditors, Planners and Plan Administrators (as amended).

However, the Company's shareholders will have access to news or information of the Company indirectly through SCG Decor's disclosure pursuant to relevant rules and directly through the Company's disclosure pursuant to the Public Limited Companies Act B.E. 2535 (1992) (as amended), such as information that must be disclosed for the shareholders' meeting of the Company and the Company's annual reports with statement showing financial position and income statement. In the case that the minority shareholders would like to know information of the Company such as names of directors, shareholder lists, annual financial statement, the shareholders can check and copy such information at the Ministry of Commerce.

(4) Their return on investment will be changed and capital gains from trading of the Company's shares will be limited as there is no secondary market for such shares. In this regard, the returns on investment that the Company's shareholders will receive will mainly be dividends from the Company.

(5) Individual shareholders will not be exempted from capital gains tax levied on profits from sales of securities as the Company's shares cannot be traded on the SET. Moreover, any transfer of shares by any individual or juristic shareholders will not be exempted from the stamp duty of 0.1 percent of the paid-up share price or the price stated on the share transfer instruments, whichever is higher.

(6) The Company's shareholders will not receive returns from SCG Decor, the flagship company in ceramic tile and bathroom in Thailand and international, while the business operation of COTTO has less product varieties and mainly focus on Thailand.

In this regard, the shareholders of the Company can still sell their shares on the SET until the delisting is completed.

c) Impact on COTTO's shareholders in the case that the Restructuring Plan is not success

In the case that the Restructuring Plan is not success, the COTTO's shareholders will not have any impacts.

Information of SCG Decor

1. Structure and Business of SCG Decor

1.1 Policy and Overview of Business
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SCG Decor Company Limited (“**SCG Decor**”) operates as holding company in which its subsidiaries and associates operate business as manufacturer of Floor tiles, Wall tiles in Thailand and other countries such as Vietnam, Philippines, and Indonesia, and manufacturer of bathroom products in Thailand. In addition, SCG Decor sources various products for sale and has retail stores to distribute and sell ceramic tiles, bathroom products, other decor surfaces and other related products, as well as related research and development. SCG Decor also operates other businesses such as industrial estate.

SCG Decor is the leader in decor surfaces and bathroom business in ASEAN. SCG Decor is meticulous in every process of its business from selecting of raw material for manufacturing ceramic tiles and bathroom, monitoring, and inspection every manufacturing process, sourcing quality and variety products from 3rd party manufacturers, and distributing and providing quality service in reasonable price to create customers’ satisfaction and enhance customers’ better living in every country that SCG Decor has its presence. In addition, SCG Decor continuously carries on research and development by utilizing new technology for the manufacturing, managing & operating, inventory management, distribution to capture the changing in preferences and behavior of customers, and increasing the efficiency of the value chain.

SCG Decor distributes and sells Floor Tiles, Wall Tiles, and bathroom products under various well-known brands where they can fulfill the needs of all customer segments in Thailand and other countries. These brands are “COTTO”, “SOSUCO” and “CAMPANA” in Thailand, “PRIME” and “PREMIER” in Vietnam, “MARIWASA” in Philippines, and “KIA” and “Impresso” in Indonesia. SCG Decor has multiple diverse and variety distribution channels namely dealers, modern trade, and export including own retail platform which directly sells to retail customers in Thailand and other countries to fulfill the needs of all customer segments and different lifestyles in selecting to buy the products. As of December 31, 2022, SCG Decor’s own retail platform in Thailand are “Klang Ceramic”, the retail shop with 100 branches nationwide selling ceramic tiles with medium to low price points having sold products under SCG Decor’s own brands and imported products, and “COTTO LiFE”, the retail shop with 3 branches (Bangkok, Khon Kaen, and Chiangmai) selling tiles and bathroom under “Lifestyle Tiles & Solutions” concept to respond to urban and modern lifestyle. For other countries, as of December 31, 2022, SCG Decor has retail network such as “CTM (Ceramic Tile and More)” – 19 branches of retail shop selling tiles and bathroom in Philippines and “BELANJA” – retail shop selling Floor Tiles, Wall Tiles, and bathroom products in Indonesia. However, currently SCG Decor (through its subsidiary – KIA) does not own BELANJA shops in Indonesia, SCG Decor plans to enter into conditional share purchase agreement with PT Kokoh Inti Arebama, TBK (“**Kokoh**”) who currently owns “BELANJA”, in order to purchase share of PT Karya Makmur Kreasi Prima (“**KMKP**”) – an entity 99.99% held by Kokoh and/or to

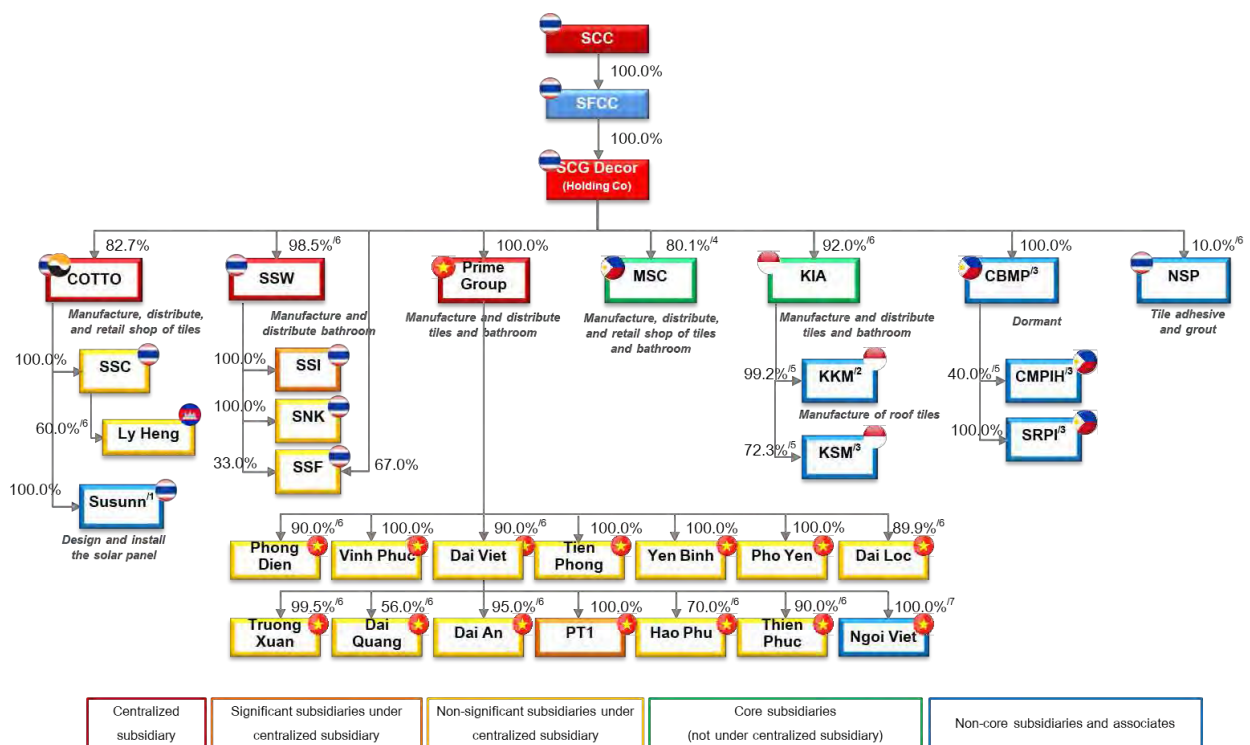
purchase assets relating to business of “BELANJA” (Please consider details of the entering into conditional share purchase agreement is in section 1.3.3 “Relationship with major shareholder’s business”)

SCG Decor operates the business through subsidiaries and associates in Thailand and other countries such as Vietnam, Philippines, and Indonesia. Its business divides into 3 main businesses that are 1) Decor Surfaces 2) Bathroom and 3) Others which mainly are industrial estate and EPC and operation and maintenance of solar business (“Solar”)³.

In addition, SCC, as major shareholder of SCG Decor designates SCG Decor to be flagship company of SCC Group in Floor Tiles, Wall Tiles, and bathroom manufacturing businesses in Thailand and other countries with the details as follow:

- SCC has policy to designate SCG Decor to be flagship company in manufacturing Floor Tiles, Wall Tiles, and bathroom in Thailand and other countries by distributing through various channels such as SCG Decor’s own retail platform namely for instance “Klang Ceramic”, “COTTO LIFE”.
- In order to support SCG Decor for being flagship company, SCC will continue to support the sale of Floor Tiles, Wall Tiles, and bathroom through SCC’s distribution channels including SCG HOME

Below diagram illustrates the business structure of SCG Decor:



Remarks: /1 SUSUNN is gradually reducing the solar business

/2 SCG Decor plans to transfer share and/or assets of KKM out of SCG Decor group in the future

/3 Dormant or in the liquidation process

/4 SCC indirectly holds shares in MSC of 3.3% through Cement Thai Ceramics Philippines Holdings, Inc. (“CCPH”) and

Mariwasa Holdings, Inc. (“MHI”) (SCC holds 100% in CCPH, CCPH holds shares of 40% in MHI and MHI holds shares

³ SCG Decor plans to reduce the significance of solar business in the future, thus SCG Decor is gradually reducing the solar business

of 8.3% in MSC) and the remaining shares of MSC are held by shareholders who are not related to COTTO or SCG Decor

/5 SCC indirectly holds the remaining shares of KKM and KSM through SCG Cement-Building Materials Company Limited

/6 The remaining shares of these companies are held by shareholders who are not related to COTTO or SCG Decor

/7 Prime Group is in the process of selling Prime – Ngoi Viet Joint Stock Company ("**Ngoi Viet**") share, the company manufactures ceramic roof tile, to other companies in SCC Group

1.1.1 Vision and Mission

Vision

To lead decor surfaces and bathroom business, inspire, create space of happiness, and elevate living standards with design innovations

Mission

- *Strive to develop and design decor surfaces, bathroom and integrated complimentary products to achieve the highest customer's satisfaction in aesthetic and functions using innovations*
- *Develop distribution channel to meet every customer needs, covering all living spaces and adaptable to market changes*
- *Reinforce status as the most admired and trusted brands in decor surfaces and bathroom business*
- *Strengthen the organization and develop management system that encourages employees to maximize potential*
- *Conduct business in accordance with ESG principles covering environmental, social and governance aspects*

1.1.2 Key Development Milestones

Key development milestones of SCG Decor are summarized below:

Year	Key Development Milestones
1969	• Shanks (Thailand) Company Limited (previous name of Siam Sanitaryware Company Limited (" SSW ")) established
1979	• SCC established Thai Ceramic Company Limited (" TCC ") to manufacture and distribute ceramic Floor Tiles, Wall Tiles as well as mosaic to sell in Thailand and export to other countries worldwide such as Europe, USA, and Japan under "COTTO" brand
1987	• SCC, SSW, and business partners established The Siam Sanitary Fitting Company Limited (" SSF ")
1988	• SCC established Gemago Company Limited (" GMG ") (previously was Thai Ceramic Power Company Limited) to produce the electricity to sell to TCC before changed its name to "Gemago Company Limited" in December 2011 to operate the distribution of ceramic tiles
1989	• SSW established Siam Sanitaryware Industry Company Limited (" SSI ") where SSW held 100% in SSI
1992	• SCC purchased portion of shares in Mariwasa-Siam Ceramics, Inc. (" MSC ") – the company operates manufacturing of ceramic tiles in Philippines

Year	Key Development Milestones
1997	<ul style="list-style-type: none"> • SCC established Cementshai Ceramic Company Limited (“CCCL”) – the company operates as holding company • SSW established Siam Sanitaryware (Nongkhae) Company Limited (“SNK”) where SSW held 100% in SNK • CCCL purchased 100% of shares in TCC • CCCL purchased portion of shares in Sosuco Ceramic Company Limited (“SSC”) – the company operates manufacturing and distribution of ceramic Floor Tiles and Wall Tiles under “SOSUCO” brand, making SSC an associate company of CCCL • CCCL purchased portion of shares in The Siam Ceramic Group Industry Company Limited (“SGI”) (previously was The Sosuco Group Industry Company Limited) - the company operates manufacturing and distribution of ceramic Floor Tiles and Wall Tiles, making SGI an associate company of CCCL
1998	<ul style="list-style-type: none"> • SCC established Cementshai Roof Product Company Limited (previous name of SCG Decor) to operate as holding company • CCCL purchased 100% of shares in GMG
2003	<ul style="list-style-type: none"> • SCG Decor changed its name from Cementshai Roof Product Company Limited to Cementshai Building Products Company Limited
2007	<ul style="list-style-type: none"> • SCG Decor changed its name from Cementshai Building Products Company Limited to SCG Building Materials Company Limited
2008	<ul style="list-style-type: none"> • SCC became shareholder of Thai-German Ceramic Industry Public Company Limited (“TGCI”) holding 74.7% of issued and paid up shares of TGCI – the company operates ceramic tiles and industrial estate in Nongkhae, Saraburi • SCC established Sosuco and Group (2008) Company Limited (“SSG”) to operate trading of ceramic Floor Tiles and Wall Tiles in Thailand and other countries under “SOSUCO” brand
2009	<ul style="list-style-type: none"> • CCCL purchased 90% shares in SSG
2010	<ul style="list-style-type: none"> • CCCL purchased 100% shares in SGI
2011	<ul style="list-style-type: none"> • SCG Decor purchased shares in PT Keramika Indonesia Associasi Tbk (“KIA”) – the company operates ceramic roof tiles, Floor Tiles, and Wall Tiles
2012	<ul style="list-style-type: none"> • SCG Decor purchased shares in Prime Group Joint Stock Company (“PRIME”) – the company operates manufacturing of ceramic tiles in Vietnam. In addition, PRIME operates upstream business such as clay mines, sand mines, and feldspar mines. which are the main raw materials for the manufacturing of ceramic tiles • SCC increased the holding in MSC to 80.1%
2016	<ul style="list-style-type: none"> • SCG Decor purchased the remaining shares of PRIME, making SCG Decor become shareholder holding 100.0% in PRIME
2018	<ul style="list-style-type: none"> • Amalgamation between TGCI and subsidiaries of SCC which are the companies operate the manufacturing and distributing ceramic tiles in Thailand in which SCC holds shares, through CCCL, of 4 companies namely (1) TCC (2) SGI (3) SSG and (4) GMG including 53.89% shares in SSC that TCC used to hold before the amalgamation and become new entity under SCG Ceramics Public Company Limited (“COTTO”)

Year	Key Development Milestones
	<ul style="list-style-type: none"> COTTO listed in the SET on 1 August 2018 under “COTTO” ticker
2019	<ul style="list-style-type: none"> COTTO purchased the remaining shares in SSC, making COTTO become shareholder holding 100.0% in SSC
2022	<ul style="list-style-type: none"> CCCL (major shareholder of COTTO having SCC holds 100.0% conducted Entire Business Transfer which included (1) 82.7% of issued and paid up COTTO shares (2) 98.5% of total SSW shares and (3) 80.1% of total MSC shares to SCG Decor, including all assets and liabilities of CCCL to SCG Decor. The process completed on 1 November 2022 CCCL registered the dissolution of the company and in the liquidation process
2023	<ul style="list-style-type: none"> SCG Decor is transforming decor surfaces and bathroom into SCG Decor as one company and transfer shares of non-related entities out to create SCG Decor as SCC's flagship company for Floor Tiles, Wall Tiles, and bathroom in Thailand and other countries SCG Decor changed its name from SCG Building Materials Company Limited to SCG Decor Company Limited – current SCG Decor

1.2 Business Description

1.2.1 Revenue Structure

SCG Decor operates through 3 segments: 1) Decor surfaces business 2) Bathroom business and 3) Other business comprising of industrial estate business and solar business.

The following table sets forth a breakdown of revenue from sales by segment for the year ended December 31, 2020, 2021 and 2022

	For the year ended December 31					
	2020		2021		2022	
	THB million	%	THB million	%	THB million	%
Decor surfaces business^{/1}	19,155.8	78.6	20,382.6	78.6	24,461.0	80.9
Thailand	9,727.6	39.9	10,418.8	40.2	12,421.4	41.1
Vietnam	6,540.3	26.8	6,165.9	23.8	7,909.0	26.1
Philippines and Indonesia	3,142.0	12.9	4,234.5	16.3	4,558.8	15.1
(Less) Cross-country elimination	(254.1)	(1.0)	(436.5)	(1.7)	(428.2)	(1.4)
Bathroom business	4,682.7	19.2	4,708.1	18.2	5,155.1	17.0
Other business^{/2}	566.0	2.3	912.3	3.5	743.9	2.5
Total revenue from sales before Intersegment elimination	24,404.5	100.1	26,003.0	100.3	30,360.0	100.4
(Less) Intersegment elimination	(25.9)	(0.1)	(65.7)	(0.3)	(106.2)	(0.4)
Total revenue from sales	24,378.6	100.0	25,937.4	100.0	30,253.8	100.0

Note:

/1 Include revenue from sales of bathroom business in Vietnam and Philippines of THB 148.2 million THB 200.9 million and THB 264.3 million for the year ended 2020, 2021 and 2022, respectively

/2 Other business comprised of industrial estate business and solar business

- **Decor surfaces Business**

Decor surfaces business consists of manufacture and sale of Floor Tiles and Wall Tiles in Thailand, Vietnam, Philippines, and Indonesia under brands such as “COTTO” “SOSUCO” “CAMPANA” “PRIME” “PREMIER” “MARIWASA” “Luxurio” “KIA” and “Impresso”. As of December 31, 2022, SCG Decor operated 4 ceramic tiles factories in Thailand with total production capacity of 80.0 mm sq.m. per year, 6 ceramic tiles factories in Vietnam with total production capacity of 83.3 mm sq.m. per year, 1 ceramic tiles factory in Philippines with total production capacity of 12.3 mm sq.m. per year and 1 ceramic tiles factory in Indonesia with total production capacity of 11.6 mm sq.m. per year. SCG Decor’s operations involve manufacturing and distributing ceramic tiles in Thailand, Vietnam, Philippines, and Indonesia as well as exporting ceramic tiles to other countries including Cambodia, Laos, Myanmar and others totaling 53 countries. In addition to manufacturing and distributing ceramic tiles, SCG Decor also hires (OEM) third party manufacturers or procure ceramic tiles from other manufacturers in other countries such as China, India, Italy, and Spain and sold under various SCG Decor’s brands.

Moreover, SCG Decor also hires (OEM) third party manufacturers and sell other decor surfaces products such as Stone Plastic Composite (SPC) and Luxury Vinyl Tile (LVT). SCG Decor also sell other decor surfaces related products which include tile adhesive and grout which SCG Decor procures from other reliable suppliers in other countries such as Thailand and Vietnam.

In addition, SCG Decor currently operates a ceramic roof tile manufacturing business in Indonesia through PT Kia Keramik Mas (“KKM”) which is a similar business to SCC group’s businesses. SCG Decor plans to transfer KKM’s shares and /or its assets from the SCG Decor group in order to comply with the policy and scope of business operations. *(Please consider more details about transferring KKM’s shares and /or assets in section 1.3.3 “Relationship with major shareholder’s business”)*

- **Bathroom Business**

Bathroom business consists of manufacture and sale of sanitary ware and fittings products in Thailand such as toilet, smart toilet, wash basin, urinal, faucets, showers, bathtubs, furniture, and bathroom accessories under various brands in Thailand such as “COTTO” and “SOSUCO”. As of December 31, 2022, SCG Decor operated 3 sanitary ware and fittings factories in Thailand with production capacity of sanitary ware of 2.6 million units per year and production capacity of fittings of 1.7 million units per year located in Saraburi and Nakhon Ratchasima. Presently, SCG Decor’s operations involve manufacturing and distributing bathroom products in Thailand as well as exporting bathroom products to other countries including Cambodia, Laos, Myanmar and others totaling 29 countries, including manufacturing of bathroom products on OEM basis for distribution in Vietnam, Philippines, and Indonesia under “COTTO” “PREMIER” “MARIWASA” and “KIA” brand. In addition to manufacturing and distributing bathroom products, SCG Decor also hires (OEM) third party manufacturers or procure bathroom products from other manufacturers in other countries such as China and Vietnam and sold under various SCG Decor’s brands.

- **Other Business**

Other business comprises (1) industrial estate business which operated through subsidiary COTTO. Industrial estate locates on Phaholyothin Road kilometer 91, Nongkhae District, Saraburi. Nong Khae industrial estate is a collaboration project between COTTO and the Industrial Estate Authority of Thailand which is a state enterprise agency under the Ministry of Industry according to the Industrial Estate Authority of Thailand Act B.E. 2522 (1979). COTTO is a developer of land and utilities such as electrical systems, water systems, wastewater treatment systems, waste disposal systems and other facilities. The company also provides utility services after sale to industrial operators in Nong Khae Industrial Estate. As of December 31, 2022, the industrial estate has a total project area of 2,042 rai 3 ngan 23.5 square wa, divided into a distribution area of 1,593 rai 2 ngan 16.5 square wa and a utilities and reservoirs area of 449 rai 1 ngan 0.7 square wa and (2) solar business which operated through subsidiary Susunn Smart Solution Co., Ltd. ("**SUSUNN**"). However, as of the date of this document, SCG Decor intends to adjust its solar business direction with a plan to reduce the role and importance of solar business in the future, which is not the main business of SCG Decor. SCG Decor is in the process of gradually reducing its solar business. However, SUSUNN still needs to continue operation on some projects that have already been agreed with customers including the warranty and related after-sales services.

1.2.2 Product Description

1.2.2.1 Product Characteristics

Businesses under SCG Decor and its subsidiaries can be divided into 3 main business segments as follows

Decor surfaces business

SCG Decor is a manufacturer and distributor of quality ceramic tiles and decor surfaces products which can be categorized as follows

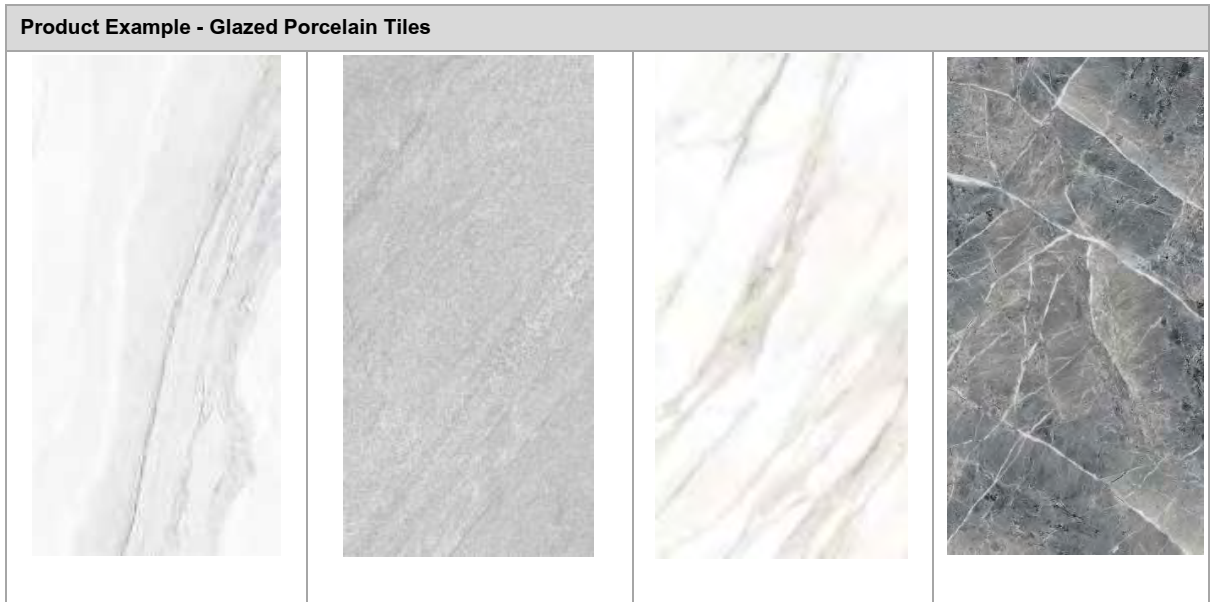
1. Floor Tiles

Ceramic Floor Tiles are the low water absorption tiles which were single fired at high temperature, resulting in the tiles being durable and better suited for heavy usage than ceramic Wall Tiles. In addition, ceramic Floor Tiles have a wide variety of pattern and glazed surfaces which can be properly used in various situation, such as glazed tiles, cutting edge tiles and polished tiles, etc.



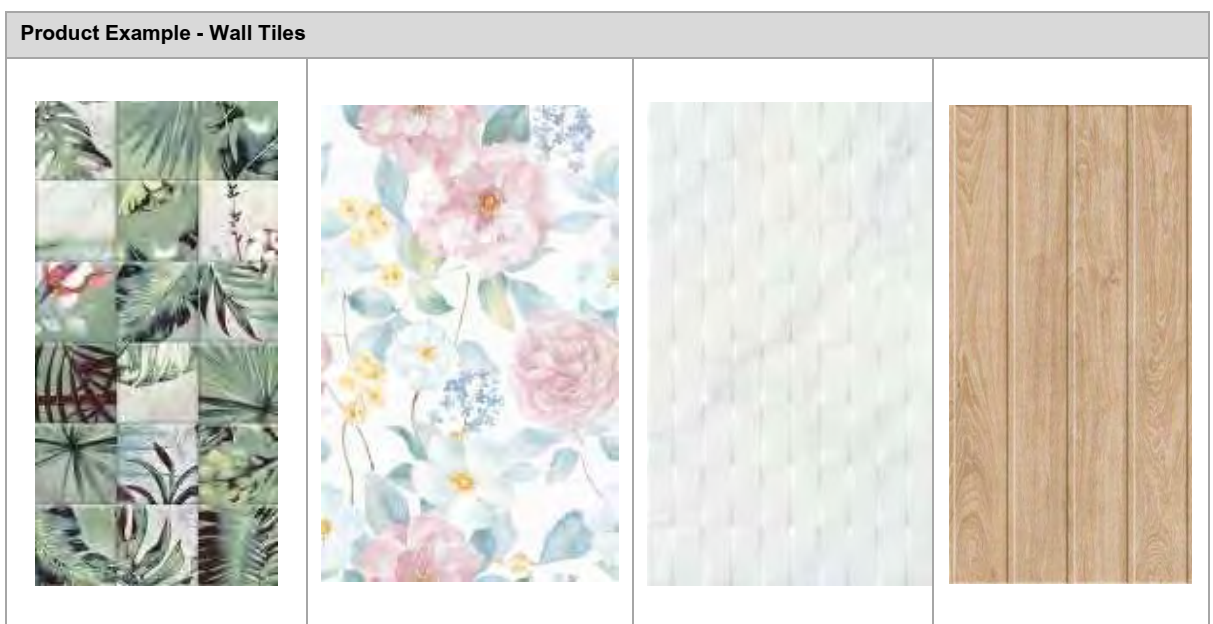
- Glazed Porcelain Tiles

Glazed Porcelain Tiles are a type of tile in the group of Floor Tiles with glazed surface and porcelain body (strong body with white color). Tile texture looks homogeneous throughout the sheet because of mixture of kaolin and other minerals including alumina which make the tiles strong and durable. Glazed porcelain tiles are fired at a temperature of 1,200 – 1,300 degrees Celsius, which makes the porcelain tiles bear the weight of up to 350 kilograms per sq.cm. As a result, the tiles are highly resistant to abrasion and scratching, have a long useful life due to the nature of texture which is stronger than normal stone including high-traffic public areas such as hotel lobby, department store, corridors and walkways in buildings or parking lots.



2. Wall Tiles

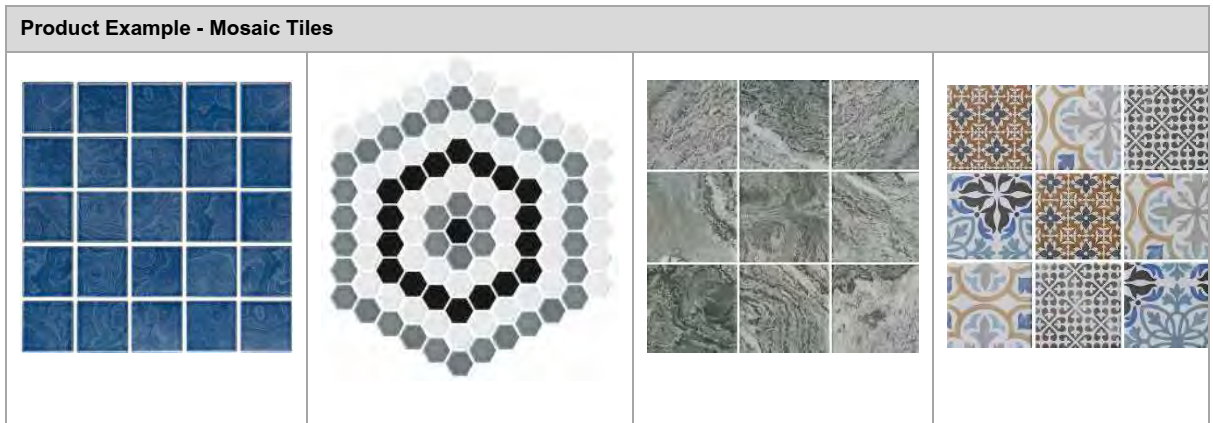
Ceramic Wall Tiles are suitable for indoor use, light weight and firmly attached to wall. Ceramic Wall Tiles have glazed surfaces, shades and patterns that are suited for wall tile. They are easily cleaned and have multiple sizes.



- Mosaic Tiles

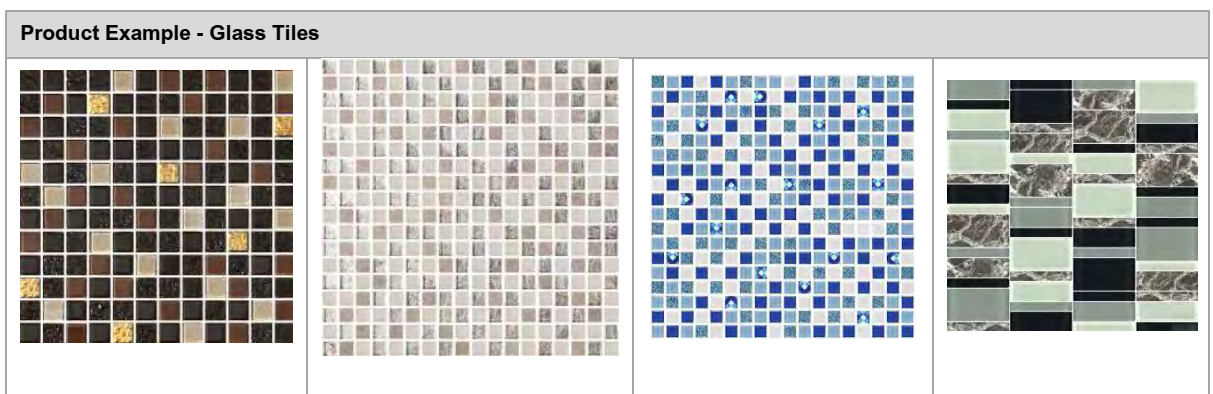
Mosaic tiles are a type of tile in the group of Wall Tiles. Mosaic tiles are small tiles that were sorted into the net at the back which are not more than 4x4 inches in dimension, having several types of tile body and resisting to temperature changes. There are 2 varieties to choose from: matt and glazed finishes. Most mosaic tiles are used for swimming pool, , bathrooms, or other decoration. Because of their small size, mosaic tiles can be applicable and arranged for a number

of designs as needed.



- Glass Tiles

Glass tiles are made of glass, which is transparent, non-water absorption, not resistant under high pressure, and not resistant to temperature changes, making them suited for wall decoration in area of inside the building. On the other hand, outdoor decoration use can be accomplished by printing a pattern on glass or use other techniques such as sand spray to make the tile's surface matte or creating patterns on tiles.



3. Other decor surfaces products

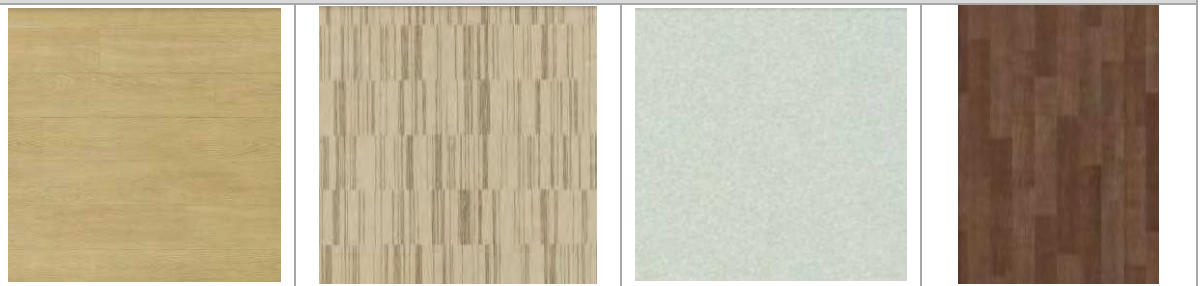
- Stone Plastic Composite (SPC)

Stone Plastic Composite (SPC) is a combination of tensile, flexible PVC plastic and calcium carbonate which provides strength, durability, and low water absorption. The surface of the material comes with wood patterns with many colors and patterns to choose from.

Product Example - Stone Plastic Composite (SPC)

- **Luxury Vinyl Tile (LVT)**

Luxury Vinyl Tile (LVT) is a floor tile produced with 100% pure plastic vinyl. The tile is flexible and strong as high-quality rubber and able to support shock and scratches well

Product Example - Luxury Vinyl Tile (LVT)

SCG Decor also sell other decor surfaces related products which include tile adhesive and grout which SCG Decor procures from other reliable suppliers in other countries such as Thailand and Vietnam.





Product Example – Fixing materials and maintenance**Bathroom business****1. Sanitary ware**

- **Sanitary ware** including toilets, wash basins, urinal and bidet and bathroom complementary

Toilets consist of main product groups such as one-piece toilet, two-piece toilet, flush valve toilet, toilet with conceal tank, smart toilet, toilet with electronic seat & cover, toilet with seat & cover and touchless waving sensor

Product Example - Toilets			
			
Smart toilet	One-piece toilet	Two-piece toilet	Wall hung/ wall face Toilet




Basin consists of main product groups such as above counter basin, countertop basin, under counter basin, semi recessed basin, wall-hung basin, basin with pedestal, wall-hung basin with pedestal, pedestal basin, and sink

Product Example – Basins			
			
Above counter basin	Under counter basin	Wall hung basin	Semi recessed basin

Urinals and bidet consist of main product groups such as sensor urinals, wall-hung urinals, wall face urinals, wall face bidets, wall-hung bidets.

Product Example – Urinal and bidet			
			
Sensor urinal	Manual urinal	Bidet	

- **Complementary** such as bathtubs, shower enclosure, mirrors, bathroom furniture, treatment tanks, etc.

Product Example – Complementary			
			
Bathtub	Shower enclosure	Mirror	Bathroom furniture

2. **Sanitary Fittings** including faucets, showers, flush valves, bathroom accessories and kitchen products. The details of main products are as follows.

- Three types of basins faucets: basin faucet, basin mixer faucet and automatic basin faucet. Some types of a faucet are especially used for wash basins with both hot and cold-water mixes. Other types have a sensor to turn the water on or off automatically.

- Exposed bath is a faucet that is used with a bathtub. Some will consist of a shower, an on-off valve that can mix hot and cold water. Some are taps generally used in bathrooms such as showers.
- A kitchen faucet is a faucet that connects to a kitchen sink or a bar counter. There are both types that use only cold water or both hot and cold water which can be adjusted according to usage.
- Flush valve is a faucet that is used with a toilet or urinal. It has a semi-automatic operation system by operating the lever for turning on and the water will stop flowing automatically.



Product Example – Faucet

			
Automatic faucet	Basin mixer faucet	Exposed bath mixer	Kitchen faucet

Product Example – Shower

			
Rain shower set	Rain shower	Hand shower	

Product Example – Flush valve

			
Sensor flush valve	Manual flush valve		

Product Example – Accessories

			
Rinsing spray	Towel bar	Paper holder	Handrail

Product Example – Kitchen products			
			
Kitchen faucet	Kitchen sink stainless steel		

In addition to offering a wide range of products mentioned above, SCG Decor also offers design consulting services to customers by "COTTO Studio", which provides design services for bathrooms, living rooms, kitchens, and outdoor gardens. There is also ceramic tile installation service (C'TIS) and bathroom repair service "COTTO Fixing Service" for customers as well.

Other Business

1. Nong Khae industrial estate

SCG Decor operates industrial estate business through COTTO, its subsidiary. Industrial estate locates on Phaholyothin Road kilometer 91, Nongkhae District, Saraburi. Nong khae industrial estate is a collaboration project between COTTO and the Industrial Estate Authority of Thailand which is a state enterprise agency under the Ministry of Industry according to the Industrial Estate Authority of Thailand Act B.E. 2522 (1979). COTTO is a developer of land and utilities such as electrical systems, water systems, wastewater treatment systems, waste disposal systems and other facilities. The company also provides utility services after sale to industrial operators in Nong Khae Industrial Estate. As of December 31, 2022, the industrial estate has a total project area of 2,042 rai 3 ngan 23.5 square wa, divided into a distribution area of 1,593 rai 2 ngan 16.5 square wa and a utilities and reservoirs area of 449 rai 1 ngan 0.7 square wa.



2. Solar business

Solar business operated through subsidiary SUSUNN. However, as of the date of this document, SCG Decor intends to adjust its solar business direction with a plan to reduce the role and importance of solar business in the future, which is not the main business of SCG Decor. SCG Decor is in the process of gradually reducing its solar business, but SUSUNN still needs to do some parts for projects that have already been agreed with customers, including the warranty and related after-sales service.

3. Associated company's business

Through SCG Decor's associated company, Noritake SCG Plaster Co., Ltd. ("**NSP**"), SCG Decor holds 10% in NSP that engages in manufacturing and selling products for ceramics industry, ceramic crockery, sanitary ware, and mortar for construction materials. NSP's products consist of 3 main product groups which are (1) molding product such as plaster (2) building product such as plastering, gypsum board joints, tile adhesive, grout, and (3) adhesive and sealant.

Product Example – Molding Product



Product Example – Building Product











Product Example –Adhesive & Sealant




1.2.2.2 Marketing and Competition

(1) Marketing and Sales

SCG Decor has wide range of brand portfolio for ceramic tiles and bathroom products which are recognizable and well-regarded brands in Thailand and overseas and tailored to all market segment covering key target customer. Certain details of the key brands and target customer of SCG Decor are as follows

Brand	Product	Target Customer	Channel
Thailand			
	<ul style="list-style-type: none"> Sanitary ware, Faucets and Fittings 	Focus on upper-level customers that emphasizes outstanding design, warm color, luxury, and uniqueness	<ul style="list-style-type: none"> COTTO LiFE Project
	<ul style="list-style-type: none"> Porcelain Tiles imported from Italy and Spain 	Focus on middle- to upper-level customers that emphasizes outstanding design, colorful and unique pattern and European style	<ul style="list-style-type: none"> Project COTTO LiFE
	<ul style="list-style-type: none"> Floor Tiles Wall Tiles Sanitary ware, Faucets and Fittings Tile Adhesive Grout 	Focus on middle- to upper-level customers that emphasizes design and product quality	<ul style="list-style-type: none"> Dealers Modern Trade COTTO LiFE Online Project Export
	<ul style="list-style-type: none"> Floor Tiles Wall Tiles 	Focus on mass market and middle-level customers and main cities with reasonable product prices	<ul style="list-style-type: none"> Dealers Modern Trade Klang Ceramic Online Project Export
	<ul style="list-style-type: none"> Floor Tiles Wall Tiles Sanitary ware, Faucets and Fittings 	Focus on mass market customers with affordable and diverse products	<ul style="list-style-type: none"> Dealers Modern Trade Klang Ceramic Online Project Export
	<ul style="list-style-type: none"> Stone Plastic Composite (SPC) Luxury Vinyl Tile (LVT) 	Focus on middle- to upper-level customers that emphasizes design and product quality	<ul style="list-style-type: none"> Dealers Modern Trade COTTO LiFE Online Project
	<ul style="list-style-type: none"> Floor Tiles Wall Tiles 	Focus on mass market customers with reasonable product prices and diverse pattern	<ul style="list-style-type: none"> Klang Ceramic
	<ul style="list-style-type: none"> Sanitary ware, Faucets and Fittings 	Focus on mass market customers with reasonable product prices	<ul style="list-style-type: none"> Dealers Modern Trade Online Project

Brand	Product	Target Customer	Channel
Vietnam			
	<ul style="list-style-type: none"> • Floor Tiles • Wall Tiles • 	Focus on mass market and middle-level customers with diverse pattern	<ul style="list-style-type: none"> • Dealers • Modern Trade
	<ul style="list-style-type: none"> • Floor Tiles • Wall Tiles • Stone Vinyl Composite (SPC) • Sanitary ware, Faucets and Fittings • Tile Adhesive • Grout 	Focus on mass market and project customers with reasonable product prices diverse pattern	<ul style="list-style-type: none"> • Dealers • Modern Trade
Philippines			
	<ul style="list-style-type: none"> • Floor Tiles • Wall Tiles • Stone Vinyl Composite (SPC) • Luxury Vinyl Tile (LVT) • Sanitary ware, Faucets and Fittings • Tile Adhesive • Grout 	All customer segments from mass market to middle- to upper-level customers who prefer diverse pattern which can serve customer's needs in every area	<ul style="list-style-type: none"> • Dealers • Modern Trade • Online
	<ul style="list-style-type: none"> • Floor Tiles • Wall Tiles 	Focus on middle- to upper-level customers who focus on beautiful and modern pattern to meet customers' need for glazed porcelain tiles	<ul style="list-style-type: none"> • Dealers • Modern Trade • Online
Indonesia			
	<ul style="list-style-type: none"> • Floor Tiles • Wall Tiles 	Focus on upper-level customers who focus on realistic pattern and unique design	<ul style="list-style-type: none"> • Kokoh
	<ul style="list-style-type: none"> • Floor Tiles • Wall Tiles • Stone Vinyl Composite (SPC) • Luxury Vinyl Tile (LVT) • Sanitary ware, Faucets and Fittings 	Focus on middle- to upper-level customers who focus on realistic pattern and modern and beautiful design	<ul style="list-style-type: none"> • Kokoh

Brand	Product	Target Customer	Channel
	<ul style="list-style-type: none"> Floor Tiles Wall Tile 	Focus on middle-level and mass market customers who focus on value for money products	<ul style="list-style-type: none"> Kokoh

(2) Distribution Channel and Target Customer

SCG Decor sells products through various distribution channels which consist of (1) Dealers in Thailand and overseas, for example decorative and building material stores who buy SCG Decor's products for resale (2) Modern Trade (3) SCG Decor's own channel including Klang Ceramic, COTTO LIFE in Thailand, CTM (Ceramic Tiles and More) in Philippines and BELANJA⁴ in Indonesia. Moreover, SCG Decor also directly sell products to project customers which include developers of housing project, office building, hotel, and government project (4) export to more than 53 destinations worldwide including Myanmar, Malaysia, Laos, Cambodia, Japan, Korea, Taiwan, Yemen, the United States, and Iraq etc.

The following table sets forth a breakdown of revenue from sales by distribution channel for the year ended December 31, 2020, 2021 and 2022

	For the year ended December 31					
	2020		2021		2022	
	THB million	%	THB million	%	THB million	%
Thailand						
Dealers	6,836.8	28.0	6,810.6	26.3	7,553.1	25.0
Modern Trade	3,909.4	16.0	4,195.8	16.2	5,084.0	16.8
SCG Decor's own channel ^{/1}	850.5	3.5	1,108.0	4.3	1,305.0	4.3
Export	2,813.5	11.5	3,012.5	11.6	3,634.4	12.0
Vietnam						
Dealers	6,027.1	24.7	5,505.4	21.2	7,007.3	23.2
Modern Trade	10.5	0.0	11.3	0.0	16.1	0.1
Export	502.6	2.1	649.2	2.5	885.6	2.9
Philippines and Indonesia						
Dealers ^{/2}	2,512.7	10.3	3,302.5	12.7	3,464.7	11.5
Modern Trade	357.4	1.5	536.2	2.1	571.3	1.9
SCG Decor's own channel ^{/3}	270.6	1.1	395.0	1.5	521.8	1.7
Export	1.3	0.0	0.8	0.0	1.0	0.0
Total revenue from sales from all distribution channel in each country	24,092.6	98.8	25,527.3	98.4	30,044.3	99.3
Other income ^{/4}	566.0	2.3	912.3	3.5	743.9	2.5

⁴ SCG Decor plans to enter into conditional share purchase agreement with Kokoh who currently owns "BELANJA", in order to purchase share of KMKP – an entity 99.99% held by Kokoh and/or to purchase assets relating to business of "BELANJA"

	For the year ended December 31					
	2020		2021		2022	
	THB million	%	THB million	%	THB million	%
Total revenue from sales before Intersegment elimination	24,658.6	101.1	26,439.7	101.9	30,788.2	101.8
(Less) Intersegment elimination	(280.0)	(1.1)	(502.2)	(1.9)	(534.4)	(1.8)
Total revenue from sales	24,378.6	100.0	25,937.4	100.0	30,253.8	100.0

Note:

/1 Comprise SCG Decor's own channel includes Klang Ceramic, COTTO LiFE, direct sales to project customers and online channel

/2 Include Kokoh for Indonesia excluding revenue from sales via BELANJA

/3 Comprise SCG Decor's own channel includes CTM and direct sales to project customers and online channel

/4 Other income includes industrial estate business and solar business

- 1) **Dealers** include wholesalers and retailers such as decorative building material stores and trading stores who buy tiles and bathroom products from SCG Decor for resale. Dealers will purchase products from SCG Decor to resell to both project customers and end user. As of December 31, 2022, SCG Decor has 592 distributors in Thailand and 227 distributors in overseas. In addition, SCG Decor has over 10,000 sub-distributors⁵ worldwide.

SCG Decor focuses on providing support and building long-term relationships with dealers where SCG Decor's long-standing relationship with dealers has made SCG Decor's products become well-known and allows SCG Decor to access to wide range of customers, both project customers and retail customers (end user).

- 2) **Modern Trade** includes network of integrated construction and home improvement retailers in Thailand such as HomePro, Thaiwatsadu, Dohome, Boothavorn, SCG HOME and Global House. For other countries, there are SCG HOME in Vietnam, Wilcon Depot, ALL home in Philippines Mitra10, Depo Bangunan in Indonesia. As of December 31, 2022, SCG Decor has distributed products through 13 Modern Trade where SCG Decor enter into an annual agreement with Modern Trade. In addition, SCG Decor also has a standard pricing policy for Modern Trade.

SCG Decor has built good relationship with key Modern Trade. In addition, SCG Decor has a team of experts who manage sales and marketing in Modern Trade channel. As of December 31, 2022, SCG Decor has assigned staff to provide direct advice to customers in Modern Trade channel.

- 3) **SCG Decor's own channel** including SCG Decor's own stores in the form of stores established by manufacturers to mainly sell its own products both domestically and internationally which focuses on selling Floor Tiles, Wall Tiles, other decor surfaces products and bathroom products

⁵ Sub-distributors purchased products from SCG Decor's dealers for further distribution

mainly under the SCG Decor's brands. This also includes sales via online channels. The details of SCG Decor's stores in each country are as follows

- **Thailand:** In Thailand, SCG Decor has two main stores
 - **Klang Ceramic:** Ceramic tile store with products in mid to low price ranges. The products are regular products that have been received directly from COTTO and have been certified by many institutions, both domestic and international. Some imported tiles are also sold. Klang Ceramic store has branches all over the country with an average sales area starting from 1,000 square meters and a parking area to accommodate customers.

"Klang Ceramic" have both store format which is operated by COTTO, and a new model "Klang Ceramic Family", which is a collaboration with a building material stores in potential areas. As of December 31, 2022, there are 21 Klang Ceramics operated by COTTO and 79 Klang Ceramic Family.

For branches expansion, SCG Decor will focus on opening Klang Ceramic Family, a business model that combines strengths between SCG Decor and SCC's dealerships. SCG Decor is a manufacturer that covers all levels of the market offering a variety of products for customers to choose from while the SCC's dealership has a customer base in certain area with a strategic location which will help boost sales opportunities for both parties and provide convenience in choosing products for customer as well.



- **COTTO LiFE:** A store that offers a comprehensive collection of tiles, sanitary ware, and faucets. Meeting the lifestyle of urbanites with the concept of "Lifestyle Tile & Solutions" that reflects modernity and individual styles in designing a unique resident. COTTO LiFE fulfills home decoration in all areas by providing full services by design specialist, from Creative Designer showing previews before important decisions to Tile Installation Service by a team of expert technicians guaranteeing a functional and reliable work. As of December 31, 2022, SCG Decor operates 3 COTTO LiFE stores located in Bangkok, Khon Kaen and Chiang Mai.



- **The Philippines** A manufacturing outlet store under the name “CTM (Ceramic Tiles and More)” which sells ceramic tiles and bathroom products manufactured by MSC or imported for sale under MSC’s brand. As of December 31, 2022, SCG Decor has 19 CTM stores located across the Philippines.



- **Indonesia** A store under the name “BELANJA” which sells Floor Tiles, Wall Tiles, and bathroom products, as well as other decor surfaces products in Indonesia. As of December 31, 2022, Kokoh operates 20 BELANJA stores located in Java, Indonesia. *(Please consider details of the entering into BELANJA’s share and/or asset purchase agreement is in section 1.3.3 “Relationship with major shareholder’s business”)*



- **Direct sales to project customers** include real estate developers such as hotel, condominium, housing estate, office building who purchase SCG’s Decor products for decorate, revamp or maintenance.
- **Online channel** SCG Decor sells products through online channels via its website, namely www.cotto.com and www.cottolife.com which are SCG Decor’s own website

- 4) **Export** SCG Decor exports tiles and bathroom products to other countries including Myanmar, Malaysia, Laos, Cambodia, Japan, Korea, Taiwan, Yemen, the United States, and Iraq etc. As of December 31, 2022, SCG Decor exports its products to 53 countries around the world.

(3) Industry perspective

The information that appears in this Industry Overview has been prepared by Euromonitor International Limited (“**Euromonitor**”) and reflects estimates of market conditions based on publicly available sources and trade opinion surveys and is prepared primarily as a market research tool. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in the Company. The Directors believe that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in reproducing such information. The Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor and set out in this Industry Overview has not been independently verified by the Group, the Sponsor, the Lead Manager, the Underwriters, or any other party involved in the Global Offering and neither they nor Euromonitor give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

Forecasting Bases and Assumptions

Euromonitor International based the Euromonitor report on the following assumptions:

- Thailand, Vietnam, Philippines and Indonesia’s economy is expected to slowly recover from the COVID-19 impact 2021/2022 and maintain steady growth over the forecast period.
- The social, economic and political environments in the researched markets are expected to remain stable during the forecast period.
- Key market drivers, such as rising GDP, income per capita, changing lifestyles and urbanisation are expected to boost demand for sanitary wares and fittings and tiles.

The research results may be influenced by the accuracy of these assumptions and the choice of these parameters. The market research was completed in March 2023 and all statistics in the Euromonitor report are based on information available at the time of reporting. Euromonitor’s forecast data is derived from an analysis of the historic development of the market, the economic environment and underlying market drivers, and is cross-checked against established industry data and trade interviews with industry experts.

Definitions and Coverage**Geographic Coverage**

- Thailand
- Vietnam
- Philippine
- Indonesia

Product/Category Definitions

Decor, Surfaces and Bathroom (DSB)

For the purpose of the report, Decor Surfaces and Bathroom (DSB) refers to the aggregation of sanitary wares and fittings, ceramic tiles, stone plastic composite (SPC) and luxury vinyl tile (LVT).

Sanitary wares and fittings: Include all plumbed-in bathroom fixtures, including bathtubs and showers trays/bases, sinks, basins, toilets and bidets. This category also includes fittings such as faucet, shower heads, shower curtains, shower enclosures, shower doors, side panels, screens and any other such products.

Ceramic Tiles: Includes collectively, ceramic tiles (glazed and unglazed) for wall/ceiling/floor covering applications, that may be used in any location such as bathroom, kitchen, living room, outdoor areas (e.g. terrace, swimming pool) etc.

Stone Plastic Composite (SPC): Stone plastic composite, sometimes called stone polymer composite, is made with the same vinyl base as luxury vinyl tile. But SPC has limestone added to the vinyl, providing it with a rigid core. It is both thicker and tougher than luxury vinyl tile (LVT), making it more durable and ideal for high-traffic areas comparing with LVT. The other main benefits of SPC include ease of installation and some features 100% waterproof. SPC floors can be installed easily via a click system, which means less installation time and lower installation cost.

Luxury Vinyl Tile (LVT): Luxury Vinyl Tile or LVT belongs to the Luxury Vinyl Flooring family and it imitates the look of ceramic or stone tiles, without complicated and expensive installations. LVT is made with a synthetic material that is formed by mixing and melting polyvinyl chloride resins (PVC), white pigments, calcium carbonate, plasticizers, fungicide, and UV stabilizers. LVT is usually offered with a large selection of authentic designs with natural looks (stone or wood look). LVT floors can be installed via the glue-down method or a click system, which makes it relatively easy to install.

Period Coverage

Market review for this report has been carried out for the period 2017-2026, unless otherwise stated. Specifically, the 2017-2021 period will be termed the historic or review period, with 2021 as the base year. And 2022-2026 will be deemed the forecast period for the entire report.

Part 1: Macroeconomic Overview

Major Southeast Asian economies recover from pandemic on rising domestic demand and trade

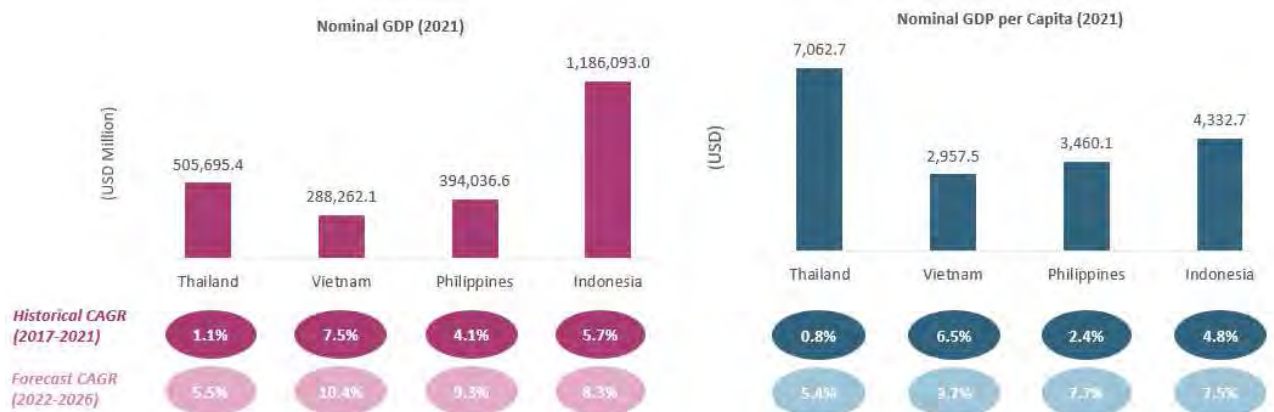
The nominal GDP of the four Southeast Asian markets of Thailand, Vietnam, the Philippines and Indonesia all recorded positive growth in the review period, despite the Covid-19 pandemic. Before the pandemic, the nominal GDP of the four countries registered a robust CAGR of 7.4% between 2017-2019. The economy was hit by the pandemic in 2020, nonetheless, all four markets have started to recover in 2021, with the lifting of COVID-19 restrictions and rollout of vaccinations. The recoveries have been further supported by the recovery of tourism since 2022, and nominal GDP is estimated to rebound at 8.9% in Thailand and Vietnam, 14.8% in Indonesia, and 12.5% in the Philippines. The four economies are expected to continue growing in the long term, driven by a young population, strong domestic labour and consumption, and reduced trade barriers from the RCEP trade bloc all are a part of. The RECP, one of the world's largest free trade agreements, is expected to promote trade and investment activities among its member states by eliminating tariffs on more than 90% of goods over the next 10 to 15 years.

In terms of nominal GDP per capita, Vietnam recorded the fastest growth at 6.5% CAGR in the review period, despite the lowest value US\$ 2,957.5 in 2021, followed by Indonesia at 4.8% CAGR and GDP per capita at US\$ 4,332.7 in 2021. The Philippines had moderate growth of 2.4% CAGR and nominal GDP per capita of US\$

3,460.1 in 2021, while Thailand grew at a slower rate of 0.8% CAGR, but still had the highest GDP per capita of the four at US\$ 7,062.7 in 2021.

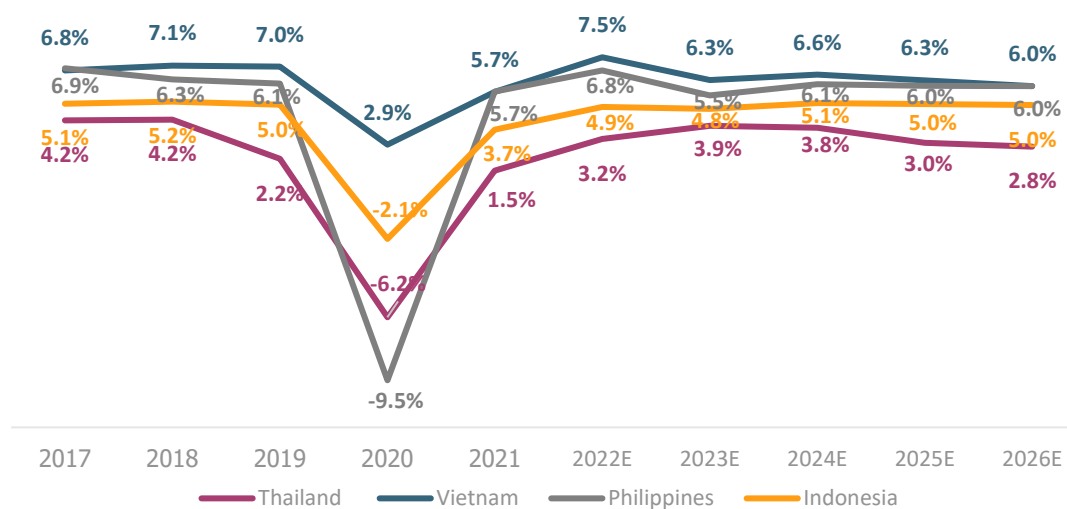
The four Southeast Asian markets all enjoyed rising household disposable income between 2017-2021. Thailand, the Philippines and Indonesia have similar household disposable income levels in the region of USD10,000 to USD11,000. Although Thailand has higher disposable income per capita than the Philippines, both countries have similar household disposable income due to the Philippines having a larger average household size than Thailand. Although Vietnam's household disposable income is in a lower tier than the other three markets, Vietnam recorded the fastest growth in household disposable income with a CAGR of 4.6% to reach USD7,000 in 2021. Thailand's household disposable income grew at the slowest pace among the four markets which corresponds to country's more mature economy. Household disposable incomes for all four markets are expected to register robust growth in the forecast period, supported by the strong economic growth potential.

Chart 1 Nominal GDP in TH, VN, PH and ID (2017-2026E)



Source: Euromonitor Passport Data (Economies and Consumers 2022 edition)

Chart 2 Real GDP Growth in TH, VN, PH and ID (2017-2026E)



Source: Euromonitor Passport Data (Economies and Consumers 2022 edition)

Chart 3 Household disposable income in TH, VN, PH and ID (2017-2026E)

Source: Euromonitor Passport Data (Economies and Consumers 2022 edition)

Large and growing population make major Southeast Asian markets attractive consumer markets

The four Southeast Asian markets of Thailand, Vietnam, the Philippines, and Indonesia are also growing in terms of population, making them attractive for consumer businesses. Indonesia has the largest population at 273.8 million in 2021, followed by the Philippines at 113.9 million, Vietnam at 97.5 million, and Thailand with the smallest population of 71.6 million. In terms of age distribution, Thailand, Vietnam and Indonesia all have higher percentage of work age population (15-64) than world average of 65%⁶ in 2021. The population growth rate is expected to slow down slightly in the forecast period due to declining fertility rate, rising living costs, increased literacy, and education levels. The population growth of all four markets, except for the Philippines, is expected to be below 1% CAGR from 2022 to 2026. In addition, the percentage of work age population in the four countries are expected to remain the same level as in 2021, providing the large labour force for support the economic development.

Chart 4 Population in TH, VN, PH and ID (2017-2026E)

Source: Euromonitor Passport Data (Economies and Consumers 2022 edition)

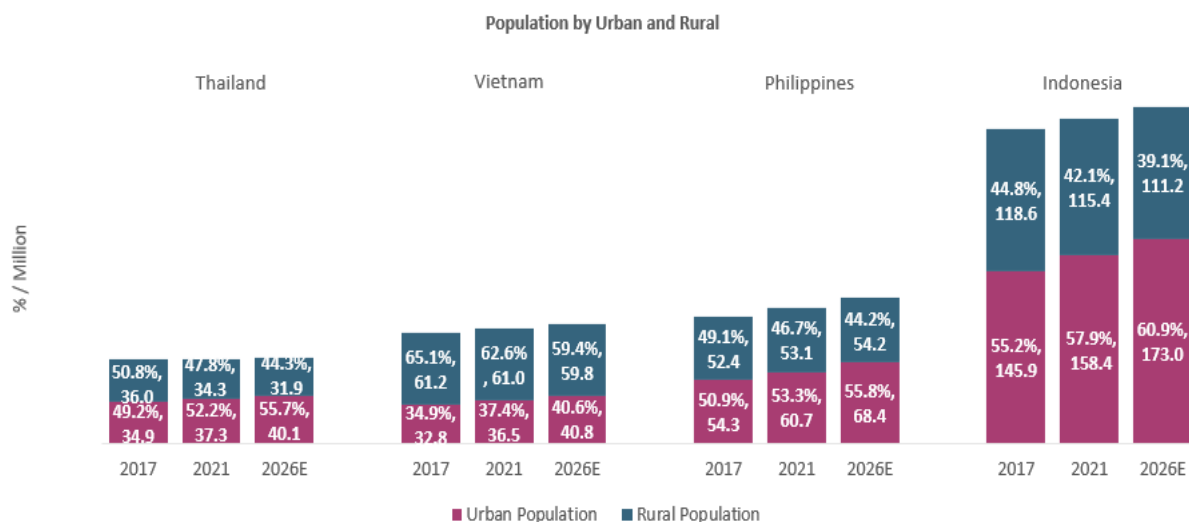
⁶ World Bank <https://data.worldbank.org/indicator/SP.POP.1564.TO.ZS>

Rising urbanization helps facilitate growth in spending on construction and building

The four markets are rapidly urbanizing with a growing urban population. The urban populations in Indonesia, the Philippines, and Thailand account for more than 50% of total population in 2021. Vietnam's urban population is at 37.4% in the same year. Urbanization is underpinned by infrastructure development, such as transportation infrastructure and housing, with the Indonesian and Philippine governments investing heavily in infrastructure projects.

Housing completion in the four markets has been growing since 2017, with the highest growth in Vietnam and the highest absolute quantity in Indonesia over the review period of 2017-2021. Housing completion is expected to accelerate in the forecast period of 2022-2026, and Vietnam and Indonesia are expected to lead pace of housing completion growth amongst the four markets. Consumer expenditure on maintenance and repair of dwellings has also grown in all markets except Thailand, with the Philippines showing the fastest growth. Continued infrastructure development and rural-to-urban migration is expected to drive continued growth in consumer expenditure on housing.

Chart 5 Urban vs. Rural Population in TH, VN, PH and ID (2017-2026E)



Source: Euromonitor Passport Data (Economies and Consumers 2022 edition)

Table 1 Housing Completion in TH, VN, PH and ID (2017-2026E)

Geography	Unit	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E
Thailand	'000	962.3	1,001.5	1,042.8	1,064.2	998.6	1,012.9	1,046.2	1,088.0	1,128.2	1,160.9
Vietnam	'000	896.5	956.7	1,008.7	1,040.3	1,041.7	1,099.8	1,176.7	1,255.4	1,332.3	1,408.3
Philippines	'000	483.8	502.0	510.8	521.3	507.8	528.5	531.6	543.2	547.9	553.6
Indonesia	'000	1,850.1	1,930.5	1,976.4	2,009.9	1,968.4	2,041.0	2,141.4	2,244.4	2,356.3	2,410.2

Source: Euromonitor Passport Data (Economies and Consumers 2022 edition)

Table 2 Consumer Expenditure on Maintenance and Repair of Dwellings in TH, VN, PH and ID (2017-2026E)

Geography	Unit	2017	2018	2019	2020	2021	2022E	2023E	2024E	2025E	2026E
Thailand	USD Mn	1,332.7	1,296.7	1,241.4	1,183.8	1,164.6	1,282.6	1,353.2	1,442.5	1,499.8	1,526.1
Vietnam	USD Mn	393.5	422.2	481.7	515.2	517.1	570	627.9	689.4	755.9	828.1
Philippines	USD Mn	873.5	1,010.3	1,119.6	1,210.9	1,289.2	1,377.8	1,521.8	1,657.4	1,801.4	1,960.7
Indonesia	USD Mn	3,804.7	4,169.9	4,493.4	4,684.9	4,816.0	5,072.3	5,493.4	5,922.6	6,404.5	6,913.5

Source: Euromonitor Passport Data (Economies and Consumers 2022 edition)

PART 2: DECOR, SURFACES AND BATHROOM (DSB) IN THAILAND, VIETNAM, PHILIPPINES, AND INDONESIA

1. DSB IN THAILAND

1.1 CATEGORY OVERVIEW

Moderate growth in Thailand's sanitary wares and ceramic tiles market, with gradual rise in interest in SPC/LVT products

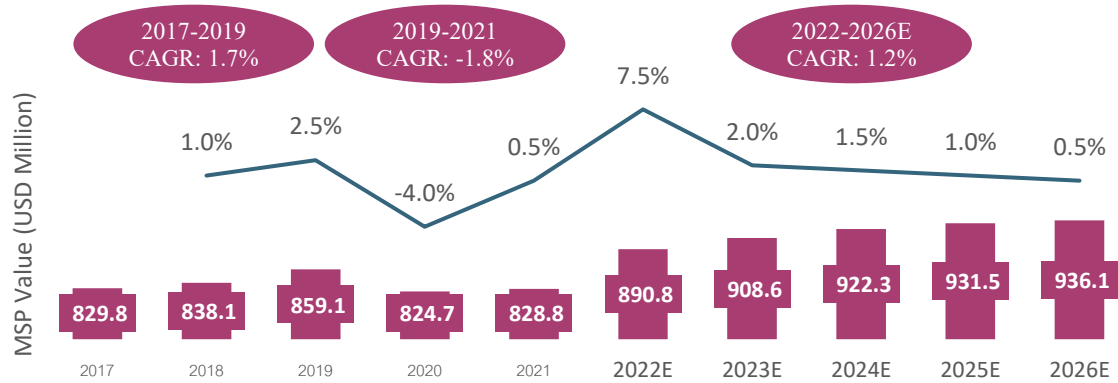
Demand for DSB in Thailand was growing prior to the Covid-19 pandemic. Ceramic tiles sales value increased at 1.7% CAGR between 2017 and 2019 to reach US\$859.1 million in 2019. Sanitary wares and fittings as well as SPC/LVT grew faster at 4.4% and 6.5% CAGR respectively in the same time period. The onset of the Covid-19 pandemic in 2020 caused sales value to dip across the board. Market demand has started recovering in 2021 with ceramic tiles recording US\$828.8 million, sanitary wares and fittings recording US\$343.5 million and SPC/LVT recording US\$118.9 million in sales.

The market for ceramic tiles started improving in 2021 and recovered to pre-pandemic level in 2022 with a year-on-year growth rate of 0.5% in 2021 and 7.5% in 2022, thanks to the easing of lockdown measures, the need to refurbish tourist areas and the recovering foreign exports. Glazed ceramic tiles are widely used for floors, walls, and counters and can be segmented into high, medium, and low. Meanwhile, SPC/LVT products are also in demand with an year-on-year growth rate of 3.1% in 2022 following a -2.0% decline in 2021, due to their relatively low cost, ease of installation and natural looks, making them suitable for both residential and commercial applications. They are an emerging product category with sales value starting at a comparatively lower base compared to ceramic tiles and sanitary wares. Demand for sanitary wares is also recovering from the pandemic, with a year-on-year growth rate of 9.4% in 2022 following a -5.0% decline in 2021. Across the three categories, the ceramic tiles category showed earlier recovery in 2021, supported by leading local companies' resilience to the impact from COVID-19, while sanitary wares and SPC/LVT only started to recover in 2022.

In terms of value chain, the ceramic tiles are mostly produced locally with local conglomerates such as SCG Ceramics and Dynasty Ceramics offering wide variety of products. Yet there is an increasing consumer preference for imported tile for special designs. Similarly for sanitary wares and fittings, both local companies and global companies such as Toto and Kohler have their manufacturing hubs in Thailand to use locally sourced raw

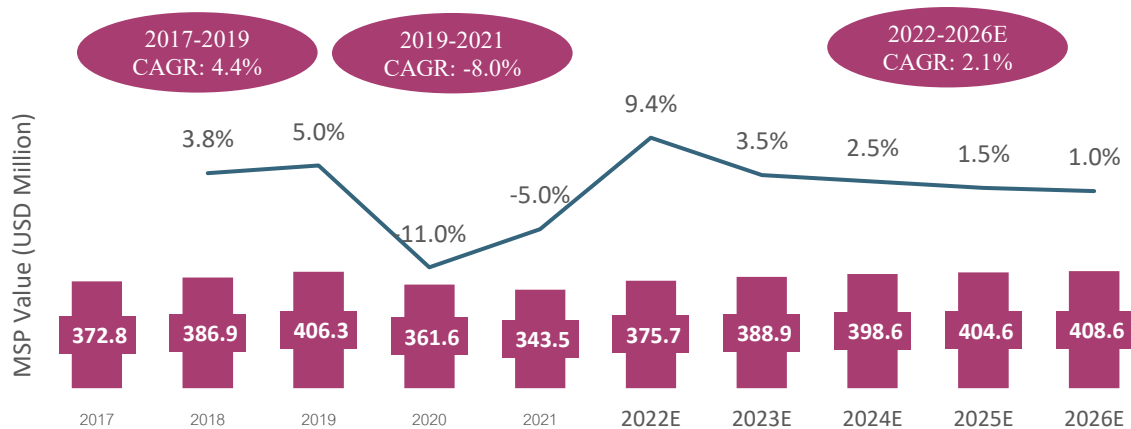
materials, also amalgamate that with parts produced from other countries. On the other hand, SPC/LVT products are still new comparing to ceramic tiles or other floorings, and mainly are imported, with no major LVT manufacturers in Thailand. The distribution channels for DSB are mainly through a few layers of distributors and wholesalers, which sell products to the retailers and contractors

Table 6 Market Size of Ceramic Tiles in Thailand, MSP Value (2017-2026E)

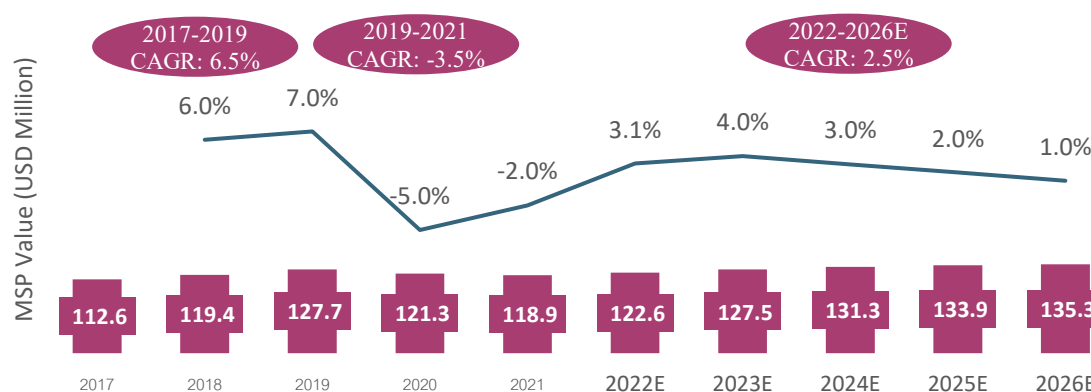


Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Table 7 Market Size of Sanitary wares and fittings in Thailand, MSP Value (2017-2026E)



Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Table 8 Market Size of SPC/LVT in Thailand, MSP Value (2017-2026E)

Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

1.2 HISTORICAL GROWTH DRIVERS AND CONSTRAINTS

Construction and design experts raise awareness for new product

The influence of housing architects and interior designers has driven growth in the sales of LVT products. LVT has wide applications in both residential and commercial sectors and consumer awareness is gradually increasing. Increasing engagement of interior designers for housing construction helps facilitate such increased awareness and demand for better designed or premium-looking products that fit into the housing aesthetics of consumers. The development of new commercial buildings (e.g. malls), which are likely to utilise SPC/LVT for their aesthetics features and the ease of installation, is also expected to drive the demand for SPC/LVT.

Slowing housing construction constrains overall demand growth

A slowdown in housing completion in the comparatively mature Thai market has impacted the demand for related products like sanitary wares and ceramic tiles. Housing completion grew at a modest rate of 0.9% CAGR from 2017 to 2021. Especially during 2021, the onset of Covid-19 led to a decline in the housing completion

Existing incumbents with strong distribution capability facilitates fulfillment of consumer demand

Strong ceramic tile players in Thailand helps to fulfil consumer demand in the market. For instance, SCG Ceramics and Dynasty are long-established businesses in the market with a strong sense of consumer demand and the distribution network to sell their products. Given their scale and awareness of general consumer preferences, they are able to cater to market demand. SCG Ceramics for instance provides different brands targeting different segments, such as COTTO targeting medium to high price segment, while SOSUCO and CAMPANA catering to the mass market. Meanwhile, another leading player, Dynasty Ceramics features the lower priced products to cater for price sensitive consumers.

1.3 INDUSTRY OUTLOOK AND OPPORTUNITIES

Easing of mortgage requirements to boost demand for housing and building-related materials

Thailand's central bank eased mortgage rules to boost the Thai property sector. The loan-to-value (LTV) ratio limit was lifted from 70-90% to 100% during the period between October 2021 and December 2022. This

measure eases the financial burden for house-buying. Housing completion in Thailand rose from 998,000 units completed in 2021 to 1 million units completed in 2022, while consumer expenditure on maintenance and repair of dwellings rose from US\$1.2 million to US\$1.3 million in the same timeframe. This is expected to kickstart the momentum of housing demand and in turn building-related products in the longer term.

Pandemic-induced mindset and behavioral change drives demand for quality sanitary wares

The Covid-19 pandemic has increased consumer awareness of hygiene, leading to growing demand for innovative sanitary wares and fittings with features such as smart toilets with hygiene features, touchless toilet flush, touchless faucets, integrated toilets for better hygiene management. Sales value for sanitary wares and fittings in Thailand are expected to ride this growth wave to reach US\$408.6 million in 2026 at a 2.1% CAGR. As people spend more time at home during the pandemic, they have become more interested in design of their homes and in improving the quality of living by having higher quality homes. This will lead to more demand for home refurbishments following the recovery of the Thai economy from the pandemic. In particular, the growth of the economy and rise in disposable incomes will drive demand for more premium products and better designs.

Post-pandemic recovery to aid growth in demand for construction-related goods

Meanwhile, demand for ceramic tiles in Thailand improved in 2022 with the return of tourism and the need to refurbish facilities and buildings in high foot traffic tourist areas. This is also expected to drive demand for LVT due to their ease of installation, low installation cost and natural looks, making them suitable for high traffic commercial locations like malls and hotels, as well as residential applications. As consumer awareness of LVT rises, demand for it is expected to grow as well. Ceramic tile sales value is expected to grow at 1.2% CAGR to reach US\$936.1 million, while SPC/LVT is projected to grow at 2.5% CAGR to reach US\$135.3 million in 2026.

2. DSB IN VIETNAM

2.1 CATEGORY OVERVIEW

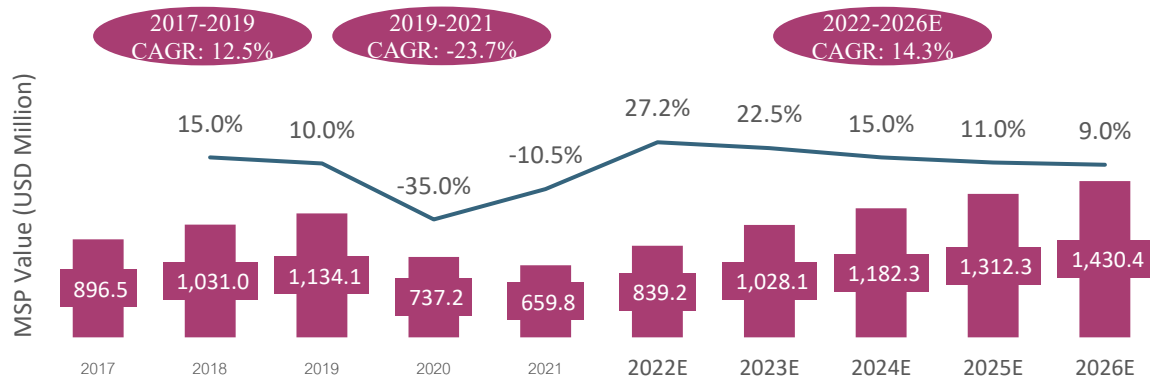
Growth in construction material demand in line with expanding housing market prior to Covid-19

Prior to the Covid-19 pandemic, the housing and real estate market in Vietnam was strong and booming, leading to increased demand for ceramic tiles, sanitary wares, and fittings. Ceramic tiles sales value increased at 12.5% CAGR to reach US\$1,134.1 million in 2019. Sanitary wares and fittings as well as SPC/LVT grew faster at a CAGR of 17.0% and 22.5% respectively in the same time period. The movement restrictions in 2020 and pandemic outbreak in 2021 led to a decline in renovation demand and new construction activities, causing sales value to fall across the board, and the decline in 2020 and 2021 erased the growth in 2017-2019 across all three categories. Market demand continued to decline in 2021, but at a more moderate pace than 2020, with ceramic tiles recording US\$659.8 million, sanitary wares and fittings recording US\$394.5 million and SPC/LVT recording US\$48.0 million in sales. SPC/LVT is a much smaller category than ceramic tiles in Vietnam, since SPC/LVT is still relatively new to consumers, and it's mostly used in high-end and modern tourism projects or only partially in bedrooms in a residential project.

Most of the housing construction-related goods are produced domestically, as Vietnam is a major tile producer with cheap labour and raw materials. However, about 20-30% of ceramic tiles are imported for the high-

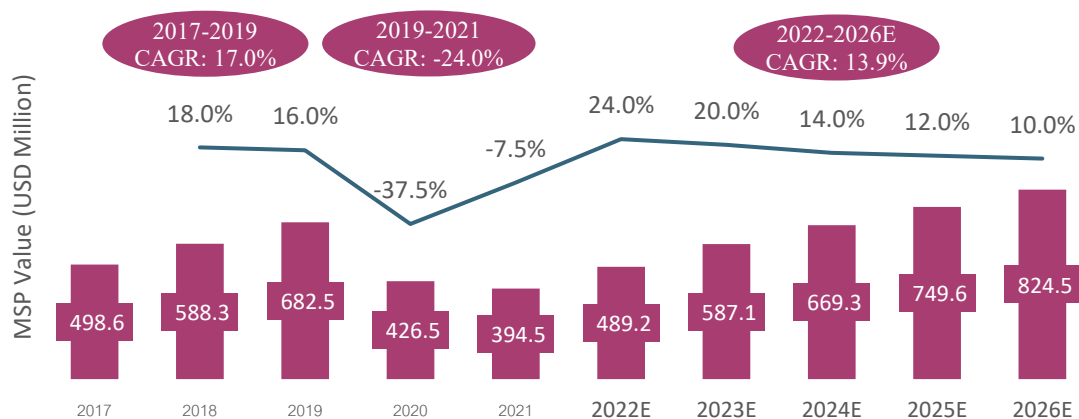
end market. The supply chain for these products involves multiple players, with most sales flowing from manufacturers to distributors to retailers and then to construction companies or end consumers. Sanitary wares and fittings have a similar supply chain to ceramic tiles, with manufacturers selling directly to construction companies or through distributors to a wider network of consumers. Most retail sales are targeted at small renovation projects, with most products purchased through consultation with contractors.

Table 9 Market Size of Ceramic Tiles in Vietnam, MSP Value (2017-2026E)

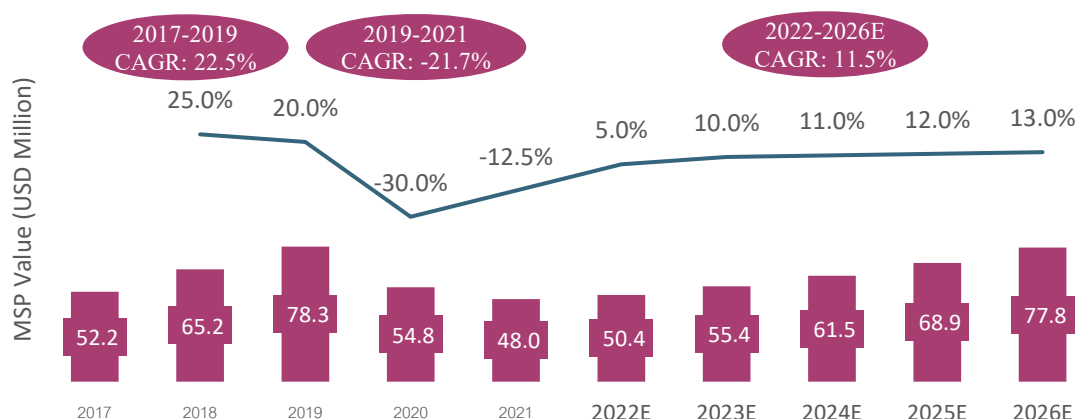


Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Table 10 Market Size of Ceramic Tiles in Vietnam, MSP Value (2017-2026E)



Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Table 11 Market Size of Sanitary wares and fittings in Vietnam, MSP Value (2017-2026E)

Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

2.2 HISTORICAL GROWTH DRIVERS AND CONSTRAINTS

Growing economy and real estate sector underpinned rising demand for sanitary wares and tiles

The real estate market in Vietnam was growing before the onset of the Covid-19 pandemic, with several projects launched by real estate developers and a growing demand for higher-end tourism facilities. Domestic incomes were rising, allowing the Vietnamese to invest more in upgrading their homes, in turn driving demand for construction material. In the past five years, GDP per capita in Vietnam grew at a healthy 6.5% CAGR to reach USD 2,957.5 in 2021.

Consumers becoming more discerning, driving demand for higher quality sanitary wares

Demand and spending on sanitary wares rose as consumers became more discerning and sought for sanitary wares of higher quality. This led to higher demand for higher-end sanitary ware products (i.e. high quality and premium-looking sanitary wares and fittings, including high-end Japanese brands such as TOTO and INAX, and other imported brands from the US and Europe), leading to increased market sales value. The pre-Covid real estate boom also helped to drive this demand, where better sanitary wares being included in housing construction deal packages became increasingly common. Housing completion in Vietnam grew from 896,500 units in 2017 to 1 million units in 2021 at a 3.8% CAGR.

Lingering post-pandemic effects and macroeconomic instability constrains market growth

The Covid-19 pandemic slowed real estate development in 2020 due to strong government efforts to curb the virus spread through movement restrictions. A large outbreak subsequently in 2021 further disrupted the economy and livelihoods. Subsequently while on the recovery trend, tighter government policies led to rising inflation and mortgage rates. This led to a decrease in demand for new housing construction and construction materials, discouraging individual consumers from undertaking new projects. There were also lingering effects from issues related to misuse of construction certificates, and in turn slowdown in approvals for real estate projects.

2.3 INDUSTRY OUTLOOK AND OPPORTUNITIES

Recovering real estate market to facilitate growth in sanitary wares and ceramic tiles demand

Vietnam's recovery from the pandemic is expected to drive demand for DSB materials, as housing market and consumer demand for home refurbishments recover. All three categories rebounded in 2022, with ceramic tiles recorded highest growth due to its previous sharp decline. Demand for sanitary wares and ceramic tiles is expected to recover in line with a gradual real estate recovery from 2022. This recovery is expected to be facilitated by government proposals to boost the real estate market, increased loan credits, and improved approval processes for real estate projects. This will be complemented by a growing urban population in Vietnam, where urbanization is still low (proportion of urban population at 37% in 2021) compared to neighbouring markets. Vietnam's urban population is projected to increase at 2.2% CAGR from 37.4 million in 2022 to reach 40.8 million in 2026. In the forecast period, all three categories are expected to post strong CAGR of above 10%, even though the current rising inflation and the rising home improvement material prices might impact the consumption of the lower socio-economic class which is relatively more price sensitive.

Increasingly discerning consumers to continue driving demand for better quality products

As consumers become more conscious of the importance of higher quality sanitary wares due to extended stays in their homes, they are expected to increase spending on better products, boosting demand for construction materials. On the commercial front, there are also more small-scale players entering the market to target the higher-end condominium and luxury hotels' demand for premium products, which will be catering to the elevated demands of consumers.

3. DSB IN PHILIPPINES

3.1 CATEGORY OVERVIEW

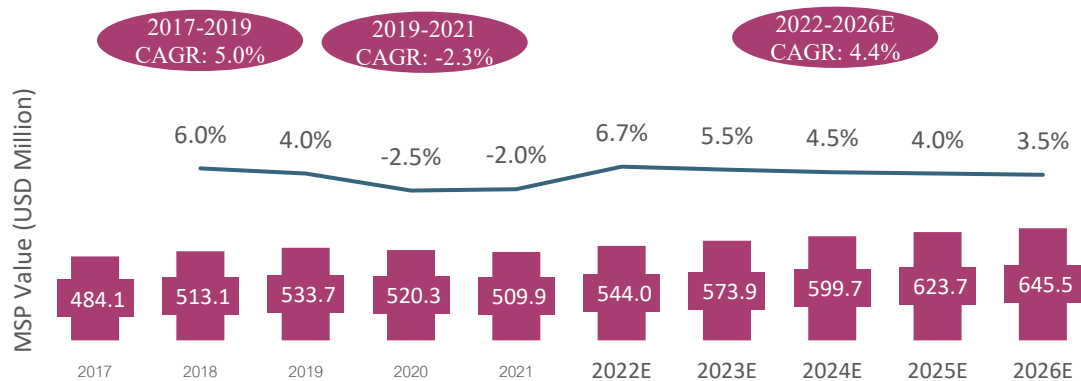
Rising demand for building-related materials on the back of rising home ownership and consumer spending

Market demand for DSB— ceramic tiles, sanitary wares and fittings, SPC/LVT - in the Philippines is rising on the back of rising home ownership, consumer spending and growing economy prior to the Covid-19 pandemic. Ceramic tiles sales value increased at 5.0% CAGR to reach US\$533.7 million in 2019. Sanitary wares and fittings as well as SPC/LVT grew faster at 8.7% and 17.0% respectively in the same time period. The pandemic outbreak caused growth to slow across the board compared to the pre-Covid period. Ceramic tiles recorded a decline in 2020 and 2021, while sanitary wares and SPC/LVT recorded slower growth than pre-pandemic years. The Philippines had experienced smaller impact from COVID-19 during 2020 and 2021 than the other markets. Although commercial projects and new housing development slowed down, many homeowners renovated their houses during this period. Market demand has started regaining growth momentum in 2021 with ceramic tiles recording US\$509.9 million, sanitary wares and fittings recording US\$261.0 million and SPC/LVT recording US\$31.6 million in sales.

Most of the DSB products in the Philippines market – ceramic tiles, sanitary wares and fittings are imported. Given that SPC and LVT products are relatively new to the market, they are also mostly imported. The high production cost in the Philippines is a deterrent to local production, hence driving retailers and distributors to

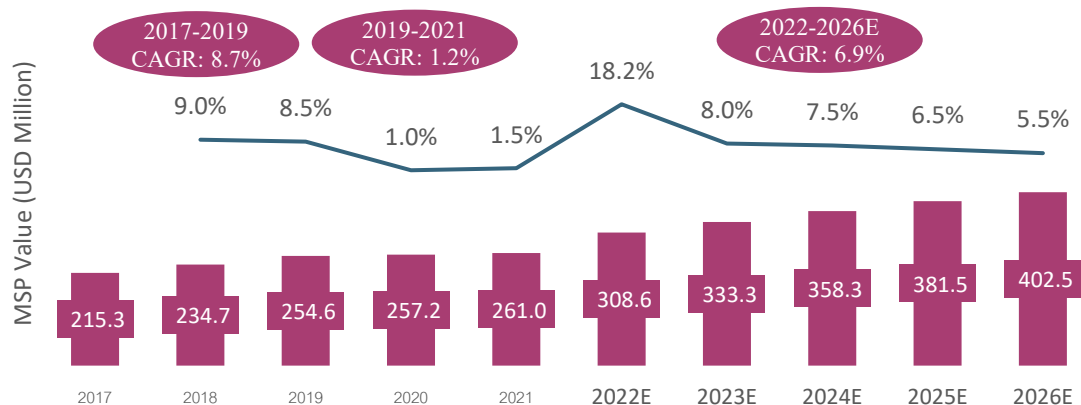
resell foreign imports. In terms of product value chain, most companies take on multiple roles along the value chain, ranging from manufacture, distribution, to retailer. It is common for distributor and retailers to focus on specific target markets. For instance, Wilcon Depot focuses on retail customers. However, AllHome, a home renovation store, focuses on contractors. Market experts say that some distribution and retail stores offer discounts to contractors on with minimum purchase value condition.

Table 12 Market Size of Ceramic Tiles in Philippines, MSP Value (2017-2026E)

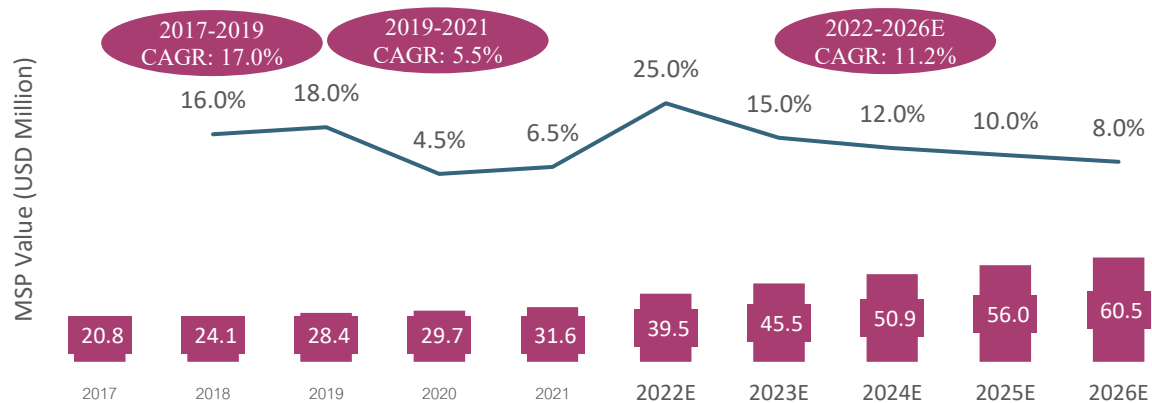


Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Table 13 Market Size of Sanitary wares and fittings in Philippines, MSP Value (2017-2026E)



Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Table 14 Market Size of SPC/LVT in Philippines, MSP Value (2017-2026E)

Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

3.2 HISTORICAL GROWTH DRIVERS AND CONSTRAINTS

Rising economic growth and consumer disposable income drives demand for DSB

Rising market demand for DSB has been driven by increasing urbanization and rise in disposable income in the Philippines. GDP per capita in the market has grown from US\$3,148.8 in 2017 to US\$3,460.1 in 2021 at a 2.4% CAGR. The Philippines' urban population has also grown at 2.4% CAGR in the same time period of 2017-2021. Rising urbanization and attendant increasing development of commercial and residential buildings come against the backdrop of the Philippine government's "Build Build Build" national infrastructure program. Accordingly, there has been higher spending on housing maintenance and repair, rising from US\$873.5 million in 2017 to US\$1,289.2 million in 2021 at a rapid 10.2% CAGR.

Increasing market awareness of SPC/LVT products' merits and attractive prices compared to ceramic tiles help drive up demand for SPC/LVT

Market demand for SPC/LVT products has been driven by rising market awareness of their merits. In particular, SPC products are known for their resilience and durability, allowing them to have wide applications. LVT products are similarly rising in popularity due to their short time to install and a low installation cost. Due to such product characteristics, they are being used for large scale property development projects and high-end housing projects for the purpose of enhancing aesthetic appeal. Demand for these products will thus rise in line with increase in real estate development projects. Consumer interest in such products is also elevated by social media content promoting Do-It-Yourself (DIY) projects. Price is another factor that contributed to the growth of SPC/LVT. In the Philippines market, demand for SPC/LVT, mainly imported, has grown faster than ceramic tiles due to the former's lower prices.

Supply-side constraints limit domestic production of ceramic tiles

Domestic production of ceramic tiles in the Philippines has been constrained due to the relatively lower cost competitiveness of domestic producers compared to foreign imports, and non-compliance with international product standards. However, related Filipino authorities and associations have moved to remedy these problems.

Actions include the Department of Trade and Industry instituting a mandatory certification program, combatting smuggling of ceramic tiles into the market, promoting supply arrangements between housing developers and construction materials manufacturers, modernizing operations of clay producers to lower raw material cost of ceramic tiles. Supply chain disruptions is also a supply-side constraint which became prominent during the pandemic, as home improvement retailer had difficulties stocking up.

3.3 INDUSTRY OUTLOOK AND OPPORTUNITIES

Continued economic growth and rising disposable income to drive increased demand

Continued rising macroeconomic growth, increasing urbanization and rise in disposable income is expected to continue driving demand for DSB. GDP per capita in Philippines is expected to rise faster in the forecast period of 2022-2026 than in the historical period, at 7.7% over the five-year period. Urbanization will proceed at almost similar pace, with urban population growing at 2.4% CAGR in the similar forecast period to reach 68.4 million in 2026. Similarly, consumer expenditure on house maintenance and repair will increase, at 9.2% CAGR from US\$1,377.8 million in 2022 to US\$1,960.7 in 2026.

Rowing demand for more premium DSB products

During the review period, consumers are increasingly shifting from cheaper products to more premium products in terms of design, functionality and quality. For example, in ceramic tiles, there is growing demand for better quality tiles and more aesthetic designs. In sanitary wares and fittings, people are looking for products with more modern designs and functionalities, such as dual flush toilets for the water saving benefits, push-pull lever for faucets instead of the rolling knob design, one-piece toilets and hanging wash basins which offer a more modern look. Due to the growing focus on quality, consumers are also increasingly moving to more premium brands from Taiwan, South Korea, Thailand, the US, Japan etc. The trend has been driven by rising incomes and consumers' increasing willingness to spend more for a more pleasing home, and it is expected to continue to drive the DBS market in the forecast period with the projected growth in the Philippines economy and disposable incomes.

Regulatory requirements constrain short term demand but promotes long term competitiveness of domestically produced products

Certification requirements imposed on both ceramic tiles and sanitary wares are expected to constrain short term demand growth. These were started from January 2023 to ensure quality and safety of products used in the growing real estate development market in the Philippines. Locally manufactured products have to apply for the Philippines Standard certification for ceramic tile inventories distributed in the market before September 2020, while imported products have to apply for import commodity clearances on a product and manufacturer basis. This is expected to pose as a hurdle to local manufacturers and impose potentially higher costs to foreign imports. The flipside however is that this move can help to elevate the product standards of domestic manufacturers, helping in long term industry development.

4. DSB IN INDONESIA

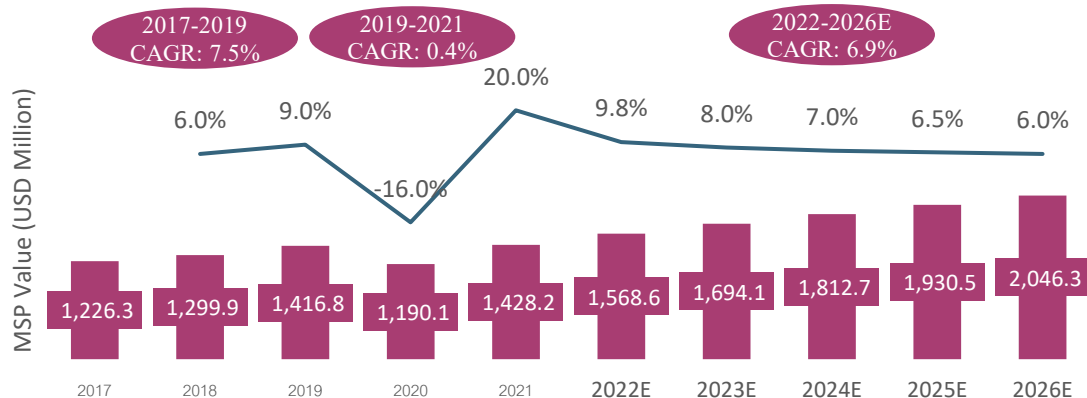
4.1 CATEGORY OVERVIEW

Rising housing completion and spending on housing materials boosts demand for DSB

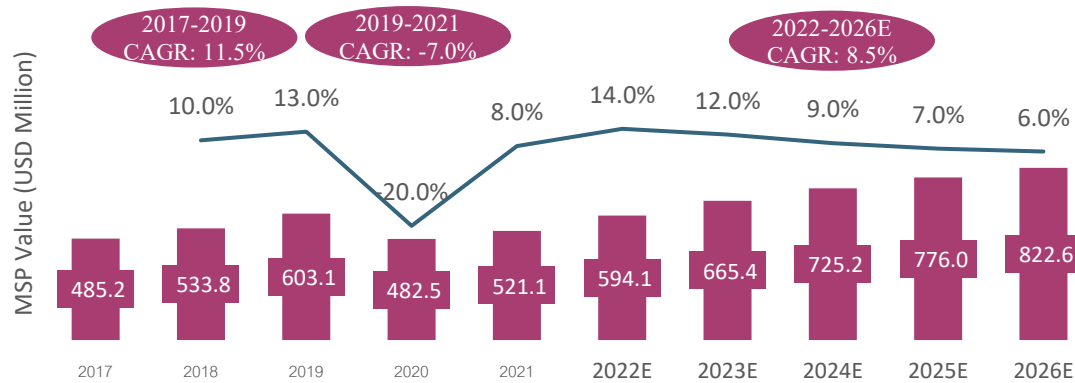
The DSB industry recorded robust growth across all three categories before the pandemic. Ceramic tiles sales value increased at 7.5% CAGR to reach US\$1,416.8 million in 2019. Sanitary wares and fittings as well as SPC/LVT grew faster at 11.5% and 12.5% respectively in the same time period. The industry was heavily impacted by the pandemic, with significant declines that erased the growth between 2017-2019. Market demand has started regaining growth momentum in 2021 with ceramic tiles recording US\$1,428.2 million (higher than pre-pandemic levels), sanitary wares and fittings recording US\$521.1 million and SPC/LVT recording US\$27.6 million in sales. This general rising demand is supported by increasing housing completion and housing-related consumer expenditure.

Over 70% of ceramic tiles and sanitary wares are produced locally in Indonesia due to access to raw materials and abundant manpower, while some were imported for cost effectiveness. SPC/LVT products are mostly imported as there are not many local manufacturers due to the comparatively lower awareness of the product category in the market. The value chain for these products involves distribution either through distributors or directly to end consumers. Consumer preferences are also shifting towards simple and natural patterns, and durability, short installation time and low installation cost are their major considerations. Sales to end consumers make up a higher proportion for SPC/LVT products than for the other two product types.

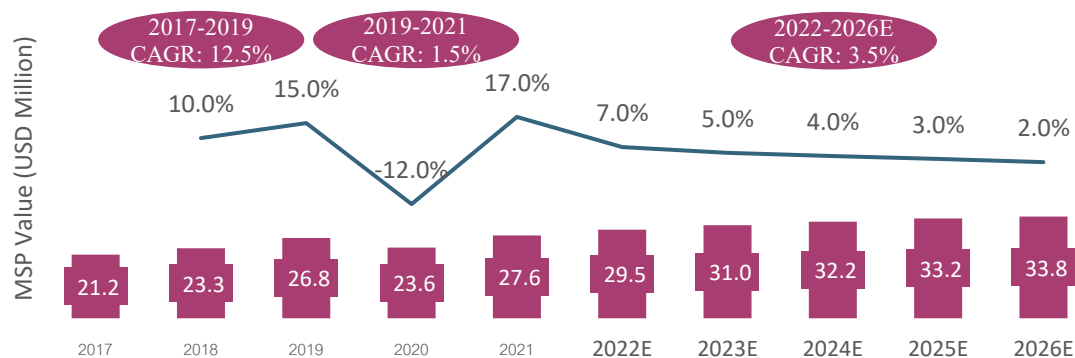
Table 15 Market Size of Ceramic Tiles in Indonesia, MSP Value (2017-2026E)



Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Table 16 Market Size of Sanitary wares and fittings in Indonesia, MSP Value (2017-2026E)

Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Table 17 Market Size of SPC/LVT in Indonesia, MSP Value (2017-2026E)

Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

4.2 HISTORICAL GROWTH DRIVERS AND CONSTRAINTS

Economic growth and rising disposable income drive increased demand

Rising macroeconomic growth, increasing urbanization and rise in disposable income is expected to continue driving demand for DSB. GDP per capita in Indonesia rose at 4.8% CAGR from US\$3,148.8 in 2017 to US\$3,460.1 in 2021. Urban population also expanded, increasing from 145.9 million in 2017 to 158.4 million in 2021 at 2.1% CAGR. Similarly, consumer expenditure on house maintenance and repair also increased, at 6.1% CAGR from US\$3,804.7 million in 2017 to US\$4,816 million in 2021.

Changing consumer preferences drives demand for new product categories

Evolving consumer preferences are driving demand for new product types in the DSB industry. For example, in the ceramic tiles segment, consumers prefer bigger sizes, natural designs and simple patterns. In the sanitary ware segment, consumers are now preferring seated toilets over ground-level styles.

Covid-19 pandemic slowdown in real estate development constrained overall growth, but helped facilitate new product discovery

The Covid-19 pandemic has slowed down real estate development and constrained overall market growth. However, it has also helped to facilitate new product discovery, particularly for SPC/LVT products, as consumers had more time to research ways to decorate their homes and became more aware of the ability of SPC/LVT products to transform the aesthetic of their homes.

4.3 INDUSTRY OUTLOOK AND OPPORTUNITIES

Infrastructure development projects to drive increase in demand for DSB

Plans for infrastructure development in Indonesia, such as the shifting of the capital city, are expected to drive demand for related DSB like ceramic tiles and sanitary wares in the forecast period of 2022 to 2026. This is expected to in turn lead to an increase in production by local manufacturers. Sanitary wares and fittings is expected to record higher growth in 2022 than previous years and its growth is also higher than the other two categories. One of the drivers for this is the new hotel construction projects in the hospitality industry.

Rising consumer demand for preferred features and design aesthetics to boost DSB demand

Increasing consumer demand for their preferred product features and aesthetics factors expected to drive demand for products like SPC/LVT. Rising environment and resource-use consciousness is also facilitating change in nature of sanitary ware, where the amount of water used for flushing would be streamlined to make more efficient use of water.

While SPC/LVT is expected to register positive growth in the forecast period, the growth rate is expected to be slower than sanitary wares and ceramic tiles. Demand for SPC/LVT is still restricted to a small population of high-income consumers, while most consumers prefer ceramic tiles which are more affordable.

Local production needs to be improved to meet increasing local demand

Indonesia's low production of building-related materials relative to local demand currently constrains market growth. It is also challenging to fulfil demand from imports due to the tax imposed. Nevertheless, it is expected that manufacturers will increase production in the future to fulfil increasing demand from Indonesian consumers.

Part3: Competitive Landscape of DSB in Thailand, Vietnam, Philippines and Indonesia

1.1 COMPETITIVE LANDSCAPE IN THAILAND

Mostly concentrated market for sanitary wares and ceramic tiles, but fragmented nascent SPC/LVT market

Thailand's ceramic tile market is fairly concentrated with a few companies making up the majority of market share. The top three players make up 70.2% of the total market share. Domestic players are the market leaders, with SCG Ceramics the top market leader with a market share of 33.0% in 2021. SCG Ceramics has strong brand recognition and extensive distribution channels for its portfolio of brands, providing indoor and outdoor tiles, floor and wall tiles, small to large sized tiles, and covering all the target customer segments from mass market, middle, to the high-end segment. The company is well established in Thailand, with 592 dealers, collaboration with 7 modern trade retailers, 3 show rooms and plans to have up to 100 company-owned stores (Klang Ceramic and Klang

Ceramic Family) by the end of 2022. Other leading players, such as Dynasty Ceramics Public Company Ltd, The Union Mosaic Industry Public Co. Ltd., and The Royal Ceramic Industry PLC, have gained popularity due to their product innovation and quality. Such competition has spurred local players to innovate their product offerings by enhancing product quality and introducing new varied designs to continue capturing the attention of consumers.

In terms of sanitary wares and fittings, the Thai market is also concentrated with a few major players and is expected to remain so. The top three market players already make up 72.8% of total market share. While local company Siam Sanitary Ware is the market leader with 32.8% market share in 2021, it is followed by other global players such as Lixil Thailand and Kohler Thailand. Market leading Siam Sanitary Ware targets a large spectrum of the market, from mass market to the mid/high-end market with its brands like COTTO and SOSUCO, while the following three foreign brands would cater more towards the higher-end market. TOTO for instance, is a Japanese company that is known for quality products and therefore priced at a premium. Meanwhile, Kohler also provides international design. Siam Sanitary Ware is also targeting the high-end market with premium product offerings, such as the Quil Collection by COTTO and smart toilets with features like automatic sensory system

Unlike the ceramic tile and sanitary ware markets, the SPC/LVT market is fragmented with more medium and smaller sized players vying for the nascent and growing market. SPC/LVT is an emerging product category compared to ceramic tiles, but the increasing adoption by architects and interior designers has driven growth in the sales of LVT products. SPC/LVT are increasingly used in new commercial buildings (e.g. malls) for their aesthetics features. Due to the growing market demand, some local ceramic tiles manufacturers such as SCG Ceramics, Siam Flooring Company, TCM Corporation PLC. (Royal Thai) have also started producing and distributing SPC or LVT products in the market.

Table 3 Top 5 Companies in Ceramic Tiles Market in Thailand, MSP Sales Value (2021)

Ranking	Company	Market Share	MSP Sales Value (USD billion)
1	SCG Ceramics Public Company Limited	33.0%	273.2
2	Company B	28.7%	237.6
3	Company C	8.6%	71.0
4	Company D	<5%	-
5	Company E	<5%	-

Table 4 Top 5 Companies in Sanitary wares & fittings Market in Thailand, MSP Sales Value (2021)

Ranking	Company	Market Share	MSP Sales Value (USD billion)
1	Siam Sanitary Ware Company Limited	32.8%	112.7
2	Company B	22.0%	75.6
3	Company C	18.0%	61.8
4	Company D	6.5%	22.3
5	Company E	<5.0%	-

Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Note: MSP refers to the manufacturing selling price

Strong competition from existing players deters new market entry

The key barriers to entry lie in strong competition from existing incumbent market players. There is also a consumer preference for products to be constantly up to date with latest market trends and be of good quality, which require companies to expend resources on innovation. To compete, new market entrants need to offer a different value proposition from existing players, which is difficult to achieve due to the wide range of products already on offer. In addition, the leading players in ceramic tiles or sanitary wares and fittings have the strengths of economic of scale and wide distribution network that new entrants do not have access to.

1.2 COMPETITIVE LANDSCAPE IN VIETNAM

Concentrated market but with long tail of smaller companies serving the sanitary wares and ceramic tiles sectors

Vietnam's ceramic tile market is mainly dominated by local companies. Abundant in clay and low in labour cost, Vietnam has also attracted global companies to set up local subsidiary or acquire local ceramic tile manufacturers. For example, Thailand's DSB conglomerate, SCG Decor acquired Prime Group in 2012, the latter leading the ceramic tile market in Vietnam with 26.4% market share in 2021.

The ceramic tiles market is concentrated, with the top 5 ceramic companies accounting for about 74.6% of the total value sales. Prime Group Co., Ltd and Viglacera Corporation are among the leading players in ceramic tiles. On the other hand, there is a long tail of smaller scale companies. Some have entered the market, introducing lesser-known but expensive brands from Europe to cater the higher-end construction segment. There are also those that only serve specific geographical locations. For instance, Thanh Ha and Thach Ban are well-known company names in the north, while Kim Phong and Vitally are more well-known in the south. To compete against the scale of the larger market players, these brands try to offer a wide range of trendy patterns and designs. At a higher level, apart from competition amongst ceramic tile players, market players also face external competition. There exist other substitute products such as laminated flooring, natural wood flooring, paved stone, synthetic resin and others. End consumers would choose products based on various criteria they value, including price, longevity, diversity of design and colours. Middle to low end tiles are priced at around VND50,000-100,000 (USD2.2-4.3⁷) per square metre. The leading brand Prime offers both mass-market lines (VND50,000-70,000 or USD2.2-3.0 per square metre) and high-end lines (up to VND400,000-500,000 or USD17.3-21.6 per square metre).

In terms of sanitary wares and fittings, like the situation in the ceramic tile market, more brands are entering the market. These are from a wide spectrum, from those cheaper value products to those catering to the higher-end segment. Japanese brands like TOTO and INAX possess a positive brand image of high-quality products and are amongst the topmost popular and talked about sanitary ware brands in Vietnam. They cater mostly to the upper-mid to high-end consumer segment and thus sell better to large-scale development projects. On the other end of the spectrum, Viglacera, Caesar and American Standard (mass consumer brand of INAX) cater more towards the masses and are at price points considered affordable to the average consumer. Viglacera Corporation is one of the leading players in sanitary wares and fittings through the Viglacera brand, although its market share is still much lower than the leading brands such as TOTO, INAX and Caesar. Competition amongst principal manufacturers and brands are also intensifying as downstream distributors and retailers expand their offering to cater to increasingly

⁷ Based on the exchange rate 23157.3 VND to 1 USD

diverse consumer needs. One way they do so is by renouncing “exclusive” distributorship to widen their product portfolios to a wider range of brands to increase their potential customer pool.

Table 5 Top 5 Companies in Ceramic Tiles Market in Vietnam, MSP Sales Value RSP (2021)

Ranking	Company	Market Share	MSP Sales Value (USD billion)
1	Prime Group Co. Ltd.	26.4%	174.3
2	Company B	15.1%	99.3
3	Company C	12.0%	79.5
4	Company D	12.0%	79.5
5	Company E	9.0%	59.6

Table 6 Top 5 Companies in Sanitary wares & fittings Market in Vietnam, MSP Sales Value RSP (2021)

Ranking	Company	Market Share	MSP Sales Value (USD billion)
1	Company A	32.5%	128.2
2	Company B	25.0%	98.6
3	Company C	12.5%	49.3
4	Company D	<5%	-

Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Note: (1) For top companies with share below 5%, show “<5%” in the table (2) for SPC/LVT, the market is fragmented and products are mostly imported by a large number of distributors/importers, therefore, no company share table presented

Need for strong connections and market networks pose as barrier to new entrants

Barriers to market entry is high due to the strong connections and networks market players need to build with the distributors, real estate developers and building contractors. This is particularly so for the sanitary ware market. Incumbent players, who enjoy strong networks and relationships, pose as tough competition to potential new players. That said, it is not impossible to gain market inroads, just that the acquisition cost of gaining influence with existing distributors is prohibitively high. New market entrants would also need to build brand awareness and establish a quality reputation with both businesses and retail customers as well-known market incumbent brands like PRIME, COTTO, TOTO, INAX and Caesar are well-entrenched in the consciousness of consumers. Further, contractors are hesitant to choose products they have little trust in, as their consumers will turn to them first in the event of any issue pertaining to less than expected quality. As a well-known brand for ceramic tiles, it's easier for PRIME to gain trust from customers for its sanitary ware products comparing to the unknown brands. Further, the ceramic tile industry is also shielded off from foreign competition through imposed high import tax rates. This may however be lowered by the free trade agreement blocs that Vietnam is a party of, such as the Regional Comprehensive Economic Partnership (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The RCEP is a free trade agreement between 10 member states of the Association of Southeast Asian Nations (ASEAN) and five APAC countries. The RCEP, which came into force on 1st January 2022, is expected to strengthen economic linkages and promote trade and investment related activities among its member states. The CPTPP is a free trade agreement between 11 countries around the Pacific Rim. The CPTPP reduces trade barriers and promotes trade by almost completely eliminating tariffs among member countries.

1.3 COMPETITIVE LANDSCAPE IN PHILIPPINES

A few dominant players account for more than half of the building materials market in the Philippines

The Philippines' ceramic tiles, sanitary wares and fittings and SPC/LVT markets have a few dominant players which account for a significant share of the market. In the ceramic tiles market, the top 5 market players make up 59.2% of the total market share. Competition among the top 3 players is strong, as their market shares are quite close to each other. The local manufacturer, Mariwasa Siam Ceramics, Inc., the Filipino subsidiary of SCG Decor is the leading player, making up 16.8% of total market share. About 80% of ceramic tiles in the Philippines are imported and distributed by retailers such as Allhome and market leading Wilcon Depot. Mariwasa Siam Ceramics, Inc has established a strong brand reputation among Filipino consumers for its Mariwasa brand, while offering high quality products which continue to be affordable for consumers. While the market is dominated by imported brands with a few local players, Mariwasa Siam Ceramics, Inc is the only local manufacturer among the top companies, and the other local players are all small manufacturers.

Prices vary widely between low-end and high-end ceramic tiles. Low-end 30cmx30cm ceramic tiles are priced at around PHP30 (USD0.6⁸) per piece in retail channel and 60x60cm tiles are priced at around PHP150 (USD3.0) per piece. Premium 60x60cm tiles can cost as much as PHP700-900 (USD14.2-18.3) per piece.

The sanitary wares and fittings competitive landscape is also largely similar in fragmentation, where the top 4 market players make up 51.5% of total market share and companies ranking below each has less than 5% market share. Most are local players, with one a local subsidiary of a foreign company. The market share gap between the top and second players for sanitary wares and fittings are even closer compared to that in the ceramic tiles market, at 2.5%. However, both are far ahead of the other companies, with the next closest making up 8.0% market share or less than half the second player. Average unit price for low to mid-range sanitary products is around PHP800 (USD 16.2) for a lavatory, PHP 2,500-4,000 (USD50.8-81.3) for a toilet.

Like most of the other Southeast Asian peer markets, SPC and LVT products are relatively new in the Philippines, and the majority of the products (more than 70%) in the market are imported. Among the leading players, only Apo Floors manufactures its own SPC/LVT products under the Apo Floors brand, while other players like Kent Floors and La Beka source their products from China and other Asian countries like South Korea, and market them under their own brands, such as Kent Floors and La Beka. Low-end LVT are priced at around PHP45-90 (USD0.9-1.8) per piece in retail channel, while mid-range LVT are priced at around PHP180-300 (USD3.7-6.1).

⁸ Based on the exchange rate 49.3 PHP to 1 USD

Table 7 Top 5 Companies in Ceramic Tiles Market in Philippines, MSP Sales Value RSP (2021)

Ranking	Company	Market Share	MSP Sales Value (USD billion)
1	Mariwasa Siam Ceramics, Inc.	16.8%	85.5
2	Company B	12.4%	63.2
3	Company C	11.5%	58.6
4	Company D	10.0%	51.0
5	Company E	8.5%	43.3

Table 8 Top 5 Companies in Sanitary wares & fittings Market in Philippines, MSP Sales Value RSP (2021)

Ranking	Company	Market Share	MSP Sales Value (USD billion)
1	Company A	19.0%	49.6
2	Company B	17.5%	45.7
3	Company C	8.0%	20.9
4	Company D	7.0%	18.3
5	Company E	<5%	-

Table 9 Top 5 Companies in SPC/LVT Market in Philippines, MSP Sales Value RSP (2021)

Ranking	Company	Market Share	MSP Sales Value (USD billion)
1	Company A	15.0%	4.7
2	Company B	12.5%	4.0
3	Company C	9.5%	3.0
4	Company D	8.0%	2.5
5	Company E	<5%	-

Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Note: (1) For top companies with share below 5%, show "<5%" in the table

Stringent regulatory requirements pose as market entry barrier

The Philippine government's introduction of certification requirements for building and construction materials, including ceramic tiles and sanitary wares, poses as a market entry barrier. The certification requirement was imposed to ensure safety due to the influx of imported ceramic tiles that are of lower value and of suspect quality. New market entrants have to go through time-consuming and costly process of obtaining the right industry certifications to legally have their products on sale. This is not easy for new entrants that may not yet be familiarized with local requirements and need extra resources for compliance.

1.4 COMPETITIVE LANDSCAPE IN INDONESIA

Fairly concentrated sanitary ware and ceramic tiles market in Indonesia

In terms of building material market landscape, the ceramic tiles and sanitary ware markets in Indonesia is relatively consolidated. This is not the case however for SPC/LVT products, as it is still an emerging product category in Indonesia. In terms of the ceramic tiles market, the top 5 market players make up close to 72.2% of total market share, followed by a couple of mid-sized companies by sales, and rounded off by a long tail of smaller players. Most of the leading players are domestic companies. PT Muliakeramik Indahraya is a market leading player which targets the middle and low-end market with average price of IDR60,000 (USD4.2⁹) per square metre. Other local leading players include PT. Platinum Ceramics Industry and PT Arwana Citramulia TBK. PT Keramika Indonesia Assosiasi, Tbk, which owns KIA, Impreso, KIA HD brands, is another long-standing local ceramic tiles manufacturer. SCG Decor, the Thailand's DSB conglomerate, has been the largest shareholder of PT Keramika Indonesia Assosiasi, Tbk since 2011. On the other hand, the multinational player PT. Roman Ceramic International focuses on the premium market, especially for large size tiles. The most popular sizes for its tiles in the Indonesian market are 120x120 cm and 160x80 cm. The company has two manufacturing facilities in Indonesia which manufactures products for the local market, as well exports to Europe and other countries.

There is a wide range of prices for ceramic tiles depending on brand positioning, quality and materials. For brands targeting the middle and low-end market segment, prices range from IDR30,000 to 100,000 (USD2.1-7.0) per square metre. For brands targeting the high-end market, prices start from IDR100,000 (USD7.0) and can go as high as IDR800,000 (USD55.9) per square metre.

The competitive landscape of sanitary wares in Indonesia is also fairly concentrated with a couple of strong market leaders. The leading player is a global sanitary wares and fitting company with close to 30% of the total market share. It is the first foreign sanitary ware company to establish a factory in Indonesia, thereby building goodwill and brand awareness as a producer of quality sanitary ware goods in the market. Low to mid-range toilets are more popular than high-end toilets in the market, and prices for standard toilets range from IDR500,000 to IDR2 million (USD34.9 – 139.8). High-end toilets are typically priced at around IDR10 million (USD698.9).

Unlike the former two product categories, the SPC/LVT market is fairly fragmented. There are more small players than big players in the market, and it is common for these small players to obtain their products from China and Thailand while the bigger players produce their products domestically. The leading players include Conwood, Ballian, Luxor and Taco. Design, durability, short installation time and low installation cost are key considerations for SPC/LVT, hence the leading players tend to focus on these are their key differentiators. Conwood is known for high-quality LVT and varieties in design.

The average selling price for SPC/LVT is IDR150,000 (USD10.5) per LVT sheet, and the price varies widely between low-end and high-end products. The budget range will be at around IDR120,000 to IDR200,000 per sheet, the mid-range products will be around IDR230,000 to IDR300,000 (USD16.1-21.0) and the premium products will be around IDR300,000 to IDR400,000 (USD21.0-28.0).

⁹ Based on the exchange rate 14308.1 IDR to 1 USD

Table 10 Top 5 Companies in Ceramic Tiles Market in Indonesia, MSP Sales Value RSP (2021)

Ranking	Company	Market Share	MSP Sales Value (USD billion)
1	Company A	23.2%	332.0
2	Company B	21.6%	308.0
3	Company C	12.1%	173.0
4	Company D	10.3%	146.8
5	Company E	5.0%	71.5

Table 11 Top 5 Companies in Sanitary wares & fittings Market in Indonesia, MSP Sales Value RSP (2021)

Ranking	Company	Market Share	MSP Sales Value (USD billion)
1	Company A	29.7%	153.2
2	Company B	16.9%	87.5
3	Company C	<5%	-
4	Company D	<5%	-

Source: Euromonitor's analysis based on Euromonitor Passport Data, trade interviews and other secondary information

Note: (1) For top companies with share below 5%, show "<5%" in the table (2) for players ranking below 4th are equally small and extremely fragmented, therefore only show the top 4 players and their estimated shares in above table (3) For SPC/LVT, the market is fragmented and products are mostly imported by a large number of distributors/importers, therefore, no company share table presented

Stiff competition from existing market players pose as high barriers to entry

The strong barrier to new player entrant is competition from other imported products. In the case of ceramic tiles, given that there is a range of manufacturers, newcomers would have to identify a unique selling point to differentiate themselves from the competition. This could be of different parameters, such as strengths and durability of the product. This is particularly so for players looking to produce ceramic tiles domestically, as they will have to compete with entrenched Indonesian brands that enjoy higher financial capability than potential new entrants. The same trend can be observed for sanitary ware, where the largest companies are already entrenched.

1.2.2.3 Product sourcing

Manufacturing process

The manufacturing process of SCG Decor can be separated by product type which are 1) Ceramic Tiles production 2) Sanitary Ware production and (3) Fittings production

Ceramic Tiles

The Ceramic Tiles manufacturing process can be divided into 6 steps as follows 1. Body Preparation 2. Body Slip 3. Pressing and Drying 4. Glazing and Printing 5. Firing and 6. Sorting and Packing. The details of each step are as follows:

1. Body Preparation

Grind and mix raw materials, soil, rocks, and ores into slurry according to a specific proportion



2. Body Slip

Turn the slurry into powder by spraying through hot air before storing in a silo



3. Pressing and Drying

Add powder that was stored in a silo to a mold and press with a high-pressure press, resulting in a tile as designed. Then, bake the tile in the oven to remove moisture.



4. Glazing and Printing

The formed and moisture-treated tiles pass through the glaze line to coat the surface with glaze and decorate with a pattern by using screen printing, printing with silicone, or printing with a digital printer, etc.



5. Firing

Bring decorated glazed tiles into the sintering process, burning the tiles at approximately 1,150 degrees Celsius. The tiles that have been fired are stronger and have colorful pattern



6. Sorting and Packing

Separate tiles into various quality layers by considering irregularities on the surface and measuring the size and deflection value. Tiles are grouped according to quality and transported into the box packing machine to print details of the tiles on the side of the box before being stored in the products warehouse.

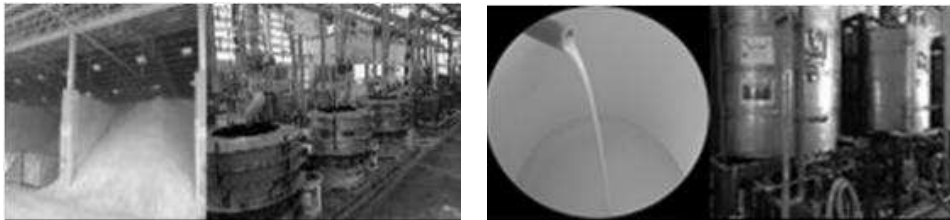


Sanitary Ware

The sanitary ware manufacturing process can be divided into 9 steps as follows 1. Slipping and Glazing 2. Molding 3. Casting 4. Drying 5. Clay inspection 6. Spraying 7. Firing 8. Glost Inspection 9. Packing

1. Slipping and Glazing

Grind and mix raw materials, soil, rocks, and ores into slurry and glaze according to a specific proportion



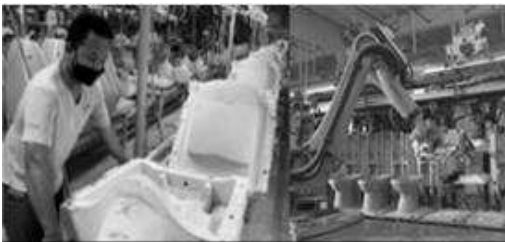
2. Molding

The process of manufacturing a pattern or mold to conform to the design of the product as specified in the design.



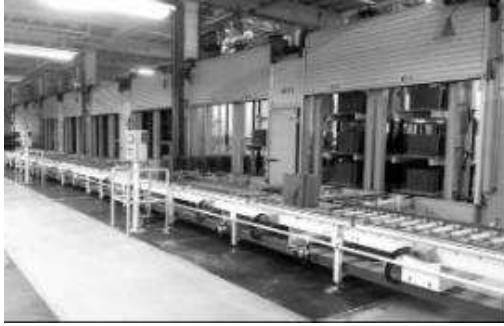
3. Casting

The process of injecting slurry into the mold and setting the mold release time according to the standard. After that, the molded piece is removed from the mold and adjusted to meet the standard shape.



4. **Drying**

After the products are cast, they will be left to dry thoroughly using a baking process



5. **Clay inspection**

Inspect products for cracks and defects



6. **Spraying**

The process of lifting and adjusting the workpiece in the coating process, which may involve the use of robots as helpers.



7. **Firing**

The process of introducing a product into the firing process, which will use high temperature to bake and allow the coating color to adhere.



8. Glost Inspection

The process of inspecting finished products and labeling them according to specified standards.



9. Packing

The process of assembling finished products and packaging them in boxes with labeled stickers, in preparation for delivery to the warehouse where the finished products will be delivered to the customers.



Fittings

The fittings manufacturing process can be divided into 5 steps as follows 1. Casting 2. Machining 3. Polishing 4. Plating 5. Assembly

1. Casting

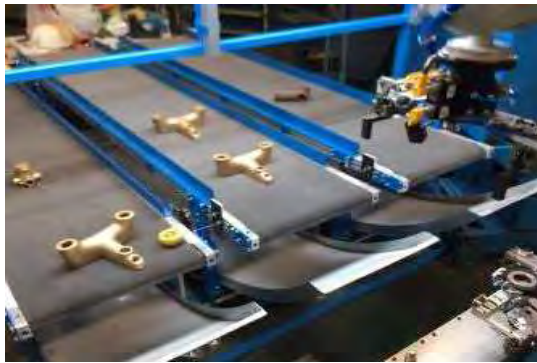
The process of casting a faucet involves melting and liquefying brass in a melting furnace, then pouring the molten brass into a metal mold using a high-pressure die casting machine. The mold contains a sand core to create the interior cavity of the faucet. Once the brass cools and solidifies, the faucet is

removed from the mold and any excess metal is trimmed away. The faucet is then polished and finished using modern, international-standard technologies, such as Low-Pressure Die Casting.



2. Machining

The process of turning the components of a faucet involves making threads and contact points smooth to assemble with other parts by using modern machines such as CNC Machines, Machine Centers, and Auto Transfer Machines. Each type of machine is designed to be suitable for different types of components.



3. Polishing

The polishing process involves rough and fine polishing of faucet components using an automatic robot machine and a team of skilled inspectors to ensure consistent quality of the products.



4. Plating

The plating process is the process of coating the components of the faucet with a shiny and durable silver coating made of nickel and chromium. This process begins with washing the components with abrasive chemicals to prepare them for the coating process. Then, the components are coated with a

special technology developed by SCG Decor to ensure that the surface meets the required international standards for appearance and durability.



5. Assembly

The process of assembling faucet parts involves assembling each piece that has passed quality inspection. After assembly, there will be a test to open and close the water based on its function. Then, the parts will be packaged and sent to the warehouse for sale.



Factory

As of December 31, 2022, SCG Decor has 4 ceramic tile factories in Thailand, 6 factories in Vietnam, 1 factory in the Philippines and 1 factory in Indonesia. SCG Decor has a total production capacity in Thailand of 80.0 million square meters per year and in overseas of 107.2 million square meters per year

The following table shows information of all 12 ceramic tile factories and 2 roof tile factories¹ in Indonesia owned by SCG Decor as of December 31, 2022

Factory	Owner	Location	Product	Capacity (per year)
<u>Thailand</u>				
Hinkong Factory	COTTO	Nong Khae District, Saraburi Province	- Mosaic Tiles - Porcelain Tiles	10.2 million sq.m
Nong Khae Industrial Estate Factory	COTTO	Nong Khae District, Saraburi Province	- Floor Tiles	25.0 million sq.m
Nong Khae 1 Factory	COTTO	Nong Khae District, Saraburi Province	- Floor Tiles - Wall Tiles	25.6 million sq.m

Factory	Owner	Location	Product	Capacity (per year)
Nong Khae 2 Factory	COTTO	Nong Khae District, Saraburi Province	- Floor Tiles - Wall Tiles	19.2 million sq.m
<u>Vietnam</u>				
Vinh Phuc Factory	Prime Group	Vinh Phuc, Vietnam	- Floor Tiles	15.7 million sq.m
Dai Viet Factory	Prime Group	Vinh Phuc, Vietnam	- Wall Tiles	13.0 million sq.m
Tien Phong Factory	Prime Group	Vinh Phuc, Vietnam	- Floor Tiles - Porcelain Tiles	7.5 million sq.m
Yen Binh Factory	Prime Group	Vinh Phuc, Vietnam	- Floor Tiles - Wall Tiles - Porcelain Tiles	5.6 million sq.m
Pho Yen Factory	Prime Group	Thai Nguyen, Vietnam	- Floor Tiles	11.5 million sq.m
Dai Loc Factory	Prime Group	Quang Nam, Vietnam	- Floor Tiles - Wall Tiles	30.0 million sq.m
<u>The Philippines</u>				
MSCI Factory	MSC	Sto. Tomas, Bantangas, Philippines	- Floor Tiles - Wall Tiles	12.3 million sq.m
<u>Indonesia</u>				
Karawang Factory	KIA	Karawang, Indonesia	- Floor Tiles - Wall Tiles	11.6 million sq.m
Cileungsi Factory	KKM ¹	Cileungsi, Indonesia	- Roof Tiles	0.7 million sq.m
Gresik Factory	KKM ¹	Gresik, Indonesia	- Roof Tiles	0.8 million sq.m

Note: /1 SCC However, SCG Decor plans to transfer shares and/or assets of KKM out of SCG Decor group to comply with the policy and scope of operating business since KKM has a ceramic roof tile manufacturing business in Indonesia which is similar to the operating business of SCC group (Please consider additional details regarding the transfer of shares and/or assets of KKM in section 1.3.3 "Relationship with major shareholder's business")

As of December 31, 2022, SCG Decor has 3 sanitary ware and fitting factories in Thailand with a total capacity of 4.3 million pieces per year which are in Saraburi and Nakhon Ratchasima

The following table shows information of 3 sanitary ware and fitting factories owned by SCG Decor as of December 31, 2022

Factory	Owner	Location	Product	Capacity (per year)
Hinkong Factory	SSI	Nong Khae District, Saraburi Province	- Smart Product - Water Closet - Wash Basin - Urinal	1.7 million pcs

Factory	Owner	Location	Product	Capacity (per year)
Nong Khae Factory	SNK	Nong Khae District, Saraburi Province	- Bidet	0.9 million pcs
			- Accessories and spare parts	
			- Smart Product	
			- Water Closet	
			- Wash Basin	
			- Urinal	
			- Bidet	
			- Accessories and spare parts	
			- Faucet	
			- Shower	
Nakhon Ratchasima Factory	SSF	Sung Noen District, Nakhon Ratchasima Province	- Flush Valve	1.7 million pcs
			- Accessories	
			- Fittings Accessory	

The following table shows a summary of SCG Decor's production capacity separated by type of product

1. Ceramic Tiles

Thailand

The following table shows production capacity, actual production volume, and utilization rate of ceramic tile factories owned by SCG Decor in Thailand for the specified period.

	Unit	As of December 31,		
		2020	2021	2022
Production Capacity	Million Sq.m. per Year	81.0	80.0	80.0
Actual Production Volume	Million Sq.m. per Year	52.0	56.0	63.0
Utilization rate	%	64.2	70.0	78.8

Vietnam

The following table shows production capacity, actual production volume, and utilization rate of ceramic tile factories owned by SCG Decor in Vietnam for the specified period.

	Unit	As of December 31,		
		2020	2021	2022
Production Capacity	Million Sq.m. per Year	80.0	83.3	83.3
Actual Production Volume	Million Sq.m. per Year	76.7	60.2	65.7
Utilization rate	%	95.9	72.2	78.9

The Philippines

The following table shows production capacity, actual production volume, and utilization rate of ceramic tile factories owned by SCG Decor in the Philippines for the specified period.

	Unit	As of December 31,		
		2020	2021	2022
Production Capacity	Million Sq.m. per Year	10.7	10.6	12.3
Actual Production Volume	Million Sq.m. per Year	8.6	11.1	10.3
Utilization rate ^{/1}	%	80.0	104.7	83.3

Note: /1 The capacity utilization rate may be higher than 100% due to debottlenecking process during the specified period

Indonesia

The following table shows production capacity, actual production volume, and utilization rate of ceramic tile factories owned by SCG Decor in Indonesia for the specified period.

	Unit	As of December 31,		
		2020	2021	2022
Production Capacity	Million Sq.m. per Year	11.0	11.6	11.6
Actual Production Volume	Million Sq.m. per Year	7.8	11.1	12.8
Utilization rate ^{/1}	%	71.0	96.0	110.0

Note: /1 The capacity utilization rate may be higher than 100% due to debottlenecking process during the specified period

2. **Sanitary Wares and Fittings**

Thailand

The following table shows production capacity, actual production volume, and utilization rate of sanitary ware factory owned by SCG Decor in Thailand for the specified period.

	Unit	As of December 31,		
		2020	2021	2022
Production Capacity	Million pcs. per Year	2.6	2.6	2.6
Actual Production Volume	Million pcs. per Year	1.6	1.9	1.8
Utilization rate	%	60.0	71.0	66.0

The following table shows production capacity, actual production volume, and utilization rate of fittings factory owned by SCG Decor in Thailand for the specified period.

	Unit	As of December 31,		
		2020	2021	2022
Production Capacity	Million pcs. per Year	3.6	3.6	1.7 ^{/1}
Actual Production Volume	Million pcs. per Year	1.9	1.8	1.4
Utilization rate	%	54.0	50.0	85.0

Note: /1 The factory in Pathumthani were closed down

Raw Materials and Suppliers

Raw materials for the production of ceramic tiles and sanitary wares can be divided into three types which are raw materials for the body of the tile and sanitary ware, raw materials for the body of the faucet and accessories, and raw materials for coatings and paints which the details are summarized as below

1. **Raw Materials for the Body of the Tile and Sanitary Ware:** The raw materials for the body of the tile are clay, black clay, sedimentary clay, Feldspar ore and Pottery Stone. These raw materials are locally sourced from a large source in the north, especially in Lampang and Tak provinces, which is considered an important source of raw materials for the ceramic industry. For overseas production, raw materials are sourced from local sources in that country.
2. **Raw Materials for the Body of the Faucet and Accessories:** The main raw materials used in manufacturing faucet and accessories include silica sand and resin, which are mixed to make the casting mold. Brass ingots are the primary material used for casting the faucet body, while zinc alloy is used for making the handle. These raw materials are mostly available within the country.

3. **Raw Materials for Coatings and Paints:** The materials in this section are colorants, chemicals, and materials used for producing coating colors, such as frit. These materials are produced both domestically and internationally, and the decision to purchase them depends on their properties, price, and reliability. Moreover, the properties and aesthetic qualities that meet the market's demands, as well as the manufacturing techniques and their impact on production in different aspects, should also be taken into consideration.

In the process of sourcing raw materials, SCG Decor will plan for procurement by gathering information on historical product listings such as product groups, usage volume, frequency of procurement, price trends, factors affecting product prices, and production lead times. The departments under SCG Decor will also collaborate with relevant units to factor in key considerations to compile procurement plans from each vendor. These factors include pricing, supplier procurement capabilities, and delivery capabilities. The vendors will be monitored and evaluated on an ongoing basis.

Procurement of Raw Materials

Procurement of raw materials for production in Vietnam

For a tile manufacturing factory in Vietnam, which operates through a subsidiary of Prime Group, a complete value chain operation is carried out from the production of raw materials such as feldspar minerals, sand, glazing materials, to using those raw materials in the tile production process. In addition, the Prime Group subsidiary also produces packaging materials used for packaging their own tiles. The complete value chain operation in Vietnam allows SCG Decor to control the sourcing of raw materials in terms of cost, quantity, and quality of the raw materials. This results in high-quality SCG Decor products that can compete in the market at a competitive price.

Procurement of Raw Materials for Production in Thailand, the Philippines, and Indonesia

SCG Decor procures raw materials such as clay, ore, chemicals, frit glazes and paints from both domestic and overseas suppliers e.g., China, Taiwan, and Spain, which mostly procured domestically. With SCG Decor's close relationship with raw material suppliers, SCG Decor believes that the raw materials received will meet the SCG Decor standard requirement which will help ensuring SCG Decor to produce quality products at the competitive price against other players in the market.

For the year ended December 31, 2020, 2021, and 2022, no supplier has sold raw materials higher than 10% of the total value of raw materials purchased by SCG Decor. SCG Decor has purchased raw materials from several suppliers, so there is no risk of price negotiations and supplier scarcity. The raw materials are procured from many sources both domestically and internationally. If there is a problem on one of the suppliers, SCG Decor will have no problem on finding new supplier due to many backed up suppliers on the list.

Sourcing from External Manufacturers

SCG Decor hires external manufacturers or places orders for products, including products that are co-designed with manufacturers or products with designs or copyrights of manufacturers. In principle, these products are tiles under the SCG Decor brand, such as "COTTO", "SOSUCO", "CAMPANA", "MARIWASA", "Luxurio", and bathroom products

under the brands "COTTO", "prema", "PREMIER", "MARIWASA", and "KIA". The product development team selects manufacturers based on key factors such as product quality and competitive pricing.

1.2.2.4 Operating Assets

Total assets of SCG Decor as of December 31, 2022 were THB 40,575.9 million. Main fixed assets for SCG Decor's operation as of December 31, 2022 were a total of THB 11,268.6 million, comprising of (1) Land and land improvements (2) Buildings and structures (3) Machinery and equipment (4) Vehicle and equipment (5) Furniture, fixtures and office equipment and (6) Construction in progress. Other tangible assets as of December 31, 2022 were THB 121.4 million, consisting of (1) Software Licenses & License fees (2) Development costs and (3) Other intangible assets.

1.2.2.5 Undelivered Work

- None -

1.2.3 Key Strengths

SCG Decor believes that its success from the past to present is the affirmation of SCG Decor's competitiveness as well as its ability to grow in the future. Key strengths of SCG Decor business can be illustrated as follows:

(1) Dominant ASEAN Decor Surfaces and Bathroom Player

SCG Decor has more than 50 years of experiences in Decor Surfaces and Bathroom business. Currently, SCG Decor is a leader in Decor Surfaces and Bathroom business in many countries where it operates. According to market share by sales value from Euromonitor, in 2022, SCG Decor had No.1 market share for ceramic tiles in Thailand, Vietnam, and the Philippines with market share over 33.0%, 26.4%, and 16.8%, respectively. In addition, SCG Decor also had No.1 market share in sanitary wares & fittings in Thailand with market share of 32.8%. SCG Decor believes that it is one of the leading players in smart & hygiene bathroom products in Thailand, where SCG Decor has started operating smart & hygiene bathroom products more than 3 years ago. The three countries as aforementioned above have total population of 283 million people and aggregate Gross Domestic Products (GDP) of USD 1.2 trillion and aggregate value of ceramic tiles and sanitary wares & fittings industry of over USD 3.2 billion. Furthermore, SCG Decor also has operation in Decor surfaces business in Indonesia, which has the highest population in ASEAN with over 273 million people and large market size with total Gross Domestic Product (GDP) of USD 1.2 trillion and ceramic tiles and sanitary wares & fittings of size over USD 2.0 billion. Besides being the leader in countries mentioned above, SCG Decor also exports its products to various countries in ASEAN, such as Cambodia, Laos and Myanmar and over 53 other countries. SCG Decor had revenue from export equal to THB 4.5 billion or 14.9% of total revenue of SCG Decor in 2022.

Nevertheless, SCG Decor has been successful in the region through merger and acquisitions (M&A) since 1922 where SCG Decor has acquired the businesses from third parties and merge of under SCG Decor since 1992. SCG Decor acquired some shares in Mariwasa-Siam Ceramics, Inc. (MSC) which operates ceramic tiles

manufacturing business in Philippines (and later increased its shareholding into 80.1% in 2012). In 2011, SCG Decor acquired shares in Prime Group Joint Stock Company (PRIME) which operates ceramic tiles manufacturing business in Vietnam (and later increased its shareholding into 100.0% in 2016). PRIME also operates upstream business, for example, clay mines, sand mines, as well as feldspar mines, which are main raw materials for ceramic tiles production. This is considered as backward integration, resulted in SCG Decor being able to manufacture ceramic tiles at lower cost and increasing profitability. Moreover, in 2018, there is an amalgamation between TGCI and SCC's subsidiaries namely (1) TCC (2) SGI (3) SSG and (4) GMG, the ceramic tiles production and distribution businesses in Thailand, into new amalgamated company under name SCG Ceramics Public Company Limited (COTTO) leading to strong operational efficiency (*Please consider more details in Part "Key Development Milestones"*)

According to Euromonitor, the ceramic tiles and sanitary wares & fittings industry in ASEAN has a great growth potential in the future. It is forecasted that ceramic tiles industry in Thailand, Vietnam, Philippines, and Indonesia will have a CAGR 2022-2026 of 1.2%, 14.3%, 4.4% and 6.9%, respectively, and the sanitary wares & fittings industry in Thailand, Vietnam, Philippines, and Indonesia will have a CAGR 2022-2026 of 2.1%, 13.9%, 6.9% and 8.5%, respectively, driven by population growth and urbanization which tends towards to larger tiles, patterns, and environmental-friendly products. In addition, Indonesia and Philippines governments have a high investment in various infrastructure projects where SCG Decor has its business in countries that have one of highest population and largest urban areas in ASEAN namely Indonesia, the Philippines, Vietnam, and Thailand. Moreover, after COVID-19 pandemic, more people prefer to stay at home and decorate their home and use tiles and sanitary wares to decorate buildings and public areas, which is beneficial to ceramic tiles and sanitary wares & fittings industry. This leads to higher consumer spending in various countries and create positive effects to ceramic tiles and sanitary wares & fittings industry. It is expected that total construction and building sector in Thailand, Vietnam, Philippines, and Indonesia in total will have CAGR 2022-2026 of 4.3% and expected high growth especially in Vietnam and Indonesia with a CAGR of 6.4% and 4.2%, respectively. Also, there is still opportunity to grow in ceramic tiles and sanitary wares & fittings industry along with Gross Domestic Product (GDP) growth with a forecasted CAGR in Thailand, Vietnam, Philippines and Indonesia in total of approximately 8.2%.

(2) Highly Recognized Brands Across Region Covering All Customer Segments and Product Lines

SCG Decor has strong brand recognition with top-of-mind brand of customers for being quality and trusted products, together with being a long-established local brands and reliable products for exports to overseas

SCG Decor has a strong brand portfolio, covering all customer segments from premium-middle-mass market supported by procurement from other suppliers, making SCG Decor being able to satisfy diverse customer needs from various customer groups in all levels. SCG Decor has key well-known brands such as COTTO, PRIME, MARIWASA, and KIA which have been established for more than 40 years, 20 years, 50 years, and 70 years, respectively and received several awards, for example,

Awards under COTTO brand
Thailand's Most Admired Brand (12 consecutive years by Brand Age)
No.1 Brand Thailand (4 consecutive years by Marketeer)
PM's Export Award (In 2018 by Prime Minister's Export Award, Genre Best Thai Brand and PM's Export Award and in 2023, Genre Best of The Best)

Awards under PRIME brand
Second Class Labor Order (In 2011-2015 by The President of Socialist Republic of Vietnam)
National Quality Silver Award (In 2015-2018 and 2019-2021 by Prime Minister of the Socialist Republic of Vietnam)
Honoring ASEAN Typical Enterprises Award (In 2020 by ASEAN Business Forum +3 (Japan – Korea – India))

Awards under MARIWASA brand
Recognition of Mastery in Quality Management (2 consecutive years by The Philippine Quality Award (PQA) being the first and only ceramic tiles manufacturer in Thailand who received this award)
Special Citation on Quality, Productivity, and Innovation by (In 2021 by ECOP Kapatid Awards)

Moreover, SCG Decor believes that having strong brand portfolio and strong brand recognition leads to SCG Decor's products be able to participate in large-scale projects by real estate developers and leading real estate companies both in Thailand and overseas. The examples of leading projects in ASEAN that used SCG Decor's products are as follows:

- In Thailand, such as Suvarnabhumi International Airport and Don Mueang Airport, The Forestias, Dusit Central Park, Origin Phayathai Complex, One Bangkok, Queen Sirikit National Convention Center, Park Silom and One City Centre
- In Cambodia, such as Grand Pailin Casino & Resort and Orkide Villa The Botanic City - The Greenery BOREY ORKIDE and BOREY VARINA
- In Laos, such as XAI-YABURI DORMITORY, FIFA Dormitory, M&M Hotel and Dansawan Hotel
- In Myanmar, such as PTTEP Head Office, The Leaf Residence, MAYANGONE BUILDING, NGWE MOE HOSPITAL and DAGON GOLF CITY
- In Vietnam, such as The Gio Riverside and TTI Vietnam Factory
- In Malaysia, such as Paragon Residence
- In Singapore, such as The Sensoria Condominium
- In Philippines, such as Dusit Hotel Nikko

(3) Specialized Design and R&D Team with Capability to Develop Award-winning and HVA Products

SCG Decor has an in-house research and development (R&D) with over 250 employees across ASEAN. SCG Decor has local employees for research and development department, leading to having deep insights

about changes in customer needs and behavior in each country as well as R&D collaboration with suppliers, universities, and institutions, for example, development of integrated toilet, touchless products, and sensor faucet with important supplier. SCG Decor invested over THB 80-144 million each year over the past 3 years for research and development of both decor surfaces products and bathroom products, emphasizing on new product development, new development of new technology in production process and existing product enhancement. In the past 5 years, SCG Decor has accomplished various innovation and product developments. SCG Decor has launched high value-added products (HVA), which are innovative products that are one of SCG Decor's strengths leveraging from outstanding R&D team. The distinctive innovation allows HVA products to be selling at higher price than average price of general products in the industry, serving consumers needs and adding value to SCG Decor's products and new products into the market. Example of HVA products include (1) "Hygienic Tile", anti-bacteria tiles more than 90% and silver nano releasing positive ions for eliminating bacteria (2) "Air-ion", air-purifying tiles with negative-ion in glazing (3) "Anti-Slip Tile", slip-resistance tile (4) Smart Toilet with automatic sensor system, special nozzle, heated seat and warm air dryer (5) Automatic faucet (6) Decorative tiles such as mosaic tiles which can meet various functional demands (7) Stone Plastic Composite and Luxury Vinyl Tile and (8) Sanitary wares & fittings under the concept of "SOLUTION IN A BOX" in which its highlights of Mix & Match, allowing customers to customize their products such as sinks, faucet openers, towel rails, and drain covers where can choose more than 10 colors to attract younger customers. As a result, the proportion of HVA products accounted for 21% of total revenue in 2022, which is continuously increasing from the past.

In addition, SCG Decor also has an in-house product design department with more than 40 employees across ASEAN which collaborated with leading designers both in Europe and Asia. The in-house product design personnel have created new product designs with the idea to be a part of creating pleasant living atmosphere and satisfying customer needs. By creating innovative products which take into consideration the aesthetic looks and different lifestyles of customers as well as functionality, convenience, and safety. In addition, product designers have considered environmental impact for sustainable product design development. The products and ideas from product design department have been awarded from various organizations, both domestically and internationally, such as Germany's Red Dot Design Award, Germany's iF Design Award, Japan's Good Design Award (G mark), Thailand's Design Excellence Award (Demark), Thailand's Product Innovation Award, Thailand's TSGA Award, Thailand's Prime Minister Award, and Thailand's Product Innovation Award, etc.

(4) Quality Excellence Underpinned by State of the art Technology

SCG Decor can produce wide range of products covering all customer segments from premium, middle, to mass market by offering decor surfaces products both indoor and outdoor, Floor Tiles and Wall Tiles, small and large-sized tiles, and variety of sanitary wares & fittings which can satisfy various customer lifestyles. This comprehensive portfolio enables SCG Decor to meet diverse needs of all levels of customers both in Thailand, Vietnam, Philippines, and Indonesia, including other countries where SCG Decor exports its products

SCG Decor integrates modern system and leading technology in decor surfaces and bathroom production. SCG Decor has adopted semi-automated production process, such as "Automatic Batching" an automatic mineral weighing system, "Automatic Guide Vehicle (AGV Car)" an automatic storage car conveying system, "Self-

Centering Tile" a tile arranging machine in production line, and "Automatic defect detector" defects and color shades measurement of tiles, "SACSO Machine" the first artificial intelligence of COTTO sanitary wares & fittings factory for production management by integrating various information to set the best machine parameters in production, "AI Analytic Image Processing" implication of artificial intelligence to control the production process, "High Pressure SHELL Casting" a machine for high-pressure casting for large sanitary wares & fittings, "Co-Develop Peeling Machine" a surface peeling machine which jointly researched with manufacturer to be suitable for COTTO sanitary wares & fittings, or there are automatic box packing systems such as "Palletizer" a machine that lifts tile boxes into a pallet and "Pallet belt Strapping" an automatic pallet strapping machine. In addition to some of SCG Decor's automatic production line, SCG Decor also developed cost efficient production line, for example, (1) In ceramic tiles production, SCG Decor has dry process to produce clay powder which helps reducing water and gas consumption due to no moisture removal process required like traditional wet process. Energy consumption saving is totaling of 70% comparing to that of traditional wet process (2) In sanitary wares and fittings production, SCG Decor has in-house R&D team that is capable to improve and develop machinery technology by themselves, which can be customized to suit with their own factory layout and (3) As SCG Decor has several manufacturing plants in many countries, enabling the exchange of know-how and technology in production process among factories in each country both in terms of raw materials sourcing, clay powder and coating formulation development, machinery technology and continuous production improvement. In addition, this allows the production to be able to allocate to more cost-efficient factories or full supply chain factories to increase regional optimization. Furthermore, in Vietnam, SCG Decor also has clay mines, sand mines, and feldspar mines and the ability to produce fritz which are the main raw materials used in tiles production in Vietnam, creating the stable supply of such materials and production cost competitiveness. Currently, SCG Decor has average utilization rate of every factory approximately 84% which indicates its ability to manufacture variety of products as well as support the future growth.

As SCG Decor has an excellent production process and high standard quality control process, it meets the standards set by laws in every country, leading to several awards received such as ISO 14001:2015 environmental management system, ISO 9001:2015 quality management system, TIS 17025-2561 accredited testing laboratory, ISO 45001:2018 health and safety management system, and ISO 50001:2018 energy management system for Hin Kong Plant, Nong Khae Industrial Estate Plant, Nong Khae Plant 1 and Nong Khae Industrial Estate. Also, "Label A+" for Volatile organic compounds emissions from France, "Water Mark" for sanitary wares and water systems from Australia, "BPS" which is a quality certification mark from the Philippines, "CARBON LABEL" certified greenhouse gas emissions which operates in several countries including the United Kingdom, France, Canada, Switzerland, Japan, and Korea.

(5) Deep Market Penetration, Well Diversified Customer Base with Multiple Distribution Channels Including Own Retail Platform

SCG Decor has comprehensive distribution channels, both traditional trade, modern trade and SCG Decor's own retail stores, as well as direct sales to various projects. SCG Decor also has full services from pre-sales to after-sales and has a strong dealer network. In addition, in each country, SCG Decor has customized its business model with different distribution channels to suit the needs and behaviors of customers in that country, which can be illustrated as follows:

- In Thailand, SCG Decor has a strong distribution channel network covering all types, from dealers, modern trade, its own distribution channels namely COTTO LiFE and Klang Ceramic, and export to other countries, due to its strong production base and network in Thailand.
- In Vietnam, SCG Decor focuses dealers as its main distribution channel and exports decor surfaces products to various countries, because of having a cost-efficient production base.
- In the Philippines, SCG Decor focuses on almost all types of distribution channels, including dealers, modern trade, and its own distribution channels such as CTM.
- In Indonesia, SCG Decor focuses dealers as its main distribution channel through Kokoh and Belanja stores which are under SCC's affiliates.

In 2022, SCG Decor has total sales from dealers and modern trade equal to 59.7% and 18.8% of total revenues, respectively. SCG Decor has dealer network of more than 592 dealers in Thailand and 277 overseas which already cover important areas of each country, such as building and construction materials stores and sub-stores, etc. In addition, SCG Decor has a modern trade network of over 13 accounts, such as one-stop building materials retail stores and home furnishing retail stores in Thailand (e.g., HomePro, Thai Watsadu, Dohome, Boonthavorn, SCG HOME and Global House, etc.) and in overseas (e.g., SCG HOME in Vietnam, Wilcon Depot, All home in the Philippines, Mitra10, Depo Bangunan in Indonesia, etc.). SCG Decor has product consultants to recommend products at modern trade stores to foster the demand for SCG Decor's products by introducing new products together with providing customer services. These product consultants can provide in-depth information to satisfy different needs of each area to increase efficiency in business development with modern trade. Furthermore, SCG Decor believed that its extensive retailer network covering all regions across the country and good relationship with modern trade gives SCG Decor a competitive advantage in the region where is less accessible and opportunity to grow compared to SCG Decor's competitors which may have less extensive stores and/or distributors than SCG Decor's ones. SCG Decor can also shorten the time between a purchase of a product and product delivery due to having retailers near customers who used SCG Decor's products as well.

In addition, SCG Decor has its own distribution channels in Thailand and in the Philippines. SCG Decor generated sales from its own distribution channels equal to 6.0% of total revenues in 2022. SCG Decor has its own decor surfaces stores under the "Klang Ceramic" store with more than 100 branches across Thailand, having both SCG Decor's own stores and collaborative stores with partners who have their own stores with their customer base and expertise in their areas. Klang Ceramic will focus on distribution to mass market segment, focusing on satisfying customers with a variety of products as well as readily available stocks. In Thailand, SCG Decor also has "COTTO LiFE" store, offering one-stop service solutions for middle to high-end customers in tiles and sanitary wares products, from product selection, 3D designs, to installation. As of December 31, 2022, COTTO LiFE has a total of 3 branches in Thailand, namely in Bangkok, Chiang Mai and Khon Kaen. In addition, SCG Decor also offers consulting services to customers in terms of design by "COTTO Studio", providing design services for bathrooms, living rooms, kitchens and outdoor gardens, ceramic tiles installation services (CTIS) and bathroom repair services "COTTO Fixing Service" to fulfill the leadership position of a comprehensive platform for decor and surfaces products. In the Philippines, SCG Decor has its own retail stores under the name "CTM (Ceramic Tiles and More)", totaling 19

stores, which emphasizes on mass market customers and creates customer satisfaction by offering a wide range of products along with readily available stocks. Moreover, SCG Decor can also distribute products to 20 stores in SCC Group in Indonesia under the brand “Belanja”. SCG Decor also has direct sales to projects, such as hotels, condominiums, housing estates, offices and through its own websites which are www.cotto.com and www.cottolife.com. SCG Decor believes that its strong own distribution channels enable SCG Decor to less dependent on retailers and give an opportunity to distribute products in high potential areas where have not been reached yet as well as increase brand awareness of SCG Decor among consumers.

SCG Decor’s sales from exports accounted for 14.9% of total revenues in 2022. SCG exports its products to over 53 countries, mainly in ASEAN such as Myanmar, Malaysia, Laos and Cambodia and other countries around the world such as Japan, Korea, Taiwan, Yemen, the United States, and Iraq through 877 distributors.

(6) Growing Sustainably Through Green Products and ESG Initiatives

SCG Decor has a sustainable production process by setting criteria according to ISO14021 standards such as wastewater management, zero-loss production, and renewable energy (solar cells panel). SCG Decor aims for environmental sustainability, whose goal is to reduce GHGs emissions by more than 50% in terms of kg CO₂/Ton product between 2022 and 2028. In the past years, SCG Decor has implemented following the plan to achieve Net Zero Carbon Emissions such as (1) “High Efficiency Burner” by improving the design of the furnace’s burner to be highly efficient (2) “Waste Heat Recovery” by reusing the hot air from the furnace’s hot zone within the process (3) “Upgrade Kiln wall Insulator” by improving furnace wall to reduce heat loss (currently accounting for 12% of total energy consumption in production) (4) “Hot Air Generator (HAG) for Spray Dryer” by using biomass to produce hot air for clay powder production (5) “Solar cells” by using solar energy (currently accounting for 4% of total electricity consumption in the factory) (6) Forklifts changes in the production process to use electric power, and (7) Machine development and installment that helps improving the production process, such as High Pressure Casting which reduces energy consumption in plaster mold drying and reduces the amount of remaining plaster and a dehumidification drying room installment that helps reducing fuel consumption from traditional drying processes. There are also various future projects which are being studied.

Regarding waste management, SCG Decor recycles all types of non-hazardous waste within its factories to be raw materials both internally and externally. SCG Decor also cooperates with suppliers to reduce the usage of raw materials or natural resources. Currently, SCG Decor does not have industrial waste sent to landfill according to the policy of “Zero Waste to Landfill” or some industries wastes, such as black soil residue sent to communities around the factory to produce and sell as soil bags for planting trees. As a result, communities can generate the revenue and live together sustainably. In addition, in terms of water resources, SCG Decor has recycled water after the treatment back into the water quality improvement system, being able to use most of the recycled water.

SCG Decor aims to offer environmentally friendly products, which have been certified by environmentally friendly labels as follows: (1) “SCG Green Choice” label, e.g. Water Saving products that help customers to reduce water consumption in sanitary ware usage, Health & Hygiene products with Ultra Clean Plus

coating that helps decreasing the germs growth and accumulation and Recycle Content products from the production process, etc. (2) The Circular Mark label represents products that have Circular Economy management throughout the life cycle through third-party evaluation for One Piece Water Closet and (3) Water-saving labels No. 4 and 5 from the Metropolitan Waterworks Authority for all kinds of sanitary wares and fittings products. SCG Decor's products are awarded the "SCG Green Choice" such as "Decor Surface Products" which can reduce water consumption by at least 25% in the production process, "LT by COTTO" which emits volatile organic compounds (VOCs) not exceed 0.5 milligrams per cubic meter and "COTTO ECO Collection", which reduces water consumption in production by at least 25% and reduces carbon dioxide (CO₂) emissions from transportation by 75%, or grout that inhibits bacteria

(7) Experienced Board and Management Team with Interdisciplinary Skills and having Synergistic benefits of SCG Group Ecosystem

SCG Decor has a highly experienced Board of directors and management team and proven track records with over 20 years of experiences in decor surfaces and bathroom businesses. This is considered as the key factor that leads to continuous development and success, leading to be able to achieve strategy in business expansion and successful strategic partnership and become the long-standing leader in the industry, as well as board of directors and management team has working experiences in SCC group for a long time.

As SCG Decor is a flagship company of SCC, the major shareholder in Floor Tiles, Wall Tiles and Bathroom business, which makes SCG Decor benefit from key competitive advantages, including

- SCC is one of the most established companies with many businesses in various countries and is widely recognized and has a reputation for excellence, professionalism, credibility, quality, value creation and SCC's high standard of corporate governance in ASEAN and worldwide. This allows SCG Decor, SCC's flagship company in Floor Tiles, Wall Tiles and Bathroom business, to benefit from credibility to consumers and various business partnerships.
- SCG Decor can leverage from know-how and business expertise of SCC that has been established and operated for more than 100 years in building a framework for good corporate governance and operational excellence.
- SCG Decor benefits from using various shared services that SCC has supported SCG Decor, such as financial and accounting services, legal services, and human resource services, etc., which leads to operational efficiency and cost savings better than if SCG Decor operate by its own.

From aforementioned strengths, SCG Decor believes that the leading position of SCG Decor is primarily because of the implementation of "D Model" as the model to operate its business which gives SCG Decor significant competitive advantages in the business, as follows:

- Leading Decor Surfaces and Bathroom with more than 50 years of experiences, being No.1 market share by sales value for ceramic tiles in Thailand, Vietnam, and the Philippines and No.1 market share by sales value for sanitary wares & fittings in Thailand
- Well-known and strong brand recognition of various brand for a long time, including being local brands that can reach local customers well
- Strong design and research and development, providing quality and diverse products, which be able to reach all customer segments from premium to mass market, from small to large-sized ceramic tiles which be able to satisfy various functional demands, from indoor and outdoor tiles, floor and Wall Tiles, and sanitary wares & fittings suitable for all types of customer lifestyles
- The ability to manufacturing modernized products and running efficient production, resulted in having products which can meet customer needs and cost competitiveness
- Diverse distribution channels network through dealers, modern trade, own channels, export, and online channels
- Environmental-friendly products and ESG strategic Initiatives al well as production process, leading to sustainable growth

1.2.4 Key Strategies

SCG Decor aims to reinforce its leadership position in the Decor Surfaces & Bathroom industries, with the goal of elevating the quality of life and sustainable living. The company has established strategies to align with its objectives, including the following details:

(1) Expand Bathroom Business to ASEAN

SCG Decor is planning to expand its market share, business, and sales proportion in the high-profit margin sanitary and ware products group. The company aims to offer new innovative products, built, and innovated by a strong design, research, and development team, especially in the high-value-added (HVA) product group such as Smart & Hygiene technology. One of the examples is the "COTTO Smart Toilet, the innovation of health and wellness." This trend is important after the COVID-19 outbreak as customers prioritize hygiene and safety innovation more. Additionally, SCG Decor plans to develop products under various trademarks in the health and wellness product group with the aim of increasing customer satisfaction. For example, Quil, a premium product group, and expanding the export of health and wellness products to other potential ASEAN markets, such as COTTO Prime Mariwasa and KIA. Moreover, SCG Decor plans to modernize its manufacturing processes by incorporating Artificial Intelligence (AI), robotics, and automation, making the products produced more competitive in quality and efficiency, with lower costs and relying on skilled labor.

(2) Fortify Leading Position in ASEAN Decor Surfaces

Fortify leading position in Thailand by building on its strong business model, SCG Decor is enhancing its leadership position in Thailand. SCG Decor possesses a strong product brand and a talented team of designers, researchers, and developers, as well as efficient production processes that utilize advanced technology and modern facilities. As a result, SCG Decor's products and brands are diverse and of high quality, with wide-ranging distribution

channels that reach a broad customer base, covering all target groups and catering to varying lifestyles and preferences. A key strategy for SCG Decor's business success in Thailand is to continuously strengthen its research and development efforts, emphasizing innovation in design, research, and development to expand the range of Decor surface products that cater to customer needs. These products range from economical, standard, to premium options, with a focus on high-value-added (HVA) products such as Air Ion tiles and Hygienic tiles, as well as SPC and LVT flooring. SPC/LVT tiles are easy to install and are expected to grow at a higher rate than other ceramic tiles between 2022-2026, according to market analysis by Euromonitor International. To further enhance SCG Decor's decor surfaces business, the company aims to drive its ceramic tile business towards the SPC/LVT, which has experienced rapid growth in Vietnam, the Philippines, and Indonesia, with a CAGR of 11.5%, 11.2%, and 3.5%, respectively, from 2022-2026. SCG Decor plans to leverage its strengths and key strategies in Thailand to expand its market share in each country by working with its subsidiaries, PRIME, MARIWASA, and KIA, for example, by jointly design products to create differentiation and choosing SPC/LVT from Thailand to increase sales opportunities in each country.

Additionally, SCG Decor has a plan to continuously improve the company's production process with the goal of increasing production efficiency, reducing energy usage, and lowering production costs. They also have plans to develop partnerships with distributors or new modern retail channels to increase efficiency in the form of strategic partnerships and expand their own sales channels, including "COTTO LiFE" and "Klang Ceramic," to cover a wider range of customers. SCG Decor plans to expand COTTO LiFE to various major cities and expand Ceramic Warehouse to major and secondary cities with high growth potential, in order to maximize their ability to reach customers in each area.

With more than 50 years of experience in the Decor surfaces business and being one of the leaders in this business in Thailand, SCG Decor believes that it can apply the business model that has been proven successful for over 50 years in Thailand to expand to other ASEAN countries that have high growth potential. To accelerate the business growth of SCG Decor, the company can transfer the strength of innovation, design, research, and development of Thailand to its production bases in other countries. Additionally, SCG Decor plans to develop its brands in each country to be more credible and widely accepted, such as PRIME in Vietnam, MARIWASA in the Philippines, and KIA in Indonesia. SCG Decor also plans to expand and strengthen its sales channels in each country, whether it be through distributorships, modern retail channels, or its own SCG Decor stores. SCG Decor plans to increase the number of its stores to cover more areas, such as "CTM (Ceramic Tiles and More)" in the Philippines. Furthermore, SCG Decor plans to establish its own retail stores in Vietnam and wishes to develop its distribution channels in the CLM group, which are countries with high growth potential. The company also aims to expand its export channels to regions outside ASEAN, which is a significant growth target for SCG Decor.

(3) Expand to Complementary Products and Services

Due to SCG Decor's business coverage in both decor surfaces and bathroom products, it has a comprehensive range of products that can meet the requirements of all customer groups. Additionally, the company's operations cover multiple countries in ASEAN, which allow access to a large and diverse customer base. SCG Decor uses a total solution approach that combines the strengths of decor surfaces and bathroom product businesses, related to products, services, and decorative surfaces, to enhance its business potential. Furthermore, it improves

its overall cost management competitiveness through the integration of a comprehensive business base and the transfer of knowledge, application of various innovations, and efficient research and development team management to meet customers' regional needs.

SCG Decor has plans to strengthen various aspects of its business by leveraging the strengths and successes of Thailand to further develop the business plan for companies under the PRIME, MARIWASA, and KIA group. For example, the products development that target customers who demand higher premium quality, as well as expanding distribution channels in each country to cover and reach more customers. All of this will help enhance SCG Decor's competitiveness at the regional level, where it has high potential for growth.

Based on market growth data from Euromonitor International's report, it is expected that the ceramic tile industry in Vietnam, the Philippines, and Indonesia will have an average annual growth rate (CAGR) for the years 2022-2026 of 14.3%, 4.4%, and 6.9%, respectively. The sanitary ware industry in Vietnam, the Philippines, and Indonesia will have an average annual growth rate (CAGR) for the years 2022 - 2026 of 13.9%, 6.9%, and 8.5%, respectively. The SPC/LVT products in Vietnam, the Philippines, and Indonesia will have an average annual growth rate (CAGR) for the years 2022-2026 of 11.5%, 11.2%, and 3.5%, respectively.

(4) Maximize Profit through Regional Optimization and Global Sourcing

SCG Decor plans to improve operational efficiency and respond to customer needs for Decor surfaces and Bathroom by integrating the production capabilities of existing product bases in the region. This will be achieved by efficiently managing production resources on a regional level (Regional Optimization), such as utilizing the production base in Vietnam, which has efficient manufacturing processes for ceramic tiles. The Vietnam production processes covers the entire manufacturing process from upstream to downstream, enabling production at a low cost and competitive pricing while maintaining high product quality. Additionally, SCG Decor plans to use production bases in Thailand to manufacture innovative sanitary wares that incorporate unique research and development designs. In addition to its own production bases, SCG Decor plans to coordinate with other companies within the group to source high-quality products from various regions around the world through meticulous selection processes based on manufacturing processes and product quality (Global Sourcing Powerhouse). This will help expand the variety of Decor surfaces and Bathroom products to better meet the diverse needs of customers. Currently, there is a sourcing of 12 million square meters of tiles per year, and it is expected to increase up to 20 million square meters per year by 2024. The company also plans to expand the range of bathroom products and other related items.

(5) Grow Sustainably with Green Products and Processes

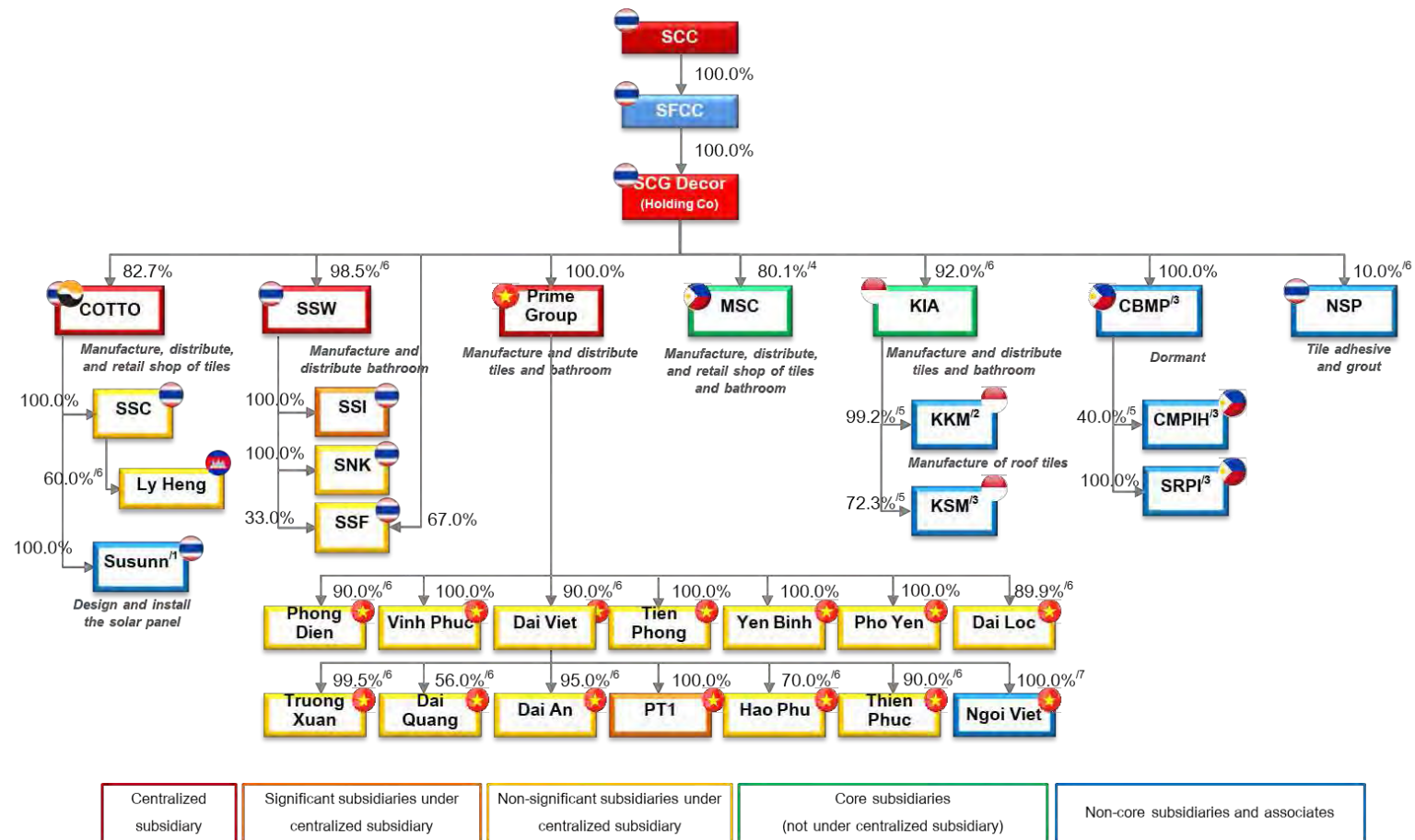
SCG Decor aims to reduce greenhouse gas emissions, including greenhouse gas emissions from operations, in line with the environmental, social, and governance goals of the SCC Group. The target is to achieve net zero carbon emissions from greenhouse gases by 2050. In addition, SCG Decor has set a target to increase the proportion of solar energy generated from solar panels (increasing the proportion from 4% to 15% by 2030 from all electricity used in factories), increase the proportion of biomass energy use (increasing the proportion from 12% to 46% by 2030 from all fuel used in production), and expand efficiency of energy use in various processes. SCG

Decor also plans to reduce waste from production processes, reuse waste in relevant production processes, and transform waste into eco-friendly products. Furthermore, the target is to increase the proportion of products enhancing water reduction in production processes and usage. Together with the SCC Group, SCG Decor aims to be a leader in sustainable development that is friendly to the environment and community. Additionally, the target is to generate revenue from the sale of environmentally friendly products and services under the "SCG Green Choice" brand, with the goal of representing 80% of revenue from product sales (compared to approximately 70% to 80% of revenue from product sales by 2030).

1.3 Shareholding Structure

1.3.1. Shareholding Structure of SCG Decor

SCG Decor include SCG Decor, subsidiaries, and affiliate total of 31 companies. The following chart demonstrates the shareholding structure of SCG Decor as of March 30, 2023.



Remarks: /1 SUSUNN is gradually reducing the solar business

/2 SCG Decor plans to transfer share and/or assets of KKM out of SCG Decor group in the future

/3 Dormant or in the liquidation process

/4 SCC indirectly holds shares in MSC of 3.3% through Cementhai Ceramics Philippines Holdings, Inc. ("**CCPH**") and Mariwasa Holdings, Inc. ("**MHI**") (SCC holds 100% in CCPH, CCPH holds shares of 40% in MHI and MHI holds shares of 8.3% in MSC) and the remaining shares of MSC are held by shareholders who are not related to COTTO or SCG Decor

/5 SCC indirectly holds the remaining shares of KKM and KSM through SCG Cement-Building Materials Company Limited

/6 The remaining shares of these companies are held by shareholders who are not related to COTTO or SCG Decor

/7 Prime Group is in the process of selling Prime – Ngoi Viet Joint Stock Company ("**Ngoi Viet**") share, the company manufactures ceramic roof tile, to other companies in SCC Group

The details of SCG Decor's subsidiaries are as follows.

No.	Company name	Abbreviation	Business description	Location	Tel.	Total issued shares (Million shares)	Type of issued shares	SCG Decor's directly /indirectly holding interests (Percent)	Paid-up capital (THB million)
1	SCG Ceramics Public Company Limited	COTTO	Manufacture, distribute and manufacturing outlet of Floor Tiles and Wall Tiles	Bangkok	0-2586-3333	5,963	Ordinary shares	82.7	5,963
2	Sosuco Ceramic Co., Ltd.	SSC	Manufacture Floor Tiles and Wall Tiles	Saraburi	036-376-300	0.01	Ordinary shares	82.7	800.0
3	Susunn Smart Solution Co., Ltd.	SUSUNN	Design and installation of Solar cell	Saraburi	036-376-100	1	Ordinary shares	82.7	100
4	SCG Ceramics – Ly Heng Chhay (Cambodia) Co., Ltd.	Ly Heng	Distribute Floor Tiles and Wall Tiles	Cambodia	(855) 9222-2037	0.01	Ordinary shares	49.7	19
5	Siam Sanitary Ware Co., Ltd.	SSW	Holding company	Bangkok	02-973-5054	1	Ordinary shares	98.5	60
6	Siam Sanitary Ware Industry Co., Ltd.	SSI	Manufacture and distribute sanitary wares	Bangkok	0-2973-5040-54	2	Ordinary shares	98.5	200

No.	Company name	Abbreviation	Business description	Location	Tel.	Total issued shares (Million shares)	Type of issued shares	SCG Decor's directly /indirectly holding interests (Percent)	Paid-up capital (THB million)
7	Siam Sanitary Ware Industry (NongKae) Co., Ltd.	SNK	Manufacture and distribute sanitary wares	Bangkok	0-2973-5040-54	2	Ordinary shares	98.5	160
8	The Siam Sanitary Fittings Co., Ltd.	SSF	Manufacture and distribute sanitary fittings	Bangkok	0-2973-5040-54	2	Ordinary shares	99.5	200
9	Mariwasa-Siam Ceramics, Inc.	MSC	Manufacture, distribute and manufacturing outlet of Floor Tiles, Wall Tiles and Bathroom	Philippines	(632) 717-6901	800	Ordinary shares	80.1	558
10	Prime Group Joint Stock Company	Prime Group	Holding company	Vietnam	(84) 211-3888-987	101	Ordinary shares	100.0	1,413
11	Prime Phong Dien Joint Stock Company	Phong Dien	Manufacture frit	Vietnam	(84) 234-3625-966	3	Ordinary shares	90.0	35
12	Prime - Vinh Phuc Joint Stock Company	Vinh Phuc	Manufacture Floor Tiles	Vietnam	(84) 211-3866-637	25	Ordinary shares	100.0	350
13	Prime Dai Viet Joint Stock Company	Dai Viet	Manufacture Wall Tiles	Vietnam	(84) 211-3845-238	13	Ordinary shares	90.0	182
14	Prime - Tien Phong Joint Stock Company	Tien Phong	Manufacture Glazed porcelain	Vietnam	(84) 211-3888-174	12	Ordinary shares	100.0	168
15	Prime - Yen Binh Joint Stock Company	Yen Binh	Manufacture Floor Tiles	Vietnam	(84) 211-3866-152	13	Ordinary shares	100.0	182
16	Prime Pho Yen Joint Stock Company	Pho Yen	Manufacture Floor Tiles	Vietnam	(84) 280-3866-632	15	Ordinary shares	100.0	210
17	Prime Dai Loc Joint Stock Company	Dai Loc	Manufacture Floor Tiles and Wall Tiles	Vietnam	(84) 235-3509-999	30	Ordinary shares	89.9	414

No.	Company name	Abbreviation	Business description	Location	Tel.	Total issued shares (Million shares)	Type of issued shares	SCG Decor's directly /indirectly holding interests (Percent)	Paid-up capital (THB million)
18	Prime - Truong Xuan Joint Stock Company	Truong Xuan	Maintenance services	Vietnam	(84) 211-3726-552	6	Ordinary shares	99.5	84
19	Prime Dai Quang Joint Stock Company	Dai Quang	Manufacture packaging for ceramic tiles	Vietnam	(84) 235-3761-666	2	Ordinary shares	56.0	28
20	Prime Dai An Joint Stock Company	Dai An	Procurement of raw materials for manufacturing ceramic tiles	Vietnam	(84) 211-6535-659	3	Ordinary shares	95.0	35
21	Prime Trading, Import and Export One Member Limited Liability Company	PT1	Distribute Floor Tiles, Wall Tiles and Bathroom	Vietnam	(84) 211-3888-987	Limited Liability Company in Vietnam, which has no issued shares. The shareholding structure is in accordance with the investment certificate	Ordinary shares	100.0	420
22	Prime Hao Phu Joint Stock Company	Hao Phu	Feldspar mine	Vietnam	(84) 27-383-2270	3	Ordinary shares	70.0	35
23	Prime Thien Phuc Joint Stock Company	Thien Phuc	Sand mine and industrial estate	Vietnam	(84) 234-3626-282	5	Ordinary shares	90.0	70
24	Prime - Ngoi Viet Joint Stock Company	Ngoi Viet	Manufacture Roof tiles	Vietnam	(84) 211-3597-696	25	Ordinary shares	100.0	350
25	PT Keramika Indonesia Assosiasi, Tbk	KIA	Manufacture Floor Tiles and Wall Tiles	Indonesia	(6221) 386-2322	14,929	Ordinary shares	92.0	5,603

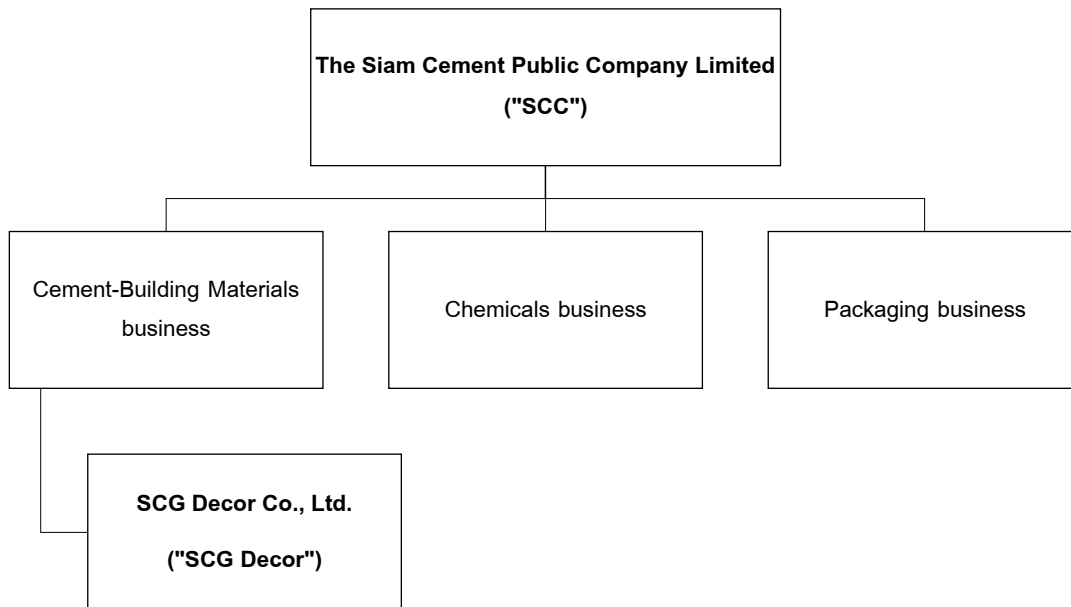
No.	Company name	Abbreviation	Business description	Location	Tel.	Total issued shares (Million shares)	Type of issued shares	SCG Decor's directly /indirectly holding interests (Percent)	Paid-up capital (THB million)
26	PT KIA Keramik Mas	KKM	Manufacture Roof tiles	Indonesia	(6221) 386-2322	2,926	Ordinary shares	91.3	2,162
27	PT KIA Serpih Mas	KSM	In process of liquidation	Indonesia	(6221) 386-2322	3,768	Ordinary shares	66.5	1,614
28	SCG Cement-Building Materials Philippines	CBMP	Dormant	Philippines	(632) 717-6901	14	Ordinary shares	100.0	136
29	CMPIH Holdings, Inc.	CMPI	Dormant and in process of liquidation	Philippines	(632) 813-1666	48	Ordinary shares	40.0	55
30	SCG Roofing Philippines	SRPI	Dormant and in process of liquidation	Philippines	(632) 717-6901	57	Ordinary shares	100.0	37

The details of SCG Decor's associate are as follows.

No.	Company name	Abbreviation	Business description	Location	Tel.	Total issued shares (Million shares)	Type of issued shares	SCG Decor's directly /indirectly holding interests (Percent)	Paid-up capital (THB million)
1	Noritake SCG Plaster Co., Ltd.	NSP	Manufacture and distribute tiles grout and tiles adhesive	Saraburi	0-3637-3578-82	4	Ordinary shares	10.0	405

1.3.2 Relationship with major shareholder

SCC is a major shareholder of SCG Decor, indirectly holding 100.0% of SCG Decor's issued and paid-up capital. SCC consists of 3 main businesses including: Cement-Building Materials business, Chemical business and Packaging business, which SCG Decor is part of the Cement-Building Materials business. SCG Decor has entered into related party transactions in accordance with the arm's length basis with the SCC group by selling products to the SCC group, such as selling tiles and Bathroom products etc., procuring some raw materials from the SCC group, such as clay, packaging, etc., and using shared services from SCC. In 2022, SCG Decor has revenues from the related parties of the SCG Decor (including SCC group) in the proportion of 12.6 percent of total SCG Decor's revenues based on Pro forma financial statements and SCG Decor has costs and expenses paid to the related parties of the SCG Decor (including SCC group) in the proportion of 15.3 percent of total SCG Decor's costs and expenses based on Pro forma financial statements (Such transactions occur in 2022 which some transactions will not continuously occur in the future). The structure of SCC group are as follows.



In this regard, SCC has a policy of allowing SCG Decor to be its flagship company in manufacturing of Floor Tiles, Wall Tiles and Bathroom in Thailand and overseas. In distributing Floor Tiles, Wall Tiles and Bathroom products, SCG Decor will sell through various distribution channels which including SCG Decor's own distribution channels such as manufacturing outlets and various outlet showrooms etc.

To support SCG Decor to become a flagship company, SCC will not operate the Manufacturing business of Floor Tiles, Wall tile and Bathroom in Thailand and Overseas. SCC will continue to support the distribution of Floor Tiles, Wall Tiles and Bathroom through its distribution channels, including retail stores format i.e., SCG HOME etc.

In this regard, “**Floor Tiles and Wall Tiles**” “**Bathroom**” “**Manufacturing outlet and Showroom outlet**” and “**Manufacturing business**” as abovementioned has the following meaning.

- “**Floor Tiles and Wall Tiles**” means ceramic tiles using for floor and wall
- “**Bathroom**” means appliances and equipment used for bathrooms such as toilet bowls, wash basins, bathtubs, faucets, showers, and other related equipment.
- “**Manufacturing outlet and Showroom outlet**” means store established by the manufacturer mainly to sell the tile products of the manufacturer
- “**Manufacturing business**” means the investment in the company, that mainly operate business of manufacturing the Floor Tiles Wall Tiles and Bathroom in Thailand and overseas, in the proportion that will make SCC has Controlling interest of such company. (the “**Controlling interest**” has the definition according to Section 89/1 of the Securities and Exchange Act B.E. 2535 (including any amendment in the future)).

The ceramic roof tiles business

Currently, SCG Decor operates a ceramic roof tiles manufacturing business in Indonesia through PT Kia Keramik Mas (“**KKM**”), which is similar to the business of SCC group. SCG Decor plans to transfer its shares and/or or KKM's assets from the SCG Decor group in order to comply with the policy and scope of business operations.

However, at the end of 2022, KIA, a company with 2022 revenue of approximately THB 1,500 million and a direct shareholder of KKM, was notified by the Indonesian government that KIA and its subsidiary, “PT KIA SERPIH MAS” (“**KSM**”), may be liable to certain debts to Indonesian government in accordance with the incident occurred since 1998. It specifically refers to the debts and obligations owed by some of KIA's minority shareholders (“**KIA's**”).

Founder") who has no relation to SCC. The said KIA's Founder received financial support from the Indonesian government to aid other businesses owned by the KIA's Founder. The incident occurred before SCG Decor acquired KIA business in 2011. Currently, it is unclear whether KIA and KSM will be held liable for KIA's Founder's debts to the Indonesian government and what the exact amount of liability would be. This is because no supporting documents have been presented along with the claim from the Indonesian government. Based on available evidence, it cannot be indicated that KIA and KSM are liable for debts to Indonesian government. Therefore, SCG Decor continuing to be KIA's shareholder is the most appropriate option considering the facts at present.

From the abovementioned matter, the Indonesian government agency has blocked KIA and KKM from accessing the company registration system administered by the Ministry of Law and Human Rights ("**MOLHR**"). The reason of the blocking is due to the ongoing investigation process on KIA's Founder. As a result, KIA's Annual General Meeting of Shareholders resolution for the year 2022 for the changes of Board of Commissioners has yet been updated to the MOLHR system, and therefore, the notification letter of the change of company data could not be issued from the system. In light of this, making any proceeding, including the transfer of any assets of KIA, become a sensitive matter, as it may cause the Indonesian government to misunderstand the purpose of the transfer of assets (which is for the sole purpose of eliminating conflicts of interest) and as a consequence, may issue an order that makes existing claim worse or affects KIA's normal business operations, which is undesirable to SCG Decor.

According to these reasons, SCG Decor will proceed to transfer shares and/or assets of KKM to the third parties or the company under the SCC group after the matter of the claim of the Indonesian government and any related to KIA above is terminated. SCG Decor will use its best effort to the transfer of KKM to take place as soon as possible. In case that SCG Decor is unable to agree on the terms of sale for any reason within 12 months from the date on which the abovementioned Indonesian government claim is terminated. SCG Decor will agree to lease the assets to the SCC group for operate ceramic roof tiles business of KKM or dissolves KKM's business, as the case may be. SCG Decor and the SCC group will agree to enter into a lease agreement with normal prices and conditions as if it were a transaction with a third party (Arm's length basis) or a dissolution agreement of KKM, which has been preliminarily approved by the board of directors of SCG Decor. In addition, while SCG Decor is unable to transfer KKM out, SCG Decor agrees not to invest or expand the roof tiles business unless it is an investment expansion of roof tile as a normal business or according to KKM's business plan in order to maintain competitiveness in the Indonesian market.

BELANJA

Currently, PT Kokoh Inti Arebama, TBK ("**Kokoh**") (which is listed on the Indonesia Stock Exchange and a company in which the SCC group indirectly holds 90.62% of shares) owns retail shops which selling Floor Tiles and Wall Tiles under the name "BELANJA" (selling aforementioned products in the form of a manufacturing outlet). SCG Decor will enter into the conditional share purchase agreement to buy and sell KMKP shares and/or assets related to the BELANJA business with Kokoh in the purchase of KMKP shares and/or assets related to BELANJA business at the fair value appraised by an independent financial advisor. The conditional share purchase agreement contains important conditions precedent as specified in the agreement to buy and sell shares and/or assets related to BELANJA's business, including when the matter of the claim of the Indonesian government and any related to KIA above is terminated and when the shareholders' meeting of the relevant company has approved such transaction etc.

In this regard, SCG Distribution Co., Ltd. (as a major shareholder of Kokoh and a subsidiary of SCC) agrees that during the transfer of KMKP shares and/or assets related to the BELANJA business has not yet been transferred under the SCG Decor group, Kokoh will not invest or expand its business in the form of "BELANJA" in Indonesia. Unless it is an investment in expanding Belanja's business/branch or taking any action as a normal business or according to the business plan of KMKP and Belanja, in order to maintain competitiveness in the Indonesia market.

1.3.3 Shareholders**(1) Major shareholders**

The shareholding structure of SCG Decor as of March 30, 2023 are as follows.

List of shareholders	Shareholding structure as of March 30, 2023	
	Number of shares (shares)	Holding interests (percent)
1. The Siam Fibre-Cement Co., Ltd. ⁽¹⁾	121,089,998	100.0
2. Mrs. Pattarawan Tunsakul	1	0.0
3. Mrs. Pathera Thongtae	1	0.0
4. COTTO minority shareholders	-	-
5. Public	-	-
Total	121,090,000	100.0

Remark

(1) List of shareholders of The Siam Fibre-Cement Co., Ltd. as of March 30, 2023 are as follows.

List of shareholders	Number of shares (shares)	Holding interests (percent)
1. SCC	109,996,459	100.0
2. Other shareholders	3,541	0.0
Total	110,000,000	100.0

SCC is an indirect major shareholder of SCG Decor (through The Siam Fibre-Cement Co., Ltd.) and is a listed company on the SET, which operates as a holding company by investing in 3 core businesses, Cement-Building Materials business Chemicals business and packaging business.

(2) Shareholders' agreement

- None -

1.4 Organization Structure

SCG Decor has an organization structure consisting of the Board of Directors, which is responsible for overseeing SCG Decor's operations and has 3 sub-committees, including the Audit and Risk Management Committee, the Nomination, Remuneration and Corporate Governance Committee and the Executive Committee

1.4.1 Board of Directors

As of March 30, 2023, SCG Decor has 9 directors as follows.

Name	Position
1. Mr. Roongrote Rangsiyopash	Chairman / Member of Nomination, Remuneration and Corporate Governance Committee
2. Mr. Nithi Patarachoke	Deputy chairman / Chairman of Nomination, Remuneration and Corporate Governance Committee / Member of Executive Committee
3. Mr. Thammasak Sethaudom	Director / Member of Executive Committee
4. Mr. Wiroat Rattanachaisit	Director / Chairman of Executive Committee
5. Mr. Numpol Malichai	Director / Member of Executive Committee
6. Mr. Chaovalit Ekabut	Director / Member of Nomination, Remuneration and Corporate Governance Committee
7. Mr. Lucksananoi Punkrasamee	Independent director / Chairman of Audit and Risk Management Committee
8. Mrs. Sirivipa Supantanet	Independent director / Member of Audit and Risk Management Committee
9. Mr. Pakorn Matrakul	Independent director / Member of Audit and Risk Management committee / Member of Nomination, Remuneration and Corporate Governance Committee

1.4.2 Managements

As of March 30, 2023, SCG Decor has 6 managements as follows.

Name	Position
1. Mr. Numpol Malichai	Chief Executive Officer and Managing Director
2. Mr. Kittipong Photharanon	Chief Operation Officer and Technology
3. Mr. Jakkrit Suwansilp	Chief Marketing Officer
4. Mr. Chaiyaporn Supanya	Chief People Officer
5. Mr. Smithi Kosicharoen	Chief Financial Officer
6. Mrs. Voranun Sodanin	Chief Accounting Officer

1.5 Dividend Policy

The board of directors' meeting of SCG Decor No. 200 (4/2565) which held on December 1, 2023 approved the dividend policy of SCG Decor and its subsidiaries

1.5.1 Dividend policy of SCG Decor

SCG Decor has policy to pay dividends of not less than 30% of the net profit according to the consolidated financial statements, after deducting corporate income tax and legal reserves as required by law and determined by SCG Decor for each year. The dividend payment rates may vary depending on the operating results, financial structure, financial position, liquidity, additional investment needs, investment plans, business expansion, market conditions and other factors related to SCG Decor.

1.5.2 Dividend policy of SCG Decor's subsidiaries

The dividend policy for subsidiaries must be considered and agreed by the board of directors of subsidiaries and approved by shareholders of such subsidiaries every year. The exception is for interim dividend payments, which the board of directors of the subsidiaries can approve from time to time if the subsidiary has sufficient profits to do so under the legal framework of the country in which the subsidiary or associated company is located. In addition, the board of directors of the subsidiaries must report the decision at the next shareholders' meeting of the subsidiaries. In this regard, the board of directors of the subsidiaries need to consider various factors, mainly for the shareholders' benefit, which determined by the board of directors and/or the shareholders of the subsidiaries as appropriate.

1.6	Management Discussion and Analysis
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Management discussion and analysis in this section has referred to SCG Decor's pro forma consolidated financial information for the year ended December 31, 2020 2021 and 2022. The pro forma consolidated financial information is prepared on a presumption that the Group had restructured the internal structure by restructured and acquired the business under common control with the key presumption in preparation of the pro forma consolidated financial information as of December 31, 2019 as follows

- (a) SCG Decor borrowed short-term loans within The Siam Cement Public Company Limited ("SCC"), in amount of THB 13,311 million with average interest rate from 2020 to 2022 at 3.25%, 3.11% and 3.14% per annum, respectively.**

(b) Business transfer

SCG Decor acquired entire business from Cementhai Ceramics Co., Ltd. ("CCCL") which was a subsidiary of SCC by acquiring assets which included investment in subsidiaries and liabilities at book value due to the business combination under common control which the ultimate parent company is SCC, at total investment amount of THB 17,083 million, as a result, the deficits on business combination under common control increased by THB 3,135 million. The details are as follows:

- Shares in COTTO of 91.04% in amount of THB 10,411 million, as a result, non-controlling interests increased by THB 1,270 million and the deficits on business combination under common control increased by THB 3,034 million.
- Shares in SSW of 71.44% in amount of THB 2,213 million, as a result, non-controlling interests increased by THB 904 million and the surplus on business combination under common control increased by THB 1,846 million.
- Shares in SSF of 67% from CCCL and 33% from SSW in amount of THB 3,001 million, as a result, the deficits on business combination under common control increased by THB 1,901 million.
- Shares in MSC of 80.07% in amount of Peso 2,223 million or equivalent to THB 1,421 million, as a result, non-controlling interests increased by THB 258 million and the deficits on business combination under common control increased by THB 293 million.
- Entire net assets and liabilities in CCCL in amount of THB 37 million, as a result, the surplus on business combination under common control increased by THB 247 million.

(c) Sale of investment in subsidiaries and associates

SCG Decor sold investment in subsidiaries and associates to other companies in SCC in amount of THB 3,534 million and recognized loss on investment sold before tax in amount of THB 987 million. The details are as follows:

- Shares in MRC Roofing Co., Ltd (“MRC”) of 100% in amount of THB 3 million.
- Shares in SCG-Sekisui Sales Co., Ltd (“SSSC”) of 51% in amount of THB 0.04 million, as a result, non-controlling interests increased by THB 167 million.
- Shares in Sekisui-SCG Industry Co., Ltd (“SSIC”) of 49% in amount of THB 478 million.
- Shares in Quality Construction Products Public Company Limited (“Q-CON”) of 67.63% in amount of THB 1,264 million, as a result, non-controlling interests decreased by THB 648 million.
- Shares in PT SCG Lightweight Concrete Indonesia (“SLCI”) of 100% in contract amount of Rp 214 billion or equivalent to THB 457 million.
- Shares in PT Surya Siam Keramik (“SSK”) of 80% in contract amount of Rp 179 billion or equivalent to THB 383 million, as a result, non-controlling interest decreased by THB 13 million.
- Shares in PT Siam-Indo Concrete Products (“SICP”) of 50% in contract amount of Rp 167 billion or equivalent to THB 356 million, as a result, non-controlling interest decreased by THB 255 million.
- Shares in PT Siam-Indo Gypsum Industry (“SIGI”) of 50% in contract amount of Rp 188 billion or equivalent to THB 401 million, as a result, non-controlling interest decreased by THB 456 million.
- Shares in SCG Concrete Roof (Cambodia) Co., Ltd. (“CRCC”) of 100% in contract amount of USD 5 million or equivalent to THB 192 million.

Prime Group Joint Stock Company sold investment in subsidiaries to other companies in SCC in amount of VND 360 billion or equivalent to THB 469 million and recognized gain on investment sold before tax in amount of VND 253 billion or equivalent THB 339 million. The details are as follows:

- Shares in SCG Home Vietnam Co., Ltd. of 100% in contract amount of VND 67 billion or equivalent to THB 87 million, as a result, non-controlling interest decreased by THB 8 million.
- Shares in Prime Ngoi Viet Joint Stock Company of 99.99% in contract amount of VND 293 billion or equivalent to THB 382 million.

(d) Sale of business unit

- SCG Decor sold Service Solution Business to other company in SCC in amount of THB 237 million.

1.6.1 Management's discussion and analysis of results of operation and financial position

1.6.1.1 Results of operations

• Revenue from sales

For the year ended December 31, 2020, 2021, and 2022, SCG Decor revenue from sales was THB 24,378.6 million, THB 25,937.4 million and THB 30,253.8 million, respectively.

For the year 2021, SCG Decor revenue from sales increased by THB 1,558.9 million when compared with previous year or 6.4%. This is primarily due to an increase in revenue from sales from decor surfaces business in Thailand and Philippines from an increase in demand from domestic customers after COVID-19 and revenue from sales from export channel together with an increase in revenue from sales from other business primarily from industrial estate business and solar energy equipment and installation business

For the year 2022, SCG Decor revenue from sales increased by THB 4,316.4 million when compared with previous year or 16.6%. This is primarily due to an increase in revenue from sales from decor surfaces business in Thailand Vietnam and Indonesia together with revenue from sales from bathroom business from an increase in sales volume from higher demand and increase in selling price.

SCG Decor revenue from sales by business segment	For the year ended December 31,					
	2020		2021		2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Decor surfaces ^{/1}	19,155.8	78.6	20,382.6	78.6	24,461.0	80.9
Thailand	9,727.6	39.9	10,418.8	40.2	12,421.4	41.1
Vietnam	6,540.3	26.8	6,165.9	23.8	7,909.0	26.1
Philippines and Indonesia	3,142.0	12.9	4,234.5	16.3	4,558.8	15.1
(net) inter-country elimination	(254.1)	(1.0)	(436.5)	(1.7)	(428.2)	(1.4)
Bathroom	4,682.7	19.2	4,708.1	18.2	5,155.1	17.0
Others ^{/2}	566.0	2.3	912.3	3.5	743.9	2.5
Total revenue from sales before intersegment elimination	24,404.5	100.1	26,003.0	100.3	30,360.0	100.4
(net) intersegment elimination	(25.9)	(0.1)	(65.7)	(0.3)	(106.2)	(0.4)
Total revenue from sales	24,378.6	100.0	25,937.4	100.0	30,253.8	100.0

Notes:

/1 Including bathroom business in Vietnam and Philippines which has revenue from sales of THB 148.2 million THB 200.9 million and THB 264.3 million for the year 2020, 2021, and 2022, respectively,

/2 Others includes industrial estate business and solar energy equipment and installation business.

Selling volume	Units	For the year ended December 31,		
		2020	2021	2022
Ceramic tiles	Million Square meters	140.5	150.4	165.0
Bathroom product	Million pieces	5.8	5.8	5.7

- Other Income**

For the year ended December 31, 2020, 2021, and 2022, SCG Decor other income was THB 591.2 million THB 549.3 million and THB 631.7 million, respectively, or equivalent to 2.4%, 2.1% and 2.0% of total revenue, respectively. Other revenue primarily consists of Interest income from financial institutions, gain on disposals of assets and scrap, gain on exchange rate and service fee

- Cost of Sales, Gross Profit and Gross Profit Margin**

Items	units	For the year ended December 31,		
		2020	2021	2022
Cost of Sales	THB million	17,926.5	19,141.4	23,120.9
Gross Profit	THB million	6,452.1	6,796.0	7,132.9
Gross Profit Margin	(%)	26.5	26.2	23.6

Notes (1) Gross Profit Margin calculated by gross profit divided by revenue from sales

For the year ended December 31, 2020, 2021, and 2022, SCG Decor cost of sales was THB 17,926.5 million, THB 19,141.4 million and THB 23,120.9 million, respectively, or equivalent to gross profit margin of 26.5%, 26.2% and 23.6%, respectively. Cost of Sales primarily consist of energy cost, raw material cost and salary, welfare, and personnel expenses.

For the year 2021, SCG Decor cost of sales increased THB 1,214.9 million or 6.8% increased as compared to previous year which was in-line with increase in revenue from sales. Thus, gross profit margin remains relatively constant between the year 2020 and 2021.

For the year 2022, SCG Decor cost of sales increased THB 3,979.5 million or 20.8% increased as compared to previous year. This is primarily due to the increase in revenue from sales and increase in energy cost which result in gross profit margin to decrease to 23.6% in 2022 as compare to 26.2% for the year 2021.

Gross Profit Margin by Business Segment	Units	For the year ended December 31,		
		2020	2021	2022
Decor surfaces	(%)	25.3	26.0	22.3
Bathroom	(%)	28.0	26.6	29.4
Others	(%)	53.0	24.6	20.9

Considering gross profit margin by business segment, for the year 2021, gross profit margin of decor surfaces business slightly increased from 2020 primarily due to an increase in sales volume which result in better management of cost by unit. For the year 2022, gross profit margin of decor surfaces business decreased from 2021 primarily due to an increase in energy cost.

With respect to bathroom business, for the year 2021 gross profit margin decreased from the year 2020 primarily due to an increase in price of import parts. For the year 2022, gross profit margin of bathroom business increased primarily due to increase in sales price and the relocation of fitting and ware plants from Phatumthani province plant to combine with Nakhon Ratchasima province plant which increase production efficiency.

With respect to other business, for the year 2021 and 2022, gross profit margin decreased primarily due to an increase in proportion of income from solar energy equipment and installation business which was a lower margin business as compared to industrial estate business.

- Expenses**

Distribution costs

Distribution costs	For the year ended December 31,					
	2020		2021		2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Freight expenses	737.1	26.4	900.9	29.5	1,067.5	29.8
Salary, welfare, and personnel expenses	892.3	32.0	922.0	30.2	1,022.0	28.6
Sales promotion and advertising expenses	537.6	19.3	512.0	16.8	686.1	19.2
Depreciation and amortization expenses	184.8	6.6	194.5	6.4	212.4	5.9
Packing fees	110.3	3.9	131.6	4.3	135.4	3.8
Professional fees	33.5	1.2	28.7	0.9	31.7	0.9
Rental expenses	30.6	1.1	22.8	0.7	15.4	0.4
Others	266.6	9.5	341.2	11.2	408.9	11.4
Total distribution costs	2,792.8	100.0	3,053.7	100.0	3,579.4	100.0
Total distribution costs to total revenue	11.2		11.5		11.6	

For the year ended December 31, 2020, 2021, and 2022, SCG Decor distribution costs were THB 2,792.8 million, THB 3,053.7 million and THB 3,579.4 million, respectively, or is equivalent to 11.2%, 11.5% and 11.6% of total revenue, respectively. Distribution costs were primarily Freight expenses, Salary, welfare and personnel expenses, and sales promotion and advertising expenses. For the year 2020 – 2022, SCG Decor distribution costs gradually increased in-line with revenue from sales while total distribution costs as a percentage to total revenue slightly increased from 11.2% to 11.6%.

Administrative expenses

Administrative expenses	For the year ended December 31,					
	2020		2021		2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Salary, welfare, and personnel expenses	1,280.0	61.0	1,039.4	54.2	1,077.9	38.1
Impairment loss of assets	24.0	1.1	17.8	0.9	734.0	25.9
IT fees and outside wages	227.2	10.8	221.8	11.6	223.3	7.9
Professional fees	123.7	5.9	97.4	5.1	141.3	5.0
Depreciation and amortization expenses	111.1	5.3	109.2	5.7	103.7	3.7
Others	331.8	15.8	432.5	22.5	552.3	19.5
Total administrative expenses	2,097.9	100.0	1,918.1	100.0	2,832.5	100.0
Total administrative expenses to total revenue	8.4		7.2		9.2	

For the year ended December 31, 2020, 2021, and 2022, SCG Decor administrative expenses was THB 2,097.9 million, THB 1,918.1 million, and THB 2,832.5 million, respectively, which was equivalent to 8.4%, 7.2% and 9.2% of total revenue, respectively.

Administrative expenses primarily consist of Salary, welfare and personnel expenses, IT fees and outside wages and Professional fees

For the year 2021, SCG Decor administrative expenses decreased by THB 179.8 million or 8.6% decreased primarily due to a decrease in Salary, welfare, and personnel expenses from lower number of personnel

For the year 2022, SCG Decor administrative expenses increased by THB 914.4 million or 47.7% primarily from the impairment loss of assets and allowance for decline in value of inventories relating to large artificial stone factory amounting to THB 787.4 million while other administrative expenses of SCG Decor remained relatively constant as compare to the year 2021.

- Profit from operations**

Items	Units	For the year ended December 31,		
		2020	2021	2022
Profit from operations for the year	THB million	2,152.7	2,373.5	1,352.7
Operating profit margin	(%)	8.8	9.2	4.5
Profit from operations for the year (adjusted)	THB million	-	-	2,199.0
Operating profit margin (adjusted)	(%)	-	-	7.3

Note (1) Operating profit margin calculated by profit from operations for the year divided by revenue from sales

For the year ended December 31, 2020, 2021, and 2022, SCG Decor operating profit was THB 2,152.7 million, THB 2,373.5 million and THB 1,352.7 million, respectively, which was equivalent to operating profit margin of 8.8%, 9.2% and 4.5%, respectively.

For the year 2021, SCG Decor profit from operation increased by THB 220.8 million or equivalent 10.3% when compared with previous year primarily due to an increase in revenue from sales and decrease in administrative expenses. For the year 2021, SCG Decor operating profit margin increase to 9.2% primarily from a decrease in administrative expenses while cost of sales and distribution costs remained relatively constant.

For the year 2022, SCG Decor profit from operation decreased by THB 1,020.8 million primarily due to the impairment loss of assets and allowance for decline in value of inventories relating to large artificial stone factory of THB 846.2 million. Considering adjusted profit from operation which excluded impact from such transaction, profit from operation will increase to THB 2,199.0 million which decreased by THB 174.6 million or equivalent to 7.4% when compared with previous year. For the year 2022, adjusted operating margin will decrease to 7.3% mainly from an increase in cost of sales from higher energy cost.

- Finance Costs**

For the year ended December 31, 2020, 2021, and 2022, SCG Decor finance costs were THB 533.2 million THB 530.3 million and THB 540.9 million, respectively. SCG Decor finance costs were primarily from the presumption of proforma financial statements that assume that SCG Decor use short-term loan from SCC to fund the corporate restructuring amounting to THB 13,311.1 million since December 31, 2019 with the finance costs on loan for the year ended December 31, 2020, 2021, and 2022 of THB 433 million, THB 414 million and THB 418 million, respectively.

- Tax expenses**

For the year ended December 31, 2020, 2021, and 2022, SCG Decor tax expenses were THB 386.3 million, THB 446.3 million and THB 172.4 million, respectively, or equivalent to effective tax rate of 23.9%, 24.2%, and 21.2%, respectively. SCG Decor tax expenses change relative to profit before income tax. Effective tax rate is

over 20% for the year 2020, 2021 and 2022 due to the finance costs assumption of the proforma financial statements was a non-tax-deductible expense. For the year 2022, effective tax rate decreased due to the loss from restructuring which decrease tax expenses.

- **Profit for the year**

Profit for the year and net profit margin

Items	Units	For the year ended December 31,		
		2020	2021	2022
Profit for the year	THB million	1,235.9	1,401.9	643.1
Net profit margin	(%)	5.1	5.4	2.1
Profit for the year (adjusted)	THB million	-	-	1,320.1
Net profit margin (adjusted)	(%)	-	-	4.4

For the year ended December 31, 2020, 2021, and 2022, SCG Decor profit for the year was THB 1,235.9 million, THB 1,401.9 million, and THB 643.1 million, respectively, or equivalent to net profit margin of 5.1%, 5.4% and 2.1%, respectively.

For the year 2021, SCG Decor profit for the year increased by THB 166.0 million equivalent to 13.4% increased from previous year primarily in-line with an increase in revenue from sales and a decrease in administrative costs. For the year 2021, net profit margin increased to 5.4% primarily due to a decrease in administrative costs while cost of sales and distribution costs remained relatively constant.

For the year 2022, SCG Decor profit for the year decreased by THB 758.8 million primarily due to the impairment loss of assets and allowance for decline in value of inventories relating to large artificial stone factory of THB 678.0 million. Considering adjusted profit for the year which excluded impact from such transaction, profit for the year will increase to THB 1,320.1 million or decreased by THB 81.8 million or equivalent to 5.8% when compared with previous year. For the year 2022, adjusted net profit margin will decrease to 4.4% mainly from an increase in cost of sales from higher energy cost

1.6.1.2 Financial position

- **Assets**

As of December 31, 2020, 2021, and 2022, SCG Decor total assets was THB 37,272.5 million, THB 40,379.8 million, and THB 40,575.9 million, respectively. SCG Decor assets primarily consists of property, plant and equipment, inventories, investments in short-term debt instruments, trade and other current receivables and cash and cash equivalents which contributed to 77.8%, 79.1% and 78.1% of total assets, respectively.

Cash and cash equivalents

As of December 31, 2020, 2021, and 2022, SCG Decor cash and cash equivalents was THB 2,245.4 million, THB 2,908.7 million, and THB 1,703.8 million, respectively, or equivalent to 6.0% 7.2% and 4.2% of total assets, respectively, (Please refer to additional information in 4.2.3 analysis of cash flow statements)

Investments in short-term debt instruments

As of December 31, 2020, 2021, and 2022, SCG Decor investments in short-term debt instruments was THB 4,827.8 million, THB 5,327.1 million, and THB 5,413.5 million, respectively, or equivalent to 13.0%, 13.2% and 13.3% of total assets, respectively. short-term debt instruments were primarily Investments in short-term debt instruments in Vietnam of Prime Group which increased in-line with cash from business operation of SCG Decor in Vietnam

Trade and other current receivables

As of December 31, 2020, 2021, and 2022, SCG Decor trade and other current receivables was THB 3,748.7 million, THB 4,570.8 million, and THB 5,269.4 million, respectively, or equivalent to 10.1%, 11.3% and 13.0% of total assets, respectively. SCG Decor trade receivables as of December 31, 2020 2021 and 2022, increased in-line with revenue from sales

SCG Decor receivable collection period was approximately 46 – 49 days in 2020 -2022 which corresponds to the agreed payment period from trade receivables which ranges from 30 -120 days.

Detail of trade receivables are as follows:

Trade receivables	As of December 31,					
	2020		2021		2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Within credit terms	2,069.7	68.5	2,533.7	68.9	2,968.0	70.5
Overdue:						
Less than 1 month	439.5	14.5	473.4	12.9	489.3	11.6
1 - 3 months	299.8	9.9	331.5	9.0	359.8	8.6
Over 3 - 12 months	129.0	4.3	266.8	7.3	383.1	9.1
Over 12 months	114.6	3.8	111.7	3.0	46.2	1.1
Total	3,052.6	101.0	3,717.2	101.1	4,246.3	100.9
Less allowance for expected credit loss	(31.1)	(1.0)	(40.2)	(1.1)	(38.8)	(0.9)
Net	3,021.4	100.0	3,677.0	100.0	4,207.5	100.0

Trade receivables	As of December 31,					
	2020		2021		2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Average collection period (days)	46		48		49	

SCG Decor other current receivables as of December 31, 2020 2021 and 2022 was THB 727.2 million, THB 893.8 million, and THB 1,061.9 million which primarily consist of accrued interest, prepaid expenses, advance payment, and VAT refund. SCG Decor other current receivables increased primarily due to accrued interest and VAT refund.

Short-term loans

As of December 31, 2020, 2021, and 2022, SCG Decor short-term loans was THB 65.0 million, THB 73.2 million, and THB 31.0 million, respectively, which was equivalent to 0.2%, 0.2%, and 0.1% of total assets, respectively. As of December 31, 2022, short-term loans increased primarily due to loan to The Siam Fibre-Cement Co.,Ltd. to manage inter-company loan within the group.

Inventories

As of December 31, 2020, 2021, and 2022, SCG Decor inventories was THB 6,126.1 million, THB 7,109.0 million, and THB 8,049.3 million, respectively, which was equivalent to 16.4%, 17.6% and 19.8% of total assets, respectively. SCG Decor inventories primarily consist of finished goods and raw material.

SCG Decor inventories as of December 31, 2020 2021 and 2022 increased in-line with revenue from sales. SCG Decor average finished good turnover days was 86 days 86 days and 81 days, respectively, and average inventories days was 134 days 135 days and 128 days, respectively.

SCG Decor inventories by type of inventories are as follows:

Inventories	As of December 31,					
	2020		2021		2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Finished goods	4,202.8	68.6	4,733.5	66.6	5,487.3	68.2
Work in progress	344.1	5.6	382.8	5.4	420.7	5.2
Raw materials	1,205.8	19.7	1,409.2	19.8	1,631.6	20.3
Spare parts, store supplies and others	582.7	9.5	733.3	10.3	737.1	9.2
Raw materials in transit	222.5	3.6	298.2	4.2	337.7	4.2
Total	6,557.9	107.0	7,557.1	106.3	8,614.4	107.0

Inventories	As of December 31,					
	2020		2021		2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Less allowance for decline in value	(431.7)	(7.0)	(448.1)	(6.3)	(565.1)	(7.0)
Net	6,126.1	100.0	7,109.0	100.0	8,049.3	100.0
Average finished good turnover days (days)	86		86		81	
Average inventories days (days)	134		135		128	

Land development for sale

As of December 31, 2020, 2021, and 2022, SCG Decor land development for sale was THB 486.4 million, THB 429.7 million, and THB 429.7 million, respectively, which was equivalent to 1.3%, 1.1% and 1.1% of total assets, respectively. Land development for sale consists primarily of land in Nong Kae Industrial Estate. As of December 31, 2021, land development for sale decreased due to the sale of land to third-party.

Other current assets

As of December 31, 2020, 2021, and 2022, SCG Decor other current assets was THB 170.5 million, THB 26.6 million, and THB 64.7 million, respectively, which was equivalent to 0.5%, 0.1% and 0.2% of total assets, respectively. SCG Decor other current assets was primarily consist of withholding tax.

Investments in associates

As of December 31, 2020, 2021, and 2022, SCG Decor investments in associates was THB 67.1 million, THB 52.4 million, and THB 71.0 million, respectively, which was equivalent to 0.2%, 0.1% and 0.2% of total assets, respectively. Investments in associates primarily consist of investment in Noritake SCG Plaster Co.,Ltd. During the past period, investments in associated companies changed in-line with dividend payments, and profit of the associated company

Other non-current receivables

As of December 31, 2020, 2021, and 2022, SCG Decor other non-current receivables was THB 198.5 million, THB 189.8 million, and THB 158.6 million, respectively, which was equivalent to 0.5%, 0.5%, and 0.4% of total assets, respectively. Other non-current receivables primarily consist of advance payment.

Long-term loans

As of December 31, 2020, 2021, and 2022, SCG Decor long-term loans was THB 77.9 million, THB 87.1 million, and THB 86.3 million, respectively, which was equivalent to 0.2% 0.2% and 0.2% of total assets, respectively. Long-term loans primarily consist of long-term loan between SCG Decor and shareholders for financial management

Investment property

As of December 31, 2020, 2021, and 2022, SCG Decor investment property was THB 508.8 million, THB 512.6 million, and THB 622.6 million, respectively, which was equivalent to 1.4%, 1.3% and 1.5% of total assets, respectively. As of December 31, 2021, and 2022 SCG Decor investment property primarily consists of land that has no purpose of use.

Property, plant, and equipment

As of December 31, 2020, 2021, and 2022, SCG Decor property, plant and equipment was THB 12,063.5 million, THB 12,008.5 million and THB 11,268.7 million, respectively, which was equivalent to 32.4%, 29.7%, and 27.8% of total assets, respectively.

SCG Decor Property, plant and equipment is shown as follows:

Property, plant, and equipment	As of December 31,					
	2020		2021		2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Land and land improvements	3,096.4	25.7	3,202.9	26.7	2,967.1	26.3
Buildings and structures	3,307.3	27.4	3,328.4	27.7	2,980.1	26.4
Machinery and equipment	4,979.9	41.3	4,527.8	37.7	3,895.5	34.6
Vehicle and equipment	181.2	1.5	201.8	1.7	304.0	2.7
Furniture, fixtures, and office equipment	112.7	0.9	112.4	0.9	93.1	0.8
Construction in progress	386.0	3.2	635.2	5.3	1,028.8	9.1
Total	12,063.5	100.0	12,008.5	100.0	11,268.7	100.0

Property, plant, and equipment primarily consist of land and land improvements, buildings and structures, and machinery and equipment. As of December 31, 2021, SCG Decor Property, plant and equipment has not changed significantly from previous year. However, As of December 31, 2022, Property, plant, and equipment decreased primarily due to the impairment loss of assets and allowance for decline in value of inventories relating to large artificial stone factory and depreciation during the year.

Goodwill

As of December 31, 2020, 2021, and 2022, SCG Decor goodwill was THB 5,426.6 million, THB 5,841.4 million, and THB 5,838.9 million, respectively, which was equivalent to 14.6%, 14.5% and 14.4% of total assets, respectively. SCG Decor Goodwill was from investment in Prime Group Joint Stock Company, SSW, SSF and Sosuco.

Other intangible assets

As of December 31, 2020, 2021, and 2022, SCG Decor other intangible assets THB 159.7 million, THB 140.0 million and THB 121.4 million, respectively, which was equivalent to 0.4%, 0.3% and 0.3% of total assets, respectively. Other intangible assets primarily consist of software license and license fee.

Deferred tax assets

As of December 31, 2020, 2021, and 2022, SCG Decor deferred tax assets was THB 327.7 million, THB 369.9 million and THB 593.3 million, respectively, which was equivalent to 0.9%, 0.9% and 1.5% of total assets, respectively. Deferred tax assets as of December 31, 2022 increased primarily due to impairment of assets and allowance for decline in value of inventories relating to large artificial stone factory and from the restructuring.

Other non-current assets

As of December 31, 2020, 2021, and 2022, SCG Decor other non-current assets was THB 772.7 million THB 732.8 million and THB 853.7 million, respectively, which was equivalent to 2.1%, 1.8% and 2.1% of total assets, respectively. Other non-current assets as of December 31, 2022 increased primarily due to long-term deposits of Prime Group Joint Stock Company

- **Liabilities**

As of December 31, 2020, 2021, and 2022, SCG Decor total liabilities was THB 21,373.6 million, THB 21,582.4 million, and THB 21,264.0 million, respectively. SCG Decor liabilities primarily consist of Short-term borrowings and Trade and other current payables, which contributed 86.7%, 88.0%, and 86.2% of total liabilities, respectively.

Bank overdrafts and short-term borrowings from financial institutions

As of December 31, 2020, 2021, and 2022, SCG Decor bank overdrafts and short-term borrowings from financial institutions was THB 346.2 million, THB 262.0 million and THB 500.4 million, respectively, which was equivalent to 1.6%, 1.2% and 2.4% of total liabilities, respectively. The changes in bank overdrafts and short-term borrowings from financial institutions was primarily due to cash management in SCG Decor's operation.

Trade and other current payables

As of December 31, 2020, 2021, and 2022, SCG Decor trade and other current payables was THB 3,419.7 million, THB 4,346.2 million, and THB 5,205.5 million, respectively, which was equivalent to 16.0%, 20.1% and 24.5 of total liabilities, respectively.

SCG Decor account payable period was approximately 34 days which is in-line with suppliers' credit terms of 30 – 60 days

Trade Payables	As of December 31,					
	2020		2021		2022	
	THB million	(%)	THB million	(%)	THB million	(%)
Trade payables	1,651.6	7.7	1,908.9	8.8	2,272.6	10.7
Average payable days (days)	34		34		34	

As of December 31, 2020, 2021, and 2022, SCG Decor trade payables were THB 1,651.6 million, THB 1,908.9 million, and THB 2,272.6 million, respectively, which was equivalent to 7.7%, 8.8%, and 10.7% of total liabilities, respectively.

As of December 31, 2020, 2021, and 2022, SCG Decor other payables was THB 1,768.1 million, THB 2,437.3 million, and THB 2,933.0 million, respectively, which was equivalent to 8.3%, 11.3%, and 13.8% of total liabilities, respectively.

Short-term borrowings

As of December 31, 2020, 2021, and 2022, SCG Decor short-term borrowings was THB 15,112.0 million, THB 14,640.6 million and THB 13,121.0 million, respectively, which was equivalent to 70.7%, 67.8%, and 61.7% of total liabilities, respectively. Short-term borrowings primarily consist of borrowing from presumption of the proforma financial statements that assume that SCG Decor use loan from SCC to fund the corporate restructuring

Corporate income tax payable

As of December 31, 2020, 2021, and 2022, SCG Decor corporate income tax payable was THB 303.9 million, THB 114.3 million, and THB 209.3 million, respectively, which was equivalent to 1.4%, 0.5%, and 1.0% of total liabilities, respectively. Changes in corporate income tax payable as of December 31, 2020 2021 and 2022 was in-line with tax expenses and profit before income tax.

Lease liabilities

As of December 31, 2020, 2021, and 2022, SCG Decor lease liabilities were THB 584.5 million, THB 651.9 million, and THB 803.3 million, respectively, which was equivalent to 2.7%, 3.0% and 3.8% of total liabilities, respectively. As of December 31, 2021, and 2022, lease liabilities increased primarily due to an increase in lease of assets used in operation.

Deferred tax liabilities

As of December 31, 2020, 2021, and 2022, SCG Decor deferred tax liabilities was THB 237.5 million, THB 263.8 million, and THB 234.9 million, respectively, which was equivalent to 1.1%, 1.2% and 1.1% of total liabilities, respectively. Deferred tax liabilities did not significantly change between the period.

Non-current provisions for employee benefits

As of December 31, 2020, 2021, and 2022, SCG Decor non-current provisions for employee benefits was THB 1,202.6 million, THB 1,182.8 million, and THB 1,004.4 million, respectively, which was equivalent to 5.6%, 5.5% and 4.7% of total liabilities, respectively. Non-current provisions for employee benefits decreased as of December 31, 2021 and 2022 primarily due to the revised actuarial assumption from rising bond interest rates.

- **Shareholders' equity**

As of December 31, 2020, 2021, and 2022, SCG Decor shareholders' equity was THB 15,898.8 million, THB 18,797.4 million, and THB 19,311.9 million, respectively.

As of December 31, 2021, shareholders' equity increased by THB 2,898.6 million from as of December 31, 2020, primarily due to an increase in retained earnings from the total comprehensive income for the year partially offset by dividend payment and an increase in other components of shareholders' equity from the translation different of the currency exchange rate.

As of December 31, 2022, shareholders' equity increased by THB 514.5 million from as of December 31, 2021, primarily due to an increase in retained earnings from the total comprehensive income for the year partially offset by dividend payment.

In addition, as of December 31, 2020, 2021, and 2022, SCG Decor had other deficits of THB 4,479.8 million, THB 4,544.8 million and THB 4,476.6 million which primarily result from SCG Decor acquired entire business from CCCL, which was a subsidiary of SCC, by acquiring assets which included investment in subsidiaries and liabilities at book value due to the business combination under common control which the ultimate parent company is SCC, at total investment amount of THB 17,083 million, as a result, the deficits on business combination under common control increased by THB 3,135 million.

1.6.1.3 Statement of cash flows

Key changes in the statements of cash flows are as follows:

Statement of cash flows (THB million)	For the year ended December 31,		
	2020	2021	2022
Net cash flows provided by operating activities	3,303.8	2,321.4	1,804.4
Net cash flows used in investing activities	(1,066.8)	(500.6)	(1,417.1)
Net cash flows used in financing activities	(2,113.4)	(1,232.6)	(1,611.2)
Net increase (decrease) in cash and cash equivalents	123.6	588.2	(1,223.9)
Effect of exchange rate changes on cash and cash equivalents	18.0	75.1	19.1
Cash and cash equivalents at beginning of the year	2,103.8	2,245.4	2,908.7
Cash and cash equivalents at end of the year	2,245.4	2,908.7	1,703.8

- Operating activities**

For the year ended December 31, 2020, 2021, and 2022, SCG Decor net cash flows provided by operating activities was THB 3,303.8 million, THB 2,321.4 million, and THB 1,804.4 million, respectively.

For the year 2020, SCG Decor cash flows provided by operating activities was THB 3,303.8 million primarily reflected profit for the year of THB 1,235.9 million as adjusted for adjustments to reconcile profit to cash receipts of THB 2,344.5 million, which primarily included depreciation and amortization, finance costs, interest receive and changes in operating assets and liabilities of THB (102.9) million, which primarily due to a decrease in trade and other payables partially offset by a decrease in trade and other receivables and inventories.

For the year 2021, SCG Decor cash flows provided by operating activities was THB 2,321.4 million primarily reflected profit for the year of THB 1,401.9 million as adjusted for adjustments to reconcile profit to cash receipts of THB 2,453.1 million, which primarily included depreciation and amortization, finance costs, interest receive and changes in operating assets and liabilities of THB (893.1) million, which primarily due to an increase in trade and other receivables and inventories partially offset by an increase in trade and other payables.

For the year 2022, SCG Decor cash flows provided by operating activities was THB 1,804.4 million primarily reflected profit for the year of THB 643.1 million as adjusted for adjustments to reconcile profit to cash receipts of THB 2,865.8 million, which primarily included depreciation and amortization, loss (profit) from fair value adjustment and others, Loss on inventories devaluation (reversal), finance costs, interest receive and changes in operating assets and liabilities of THB (1,342.4) million, which primarily due to an increase in trade and other receivables and inventories partially offset by an increase in trade and other payables.

- **Investing activities**

Cash flows used in investing activities for the year ended December 31, 2020 was THB (1,066.8) million primarily consist of payment for of debt instruments of THB (1,116.9) million and cash paid for acquisition of property, plant, and equipment of THB (455.1) million, partially offset by interest received of THB 324.1 million and proceeds from sale of interests in associates of THB 246.0 million.

Cash flows used in investing activities for the year ended December 31, 2021 was THB (500.6) million primarily consist of cash paid for acquisition of property, plant, and equipment of THB (844.8) million, partially offset by interest received of THB 187.9 million and proceeds from sale of interests in associates of THB 134.8 million.

Cash flows used in investing activities for the year ended December 31, 2022 was THB (1,417.1) million primarily consist of cash paid for acquisition of property, plant, and equipment of THB (1,463.8) million, net proceeds (payment) from sale of debt instruments of (278.3) million, partially offset by interest received of THB 289.4 million.

- **Financing activities**

Cash flows used in financing activities, for the year ended December 31, 2020, was THB (2,113.4) million primarily consist of Payment of reduction of ordinary shares of THB (4,184.2) million and Payments of changes in ownership interests in subsidiaries that do not result in a loss of control of THB (518.4) million, partially offset by Net proceeds from (payments of) short-term borrowings from related party THB 3,479.9 million.

Cash flows used in financing activities, for the year ended December 31, 2021, was THB (1,232.6) million primarily consist of payments of borrowings of THB (794.3) million and Payments of changes in ownership interests in subsidiaries that do not result in a loss of control of THB (261.0) million.

Cash flows used in financing activities, for the year ended December 31, 2022, was THB (1,611.2) million, primarily consist of payments of borrowings of THB (1,472.9) million

1.6.1.4 Capital Expenditures

For the year ended December 31, 2020 2021 and 2022, SCG Decor capital expenditures were THB 841.1 million, THB 1,290.5 million, and THB 1,818.4 million, respectively, which was the capital expenditures to increase production efficiency, costs reduction and energy saving projects. The capital expenditures also include business expansion investment such as stores expansion and general investments for replacement of existing assets.

1.6.1.5 Contractual Obligations and Off-balance Sheet Arrangements

– none –

1.6.2 Key Financial Ratios

	As of and for the year ended December 31,		
	2020 ⁽³¹⁾	2021	2022
Liquidity Ratios			
Current ratio (times) ⁽¹⁾	0.91	1.04	1.08
Quick ratio (times) ⁽²⁾	0.56	0.66	0.64
Cash flow liquidity ratio (times) ⁽³⁾	0.17	0.12	0.09
Accounts receivable turnover (times) ⁽⁴⁾	7.99	7.66	7.60
Average collection period (days) ⁽⁵⁾	46	48	49
Finished goods turnover (times) ^{(6) (33)}	4.27	4.28	4.52
Average finished goods days (days) ⁽⁷⁾	86	86	81
Inventory turnover (times) ^{(8) (33)}	2.73	2.71	2.86
Average inventory days (days) ⁽⁹⁾	134	135	128
Accounts payable turnover (times) ^{(10) (33)}	10.85	10.75	11.06
Accounts payable days (days) ⁽¹¹⁾	34	34	34
Cash cycle (days) ⁽¹²⁾	146	149	143
Profitability Ratios			
Gross profit margin (%) ⁽¹³⁾	26.47	26.20	23.58
Operating margin (%) ⁽¹⁴⁾	8.83	9.15	4.47
Other profit margin (%) ⁽¹⁵⁾	2.37	2.07	2.05
Cash flow to income ratio (%) ⁽¹⁶⁾	153.47	97.80	133.39
Net profit margin (%) ⁽¹⁷⁾	4.95	5.29	2.08
Return on equity (%) ⁽¹⁸⁾	8.68	8.36	3.71
Efficiency Ratios			
Return on total assets (%) ⁽¹⁹⁾	3.32	3.61	1.59
Return on fixed assets (%) ⁽²⁰⁾	24.44	25.19	18.66
Total asset turnover (times) ⁽²¹⁾	0.67	0.68	0.76
Financial Policy Ratios			
Interest-bearing debt to equity (times) ⁽²²⁾	1.01	0.83	0.75
Net interest-bearing debt to equity (times) ⁽²³⁾	0.56	0.39	0.38
Debt to equity (times) ⁽²⁴⁾	1.34	1.15	1.10
Interest coverage ratio (times) ⁽²⁵⁾	0.25	0.27	0.27
Obligation coverage ratio (times) ⁽²⁶⁾	1.69	2.32	5.59
Net Debt to equity (times) ⁽²⁷⁾	0.89	0.70	0.73
Net interest-bearing debt to EBITDA (times) ^{(28) (33)}	2.32	1.82	1.96
Debt matured in 1 year to total interest-bearing debt (%) ⁽²⁹⁾	97.28	96.72	95.59
Dividend payout ratio (%) ⁽³⁰⁾	5.07	4.46	11.89

Notes:

- (1) Current ratio is calculated as current assets divided by current liabilities.
- (2) Quick ratio is calculated as the sum of cash and cash equivalents, short term investment and accounts receivable – trade and others divided by current liabilities.
- (3) Cash flow liquidity ratio is calculated as net cash provided by (used in) operating activities divided by average current liabilities.
- (4) Accounts receivable turnover is calculated as revenue from sale of goods divided by average accounts receivable – trade and others (before allowance for expected credit loss/allowance for doubtful accounts).
- (5) Average collection period is calculated as 365 divided by account receivable turnover.
- (6) Finished goods turnover is calculated as cost of sale of goods divided by average finished goods.
- (7) Average finished goods days is calculated as 365 divided by finished goods turnover.
- (8) Inventory turnover is calculated as cost of sale of goods divided by average inventories (before allowance for decline in value of inventories).
- (9) Average inventory days is calculated as 365 divided by inventory turnover.
- (10) Accounts payable turnover is calculated as cost of sale of goods divided by average accounts payable – trade and others.
- (11) Average accounts payable days is calculated as 365 divided by accounts payable turnover.
- (12) Cash cycle is calculated as the sum of average collection period and average inventory days minus average accounts payable days.
- (13) Gross profit margin is calculated as the revenue from sale of goods minus cost of sale of goods, then divided by revenue from sale of goods, multiplied by 100.
- (14) Operating margin is calculated as profit from operating activities divided by revenue from sale of goods, multiplied by 100.
- (15) Other profit margin is calculated as non-operating profit⁽³⁰⁾ divided by total income, multiplied by 100.
- (16) Cash flow to income ratio is calculated as net cash provided by (used in) operating activities divided by profit from operating activities, multiplied by 100.
- (17) Net profit margin is calculated as profit (loss) for the year/period divided by total income, multiplied by 100.
- (18) Return on equity is calculated as profit (loss) attributable to equity holders of SCG Decor divided by average equity attributable to equity holders of SCG Decor, multiplied by 100. The average equity attributable to equity holders of SCG Decor is calculated as the sum of the beginning balance and ending balance of equity attributable to equity holders of SCG Decor for each period, divided by 2.
- (19) Return on total assets is calculated as profit (loss) for the year/period divided by average total assets, multiplied by 100. The average total assets are calculated as the sum of the beginning balance and ending balance of total assets for each period, divided by 2.
- (20) Return on fixed assets is calculated as the sum of profit (loss) for the year/period and depreciation of property, plant and equipment and right-of-use assets divided by average of the beginning and ending balance of property, plant and equipment and right-of-use assets, multiplied by 100.
- (21) Total asset turnover is calculated as total income divided by average total assets, which was calculated as the sum of the beginning balance and ending balance of total assets for each period, divided by 2.
- (22) Interest-bearing debt to equity is calculated as total interest-bearing debt divided by total equity.
- (23) Net interest-bearing debt to equity is calculated as total interest-bearing debt minus the sum of cash and cash equivalents and short-term investment, then divided by total equity.
- (24) Debt to equity is calculated as total liabilities divided by total equity.
- (25) Interest coverage ratio is calculated EBITDA divided by finance costs.
- (26) Obligation coverage ratio is calculated as EBITDA divided by the sum of bank overdrafts and short-term borrowings from financial institutions, short-term borrowings from related parties, current portion of long-term borrowing and current portion of lease liabilities.
- (27) Net debt to equity is calculated from total liabilities minus the sum of cash and cash equivalents and short-term investment then divided by total equity.
- (28) Net interest-bearing debt to EBITDA is calculated as total interest-bearing debt minus cash and cash equivalents and short-term investment divided by EBITDA.
- (29) Debt matured in 1 year to total interest-bearing debt is calculated as the sum of bank overdrafts and short-term borrowings from financial institutions, short-term borrowings from related parties, current portion of long-term borrowing and current portion of lease liabilities, divided by total interest-bearing debt.
- (30) Dividend payout ratio is calculated as dividends paid divided by profit (loss) attributable to equity holders of SCG Decor
- (31) For the year 2020 ratios are calculated from numbers as of December 31, 2020 with no average with beginning period as there is no proforma financial information for the year 2020

1.6.2.1 Liquidity ratios

As of December 31, 2020, 2021, and 2022, SCG Decor current ratio was 0.91 times 1.04 times and 1.08 times, respectively. The increase in current ratio as of December 31, 2021 was primarily due to an increase in current assets while the current liabilities remained relatively constant and the increase in current ratio as of December 31, 2022 was primarily due to an increase in current assets while the current liabilities slightly decreased.

As of December 31, 2020, 2021, and 2022, SCG Decor quick ratio was 0.56 times 0.66 times and 0.64 times, respectively. The increase in quick ratio as of December 31, 2021 was primarily due to an increase in cash and cash equivalent, short-term investment and account receivable and others current liabilities remained relatively constant

For the year ended December 31, 2020, 2021, and 2022, SCG Decor Cash Cycle was 143 – 149 days

1.6.2.2 Profitability ratios

Return on equity was 8.68%, 8.36%, and 3.71% for the year 2020, 2021, and 2022, respectively. Return on equity for the year 2021 decreased primarily due to an increase in shareholders' equity. Return on equity for the year 2022 decreased primarily due to a decrease in profit for the year from impairment loss of assets and allowance for decline in value of inventories relating to large artificial stone factory.

1.6.2.3 Efficiency ratios

Return on total assets was 3.32%, 3.61%, and 1.59% for the year 2020, 2021, and 2022, respectively. Return on assets for the year 2021 increase primarily due to an increase in profit for the year and return on assets for the year 2022 decrease primarily due to a decrease in profit for the year from impairment loss of assets and allowance for decline in value of inventories relating to large artificial stone factory.

1.6.2.4 Financial policy ratios

Interest-bearing debt to equity ratio was 1.01 times, 0.83 times and 0.75 times as of December 31, 2020, 2021 and 2022, respectively. Net interest-bearing debt to equity ratio was 0.56 times, 0.39 times and 0.38 times as of December 31, 2020, 2021 and 2022, respectively. Net interest-bearing debt to equity decreased during the period primarily due to an increase in shareholders' equity.

1.6.3 Events after the reporting period

- (a) On 4 February 2023, the interim dividend payment at rate of 42.70 THB per share, amounting to approximately THB 3,377 million, was appeared during the board of directors' meeting on 10 February 2023 and legal capital reserve amounted to THB 169 million.

- (b) On 10 February 2023, increases of the company registered capital from THB 7,909 million by THB 4,200 million, or a total amount of THB 12,109 million was approved during Extraordinary General Meetings. The Company issued new ordinary share by 42 million shares at the rate of THB 100 per share and proposed to sell new issued shares to existing shareholders according to the percent proportion. In case of shareholders waive the right to buy shares or fractional shares, SFCC offered to have first buy back payment at the rate of THB 80 per share, in total amount of THB 3,360 million within 10 February 2023. The remaining shares must be paid gradually by May 2023.

1.6.4 Key Financial Information

1.6.4.1 Summary of Audit Report

For the period	Auditor	Audit Report
Consolidated financial statements for the year ended December 31, 2022	Vairoj Jindamaneepitak Certified Public Accountant Registration No. 3565	<p>I have completed my assurance engagement to report on the compilation of pro forma consolidated financial information of SCG Decor and its subsidiaries ("the Group") by management. The pro forma financial information consists of the pro forma consolidated statement of financial position as at December 31, 2022 2021 and 2020, the pro forma consolidated income statement, the pro forma consolidated statement of comprehensive income, the pro forma consolidated statement of changes in shareholder's equity and the pro forma consolidated statement of cash flows for the years then ended, and related notes to the pro forma consolidated financial information. The applicable criteria on the basis of which management has compiled the pro forma consolidated financial information are described in Note 2.</p> <p>The pro forma consolidated financial information has been compiled by management to illustrate the impact of the event or transaction set out in Note 2 on the Group's pro forma consolidated financial position as at December 31, 2022 2021 and 2020 and its financial performance and cash flows for the years then ended as if the event or transactions had taken place at 31 December 2019. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the management from the audited financial statements as described in Note 2.</p>

For the period	Auditor	Audit Report
Consolidated financial statements for the year ended December 31, 2022	Vairoj Jindamaneepitak Certified Public Accountant Registration No. 3565	<p>I have audited the consolidated financial statements of SCG Decor and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated income statement, the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.</p> <p>In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2022, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).</p>

1.6.4.2 Pro forma consolidated financial information for the year ended December 31, 2020 to 2022

Statement of Financial Position	As of December 31,		
	2020	2021	2022
	(THB million)		
Assets			
Current assets			
Cash and cash equivalents	2,245.4	2,908.7	1,703.8
Investments in short-term debt instruments	4,827.9	5,327.1	5,413.5
Trade and other current receivables	3,748.7	4,570.8	5,269.4
Short-term loans	65.0	73.2	31.0
Inventories	6,126.1	7,109.0	8,049.3
Land development for sale	486.4	429.7	429.7
Other current assets	170.5	26.6	64.7
Total current assets	17,670.0	20,445.2	20,961.4
Non-current assets			
Investments in associates	67.1	52.4	71.0
Other non-current receivables	198.5	189.9	158.6
Long-term loans	77.9	87.1	86.4
Investment property	508.8	512.6	622.6
Property, plant, and equipment	12,063.5	12,008.5	11,268.7
Goodwill	5,426.6	5,841.4	5,838.9
Other intangible assets	159.7	140.0	121.4
Deferred tax assets	327.7	369.9	593.3
Other non-current assets	772.7	732.8	853.7
Total non-current assets	19,602.5	19,934.6	19,614.5
Total assets	37,272.5	40,379.8	40,575.9
Liabilities			
Current liabilities			
Bank overdrafts and short-term borrowings from financial institutions	346.2	262.0	500.4
Trade and other current payables	3,419.7	4,346.2	5,205.5
Current portion of lease liabilities	147.8	141.9	166.6
Short-term borrowings	15,112.0	14,640.6	13,121.0
Corporate income tax payable	303.9	114.3	209.3
Other current liabilities	125.9	71.0	121.2
Total current liabilities	19,455.5	19,575.9	19,324.0
Non-current liabilities			
Lease liabilities	436.6	510.0	636.7
Deferred tax liabilities	237.5	263.8	234.9
Non-current provisions for employee benefits	1,202.6	1,182.8	1,004.4

Statement of Financial Position	As of December 31,		
	2020	2021	2022
	(THB million)		
Other non-current liabilities	41.3	49.9	64.0
Total non-current liabilities	1,918.1	2,006.5	1,940.0
Total liabilities	21,373.6	21,582.4	21,264.0

Statement of Financial Position	As of December 31,		
	2020	2021	2022
	(million)		
<i>Paid-up share capital</i>	7,909.0	7,909.0	7,909.0
Share premium on ordinary shares	0.1	0.1	0.1
Other deficits	(4,479.8)	(4,544.8)	(4,476.6)
Retained earnings			
<i>Appropriated</i>			
Legal reserve	130.1	130.1	130.1
<i>Unappropriated</i>	13,384.2	14,606.5	15,303.6
Other components of shareholders' equity	(3,958.2)	(2,154.1)	(2,363.0)
Total equity attributable to owners of the company	12,985.4	15,946.7	16,503.3
Non-controlling interests	2,913.4	2,850.7	2,808.6
Total shareholders' equity	15,898.8	18,797.4	19,311.9
Total liabilities and shareholders' equity	37,272.5	40,379.8	40,575.9

For the year ended December 31,						
Income Statement	2020	(%) ⁽¹⁾	2021	(%) ⁽¹⁾	2022	(%) ⁽¹⁾
(THB million, except percentage and earnings per share)						
Revenue from sales	24,378.6	100.0	25,937.4	100.0	30,253.8	100.0
Cost of sales	(17,926.5)	(73.5)	(19,141.4)	(73.8)	(23,120.9)	(76.4)
Gross profit	6,452.1	26.5	6,796.0	26.2	7,132.9	23.6
Other income	591.2	2.4	549.3	2.1	631.7	2.1
Profit before expenses	7,043.3	28.9	7,345.3	28.3	7,764.6	25.7
Distribution costs	(2,792.8)	(11.5)	(3,053.7)	(11.8)	(3,579.4)	(11.8)
Administrative expenses	(2,097.9)	(8.6)	(1,918.1)	(7.4)	(2,832.5)	(9.4)
Total expenses	(4,890.7)	(20.1)	(4,971.8)	(19.2)	(6,411.9)	(21.2)
Profit from operations	2,152.7	8.8	2,373.5	9.2	1,352.7	4.5
Finance costs	(533.2)	(2.2)	(530.3)	(2.0)	(540.9)	(1.8)
Share of profit of associates accounted for using equity method	2.7	0.0	5.0	0.0	3.7	0.0
Profit before income tax	1,622.1	6.7	1,848.2	7.1	815.6	2.7
Tax expense	(386.3)	(1.6)	(446.3)	(1.7)	(172.4)	(0.6)
Profit for the year	1,235.9	5.1	1,401.9	5.4	643.1	2.1
Profit attributable to						
Owners of the Company	1,126.7	4.6	1,210.0	4.7	602.6	2.0
Non-controlling interests	109.2	0.4	191.9	0.7	40.5	0.1
	1,235.9	5.1	1,401.9	5.4	643.1	2.1
Basic earnings per share (THB)						
Owners of the Company	8.9		15.3		7.6	
Statement of Comprehensive						
Income						
Other comprehensive income	(29.1)	(0.1)	1,856.3	7.2	(133.0)	(0.4)
Total comprehensive income for the year	1,206.8	5.0	3,258.3	12.6	510.1	1.7

(1) Percentage to revenue from sales for the respective year

(F10-6) (After the resolutions have been passed at the Board of Directors' meeting)

Report Form for Delisting of Shares from Being Listed Securities

SCG Ceramics Public Company Limited

Dated 30 March 2023

To The President

The Stock Exchange of Thailand

Reference is made to the special Board of Directors' meeting No. 3/2023, held on 30 March 2023, which resolved to propose to the shareholders' meeting of SCG Ceramics Public Company Limited (the "**Company**" or "**COTTO**") to approve the delisting of the Company's shares from being securities listed on the Stock Exchange of Thailand (the "**SET**")¹ with the following details:

1. Type of securities of the Company

1.1 Ordinary Shares/ Preference Shares

1.1.1 Ordinary Shares

A total of 5,962,621,233 shares, at the par value of THB 1 per share, totaling THB 5,962,621,233

¹ The delisting of the Company's shares is implemented according to the Restructuring Plan of SCG Decor Company Limited ("**SCG Decor**") (as of 8 February 2023, SCG Decor is a major shareholder of the Company, holding 82.75 percent of the total issued shares of the Company) whereby SCG Decor will conduct a Tender Offer to purchase all shares of the Company and delist the Company from being securities listed on the SET. However, SCG Decor may cancel the Tender Offer upon the occurrence of any of the following events: (a) Any event occurring after the submission of the Tender Offer to the SEC but before the end of the offer period that has or may have a material adverse effect on the Company's status and assets where such event is not as a result of SCG Decor's action or any action for which SCG Decor is responsible. (b) Any event that causes the request for the delisting to be terminated. (c) In completion of the IPO, including, but not limited to, the occurrence of any of the events as specified in the relevant underwriting agreement which may causes the underwriter to exercise its rights to cancel the IPO under such agreement. (d) SCG Decor's lack of any required qualification or failure to comply with the SET's conditions for its preliminary approval to list its shares on the SET, resulted from actions or incidents which are beyond SCG Decor's control.

Preference share

-None-

1.1.2 Becoming listed securities on the SET since 1 August 2018

1.1.3 The last trading price of THB 2.20 per share on 29 March 2023

1.2 Debentures/Convertible Debentures

- None -

1.3 Warrants

- None -

1.4 Other types of securities (Please specify)

- None -

2. Schedule for a presentation to provide opinions and suggestions concerning the delisting of shares

The Company will arrange for the independent financial advisor of the Company to conduct a presentation to provide suggestions and opinions on the delisting of the Company's shares from being securities listed on the SET according to the Restructuring Plan of SCG Decor and to provide opinion on the Restructuring Plan of SCG Decor, as well as to propose to the Extraordinary General Meeting of Shareholders No. 1/2023 on 23 May 2023, according to the criteria under the Regulations of the Stock Exchange of Thailand Re: Delisting of Securities.

3. Date of shareholders' meeting for delisting of shares

The Extraordinary General Meeting of Shareholders No. 1/2023 will be held on 23 May 2023, at 9:00 hours. The meeting will be held at Le Concorde Ballroom, 2nd Floor, Swissôtel Bangkok Ratchada, No. 204 Ratchadaphisek Road, Huay Kwang, Bangkok, whereby:

- ☒ The date for determining the names of shareholders entitled to attend the Extraordinary General Meeting of Shareholders No. 1/2023 (“**Record Date**”) will be on 17 April 2023,
- ☐ The closing date of shareholder’s register book for determining the names of shareholders entitled to attend the shareholders’ meeting will be fromuntil the meeting has been duly convened.

4. Reasons and facts concerning the delisting of shares

As the Company has received a letter of intention from SCG Decor on 29 March 2023, in relation to the business restructuring of SCG Decor, including the Tender Offer for all of the Company’s shares in order to delist the Company’s shares from being securities listed on the SET along with the listing of SCG Decor’s ordinary shares on the SET instead. As of 8 February 2023, SCG Decor is a major shareholder of the Company, holding a total of 4,934,046,562 shares, representing 82.75 percent of the total issued and paid-up shares of the Company. In this regard, SCG Decor’s objectives and rationales for the Restructuring Plan and the delisting of the Company’s shares are as follows:

- (1) To integrate business operation of Decor Surfaces and Bathroom business in ASEAN including Thailand, Vietnam, Philippines, and Indonesia to be under SCG Decor which will be the only listed company in the SET. The new flagship company (SCG Decor) will become a strong company that is ready to expand its business to fully cover customer’s needs. This will increase competitiveness and improve ability to manage changes of industry in the future to become one of the comprehensive regional leaders in Decor Surfaces and Bathroom business.
- (2) To maximize the utilization of competences of the SCC group to create business synergy by sharing knowledge on production and technologies and using resources within the group to maximum benefits of business operation of the Decor Surfaces and Bathroom business in ASEAN including Thailand, Vietnam, Philippines, and Indonesia under SCG Decor.
- (3) To align benefits of shareholders to be in the same direction by expanding business operation of Decor Surfaces and Bathroom under a single listed company which

will help create clarity on business operation, reduce redundant of investments and maximize benefits of business expansion.

- (4) To create a flagship company in floor tiles, wall tiles and bathroom business of SCC group, which is the leading regional player who has strong financial position and significant business size. This will attract Thai and international investors interest in the Company and become vehicle for such business of SCC group to raise funds to expand the business and growth sustainably.

SCG Decor plans to make a Tender Offer to purchase all of the remaining shares of the Company in exchange with SCG Decor's newly issued ordinary shares ("Share Swap") provided that there will be no cash alternative and delist the Company's shares from being securities listed on the SET. In this regard, the shareholders of the Company who accept the Tender Offer will become the shareholders of SCG Decor and will be able to sell and purchase the SCG Decor's ordinary shares to be allocated after the completion of IPO.

In this regards, in making the aforementioned Tender Offer, SCG Decor will not send or distribute the Tender Offer documents into certain jurisdictions, which may cause SCG Decor to violate the laws of such jurisdictions or impose additional obligations on SCG Decor to comply with the laws of such jurisdictions other than the obligations under the relevant laws or regulations of Thailand. However, the Tender Offer will contain an applicable disclaimer regarding such matter and will be published on the websites of the Company, the Office of Securities and Exchange Commission (the "SEC"), and the SET where investors may further study the Tender Offer in detail. Subject to the foregoing restrictions and the procedure to be set out by SCG Decor, SCG Decor will proceed to purchase shares from the shareholders of the Company who intend to sell their shares in Thailand pursuant to the Tender Offer process.

5. Process of making Tender Offer for shares and other securities which may be converted to shares of the Company from shareholders and securities holders in general

5.1 Name of the offeror or groups of offerors and relationship with the Company

SCG Decor who is a major shareholder of the Company, as of 8 February 2023, SCG Decor holds the total number of 4,934,046,562 shares representing 82.57 percent of the Company's total issued and paid-up shares.

5.2 Tender Offer Price

The offering price of the Company's ordinary share is THB 2.40 per share (the "**Offering Price**") which was derived from various methods as determined by SCG Decor, such as market price, trading multiples, base price including discounted cash flow, etc. and will be proposed to the shareholders' meeting of the Company for consideration.

In this regard, SCG Decor will issue its newly issued ordinary shares as consideration for the Tender Offer. In the event that the Company's shareholders accept the Tender Offer, the said shareholders will receive such shares as consideration in accordance with the swap ratio for the exchange of the shares in the Company and the shares consideration will be calculated from the Offering Price divided by the final IPO price of the shares of SCG Decor to be derived from the book-building process in the future (the "**Final IPO Shares Price**"). In this regard, if there is any fraction of share after the allocation of shares as consideration to the shareholders in accordance with the share swap ratio, such fraction will be rounded down and no compensation will be made therefor. However, the Final IPO Shares Price will be announced after completion of the book-building process, which is expected to be completed after the end of the Tender Offer period. Therefore, in the preliminary stages of the Tender Offer, the shareholders of the Company will know the fixed Company's shares price and the preliminary swap ratio and they will know the Final IPO Shares Price and the final swap ratio at the end of the book-building process.

5.3 Name of financial advisor of the offeror

Bualuang Securities Public Company Limited

5.4 Name of the independent financial advisor

Discover Management Company Limited

6. Distribution of Shareholding as of 8 February 2023 (Latest Book-Closing Date)

6.1 Top 10 shareholders

Name	Nationality	Occupation	Number of shares held	Shareholding percentage (%)
SCG Decor Company Limited	Thai	-	4,934,046,562	82.75
Mr. Vongvuthi Vuthinantha	Thai	-	108,608,848	1.82
Thai NVDR Company Limited	Thai	-	84,234,793	1.41
Mr. Apirum Panyapol	Thai	-	28,483,200	0.48
Mr. Narin Anurootnatesiri	Thai	-	20,356,500	0.34
Mr. Kiet Srichomkwan	Thai	-	17,150,153	0.29
Mr. Prasit Pruksapornpong	Thai	-	13,416,616	0.23
Ms. Thanida Opanayikul	Thai	-	13,248,498	0.22
Mr. Suchin Wanglee	Thai	-	12,681,623	0.21
Ms. Suganya Opanayikul	Thai	-	10,710,454	0.18

Source: Information from Thailand Securities Depository Company Limited

6.2 Number of Shareholders

- Total number of shareholders 16,138 person, totaling 5,962,621,233 shares.
- Minor shareholders holding less than 5 out of 1,000 of the total issued shares but not less than 1 selling unit 16,135 persons, holding 835,731,030 shares, representing 14.02 percent of fully paid-up capital

7. Board of Directors of the Company as of 30 March 2023

Name	Position	Shareholding percentage (%)
1. Mr. Nithi Patarachoke	Chairman of the Board of Directors/ Chairman of the Executive Committee/ Member of the Nomination, Remuneration and Corporate Governance Committee	-
2. Mr. Prawit Ninsuvannakul	Independent Director/ Chairman of Audit Committee	-
3. Mr. Damri Tunshevavong	Independent Director/ Chairman of the Nomination, Remuneration and Corporate Governance Committee/ Member of the Audit Committee	-
4. Mr. Arnut Changtrakul	Independent Director/ Member of the Audit Committee	-
5. Mr. Teeranun Srihong	Independent Director	-
6. Mr. Kittiphong Photaranon	Director / Member of the Executive Committee	-
7. Mr. Anuvat Chalermchai	Director	-
8. Mrs. Nanthasiri Ausakul	Director	-
9. Mr. Chaovalit Ekabut	Director	-
10. Ms. Varunyu Opanayikul	Director	0.14
11. Mr. Surasak Kraiwichaicharoen	Director	0.000001
12. Mr. Numpol Malichai	Director/ Member of the Executive Committee/ Managing Director	-

We hereby confirm that the information contained in this report form is accurate and complete in all respects.

Signature.....Authorized Director

(Mr. Nithi Patarachoke)

(the Company's seal) Signature.....Authorized Director

(Mr. Numpol Malichai)