

COTTO 026/2023

November 16, 2023

Subject Submission of the Opinion of the Company on the Tender Offer (Form 250-2)  
of SCG Ceramics Public Company Limited and  
the Opinion of Independent Financial Advisor on the Tender Offer

To Secretary-General of the Office of the Securities and Exchange Commission  
President of the Stock Exchange of Thailand (SET) and  
Shareholders of SCG Ceramics Public Company Limited

Enclosures: 1. The Opinion of the Company on the Tender Offer (Form 250-2)  
2. The Opinion of Independent Financial Advisor on the Tender Offer

According to the notification that SCG Ceramics Public Company Limited (the “Company” or the “Business”) received a copy of the Tender Offer for Securities (Form 247-4) from SCG Decor Public Company Limited as the Offeror dated October 27, 2023.

The Company hereby submits the Opinion of the Company on Tender Offer (Form 250-2) and the Opinion of Independent Financial Advisor on the Tender Offer as shown in the enclosures.

Please be informed accordingly.

Yours faithfully,

SCG Ceramics Public Company Limited

(Mr. Numpol Malichai)

Managing Director

- Translation -

Opinion of the Company on the Tender Offer for Securities  
(Form 250-2)

Of



SCG Ceramics Public Company Limited

Tender Offeror

SCG Decor Public Company Limited

November 6, 2023

## Opinion of the Company on the Tender Offer for Securities

November 6, 2023

Dear Securities Holders of SCG Ceramics Public Company Limited

As SCG Ceramics Public Company Limited (“COTTO” or “the Business” or “the Company”) received a copy of the Tender Offer to purchase the securities of the Company (“Form 247-4” or “the Tender Offer”) from SCG Decor Public Company Limited (“the Tender Offeror” or “SCGD”) as a Tender Offeror on October 27, 2023, with details as follows:

Type of Securities	Number of securities to be purchased		Percentage of securities to be purchased <sup>1/</sup>		Tender Offer	Total Tender Offer value (THB)
	Share/Unit	Total voting rights	Total paid-up shares of the Company	Total voting rights of the Company	Price per unit (THB)	
Ordinary shares	1,028,574,671	1,028,574,671	17.25	17.25	2.40	2,468,579,210.40
Preferred shares	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Convertible debentures	-	-	-	-	-	-
Other securities (if any)	-	-	-	-	-	-
<b>Total</b>	<b>1,028,574,671</b>		<b>Total</b>	<b>17.25</b>	<b>Total</b>	<b>2,468,579,210.40</b>

Remark : 1/ As of October 27, 2023, the Company has only one type of securities being a total of 5,962,621,233 issued and paid-up ordinary shares. The Tender Offeror will offer to purchase all the remaining ordinary shares of the Business which are held by other shareholders.

The tender offer period is a total of 25 business days from November 1, 2023, to December 6, 2023 on every business day of the Tender Offer Agent (Bualuang Securities Public Company Limited) for accepting to purchase securities, from 9.00 hours to 16.00 hours. The Tender Offeror will pay consideration with the Tender Offeror's newly issued ordinary shares.

This Tender Offer is part of the Restructuring Plan of the Tender Offeror and the Company. The Business has a strategy to increase product ranges of sanitary wares and fittings (Bathroom products) to fulfil customer's needs and to expand Decor Surfaces and ceramic tiles business operation to have coverage throughout Thailand and other ASEAN countries. In this regard, The Siam Cement Public Company Limited (“SCC”), which currently a majority shareholder holding shares indirectly in the Business through the Tender Offeror, at 82.75% of all issued and paid-up shares of the Business, operates ceramic tile businesses in other ASEAN countries, as well as a bathroom product business in Thailand. The Business and SCC therefore have

jointly considered that the consolidation of the business as the same group under a single listed company in the Stock Exchange of Thailand (the “SET”) would create the greatest benefits to the shareholders of the Business 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 on the shareholders of COTTO and SCC, and concluded that SCGD will be the flagship company of SCC group for Floor Tiles, Wall Tiles and Bathroom business in Thailand and overseas whereby, SCGD distributed Floor Tiles, Wall Tiles and Bathroom products through various distribution channels including SCGD's own distribution channel such as manufacturing outlets and showroom outlets. SCGD 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 SCGD, and SCGD will be the only listed company listed on the SET.

To achieve the mentioned objectives, SCGD will conduct a tender offer for all the shares of the Business held by other shareholders in exchange for newly issued ordinary shares of SCGD (“**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 SCGD's shares in the SET (the “**IPO**”) to make SCGD the only company that is listed on the SET and to delist the Business' shares from the SET. After the completion of IPO and Tender Offer (collectively, the “**Restructuring Plan**”). This is according to resolutions of the Extraordinary General Meeting of Shareholders of the Business No. 1/2023 held on May 23, 2023, approving the delisting of shares of the Business from the listing securities of the SET as proposed in the Restructuring Plan.

In this regard, the Tender Offeror is subject to several conditions and such conditions have been duly fulfilled, as follows:

- 1) The Tender Offeror was granted waivers for the tender offer rules from the Takeover Panel on March 28, 2023 which include:
  - 1.1) A waiver to allow the exclusion of using delisting tender offer price criteria provided that the determining of the delisting tender offer price of securities, when calculating the swap ratio, must reflect the fair value of COTTO shares and the share price of the Tender Offeror must reflect the impact of the potential liability from the claim against the Tender Offeror's overseas subsidiary, i.e., PT Keramika Indonesia Assosiasi Tbk (“**KIA**”);
  - 1.2) A waiver to allow the exclusion of tender offer price criteria that require at least one cash alternative. This means that the Tender Offeror can conduct the tender offer without having to provide cash as an alternative (No Cash Alternative). In this regard, the swap ratio must be calculated based on the fair value, reflecting the impact of the claim against KIA, as mentioned above. Additionally, the Tender Offeror must sufficiently disclose information and

- progress regarding the mentioned claim in the financial statements' notes and in the securities offering document;
- 1.3) A waiver for the requirement to determine the tender offer price based on the valuation of compensation paid in a non-cash form, as assessed by financial advisors. In this case, the consideration to be paid in exchange for shares will be the newly issued shares of the Tender Offeror;
  - 1.4) A waiver to exempt the Tender Offeror from conducting an offer to purchase securities and providing tender offer documents to the Business shareholders in other jurisdictions which doing so would result in the Tender Offeror's violation of the laws of such jurisdictions or an imposition of an additional duty on the Tender Offeror under such laws due to the conducting of the Tender Offer. In this regard, the Tender Offeror must ensure that the Business discloses this matter in a notice of meeting that the Tender Offeror will not deliver the tender offer and tender offer documents to the Business shareholders in other jurisdictions which doing so would result in the Tender Offeror's violation of the laws of such jurisdictions and provides a clear notification for shareholders to follow up on this matter by themselves in order to protect their rights. Additionally, the disclosure must be made through channels that allow shareholders to closely monitor the information to protect their rights to the fullest extent possible in two periods comprising; at the beginning of the tender offer and during the final tender offer period. It should be noted that the content and manner of disclosure must not violate the laws of those foreign countries;
  - 1.5) A waiver to reduce the tender offer period after the announcement of the final offer period (Final day) from no less than 15 business days to no less than 10 business days;
  - 1.6) A waiver to allow the inclusion of an additional cause for terminating the tender offer, under the conditions that this termination is triggered by (1) an unsuccessful IPO and (2) the Tender Offeror's failure to meet the requirements as stipulated by the SET, provided that these causes are beyond the control of the Tender Offeror; and
  - 1.7) A waiver to allow the cancellation of the tender offer after the end of the tender offer period if the IPO is unsuccessful.
- 2) The Business Extraordinary General Meeting of Shareholders No. 1/2023 held on May 23, 2023 resolved to delist the securities with the votes of not less than three-fourths of the total number of issued and paid-up shares of the Business. Furthermore, no shareholders of the Business holding in total more than 10% of total number of issued and paid-up shares of the Business opposed the delisting, in accordance with the delisting requirement of the SET.
  - 3) The Tender Offeror's Extraordinary General Meeting of Shareholders No. 3/2023 held on June 2, 2023 resolved to approve the conversion from a limited company to a public company limited which

also included the capital increase and the issuance and allocation of the Tender Offeror's newly issued ordinary shares to the Business shareholders as consideration for the tender offer and the IPO.

- 4) The SET has approved the delisting of the Business shares from the SET on July 18, 2023. However, the delisting is contingent upon the Tender Offeror having completed the tender offer process for the Business in compliance with the Securities and Exchange Commissioners' (the "SEC") requirements before the SET can determine the delisting date. Additionally, the Business is required to report the results of the tender offer within 5 business days following the completion of the tender offer period to allow the SET to make necessary announcements to investors.
- 5) The SEC has approved the Tender Offeror's application for the offer of its newly issued ordinary shares as consideration for the tender offer and the IPO on October 10, 2023 and the prospectus of the Tender Offeror becomes effective on October 27, 2023.

#### Type and Class of the Tendered Securities

On the date of submission of the Tender Offer, the Business has only one type of securities being ordinary shares where the Business has a total of 5,962,621,233 ordinary shares with a par value of THB 1.00 per share. Each ordinary share of the Business carries 1 vote. The Tender Offeror holds an aggregate of 4,934,046,562 shares in the Business, equivalent to 82.75% of the total issued and paid-up shares of the Business. The Tender Offeror will offer to purchase all the remaining ordinary shares of the Business which are held by other shareholders in a total amount of 1,028,574,671 shares which are approximately 17.25% of the total issued and paid-up shares of the Business, approximately 17.25% of the total voting rights of the Business.

#### Offer Price

The tender offer price is THB 2.40 (Two point four Baht) per each ordinary share (the "Offer Price") whereby such price is:

( ☒ ) the final Offer Price which will not be changed (unless falling under the condition(s) specified in Clause 8 of Form 247-4).

( ☐ ) not the final Offer Price and the Tender Offeror may be able to change such Offer Price.

The consideration will be made by the Tender Offeror with the Shares Consideration and there will be no cash alternative. In this regard, the swap ratio of the Business's shares and the Shares Consideration will be calculated by Offer Price divided by the final IPO price in respect of the Shares Consideration to be determined in the IPO process (the "Swap Ratio"). On the date of this Tender Offer, the IPO price in respect of the Shares Consideration is within a range of a maximum of THB 15.00 per share and a minimum of THB 11.20 per share (the "Preliminary IPO Price Range"). Therefore, the Swap Ratio is within a range of 4.6667 – 6.2500 of the Business's shares (with a par value of THB 1.00 each) per 1 newly issued shares of the Tender Offeror (with a par value of THB 10.00 each). Such Swap Ratio is a preliminary range which will be adjusted to be narrower

from the Preliminary IPO Price Range (“**Final IPO Price Range**”) which will be determined in the book building process which will be carried out during the Tender Offer period. Such IPO price range will be within the Preliminary IPO Price Range, which the Tender Offeror will announce the Final IPO Price Range in approximately 3rd week of November, 2023 in the registration statement and prospectus and in the Tender Offeror's website. The Tender Offeror, together with the Business and SCC, will announce the Final IPO Price Range and the swap ratio which calculated based on such Final IPO Price Range via the electronic platform of the SET. The final Swap Ratio will be known after the end of the Tender Offer period when there is a final IPO price, which the Tender Offeror will announce the final IPO price in approximately 1st week of December, 2023 in the registration statement and prospectus and in the Tender Offeror's website. The Tender Offeror, together with the Business and SCC, will announce the final IPO price and the Swap Ratio via the electronic platform of the SET as well.

The fractions of shares from the allocation of the Shares Consideration as consideration to the shareholders of the Business according to the final Swap Ratio will be rounded down and no compensation will be made.

Pursuant to the provisions of the Revenue Code, unless exempted under the applicable double tax treaty, a non-Thai juristic person accepting the Tender Offer not doing business in Thailand and not residing in the country under the double tax treaty with Thailand or residing in the country which is a party under the double tax treaty with Thailand under which there is no exemption in relation to withholding tax on securities sale/trading in Thailand, must remit the withholding tax at the rate of 15% on the capital gain (the price difference between the Offer Price and cost) together with the acceptance of the Tender Offer whereby the cost must be notified together with the remittance of such withholding tax to the Tender Offer Agent.

#### Offer Period

The tender offer period is a total of 25 business days from November 1, 2023 to December 6, 2023 on every business day for accepting to purchase securities, from 9.00 hours to 16.00 hours where such period is:

- ( ) the final offer period which will not be extended (unless falling under the condition(s) specified in Clause 8 of Form 247-4)
- ( ✓ ) not the final offer period and the Tender Offeror may extend the tender offer period. In this regard, the Tender Offeror has received a waiver from the Takeover Panel to allow it to announce the final offer period that has the remaining offer period after the date of announcement of not less than 10 business days.

In this regard, the Business has been granted a waiver from the Stock Exchange of Thailand (the “**SET**”) to delist its shares from being listed securities in the SET. The Tender Offeror may specify a consecutive tender offer period lasting not less than 25 business days and not more

than 45 business days, as stipulated by the Securities and Exchange Commission's announcement No. TorChor. 12/2554

The securities holders may revoke their intention to sell the securities at the place of business of the Tender Offer Agents between 9.00 hours and 16.00 hours on every business day from November 1, 2023 to November 28, 2023 totaling 20 business days. The persons accepting the Tender Offer must comply with the procedures for cancellation of intention to sell securities set out in Form B-2 by complying with the details specified in Appendix 2 of Form 247-4 Tender Offer Cancellation Procedures and Forms.

#### **Conditions for Amendment of the Tender Offer**

- 1) The Tender Offeror may lower the Offer Price or extend the Tender Offer period should, in the case of any event giving rise that has or may have a material adverse effect on the status or assets of the Business.
- 2) The Tender Offeror may amend the offer terms or extend the Tender Offer period to compete with any other person who submits a Tender Offer for the securities of the Business during the Tender Offer period.

#### **Conditions for Cancellation of the Tender Offer**

The Tender Offeror may cancel the Tender Offer upon the occurrence of any of the following events:

- 1) Any event or action occurring after the submission of the Tender Offer to the SEC but before the end of the Tender Offer period that has or may have a material adverse effect on the status or assets of the Business where such event or action is not resulted from the Tender Offeror's action or any action for which the Tender Offeror must be responsible.
- 2) Any event that causes the application for the delisting to terminate.

Furthermore, according to the waivers granted by the Takeover Panel in respect of the tender offer rules. The Tender Offeror may cancel the Tender Offer even after the commencement of the Tender Offer or even after the end of the Tender Offer period due to the following reasons:

- 1) Incompletion of the IPO of the Tender Offeror, including, but not limited to, when various events occur according to the conditions specified in the underwriting agreement which could resulted the underwriter(s) to exercise their rights to cancel the IPO under such agreement(s).
- 2) The Tender Offeror's lack of any required qualification or failure to comply with the SET's conditions for its preliminary approval to be a SET listed company.

In the event of the cancellation of the Tender Offer as stipulated above, such cancellation must result from external factors beyond the control of the Tender Offeror.



If the Tender Offeror cancels the Tender Offer under these conditions, Tender Offeror will proceed to reinstate the shareholder status of the Business's shares to its original state. The Business will continue to maintain its status as a listed company on the SET, as it was before.

#### Settlement Date

The persons accepting the Tender offer will receive the Shares Consideration as payment for the Business' shares upon completion of the Tender Offeror's IPO, which will occur after the end of the Tender Offer period, and the Tender Offeror has already registered the increase of its paid-up capital in respect of the issuance of the newly issued ordinary shares allocated to be the consideration for the acceptance of the Tender Offer and the completion of the IPO with the Ministry of Commerce. In this regard, it is expected that the persons accepting the Tender Offer will receive the Shares Consideration as payment for the Business' share within approximately 6 business days from the end of the Tender Offer period. However, such schedule may be subject to change as necessary and appropriate where the trading on the SET of the newly issued ordinary shares received by the persons accepting the Tender Offer will commence concurrently with that of the newly issued ordinary shares of the IPO subscribers.

#### The Offering of Shares to Public

The Tender Offeror will simultaneously conduct the initial public offering during the same period as the Tender Offer. The offering price for the newly issued ordinary shares in the IPO will remain within a price range with a maximum offering price of THB 15.00 per share and a minimum offering price of THB 11.20 per share (with a par value of THB 10.00 each). In this initial public offering, SCGD offers its newly issued ordinary shares to the COTTO' shareholders who accept this Tender Offer, SCC's shareholders who are eligible for the share allocation in proportion to their shareholdings (Pre-emptive Right), COTTO's shareholders (excluding SCGD) who are eligible for the share allocation in proportion to their shareholdings, institutional investors and the juristic persons who are eligible to participate in the book building process, the patrons of SCGD and its subsidiaries and the persons under discretion of underwriters of SCGD. In this regard, the lead underwriter of SCGD reserves the right to exercise discretion to change the number of the newly issued ordinary shares offered for sale to investors in each of the above categories, or change the method of share allocation according to the details set out above. In addition, in the case where it is considered that there are remaining newly issued ordinary shares of SCGD from allocation to any categories of investors, the lead underwriter of SCGD may consider allocating the shares to other category of investors, taking into account various factors, such as the demand for the subscription of ordinary shares from each category of investors, the movement of the SET index, and the condition of the SET in order to ensure the successful subscription of ordinary shares in this occasion.

In this regard, in conducting the Tender Offer for securities of the Business by offering the Shares Consideration as payment, the Tender Offeror has received approval from the Takeover Panel to offer the Shares Consideration as payment to the shareholders who accept the Tender Offer, where the newly issued shares allocated to accommodate the acceptance of the Tender Offer is a part of its initial public offering as

approved by the SEC. In this regard, the shareholders who accept the Tender Offer can find out more information on the Tender Offeror and the Shares Consideration in details from the Tender Offeror's prospectus filed with the SEC, which is available at the SEC's website as provided

Weblink: <https://market.sec.or.th/public/ipos/IPOSEQ01.aspx?TransID=539740&lang=th>

In this regard, the Business has considered the proposal in the Tender Offer for the securities of the Business, considering the interests of security holders, and would like to provide opinions for consideration as follows:

**1. The status of the Company in respect of past, expected future performance and assumptions.**

**1.1. Business Characteristics**

**1.1.1. Ceramic Tiles Business**

The Company is a manufacturer and distributor of quality ceramic floor and wall tiles. The Company has ceramic tiles product portfolio as follows:

**1. Floor Tiles**

Floor tiles have low water absorption property which were single fired at high temperature, resulting in the tiles being durable and higher loadbearing capacity than ceramic wall tiles. In addition, ceramic floor tiles have a wide variety of patterns and glazed surfaces which can be properly used in various places, such as glazed tiles and polished tiles, etc. Ceramic floor tiles are offered in diverse sizes.

**2. Wall Tiles**

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

**3. Glazed Porcelain Tiles**

A tile with glazed surfaces and porcelain body (strong body with white color) is suited for use in almost all types of building and area. The tiles are dense, low water absorbed, heavy-loaded carrying capable and durable.

**4. Mosaic Tiles**

Mosaic tiles are not more than 4x4 inches, have several types of tile body and are resistant to temperature changes. The mosaic floor and wall tiles can be used for indoor, outdoor, swimming pool, or decoration because small-sized mosaic tiles can be applicable for several flexible designs.

**5. 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 outside building. Using glass tiles for outdoor decoration is to print patterns on glass or use other techniques such as sand spray to make the tile's surface matte or creating patterns on tiles.

## 6. Other Surface Covering Materials

This category includes Vinyl SPC (Stone Plastic Composite) tiles consist of a mixture of PVC plastic, which provides flexibility and resilience, and calcium carbonate, which adds strength, durability, and water resistance. The surface of the material is designed to mimic wood patterns, offering a variety of colors and patterns to choose from. It also includes LVT (Luxury Vinyl Tiles), which are produced from pure vinyl (Pure Plastic 100%). The tiles are flexible and durable, resembling high-quality rubber. They are designed to withstand impact and scratches effectively.

### 1.1.2. Industrial Estate Business

COTTO engages in the industrial estate business under the name "Nong Khae Industrial Estate", located on Phaholyothin Road, Nong Khae District, Saraburi Province. The development of COTTO's industrial estate is a collaborative effort with the Industrial Estate Authority of Thailand (IEAT), a state enterprise under the Ministry of Industry, in accordance with the Industrial Estate Authority of Thailand Act of 1979 (B.E. 2522). COTTO is responsible for developing the land along with various public utilities, including electricity, water supply, wastewater treatment systems, waste disposal systems, and other conveniences. These services are offered to industrial operators within the Nong Khae Industrial Estate subsequent to their land purchase. As of June 30, 2023, the Nong Khae Industrial Estate spans an area of 2,042 rai, 3 ngan, 23.5 square wah. This area consists of 1,593 rai, 2 ngan, 16.5 square wah designated for sale, and 449 rai, 1 ngan, 0.7 square wah allocated for public utilities and reservoirs. Currently, there remains 54.5 rai of land available, with 40.5 rai for sale and 14.0 rai that already leased, aligning with the objective to sell all land within the industrial estate.

### 1.1.3. Solar Energy Equipment Installation Business

The solar equipment installation business, or Solar business, is operated through a subsidiary company, Susunn Smart Solution Company Limited ("SUSUNN"). However, the Business is currently in the process of gradually reducing its solar operations to mitigate conflicts of interest due to the similarity of solar business operations with other companies within the SCC group.

Nevertheless, both SUSUNN and COTTO still need to carry out certain necessary operations to maintain credibility and the corporate image, as well as to prevent customer service complaints. Starting from October 3, 2023, SUSUNN and COTTO have ceased accepting new customers for solar installation services, as well as all marketing and sales activities related to solar installation. For existing customers who have already signed the agreement, SUSUNN and COTTO will continue to provide solar installation services in accordance with their agreements. For customers who have initiated contact and are in the decision-making or contracting process, SUSUNN and COTTO will proceed to enter into the agreement and provide solar installation services according to the terms of those agreements. As of June 30, 2023, there are customers who have already entered into contracts, as well as customers in the process of finalizing contracts, totaling 21 agreements, and 251 customers in the process of communication and decision-making. The aforementioned agreement will reach

the warranty period by the year 2028 or within 5 years after the services are delivered. Both SUSUNN and COTTO will continue to place orders with suppliers to support customers who are still bound by agreements. SUSUNN and COTTO will also coordinate with suppliers when customers require maintenance and repairs for their solar panels according to the warranty conditions stipulated in the agreements. Suppliers will directly provide maintenance and repair services to customers when needed.

### Brand

The Company have a variety of product brands, making them capable of meeting the diverse needs of customers, covering all customer segments, as detailed below:

#### 1) COTTO



COTTO's product brands have gained trust for their quality and aesthetics because of the continuous development of cutting-edge production technologies. This ensures that the products are of high quality and that consumers can use the tiles cost-effectively and durably. The tiles are manufactured to meet durability in line with global standards, with designs that match the lifestyles of various target customer segments.

**Customer Segment:** Focusing on middle to upper-level customers, with an emphasis on intricate and diverse patterns that replicate the beauty of natural elements such as soft stone or wood patterns.

#### 2) CAMPANA



CAMPANA's product brands feature a variety of patterns to cater to all customer segments. Most of the products under the CAMPANA product brand emphasize natural patterns and warm color designs, catering to families residing in both simplistic and contemporary environments.

**Customer Segment:** Focusing on the mass market and middle-level customer in major urban areas, with products offered at reasonable prices.

#### 3) SOSUCO



SOSUCO's product brands provide a wide array of patterns, ranging from natural patterns (such as wood and stone) to vibrant and diverse color patterns. This ensures the products meet the diverse needs of various customer groups with different style preferences.

**Customer Segment:** Focusing on the mass market customer with products that are both affordable and suitable for various styles.

#### 4) Klang Ceramic



The store offers a range of ceramic tile products, covering a range of mid-range to lower-end prices. They directly source their products from companies that offer various standard-certified product brands, both domestically and internationally. Additionally, they distribute some imported tiles. Klang Ceramics store has branches across the country, each with an average retail space of approximately 1,000 square meters. Moreover, they provide designated parking areas to accommodate customers.

**Customer Segment:** They serve customers seeking ceramic tile products within the mid-range to lower-end price range.

#### 5) COTTO Life



The store gathers a comprehensive range of products, including ceramic tiles, sanitary ware, and water taps, catering to various preferences. Their concept is "Lifestyle Tiles & Solutions", designed to meet the lifestyle needs of urban individuals, reflecting modernity and personal style. COTTO Life offers unique residential designs that stand out, providing complete home decoration solutions for every functional space. They offer comprehensive services with expert specialists, including Creative Designers who visualize the actual outcome before decisions are made. They also provide Tile Installation Service carried out by a team of skilled craftsmen, ensuring guaranteed, valuable, and trustworthy installations. COTTO Life provides services through both offline and online stores, aiming to deliver a seamless purchasing experience to the customers.

**Customer Segment:** Focusing on middle to upper-level customers.

#### 6) LT by COTTO



The LT by COTTO product brand features the Smart Flexible by COTTO floor tiles, offering beautifully designed flooring materials. The design is carefully curated, mimicking the patterns and textures found in nature. The diverse array of patterns caters to various preferences, covering all usage areas. Additionally, the Smart Installation system ensures swift and efficient tile installation. The tiles are made from specially selected Premium Healthy Grade materials, ensuring they are safe for people, pets, and the environment. These materials have received world-class environmental certifications, making them environmentally friendly.

**Customer Segment:** Focusing on middle to upper-level customers who prioritize design and product quality.

## 7) C'TIS

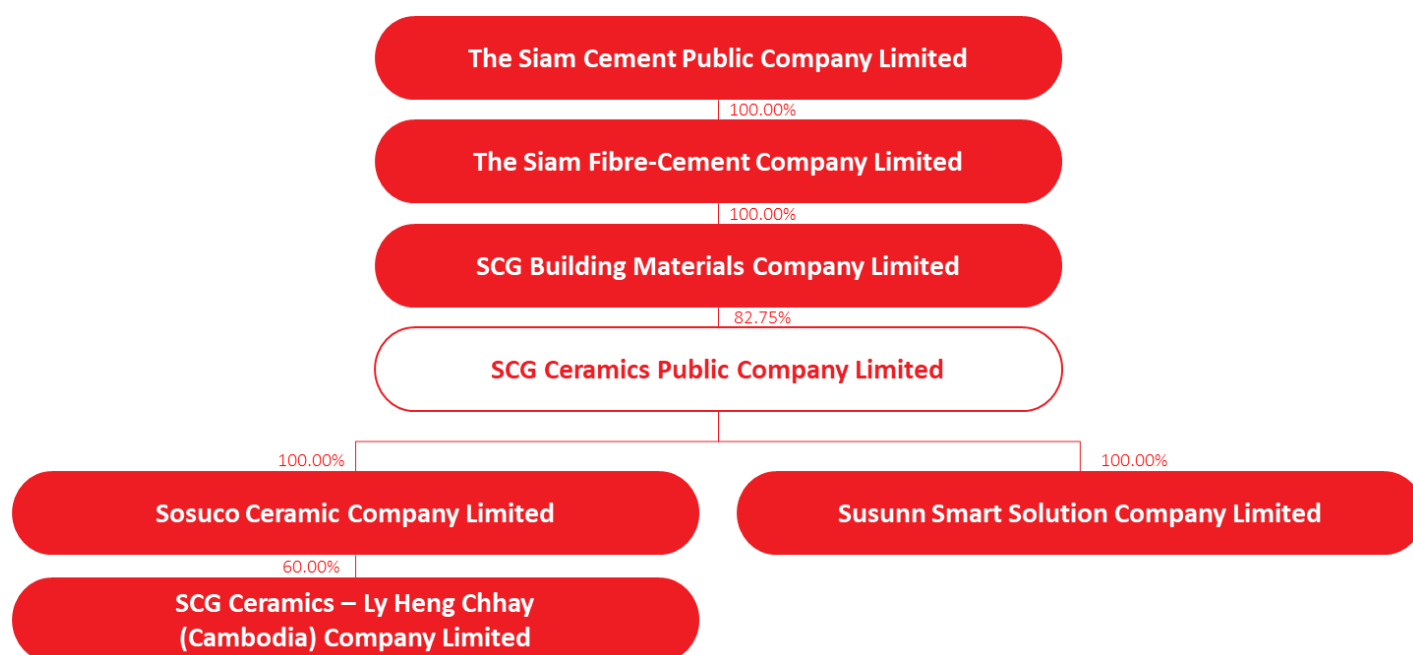


C'TIS (Certified Tile Installation Service) offers renovation, decoration, and installation services for tiles and surface materials. Our team of professional craftsmen is certified to meet the standard of the Department of Skill Development. We cater to customers looking to improve their living spaces through renovations, home extensions, and modify small-scale buildings, such as garage extensions, pool tiling, condo floor installations, and decorating work using large-sized tiles.

Customer Segment: Focus on customers who want convenience, speed and reliable quality.

## 1.2. Shareholding Structures of Conglomerates

Currently, the Company has a shareholding as follows:



Source: The Company

## Investment in Subsidiaries and Other Companies

The Company has a policy of investing in a company engaging in the ceramic tile business which complements its operation and creates opportunities to generate long-term returns to the Company. As of September 30, 2023, the Company has invested as follows:

Company Name	Business	Registered and paid-up Capital	Shareholding Percentage (%)	Book value of investment
Sosuco Ceramic Company Limited (SSC)	Manufacture and Distribution of floor and wall ceramic tiles	THB 800 million	100	THB 800 million
Susunn Smart Solution Company Limited	Design and installation of equipment to generate electricity from solar energy.	THB 100 million	100	THB 100 million
SCG CERAMICS - LY HENG CHHAY (CAMBODIA) CO., LTD.	Distribution of floor and wall ceramic tiles	0.55 M.USD	60	0.33 M.USD

Source: The Company

### Relationship with Major Shareholders

The Company's major shareholder is SCG Decor Public Company Limited (SCGD), a subsidiary of SCC. In the past until now, the Company has had many products traded with SCC group, in which all transactions are general trading that follow trade agreement with general trading conditions in the same way that a reasonable person would act with a general counterparty in the same situation with trading bargaining power without the influence of their status as a related company. However, in entering into a transaction with SCC Group, who may have a conflict of interest with the Company, the Company have to comply with the Company's policy on entering into related party transactions.

### 1.3. Revenue Structure

Revenue	2020		2021		2022		9-month Period 2022		9-month Period 2023	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
<b>Surface Decoration</b>										
Domestic	8,120	79.6	8,543	75.8	9,981	75.9	7,582	75.8	7,810	75.3
Export	1,851	18.2	1,876	16.6	2,440	18.5	1,952	19.5	1,587	15.3
<b>Surface Decoration Business</b>	<b>9,971</b>	<b>97.8</b>	<b>10,419</b>	<b>92.4</b>	<b>12,421</b>	<b>94.4</b>	<b>9,534</b>	<b>95.3</b>	<b>9,397</b>	<b>90.6</b>
Industrial Estate Business	149	1.5	274	2.4	157	1.2	119	1.2	328	3.2
Solar Equipment Installation Business	74	0.7	580	5.2	579	4.4	350	3.5	651	6.3
<b>Total Sales Revenue</b>	<b>10,194</b>	<b>100.0</b>	<b>11,273</b>	<b>100.0</b>	<b>13,157</b>	<b>100.0</b>	<b>10,003</b>	<b>100.0</b>	<b>10,376</b>	<b>100.0</b>

Source: The Company

### 1.4. List of the Company's shareholders

List of the Company's shareholders before the Tender Offer

List of the top 10 shareholders on the latest share register book of the Business as of April 17, 2023, which is the latest book closing date are as follows:



Rank	Major Shareholders	Number of Shares	%
1.	SCG Decor Public Company Limited (SCGD)	4,934,046,562	82.75
2.	Mr. Wongwut Wuttinan	108,608,848	1.82
3.	Thai NVDR Company Limited	79,953,847	1.34
4.	Mr. Apirum Panyapol	28,483,200	0.48
5.	Mr. Narin Anurootnatesiri	22,708,100	0.38
6.	Mr. Kiat Srijomkwan	17,150,153	0.29
7.	Miss Panida Nuengraksa	13,500,000	0.23
8.	Mr. Prasit Pruksapornpong	13,416,616	0.23
9.	Miss Thanida Opanayikul	13,248,498	0.22
10.	Mr. Suchin Wanglee	12,581,623	0.21
11.	Others	718,923,786	12.06
	<b>Total</b>	<b>5,962,621,233</b>	<b>100.00</b>

Source: SET

The Expected Shareholding Structure after the Tender Offer

List of shareholders of the Business, presuming that every shareholder intends to sell their entire holdings as part of this Tender Offer.

Name	Number of shares	Percentage when compared to the total number of issued shares of the Business	Percentage when compared to the total voting rights of the Business
The Tender Offeror and person under Section 258 of the Tender Offeror			
a) The Tender Offeror (SCG Decor Public Company Limited)	5,962,621,107	100.00	100.00
b) Person under Section 258 of the Tender Offeror, i.e. The Siam Fibre-Cement Company Limited	126	0.00	0.00

Source: Form 247-4

**1.5. List of the Company's Board of Directors**List of the Company's Board of Directors before the Tender Offer

As of October 27, 2023, there are 11 of the Company's Board of Directors which are as follow:

No.	Name	Position
1.	Mr. Niithi Patarachoke	Chairman of the Board of Directors / Chairman of the Executive Committee / Nomination, Remuneration and Corporate Governance Committee
2.	Mr. Numpol Malichai	Director / Executive Committee / Managing Director
3.	Mr. Kittiphong Photaranon	Director / Executive Committee
4.	Mr. Anuvat Chalermchai	Director

No.	Name	Position
5.	Mr. Chaovalit Ekabut	Director
6.	Mr. Surasak Kraiwitthaicharoen	Director / Nomination, Remuneration and Corporate Governance Committee
7.	Miss Varuny Opanayikul	Director
8.	Mr. Prawit Ninsuvannakul	Independent Director / Chairman of Audit Committee
9.	Mr. Damri Tunshevavong	Independent Director / Chairman of Remuneration, Nomination, and Governance Committee / Audit Committee
10.	Mr. Teeranun Srihong	Independent Director
11.	Mr. Arnut Changtrakul	Independent Director / Audit Committee

Source: The Company

#### The List of Anticipated Board of Directors Post the Tender Offer

Currently, the Tender Offeror does not have any plan to change the Business' structure or alter the Board of Directors of the Business. However, after the completion of the Tender Offer period, the Tender Offeror may consider restructuring or changing the Board of Directors if deemed appropriate. Any changes to the structure or Board of Directors will be carried out in compliance with relevant laws, regulations, and articles of association of the Business, including, Board of Directors' resolutions, and/or shareholders' resolutions of the Business (as applicable).

### 1.6. Financial Statement and the Company's Performance

#### Statement of Financial Position

Description	As of December 31,						As of September 30,			
	2020		2021		2022		2022		2023	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
<b>Assets</b>										
<b>Current assets</b>										
Cash and cash equivalents	731.23	6.70	1,323.90	11.49	712.55	6.30	731.13	5.89	1,568.21	12.94
Short-term investment	-	-	-	-	500.00	4.42	700.00	5.64	-	-
Trade and other receivables	1,103.84	10.12	1,348.13	11.70	1,620.93	14.33	1,778.35	14.32	1,834.70	15.14
Inventories	2,628.83	24.09	2,770.61	24.05	3,068.23	27.13	3,265.21	26.30	2,982.07	24.62
Land development for sale	486.41	4.46	429.70	3.73	429.70	3.80	429.70	3.46	394.28	3.25
<b>Total current assets</b>	<b>4,950.31</b>	<b>45.36</b>	<b>5,872.34</b>	<b>50.97</b>	<b>6,331.41</b>	<b>55.98</b>	<b>6,904.39</b>	<b>55.60</b>	<b>6,779.26</b>	<b>55.96</b>
<b>Non-current assets</b>										
Long-term investment in other company	16.61	0.15	16.61	0.14	16.61	0.15	16.61	0.13	16.61	0.14
Other non-current receivables	109.64	1.00	91.96	0.80	60.12	0.53	65.00	0.52	53.93	0.45
Investment property	402.00	3.68	400.95	3.48	401.44	3.55	401.54	3.23	406.20	3.35
Property, plant and equipment	5,071.25	46.47	4,825.23	41.88	4,055.01	35.85	4,704.76	37.89	4,429.69	36.56

Description	As of December 31,						As of September 30,			
	2020		2021		2022		2022		2023	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
Goodwill	25.35	0.23	25.35	0.22	25.35	0.22	25.35	0.20	25.35	0.21
Other intangible assets	101.37	0.93	83.99	0.73	60.77	0.54	71.82	0.58	44.50	0.37
Deferred tax assets	212.92	1.95	189.20	1.64	347.42	3.07	215.75	1.74	351.17	2.90
Other non-current assets	23.10	0.21	15.76	0.14	11.90	0.11	12.14	0.10	7.89	0.07
<b>Total non-current assets</b>	<b>5,962.23</b>	<b>54.64</b>	<b>5,649.04</b>	<b>49.03</b>	<b>4,978.62</b>	<b>44.02</b>	<b>5,512.96</b>	<b>44.40</b>	<b>5,335.33</b>	<b>44.04</b>
<b>Total assets</b>	<b>10,912.54</b>	<b>100.00</b>	<b>11,521.38</b>	<b>100.00</b>	<b>11,310.03</b>	<b>100.00</b>	<b>12,417.35</b>	<b>100.00</b>	<b>12,114.59</b>	<b>100.00</b>
<b>Liabilities</b>										
<b>Current liabilities</b>										
Trade and other current payables	1,231.94	11.29	1,487.24	12.91	1,705.59	15.08	2,073.21	16.70	2,047.75	16.90
Current portion of lease liabilities	75.03	0.69	57.82	0.50	75.07	0.66	70.69	0.57	74.73	0.62
Corporate income tax payable	46.98	0.43	25.08	0.22	2.21	0.02	41.06	0.33	66.31	0.55
Current provisions for employee benefits	90.37	0.83	27.44	0.24	48.26	0.43	20.64	0.17	19.43	0.16
<b>Total current liabilities</b>	<b>1,444.31</b>	<b>13.24</b>	<b>1,597.58</b>	<b>13.87</b>	<b>1,831.13</b>	<b>16.19</b>	<b>2,205.60</b>	<b>17.76</b>	<b>2,208.22</b>	<b>18.23</b>
<b>Non-current liabilities</b>										
Lease liabilities	64.54	0.59	91.14	0.79	147.45	1.30	121.83	0.98	140.94	1.16
Non-current provisions for employee benefits	578.62	5.30	566.23	4.91	493.11	4.36	588.50	4.74	522.32	4.31
Other non-current provisions	12.44	0.11	10.64	0.09	10.32	0.09	10.53	0.08	9.41	0.08
Other non-current liabilities	0.65	0.01	5.23	0.05	10.93	0.10	7.21	0.06	10.83	0.09
<b>Total non-current liabilities</b>	<b>656.25</b>	<b>6.01</b>	<b>673.24</b>	<b>5.84</b>	<b>661.81</b>	<b>5.85</b>	<b>728.07</b>	<b>5.86</b>	<b>683.49</b>	<b>5.64</b>
<b>Total liabilities</b>	<b>2,100.57</b>	<b>19.25</b>	<b>2,270.82</b>	<b>19.71</b>	<b>2,492.94</b>	<b>22.04</b>	<b>2,933.67</b>	<b>23.63</b>	<b>2,891.71</b>	<b>23.87</b>
<b>Shareholders' equity</b>										
Share capital										
Authorized share capital										
5,962,621,233 ordinary shares, par value at THB 1.00 per share	5,962.62	54.64	5,962.62	51.75	5,962.62	52.72	5,962.62	48.02	5,962.62	49.22
Issued and paid share capital										
5,962,621,233 ordinary shares, par value at THB 1.00 per share	5,962.62	54.64	5,962.62	51.75	5,962.62	52.72	5,962.62	48.02	5,962.62	49.22
Share premium on ordinary shares	1,133.59	10.39	1,133.59	9.84	1,133.59	10.02	1,133.59	9.13	1,133.59	9.36
Other surpluses	211.06	1.93	211.06	1.83	211.06	1.87	211.06	1.70	211.06	1.74
Retained earning										
Legal reserve	242.61	2.22	267.06	2.32	267.06	2.36	267.06	2.15	267.06	2.20
Unappropriated	1,305.94	11.97	1,720.08	14.93	1,279.39	11.31	1,953.20	15.73	1,684.49	13.90
Other components of shareholders' equity	(43.86)	(0.40)	(43.86)	(0.38)	(44.14)	(0.39)	(43.86)	(0.35)	(43.53)	(0.36)
<b>Total equity attributable to owners of the Company</b>	<b>8,811.97</b>	<b>80.75</b>	<b>9,250.56</b>	<b>80.29</b>	<b>8,809.58</b>	<b>77.89</b>	<b>9,483.68</b>	<b>76.37</b>	<b>9,215.30</b>	<b>76.07</b>
Non-controlling interests	-	-	-	-	7.51	0.07	-	-	7.58	0.06
<b>Total shareholders' equity</b>	<b>8,811.97</b>	<b>80.75</b>	<b>9,250.56</b>	<b>80.29</b>	<b>8,817.09</b>	<b>77.96</b>	<b>9,483.68</b>	<b>76.37</b>	<b>9,222.88</b>	<b>76.13</b>

Description	As of December 31,						As of September 30,			
	2020		2021		2022		2022		2023	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
Total liabilities and shareholders' equity	10,912.54	100.00	11,521.38	100.00	11,310.03	100.00	12,417.35	100.00	12,114.59	100.00

Source: The Company

Statement of Income

Description	As of December 31,						As of September 30,			
	2020		2021		2022		2022		2023	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
<b>Revenue</b>										
Revenue from sales and rendering of services	10,194.02	99.32	11,142.50	98.22	13,157.07	99.49	10,002.99	99.08	10,234.37	97.89
Revenue from sales of land	-	-	130.68	1.15	-	-	-	-	141.49	1.35
Other income	69.94	0.68	71.35	0.63	66.87	0.51	92.98	0.92	78.84	0.75
<b>Total revenue</b>	<b>10,263.96</b>	<b>100.00</b>	<b>11,344.53</b>	<b>100.00</b>	<b>13,223.94</b>	<b>100.00</b>	<b>10,095.97</b>	<b>100.00</b>	<b>10,454.70</b>	<b>100.00</b>
<b>Expenses</b>										
Cost of sales and rendering of services	(7,263.71)	(70.77)	(8,103.97)	(71.44)	(9,985.25)	(75.51)	(7,412.38)	(73.42)	(7,618.33)	(72.87)
Cost of sales of land	-	-	(57.45)	(0.51)	-	-	-	-	(46.20)	(0.44)
Distribution costs	(1,688.47)	(16.45)	(1,831.80)	(16.15)	(2,052.33)	(15.52)	(1,548.39)	(15.34)	(1,495.13)	(14.30)
Administrative expenses	(784.43)	(7.64)	(617.42)	(5.44)	(1,459.88)	(11.04)	(482.99)	(4.78)	(476.95)	(4.56)
<b>Total expenses</b>	<b>(9,736.61)</b>	<b>(94.86)</b>	<b>(10,610.64)</b>	<b>(93.53)</b>	<b>(13,497.46)</b>	<b>(102.07)</b>	<b>(9,443.76)</b>	<b>(93.54)</b>	<b>(9,636.61)</b>	<b>(92.17)</b>
<b>Profit (Loss) from operations</b>	<b>527.35</b>	<b>5.14</b>	<b>733.89</b>	<b>6.47</b>	<b>(273.51)</b>	<b>(2.07)</b>	<b>652.21</b>	<b>6.46</b>	<b>818.09</b>	<b>7.83</b>
Finance costs	(7.40)	(0.07)	(3.51)	(0.03)	(4.28)	(0.03)	(2.89)	(0.03)	(4.20)	(0.04)
<b>Profit (Loss) before income tax</b>	<b>519.95</b>	<b>5.07</b>	<b>730.38</b>	<b>6.44</b>	<b>(277.78)</b>	<b>(2.10)</b>	<b>649.32</b>	<b>6.43</b>	<b>813.88</b>	<b>7.78</b>
Tax revenue (expense)	(95.64)	(0.93)	(146.78)	(1.29)	49.90	0.38	(135.96)	(1.35)	(170.62)	(1.63)
<b>Profit (Loss) for the year</b>	<b>424.31</b>	<b>4.13</b>	<b>583.60</b>	<b>5.14</b>	<b>(227.89)</b>	<b>(1.72)</b>	<b>513.36</b>	<b>5.08</b>	<b>643.27</b>	<b>6.15</b>

Source: The Company

Statements of Cash Flows

Unit: THB million

Description	Fiscal Year ended December 31			9-month Period ended September 30	
	2020	2021	2022	2022	2023
Net cash flows provided by (used in) operating activities	1,233.83	1,125.47	635.73	706.75	1,337.01
Net cash flows provided by (used in) investing activities	(203.15)	(253.79)	(880.04)	(948.57)	(170.21)
Net cash flows provided by (used in) financing activities	(930.85)	(279.01)	(366.58)	(350.96)	(311.70)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>99.82</b>	<b>592.67</b>	<b>(610.88)</b>	<b>(592.77)</b>	<b>855.10</b>
Effects of exchange rates in cash and cash equivalents	-	-	(0.47)	-	0.56
Cash and cash equivalents at the beginning of the period	631.41	731.23	1,323.90	1,323.90	712.55
<b>Cash and cash equivalents at the ending of the period</b>	<b>731.23</b>	<b>1,323.90</b>	<b>712.55</b>	<b>731.13</b>	<b>1,568.21</b>

Source: The Company

Financial Ratio

Financial Ratio		Fiscal Year ended December 31			9-month Period ended September 30	
		2020	2021	2022	2022	2023
<b>Liquidity ratio</b>						
Liquidity ratio	times	3.4	3.7	3.5	3.1	3.1
Quick liquidity ratio	times	1.2	1.6	1.2	1.5	1.5
Cash flow liquidity ratio	times	0.8	0.7	0.4	n.a.	n.a.
Trade receivables turnover	times	9.9	10.0	9.7	n.a.	n.a.
Average debt collection period	days	36.9	36.5	37.6	n.a.	n.a.
Finished goods turnover	times	2.6	3.0	3.4	n.a.	n.a.
Average finished goods sales period	days	140.4	121.7	107.4	n.a.	n.a.
Payable turnover ratio	times	9.5	10.3	11.1	n.a.	n.a.
Repayment period	days	38.4	35.4	32.9	n.a.	n.a.
Cash cycle	days	138.9	122.8	112.1	n.a.	n.a.
<b>Profitability ratio</b>						
Gross profit	%	28.7	27.6	24.1	25.9	26.1
Operating margin	%	5.2	6.5	-2.1	6.5	7.9
Other income to total income ratio	%	0.7	0.6	0.5	0.9	0.8
Cash to profit ratio	%	234.0	153.4	-232.4	108.4	163.4
Net profit	%	4.1	5.1	-1.7	5.1	6.2
Return on equity	%	4.9	6.5	-2.5	n.a.	n.a.
<b>Efficiency ratio</b>						
Return on assets ratio	%	3.8	5.2	-2.0	n.a.	n.a.
Return on fixed assets ratio	%	20.9	24.3	8.0	n.a.	n.a.
Asset turnover ratio	times	0.9	1.0	1.2	n.a.	n.a.
<b>Financial policy ratio</b>						
Debt to equity ratio	times	0.2	0.2	0.3	0.3	0.3
Interest coverage ratio	times	165.1	392.3	78.9	n.a.	n.a.
Interest bearing debt to EBITDA ratio	times	0.1	0.1	0.7	0.2	0.2
Debt service coverage ratio	times	8.8	9.3	1.5	n.a.	n.a.
Dividend payout ratio	%	41.1	48.0	(104.7)	n.a.	n.a.

Source: The Company

**1.7 Analysis of operating results and financial position****1.7.1 Performance and Profitability**2020

In 2020, the Company's revenue from sales of ceramic tiles amounted to THB 10,194 million which was a THB 677 million or 6% decrease from 2019, due to the economic slowdown caused by the COVID-19 problem, resulting in sales of ceramic tiles both domestically and exported to decrease from the previous year, while the cost of sales decreased by THB 782 million or 10% due to the continuous improving production efficiency, and lower energy costs from lower in price of natural gas. Distribution costs decreased by THB 199 million or 11% from sales promotion and advertising expenses. Administrative expenses decreased by THB 240 million or 23% due to efficient cost management. In this regard, the Company has non-recurring items, which is the revenue

from the sale of land at THB 203 million in the previous year, and there was an increase in the recognition of employee benefit expenses from the amendment of the Labor Protection Act, which requires employers to pay compensation to employees who have been terminated in addition to from 300 days to 400 days, totaling THB 124 million. In 2020 and 2019, there were expenses for resignation plans with mutual consent of THB 77 million and THB 106 million, respectively, as a result the Company's net profit for the year 2020 was THB 424 million, while the year 2019 has a net profit of THB 187 million, an increase from the year 2019 of THB 238 million. Net profit per share in 2020 equal to THB 0.07, compared to the year 2019, in which net profit per share was THB 0.03, an increase of THB 0.04. From the above details, the Company's profitability increased with the rate of net profit per net sales of 4.1%, increasing from 2019, in which the net profit rate per net sales was 1.5%. Return for the shareholders was 5%, increasing from 2019, in which the return was 2%.

#### 2021

In 2021, the Company's revenue from sales of ceramic tiles and service amounted to THB 11,143 million which was a THB 948 million or 9% increase from 2020. The sales of ceramic tiles both domestically and exported are 63.7 million square meters, which is a 5% increase resulting from the increased demand. Moreover, the Company obtained revenue from land sale in Nong Khae Industrial Estate THB 131 million. In the fourth quarter, the cost of sales increased by THB 840 million or 12% of sales volume compared to the previous year, because the price of natural gas was increasing. However, the Company has been continuously controlling management costs and improving production efficiency. Distribution cost increased by THB 143 million or 8% due to the increase of shipping cost. Administrative expenses decreased by THB 167 million or 21% due to efficient cost management, as a result the Company's net profit was THB 584 million, an increase of THB 159 million or 38% from 2020. Net profit per share in 2021 equal to THB 0.10, compared to the year 2020, in which net profit per share was THB 0.07, an increase of THB 0.03. From the above details, the Company's profitability increased with the rate of net profit per net sales of 5.1%, increasing from 2020, in which the net profit rate per net sales was 4.1%. Return for the shareholders was 6.5%, increasing from 2020, in which the return was 4.9%.

#### 2022

In 2022, the Company's revenue from sales of ceramic tiles and service amounted to THB 13,157 million which was THB 2,015 million or 18% increase from 2021. The sales of ceramic tiles both domestically and exported are 75.5 million square meters, which is a 13% increase resulting from the increased demand, and the average selling price increased by 6% from the price adjustment in line with the increasing cost, cost of sales increased by THB 1,881 million or 23%. However, the Company has been continuously controlling management costs and improving production efficiency. Distribution cost increased by THB 221 million or 12% due to the increase of shipping cost. Administrative expenses increased by THB 8 million or 1% due to efficient cost management. However, the Company lost THB 228 million, a decrease of THB 811 million or 139% because there was allowance for impairment of assets and inventory devaluation of the large artificial stone

factory amounted to THB 847 million due to the temporary production stoppage of the large artificial stone factory caused by a shortage of main raw materials imported from Ukraine. However, if excluding such important items, operating profit in 2022 will be THB 469 million, a decrease of 13% mainly due to higher raw material and energy costs. Operating profit (loss) per share for 2022 is THB (0.04) compared to the year 2021 with a net operating profit per share of THB 0.10, a decrease of THB 0.14. From the above details, the Company's profitability decreased with the rate of net profit per net sales of -1.7%, decreasing from 2021, in which the net profit rate per net sales was 5.1%. Return for the shareholders was -2.5%, decreasing from 2021, in which the return was 6.5%.

#### 9-month period of 2023

For the 9-month period of 2023, the Company has sales revenue of THB 10,376 million which has increased 4% from the same period of the previous year. Also, the Company has revenue from land selling of THB 141 million. However, the revenue from the sales volume of ceramic tiles decreased approximately 11% from the same period of last year. Therefore, the Company's net profit is THB 643 million, which is a 25% increase from last year, besides, the Company's EBITDA is THB 1,212 million, which also increased from last year in the same period by 9%.

### **1.7.2 Financial Statement Analysis**

#### 2020

Total assets of the Company as of December 31, 2020, were THB 10,913 million, a 4% decrease from the previous year. Key components of total assets of the Company comprise of property, plant, and equipment at 46% and the current assets at 45%.

- **Current Assets**

Amounted to THB 4,950 million as at the end of 2020, with a decrease of 3% from the previous year, mainly from inventories and accounts receivable.

- **Property, Plant and Equipment**

Amounted to THB 5,071 million as at the end of 2020, 5% decrease from previous year, mainly from depreciation, and the increasing in investment on production cost reduction. Key activities for cost reduction are to improve machinery for more productivity and expand the retail store branches and distribution channels.

In 2020, the operating efficiency ratios increased from the previous year with 3.8% increasing return on assets compared to 1.5% of the year 2020. Asset turnover is 0.9 times, similar to the previous year.

#### 2021

Total assets of the Company as of December 31, 2021, was THB 11,521 million, a 6% increase from the previous year. Key components of total assets comprise of property, plant, and equipment at 42% and the current assets at 51%.

- Current Assets

Amounted to THB 5,872 million as at the end of 2021, with an increase of 19% from the previous year, mainly from cash and cash equivalents, accounts receivable, and inventories.

- Property, Plant and Equipment

Amounted to THB 4,825 million as at the end of 2021, 5% decrease from previous year, mainly from depreciation, and the increasing in investment on production cost reduction. Key activities for cost reduction are to improve machinery for more productivity and expand the retail store branches and distribution channels.

In 2021, the operating efficiency ratios increased from the previous year with 5.2% decreasing return on assets compared to 3.8% of the year 2020. Asset turnover is 1.0 times, increasing from the previous year of 0.9 times.

#### 2022

Total assets of the Company as of December 31, 2022, were THB 11,310 million, a 2% decrease from the previous year. Key components of total assets comprise of current assets at 56% and property, plant, and equipment at 36%.

- Current Assets

Amounted to THB 6,331 million as at the end of 2022, with an increase of 8% from the previous year, mainly from accounts receivable and inventories.

- Property, Plant and Equipment

Amounted to THB 4,055 million as at the end of 2022, 16% decrease from previous year, mainly from depreciation, and the increasing in investment on production cost reduction. Key activities for cost reduction are to improve machinery for more productivity and expand the retail store branches and distribution channels.

In 2022, the operating efficiency ratios decreased from the previous year with -2.0% decreasing return on assets compared to 5.2% of the year 2020. Asset turnover is 1.2 times, increasing from the previous year's 1.0 times.

#### 9-month period of 2023

As of September 30, 2023, the Company's total asset is THB 12,115 million which current asset is THB 6,779 million, Property, Plant, and Equipment is THB 4,430 million, and non-current asset is THB 906 million.

### **Liabilities**

#### 2020

Total liabilities as of December 31, 2020, amounted to THB 2,101 million, decreasing by 11% from the previous year, resulting from short-term loan from financial institutions repayment. Most liabilities consist of trade account payables and other current payables of 59% and non-current liability provision for employee benefits of 28% of total liabilities. By 2020, the Company's finance costs were THB 7 million, an increase of THB 2 million from the previous year.



Net cash (liabilities with interest less cash and cash under management) of the Company as at the end of 2020 amounted to THB 731 million, decreased by THB 259 million from the previous year, resulting from business profit and short-term loan from financial institutions repayment. The ratio of debt to equity is 0.2 times, which is lower than the previous year.

#### 2021

Total liabilities as of December 31, 2021, amounted to THB 2,271 million, increasing by 8% from the previous year. Most liabilities consist of trade account payables and other current payables by 65% and non-current liability provision for employee benefits by 25% of total liabilities. By 2021, the Company's finance costs were THB 4 million, decreased by THB 3 million from the previous year.

Net cash (liabilities with interest less cash and cash under management) of the Company as at the end of 2021 amounted to THB 1,324 million, an increase by THB 593 million from the previous year, resulting from business profit. The ratio of debt to equity is similar to last year's debt ratio of 0.2 times.

#### 2022

Total liabilities as of December 31, 2022, amounted to THB 2,493 million, increasing by 10% from the previous year. Most liabilities consist of trade account payables and other current payables of 68% and non-current liability provision for employee benefits of 20% of total liabilities. By the year 2022, the Company's finance costs were THB 4 million, similar to the previous year.

Net cash (liabilities with interest less cash and cash under management) of the Company as at the end of 2022 amounted to THB 1,213 million, decreased by THB 111 million from the previous year, resulting from a decrease in business profit. The ratio of debt to equity is 0.3, an increase from last year's debt ratio of 0.2 times.

#### 9-month period of 2023

Total liabilities as of September 30, 2023, amounted to THB 2,892 million, which are trade account payables and other current payables by THB 2,048 million, current liabilities by THB 160 million, and non-current liabilities by THB 684 million.

### **Shareholder's Equity**

#### 2020

Shareholders' equity as of December 31, 2020 amounted to THB 8,812 million, decreasing by 2%, from dividend payout and appropriation to legal capital reserve according to the ACT of Public Company Limited 1992 Article 116 and the Company's Articles of Association No. 38, defining that the Company must allocate a portion of the net profit for a capital reserve not less than 5% of yearly net profit deducted by brought forward deficit total (if any) until the amount of reserves is not less than 10% of the authorized capital.

#### 2021

Shareholders' equity as of December 31, 2021 amounted to THB 9,251 million, increasing by 5%, mainly from the business operation, dividend payout, and appropriation to legal capital reserve according to the ACT of Public Company Limited 1992 Article 116 and the Company's Articles of Association No. 38, defining that

the Company must allocate a portion of the net profit for a capital reserve not less than 5% of yearly net profit deducted by brought forward deficit total (if any) until the amount of reserves is not less than 10% of the authorized capital.

#### 2022

The Company has shareholders' equity as of December 31, 2022, amounting to THB 8,817 million, decreasing by 5%, mainly from operating profits and dividend payout.

#### 9-month period of 2023

The Company has shareholders' equity as of September 30, 2023, amounting to THB 9,215 million, which accounted for 99.99% of total shareholders' equity.

### **Liquidity**

#### 2020

At the end of the fiscal period, the Company outstanding balance is THB 731 million in Cash and cash equivalents, increasing by THB 100 million from 2019. Cash flows in 2020 are as follows: net cash obtained from operating activities THB 1,234 million, net cash used from investing activities THB 203 million, mostly from investment in land, building, and equipment, and net cash used for funding activities THB 931 million from the purchase of interest in a subsidiary and repayment of short-term loans from financial institutions. In 2020, liquidity ratio was 3.4 times, increasing from 2019 which was 2.9 times. Quick liquidity ratio in 2020 was 1.2 times, increasing from 2019, which was 0.9 times. The Company's liquidities were increased resulting from the increase in net cash from operating activities. By the fiscal year-end, the Company had no liabilities and had enough cash money for operation. In addition, the Company also has a credit facility with domestic banks that have not yet been withdrawn, which is sufficient for operation as well as obligation management. Trade receivables turnover was 9.9 times, increasing from 2019 which was 9.7 times, while the average debt collection period was 37 days. Moreover, for trade account receivables management in 2020, the Company was attentive about credit release and payment tracking by monitoring regularly.

The inventory turnover ratio was 2.6 times while the average product sales period was 140 days, increasing from the previous year. At the end of 2020, the payable turnover ratio was 9.5 times and repayment period were 38 days, which was an increase from the previous year.

#### 2021

At the end of the fiscal period, the Company outstanding balance is THB 1,324 million in Cash and cash equivalents, increasing by THB 593 million from 2020. Cash flows in 2021 are as follows: net cash obtained from operating activities THB 1,125 million, investing activities THB 254 million, mostly from investment in land, building, and equipment, and net cash used for funding activities THB 279 million from the annual dividend payout and lease liabilities repayment. In 2021, liquidity ratio was 3.7 times, increasing from 2020 which was 3.4 times. Quick liquidity ratio in 2021 was 1.6 times, increasing from 2020, which was 1.2 times. The Company's liquidities were increased resulting from the increase in net cash from operating activities. By the fiscal year-

end, the Company had no liabilities and had enough cash money for operation. In addition, the Company also has a credit facility with domestic banks that have not yet been withdrawn, which is sufficient for operation as well as obligation management. Trade receivables turnover was 10 times, increasing from 2020 which was 9.9 times, while the average debt collection period was 37 days. Moreover, for trade account receivables management in 2021, the Company was attentive about credit release and payment tracking by monitoring regularly.

The inventory turnover ratio was 3.0 times while the average product sales period was 122 days, increasing from the previous year. At the end of 2021, the payable turnover ratio was 10.3 times and repayment period were 35 days, which was decreased from the previous year.

#### 2022

At the end of the fiscal period, the Company outstanding balance is THB 1,213 million in Cash and cash equivalents, decreasing by THB 111 million from 2021. Cash flows in 2022 are as follows: net cash obtained from operating activities THB 636 million, net cash used in investing activities THB 880 million, mostly from investment in land, building, and equipment, and net cash used for funding activities THB 367 million from the annual dividend payout and lease liabilities repayment. In 2022, liquidity ratio was 3.5 times, decreasing from 2021 which was 3.7 times. Quick liquidity ratio in 2022 was 1.2 times, increasing from 2021, which was 1.6 times. The Company's liquidities were decreased resulting from the decrease in net cash from operating activities. By the fiscal year-end, the Company had no liabilities and had enough cash money for operation. In addition, the Company also has a credit facility with domestic banks that have not yet been withdrawn, which is sufficient for operation as well as obligation management. Trade receivables turnover was 9.7 times, decreasing from 2021 which was 10.0 times, while the average debt collection period was 38 days. Moreover, for trade account receivables management, the Company was attentive about credit release and payment tracking by monitoring regularly.

The inventory turnover ratio was 3.4 times while the average product sales period was 107 days, increasing from the previous year. Additionally, the payable turnover ratio was 11.1 times and repayment period were 33 days, which was decreased from the previous year.

#### 9-month period of 2023

At the end of the fiscal period, the Company outstanding balance is THB 1,568 million which the net cash of 9-month period of 2023 is obtained from operating activities THB 1,337 million, net cash used in investing activities THB 170 million, mostly from investment in land, building, and equipment, and net cash used for funding activities THB 331 million from the annual dividend payout and lease liabilities repayment. The liquidity ratio of the Company for the 9-month period of 2023 is 3.1 times, equal to the liquidity ratio of 9-month period of 2022. Also, the quick liquidity ratio of the Company is 1.5 times which equal to the quick liquidity ratio of 9-month period of 2022.

### **Dividend Policy**

The Company has a policy to pay dividends at 30 – 50% of the net profit based on the Company's consolidated financial statements after legal reserve deduction and loss carried forward (if any). The dividend payout is also subject to the Company's cash flow, investment plan, terms, and conditions of binding contracts, as well as future obligations and commitments.

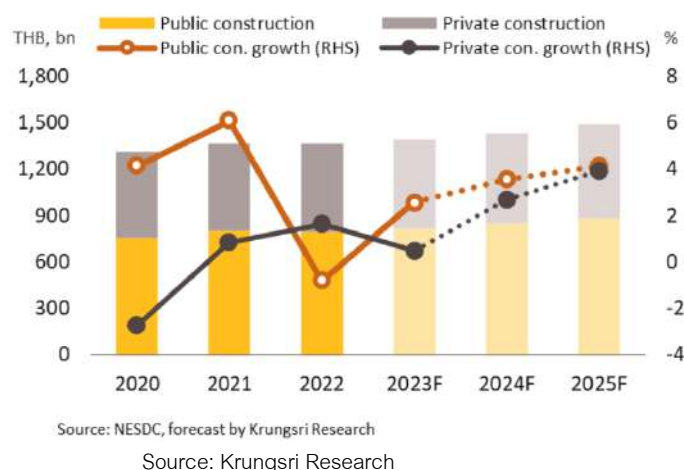
## **1.8 Competition conditions Business trends and Forecasting future performance**

### **1.8.1 Market and Industry Outlook**

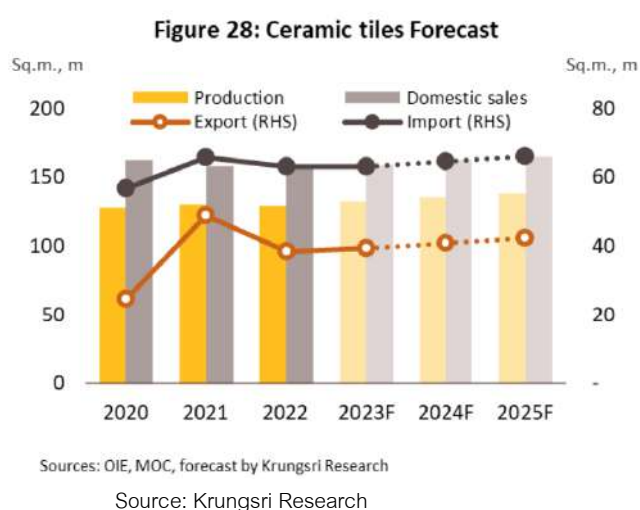
#### Industry Outlook 2023 – 2025: Construction Materials

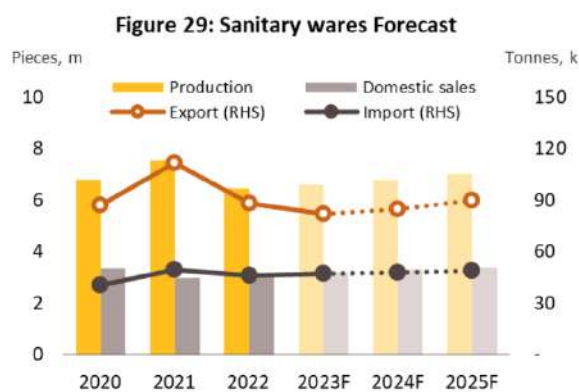
The construction materials industry will enjoy an improving outlook over 2023 to 2025 thanks to better conditions on both domestic and international markets. 1) Overall domestic expenditure on construction is forecast to expand by 3.0-3.5% annually, lifted by a combination of an acceleration in government investment on megaprojects connected to the Eastern Economic Corridor (EEC) and upgrades and expansion of the national road and rail networks, and growth in the economy that will then feed greater private sector spending on residential accommodation. 2) With the COVID-19 pandemic now receding, regional economies are rebounding, and this will support increased spending on infrastructure and real estate projects across the region, especially in Thai operators' principal export market of the CLM nations.

Manufacturers and distributors will see their income rise amidst the stiff competition coming from both other Thai players and overseas producers exporting into the Thai market. Manufacturers will tend to respond to this situation by stepping up their investment in technology, and this will then pave the way to the production of higher-quality goods that are a better match for changing market demand, especially given the increasing focus on sustainability and the ESG model. Likewise, in response to consumer behavior that is evolving under the impact of new digital technologies, distributors will also need to adjust their operations, for example by developing new channels through which to connect with their customer base. Despite this positive outlook, players will nevertheless face the risk arising from: 1) rising imports of construction steel and ceramic tiles, especially from China and Vietnam since these enjoy a price advantage relative to Thai products; 2) the likely elevated price of crude, which will add to energy costs; and 3) continuing labor shortages that will affect both the construction industry and manufacturers of construction materials.



Domestic sales of tiles and sanitary wares to the domestic market is forecast to grow at an annual rate of respectively 1.0 - 2.0% and 2.5 - 3.0% over the period from 2023 to 2025. Sales will benefit from the rebound in foreign tourist arrivals and an increase in overall economic activity, which will support a rise in consumer spending power, and with this, domestic real estate markets should strengthen. Over the same period, exports are forecast to expand at an annual rate of 3.3% for tiles and 0.8% for sanitary wares, with growth especially strong in the main markets of Lao PDR and Cambodia. In 2021 (the most recent year for which data are available), 40% of all imports of ceramic tiles to Lao PDR were from Thailand, and imports will continue to trend upward as the country's residential property market grows. Likewise, sales in Cambodia will benefit from the forecast 11.5% (CAGR) expansion in spending on the construction of residential accommodations that should be seen over 2021-2026 (Market and Research, November 2022). Similarly, imports of tiles and sanitary wares are expected to rise by respectively 1.6% and 2.0% annually as the domestic markets for residential, commercial, and industrial property all strengthen.





Sources: OIE, MOC, forecast by Krungsri Research

Source: Krungsri Research

This is in line with the forecast of demand for floor and wall tiles in Thailand by the SCB Economic Intelligence Center (EIC), which is a unit of Siam Commercial Bank Public Company Limited (SCB) stated that in 2023 the demand for floor and wall tiles in Thailand is likely to increase, including imports of tiles, there is a trend of increasing as well. The amount of floor and wall tile usage in the country is likely to increase by 2 - 3% YOY to 226 million sqm, following the growth of private construction from the launch of new housing projects, ongoing commercial construction projects, and renovation of retail and hotel spaces, including home repairs in line with the expansion of household consumption that is likely to expand.

#### Industry Outlook 2023-2025: Industrial Estate

In 2023 – 2025, domestic economic growth will translate into rising investment in the manufacturing sector, and this will in turn herald an improving outlook for operators of industrial estates. Sales and leases of land on industrial estates are forecast to rebound to growth running in the range of 18.0-20.0% per year over the next few years. This will then take the total footprint of space becoming occupied annually to 2,200, 2,700, and 3,000 rai in 2023, 2024, and 2025, respectively. This positive outlook will be supported by the following factors.

**1) Sentiment will improve among foreign investors** now that the COVID-19 pandemic is fading and the degree of intensity of the war between Russia and Ukraine is expected to gradually lessen. In addition, thanks to the full reopening of the country, investors are now able to come to Thailand to inspect prospective business sites in person, negotiate agreements, and sign contracts (being able to conduct an in-person assessment of a potential site and its broader environment is an important part of concluding investment decisions). Domestic confidence is also steadily strengthening on a brighter outlook for business, and so with demand building and economic activity reviving, the Thailand Industry Sentiment Index (TISI) rose 8.0% in 2022. At the same time, the Business Sentiment Index (BSI) climbed 8.1% on an improvement in confidence in both the manufacturing and non-manufacturing sides of the economy (Bank of Thailand, December 2022)

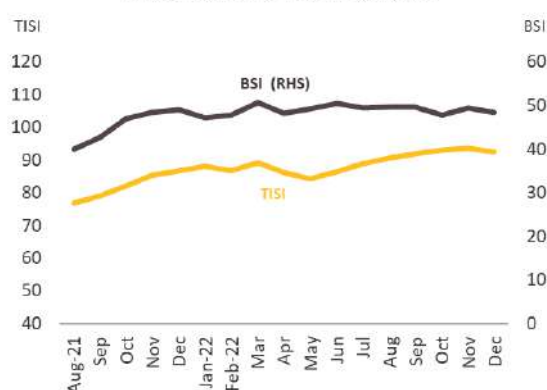
2) Foreign entrepreneurs are more likely to move/expand their production base to ASEAN to reduce the impact of the risk of supply chain disruption from trade tensions between the United States and China, that is expected to continue protracted, and the ongoing political conflict between China and Taiwan. Thailand is likely to benefit from such factors as well because Thailand has the geographic advantage of being a production base and trade center in the ASEAN region and has logistics links both by road and rail, which is a driving force for new investment.

3) Spending on integrated transport infrastructure will increase, especially in the EEC where this will be boosted by the implementation of phase 2 of the EEC development plan (2023-2027). The latter will include the high-speed rail link connecting 3 airports (Don Muang – Suvarnabhumi – U-Tapao), phase 3 of the development of Map Ta Phut and Laem Chabang seaports, and the development of U-Tapao Airport. These projects will continue to play an important role in sustaining growth for industrial estates in the eastern region. Over the nearly 5 years covering the period from 2018 to the end of Q3 2022, inflows into the S-curve and new S-curve industries have accounted for 57% of the value of all BOI-approved investments.

4) Government pro-investment measures continue to be made, including additional tax breaks for investors and liberalization of regulatory regimes. It is hoped that these changes will help to increase FDI to Thailand. Recently, such moves have included: (1) the BOI investment act extending corporate tax waivers to a maximum of 13 years (up from 8) and cutting tax by 50% for another 5 years; and (2) new BOI Long-Term Resident visa (LTR visa) that give special privileges to investors and long-term residents in Thailand. These began to be issued on September 1, 2022, and the hope is that these will help to attract individuals to Thailand who have skills and expertise in modern technology, especially in the government's 12 targeted industries.

**Figure 15: Sales/Leases on Industrial Estates**



**Figure 16: Thailand Industry Sentiment Index (TISI) & Business Sentiment Index (BSI)**

Sources: Bank of Thailand (BOT) &amp; The Federation of Thai Industry (FTI)

Source: Krungsri Research

**Figure 17: Timeline for EEC Infrastructure Project**

Megaprojects	Construction Period			
	2022	2023	2024	2025
High-speed Train	Airport Rail Link (ARL)			
U-Tapao Airport	2 <sup>nd</sup> runway			
Map Ta Phut Industrial Port Phase 3	Ground leveling			
Laem Chabang Port Phase 3	Ground leveling			

Sources: EECO, Krungsri Research

Source: Krungsri Research

### Industry Outlook 2023-2025: Renewable Energy

The change in the renewable energy industry has been accelerated more than before. In just a decade, renewable energy's contribution to US electricity generation has doubled—from 10% in 2010 to 20% in 2020. Its growth is also poised to accelerate in 2022, as concern for climate change and support for environmental, sustainability, and governance (ESG) considerations grow and demand for cleaner energy sources from most market segments. According to Deloitte's 2022 Renewable Energy Industry Outlook report which fielded a survey of more than 500 US executives and other senior leaders in five specific industry groups: chemicals and specialty materials, engineering and construction, industrial products, oil and gas, and power and utilities, has summarized 5 trends of 2022 renewable energy as follows:

Energy industry stakeholders are considering investments in clean energy tech: renewables such as wind and solar into the electric grid. For an industry that has mainly focused on solar and wind, private investment and pilot projects could help expedite commercialization of emerging technologies such as green hydrogen, advanced batteries, and other forms of long-duration storage. These technologies can furnish zero-carbon electricity and longer-term seasonal electricity storage, ease grid congestion, boost reliability, and facilitate integration of solar and wind into the grid.

Solar photovoltaic (PV) systems, in other words, solar cells are among the most cost-competitive energy resources in the market after an 85% cost decline over the past ten years. In addition, 2022 could also



see the industry growing solar-plus-storage buildouts, exploring floating solar PV modules, and expanding community solar projects to new markets. Pairing storage with solar offers cost synergies and operational efficiencies.

Transmission development is expected to be an important part of the renewable energy industry's agenda in 2022. As the development is a key for connecting new, often remotely located renewable energy capacity to electricity consuming centers, challenges for renewable growth should be minimized. This is especially true for offshore wind, which is seen for significant growth and must be connected to coastal infrastructure. Both enhancing the capacity of existing lines and building new lines could be key in solving the transmission challenge. In fact, 76% of the power and utility respondents to a recent Deloitte survey are also either planning or depending on new transmission projects to boost renewable energy access.

The renewable energy industry is likely to continue to evolve supply chains, as profits have suffered recently amid logistics-related cost pressures. In 2021, the solar industry remained under pressure and their YoY prices increased for the first time in seven years due to supply shortages of components (semiconductors, modules), raw materials (polysilicon, commodities), and labor as well as rising shipping costs.

In 2022, end-of-life management strategies for renewable energy industry products and materials are likely to capture attention, as early installations approach the end of their useful life. This could help reduce waste, increase resource security, and provide additional financial value as well as sustainability credentials. By 2030, decommissioned PV modules could total one million tons of waste, and there could be 80 metric kilotons of lithium-ion batteries to recycle in the US. In the case of wind, about 8,000 aging wind blades are expected to be removed in 2022, and the accumulated blade waste through 2050 could total about 2.2 million tons.

#### Renewable Energy in Thailand

Although most of the fuel for electricity generation is natural gas and coal (including lignite), in 2021 the share of renewable energy in electricity generation is about 10%, up from 2011 when the share was 2%. The renewable energy used to generate electricity in the first 12 months of 2021 consists of 33% biomass energy and 25% solar energy, which is in line with the country's Power Development Plan (PDP) to increase the proportion of electricity generation from renewable energy to 10,193 megawatts in the PDP 2022 plan or increase from the original plan (PDP 2018 rev.1) in the amount of 1,000 megawatts.

In addition, Thai companies are generating more revenue from solar energy, such as WHAUP, which has increased from THB 58.5 million in 2020 to THB 254.6 million in 2021, as well as GUNKUL, which has revenue from solar energy in 2021 increase by 19.6% compared to 2020.

The trend of renewable energy is constantly changing due to more advanced technologies. Leaders in all sectors must keep an eye on them in order to apply strategies that best align with relevant industry situations.

Source: <https://www.greennetworkthailand.com/>

### 1.8.2 Competition Conditions, Business Trends, and Future Business Plans

In the year 2022, the overall economic situation of Thailand, the Company has face crises and challenges in business operations amid various uncertain situations, arising from external factors. Whether it is the fluctuation of energy prices from the conflict between Russia and Ukraine that has been protracted since the beginning of the first quarter, causing a sharp increase in energy costs, which resulting in rising of the inflation rate and affecting the overall purchasing power, especially the villagers' market. However, if looking at the overall picture, the demand for ceramic tile products in the country in 2022 is still considered to be at a level close to or equal to the previous year. At the same time, the competition in the domestic market continues to be intense from both domestic producers and imported products from abroad.

The Company is still determined to develop and adjust continuously, to drive the organization under challenges and crises. The Company gives importance to business management through various strategies, resulting in the Company being able to maintain market share and competitiveness with competitors in the industry. Focuses on reducing costs and increasing the efficiency of machines, adjusting the way of thinking and operating processes. Especially, reducing costs by turning to renewable energy and increasing the efficiency of machinery from the introduction of automation systems to help in the production process and resource allocation in order to reduce the impact of rising energy costs. Adjusting the level of production and importing goods in line with demand to control the amount of inventory to be at an appropriate level and to focus on investing in technology to reduce dependence on energy. The Company maintains profit levels under high energy costs environment, adjusts some product prices, and focuses on selling high profit and high value-added products (HVA), in order to create sustainable profits for the Company, such as sanitary tiles or antibacterial tiles COTTO air ion tiles or air purification tiles, anti-slip tiles, including pushing surface decorative materials and ceramic related products, such as Smart Flexible by COTTO LT flooring, a flooring material that is aesthetically designed, easy to install, fast, and environmentally friendly, sanitaryware from SOSUCO brand, cement paste by COTTO, including installation services under the name C'TIS (Certified Tile Installation Service) to meet the needs of all customer groups. The Company also develops distribution channels with dealers to enhance the satisfaction of customers and partners. Collaborate with modern trade stores distributor, including online channels so that customers can access the products easily and thoroughly.

Susunn Smart Solution Company Limited (SUSUNN) conduct business of consulting, designing, distributing and installing electricity generation systems from renewable energy, which is a variety of clean energy, especially solar cell systems and providing energy management services by focusing on customers in the industrial group. However, the Business is currently in the process of gradually reducing its solar operations to mitigate conflicts of interest due to the similarity of solar business operations with other companies within the SCC group.

Nevertheless, both SUSUNN and COTTO still need to carry out certain necessary operations to maintain credibility and the corporate image, as well as to prevent customer service complaints. Starting from October 3, 2023, SUSUNN and COTTO have ceased accepting new customers for solar installation services,

as well as all marketing and sales activities related to solar installation. For existing customers who have already signed the agreement, SUSUNN and COTTO will continue to provide solar installation services in accordance with their agreements. For customers who have initiated contact and are in the decision-making or contracting process, SUSUNN and COTTO will proceed to enter into the agreement and provide solar installation services according to the terms of those agreements. As of June 30, 2023, there are customers who have already entered into contracts, as well as customers in the process of finalizing contracts, totaling 21 agreements, and 251 customers in the process of communication and decision-making. The aforementioned agreement will reach the warranty period by the year 2571 or within 5 years after the services are delivered. Both SUSUNN and COTTO will continue to place orders with suppliers to support customers who are still bound by agreements. SUSUNN and COTTO will also coordinate with suppliers when customers require maintenance and repairs for their solar panels according to the warranty conditions stipulated in the agreements. Suppliers will directly provide maintenance and repair services to customers when needed.

In addition to operating the business according to the goals and strategies, the Company also prioritizes the safety of employees, by having a safety management system to ensure that employees, business, and all related party are healthy and able to work safely, as well as set the highest goal to achieve the goal of having zero accidents every year (Target Zero). With a commitment to operate in sustainable development according to ESG (Environment Social and Governance) guidelines continuously, the Company received the Rising Star Sustainability Awards in the category of sustainability excellence for the first time from the SET Award 2022 and was also selected by the SET to be in the list of sustainable stocks or Thailand Sustainability Investment (THSI).

"For the operation results in 2022, the Company had total sales revenue of THB 13,157 million, increased by 18% from the previous year. The total loss of THB 228 million, because there was allowance for impairment of assets and inventory devaluation of the large artificial stone factory amounted to THB 847 million due to the temporary production stoppage of the large artificial stone factory caused by a shortage of main raw materials imported from Ukraine. However, if excluding such important items, operating profit in 2022 will be THB 469 million, a decrease of 13% mainly due to higher raw material and energy costs. As of December 31, 2022, the Company had assets of THB 11,310 million, decreased by 2% from the previous year, and liabilities of THB 2,493 million, increased by 10% from the previous year."

For the year 2023, the economy in Thailand is expected to recover from the tourism sector, which has continued to relax measures to enter Thailand, resulting in good prospects for construction and renovation of housing. However, with global inflation remaining high, energy price volatility, and interest rates hikes in many countries, expected to affect the global economy. Due to various uncertainties, the Company will continue to focus on growing the business through various key strategies, including 1.) cost reduction, by investing in alternative energy in order to reduce the risk from raw material and energy costs that tend to increase and increase production efficiency in order to maintain the Company's profitability, 2.) maintaining market share of

the Company's products in conjunction with modern trade stores distributor and the continuous expansion of the ceramic tile retail business in Thailand, and accelerating the development of distribution networks in neighboring countries (CLMV), 3.) building brands along with developing products and services to more clearly meet the needs of customers, and 4.) manufacturing and distributing of products that are environmentally friendly Including business management with good governance, the Company is confident that it will increase the competitiveness, as well as promoting sustainable business growth.

## **2 Opinion of the accuracy of the Business's information contained in the Tender Offer**

The Company's Board of Directors views that all information relevant to the Company as shown in the Tender Offer of SCG Ceramics Public Company Limited (Form 247-4), dated October 27, 2023, is accurate in the matter.

## **3 Relationship between the Tender Offeror and the Business, Major Shareholders or Directors of the Business**

### **3.1 Summary of contracts / agreements / memorandum of understandings made by the Tender Offeror before submitting the tender offer for the securities with the purpose of acquiring or disposing of the significant securities of the business, regardless of whether such contracts / agreements / memorandum of understandings was made to purchase or sell securities in the tender offer.**

The Tender Offeror has not entered into any contracts, agreements, or memorandum of understandings with the business, major shareholders, or directors of the Business regarding the Tender Offer or the sale of securities of the Business. On March 29, 2023, the Tender Offeror merely expressed its intention to the business to carry out business restructure, including the tender offer for all remaining securities of the Business for the purpose of delisting the securities of the Business from being listed in the SET. This was done to enable the Business to comply with the laws, as the Business had disclosed the information through the SET for the shareholders' acknowledgement earlier.

### **3.2 Direct or Indirect Ownership of Shares by the Tender Offeror or Authorized Person to Bind the Tender Offeror (in case that the Tender Offeror is a juristic person) in the Business or Major Shareholders of the Business (in case that the major shareholders of the Business is a juristic person)**

#### **3.2.1 Ownership of Shares in the Business and Major Shareholders of the Business of the Tender Offeror**

As of September 29, 2023, The Tender Offeror directly holds 4,934,046,562 shares of the Business, representing 82.75% of the total issued and paid-up shares of the Business. The Siam Fibre-Cement Company Limited, the major shareholder of the Tender Offeror, directly holds 126 shares of the Business, representing 0.00% of the total issued and paid-up shares of the Business.

**3.2.2 Ownership of Shares in the Business by Authorized Directors of the Tender Offeror**

- None -

**3.3 Direct or Indirect Ownership of Shares by the Business, Major Shareholders, or Directors of the Business in the Tender Offeror****3.3.1 Ownership of Shares in the Tender Offeror by the Business**

- None -

**3.3.2 Ownership of Shares in the Tender Offeror by Major Shareholders of the Business**

- None -

**3.3.3 Ownership of Shares in the Tender Offeror by Directors of the Business**

- None -

**3.4 Other relationships****3.4.1 Common Directors and/or Executives**

As of October 27, 2023, the Tender Offeror and the Business have common directors and executives, detailed as follows:

No.	Name	Position in the Business	Position in the Tender Offeror
1.	Mr. Nithi Patarachoke	Chairman of the Board of Directors / Chairman of the Executive Committee / Member of the Nomination, Remuneration and Corporate Governance Committee	Vice Chairman of the Board of Directors / Chairman of the Nomination, Remuneration and Corporate Governance Committee / Member of the Executive Committee
2.	Mr. Numpol Malichai	Director / Member of the Executive Committee / Managing Director	Director / Member of the Executive Committee / Chief Executive Officer and Managing Director
3.	Mr. Kittiphong Photaranon	Director / Member of the Executive Committee	Chief Operation and Technology Officer
4.	Mr. Chaovalit Ekabut	Director	Director / Member of the Nomination, Remuneration and Corporate Governance Committee
5.	Mrs. Voranun Sodanin	Chief Financial Officer	Chief Accounting Officer

Source: Form 247-4

**3.4.2 Related Transactions between the Tender Offeror, the Business and its subsidiaries**

For the year ended December 31, 2022 and 6-month period ended June 30, 2023, the Business and its subsidiaries entered into the related transactions with the Tender Offeror and its subsidiaries as follows:

Type of transaction	Company with related transactions	Value of related transactions (THB million)	
		Year ended December 31, 2022	6-month period ended June 30, 2023
1. Revenue of the Business and the subsidiaries			
Revenue from sale of goods and services	SCG Decor Public Company Limited	0.1	-
	Siam Sanitary Ware Company Limited	-	-
	Siam Sanitary Ware Industry Company Limited	32.4	13.3
	Siam Sanitary Ware Industry (NongKhae) Company Limited	25.8	5.8
	Siam Sanitary Fitting Company Limited	4.5	8.5
	Prime Group Joint Stock Company	0.1	-
	Prime - Vinh Phuc Joint Stock Company	0.6	-
	Prime Dai Loc Joint Stock Company	0.3	-
	Prime Dai Viet Joint Stock Company	0.2	-
	Mariwasa-Siam Ceramics, Inc.	60.1	22.1
Other income	Siam Sanitary Ware Company Limited	0.1	1.0
	Siam Sanitary Ware Industry Company Limited	2.7	1.8
	Siam Sanitary Ware Industry (NongKhae) Company Limited	0.2	0.1
	Prime - Vinh Phuc Joint Stock Company	0.7	-
	Prime Dai Loc Joint Stock Company	0.8	-
	Prime Dai Viet Joint Stock Company	0.5	-
	PT Keramika Indonesia Assosiasi, Tbk	0.2	-
	Mariwasa-Siam Ceramics, Inc.	0.2	-
2. Purchase and Expenses			
Purchase and Expenses	SCG Decor Public Company Limited	3.4	2.4
	Siam Sanitary Ware Industry Company Limited	24.0	13.0
	Siam Sanitary Ware Industry (NongKhae) Company Limited	-	0.0
	Prime Trading, Import and Export One Member Limited Liability Company	220.3	140.5
	Mariwasa-Siam Ceramics, Inc.	0.3	-
3. Revenue from renting of assets			
Rent and Service fee	Siam Sanitary Ware Industry Company Limited	5.5	3.7
Rent	SCG Decor Public Company Limited	1.3	3.1

#### 4 Opinion of the Company's Board of Directors to the securities holders

##### 4.1 Reasons to accept and/or reject the Tender Offer

The Board of Directors Meeting No. 6/2023 held on November 6, 2023 considered the Tender Offer proposed by the Tender Offeror. There were 11 directors attending this agenda out of the total 11 directors (6 directors are directors with conflict of interest), thereby forming a quorum meeting as follows:

No.	Name	Position	Meeting Attendance ( / = attending , X = not attending )
1.	Mr. Nithi Patarachoke <sup>1/</sup>	Chairman of the Board of Directors / Chairman of Executive Committee Member of Remuneration, Nomination, and Governance Committee	/
2.	Mr. Numpol Malichai <sup>1/</sup>	Director / Executive Committee / Managing Director	/
3.	Mr. Kittiphong Photaranon <sup>1/</sup>	Director / Executive Committee	/
4.	Mr. Anuvat Chalermchai <sup>1/</sup>	Director	/
5.	Mr. Chaovalit Ekabut <sup>1/</sup>	Director	/
6.	Mr. Surasak Kraiwitthaicharoen <sup>1/</sup>	Director / Member of Remuneration, Nomination, and Governance Committee	/
7.	Miss Varunyū Opanayikul	Director	/
8.	Mr. Prawit Ninsuvannakul	Independent Director / Chairman of Audit Committee	/
9.	Mr. Damri Tunshevavong	Independent Director / Chairman of Remuneration, Nomination, and Governance Committee / Audit Committee	/
10.	Mr. Teeranun Srihong	Independent Director	/
11.	Mr. Arnut Changtrakul	Independent Director / Audit Committee	/

Remark:1/ Directors with conflict of interests

##### Opinion of the Company's Board of Directors

The Board of Directors (excluding directors with conflict of interest 1.) Mr. Nithi Patarachoke 2.) Mr. Numpol Malichai 3.) Mr. Kittiphong Photaranon 4.) Mr. Chaovalit Ekabut 5.) Mr. Chaovalit Ekabut and 6.) Mr. Surasak Kraiwitthaicharoen, who did not provide opinion on the Tender Offer) has considered the Tender Offer and the opinion of independent financial advisor ("IFA"), which is the financial advisory company that have been approved by the SEC and has no conflict of interest effecting the independence of IFA in giving such opinion. Therefore, the Board of Directors' opinion is in concurrence with the opinion of IFA on the reasonableness of the Offer Price and the expected impact on the shareholders, that is, the Offer Price at THB 2.40 per share is appropriate since the Offer Price is higher than the price range evaluated by IFA. Moreover, the shareholders who accept this Tender Offer will receive newly issued ordinary shares of SCGD and become shareholders of SCGD, the parent company and the flagship company of SCC group for floor tiles, wall tiles and bathroom business in Thailand and overseas, that is an integration of Floor Tiles, Wall Tiles, and Bathroom



products as the same group under a single listed company in the SET. The Company's shareholders will become shareholders of the parent company whose size is larger than the Company and has more brands and areas of business to cover a wider variety, and has access to markets with greater growth potential, which should result in trading liquidity of SCGD (after listed in the SET) higher than that of COTTO. Since the Tender Offer is a tender offer to delist the business's securities from being listed securities on the SET, the shareholders of the Company who decide not to tender the shares will be affected by the lack of liquidity in trading the shares of the Business as there is no secondary market to trade the shares, no market price to trade the shares and the shares of the Business are not able to trade flexibly. As a result, the opportunity for minority shareholders to receive capital gain will decrease. In addition, individual shareholders will no longer be exempted from the capital gain tax and will have limited access to news and information in relation to the Company. Therefore, the Board of Directors unanimously opined that the shareholders should consider to accept the Tender Offer. The reasons are as follow:

#### (1) Appropriateness of the Offer Price

IFA has an opinion that the appropriate methods for evaluating the Company's shares are Adjusted Book Value Approach and Discounted Cash Flow Approach. The evaluated price range of ordinary shares of the Company is between THB 2.24 – 2.39 per share. Therefore, IFA is of the opinion that the Offer Price of THB 2.40 per share is an appropriate price, since the Offer Price is higher than the appropriate price range evaluated by IFA.

Since, SCGD was granted waivers from the Takeover Panel from applying rules on tender offer price for delisting of securities, SCGD's Tender Offer Price does not required to be higher than the highest price calculated according to the criteria in Clause 56 of the Notification No. Tor Chor. 12/2554. Nonetheless, in the case of considering the calculation specified in Clause 56 of the Notification No. Tor Chor. 12/2554, the Offer Price at THB 2.40 per share is not lower than the highest price calculated based on criteria in Clause 56 of the Notification No. 12/2554 as follows:

No.	Criteria followed the Clause 46 of the Notification No. Tor Chor 12/2544	Price (THB/share)
1	The highest price at which the Tender Offeror and persons under Section 258 of the Tender Offeror has acquired the ordinary shares of the Company during a 90-day period before the date on which the tender offer document is submitted to the SEC	N.A.
2	The weighted average market price of the Company's shares during 5 business days before the date on which the Company's board of directors grant approval for submission of the delisting of the Company's shares from being listed securities on the SET for the shareholders' meeting's consideration (March 23, 2023 – March 29, 2023)	2.19
3	The Company's net asset value calculated based on the book value that has been adjusted to reflect the latest market value of the Company's assets and liabilities	2.36
4	The fair value of the Company's shares as appraised by the independent financial advisor	2.24 – 2.39

In general, the Tender Offeror must have a cash alternative for consideration to shareholders of the Company. Nonetheless, the Tender Offeror was granted a waiver from the Takeover Panel so that the Tender Offer can be made with no cash alternative. In this regard, the swap ratio must be calculated based on the fair value, reflecting the impact of the claim against KIA, as mentioned above. Additionally, the Tender Offeror must sufficiently disclose information and progress regarding the mentioned claim in the financial statements' notes and in the securities offering document and delist the Company's shares from being listed securities in the SET. The shareholders of the Company accepting the Tender Offer will receive the newly issued shares of SCGD as the consideration and will become the shareholder of SCGD and will be able to trade the Shares Consideration on the SET after the IPO is completed. On the date of this Tender Offer, the IPO price in respect of the Shares Consideration is within a range of a maximum of THB 15.00 per share and a minimum of THB 11.20 per share (the "**Preliminary IPO Price Range**"). Therefore, the Swap Ratio is within a range of 4.6667 – 6.2500 of the Business's shares (with a par value of THB 1.00 each) per 1 newly issued shares of the Tender Offeror (with a par value of THB 10.00 each). Such Swap Ratio is a preliminary range which will be adjusted to be narrower from the Preliminary IPO Price Range ("**Final IPO Price Range**") which will be determined in the book building process which will be carried out during the Tender Offer period. Such Final IPO Price Range will be within the Preliminary IPO Price Range, which the Tender Offeror will announce the Final IPO Price Range in approximately 3rd week of November 2023 in the registration statement and prospectus and in the Tender Offeror's website. The Tender Offeror, together with the Business and SCC, will announce the Final IPO Price Range and the swap ratio which calculated based on such Final IPO Price Range via the electronic platform of the SET. The final Swap Ratio will be known after the end of the Tender Offer period when there is a final IPO price, which the Tender Offeror will announce the final IPO price in approximately 1st week of December 2023 in the registration statement and prospectus and in the Tender Offeror's website. The Tender Offeror, together with the Business and SCC, will announce the final IPO price and the Swap Ratio via the electronic platform of the SET as well.

In addition, IFA did not evaluate the fair value of SCGD's shares in evaluating the appropriateness of Share Swap Ratio between SCGD and COTTO due to the reason that the IPO price of SCGD is comparable to the market price for newly issued SCGD's shares determined by institutional investors through the book building process by securities company. This method is also widely recognized as a fair market pricing method for the IPO, internationally. Therefore, the Book Building Price Range and Share Swap Ratio would be the most appropriate method in evaluating SCGD's shares.

## **(2) Impacts on the shareholders in the event of rejecting the Tender Offer**

The Tender Offer for delisting of the Business's ordinary shares from being a listed securities on the SET by the Tender Offeror as proposed in the Restructuring Plan, which the EGM No. 1/2023 on May 23, 2023 has approved to delist the Company's shares from the SET and the SET and the SET Board of Governors has permitted to delist the Company's shares from the SET as specified in document No. Bor.Jor. 185/2023 dated

July 18, 2023 with condition for SCGD to make a tender offer to purchase the securities from shareholders of the Company. In this regard, the Business is required to report the results of the tender offer within 5 business days following the completion of the tender offer period to allow the SET to make necessary announcements to investors. In this regard, after the Company is delisted from the SET, the shareholders who remain holding the Company's shares might be affected as follows:

2.1) Lack of liquidity in trading the shares of the Business as there is no secondary market to trade the shares, no market price to trade the shares and the shares of the Business are not able to trade flexibly;

2.2) 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 may receive will mainly be dividends from the Company. However, after the Delisting, SCGD as a major shareholder with absolute control over the Company (as of April 17, 2023, SCGD is a major shareholder of the Company with more than 82.75% of the total issued shares of the Company), may change dividend payment policy by keeping earnings instead of paying out and the minority shareholders will not receive any dividend unless changes occur;

2.3) No tax benefit, since the 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% of the paid-up share price or the price stated on the share transfer instruments, whichever is higher.

2.4) The shareholders will get less access to the information from the Company after the Company's shares no longer listed securities, the shareholders who are not the Tender Offeror including person acting in concert person and any person under Section 258 of the Securities and Exchange Act B.E. 2535 (as amended) of such shareholder holding the shares not exceeding 5% in aggregate of the total voting shares of the Business not exceeding 100 persons, this will result in (1) the Business will cease the obligation to prepare and submit the financial statements and other reports regarding the financial position and business operation to the Securities and Exchange Commission according to the Notification of the Capital Market Supervisory Board No. TorJor. 44/2556 Re: Rules, Conditions and Procedures for Disclosure regarding Financial and Non-financial Information of Securities Issuers (as amended) and (2) the Business including its directors and executives will not fall under the regulations regarding the governance of publicly traded company according to Chapter 3/1 of the Securities and Exchange Act B.E. 2535 (as amended), e.g. entering into a connected transaction, entering into a transaction significant to the Business, a duty to report the conflict-of-interest of the directors and the executives, and etc. In this regard, minority shareholders of the Company will indirectly receive the Company's information through information disclosure of SCGD, after SCGD become listed company on the SET, SCGD has duties to disclose information about the Company, as a subsidiary that conducts SCGD's business, according rules, the notification, regulations, related laws, this include the regulation of the SET to the Public Company Act B.E. 2535 (as amended), e.g. Information required to disclose in the Company's

shareholders' meeting, annual reports, and annual statement of financial position and statement of income of the Company, etc. However, minority shareholders can check and make a copy of the Company certificate, list of directors, list of shareholders, and annual financial statements of the Company at the Ministry of Commerce; and

2.5) Unable to balance the controlling power of the major shareholders, since SCGD is a current major shareholder of COTTO, hold more than 82.75% of the total issued shares of the Company, SCGD will be able to control and be able to make decision in significant matters, whether it's general matters that require approval from shareholders with majority vote, such as certifying annual financial statements, appointment of directors and the appointment of an auditor, or a resolution to approve a special agenda that requires approval from the shareholders with a vote of not less than three-fourth of the total votes of shareholders attending the meeting and having the right to vote. This includes the delisting of securities from being listed on the SET this time (if there is no objection by shareholders of more than 10% of the total issued and paid-up shares of the Company) and in this request for delisting, SCGD will make a Tender Offer for all securities of the Company. After the Tender Offer, if SCGD acquires more shares of the Company or holds shares in the Company in the proportion greater than or equal to 95% of the total number of shares sold of the Company, the Company will no longer have a duty to disclose information about the financial position and operating results of the Company in accordance with the rules of the SEC to other shareholders.

### **(3) Impacts on the shareholders in the event of accepting the Tender Offer**

The shareholders who accept this Tender Offer will receive newly issued ordinary shares of SCGD as considerations from the Tender Offeror and become shareholders of SCGD, who is the parent company. According to the consolidated pro-forma financial statements as of 6-month period ended June 30, 2023, SCGD has the total assets, shareholders' equity, and total revenue of THB 40,935.3 million, THB 20,233.9 million, and THB 14,640.7 million, respectively, which is 343.58%, 224.70%, and 212.26% compared to COTTO. In this regard, SCGD is a flagship company of SCC group for floor tiles, wall tiles and bathroom business in Thailand and overseas, that is an integration of Floor Tiles, Wall Tiles, and Bathroom products as the same group under a single listed company in the SET. The Company's shareholders will become shareholders of the parent company whose size is larger than the Company and has more brands and areas of business to cover a wider variety, and has access to markets with greater growth potential, which should result in trading liquidity of SCGD (after listed in the SET) higher than that of COTTO. In conclusion, being a direct shareholder in SCGD should bring more benefits to COTTO's shareholders. In addition, the acceptance of this tender offer is considered an option that allows minor shareholders of COTTO to acquire shares in SCGD, the parent company of COTTO, which has better business operations potential.

The opinion of the Board of Directors is intended to constitute part of the information that the shareholders should consider. It is highly advisable that all individual shareholders consider all relevant information including but not limited to the opinion of IFA. The final decision whether to accept or reject the Tender Offer shall rest solely with the shareholders' discretion.

**4.2 Opinion and reasons of the individual directors and the number of shares held by them (only in case where the opinion in 4.1 is not unanimous)**

- None -

**4.3 Benefits or impacts from the plans and policies indicated in the Tender Offer and possibility of such plans and policies**

**4.3.1 Share sale plan**

According to Form 247-4, the Tender Offeror has no plan to either sell or transfer any significant amount of shares acquired from this Tender Offer to any person during the period of 12 months after the end of the offer period, unless in case of the followings:

- 1) The Tender Offeror is obliged to comply with the law and regulations in force of the time; and/or
- 2) The Tender Offeror purchases, sells, or transfers shares to person under Section 258 of the Tender Offeror
- 3) In order to restructure the shareholding structure or capital structure of the companies under the group of the Tender Offeror for the utmost benefit of the group of the Tender Offeror and the Business.

**Opinion of the Board of Directors of the Company**

The Board of Directors of the Company has opinion, in alignment with IFA's opinion, that the Tender Offeror is unlikely to sell or transfer the Company's shares in the significant amount during the period of 12 months after the end of the Tender Offer period, unless it is an internal share selling or a transferring to restructure the shareholding structure, the business structure, or the capital structure of the Tender Offeror because the Company is a subsidiary that engaged in core businesses that significant to the Tender Offeror.

**4.3.2 Business Status**

According to Form 247-4, after the completion of the Tender Offer and the subsequent delisting of the Business's shares from the SET, the Business will no longer maintain its status as a listed company on the SET. However, it will retain its position as a public company limited and continue its operations as usual.

Furthermore, the Tender Offeror has plans to proceed with the internal restructuring of subsidiary companies engaged in core businesses after being listed on the SET. This may impact the status of the

Business, for instance, amalgamation between the Business and other subsidiaries engaged in core businesses of the Tender Offeror. In such cases, shareholders of the Business who do not accept the Tender Offer in this round and remain shareholders in the Business may need to convert their shareholding to hold shares in the new company formed as a result of the amalgamation. Any restructuring will be carried out in compliance with relevant laws and regulations, including articles of association of the Business, Board of Directors' resolutions, and/or shareholders' resolutions of the Business (as applicable). In such a case of amalgamation, the Business will cease to exist as a legal entity and a new legal entity will be established, consolidating the assets, liabilities, rights, and responsibilities of the companies being amalgamated.

After the completion of this Tender Offer and subsequent delisting of the Business's shares from the SET, the Business will retain its status as a public company limited. The Business will continue its obligation to disclose and provide information in accordance with the Public Limited Companies Act of 1992 (B.E. 2535) (as amended). Nevertheless, the disclosure obligations applicable to listed companies under securities laws, including Regulation of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company, will no longer apply. Consequently, the Business's directors, executives, accountants, and related parties will not be obligated to prepare and disclose reports on securities holdings as stated in the Notification of the Office of the Securities and Exchange Commission No. SorJor. 38/2018 Re: the preparation of reports on changes in securities and futures holdings by directors, executives, accountants, planners, and management personnel (as amended).

Furthermore, after the completion of this Tender Offer and subsequent delisting of the Business's shares from the SET, if the company has other shareholders who are not the Tender Offeror, individuals acting in concert with the tender offeror (Concert Party), and persons as defined in Section 258 of the aforementioned parties, holding shares collectively not exceeding 5.00% of the total voting rights of the Business, or if there are not more than 100 shareholders holding shares collectively, it will result in: (1) the Business will cease the duty of preparing and submitting financial status and operational performance reports to the Office of the Securities and Exchange Commission ("SEC") according to the Securities and Exchange Commission's Announcement No. TorJor. 44/2556 regarding the criteria, conditions, and procedures for reporting the disclosure of financial status and operational results of companies that have issued securities, and (2) the Business, including its board of directors and management, will no longer be subject to the regulations regarding the management of companies that have issued securities as stipulated in Section 3/1 of the Securities and Exchange Act B.E. 2535 (as amended). This includes activities such as transactions involving connected parties, significant transactions of the Business, and the obligations to report on the interest of directors and executives.

#### Opinion of the Board of Directors of the Company

The Board of Directors of the Company has opinion, in alignment with IFA's opinion, that the shareholders will be affected after the delisting of the Business' shares from being securities listed on the SET.

Even though the Business will remain its status as a public company and be required to follow Public Limited Company Act B.E. 2535 (1992) (including any amendment thereto), however, after the Tender Offer, the shareholders who are not the Tender Offeror including person acting in concert person and any person under Section 258 of such shareholder holding the shares not exceeding 5% in aggregate of the total voting shares of the Business, or the shareholders and the holder of warrant in a number of not exceeding 100 persons, this will result in (1) the Business ceases the obligation to prepare and submit the financial statements and other reports regarding the financial position and business operation to the Securities and Exchange Commission according to the Notification of the Capital Market Supervisory Board No. TorJor. 44/2556 Re: Rules, Conditions and Procedures for Disclosure regarding Financial and Non-financial Information of Securities Issuers (as amended) and (2) the Business including its directors and executives will not fall under the regulations regarding the governance of publicly traded company according to Chapter 3/1 of the Securities and Exchange Act B.E. 2535 (as amended), e.g. entering into a connected transaction, entering into a transaction significant to the Business, a duty to report the conflict-of-interest of the directors and the executives, and etc.

#### **4.3.3 Policies and Management Plan**

After the completion of this Tender Offer, the Tender Offeror will consider the Business's policies or business plans, with the following details:

##### **4.3.3.1 The Objectives for Conducting the Business of the Business**

According to Form 247-4, within the 12 months following the completion of the Tender Offer period, the Tender Offeror does not plan to make significant changes to the Business's objectives.

However, the Tender Offeror has plans to proceed with the internal restructuring of subsidiary companies engaged in core businesses after being listed on the SET. This may impact the status of the Business. For instance, amalgamation between the Business and other subsidiaries engaged in core businesses of the Tender Offeror. In such cases, shareholders of the Business who do not accept the Tender Offer in this round and remain shareholders in the Business may need to convert their shareholdings to hold shares in the new company formed as a result of the amalgamation. Any restructuring will be carried out in compliance with relevant laws and regulations, including articles of association of the Business, Board of Directors' resolutions, and/or shareholders' resolutions of the Business (as applicable). In such a case of amalgamation, the Business will cease to exist as a legal entity and a new legal entity will be established, consolidating the assets, liabilities, rights, and responsibilities of the companies being amalgamated.

#### **Opinion of the Board of Directors of the Company**

The Board of Directors of the Company has the opinion, in alignment with IFA's opinion, that the business of the Company is already consistent with the core businesses of the Tender Offeror. Therefore, the Tender Offeror is unlikely to change the business objectives of the Company within 12 months after the end of

the Tender Offer Period. The business operations of the Company may change according to the internal restructuring plan of the group of subsidiaries engaged in core businesses of the Tender Offeror, which may affect the condition of the Company, such as amalgamation.

#### **4.3.3.2 Business Management Plan**

According to Form 247-4, within the 12 months following the completion of the Tender Offer period, the Tender Offeror will thoroughly evaluate the current business policies and management plans of the Business. The Tender Offeror may consider adjusting the Business's management plans, organizational structure, and business management to be in line with business operations, current and future market competition. This includes alignment with the management plan, strategy, or business operations of the tender offeror, which involves holding shares in other companies (Holding Company). Moreover, the Tender Offeror may also consider integrating certain operations among the Business, the tender offeror, and/or other subsidiaries of the Tender Offeror. This could involve providing or utilizing shared services for business support, offering financial management services to companies within the group. These efforts aim to benefit both the Business and the Tender Offeror in various aspects, such as cost reduction and enhancing operational efficiency.

#### **Opinion of the Board of Directors of the Company**

The Board of Directors of the Company is of the opinion that modifying or combining multiple operations between the Company, the Tender Offeror, and/or other subsidiaries of the Tender Offeror in the future and providing or using shared service to benefit the Business and the Tender Offeror in various aspects such as reducing costs and increasing efficiency in business operations, which should have a positive impact on the SCGD Group's competitiveness as well as the Business in the long run, which will benefit shareholders as a whole. Such opinion is in alignment with IFA's opinion.

#### **4.3.3.3 Investment Expansion Plan**

According to Form 247-4, During the 12 months following the completion of the Tender Offer period, the Tender Offeror has plans to expand the business investment in line with the business operation plan, such as energy cost reduction projects, machinery upgrades in the factories, investment projects to expand production capacity, including encompasses products with added value, new products related to surface decoration materials, and other relevant products and/or adjust or expand the network or retail outlets for product distribution. However, the Tender Offeror will carefully consider the current business investment policies or plans in detail. The Tender Offeror may further evaluate additional business investments beyond the regular business operation plan (including acquiring businesses or additional assets). If there are business opportunities or suitable investment prospects, or in the event of significant changes in market conditions, competition dynamics, or the business of the Business, or other necessary changes, the Tender Offeror may



review and adjust investment plans as necessary and appropriate to benefit both the Business and the Tender Offeror overall.

#### Opinion of the Board of Directors of the Company

The Board of Directors of the Company has opinion, in alignment with IFA's opinion, that the investment expansion plan of the Tender Offeror is in line with the business operation plan, such as energy cost reduction projects, machinery upgrades in the factories, investment projects to expand production capacity, including encompasses products with added value, new products related to surface decoration materials, and other relevant products and/or adjust or expand the network or retail outlets for product distribution. However, in the future, the Tender Offeror may adjust investment plans if there are significant changes in economic conditions.

#### **4.3.3.4 Organization Restructuring Plan**

According to Form 247-4,

Board of Directors: Currently, the Tender Offeror does not have any plan to change the Business' structure or alter the Board of Directors of the Business. However, within 12 months following the completion of the Tender Offer period, the Tender Offeror may consider restructuring or changing the Board of Directors if deemed appropriate. Any changes to the structure or Board of Directors will be carried out in compliance with relevant laws, regulations, and articles of association of the Business, including, Board of Directors' resolutions, and/or shareholders' resolutions of the Business (as applicable).

Management: Within 12 months following the completion of the Tender Offer period, the Tender Offeror may consider changing the management of the Business. In case of any changes, the Tender Offeror will act as deemed appropriate and necessary to enhance the efficiency of business management, aiming for the maximum benefit of both the Business and the Tender Offeror overall.

#### Opinion of the Board of Directors of the Company

The Board of Directors of the Company has the opinion, in alignment with IFA's opinion, that the Tender Offeror may consider restructuring or changing the Board of Directors, including executives of the Company, as appropriate if the result of the implementation of restructuring plan will help strengthen management efficiency and bring the best benefit to the Business and the Tender Offeror group. This action may occur within 12 months from the end of the Tender Offer Period.

#### **4.3.3.5 Disposition Plan for Core Assets of the Business or Subsidiaries**

According to Form 247-4, within 12 months following the completion of the Tender Offer period, the Tender Offeror does not have any plans to dispose of the core assets of the Business or its subsidiary, which would significantly impact the Business' business. This excludes the disposal of assets as part of normal

business operations and in compliance with relevant regulations, including but not limited to regulations of the SEC and the SET.

#### Opinion of the Board of Directors of the Company

The Board of Directors has opinion, in alignment with IFA's opinion, that the Tender Offeror is unlikely to proceed with any significant disposal of the core assets of the Business or its subsidiaries within 12 months from the end of the Offer Period. If there is a sale of assets of the Business, it will probably be a sale of assets according to the normal business plan of the Business.

#### **4.3.3.6 Financial Restructuring Plan**

According to 247-4, within 12 months following the completion of the Tender Offer period, the Tender Offeror does not have any plans to make significant changes to the financial structure. However, the Tender Offeror will carefully consider the financial structure and policies of the Business and thoroughly study the current financial management plan of the Business. The Tender Offeror may adjust the financial structure of the Business to ensure suitability, which may include obtaining additional loans to support business operations and/or further investment of the Business. This is to enhance operational efficiency and benefit both the Business and the Tender Offeror overall. The Business will comply with relevant regulations, including but not limited to the criteria set forth by the SEC and the SET (where applicable).

#### Opinion of the Board of Directors of the Company

The Board of Directors has opinion that the Tender Offeror is unlikely to significantly change the financial structure of the Business. However, if the Tender Offeror has a restructuring within the group of subsidiaries engaged in core businesses of the Tender Offeror. This may affect the status of the Business, such as amalgamation. It may result in significant changes to the financial structure, such as increasing the debt-to-equity ratio and interest burden. Such opinion is in alignment with IFA's opinion.

#### **4.3.3.7 Dividend Policy**

According to Form 247-4, within 12 months following the completion of the Tender Offer period, the Tender Offeror does not have any plans to make significant changes to the Business's dividend payment policy. However, if necessary or in the event of significant changes in the financial status or business conditions of the Business, or for other necessary alterations, the Tender Offeror may change the Business's dividend policy in the future to align with operational activities and financial status of the Business, or to enhance efficiency and competitiveness in the future. The Tender Offeror will ensure that any changes are approved by the Board of directors and/or shareholders of the Business (if required), to comply with articles of association of the Business, laws, and relevant guidelines regulations.

Furthermore, if the Business has excess liquidity, the Tender Offeror may propose to the Board of Directors' meeting and/or the shareholders' meeting of the Business to consider declaring dividends and/or interim dividend payments, in compliance with applicable laws and regulations.

#### Opinion of the Board of Directors of the Company

The Board of Directors has opinion, in alignment with IFA's opinion, that the Tender Offeror is unlikely to significantly change the dividend policy of the business. However, the Tender Offeror can change the dividend policy of the Business in the future as specified by the Tender Offeror in the Tender Offer. This is because the Tender Offeror has control over the Business. However, this change should depend on various factors such as the operating results and financial status of the Business, business conditions, and future competition, etc.

#### **4.3.4 Connected Transaction**

According to Form 247-4, currently, the Business has established policies, regulations, and approval processes of connected transaction in accordance with the rules and requirements of the SET and the SEC to prevent conflicts of interest of connected transactions between the Business and its subsidiaries, affiliated companies, related parties, and/or individuals that may pose conflicts. Presently, the Business has connected transactions with the Tender Offeror or persons under Section 258 of the Tender Offeror, specifically as outlined in Section 2, Clause 4.4.2 regarding connected transactions<sup>1/</sup>. However, such connected transactions are in line with the business conditions and/or financial status of the Business, taking into account the necessity and reasonableness of the transactions and their significance to the Business's operations and benefits. The Tender Offeror foresees that, post the Business's acquisition, the trajectory of connected transactions between the Business and the Tender Offeror or persons under Section 258 of the Tender Offeror will align with the normal course of business for the Business.

Nonetheless, following the restructuring and the issuance of this Tender Offer, the Business's shares will be delisted from the SET. The Business may no longer be obligated to comply with the regulations regarding related party transactions as specified by securities and exchange laws, including regulations, announcements, orders, or directives of the SEC and the SET. Consequently, minority shareholders of the Business may be impacted by not receiving relevant information regarding transactions with related parties that the Business is required to disclose as per the criteria of being a listed company. This may result in less timely and less frequent updates compared to when the Business maintained its status as a listed entity on the SET.

Remark: 1/ As shown in this Form 250-2 Clase 3.4.2 Related Transactions

#### Opinion of the Board of Directors of the Company

The Board of Directors of the Company is of the opinion that after the completion of the Tender Offer, the Company is likely to have related transactions with the Tender Offeror, or the persons under Section 258 of

the Tender Offeror, as the Tender Offeror specified in Form 247-4, in a manner similar to the Company's past transactions. However, in the future, if the Tender Offeror and the Company change the management plan by merging the companies, this may result in an increase in related transactions. After the restructuring and the Tender Offer for securities this time, minority shareholders of the business may be affected by not receiving information related to transactions with connected persons that the business previously had to disclose or grant approval from the shareholders' meeting before entering into the transactions or may receive less and slower than before. Such opinion is in alignment with IFA's opinion.

#### **4.4 Additional Opinion of the Company's Board of Directors (in the case that tender offer is for delisting securities from being listed in the SET, based on regulation of the SET)**

##### **4.4.1 Benefits to and Impact on the Shareholders who Reject the Tender Offer**

The Board of Directors' opinion is in alignment with IFA's opinion that the shareholders who decline to sell their shares in this Tender Offer, after the delisting of the Company's shares, will still have their rights as specified in law and regulations such as the shareholders' meeting, receiving dividend and appointing the Company's Board of Directors. However, these shareholders will not receive tax privilege from tax exemption of Capital Gain Tax from future share selling and be affected by the loss of balance of power and monitoring the activities of major shareholder. As detailed in Clause 4.1 (2).

##### **4.4.2 The Appropriateness of the Offer Price**

The Board of Directors (excluding directors with conflict of interest 1.) Mr. Nithi Patarachoke 2.) Mr. Numpol Malichai 3.) Mr. Kittiphong Photaranon 4.) Mr. Chaovalit Ekabut 5.) Mr. Chaovalit Ekabut and 6.) Mr. Surasak Kraiwitthaicharoen, who did not provide opinion on the Tender Offer) has considered the Tender Offer and the opinion of IFA, and the Board of Directors' opinion is in concurrence with the opinion of IFA that, the Offer Price at THB 2.40 per share is appropriate since the Offer Price is higher than the price range evaluated by IFA.

IFA has an opinion that the appropriate methods for evaluating the Company's shares are Adjusted Book Value Approach and Discounted Cash Flow Approach. The evaluated price range of ordinary shares of the Company is between THB 2.24 – 2.39 per share. Therefore, IFA is of the opinion that the Offer Price of THB 2.40 per share is an appropriate price, since the Offer Price is higher than the appropriate price range evaluated by IFA, as detailed in Clause 4.1 (1).

The opinion of the Board of Directors is intended to constitute part of the information that the shareholders should consider. It is highly advisable that all individual shareholders consider all relevant information including but not limited to the opinion of IFA. The final decision whether to accept or reject the Tender Offer shall rest solely with the shareholders' discretion.

The Company certifies that all information contained in this Opinion of the Company on the Tender Offer is correct, accurate, and complete and there is no information that may lead other persons to any misunderstanding in all material aspects and no concealment is made.

SCG Ceramics Public Company Limited

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Mr. Nithi Patarachoke

Authorized Director

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Mr. Numpol Malichai

Authorized Director

No. IMAPDM246/2023

November 16, 2023

Subject : Submission of the Opinion of Independent Financial Advisor report

To : Secretary-General of Securities and Exchange Commission  
Board of Directors and Manager of Stock Exchange of Thailand  
and Shareholders of SCG Ceramics Public Company Limited

As the Independent Financial Advisor, Discover Management Company Limited has provided the Opinion of Independent Financial Advisor report on the Tender Offer of SCG Ceramics Public Company Limited.

Please be informed accordingly

(Mr. Vuthichai Tumasaroj)  
Director

(Miss Kanokporn Pongjetanapong)  
Director

-Translation-

Opinion of Independent Financial Advisor on the Tender Offer  
for Delisting the Securities from the Stock Exchange of  
Thailand

Of

SCG Ceramics Public Company Limited



Tender Offeror

SCG Decor Public Company Limited

Prepared by

Discover Management Company Limited



November 6, 2023

Abbreviation

Meaning	Abbreviation
SCG Ceramics Public Company Limited	: The Company or the Business or COTTO
SCG Decor Public Company Limited	: SCGD or the Tender Offeror
Thai Siam Cement Public Company Limited	: SCC
Offer to purchase all securities of COTTO currently held by other shareholders in a total amount of 1,028,574,671 shares, equivalent to approximately 17.25 percent of the total number of issued and paid-up shares of the Business and approximately 17.25 percent of the total voting rights of the Business, to delist the Business's securities from being listed on the SET. The consideration for this offering will be the newly issued shares of the Tender Offeror.	: The Tender Offer
Newly issued ordinary shares of SCGD for IPO (a) as the consideration for the tender offer for all securities of the Business according to the business restructuring plan, and (b) to support IPO of the Tender Offeror, which include SCC's shareholders who are eligible for the share allocation in proportion to their shareholdings (Pre-emptive Right), and COTTO's shareholders who are eligible for the share allocation in proportion to their shareholdings	: Newly issued ordinary shares
Initial public offering and listing of SCGD's shares in the SET	: IPO
SCGD's newly issued ordinary shares to the Business shareholders as consideration for the Tender Offer and the IPO, according to the business restructuring plan.	: Share Consideration
SCGD will conduct a tender offer for all the shares of the Business held by other shareholders in exchange for newly issued ordinary shares of SCGD 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 SCGD's shares in the SET (the "IPO") to make SCGD the only company that is listed on the SET and to delist the Business' shares from the SET, after the completion of IPO and Tender Offer	: Collectively, the "Restructuring Plan"
Notification on the business restructuring of SCGD, that the Company received on March 29, 2023 (As of April 17, 2023, SCGD is a major shareholder of the Company, holding 82.75% 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, along with the listing of SCGD's ordinary shares in the SET instead	: Letter of Intention for Business Restructuring
Tender Offer for securities of COTTO by SCGD, dated October 27, 2023, including any amendments thereto	: Form 247-4 or the Tender Offer
Listed Share Withdrawal Request Form of COTTO dated, July 12, 2023	: Form F10-7 or Application for Delisting of Shares from the Stock Exchange of Thailand
Discover Management Company Limited	: Independent Financial Advisor, DISCOVER or IFA
Bualuang Securities Public Company Limited	: the Offer Preparers or the Tender Offer Agent or Financial Advisor or BLS
First Star Advisory Company Limited	: Independent asset appraiser 1 or FS
Thai Surveyor and Advisory Company Limited	: Independent asset appraiser 2 or TS



Meaning	Abbreviation
Offer price of THB 2.40 (two point four Baht) per each ordinary share	: Offer Price
The consideration will be made by the Tender Offeror with the Shares Consideration and there will be no cash alternative. In this regard, the swap ratio of the Business's shares and the Shares Consideration will be calculated by Offer Price divided by the final IPO price in respect of the Shares Consideration to be determined in the IPO process	: the Swap Ratio
On the date of this Tender Offer, the IPO price in respect of the Shares Consideration is within a range of a maximum of THB 15.00 per share and a minimum of THB 11.20 per share	: the Preliminary IPO Price Range
The Swap Ratio is within a range of 4.6667 – 6.2500 of the Business's shares (with a par value of THB 1.00 each) per 1 newly issued shares of the Tender Offeror (with a par value of THB 10.00 each). Such Swap Ratio is a preliminary range which will be adjusted to be narrower from the Preliminary IPO Price Range	: Final IPO Price Range
The final IPO price of SCGD which will be derived from the book-building process in the future	: the IPO Shares Price
Application for approval of an offer for sale of its newly issued ordinary shares	: IPO Application
Non-voting depository receipt	: NVDR
The Securities and Exchange Commission	: The SEC
The Stock Exchange of Thailand	: The SET
The Valuers Association of Thailand	: VAT
Extraordinary General Meeting of Shareholders	: EGM
Coronavirus Disease 2019	: COVID – 19
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
The Takeover Panel	: Takeover Panel
The Siam Fibre-Cement Company Limited	: SFCC
Sosuco Company Limited	: SSC
Susunn Smart Solution Company Limited	: SUSUNN
SCG Ceramics – Ly Heng Chhay (Cambodia) Co., Ltd.	: Ly Heng
Siam Sanitary Ware Company Limited	: SSW
Siam Sanitary Ware Industry Company Limited	: SSI
Siam Sanitary Ware Industry (Nongkhae) Company Limited	: SNK
Siam Sanitary Fitting Company Limited	: SSF
Mariwasa-Siam Ceramics, Inc.	: MSC
Prime Group Joint Stock Company	: PRIME or Prime Group
Prime Phong Dien Joint Stock Company	: Phong Dien
Prime - Vinh Phuc Joint Stock Company	: Vinh Phuc
Prime Dai Viet Joint Stock Company	: Dai Viet
Prime - Tien Phong Joint Stock Company	: Tien Phong

Meaning	Abbreviation
Prime - Yen Binh Joint Stock Company	: Yen Binh
Prime Pho Yen Joint Stock Company	: Pho Yen
Prime Dai Loc Joint Stock Company	: Dai Loc
Prime - Truong Xuan Joint Stock Company	: Truong Xuan
Prime Dai Quang Joint Stock Company	: Dai Quang
Prime Dai An Joint Stock Company	: Dai An
Prime Trading, Import and Export One Member Limited Liability Company	: PT1
Prime Hao Phu Joint Stock Company	: Hao Phu
Prime Thien Phuc Joint Stock Company	: Thien Phuc
Prime - Ngoi Viet Joint Stock Company	: Ngoi Viet
PT Keramika Indonesia Associasi Tbk	: KIA
PT KIA Keramik Mas	: KKM
PT KIA Serpih Mas	: KSM
SCG Cement-Building Materials Philippines	: CBMP
CMPIH Holdings, Inc.	: CMPIH
SCG Roofing Philippines	: SRPI
CMPI Land, Inc.	: CMPIL
Noritake SCG Plaster Company Limited	: NSP
Thai Ceramic Industry Company Limited	: TCC
Gemaco Company Limited	: GMG
Ceramic Cement Thai Company Limited	: CCCL
The Siam Ceramic Group Industries Company Limited	: SGI
Thai German Ceramic Industry Public Company Limited	: TGCI
Sosuco and Group (2008) Company Limited	: SSG
PT Kokoh Inti Arebama, TBK	: Kokoh
PT Karya Makmur Kreasi Prima	: KMKP
Cement Thai Ceramics Philippines Holdings, Inc.	: CCPH
Mariwasa Holdings, Inc.	: MHI
SCG Marketing Philippines	: SCGM
Sanitary wares and fittings such as flush toilets, basins, bathtubs, tabs, showers, and other related products	: Bathroom
Ceramic tiles for floors and walls	: Floor Tiles and Wall Tiles
Dynasty Ceramic Public Company Limited	: DCC
The Union Mosaic Industry Public Company Limited	: UMI

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### Disclaimers

1. The study results of Discover Management Company Limited (the “Independent Financial Advisor” or “DISCOVER” or “IFA”) in this report is relied on information and assumptions received from SCG Ceramics Public Company Limited (the “Company” or “Business” or “COTTO”) and information that COTTO disclosed to the public on website of the Securities and Exchange Commission ([www.sec.or.th](http://www.sec.or.th)), website of the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th)), including public information of the Company on other sources and information from interviewing with the management and related persons of the Company.
2. IFA conducted studies using knowledge, competence, and caution by adhering to the professional basis. However, IFA shall not be responsible for profits or losses and any impacts resulting from the Transaction.
3. The study result of IFA is based on the assumption that the information received is correct and complete, and this opinion is based on the current circumstances and current information available to the public. If circumstances and information change significantly may affect IFA’s study results.
4. Since this report was announced to public during the recovery form the COVID-19 pandemic and the war and dispute between Russia and Ukraine, the impact of the war has caused oil, natural gas and electricity price to change significantly. Presently, the situation remains uncertain and may change at any time, which may have effects on cost of goods sold, service costs, various expenses, and ability to generate income of the Company in the future.

*Besides the Thai language version of the Opinion of Independent Financial Advisor, IFA has prepared the English translation solely for the convenience of the foreign shareholders. In the event of any inconsistency with the English translation, the Thai language version is the definitive and official document.*

Opinion of Independent Financial Advisor on the Tender Offer For Delisting the Securities from the Stock  
Exchange of Thailand of SCG Ceramics Public Company Limited

November 6, 2023

IMAPDM247/2023

Subject: Opinion of Independent Financial Advisor on the Tender Offer for Delisting the Securities from the Stock  
Exchange of Thailand of SCG Ceramics Public Company Limited

To: Directors and shareholders of SCG Ceramics Public Company Limited

Reference:

1. The special Board of Directors' meeting resolution of the Company No. 3/2023 held on March 30, 2023
2. Extraordinary general meeting of shareholders of the Company No. 1/2023 held on May 23, 2023
3. Notification on the business restructuring of SCG Decor Public Company Limited ("SCGD" or the "Tender Offeror"), that the Company received on March 29, 2023 ("Letter of intention for Business Restructuring")
4. Preliminary Information on the Restructuring of SCGD that the Company disclosed to SET on March 30, 2023
5. Takeover Panel letter of waiver regarding rules for making the Tender Offer for all securities of the Company and a letter accepting such waiver from the Takeover Panel
6. Form on annual performance (One Report) of the Company ending December 31, 2022
7. Audited financial statements of the Company for 12-month period ending December 31, 2018 - 2022
8. Reviewed financial statements of the Company for 9-month period ending September 30, 2023
9. The Company's asset appraisal report prepared by First Star Advisory Company Limited ("Independent asset appraiser 1" or "FS") and Thai Surveyor and Advisory Company Limited ("Independent asset appraiser 2" or "TS"), dated October 15 - 16, 2023.
10. Tender Offer for Securities of the Company, dated October 27, 2023, and its amendments ("Form 247-4" or the "Tender Offer")
11. Listed Share Withdrawal Request Form of COTTO dated, July 12, 2023 ("Form F10-7" or "Application for Delisting of Shares from the Stock Exchange of Thailand")
12. Delisting from the SET approval document No. BorJor. 185/2023 dated July 18, 2023
13. Documents and other related contracts, including interviews with executives and relevant officers of the Company

## 1. Executive Summary

The Business has a strategy to increase product ranges of sanitary wares and fittings (Bathroom products) to fulfil customer's needs and to expand Decor Surfaces and ceramic tiles business operation to have coverage throughout Thailand and other ASEAN countries. In this regard, The Siam Cement Public Company Limited ("SCC"), which currently a majority shareholder holding shares indirectly in the Business through the Tender Offeror, at 82.75% of all issued and paid-up shares of the Business, operates ceramic tile businesses in other ASEAN countries, as well as a bathroom product business in Thailand. The Business and SCC therefore have jointly considered that the consolidation of the business as the same group under a single listed company in SET would create the greatest benefits to the shareholders of the Business and SCC.

To implement the above strategy, the Business and SCC have considered a business restructuring plan based on various factors such as legal limitations, cost of restructuring, timing, and effects on the shareholders of the Business and SCC, and concluded that , SCGD will be the flagship company of SCC group for floor tiles, wall tiles and bathroom business in Thailand and overseas whereby, SCGD distributed floor tiles, wall tiles and bathroom products through various distribution channels including SCGD's own distribution channel such as manufacturing outlets and showroom outlets. SCGD 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 SCGD, and SCGD will be the only listed company listed on the SET.

To achieve the mentioned objectives, SCGD will conduct a tender offer for all the shares of the Business held by other shareholders in exchange for newly issued ordinary shares of SCGD ("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 SCGD's shares in the SET (the "IPO") to make SCGD the only company that is listed on the SET and to delist the Business' shares from the SET. After the completion of IPO and Tender Offer (collectively, the "Restructuring Plan"). This is according to resolutions of the Extraordinary General Meeting of Shareholders of the Business No. 1/2566 held on May 23, 2023 approving the delisting of shares of the Business from the listing securities of the SET as proposed in the Restructuring Plan.

In this regard, the Tender Offeror is subject to several conditions and such conditions have been duly fulfilled, as follows:

- 1) The Tender Offeror was granted waivers for the tender offer rules from the Takeover Panel on March 28, 2023 which include:
  - 1.1) A waiver to allow the exclusion of using delisting tender offer price criteria provided that the determining of the delisting tender offer price of securities, when calculating the swap ratio, must reflect the fair value of COTTO shares and the share price of the Tender Offeror must reflect the impact of the potential liability from the claim against the Tender Offeror's overseas subsidiary, i.e., PT Keramika Indonesia Assosiasi Tbk (KIA);
  - 1.2) A waiver to allow the exclusion of tender offer price criteria that require at least one cash alternative. This means that the Tender Offeror can conduct the tender offer without having to provide cash as an alternative (No Cash Alternative). In this regard, the swap ratio must be calculated based on the fair value, reflecting the impact of the claim against KIA, as mentioned above. Additionally, the Tender Offeror must sufficiently disclose information and progress regarding the mentioned claim in the financial statements' notes and in the securities offering document;
  - 1.3) A waiver for the requirement to determine the tender offer price based on the valuation of compensation paid in a non-cash form, as assessed by financial advisors. In this case, the consideration to be paid in exchange for shares will be the newly issued shares of the Tender Offeror;
  - 1.4) A waiver to exempt the Tender Offeror from conducting an offer to purchase securities and providing tender offer documents to the Business shareholders in other jurisdictions which doing so would result in the Tender Offeror's violation of the laws of such jurisdictions or an imposition of an additional duty on the Tender Offeror under such laws due to the conducting of the Tender Offer. In this regard, the Tender Offeror must ensure that the Business discloses this matter in a notice of meeting that the Tender Offeror will not deliver the tender offer and tender offer documents to the Business shareholders in other jurisdictions which doing so would result in the Tender Offeror's violation of the laws of such jurisdictions and provides a clear notification for shareholders to follow up on this matter by themselves in order to protect their rights. Additionally, the disclosure must be made through channels that allow shareholders to closely monitor the information to protect their rights to the fullest extent possible in two periods comprising; at the beginning of the tender offer and during the final tender offer period. It should be noted that the content and manner of disclosure must not violate the laws of those foreign countries;
  - 1.5) A waiver to reduce the tender offer period after the announcement of the final offer period (Final day) from no less than 15 business days to no less than 10 business days;

- 1.6) A waiver to allow the inclusion of an additional cause for terminating the tender offer, under the conditions that this termination is triggered by (1) an unsuccessful IPO and (2) the Tender Offeror's failure to meet the requirements as stipulated by the SET, provided that these causes are beyond the control of the Tender Offeror; and
  - 1.7) A waiver to allow the cancellation of the tender offer after the end of the tender offer period if the IPO is unsuccessful.
- 2) The Business Extraordinary General Meeting of Shareholders No. 1/2023 held on May 23, 2023 resolved to delist the securities with the votes of not less than three-fourths of the total number of issued and paid-up shares of the Business. Furthermore, no shareholders of the Business holding in total more than 10% of total number of issued and paid-up shares of the Business opposed the delisting, in accordance with the delisting requirement of the SET.
- 3) The Tender Offeror's Extraordinary General Meeting of Shareholders No. 3/2023 held on June 2, 2023 resolved to approve the conversion from a limited company to a public company limited which also included the capital increase and the issuance and allocation of the Tender Offeror's newly issued ordinary shares to the Business shareholders as consideration for the tender offer and the IPO.
- 4) The SET has approved the delisting of the Business shares from the SET on July 18, 2023. However, the delisting is contingent upon the Tender Offeror having completed the tender offer process for the Business in compliance with the Securities and Exchange Commissioners' requirements before the SET can determine the delisting date. Additionally, the Business is required to report the results of the tender offer within 5 business days following the completion of the tender offer period to allow the SET to make necessary announcements to investors.
- 5) The SEC has approved the Tender Offeror's application for the offer of its newly issued ordinary shares as consideration for the tender offer and the IPO on October 10, 2023 and the prospectus of the Tender Offeror becomes effective on October 27, 2023.

In this regard, SCGD has submitted the Tender Offer (Form 247-4) on October 27, 2023. On the date of submission of the Tender Offer, the Business has only one type of securities being ordinary shares where the Business has a total of 5,962,621,233 ordinary shares with a par value of THB 1.00 per share. Each ordinary share of the Business carries 1 vote. The Tender Offeror holds an aggregate of 4,934,046,562 shares in the Business, equivalent to 82.75% of the total issued and paid-up shares of the Business. The Tender Offeror will offer to purchase all the remaining ordinary shares of the Business which are held by other shareholders in a total amount of 1,028,574,671 shares which are approximately 17.25% of the total issued and paid-up shares of the Business, approximately 17.25% of the total voting rights of the Business.



The tender offer price is THB 2.40 (two point four Baht) per each ordinary share (the “Offer Price”) where by such price is the final Offer Price which will not be changed (unless falling under the condition(s) in Clause 8 of Form 247-4).

The consideration will be made by the Tender Offeror with the Shares Consideration and there will be no cash alternative. In this regard, the swap ratio of the Business’s shares and the Shares Consideration will be calculated by Offer Price divided by the final IPO price in respect of the Shares Consideration to be determined in the IPO process (the “Swap Ratio”). On the date of this Tender Offer, the IPO price in respect of the Shares Consideration is within a range of a maximum of THB 15.00 per share and a minimum of THB 11.20 per share (the “Preliminary IPO Price Range”). Therefore, the Swap Ratio is within a range of 4.6667 – 6.2500 of the Business’s shares (with a par value of THB 1.00 each) per 1 newly issued shares of the Tender Offeror (with a par value of THB 10.00 each). Such Swap Ratio is a preliminary range which will be adjusted to be narrower from the Preliminary IPO Price Range (“Final IPO Price Range”) which will be determined in the book building process which will be carried out during the Tender Offer period. Such IPO price range will be within the Preliminary IPO Price Range, which the Tender Offeror will announce the Final IPO Price Range in approximately 3rd week of November 2023 in the registration statement and prospectus and in the Tender Offeror’s website. The Tender Offeror, together with the Business and SCC, will announce the Final IPO Price Range and the swap ratio which calculated based on such Final IPO Price Range via the electronic platform of the SET. The final Swap Ratio will be known after the end of the Tender Offer period when there is a final IPO price, which the Tender Offeror will announce the final IPO price in approximately 1st week of December, 2023 in the registration statement and prospectus and in the Tender Offeror’s website. The Tender Offeror, together with the Business and SCC, will announce the final IPO price and the Swap Ratio via the electronic platform of the SET as well.

The fractions of shares from the allocation of the Shares Consideration as consideration to the shareholders of the Business according to the final Swap Ratio will be rounded down and no compensation will be made. The tender offer period is a total of 25 business days from November 1, 2023 to December 6, 2023 on every business day for accepting to purchase securities, from 9.00 hours to 16.00 hours where such period is not the final offer period and the Tender Offeror may extend the tender offer period. In this regard, the Business has been granted a waiver from the SET to delist its shares from being listed securities in the SET. The Tender Offeror may specify a consecutive tender offer period lasting not less than 25 business days and not more than 45 business days, as stipulated by the Securities and Exchange Commission's announcement No. TorChor. 12/2554

The Tender Offeror may lower the Offer Price or extend the Tender Offer period should, in the case of any event giving rise that has or may have a material adverse effect on the status or assets of the Business, and may amend the offer terms or extend the Tender Offer period to compete with any other person who submits a Tender Offer for the securities of the Business during the Tender Offer period.

The Tender Offeror may cancel the Tender offer upon the occurrence of any of the following events: 1) any event or action occurring after the submission of the Tender Offer to the SEC but before the end of the Tender Offer period that has or may have a material adverse effect on the status or assets of the Business where such event or action is not resulted from the Tender Offeror's action or any action for which the Tender Offeror must be responsible, or 2) any event that causes the application for the delisting to terminate.

Furthermore, according to the waivers granted by the Takeover Panel in respect of the tender offer rules. The Tender Offeror may cancel the Tender Offer even after the commencement of the Tender Offer or even after the end of the Tender Offer period due to the following reasons: 1) incompleteness of the IPO of the Tender Offeror, 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, or 2) the Tender Offeror's lack of any required qualification or failure to comply with the SET's conditions for its preliminary approval to be a SET listed company. In the event of the cancellation of the Tender Offer as stipulated above, such cancellation must result from external factors beyond the control of the Tender Offeror. If the Tender Offeror cancels the Tender Offer under these conditions, Tender Offeror will proceed to reinstate the shareholder status of the Business's shares to its original state. The Business will continue to maintain its status as a listed company on the SET, as it was before.

The securities holders may revoke their intention to sell the securities at the place of business of the Tender Offer Agents between 9.00 hours and 16.00 hours on every business day from November 1, 2023 to November 28, 2023 totaling 20 business days. The persons accepting the Tender Offer must comply with the procedures for cancellation of intention to sell securities set out in Form B-2 by complying with the details specified in Appendix 2 of Form 247-4 Tender Offer Cancellation Procedures and Forms.

The Business appointed DISCOVER as an independent financial advisor certified by the SEC to provide opinion to the Business's shareholders on this Tender Offer. DISCOVER as an independent financial advisor considered information from the Tender Offer (Form 247-4) by the Tender Offeror, dated October 27, 2023, including any amendments thereto, information received from the Company, publicly available information, related information memorandum, audited reports and financial statements, the Company's asset appraisal report prepared by independent asset appraisers, interviews with management and related persons of the Company in preparing opinions this time. IFA's opinions are based on the assumption that the information and documents received are correct and true without any significant changes. IFA also considered the economics conditions and information occurring at the time of the study only. Any significant change in those factors may impact on the Company's operation and valuation, including IFA's opinion and shareholders' decision.

Besides the Thai language version of the Opinion of Independent Financial Advisor, IFA has prepared the English translation solely for the convenience of the foreign shareholders. In the event of any inconsistency with the English translation, the Thai language version is the definitive and official document.

In considering whether to accept or reject the Tender Offer, shareholders of the Business may consider IFA's opinions on various issues that IFA presented in this report. However, the decision to accept or reject depends solely on shareholders and IFA does not have any interests from this Tender Offer and does not own any shares of the Business.

Therefore, after the consideration of various factors aforementioned that may affect the Business of its shareholders, IFA views that the shareholders should accept this Tender Offer (for ordinary shares) at the Offer Price of THB 2.40 per share, where the details are as follows:

## 2. Transaction Background

According to the special Board of Directors' Meeting of the Company No. 3/2023, which was held on March 30, 2023, the Company hereby announces that on March 29, 2023, the Company has received a notification on the business restructuring of SCGD (As of April 17, 2023, SCGD is a major shareholder of the Company, holding 82.75% of the total issued and paid-up shares of the Company) to delist its securities from being listed securities on the SET, along with the listing of SCGD'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 March 30, 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 SCGD 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 SCGD the single company in the SCC group that operates the Floor Tiles, Wall Tiles, and Bathroom business. In this regard, SCGD 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 SCGD's newly issued ordinary shares. In connection with the Tender Offer, SCGD 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 accepts 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 SCGD'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 SCGD 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 SCGD's shareholders and will retain ownership in COTTO indirectly through SCGD.

In making the Tender Offer mentioned above, SCGD will not send or distribute documents in relation to the Tender Offer into jurisdictions which may cause SCGD to violate the laws of such jurisdictions or impose additional obligations on SCGD 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 SCGD, SCGD will accept to purchase shares from the shareholders of the Company who intend to sell their shares in Thailand in the Tender Offer process.

2. Approve (with approvals from independent directors) the appointment of DISCOVER to be (a) an independent financial advisor (IFA) to provide an opinion on the delisting under the Restructuring Plan of SCGD and the Restructuring Plan of SCGD; 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 SCGD 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 SCGD (as the parent company of the Company) to adopt governance policy for SCGD'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 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 SCGD 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).

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 April 17, 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 April 12, 2023).

Shareholders of the Company has passed the resolution to approve the delisting of the securities of the Company from the SET pursuant to the proposal under the Restructuring Plan of SCGD and the relevant authorization by the votes of not less than three-fourths of the total issued and paid-up shares of the Company where the shares held by the shareholders who object to the Delisting do not exceed ten percent of the total issued and paid-up shares of the Company as of the date of the Extraordinary General Meeting of Shareholders No. 1/2023 on 23 May 2023, detailed as follows:

Approved	5,221,732,336	votes	87.5744 percentage of the total issued shares of the Company
Disapproved	666,864	votes	0.0111 percentage of the total issued shares of the Company
Abstained	7,568	votes	0.0001 percentage of the total issued shares of the Company
Invalid card	0	votes	0 percentage of the total issued shares of the Company

As well as passed the resolution to approve the amendments to the Company's Articles of Association in accordance with the initial public offering and listing SCGD's shares on the SET by the votes of not less than three-fourths of the total number of shares of shareholders attend the meeting and are entitled to vote, detailed as follows:

Approved	5,219,707,584	votes	99.9483 percentage of the total number of shares of shareholders attend the meeting and are entitled to vote
Disapproved	11,329	votes	0.0002 percentage of the total number of shares of shareholders attend the meeting and are entitled to vote
Abstained	2,687,855	votes	0.0514 percentage of the total number of shares of shareholders attend the meeting and are entitled to vote
Invalid card	0	votes	0 percentage of the total number of shares of shareholders attend the meeting and are entitled to vote

In which, the Company has submitted Listed Share Withdrawal Request Form (Form F10-7) on July 12, 2023, and the SET Board of Governors has permitted the request to delist the Company's shares from the SET as specified in document No. Bor.Jor. 185/2023 dated July 18, 2023, with condition for SCGD to make tender offer to purchase securities from shareholders of the Company according to the criteria set by the SEC. Before the SET will consider setting the date for delisting the Company's share from being listed securities, the Company is required to report the result of the Tender Offer to the SET within five business days after the end of the offer period for announcement to the investors.

Later on October 27, 2023 the Company received the Tender Offer for securities of the Company from the Tender Offeror, by specifying the objectives that the Business has a strategy to increase product ranges of sanitary wares and fittings (Bathroom products) to fulfil customer's needs and to expand Decor Surfaces and ceramic tiles business operation to have coverage throughout Thailand and other ASEAN countries. In this regard, SCC, which currently a majority shareholder holding shares indirectly in the Business through the Tender Offeror, at 82.75% of all issued and paid-up shares of the Business, operates ceramic tile businesses in other ASEAN countries, as well as a bathroom product business in Thailand. The Business and SCC therefore have jointly considered that the consolidation of the business as the same group under a single listed company in SET would create the greatest benefits to the shareholders of the Business and SCC.

To implement the above strategy, the Business and SCC have considered a business restructuring plan based on various factors such as legal limitations, cost of restructuring, timing, and effects on the shareholders of the Business and SCC, and concluded that , SCGD will be the flagship company of SCC group for floor tiles, wall tiles and bathroom business in Thailand and overseas whereby, SCGD distributed floor tiles, wall tiles and bathroom products through various distribution channels including SCGD's own distribution channel such as manufacturing outlets and showroom outlets. SCGD 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 SCGD, and SCGD will be the only listed company listed on the SET.

To achieve the mentioned objectives, SCGD will conduct a tender offer for all the shares of the Business held by other shareholders in exchange for newly issued ordinary shares of SCGD (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 SCGD's shares in the SET (the IPO) to make SCGD the only company that is listed on the SET and to delist the Business' shares from the SET. After the completion of IPO and Tender Offer (collectively, the Restructuring Plan). This is according to resolutions of the Extraordinary General Meeting of Shareholders of the Business No. 1/2566 held on May 23, 2023 approving the delisting of shares of the Business from the listing securities of the SET as proposed in the Restructuring Plan.

In this regard, the Tender Offeror is subject to several conditions and such conditions have been duly fulfilled, as follows:

- 1) The Tender Offeror was granted waivers for the tender offer rules from the Takeover Panel on March 28, 2023 which include:
  - 1.1) A waiver to allow the exclusion of using delisting tender offer price criteria provided that the determining of the delisting tender offer price of securities, when calculating the swap ratio, must reflect the fair value of COTTO shares and the share price of the Tender Offeror must reflect the impact of the potential liability from the claim against the Tender Offeror's overseas subsidiary, i.e., PT Keramika Indonesia Assosiasi Tbk (KIA);
  - 1.2) 1.2) A waiver to allow the exclusion of tender offer price criteria that require at least one cash alternative. This means that the Tender Offeror can conduct the tender offer without having to provide cash as an alternative (No Cash Alternative). In this regard, the swap ratio must be calculated based on the fair value, reflecting the impact of the claim against KIA, as mentioned above. Additionally, the Tender Offeror must sufficiently disclose information and progress regarding the mentioned claim in the financial statements' notes and in the securities offering document;
  - 1.3) A waiver for the requirement to determine the tender offer price based on the valuation of compensation paid in a non-cash form, as assessed by financial advisors. In this case, the consideration to be paid in exchange for shares will be the newly issued shares of the Tender Offeror;
  - 1.4) A waiver to exempt the Tender Offeror from conducting an offer to purchase securities and providing tender offer documents to the Business shareholders in other jurisdictions which doing so would result in the Tender Offeror's violation of the laws of such jurisdictions or an imposition of an additional duty on the Tender Offeror under such laws due to the conducting of the Tender Offer. In this regard, the Tender Offeror must ensure that the Business discloses this matter in a notice of meeting that the Tender Offeror will not deliver the tender offer and tender offer documents to the Business shareholders in other jurisdictions which doing so would result in the Tender Offeror's violation of the laws of such jurisdictions and provides a clear notification for shareholders to follow up on this matter by themselves in order to protect their rights. Additionally, the disclosure must be made through channels that allow shareholders to closely monitor the information to protect their rights to the fullest extent possible in two periods comprising; at the beginning of the tender offer and during the final tender offer period. It should be noted that the content and manner of disclosure must not violate the laws of those foreign countries;
  - 1.5) A waiver to reduce the tender offer period after the announcement of the final offer period (Final day) from no less than 15 business days to no less than 10 business days;



- 1.6) A waiver to allow the inclusion of an additional cause for terminating the tender offer, under the conditions that this termination is triggered by (1) an unsuccessful IPO and (2) the Tender Offeror's failure to meet the requirements as stipulated by the SET, provided that these causes are beyond the control of the Tender Offeror; and
  - 1.7) A waiver to allow the cancellation of the tender offer after the end of the tender offer period if the IPO is unsuccessful.
- 2) The Business Extraordinary General Meeting of Shareholders No. 1/2023 held on May 23, 2023 resolved to delist the securities with the votes of not less than three-fourths of the total number of issued and paid-up shares of the Business. Furthermore, no shareholders of the Business holding in total more than 10% of total number of issued and paid-up shares of the Business opposed the delisting, in accordance with the delisting requirement of the SET.
- 3) The Tender Offeror's Extraordinary General Meeting of Shareholders No. 3/2023 held on June 2, 2023 resolved to approve the conversion from a limited company to a public company limited which also included the capital increase and the issuance and allocation of the Tender Offeror's newly issued ordinary shares to the Business shareholders as consideration for the tender offer and the IPO.
- 4) The SET has approved the delisting of the Business shares from the SET on July 18, 2023. However, the delisting is contingent upon the Tender Offeror having completed the tender offer process for the Business in compliance with the Securities and Exchange Commissioners' requirements before the SET can determine the delisting date. Additionally, the Business is required to report the results of the tender offer within 5 business days following the completion of the tender offer period to allow the SET to make necessary announcements to investors.
- 5) The SEC has approved the Tender Offeror's application for the offer of its newly issued ordinary shares as consideration for the tender offer and the IPO on October 10, 2023 and the prospectus of the Tender Offeror becomes effective on October 27, 2023.

In this regard, SCGD has submitted the Tender Offer (Form 247-4) on October 27, 2023. On the date of submission of the Tender Offer, the Business has only one type of securities being ordinary shares where the Business has a total of 5,962,621,233 ordinary shares with a par value of THB 1.00 per share. Each ordinary share of the Business carries 1 vote. The Tender Offeror holds an aggregate of 4,934,046,562 shares in the Business, equivalent to 82.75% of the total issued and paid-up shares of the Business. The Tender Offeror will offer to purchase all the remaining ordinary shares of the Business which are held by other shareholders in a total amount of 1,028,574,671 shares which are approximately 17.25% of the total issued and paid-up shares of the Business, approximately 17.25% of the total voting rights of the Business.

The tender offer price is THB 2.40 (two point four Baht) per each ordinary share (the Offer Price) where by such price is the final Offer Price which will not be changed (unless falling under the condition(s) in Clause 8 of Form 247-4).

The consideration will be made by the Tender Offeror with the Shares Consideration and there will be no cash alternative. In this regard, the swap ratio of the Business's shares and the Shares Consideration will be calculated by Offer Price divided by the final IPO price in respect of the Shares Consideration to be determined in the IPO process (the Swap Ratio). On the date of this Tender Offer, the IPO price in respect of the Shares Consideration is within a range of a maximum of THB 15.00 per share and a minimum of THB 11.20 per share (the Preliminary IPO Price Range). Therefore, the Swap Ratio is within a range of 4.6667 – 6.2500 of the Business's shares (with a par value of THB 1.00 each) per 1 newly issued shares of the Tender Offeror (with a par value of THB 10.00 each). Such Swap Ratio is a preliminary range which will be adjusted to be narrower from the Preliminary IPO Price Range (Final IPO Price Range) which will be determined in the book building process which will be carried out during the Tender Offer period. Such IPO price range will be within the Preliminary IPO Price Range, which the Tender Offeror will announce the Final IPO Price Range in approximately 3rd week of November, 2023 in the registration statement and prospectus and in the Tender Offeror's website. The Tender Offeror, together with the Business and SCC, will announce the Final IPO Price Range and the swap ratio which calculated based on such Final IPO Price Range via the electronic platform of the SET. The final Swap Ratio will be known after the end of the Tender Offer period when there is a final IPO price, which the Tender Offeror will announce the final IPO price in approximately 1st week of December, 2023 in the registration statement and prospectus and in the Tender Offeror's website. The Tender Offeror, together with the Business and SCC, will announce the final IPO price and the Swap Ratio via the electronic platform of the SET as well.

The fractions of shares from the allocation of the Shares Consideration as consideration to the shareholders of the Business according to the final Swap Ratio will be rounded down and no compensation will be made. The tender offer period is a total of 25 business days from November 1, 2023 to December 6, 2023 on every business day for accepting to purchase securities, from 9.00 hours to 16.00 hours where such period is not the final offer period and the Tender Offeror may extend the tender offer period. In this regard, the Business has been granted a waiver from the SET to delist its shares from being listed securities in the SET. The Tender Offeror may specify a consecutive tender offer period lasting not less than 25 business days and not more than 45 business days, as stipulated by the Securities and Exchange Commission's announcement No. TorChor. 12/2554

The Tender Offeror may lower the Offer Price or extend the Tender Offer period should, in the case of any event giving rise that has or may have a material adverse effect on the status or assets of the Business, and may amend the offer terms or extend the Tender Offer period to compete with any other person who submits a Tender Offer for the securities of the Business during the Tender Offer period.

The Tender Offeror may cancel the Tender offer upon the occurrence of any of the following events: 1) any event or action occurring after the submission of the Tender Offer to the SEC but before the end of the Tender Offer period that has or may have a material adverse effect on the status or assets of the Business where such event or action is not resulted from the Tender Offeror's action or any action for which the Tender Offeror must be responsible, or 2) Any event that causes the application for the delisting to terminate.

Furthermore, according to the waivers granted by the Takeover Panel in respect of the tender offer rules. The Tender Offeror may cancel the Tender Offer even after the commencement of the Tender Offer or even after the end of the Tender Offer period due to the following reasons: 1) Incompletion of the IPO of the Tender Offeror, 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, or 2) The Tender Offeror's lack of any required qualification or failure to comply with the SET's conditions for its preliminary approval to be a SET listed company. In the event of the cancellation of the Tender Offer as stipulated above, such cancellation must result from external factors beyond the control of the Tender Offeror. If the Tender Offeror cancels the Tender Offer under these conditions, Tender Offeror will proceed to reinstate the shareholder status of the Business's shares to its original state. The Business will continue to maintain its status as a listed company on the SET, as it was before.

The securities holders may revoke their intention to sell the securities at the place of business of the Tender Offer Agents between 9.00 hours and 16.00 hours on every business day from November 1, 2023 to November 28, 2023 totaling 20 business days. The persons accepting the Tender Offer must comply with the procedures for cancellation of intention to sell securities set out in Form B-2 by complying with the details specified in Appendix 2 of Form 247-4 Tender Offer Cancellation Procedures and Forms.

For settlement, the persons accepting the Tender offer will receive the Shares Consideration as payment for the Business' shares upon completion of the Tender Offeror's IPO, which will occur after the end of the Tender Offer period, and the Tender Offeror has already registered the increase of its paid-up capital in respect of the issuance of the newly issued ordinary shares allocated to be the consideration for the acceptance of the Tender Offer and the completion of the IPO with the Ministry of Commerce. In this regard, it is expected that the persons accepting the Tender Offer will receive the Shares Consideration as payment for the Business' share within approximately 6 business days from the end of the Tender Offer period. However, such schedule may be subject to change as necessary and appropriate where the trading on the SET of the newly issued ordinary shares received by the persons accepting the Tender Offer will commence concurrently with that of the newly issued ordinary shares of the IPO subscribers. The details of the Tender Offer Agent is as follows:

<b>Name</b>	Bualuang Securities Public Company Limited
<b>Address</b>	29 <sup>th</sup> Floor, Silom Complex Office Building, 191 Silom Road, Silom, Bangrak, Bangkok 10500
<b>Contact Person</b>	1. Khun Thanamas Pungpo 2. Khun Piyaporn Kwannoi

	3. Khun Benjawan Phasuk 4. Khun Suwalee Silaon 5. Khun Jarupa Sae-Jang 6. Khun Malee Viriyahiranpaiboon or 7. Khun Manisa Varakdee (Operations Department)
<b>Telephone</b>	0-2618-1141-43, 46-47 or 0-2618-1122, 1133
<b>Facsimile</b>	0-2618-1120

Source: Form 247-4

### 3. Information of the Tender Offeror

#### 3.1. General Information

Name : SCG Decor Public Company Limited  
Address : 1 Siam Cement Road, Bang Su, Bang Su Bangkok 10800  
Phone Numbers : 02-586-3333, 02-586-5474  
Company : 0107566000364  
Registration Number

#### 3.2. Business and Other Information

##### 3.2.1. Nature of business

SCG Decor Public Company Limited ("SCGD") 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, SCGD 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. SCGD also operates other businesses such as industrial estate.

SCGD is the leader in decor surfaces and bathroom business in ASEAN. SCGD 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 third party manufacturers, and distributing and providing quality service in reasonable price to create customers' satisfaction and enhance customers' better living in every country that SCGD has its presence. In addition, SCGD 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.

The businesses of SCGD consist of 3 main businesses, i.e., 1) decor surfaces, 2) bathroom, and 3) other businesses which are primarily industrial estate business and solar energy equipment installation business, detailed as follows:

##### 1) Decor Surfaces

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 June 30, 2023, SCGD operates 4 ceramic tiles factories in Thailand with total production<sup>1</sup> capacity of 80.0 mm sq.m. per year, 6 ceramic

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<sup>1</sup> Annualized capacity

<sup>2</sup> Annualized capacity

tiles factories in Vietnam with total production capacity<sup>1</sup> of 83.3 mm sq.m. per year, 1 ceramic tiles factory in Philippines with total production capacity<sup>1</sup> of 12.3 mm sq.m. per year and 1 ceramic tiles factory in Indonesia with total production capacity<sup>1</sup> of 12.6 mm sq.m. per year. Currently, SCGD'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, SCGD 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 SCGD's brands.

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

## **2) Bathroom**

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 June 30, 2023, SCGD operates 3 sanitary ware and fittings factories in Thailand with production capacity<sup>2</sup> of sanitary ware of 2.3 million units per year and production capacity<sup>2</sup> of fittings of 1.7 million units per year located in Saraburi and Nakhon Ratchasima. Presently, SCGD'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, SCGD 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 SCGD's brands.

## **3) Other Businesses**

The other business comprises (1) Industrial estate business which operated through subsidiary COTTO. Industrial estate is located 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. COTTO also provides utility services after sale to industrial operators in Nong Khae Industrial Estate. As of June 30, 2023, the industrial estate has a total project area of 2,042 rai 3 ngan 23.5 square wah, divided into a sell area of 1,593 rai 2 ngan 16.5 square wah and a utilities and reservoirs area of 449 rai

1 ngan 0.7 square wah. As of 30 June 2023, there remain available lands within the industrial estate amounting to 54.5 rai, divided into 40.5 rai of land ready for sale and 14.0 rai that already leased. SCGD plans to sell all the lands within the industrial estate. (2) Solar business which operated through subsidiary Susunn Smart Solution Co., Ltd. (“SUSUNN”). However, SCGD is currently in the process of gradually reducing its solar operations to mitigate conflicts of interest due to the similarity of solar business operations with other companies within the SCC group.

### Revenue Structure

The main revenue structure of SCGD is categorized according to the business segments for the fiscal years ended 31 December 2020, 2021, and 2022, and for the 6-month periods ended 30 June 2022 and 2023, which can be summarized as follows:

	For the fiscal year ended 31 December						For the 6-month periods ended 30 June			
	2020		2021		2022		2022		2023	
	THB million	Percent	THB million	Percent	THB million	Percent	THB million	Percent	THB million	Percent
Decor surfaces business <sup>1/</sup>	19,153.0	78.6	20,350.4	78.5	24,400.5	80.7	12,133.5	81.5	11,180.3	78.0
Thailand	9,727.6	39.9	10,418.8	40.2	12,421.4	41.1	6,309.4	42.4	6,264.5	43.7
Vietnam	6,540.3	26.8	6,165.9	23.8	7,909.0	26.1	3,808.1	25.6	3,065.5	21.4
Philippines and Indonesia	3,142.0	12.9	4,234.5	16.3	4,558.8	15.1	2,301.5	15.5	2,088.7	14.6
(Less) Cross-country elimination	(256.9)	(1.1)	(468.8)	(1.8)	(488.7)	(1.6)	(285.5)	(1.9)	(238.3)	(1.7)
Bathroom business	4,659.6	19.1	4,674.7	18.0	5,111.7	16.9	2,445.0	16.4	2,596.5	18.1
Other business <sup>2/</sup>	565.9	2.3	912.3	3.5	741.6	2.5	305.0	2.0	559.5	3.9
Total revenue from sales	24,378.6	100.0	25,937.4	100.0	30,253.8	100.0	14,883.5	100.0	14,336.3	100.0

Source: Form 247-4

Remark:

1/ Include revenue from the bathroom business in Vietnam and the Philippines, which amounted to THB 148.2 million, THB 200.9 million, and THB 264.3 million for the years 2020, 2021, and 2022, and THB 129.8 million and THB 117.2 million for the 6-month periods ending 30 June 2022 and 2023, respectively, due to their insignificance.







2/ Other businesses include the industrial estate business and the solar business.




### Brands

SCGD 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 SCGD are as follows:

Brand	Products	Target Customer	Channel
Thailand			
	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"> <li>• COTTO LiFE</li> <li>• Project</li> </ul>
	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"> <li>• Project</li> <li>• COTTO LiFE</li> </ul>
	<ul style="list-style-type: none"> <li>• Floor Tiles</li> <li>• Wall Tiles</li> <li>• Sanitary ware, Faucets and Fittings</li> <li>• Tile Adhesive</li> <li>• Grout</li> </ul>	Focus on middle- to upper-level customers that emphasizes design and product quality	<ul style="list-style-type: none"> <li>• Dealers</li> <li>• Modern Trade</li> <li>• COTTO LiFE</li> <li>• Online</li> <li>• Project</li> <li>• Export</li> </ul>
	<ul style="list-style-type: none"> <li>• Floor Tiles</li> <li>• Wall Tiles</li> </ul>	Focus on mass market and middle-level customers and main cities with reasonable product prices	<ul style="list-style-type: none"> <li>• Dealers</li> <li>• Modern Trade</li> <li>• Klang Ceramic</li> <li>• Online</li> <li>• Project</li> <li>• Export</li> </ul>
	<ul style="list-style-type: none"> <li>• Floor Tiles</li> <li>• Wall Tiles</li> <li>• Sanitary ware, Faucets and Fittings</li> </ul>	Focus on mass market customers with affordable and diverse products	<ul style="list-style-type: none"> <li>• Dealers</li> <li>• Modern Trade</li> <li>• Klang Ceramic</li> <li>• Online</li> <li>• Project</li> <li>• Export</li> </ul>
	<ul style="list-style-type: none"> <li>• Stone Plastic Composite (SPC)</li> <li>• Luxury Vinyl Tile (LVT)</li> <li>•</li> </ul>	Focus on middle- to upper-level customers that emphasizes design and product quality	<ul style="list-style-type: none"> <li>• Dealers</li> <li>• Modern Trade</li> <li>• COTTO LiFE</li> <li>• Online</li> <li>• Project</li> </ul>



Brand	Products	Target Customer	Channel
	<ul style="list-style-type: none"> <li>Floor Tiles</li> <li>Wall Tiles</li> </ul>	Focus on mass market customers with reasonable product prices and diverse pattern	<ul style="list-style-type: none"> <li>Klang Ceramic</li> </ul>
	<ul style="list-style-type: none"> <li>Sanitary ware, Faucets and Fittings</li> </ul>	Focus on mass market customers with reasonable product prices	<ul style="list-style-type: none"> <li>Dealers</li> <li>Modern Trade</li> <li>Online</li> <li>Project</li> </ul>
Vietnam			
	<ul style="list-style-type: none"> <li>Floor Tiles</li> <li>Wall Tiles</li> </ul>	Focus on mass market and middle-level customers with diverse pattern	<ul style="list-style-type: none"> <li>Dealers</li> <li>Modern Trade</li> </ul>
	<ul style="list-style-type: none"> <li>Floor Tiles</li> <li>Wall Tiles</li> <li>Stone Vinyl Composite (SPC)</li> <li>Sanitary ware, Faucets and Fittings</li> <li>Tile Adhesive</li> <li>Grout</li> </ul>	Focus on mass market and project customers with reasonable product prices diverse pattern	<ul style="list-style-type: none"> <li>Dealers</li> <li>Modern Trade</li> </ul>
The Philippines			
	<ul style="list-style-type: none"> <li>Floor Tiles</li> <li>Wall Tiles</li> <li>Stone Vinyl Composite (SPC)</li> <li>Luxury Vinyl Tile (LVT)</li> <li>Sanitary ware, Faucets and Fittings</li> <li>Tile Adhesive</li> <li>Grout</li> </ul>	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"> <li>Dealers</li> <li>Modern Trade</li> <li>Online</li> </ul>
	<ul style="list-style-type: none"> <li>Floor Tiles</li> <li>Wall Tiles</li> </ul>	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"> <li>Dealers</li> <li>Modern Trade</li> <li>Online</li> </ul>
Indonesia			

Brand	Products	Target Customer	Channel
	<ul style="list-style-type: none"> <li>Floor Tiles</li> <li>Wall Tiles</li> </ul>	Focus on upper-level customers who focus on realistic pattern and unique design	<ul style="list-style-type: none"> <li>Kokoh</li> </ul>
	<ul style="list-style-type: none"> <li>Floor Tiles</li> <li>Wall Tiles</li> <li>Stone Vinyl Composite (SPC)</li> <li>Luxury Vinyl Tile (LVT)</li> <li>Sanitary ware, Faucets and Fittings</li> </ul>	Focus on middle- to upper-level customers who focus on realistic pattern and modern and beautiful design	<ul style="list-style-type: none"> <li>Kokoh</li> </ul>
	<ul style="list-style-type: none"> <li>Floor Tiles</li> <li>Wall Tile</li> </ul>	Focus on middle-level and mass market customers who focus on value for money products	<ul style="list-style-type: none"> <li>Kokoh</li> </ul>

Source: Form 247-4

### Distribution Channels

SCGD distributes its products through various channels, including:

1) **Dealers:** both domestically and internationally, SCGD sells its products through dealer networks, such as decorative building material stores and trading stores who buy tiles and bathroom products from SCGD for resale. Dealers are businesses that purchase SCGD products for resale to various customer groups, including project customers and end users. As of 30 June 2023, SCGD had a total of 518 domestic dealers and 257 international dealers. Additionally, there are over 10,000 sub-distributors<sup>2</sup> globally.

2) **Modern Trade:** SCGD sells its products through modern trade channels, which include fully integrated retail outlets for construction materials and home decoration products in Thailand, such as HomePro, Thaiwatsadu, Dohome, Boonthavorn, SCG HOME, and Global House. Additionally, in foreign markets, stores like SCG HOME in Vietnam, Wilcon Depot, All Home in the Philippines, Mitra10, and Depo Bangunan in Indonesia. As of 30 June 2023, SCGD has 19 modern trade channels. SCGD enters into an annual agreement with modern trade distributors. In addition, SCGD also has a standardized pricing policy for its modern trade distributors.

3) **SCGD's Owned Channel:** SCGD has its distribution channels, i.e., "Klang Ceramic" stores, operated by COTTO, as well as new model store "Klang Ceramic Family" which are established in collaboration with construction material retailers in strategic locations. As of 30 June 2023, there are 21 COTTO-operated Klang Ceramic stores and 81 Klang Ceramic Family stores. Additionally, there are 3 COTTO LiFE branches for

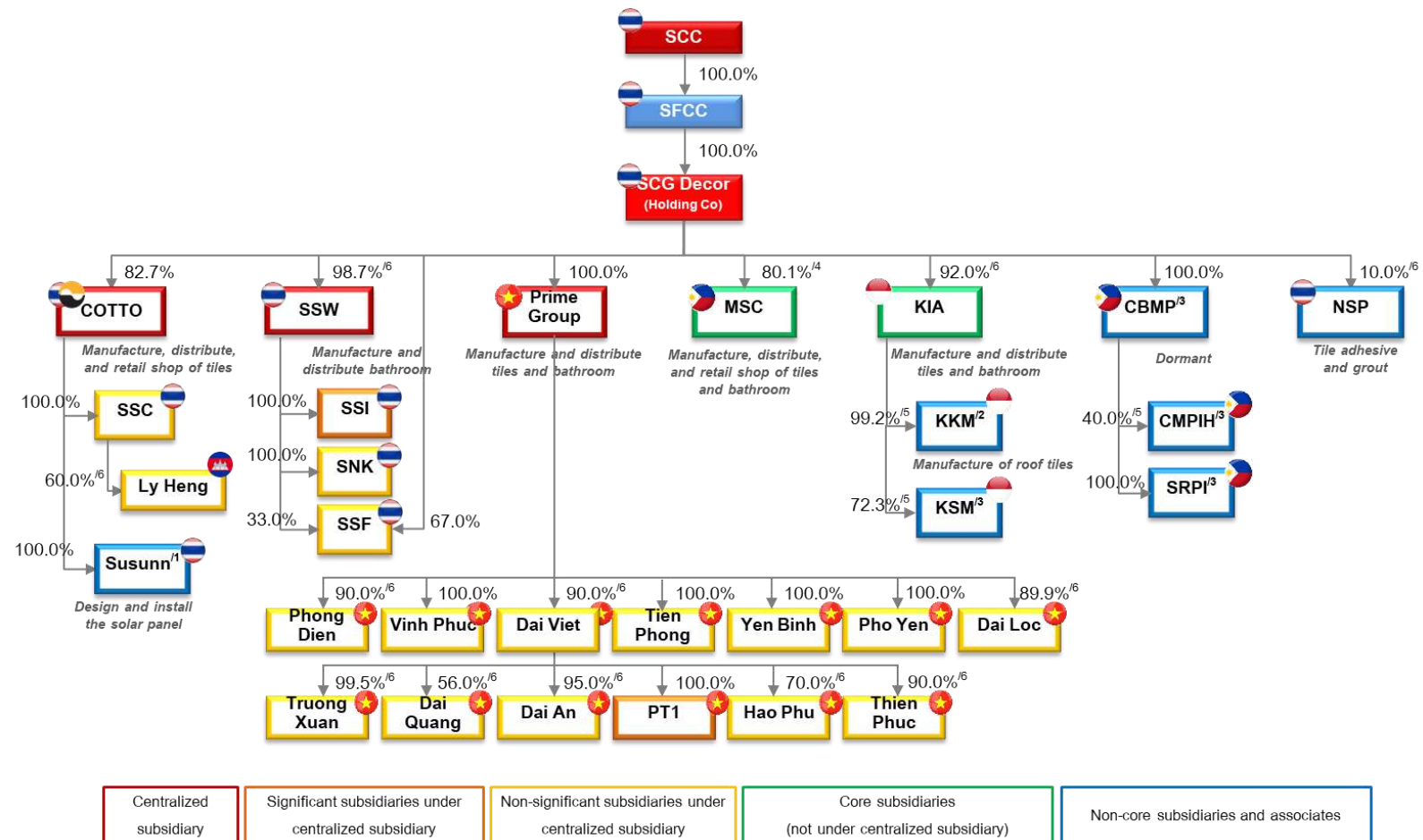
<sup>2</sup> Sub-distributors purchased products from SCGD's dealers for further distribution

distribution in Thailand. In other countries, SCGD operates 27 CTM (Ceramic Tiles and More) stores in the Philippines and 20 BELANJA stores in Indonesia. SCGD also directly serves project customers, including construction contractors involved in various projects, such as housing developments, office buildings, hotels, and government projects.

**4) Export:** SCGD exports its products to more than 57 countries, e.g., Myanmar, Malaysia, Laos, Cambodia, Japan, Korea, Taiwan, Yemen, the United States, Iraq, etc.

### SCGD Corporate Structure

SCGD consists of subsidiaries and associate companies, with a total of 30 companies. The following diagram illustrates the shareholding structure of SCGD as of October 27, 2023:



Source: Form 247-4

## Remarks:

- /1 SUSUNN is gradually reducing its solar business operations.
- /2 SCGD plans to dispose shares and/or assets of KKM from SCGD group in the future.
- /3 Dormant and in the process of registration for dissolution and liquidation. CMPIH and SRPI are currently in the process of registration for dissolution and liquidation. CBMP will be able to dissolve and liquidate after CMPIH and SRPI have completed their registration for dissolution and liquidation. KSM is in the liquidation process, but it cannot be completed yet due to outstanding issues with Indonesian government.
- /4 SCC indirectly holds 3.3 percent of shares in MSC through CCPH and MHI (SCC holds 100 percent of shares in CCPH, CCPH holds 40 percent of shares in of MHI, and MHI holds 8.3 percent of shares in MSC). The remaining shares of MSC are held by other shareholders.
- /5 SCC indirectly holds the remaining shares in KKM, which operates a roofing tile business in Indonesia, and KSM, which is in the liquidation process, through SCG Cement-Building Materials Company Limited
- /6 The remaining shares of this company are held by other shareholders.

Information of SCGD's subsidiaries, as of October 27, 2023, are as follows:

No.	Company name	Abbreviation	Business description	Location	Tel.	Total issued shares (Million shares)	Type of issued shares	SCGD's directly /indirectly holding interests (%)	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
3	Susun 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 ceramic tiles and bathroom products	Cambodia	(855) 9222-2037	0.01	Ordinary shares	49.7	19

No.	Company name	Abbreviation	Business description	Location	Tel.	Total issued shares (Million shares)	Type of issued shares	SCGD's directly /indirectly holding interests (%)	Paid-up capital (THB million)
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
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	The 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

No.	Company name	Abbrevia tion	Business description	Location	Tel.	Total issued shares (Million shares)	Type of issued shares	SCGD's directly /indirectly holding interests (%)	Paid-up capital (THB million)
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
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 in which no shares are issued to shareholders. The Business's investment proportion is as specified in 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

No.	Company name	Abbreviation	Business description	Location	Tel.	Total issued shares (Million shares)	Type of issued shares	SCGD's directly /indirectly holding interests (%)	Paid-up capital (THB million)
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	PT Keramika Indonesia Assosiasi, Tbk	KIA	Manufacture floor tiles and wall tiles	Indonesia	(6221) 386-2322	14,929	Ordinary shares	92.0	5,603
25	PT KIA Keramik Mas	KKM	Manufacture roof tiles	Indonesia	(6221) 386-2322	2,926	Ordinary shares	91.3	2,162
26	PT KIA Serpih Mas	KSM	In process of liquidation	Indonesia	(6221) 386-2322	3,768	Ordinary shares	66.5	1,614
27	SCG Cement-Building Materials Philippines	CBMP	Dormant	Philippines	(632) 717-6901	14	Ordinary shares	100.0	136
28	CMPIH Holdings, Inc.	CMPI	Dormant and in process of liquidation	Philippines	(632) 813-1666	48	Ordinary shares	40.0	55
29	SCG Roofing Philippines	SRPI	Dormant and in process of liquidation	Philippines	(632) 717-6901	57	Ordinary shares	100.0	37

Source: Form 247-4



Details of SCGD's associate companies as of October 27, 2023, are as follows:

No.	Company name	Abbrevia tion	Business description	Location	Tel.	Total issued shares (Million shares)	Type of issued shares	SCGD's directly /indirectly holding interests (%)	Paid-up capital (THB million)
1	Noritake SCG Plaster Company Limited	NSP	Manufacture and distribute cement tile adhesives and tile grouts	Saraburi	0-3637-3578-82	4	Ordinary shares	10.0	405

Source: Form 247-4

### 3.2.2. Registered and Paid-up Capital

As of October 27, 2023, the registered and paid-up capital of the Tender Offeror are as follows:

Registered Capital THB 16,550,000,000, divided into 1,655,000,000 ordinary shares with a par value of THB 10 per share.

Paid-up Capital THB 12,109,000,000, divided into 1,210,900,000 ordinary shares with a par value of THB 10 per share.

### 3.2.3. List of Shareholders of the Tender Offeror

The shareholding structure of SCGD before and after the initial public offering is summarized as follows:

Name of Shareholder	Shareholding Structure after the Initial Public Offering		Shareholding Structure after the Initial Public Offering	
	Number of shares (shares)	Percentage compared to the number of shares sold and percentage compared to the total voting rights of the tender offeror (percent)	Number of shares (shares)	Percentage compared to the number of shares sold and percentage compared to the total voting rights of the tender offeror (percent)
1. The Siam Fibre-Cement Company Limited <sup>(1)</sup>	1,210,897,600	100.0	1,210,897,600	73.4
2. The Concrete Products and Aggregate Company Limited	100	0.0	100	0.0
3. Eco Plant Services Company Limited	100	0.0	100	0.0
4. The Siam Cement (Kaeng Khoi) Company Limited	100	0.0	100	0.0
5. SCG Cement Company Limited	100	0.0	100	0.0
6. SCG International Corporation Company Limited	100	0.0	100	0.0
7. Nexter Digital and Solution Company Limited	100	0.0	100	0.0
8. SCG Distribution Company Limited	100	0.0	100	0.0
9. SCG Landscape Company Limited	100	0.0	100	0.0
10. SCG Cement-Building Materials Company Limited	100	0.0	100	0.0
11. Siam Fibre Cement Group Company Limited	100	0.0	100	0.0
12. Siam Fiberglass Company Limited	100	0.0	100	0.0
13. SCG Roofing Company Limited	100	0.0	100	0.0
14. Cementhai Gypsum Company Limited	100	0.0	100	0.0
15. MRC Roofing Company Limited	100	0.0	100	0.0

Name of Shareholder	Shareholding Structure after the Initial Public Offering		Shareholding Structure after the Initial Public Offering	
	Number of shares (shares)	Percentage compared to the number of shares sold and percentage compared to the total voting rights of the tender offeror (percent)	Number of shares (shares)	Percentage compared to the number of shares sold and percentage compared to the total voting rights of the tender offeror (percent)
16. The Siam Cement (Ta Laung) Company Limited	100	0.0	100	0.0
17. CPAC Construction Solution Company Limited	100	0.0	100	0.0
18. SCG Holding Company Limited	100	0.0	100	0.0
19. CTO Management Company Limited	100	0.0	100	0.0
20. Nexter Ventures Company Limited	100	0.0	100	0.0
21. Dhara Pipe Company Limited	100	0.0	100	0.0
22. RIL 1996 Company Limited	100	0.0	100	0.0
23. Property Value Plus Company Limited	100	0.0	100	0.0
24. Cementhai Holding Company Limited	100	0.0	100	0.0
25. The Siam Refractory Industry Company Limited	100	0.0	100	0.0
26. Other shareholders of COTTO <sup>(2)</sup>	-	-	164,571,947 - 220,408,858	10.0 – 13.4
27. Public <sup>(3)</sup>	-	-	218,691,142 - 274,528,053	13.3 – 16.6
<b>Total</b>	<b>1,210,900,000</b>	<b>100.0</b>	<b>1,650,000,000</b>	<b>100.0</b>

Source: Form 247-4

Remark:

1/ The list of shareholders of The Siam Fibre-Cement Company Limited as of October 27, 2023, is as follows:

Name of Shareholder	Number of Shares (Shares)	Shareholding Percentage (Percent)
1. SCC <sup>(1)</sup>	109,996,459	100.0
2. Other individual shareholders <sup>(2)</sup>	3,541	0.0
<b>Total</b>	<b>110,000,000</b>	<b>100.0</b>

Remark:

(1) SCC is the indirect major shareholder of SCGD (through The Siam Fibre-Cement Company Limited, and is a listed company in the SET engaged in the business of holding shares in other companies (holding company) by holding shares or investing in 3 main businesses, namely the cement and Cement-Building Materials business Chemicals business and Packaging business

(2) The other individual shareholders consist of 21 third parties

2/ Only the shares issued as a consideration of the Tender Offer of COTTO's minority shareholders and assume all COTTO's minority shareholders accept the Tender Offer.

3/ Including SCC's shareholders who are eligible for the share allocation in proportion to their shareholdings (Pre-emptive Right), COTTO's shareholders (excluding SCGD) who are eligible for the share allocation in proportion to their shareholdings, institutional investors and the juristic persons who are eligible to participate in the book building process, the patrons of SCGD and its subsidiaries and the persons under discretion of underwriters of SCGD.

### 3.2.4. Board of Directors

As of October 27, 2023, the Board of Directors of SCGD consists of 9 directors, as follows:

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

Source: Form 247-4

### 3.2.5. Summary of Financial Position and Performance of the Tender Offeror

A summary of the financial position and performance of the Tender Offeror for the fiscal years ended December 31, 2020, 2021, and 2022, and the 6-month period ended June 30, 2023, is as follows:

Consolidated Pro-forma Financial Information (Unit: THB million)	Fiscal Year ended December 31			6-month Period ended June 30
	2020	2021	2022	2023
Total assets	37,272.5	40,379.8	40,575.9	40,935.3
Total liabilities	21,373.6	21,582.4	21,264.0	20,701.4
Shareholders' equity	15,898.8	18,797.4	19,311.9	20,233.9
Registered capital	7,909.0	7,909.0	7,909.0	16,550.0
Issued and paid-up capital	7,909.0	7,909.0	7,909.0	12,109.0
Total revenue <sup>1/</sup>	24,969.8	26,486.7	30,885.5	14,640.7
Total costs and expenses <sup>2/</sup>	23,733.9	25,084.8	30,242.4	14,359.8
Net profit	1,235.9	1,401.9	643.1	280.9

Consolidated Pro-forma Financial Information (Unit: THB million)	Fiscal Year ended December 31			6-month Period ended June 30
	2020	2021	2022	2023
Earnings per share (THB) <sup>3/</sup>	1.6	1.8	0.8	0.2
Dividend per share (THB) <sup>3/</sup>	-	-	-	3.4
Book value per share (THB) <sup>3/</sup>	20.1	23.8	24.4	16.7

Source: Form 247-4

Remark: 1/ Total revenue includes revenue from business operations and other income.

2/ Total costs and expenses comprise cost of sales, distribution costs, management expenses, financial costs, and income tax expenses.

3/ Calculated based on the total number of shares issued and fully paid.

Please study additional details on the financial status and results of business operation of the Tender Offer from the registration statement and prospectus and the financial statements form the SEC website <https://market.sec.or.th/public/ipo/IPOSEQ01.aspx?TransID=539740&lang=th>

### 3.2.6. Significant Obligations

Significant obligations of the Tender Offeror as of December 31, 2022, and June 30, 2023, are detailed as follows:

Unit: THB million	As of December 31, 2022	As of June 30, 2023
Letters of guarantee issued by banks to government agencies, state enterprises, and private individuals	48.9	73.0
Letter of credit opened but not yet qualified as debt	83.7	41.0
Obligations		
- Under lease and service agreements	17.4	19.8
- Under office building construction and maintenance agreement	82.6	183.5

Source: Form 247-4 (Consolidated Pro-forma financial information of SCGD)

### 3.2.7. Criminal Offence History

- None -

### 3.2.8. Outstanding Legal Disputes

As of June 30, 2023, SCGD and its subsidiaries do not have any significant legal disputes, arbitration cases, or other pending litigation. However, KIA, a subsidiary of SCGD, currently has a claim from a government agency in Indonesia, which puts SCGD at risk of liability related to such claim. The details are as follows:

#### Background

In late 2022, KIA, a company listed in the Indonesian stock exchange, received a notification from Indonesian government authorities that KIA and its subsidiary, "PT KIA SERPIH MAS" ("KSM"), had a liability towards a government agency totaling approximately THB 3,000 million. This liability was referred to the debts and obligations of the minority shareholders which are founders of KIA (the "KIA Founder"), who have no connection with SCGD and SCC. The KIA Founder received financial aid from the Indonesian government to solve the liquidity problems of the bank which the KIA Founder owned during the 1998 economic crisis and that

the KIA Founder had placed various assets and shares, including shares of KIA and its subsidiaries, as collateral for debt repayment to the Indonesian government. The Indonesian government agency has taken over the banking business and ordered to close the bank's business subsequently.

In the past, KIA had entered into loan agreements with several banks, including the bank owned by the KIA Founder (the loan value from such bank is approximately THB 740 million). When the Indonesian government agency took control and ordered the closure of the bank owned by the KIA Founder, the government agency transferred the loan debt between KIA and the bank to third party. This loan was subsequently transferred multiple times until they were finally converted into equity in 2008 by issuing new shares (Series B) which were different from the existing shares (Series A) which the KIA Founder held. In 2011, SCGD acquired shares in KIA (Series B) arising from the aforementioned conversion of loans into equity through the Indonesian Stock Exchange. Before acquiring the shares, SCGD engaged a reputable local legal advisor to conduct due diligence and did not find that KIA had any liability towards Indonesian government agencies nor that KIA's shares were encumbered or pledged to any government agencies.

#### Status of Claims and Actions by SCGD and KIA

Currently, there is uncertainty regarding whether KIA and its subsidiary will be held responsible for the liabilities claimed by the Indonesian government agencies and to what extent it might impact them, given the available evidence still cannot indicate that KIA and its subsidiaries are liable to the Indonesian government agencies. The legal advisor in Indonesia of SCGD and KIA is of the opinion that from the documents and evidence available, it cannot indicate that KIA and its subsidiaries are liable to the Indonesian government, and the shares of KIA which SCGD acquired according to the sale and purchase agreement were newly issued shares, Series B (which the transferor obtained by converting loans into equity), not the then existing shares (Series A), which the KIA Founder was holding. These Series B shares were not encumbered or pledged to any the Indonesian government. As the Indonesian government agency has taken control of the bank owned by the KIA Founder and has transferred the debt to third party, the government agency should have received consideration for the debt transfer and has no right to enforce such debt against KIA. Thus, SCGD and KIA have the legal rights to further prove their facts and honesty in any actions of the relevant government agencies of Indonesia which must be in accordance with the legal process.

SCGD and KIA have cooperated in providing additional information and documents as requested by relevant Indonesian government agencies, including documents showing that SCGD has completed the due legal procedures in acquiring the business of KIA through the Indonesian stock exchange and has been conducting business in accordance with the laws with integrity. Additionally, KIA has sent a letter of appeal to the President of Indonesia and a letter of objection to the relevant Indonesian government agency in order to end debt claims and suspend the entry into the registration system. However, KIA received a reply from the State Secretary Minister that the actions taken by government agencies in Indonesia were in accordance with the provisions of the applicable laws and regulations. At present, relevant government agencies of Indonesia has not yet been filed a lawsuit to demand repayment of the debt as claimed.

Risks and Impact to SCGD and KIA

According to the facts and legal advisor's opinion above, there remains uncertainty as to whether KIA and its subsidiaries will be liable for debts incurred to Indonesian government agencies and to what extent the amount of the impact will be. If the Indonesian government agency can prove that KIA and its subsidiaries shall be liable, and the legal litigation process has been final, there will be a negative impact on the business, financial status and performance of SCGD, as follows:

(1) KIA and its subsidiaries must pay the debt to the Indonesian government agency as claimed.

(2) If cannot pay such obligation, the Indonesian government agencies may seize KIA's assets.

However, SCGD, as a shareholder, will not be liable for the obligation that Indonesian government agencies may demand from KIA. The maximum impact that will occur to SCGD will not exceed the value of the investment that SCGD invested in KIA (SCGD has a net investment value in KIA based on SCGD's separate financial statements as of June 30, 2023 amounting to THB 895 million and the net asset value of KIA and its subsidiaries booked in SCGD's consolidated financial statements as of June 30, 2023 amounting to THB 1,947 million, and will include losses from translation of financial statements which will alter according to the exchange rate used to convert the values to prepare the consolidated financial statements in each period. The aforementioned investment value according to the separate financial statements and the net asset value of KIA and its subsidiaries booked in the consolidated financial statements may change in the future.

However, the operating results of KIA and its subsidiaries represent a small portion in comparison to the overall performance of SCGD. In the 6-month period ended June 30, 2023, KIA and its subsidiary had sales revenue of approximately THB 587 million, accounting for only approximately 4 percent of SCGD's total sales revenue, with a net loss of approximately THB (55) million.

**3.3. Information of the Tender Offer Preparer**

<b>Name</b>	Bualuang Securities Public Company Limited
<b>Address</b>	29 <sup>th</sup> Floor, Silom Complex Office Building, 191 Silom Road, Silom, Bangrak, Bangkok 10500
<b>Telephone</b>	0-2618-1141-43, 46-47 or 0-2618-1122, 1133
<b>Facsimile</b>	0-2618-1120

Source: Form 247-4

**3.4. Tender Offer Agent**

<b>Name</b>	Bualuang Securities Public Company Limited
<b>Address</b>	29 <sup>th</sup> Floor, Silom Complex Office Building, 191 Silom Road, Silom, Bangrak, Bangkok 10500
<b>Contact Person</b>	8. Khun Thanamas Pungpo 9. Khun Piyaporn Kwannoi 10. Khun Benjawan Phasuk 11. Khun Suwalee Silaon 12. Khun Jarupa Sae-Jang 13. Khun Malee Viriyahiranpaiboon or

	14. Khun Manisa Varakdee (Operations Department)
Telephone	0-2618-1141-43, 46-47 or 0-2618-1122, 1133
Facsimile	0-2618-1120

Source: Form 247-4

### 3.5. Information of Other Advisors

Name	Weerawong, Chinnavat and Partners Company Limited
Role	Legal Advisor
Address	540 Mercury Tower Building, 22nd Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	0-2264-8000
Facsimile	0-2657-2222

Source: Form 247-4

Name	The Capital Law Office Limited
Role	Legal Advisor
Address	16th Floor, 44 Smooth Life Tower, North Sathorn Road, Silom, Bangrak, Bangkok 10500
Telephone	0-2633-9088
Facsimile	0-2633-9089

Source: Form 247-4

### 3.6. Source of funds of the Tender Offeror for the Tender Offer

Given that the Tender Offeror will issue and offer the Shares Consideration to the Business's securities holders who accept the Tender Offer where there will be no cash alternative. Therefore, the Tender Offeror is not required to have a source of funds to support the conducting of this Tender Offer.

In this regards, the Tender Offeror's Extraordinary General Meeting of Shareholders No. 3/2023 held on June 2, 2023, resolved to approve the conversion from a limited company to a public company limited which also included the capital increase and the issuance and allocation of the Tender Offeror's newly issued ordinary shares to the Business shareholders as consideration for the Tender Offer and the IPO. The Tender Offeror has proceeded to register the increase of its registered capital with the Ministry of Commerce on June 7, 2023, and received an approval from the SEC for the offer of its newly issued ordinary shares on October 10, 2023 and allocated its newly issued ordinary shares of up to 220,408,858 shares which is the maximum amount that may be required to support the Tender Offer (or the ordinary shares of 164,571,947 - 220,408,858 shares, if calculated based on the preliminary swap ratio).

In this regard, the amount of the offered newly issued ordinary shares does not include the compensation for the Business' shares being held by the Tender Offeror in the amount of 4,934,046,562 shares, equivalent to 82.75 percent of the total number of issued and paid-up shares of the Business.



### 3.7. Share Sale Plan

Currently, the Tender Offeror has no intention to sell or transfer a significant number of the Business's securities that has been acquired through this Tender Offer to any party within a 12-month period from the end of this Tender Offer period, except for any of the followings:

- The Tender Offeror is obligated to comply with the applicable laws and/or regulations in effect during such period;
- The Tender Offeror sells or transfers the securities to any person who is a person under Section 258 of the Tender Offeror;
- A shareholding restructuring, a business group restructuring or a capital restructuring is taken by the Tender Offeror in order to optimize the benefits of the Tender Offeror's shareholders and the Business.

### 3.8. Relationship between the Tender Offeror and the Business, Major Shareholders, or Directors of the Business

#### 3.8.1 Summary of contracts / agreements / memorandum of understandings made by the Tender Offeror before submitting the tender offer for the securities with the purpose of acquiring or disposing of the significant securities of the business, regardless of whether such contracts / agreements / memorandum of understandings was made to purchase or sell securities in the tender offer.

The Tender Offeror has not entered any contracts, agreements, or memorandum of understandings with the business, major shareholders, or directors of the Business regarding the Tender Offer or the sale of securities of the Business. On March 29, 2023, the Tender Offeror merely expressed its intention to the business to carry out business restructure, including the tender offer for all remaining securities of the Business for the purpose of delisting the securities of the Business from being listed in the SET. This was done to enable the Business to comply with the laws, as the Business had disclosed the information through the SET for the shareholders' acknowledgement earlier.

#### 3.8.2 Direct or Indirect Ownership of Shares by the Tender Offeror or Authorized Person to Bind the Tender Offeror in the Business or Major Shareholders of the Business

##### 3.8.2.1 Ownership of Shares in the Business and Major Shareholders of the Business of the Tender Offeror

As of September 29, 2023, The Tender Offeror directly holds 4,934,046,562 shares of the Business, representing 82.75 percent of the total issued and paid-up shares of the Business. The Siam Fibre-Cement Company Limited, the major shareholder of the Tender Offeror, directly holds 126 shares of the Business, representing 0.00 percent of the total issued and paid-up shares of the Business.

##### 3.8.2.2 Ownership of Shares in the Business by Authorized Directors and the Tender Offeror

- None-

### 3.8.3 Direct or Indirect Ownership of Shares by the Business, Major Shareholders, or Directors of the Business in the Tender Offeror

#### 3.8.3.1 Ownership of Shares in the Tender Offeror by the Business

- None -

#### 3.8.3.2 Ownership of Shares in the Tender Offeror by Major Shareholders of the Business

- None -

#### 3.8.3.3 Ownership of Shares in the Tender Offeror by Directors of the Business

- None -

### 3.9. Other Relationships

#### 3.9.1 Common Directors and/or Executives

As of October 27, 2023, the Tender Offeror and the business have common director and/or executives, as follow:

Name	Role in the Business	Role in the Tender Offeror
1. Mr. Nithi Patarachoke	Chairman of the Board of Directors / Chairman of the Executive Committee / Member of the Nomination, Remuneration and Corporate Governance Committee	Vice Chairman of the Board of Directors / Chairman of the Nomination, Remuneration and Corporate Governance Committee / Member of the Executive Committee
2. Mr. Numpol Malichai	Director / Member of the Executive Committee / Managing Director	Director / Member of the Executive Committee / Chief Executive Officer and Managing Director
3. Mr. Kittiphong Photaranon	Director / Member of the Executive Committee	Chief Operation and Technology Officer
4. Mr. Chaovalit Ekabut	Director	Director / Member of the Nomination, Remuneration and Corporate Governance Committee
5. Mrs. Voranun Sodanin	Chief Financial Officer	Chief Accounting Officer

Source: Form 247-4

#### 3.9.2 Related Transactions between the Tender Offeror, the Business and its subsidiaries

For the year ended December 31, 2022, and 6-month period ended June 30, 2023, the Business and its subsidiaries entered the related transactions with the Tender Offeror and its subsidiaries as follows:

Type of transaction	Company with related transactions	Value of related transactions (THB million)	
		Year ended December 31, 2022	6-month period ended June 30, 2023
1. Revenue of the Business and the subsidiaries			
Revenue from sale of goods and services	SCG Decor Public Company Limited	0.1	-
	Siam Sanitary Ware Company Limited	-	-
	Siam Sanitary Ware Industry Company Limited	32.4	13.3
	Siam Sanitary Ware Industry (NongKhae) Company Limited	25.8	5.8
	Siam Sanitary Fitting Company Limited	4.5	8.5
	Prime Group Joint Stock Company	0.1	-
	Prime - Vinh Phuc Joint Stock Company	0.6	-
	Prime Dai Loc Joint Stock Company	0.3	-
	Prime Dai Viet Joint Stock Company	0.2	-
	Mariwasa-Siam Ceramics, Inc.	60.1	22.1
Other income	Siam Sanitary Ware Company Limited	0.1	1.0
	Siam Sanitary Ware Industry Company Limited	2.7	1.8
	Siam Sanitary Ware Industry (NongKhae) Company Limited	0.2	0.1
	Prime - Vinh Phuc Joint Stock Company	0.7	-
	Prime Dai Loc Joint Stock Company	0.8	-
	Prime Dai Viet Joint Stock Company	0.5	-
	PT Keramika Indonesia Assosiasi, Tbk	0.2	-
	Mariwasa-Siam Ceramics, Inc.	0.2	-
2. Purchase and Expenses			
Purchase and Expenses	Siam Sanitary Ware Company Limited	3.4	2.4
	Siam Sanitary Ware Industry Company Limited	24.0	13.0
	Siam Sanitary Ware Industry (NongKhae) Company Limited	-	0.0
	Prime Trading, Import and Export One Member Limited Liability Company	220.3	140.5
	Mariwasa-Siam Ceramics, Inc.	0.3	-
3. Revenue from renting of assets			
Rent and Service fee	Siam Sanitary Ware Industry Company Limited	5.5	3.7
Rent	SCG Decor Public Company Limited	1.3	3.1

Source: Form 247-4

## 3.10. Other relevant information for the securities holders' decision-making

## 3.10.1 The securities held by the Tender Offeror (As of September 29, 2023)

## 3.10.1.1 Ordinary shares

Name	Class of shares	Number of shares	Percentage compared to the total number of issued and paid-up shares of the Business	Percentage compared to the total number of voting rights of the Business
I. The Tender Offeror	Ordinary Share	4,934,046,562	82.75	82.75
II. Persons in same group as the Tender Offeror	-	-	-	-
Persons under Section 258 of the Persons in I and II, i.e., Siam Fibre-Cement Company Limited	Ordinary Share	126	0.00	0.00
III. Other agreements that lead to acquisition of additional share of the Persons in I to III	-	-	-	-
Total		4,934,046,688	82.75	82.75

Source: Form 247-4

## 3.10.1.2 Convertible securities

- None -

## 4 Independent Financial Advisor's Opinion on the Offer Price

### 4.1 Appropriateness of the Offer Price of the Company's ordinary shares

Subject to the Restructuring Plan, SCGD will make the Tender Offer to every shareholder of the Company that accepts the Tender Offer at THB 2.40 per share (the Offer Price). SCGD will pay consideration for the Tender Offer with the newly issued ordinary shares of SCGD (Shares Consideration) with no cash alternative. The Company's shareholders accepting the Tender Offer will be allocated Shares Consideration according to the swap ratio of the Company's shares and Shares Consideration, which will be calculated from the Offer Price of the Company's shares divided by the final IPO price of SCGD, which will be determined in the book building process in the future (Final IPO Price).

In this regard, IFA has evaluated and considered the fair value of COTTO, and appropriateness of the Company Offer Price based on information received from COTTO such as audited financial statement, internal financial statement, business plan, market information, projection and financial assumptions, interviews with management and other related documents, including information the COTTO disclosed to the public.

Nonetheless, our opinion given herein assumes that all information and documents obtained from the Company are complete and correct. Moreover, our opinion is based on the information prevailing at the time of this study. Accordingly, any significant change in these factors will materially impact the business operation, financial projection and the share valuation of COTTO, including the shareholders' decision.

IFA has evaluated the Company's share price by using the following 7 approaches:

1. Book Value Approach
2. Adjusted Book Value Approach
3. Market Value Approach
4. Price to Book Value Ratio Approach: P/BV Ratio
5. Price to Earnings Ratio Approach: P/E Ratio
6. Precedent Transaction Comparable Approach
7. Discounted Cash Flow Approach: DCF

After studying information, documents and other related information, IFA can summarize the evaluation of COTTO's shares as follows:

#### 4.1.1 Book Value Approach

This valuation approach will apply the book value of net assets (total assets minus total liabilities), or COTTO shareholders' equities divided by the total number of shares. The result is the book value per share. The Company's share valuation is based on the reviewed financial statement from auditor that allowed by COTTO as of September 30, 2023, as follow:

No.	Details	Values (THB million)
1	Paid-up capital	5,962.62
2	Share premium on ordinary shares	1,133.59
3	Other surpluses <sup>1/</sup>	211.06
4	Retained earnings (losses) Appropriated – Legal reserve	267.06
5	Retained earnings (losses) Unappropriated	1,684.49
6	Other components of shareholders' equity <sup>2/</sup>	(43.53)
7	Total equity attributable to owners of the Company (7) = (1) + (2) + (3) + (4) + (5) + (6)	9,215.30
8	Number of the Company's paid-up shares (million shares) <sup>3/</sup>	5,962.62
9	Book value per share (THB) (9) = (7) / (8)	1.55

Remark: 1/ Surplus on purchase of company under common control

2/ Other components of equity arise from the difference between the acquisition price and the book value of the non-controlling interest acquired as a result of the acquisition.

3/ Par value is THB 1.00 per share

According to the Book Value Approach, the Company's share value is THB 1.55 per share or equal to THB 9,215.30 million which is lower than the Offer Price at THB 2.40 per share by THB (0.85) per share or (35.60%) of the Offer Price.

The Book Value Approach only reflects the financial position of the Company as of September 30, 2023. It does not consider the current market value of the asset and the Company's ability to earn profit in the future and the competitiveness of the Business, but it can be used as a reference price to reflect the basic price of the Company's shares. Therefore, IFA views that this approach is not suitable for evaluating the value of COTTO's shares for this valuation.

#### 4.1.2 Adjusted Book Value Approach

By this approach, the share value is derived from the COTTO's total assets, reduced by total liabilities, commitments and contingent liabilities as shown in the financial statements as of September 30, 2023 and adjusted by the items occurred after the end of accounting period or the items that may better reflect the actual value such as asset revaluation or impairment to reflect prevailing market value of net assets, reversal of allowance for doubtful account or bad debt, business licenses, goodwill, patent, brand value, dividend payment, share repurchase, investment value or losses carried forward, etc. then divided by total number of paid-up shares of COTTO.

To provide the shareholders with the most up-to-date view of the asset value, the Company therefore conducts a detailed appraisal of the asset value. In the adjusted book value approach, IFA therefore used book value of the Company as of September 30, 2023 adjusted with an increase or a decrease on the reappraised value of items in the financial statements, including land and buildings, machines and equipment, intangible assets for business, investment property, and land development for sale, according to the appraisal report

prepared by independent asset appraisers, who are property valuer companies in the capital market and is accredited by the Valuers Association of Thailand (“VAT”) and the SEC. The shareholders can consider the details of the asset appraisal method in *Attachment 1 of this report*. In this regard, IFA views that the method and value used by independent property appraisers are appropriate and therefore used as a reference in valuing shares by this method.

Details of the total assets of the Business

No.	Detail	Value according to consolidated financial statements As of September 30, 2023 (THB million)	% of Total Assets
1	Land development for sale	394.28	3.25
2	Investment property	406.20	3.35
3	Plant, property, and equipment	4,429.69	36.56
4	Intangible assets	44.50	0.37
5	Other current assets	6,384.98	52.70
6	Other non-current assets	454.95	3.76
	<b>Total assets</b>	<b>12,114.59</b>	<b>100.00</b>

In evaluating the values of assets, the Company appointed independent asset appraisers who are property valuer companies in the capital market and is accredited by the Valuers Association of Thailand (“VAT”) and the SEC, First Star Consultant Company Limited and Thai Surveyor & Advisory Company, to assess the value of the Company’s land and buildings, machines and equipment, intangible assets for business, investment property, and land development for sale for public purpose objective as of October 15 – 16, 2023 according to the appraisal report issuance date, to know the current value. In this regard, IFA has considered adjusting the book value of the assets with an increase or decrease obtained by comparing the book value with the asset’s appraised value.

In this assessment independent asset appraisers choose a valuation method that is suitable for the nature of the assets. The appraisal method used by the independent appraiser can be summarized as follows:

1. **Market Approach:** This method is considered the best and clearest, because it is important to analyze the value of market trading, that is, if the market is sufficiently traded, it can be directly compared with the appraised assets. Essentially, “the values of the property = the price of other comparable assets that can be sold”. The approach is to search for similar assets that are close to being traded, also known as market information, and consider how similar or different from the appraised assets, with enough data. The analysis must consider various factors that affect the value. In comparison of both the appraised property and the market data to be compared, such as location, city plan, land plot size, building usable area, building quality, etc., and then analyze

- the property value to be appraised using various appropriate techniques such as Sale Adjustment-Grid Method, Weighted Quality Score (WQS), etc. (Source: First Star Consulting Company Limited)
2. Cost Approach: The key principle is "The value of one thing = the cost of finding something else that is comparable". The method is to estimate the cost of building a new replacement building based on current price, then deducted by depreciation based on useful life to get the value of that property. This method is mostly used for properties with specific buildings such as factories. In the case of housing estates, using the market comparison method would be more appropriate. In the event of falling property prices, while the cost of construction materials is high, sometimes the cost calculated may be higher than the market value. Therefore, the evaluation in this way may be distorted from the truth. (Source: First Star Consulting Company Limited.)
  3. Depreciated Replacement Cost Approach: A valuation using the Depreciated Replacement Cost Approach for buildings and related developments, because the property is unique and held for own use and the Market Approach for land because the appraised property is a property with market information that can be directly compared (Source: First Star Consulting Company Limited)
  4. The Market Comparison Method as the Main Method and Depreciated Replacement Cost Approach to Review: A valuation by using Market Comparison Approach because the assets have market data that can be compared and uses the Depreciated Replacement Cost Approach to check and compare with the first method. (Source: First Star Consulting Company Limited)
  5. Cost Approach: This approach is the valuation of machinery and equipment "machinery" by the cost method. It is an estimate of the cost of a new machine to be brought to replace a new one, then deducted by physical deterioration, functional obsolescence, economic depreciation, or external factors (Economic Obsolescence). There are two ways to find new replacement costs: Replacement Cost New and Reproduction Cost New (Source: Thai Surveyor and Advisory Company Limited.)

The details of the asset appraisal by independent asset appraisers can be summarized as follows:

Comparison table of the appraisal value of assets by independent asset appraisers with the book value of the assets

No.	Property/Project	Type of Appraised Property	Appropriate Evaluation Approach Selected by the Independent Asset Appraiser	Book value as of Sep 30, 2023 (THB million)	Value Deemed Appropriated by the Independent Asset Appraiser (THB) <sup>1/</sup>	The appraised value higher/(lower) than the Book Value (THB million)
1	Hinkong factory	Machines, Equipment and Intangible Assets	Cost Approach	373.74	1,071.75	698.00
2	Nong Khae Industrial Estate Factory	Machines, Equipment and Intangible Assets	Cost Approach	705.47	961.25	255.78
3	Nong Khae Factory 1	Machines, Equipment and Intangible Assets	Cost Approach	208.01	658.04	450.03
4	Industrial Estate Business	Land improvements, Buildings, Machines, Equipment and Intangible Assets	Cost Approach	146.37	200.48	54.11
5	Klang Ceramic Factory (Outlet)	Buildings, Related Developments, Machines and Equipment	Cost Approach	97.37	112.68	15.31
6	Don Mueang Office	Equipment and Intangible assets	Cost Approach	0.83	5.82	4.98



No.	Property/Project	Type of Appraised Property	Appropriate Evaluation Approach Selected by the Independent Asset Appraiser	Book value as of Sep 30, 2023 (THB million)	Value Deemed Appropriated by the Independent Asset Appraiser (THB) <sup>1/</sup>	The appraised value higher/(lower) than the Book Value (THB million)
7	Marketing Department	Buildings, Related Developments, Machines, Equipment and Intangible Assets	Cost Approach	32.13	41.99	9.86
8	Sosuco Factory	Machines Equipment and Intangible assets	Cost Approach	148.95	491.60	342.64
9	SUSUNN Smart Solution Factory	Machines and Intangible assets	Cost Approach	1.08	1.21	0.13
10	Hin Kong Factory Land	Land with Building	Depreciated Replacement Cost Approach	149.73	670.89	521.16
11	Land, Nong Chorakhe Subdistrict, Nong Khae District, Saraburi Province	Vacant Land	Market Comparison Approach	2.07	4.47	2.40
12	Land-Factory Pre-Blending	Land with Building	Depreciated Replacement Cost Approach	5.96	112.94	106.98
13	Land-Factory, Nong Khae Industrial Estate	Land with Building	Depreciated Replacement Cost Approach	606.62	1,440.51	833.89
14	Land, Nong Khae Subdistrict, Nong Khae District, Saraburi Province	Land with Building	Market Comparison Approach	9.65	2.81	(6.84)
15	Water Reservoir in Industrial Estate	Vacant Land	Market Comparison Approach	37.28	Not Appraised <sup>2/</sup>	-
16	Land, Mueng Din	Vacant Land	Market Comparison Approach	118.62	84.88	(33.74)
17	Land-Factory, Nong Pling Subdistrict, Nong Khae District	Land with Building	Depreciated Replacement Cost Approach	489.13	835.30	346.17
18	Land next to Industrial Estate, Nong Khai Nam Subdistrict, Nong Khae District	Vacant Land	Market Comparison Approach	37.15	26.45	(10.70)
19	Land, Khok Yae Subdistrict, Nong Khae District	Land with Building	Market Comparison Approach	2.90	75.74	72.84
20	Land - water pump plant, Nong Khae Subdistrict, Nong Khae District	Land with Building	Depreciated Replacement Cost Approach	8.77	12.47	3.70
21	3 groups of land, Khok Yae Subdistrict, Nong Khae District	Vacant Land	Market Comparison Approach	14.51	37.31	22.80
22	Land, Nong Chorakhe Subdistrict, Nong Khae District	Vacant Land	Market Comparison Approach	31.55	70.02	38.47
23	3 groups of land, Khok Yae Subdistrict, Nong Khae District	Vacant Land	Market Comparison Approach	18.30	74.71	56.41
24	Land, Ban Uam Subdistrict, Mueang District, Lampang Province	Vacant Land	Market Comparison Approach	1.37	11.48	10.11
25	Land, Ban Sa Subdistrict, Chae Hom District, Lampang Province	Vacant Land	Market Comparison Approach	0.18	0.81	0.63
26	Land, Ban Lang Subdistrict, Mueang District, Lampang Province	Vacant Land	Market Comparison Approach	0.24	2.90	2.66
27	Land, Kluay Phae Subdistrict, Mueang District, Lampang Province	Vacant Land	Market Comparison Approach	28.82	63.49	34.67

No.	Property/Project	Type of Appraised Property	Appropriate Evaluation Approach Selected by the Independent Asset Appraiser	Book value as of Sep 30, 2023 (THB million)	Value Deemed Appropriated by the Independent Asset Appraiser (THB) <sup>1/</sup>	The appraised value higher/(lower) than the Book Value (THB million)
28	Panya Resort Suite, Sriracha District, Chonburi	Residential Suite	Market Comparison Approach	0.35	20.76	20.41
29	Land, Ratchada Road, Wong Sawang, Bang Sue, Bangkok	Vacant Land	Market Comparison Approach	69.52	230.18	160.66
30	Water pipeline - gas pipeline in the industrial estate	Vacant Land	Market Comparison Approach	0.00	Not Appraised <sup>2/</sup>	-
31	Plot of land for sale – common area 16 deeds	Vacant Land	Market Comparison Approach	83.97	197.20	113.23
32	7 groups of land around the industrial estate	Vacant Land	Market Comparison Approach	266.05	500.87	234.82
33	Land, Khok Yae Subdistrict, Nong Khae District	Vacant Land	Market Comparison Approach	54.68	80.73	26.05
34	Land – Factory	Land with Building	Depreciated Replacement Cost Approach	204.14	436.61	232.47
35	Land, Kotchasit Subdistrict, Nong Khae District	Vacant Land	Market Comparison Approach	8.66	18.06	9.40
36	Condo Rangsit	Residential Suite	Market Comparison Approach	0.00	0.32	0.32
37	Townhouse Nakhon Pathom	Land with Building	Market Comparison Approach	0.00	1.50	1.50
38	Choc Chiangmai Project	Land with Building	Market Comparison Approach	46.79	47.50	0.71
39	Land, Soi Ban Bua Loi Klang Na	Land with Building	Cost Approach	411.85	697.60	285.75
40	Machinery and Equipment Soi Bua Loy Klang Nah Village	Machinery and Equipment	Cost Approach	107.08	129.96	22.87
Total				4,529.90	9,433.28	4,940.66
Less 20% income tax for adjusting the value of land development for sale <sup>4/</sup>						(70.17)
Net total						4,870.49

Remark: 1/ Details according to Attachment 1

2/ The assets are separated for public utilities or public services within the land allocation project (water park). Therefore, the FS did not appraise the assets.

3/ The assets are separated for public utilities or public services within the Nong Khae Industrial Estate. Therefore, the FS did not appraise the assets.

4/ The Company's land development for sale has a book value as of September 30, 2023, and an appraised value by the Independent Asset Appraiser of THB 394.28 million and THB 745.13 million, respectively, resulting in a surplus value of THB 350.85 million, deducting 20% of the added value equal to THB 70.17 million.

Therefore, from the appraisal of assets by independent asset appraisers as mentioned above IFA therefore has considered adjusting the book value of COTTO from the surplus or deficit obtained by comparing the book value of the asset with the appraised value of that asset from the appraisal by independent asset appraisers totaling THB 4,870.49 million.

In this regard, IFA has reviewed the information in the asset appraisal report of independent asset appraisers, assessment methods and assumptions, and found that the appraisal was for public purposes, each asset valuation method is appropriated and follow the asset valuation principle and found no cause to suspect that independent asset appraisers not working at full capacity and not based on the professional basis. Therefore, IFA has adjusted the book value from the asset appraisal report of independent asset appraisers. The value of COTTO's shares can be summarized as follows:

No.	Detail	Value (THB million)
1	Shareholders' equity as of September 30, 2023	9,215.30
2	Add – Surplus (discounts) from the appraisal of assets	4,870.49
3	Shareholders' equity after adjustment (3) = (1) + (2)	14,085.79
4	Number of COTTO's paid-up shares (million shares) <sup>1/</sup>	5,962.62
5	Adjusted book value per share (THB) (5) = (3) / (4)	2.36

Remark: 1/ Par value is THB 1.00 per share

According to Adjusted Book Value Approach, the value of COTTO is THB 2.36 per share or equal to THB 14,085.79 million which is lower than the Offer Price at THB 2.40 per share by THB (0.04) per share or (1.57%) of the Offer Price.

Adjusted Book Value Approach can better reflect net asset value than Book Value Approach, since it is a book value as of September 30, 2023, adjusted with various items arising after the closing date of the financial statement or items that affect the book value to better reflect the true value. Although the adjusted book value method does not reflect profitability and the competitiveness of the Business in the future, but it can be used as a reference of the share price. Therefore, IFA has an opinion that this valuation approach is appropriate for the valuation of COTTO's shares at this time.

#### 4.1.3 Market Price Approach

This valuation approach uses the weighted average market price of the trading value of securities of the Company through SET over the past period. This analysis considers the weighted average market price of the Company (trading value of the Company/ trading volume of the Company) based on the past periods from 7 days, 15 days, 30 days, 60 days, 90 days, 120 days, 180 days and 360 days. IFA has considered that the mentioned time periods can reflect the movement of the share value in the stock market over a reasonable period and the business operation of the Company. In assessment by this approach, IFA has considered the information up to October 26, 2023, which is the day before the Tender Offeror submit a form 247-4 as part of the Restructuring Plan. In this regard, the market price of the Company's ordinary shares by this market value approach was calculated as follow:

(Unit: THB/share)	COTTO's Weighted Average (Days)							
	7	15	30	60	90	120	180	360
High	2.25	2.28	2.28	2.28	2.28	2.28	2.32	2.32
Low	2.16	2.12	2.05	2.05	2.05	2.05	1.92	1.92
Weighted Average	2.21	2.20	2.18	2.18	2.17	2.16	2.16	2.14

Source: [www.setsmart.com](http://www.setsmart.com)

Remark: Information up to October 26, 2023

The highest and lowest share prices of the Company in every quarter over the past 4 years

Year	Quarter	Highest and Lowest Price (THB per share)	
		Highest	Lowest
2019	Jan – Mar	2.38	1.99
	Apr – Jun	2.40	1.99
	Jul – Sep	2.08	1.73
	Oct – Dec	1.84	1.48
2020	Jan – Mar	1.55	0.60
	Apr – Jun	1.35	0.80
	Jul – Sep	1.46	1.09
	Oct – Dec	2.08	1.05
2021	Jan – Mar	1.84	1.24
	Apr – Jun	2.84	1.42
	Jul – Sep	3.18	2.36
	Oct – Dec	2.86	2.24
2022	Jan – Mar	2.48	1.97
	Apr – Jun	2.74	1.99
	Jul – Sep	2.30	1.92
	Oct – Dec	2.28	2.00
2023	Jan – Mar	2.38	1.91
	Apr – Jun	2.26	2.02
	Jul – Sep	2.22	2.04
	Oct – Oct 26	2.30	2.04

Source: [www.setsmart.com](http://www.setsmart.com)

Graph represents COTTO's stock price before and after October 27, 2023, which is the day that the Company received the information about the Tender Offer.



Source: www.setsmart.com

Valuation by Market Price Approach yields a fair value of the Company's share between THB 2.14 – 2.21 per share or equal to THB 12,733.01 – 13,150.74 million which is lower than the Offer Price at THB 2.40 per share by THB (0.26) – (0.19) per share or (11.02%) - (8.10%) of the Offer Price.

Market Price Approach considers traded prices of the Company's shares which are determined by the supply and demand of the Company's stock. The approach assumes that the traded prices reflect the value of the stocks at that time, the fundamentals of the stocks and the views of investors on the Company's future growth potential. In the past 360 trading days, the trading volume turnover ratio of the Company's share was 0.06% of the Company's total paid-up shares. However, after comparing it to SET index, the Company's trading volume turnover is not similar to SET index (SET index has average daily trading volume turnover ratios at 0.76%). This is mainly due to SCGD being the major shareholder holding 82.75% of all issued and paid-up shares of COTTO, so the market price may not be able to reflect the fair share price of the Company. As a result, the market price of the Company's shares in the past cannot be used as a reference price to reflect the true value or price of the Company's shares. Therefore, IFA views that this approach is not suitable for evaluating the value of COTTO' shares for this valuation.

#### 4.1.4 Price to Book Value Ratio Approach: P/BV Ratio

This valuation method uses the book value of COTTO according to the latest consolidated financial statements as of September 30, 2023, audited by a certified public accountant approved by the SEC, which is equal to THB 1.55 per share multiplied by the median of the closing price to average book value (P/BV) ratio of 7 days, 15 days, 30 days, 60 days, 90 days, 120 days, 180 days and 360 days of listed companies that operates the same or similar business as COTTO up until October 26, 2023 which is the day before the Tender Offeror submit a form 247-4 as part of the Restructuring Plan. IFA has selected 2 companies that are comparable to COTTO, which is a company operating the business of manufacturing and distributing tiles as its main business.

## List of companies operating in the business of manufacturing and distributing of ceramic tiles

(Unit: THB million)

No.	Abbreviations	Business Descriptions	Market values (as of October 26, 2023)	Assets (Financial Statement as of Sept. 30, 2023)	Revenue (12 months as of Sept. 30, 2023)	Net profit (12 months as of Sept. 30, 2023)
1	COTTO	Manufacturer and distributor of floor and wall ceramic tiles under the brand of COTTO, SOSUCO and CAMPANA as a main business and operator of Nong Khae Industrial Estate.	13,117.77	12,114.59	13,582.66	(97.98)
2	DCC	Manufacturer and Distributor of ceramic tiles and purchase all products produced from Tile Top Industry Public Company Limited to distribute including ordering adhesives, grout, cement adhesives and corner trim. In addition, the company also purchase all products from The Royal Ceramic Industry Public Company Limited to distribute through DCC's outlet nationwide and export to overseas as well	14,327.21	9,865.95 <sup>1/</sup>	8,041.12 <sup>1/</sup>	1,281.64 <sup>1/</sup>
3	UMI	Manufacturing and distributing of - Mosaic Tiles UMI - Ceramic Floor Tiles DURAGRES - Ceramic Wall Tiles DURAGRES LILA	911.79	2,710.15 <sup>1/</sup>	2,722.61 <sup>1/</sup>	(90.66) <sup>1/</sup>

Source: [www.setsmart.com](http://www.setsmart.com)

Remark: Information up to October 26, 2023

1/ Information according to the reviewed financial statements for the period ending June 30, 2023, because as of the issuance date of this report, DCC and UMI have not yet published their reviewed financial statements for the period ending 30 September 2023.

Details can be summarized as follows:

P/BV: (times) <sup>1/</sup>	Average Closing Price (day)							
	7	15	30	60	90	120	180	360
DCC	2.25	2.31	2.42	2.66	2.76	2.85	3.13	3.71
UMI	0.75	0.75	0.77	0.77	0.77	0.79	0.84	0.95
Median <sup>2/</sup>	1.50	1.53	1.60	1.72	1.76	1.82	1.98	2.33
Value of COTTO's share (THB/share)	2.32	2.36	2.47	2.65	2.73	2.82	3.07	3.60

Source: [www.setsmart.com](http://www.setsmart.com)

Remark: 1/ P/BV Ratio up to October 26, 2023

2/ IFA chose to use median instead of mean to reduce the effect of outliers

According to Price to Book Ratio approach, share value of COTTO is between THB 2.32 – 3.60 per share or equal to THB 13,809.78 – 21,456.29 million which is higher (lower) than the Offer Price at THB 2.40 per share by THB (0.08) – 1.20 per share or (3.50%) – 49.94% of the Offer Price.

Price to Book Value Ratio Approach considers the financial position at any time by comparing with the average of the said ratio of the comparable companies. In this regard, the valuation of COTTO by this method assumes that COTTO must have similar potential to other companies in the group, without considering the profitability and results of operations of COTTO in the future. In addition, the nature of business, revenue structure, performance, financial structure, size of assets of the comparable are different from that of the Company. **Therefore, IFA has an opinion that this valuation method may not be appropriate for the valuation of COTTO ordinary shares and may not reflect the true value of COTTO at this time.**

#### 4.1.5 Price to Earnings Ratio Approach: P/E Ratio

This valuation method uses Earnings per Share as shown in the financial statements for the past 12 months from September 30, 2023 according to the financial statements audited by a certified public accountant approved by the SEC multiplied by the median of the closing price to earnings per share (P/E) ratio of 7 days, 15 days, 30 days, 60 days, 90 days, 120 days, 180 days and 360 days of listed companies on the stock exchange that can be compared with COTTO according to Clause 4.1.4, Price to Book Value Approach (P/BV Ratio). However, since in the last 12 months ended September 30, 2023, COTTO has a net loss of THB (97.98) million, **therefore, IFA cannot value COTTO ordinary shares value by this approach.**

#### 4.1.6 Precedent Transaction Comparable Approach

The precedent transaction comparison approach is the valuation of COTTO's shares by comparing the EV/EBITDA ratio with the historical acquisition prices of companies located in Southeast Asia in the construction material industry over the past 10 years. The details of past trading transactions can be summarized in the following table.

Date	Acquirors	Targets	Targets' Countries	Aggregate Values (USD million)	EBITDA Multiple
02/10/2021	Dynasty Ceramic PCL	Royal Ceramic Industry PCL	Thailand	6.24	17.08
02/03/2020	Sun Talent Ltd	Taicera Enterprise Co	Vietnam	4.60	12.97
08/28/2019	Dynasty Ceramic PCL	Royal Ceramic Industry PCL	Thailand	63.54	11.28
12/30/2014	Hap Seng Investment Holdings Pte Ltd	Hafary Holdings Ltd	Singapore	20.79	14.27
05/28/2014	Ninh Quoc Cuong	Viet Nam Stone Work-Top Fabrication JSC	Vietnam	0.27	1.96
03/21/2013	INVESCAP Inc	Mariwasa Siam Holdings Inc	Philippines	7.17	1.79
Source: Reuters				Highest	17.08x
Remark: Information as of October 2023				Median	12.13x
				Lowest	1.79x

Summary of valuation results based on EV/EBITDA ratio

(Unit: THB million)

No.	Details	EV/EBITDA		
		Lowest	Median	Highest
1	EV/EBITDA ratio	1.79	12.13	17.08
2	EBITDA of COTTO (12 months up to September 30, 2023)	433.47	433.47	433.47
3	The Company's value	776.34	5,256.21	7,404.03
4	Add: Cash, cash equivalent and Short-term investment <sup>1/</sup>	1,568.21	1,568.21	1,568.21
5	Deduct: Interest-bearing debt <sup>1/2/</sup>	0.00	0.00	0.00
6	Deduct: Non-controlling interest <sup>1/</sup>	(7.58)	(7.58)	(7.58)
7	Total Shareholders' equity value (7) = (3)+(4)-(5)-(6)	2,336.96	6,816.83	8,964.66
8	Number of the Company's paid-up shares (million share) <sup>3/</sup>	5,962.62	5,962.62	5,962.62
9	Value of COTTO's share (THB/share) (9) = (7) / (8)	0.39	1.14	1.50

Remark:

1/ Based on COTTO's financial statements as of September 30, 2023

2/ Liabilities under finance leases are not included, most of which resulted from the recording according to TFRS 16

3/ Par value is THB 1.00 per share

According to Precedent Transaction Comparable Approach, share value of the Company is between THB 0.39 – 1.50 per share or equal to THB 2,336.96 – 8,964.66 million which is lower than the Offer Price at THB 2.40 per share by THB (2.01) – (0.90) per share or (83.67%) – (37.36%) of the Offer Price.

Precedent Transaction Comparable Approach is a valuation method by comparing the EV/EBITDA ratio with the purchase price of businesses operating the same or similar business as COTTO, i.e. operating a core business of construction materials and located in Southeast Asia. However, this method is limited by many factors such as the size of the business, country of establishment, transaction time, the economic situation at that time, and shareholding proportion. As a result, the valuation of the Company may be inaccurate and there could be large discrepancies in the Company's share value evaluated from this approach. Therefore, IFA views that this approach is not suitable for evaluating the value of COTTO's shares for this valuation.

#### 4.1.7 Discounted Cash Flow Approach: DCF

The share valuation by this approach considers the future performance of COTTO by calculating the present value of Free Cash Flow (FCF) with an appropriate discount rate. IFA calculated Weighted Average Cost of Capital (WACC) as a discount rate and calculated future net cash flow from COTTO's financial forecast over the next 6 years (2023 - 2028). In this regard, IFA forecasted that at the end of the 6<sup>th</sup> year, COTTO should have a stable manufacturing and distributing volume. As a result, the cash flow at the end of the preparation of the financial projection is less volatile, which should be appropriate to use the cash flow from the projection in the 6<sup>th</sup> year to calculate the final value after the projection period (Terminal Value).

In addition, IFA conducted this financial projection based on information received by referencing the Company's information and assumptions, including interviews with key management persons of the Company and related persons, which assumes that business will continue to be operated on going concern basis without any significant changes under economic conditions substantially similar to currently prevailing conditions.



However, if the economic situation, and internal situation of the Company have significantly changed and affected the Company's performance, including assumptions set. The share value that can be estimated by this approach will change as well. This may include the potential future impact of COVID-19, which is in the recovery phase, and the wars and disputes between Russia and Ukraine. The assumptions used in preparing the financial projection is mainly based on the Company's current business plan. In 2023, the Company faces a lower market demand than expected, which results in production and sales volumes have decreased from the past. However, the company has increased product prices to be in line with the increased cost prices and continues to control administrative costs and improve production efficiency, resulting in better overall profits. Details of various assumptions can be summarized as follows:

#### 4.1.7.1 Revenue from sales and rendering of services

The Company is a manufacturer and distributor of quality ceramic Floor and Wall Tiles. The Company has a ceramic tiles product portfolio consisting of 5 types which are Floor Tiles, Wall Tiles, glazed porcelain tiles, mosaic tiles, and glass tiles. The Company has a variety of brands that can meet the needs of customers covering every customer segment, such as COTTO, CAMPANA, SOSUCO, Klang Ceramic, and COTTO Life, etc.





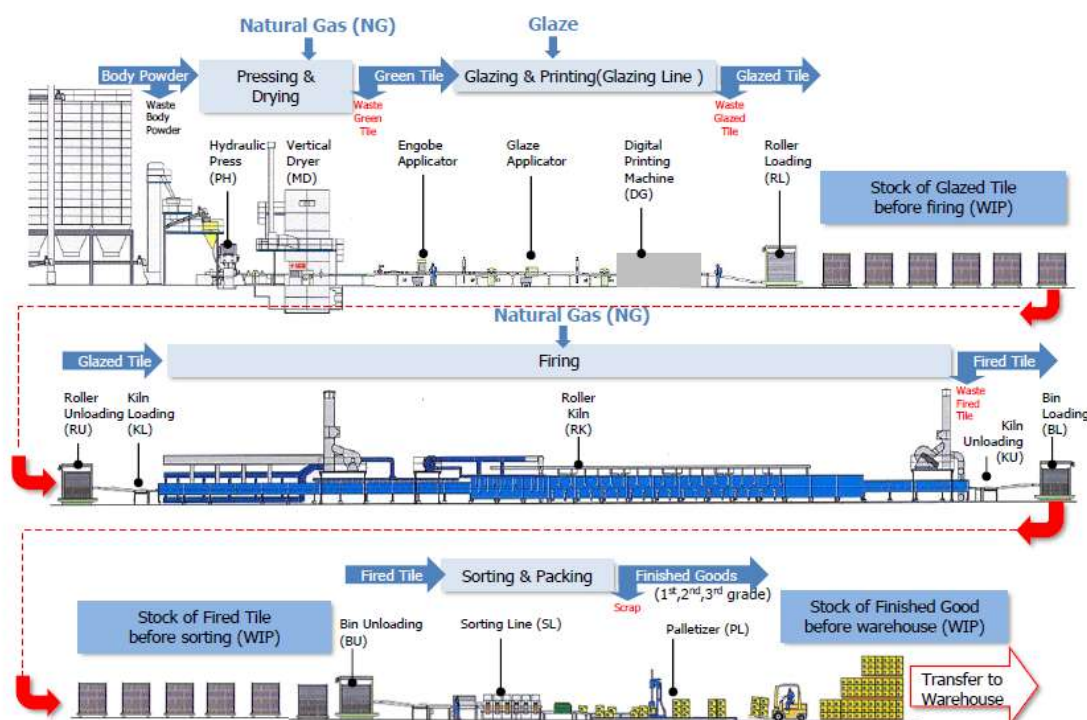


##### 1) Revenue form Ceramic Tiles from the Company's factories

##### Production and distribution of Ceramics Tiles

The Company have 4 ceramic tiles factories located in Nhon Khae District, Saraburi, which are Hinkong Factory (HK), Nong Khae Industrial Estate Factory (NKIE), Nong Khae 1 Factory (NK1), and Nong Khae 2 Factory (NK2), which current have a total maximum capacity of 80 million square meters per year.

### Ceramic Tiles Manufacturing Process of the Company



Source: The Company

According to the Company's information, if COTTO does not increase production capacity, total maximum production capacity will not exceed 80 million square meters per year (at capacity utilization rate of 100%). Between 2020 - 2022, the total production of ceramic tiles of the Company is approximately 52, 55 and 61 million square meters per year, respectively (excluding special products, Grade-6), which will make the Company's capacity utilization rate (Utilization Rate) approximately 64%, 69% and 76%, respectively. However, in 2023, the Company faces market demand that is lower than expected. This causes production and sales volumes to decrease from the past. During the period of the past 9 months, the Company's production capacity utilization rate (Utilization Rate) is approximately 69%.

In this regard, IFA assumed that the production capacity and distribution volume of the Company's ceramic tiles will gradually increase until the utilization rate in the last year of the projection period reaches 79% of the maximum capacity. In the last year of the projection period, the volume of production and distribution of ceramic tiles of the Company is equal to 63 million square meters per year.

IFA assumed the production capacity and distribution volume in 2023 slightly increased from 9 months period of 2023 at the Utilization Rate of 72%, in accordance with the Company's expectations, and assumed the growth rate of production and distribution volume between 2024 – 2028 equal to 3.00%, 2.00%, 2.00%, 1.00% and 1.00% per year, respectively, which is consistent with growth in the overall construction material industry for ceramic tiles, which is expected to be between 2023 - 2025, the domestic sales volume will grow by 1.00% - 2.00% per year and the export value is expected to increase by 3.30% per year (Source: Krungsri Research).

	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Total maximum capacity (million sq.m.)	81.00	80.20	80.20	80.20	80.20	80.20	80.20	80.20	80.20
Utilization rate (%)	63.93%	68.72%	76.24%	72.04%	74.20%	75.69%	77.20%	77.97%	78.75%
Actual capacity (million sq.m.)	51.79	55.12	61.14	57.78	59.51	60.70	61.91	62.53	63.16
Growth rate (%)		6.43%	10.93%	(5.50%)	3.00%	2.00%	2.00%	1.00%	1.00%

### Price of ceramic tiles from the Company's factories

According to the Company's information, the setting of selling prices of the Company's products is based on market mechanisms, however, since the current selling prices fluctuate with oil prices and inflation, sometimes the Company cannot entirely pass the cost price to the selling price. Nonetheless, in setting the selling price, IFA estimated based on conservative basis, by using the cost-plus pricing method. IFA assumed that the cost-plus pricing rate of the Company's ceramic tiles in 2023 equal to 9 months period of 2023, which should best reflect the current situation. However, IFA assumed that the cost-plus pricing rate during the projection period between 2024 – 2028 is equal to the average cost-plus pricing between 2021 - 2023, which should reflect the Company's performance in the future the best.

### 2) Revenue from sales of Ceramic Tiles and Sanitary Ware

IFA assumed that the sales volume of tiles from the Company's distribution in 2023 equal to 9 months period of 2023, prorated, and after that assumed to have a growth rate of 5.00% per year from 2024 onwards until the end of projection period, according to the management's expectation (higher than Krungsri Research's overview of the construction materials industry forecast for ceramic tiles, as discussed in topic of *Production and distribution of ceramic tiles*) and assumed the selling price of tiles from the Company's distribution has a growth rate of 1.65% per year, based on the 5-year average core inflation rate from the Bank of Thailand.

For revenue from sales of sanitary ware, the Company forecasted that it would grow at approximately 20% - 40% per year in the first period of the projection period due to the new market. In this regard, IFA assumed the growth rate of the revenue from the distribution of ceramic sanitary ware according to the Company's forecast and gradually decrease each year, where in 2023, the growth rate equal to the 9 months period of 2023, prorated, at a growth rate of 37.44% from previous year, and after that, between 2024 – 2028, the growth rate equal to 20.00%, 10.00%, 5.00%, 5.00%, and 5.00% per year, respectively, to be in line with the Company's information and forecast, which is higher than an overview of the construction materials industry for ceramic sanitary ware of Krungsri Research, which is expected that, between 2023 – 2025, domestic sales volume will increase by 2.50% – 3.00% per year and export value is expected to increase by 0.8% per year (Source: Krungsri Research).

### 3) Revenue from the industrial estate business

The Company has Nong Khae industrial estate located on Phaholyothin Road kilometer 91, Nongkhao District, Saraburi. The Company 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. The Company expects that the revenue from the industrial estate business is unlikely to grow significantly, since there are approximately 40 rai of remaining sales area. In this regard, IFA assumed that revenue from the Company's industrial estate business in 2023 equal to in 9 months period of 2023, prorated, and after that assumed to have a growth rate of 1.65% per year from 2024 onwards until the end of projection period, based on the 5-year average core inflation from the Bank of Thailand.

#### 4) Revenue from the solar energy equipment installation business

The Company has solar equipment installation business, which is originated from the successful implementation of an energy conservation project in the ceramics factory, especially in the field of solar energy that has won many awards guaranteed by government agencies. The Company has been engaged in Engineering, Procurement, and Construction (EPC) in many projects, including Solar Rooftop, Solar Farm, Solar Floating and Solar Carport in other businesses within SCG. Then, the Company extended the market by offering consulting and outsourcing services to external agencies, both government and private agencies. However, the Company is currently in the process of gradually reducing its solar operations to mitigate conflicts of interest due to the similarity of solar business operations with other companies within the SCC group. According to the Company's information, IFA assumed that the Company's revenue from the solar equipment installation business in 2023 equal to in 9 months period of 2023, prorated, after that assumed to gradually decrease until there is no revenue from this business in 2026, according to management's forecast, because the Company still need to carry out certain necessary operations to maintain credibility and the corporate image, as well as to prevent customer service complaints.

#### 5) Revenue from other businesses

In 2023, the Company has a business of installing utility systems in industrial estates, which causes more revenue from other businesses. In this regard, IFA assumed that the revenue from other businesses of the Company in 2023 equal to in 9 months period of 2023, prorated, and after assumed to have a growth rate of 1.65% per year from 2024 onwards until the end of the projection period, based on the 5-year average core inflation from the Bank of Thailand.

From the above assumptions, the revenue of COTTO will be estimated as follows:

Unit: THB million	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Average price per sq.m. (THB/sq.m.)	143.26	138.66	144.17	156.52	164.39	167.18	170.00	173.34	173.56
Cost-plus pricing rate (%)	138.03%	137.93%	131.57%	134.24%	136.27%	137.46%	137.46%	137.46%	137.45%
Sale volume (million sq.m.)	53.67	55.98	62.84	57.78	59.51	60.70	61.91	62.53	63.16
Sale revenue of ceramic tiles from COTTO's factories	7,689.62	7,761.44	9,059.74	9,043.12	9,782.86	10,148.00	10,525.47	10,839.35	10,961.64
Revenue from sales of ceramic tiles and sanitary ware	2,281.05	2,657.35	3,361.65	3,726.58	4,080.24	4,325.22	4,600.79	4,893.99	5,205.76
Revenue from the industrial estate business	148.79	143.51	162.59	187.23	190.32	193.46	196.65	199.89	203.19

Unit: THB million	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Revenue from the solar energy equipment installation	74.56	501.12	572.89	879.64	439.82	219.91	0.00	0.00	0.00
Revenue from other businesses <sup>1/</sup>	0.00	79.07	0.19	61.50	62.52	63.55	64.60	65.66	66.75
<b>Total revenue from sales and rendering services</b>	<b>10,194.02</b>	<b>11,142.50</b>	<b>13,157.07</b>	<b>13,898.07</b>	<b>14,555.76</b>	<b>14,950.14</b>	<b>15,387.50</b>	<b>15,998.89</b>	<b>16,437.33</b>
Growth rate (%)		9.30%	18.08%	5.63%	4.73%	2.71%	2.93%	3.97%	2.74%

Remark: 1/ Between 2020 – 2022, the revenue from other businesses of the Company is revenue from which operations have ended, however, in 2023, the Company has revenue from other businesses (installation of utility systems in industrial estates) that have just started operations.

#### 4.1.7.2 Cost of sales and rendering of services

##### 1) Cost of sales of Ceramic Tiles from the Company's factory

##### Variable costs

The main variable costs in the production of ceramic tiles of the Company are clay powder raw material, glaze tile raw material, packaging costs, energy costs, natural gas costs, and other, etc. IFA assumed the utilization rate of raw material variable costs per square meters produced in 2023 equal to in 9 months period of 2023, which should be able to reflect current situation the best and assumed the utilization rate of raw material variable costs per square meters produced, and assumed that from 2024 onwards until the end of the projection period equal to the average rate between 2021 – 2023. IFA viewed that the ratio mentioned above should be able to reflect the Company's factory costs in the future and assumed that the average price per unit of raw material variable costs has a growth rate of 1.65% per year, based on the 5-year average core inflation from the Bank of Thailand.

##### Fixed costs

The main fixed costs in the production of ceramics tiles of the Company consist of direct and indirect labor costs, repair and maintenance, depreciation and amortization, and others, etc. IFA assumed that

- Direct and indirect labor costs from 2023 onwards until the end of the projection period have a growth rate of 5.00% per year, which is in line with the Company's forecast.
- IFA assumed that repair and maintenance costs, and other fixed costs of the Company from 2023 onwards until the end of the projection period has a growth rate of 1.65% per year, based on the 5-year average core inflation rate from the Bank of Thailand, which is in line with the Company's forecast.
- IFA assumed the depreciation and amortization follow clause 4.1.7.7

Unit: THB million	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
<b>Total variable and fixed costs</b>	<b>5,570.91</b>	<b>5,627.03</b>	<b>6,885.90</b>	<b>6,736.78</b>	<b>7,179.09</b>	<b>7,382.74</b>	<b>7,657.35</b>	<b>7,885.68</b>	<b>7,974.72</b>
Average cost of sales per sq.m. (THB/sq.m.)	103.79	100.53	109.58	116.60	120.64	121.63	123.68	126.10	126.26
Growth rate (%)		(3.14%)	9.00%	6.41%	3.46%	0.82%	1.69%	1.96%	0.13%

2) Distribution costs of Ceramic Tiles and Sanitary Ware

IFA assumed that the distribution costs of Ceramic Tiles and Sanitary Ware of the Company in 2023 have the same proportion to the revenue from sales of Ceramic Tiles and Sanitary Ware as the proportion in 9 months period of 2023, and from 2024 onwards until the end of the projection period, IFA assumed to be a fixed proportion to revenue from sales of Ceramics Tiles and Sanitary Ware, where IFA assumed to be the average between 2021 – 2023, which IFA viewed that the proportion should be able to reflect the Company's operating result in the future.

3) Cost of the industrial estate business

IFA assumed the cost of the industrial estate business in 2023 to have the same proportion to revenue from the industrial estate business as the proportion in 9 months period of 2023, and from 2024 onwards until the end of the projection period to be a fixed proportion to the revenue from the industrial estate business. IFA assumed the proportion to be the average between 2021 - 2023, which IFA viewed that the proportion should be able to reflect the Company's operating result in the future.

4) Cost of the solar energy equipment installation business

IFA assumed the cost of the solar energy equipment installation in 2023 to have the same proportion to revenue from the solar energy equipment installation as the proportion in 9 months period of 2023, and from 2024 onwards until the end of the projection period to be a fixed proportion to the solar energy equipment installation business. IFA assumed the proportion to be the average between 2021 - 2023, which IFA viewed that the proportion should be able to reflect the Company's operating result in the future.

5) Cost of other businesses

IFA assumed the cost of other businesses from 2023 onwards until the end of the projection period to be a fixed proportion to the revenue from other businesses. IFA assumed the proportion to be equal to the proportion in 9 months period of 2023, which IFA viewed that such proportion should be able to reflect the Company's operating result in the future.

Unit: THB million	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Cost of sales of ceramic tiles from the Company's factories	5,570.91	5,627.03	6,885.90	6,736.78	7,179.09	7,382.74	7,657.35	7,885.68	7,974.72
<i>Proportion to revenue from sales of ceramic tiles from the Company's factories</i>	<i>72.45%</i>	<i>72.50%</i>	<i>76.01%</i>	<i>74.50%</i>	<i>73.38%</i>	<i>72.75%</i>	<i>72.75%</i>	<i>72.75%</i>	<i>72.75%</i>
Distribution cost of ceramic tiles and sanitary ware	1,610.70	1,898.51	2,523.97	2,683.43	2,964.52	3,182.37	3,385.25	3,601.12	3,830.62
<i>Proportion to the revenue from sales of ceramic tiles and sanitary ware</i>	<i>70.61%</i>	<i>71.44%</i>	<i>75.08%</i>	<i>72.01%</i>	<i>72.66%</i>	<i>73.58%</i>	<i>73.58%</i>	<i>73.58%</i>	<i>73.58%</i>
Cost of the industrial estate business	27.14	27.77	37.98	48.72	43.60	44.32	45.05	45.80	46.55
<i>Proportion to the revenue from the industrial estate business</i>	<i>18.24%</i>	<i>19.35%</i>	<i>23.36%</i>	<i>26.02%</i>	<i>22.91%</i>	<i>22.91%</i>	<i>22.91%</i>	<i>22.91%</i>	<i>22.91%</i>
Cost of the solar energy equipment installation	54.97	482.27	537.39	820.23	415.32	207.66	0.00	0.00	0.00

Unit: THB million	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Proportion to the revenue from solar energy equipment installation business	73.72%	96.24%	93.80%	93.25%	94.43%	94.43%	-	-	-
Cost of other businesses <sup>1/</sup>	0.00	68.39	0.00	56.64	57.58	58.53	59.49	60.47	61.47
Proportion to the revenue from other businesses	-	86.50%	0.00%	92.10%	92.10%	92.10%	92.10%	92.10%	92.10%
Total cost of sales and rendering services	7,263.71	8,103.97	9,985.25	10,345.80	10,660.11	10,875.61	11,147.15	11,593.07	11,913.37

Remark: 1/ Between 2020 – 2022, costs from other businesses of the Company are costs from which operations have ended, however, in 2023, the Company has revenue from other businesses (installation of utility systems in industrial estates) that have just started operations, causing the costs in this section to increase as well.

#### 4.1.7.3 Revenue and costs from sales of land

The Company has had revenue from land sales in the past for some years. In this regards, the Company expected that there will continue to be revenue from land sales in the future. In this regard, IFA assumed that the Company will gradually sell all developed land for sale in 4 years from 2023 – 2026 at the average profit rate between the selling price according to the information at the end of 9 months period of 2023 and the price appraised by independent asset appraisers as detailed in the Clause 4.1.2. and assumed that the Company has costs from selling land according to the book value of all developed land for sale at the end of 2022 and other costs, including specific business tax and transfer fee.

Unit: THB million	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Revenue from sales of land	0.00	130.68	0.00	188.65	375.13	375.13	375.13	0.00	0.00
Cost of sales of land	0.00	57.45	0.00	61.60	156.09	156.09	156.09	0.00	0.00

#### 4.1.7.4 Other income

Other income of the Company consists of interest income, rental income, administrative income, profit from asset sales and others, etc. IFA assumed other income in 2023 to have the same proportion to revenue from sales and rendering services as in 9 months period of 2023, and from 2024 onwards until the end of the projection period to be fixed proportion to revenue from sales and rendering services, by referring to the average proportion between 2021 - 2023, which IFA views that such proportion should be able to reflect the Company's operating results in the future.

Unit: THB million	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Other income	69.94	71.35	66.87	107.06	93.10	95.63	98.42	102.34	105.14
Proportion to revenue from sales and rendering services	0.69%	0.64%	0.51%	0.77%	0.64%	0.64%	0.64%	0.64%	0.64%

#### 4.1.7.5 Distribution costs

Distribution costs mainly consist of freight expenses, employee related expenses, commission and bonus expenses, marketing expenses, consulting expenses, taxes, depreciation and amortization, and others, etc., with details of assumptions as follows.

- IFA assumed the employee related expenses from 2023 onwards until the end of the projection period has a growth rate of 5.00% per year, which is in line with the Company's forecast.
- IFA assumed the freight expenses, commission and bonus expenses, marketing expenses, tax expenses, and other expenses of the Company in 2023 to have the same proportion to the revenue from sales and rendering services as in 9 months period of 2023, and from 2024 onwards until the end of the projection period, IFA assumed to be a fixed proportion to the revenue from sales and rendering services, which assumed the proportion to be the average between 2021 - 2023, which IFA viewed that the proportion should be able to reflect the Company's operating result in the future.
- IFA assumed the marketing expenses of the Company in 2023 to have the same proportion to the revenue from sales and rendering services as in 9 months period of 2023, and from 2024 onwards until the end of the projection period, IFA assumed to be a fixed proportion to the revenue from sales and rendering services, which assumed the proportion to be the average between 2021 - 2023, which IFA viewed that the proportion should be able to reflect the Company's operating result in the future.
- IFA assumed the consulting expenses, maintenance expenses, utility expenses, and insurance fee from 2023 onwards until the end of the projection period has a growth rate of 1.65% per year, based on the 5-year average core inflation rate from the Bank of Thailand.
- IFA assumed the depreciation and amortization follow clause 4.1.7.7

Unit: THB million	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Distribution costs	1,688.47	1,831.80	2,052.32	2,082.82	2,256.73	2,329.18	2,406.55	2,503.72	2,533.10
Proportion to revenue from sales and rendering services	16.56%	16.44%	15.60%	14.99%	15.50%	15.58%	15.64%	15.65%	15.41%

#### 4.1.7.6 Administrative expenses

Administrative expenses consist of employee related expenses, consulting expenses, bonus expenses, technology expenses, maintenance expenses, utility expenses, insurance fee, depreciation and amortization, and others, etc., with details of assumptions as follows.

- IFA assumed the employee related expenses from 2023 onwards until the end of the projection period has a growth rate of 5.00% per year, which is in line with the Company's forecast.
- IFA assumed bonus expenses, taxes, and other expenses of the Company in 2023 to have the same proportion to the revenue from sales and rendering services as in 9 months period of 2023, and from 2024 onwards until the end of the projection period, IFA assumed to be a fixed proportion to the revenue from sales and rendering services, which assumed the proportion to be the average between 2021 - 2023, which IFA viewed that the proportion should be able to reflect the Company's operating result in the future.
- IFA assumed the consulting expenses, technology expenses, maintenance expenses, utility expenses, and insurance fee from 2023 onwards until the end of the projection period has a growth rate of 1.65% per year, based on the 5-year average core inflation rate from the Bank of Thailand.



- IFA assumed the depreciation and amortization follow clause 4.1.7.7

Unit: THB million	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Administrative expenses <sup>1/</sup>	783.39	605.15	653.77	728.49	724.93	749.58	774.40	801.72	814.92
Proportion to revenue from sales and rendering services	7.68%	5.43%	4.97%	5.24%	4.98%	5.01%	5.03%	5.01%	4.96%

Remark: 1/ Provision for impairment loss on assets and loss on decline in value of inventories are not included.

#### 4.1.7.7 Depreciation

IFA assigns that each type of asset is depreciated at a fixed rate on a straight-line method. The depreciation of each asset is calculated differently according to accounting standards as noted in financial statements with details as follows:

Assets	Depreciation period (year)
Investment property	10 – 30
Land improvements	5 – 20
Building and structures	3 – 40
Machinery and equipment	2 – 20
Furniture fixtures and office equipment	2 – 20
Transportation and equipment	4 – 10
Software licenses	2 – 10

Source: The Company's financial statements 2022 notes

#### 4.1.7.8 Corporate income tax

Tax rate of 20.00% of net profit before tax throughout the projection period.

#### 4.1.7.9 Capital Expenditure

IFA assumed that in 2023, the Company has capital expenditure of THB 770.40 million, based on the Company's capital expenditure in 9 months period of 2023, along with the forecast from the Company, and assumed that between 2024 – 2028, the Company has capital expenditure of THB 580.00 million per year, based on the Company's capital expenditure in the past.

#### 4.1.7.10 Loans

According to the financial statements ended September 30, 2023, the Company do not have loan. However, as of September 30, 2023, the Company had lease liabilities of THB 215.67 million, which IFA assumed to be repaid according to the repayment schedule of the Company.

#### 4.1.7.11 Other Ratios in Statement of Financial Position

Determined by using the average of the Company's historical data from 2021 – 2023 since the data during the period is actual data and likely reflects the long-term operations of the Company in the future, which in line with the interview with executives of the Company, that the Company still has the same business direction,

resulting in the ratio of trade accounts receivable, inventories, and trade accounts payable tends to remain the same. Therefore, IFA has considered the appropriateness of various ratios in the financial statements by considering trade accounts receivable separately according to the Company's distribution channels and consider inventories separated by product status such as raw materials, manufactured goods for sale, and products awaiting distribution. Details of the assumptions throughout the projection period are as follows:

Account receivables	average around	43.10 – 44.39	days
Inventories	average around	108.55 – 118.42	days
Account Payables	average around	47.75 – 53.31	days

#### 4.1.7.12 Financial projections summary

The Company's financial projections between 2023 – 2028 is as follows:

Unit: THB million	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F	2028F
Total assets	10,912.54	11,521.38	11,310.03	12,190.15	13,118.11	14,167.68	15,305.82	16,387.84	17,447.29
Total liabilities	2,100.57	2,270.82	2,492.94	2,785.15	2,739.23	2,747.42	2,789.82	2,915.44	2,956.24
Shareholders' equity	8,811.97	9,250.56	8,817.09	9,405.00	10,378.88	11,420.26	12,516.00	13,472.40	14,491.06
Total revenue	10,263.97	11,344.53	13,223.94	14,193.78	15,024.00	15,420.90	15,861.06	16,101.22	16,542.47
Total costs	7,263.71	8,161.42	9,985.25	10,407.40	10,816.20	11,031.71	11,303.24	11,593.07	11,913.37
Distribution costs	1,688.47	1,831.80	2,052.33	2,082.82	2,256.73	2,329.18	2,406.55	2,503.72	2,533.10
Administrative expenses	784.43	617.42	1,459.88	734.76	724.93	749.58	774.40	801.72	814.92
Finance cost	7.40	3.51	4.28	6.09	8.78	8.72	7.19	7.21	7.77
<b>Net profit (losses)</b>	<b>424.31</b>	<b>583.60</b>	<b>(227.89)</b>	<b>825.73</b>	<b>973.88</b>	<b>1,041.37</b>	<b>1,095.75</b>	<b>956.40</b>	<b>1,018.65</b>
EBIT (1)				175.18 <sup>1/</sup>	1,226.14	1,310.43	1,376.87	1,202.71	1,281.09
Tax (2)				(24.77) <sup>1/</sup>	(243.47)	(260.34)	(273.94)	(239.10)	(254.66)
Depreciation (3)				108.83 <sup>1/</sup>	704.20	718.89	731.98	749.02	552.37
Capital Expenditure (4)				(127.53) <sup>1/</sup>	(458.27)	(561.82)	(533.42)	(445.84)	(545.23)
Decrease (increase) in working capital (5)				20.13 <sup>1/</sup>	(361.14)	(147.21)	(157.86)	(147.92)	(103.36)
Cash payments under lease agreements and interest (6)				(9.15) <sup>1/</sup>	(66.31)	(90.59)	(92.69)	(102.03)	(84.92)
<b>Free Cash Flow to Firm</b> <b>(7) = (1)-(2)+(3)-(4)-(5)-(6)</b>				<b>142.69 <sup>1/</sup></b>	<b>801.13</b>	<b>969.35</b>	<b>1,050.94</b>	<b>1,016.84</b>	<b>845.28</b>

Remark: 1/ IFA considered cash flow from October 27, 2023, onwards, which is the day that the Company received the Tender Offer for all securities of the Company

#### 4.1.7.13 Terminal Value

IFA determines the terminal value has a growth rate of 1.65 % per year according to historical 5-year average inflation from Bank of Thailand which is under a conservative basis.

#### 4.1.7.14 Discount Rate

The discount rate used to calculate the present value of the cash flow is derived from the Weighted Average Cost of Capital (WACC) calculation based on the capital structure of the Company, which derived from

weighted average of Cost of Debt (K<sub>d</sub>) and Cost of Equity (K<sub>e</sub>) of the Company, and IFA assumed no capital increase during the projection period. Details of discount rate will be as follows:

$$WACC = K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$$

Whereby

K <sub>e</sub>	=	Cost of equity or shareholders' required rate of return (R <sub>e</sub> )
K <sub>d</sub>	=	Cost of debt or loan interest rate
T	=	Corporate income tax rate
E	=	Total shareholders' equity
D	=	Interest-bearing debt

Cost of equity (K<sub>e</sub>) or the required rate of return for shareholders (R<sub>e</sub>) is derived from the Capital Asset Pricing Model (CAPM) as follows:

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

Whereby,

Risk Free Rate (R<sub>f</sub>) = Based on the yield of the 15-year government bond equal to 2.72 per annum (information as of March 29, 2023). This is the yield of government bonds that are continuously issued and offered for sale. This is in line with the valuation of shares under the assumption that the business will continue (Going Concern Basis).

Beta (β) = Based on the average Beta of COTTO, DCC, and UMI for the past 3 years until March 29, 2023, because the Company's shares have low trading volume turnover compared to SET index (COTTO and SET index has average daily trading volume turnover ratios at 0.14% and 1.03% of the total paid-up shares, respectively). IFA views that the past 3 years is the period that best reflects the price change and the overall view of investors towards the Company at the current market condition in order to calculate the average Unleveraged Beta, which is equal to 0.74 (Source: Bloomberg). Before calculating the Leverage Beta of the Company according to the debt to capital ratio of the business during 2023 – 2028, resulting in Beta between 0.74 during the projection period, because the Company has no interest-bearing debt.

Market Risk (R<sub>m</sub>) = Rate of return on investment in the stock market 15-year historical average up until March 29, 2023, equal to 10.36% per year as it could reflect the return most appropriately and has low effect from the fluctuation in market price.

K<sub>d</sub> = Loan interest rate of the Company equal to 0.00% per year as the Company has no interest-bearing debt.

D/E Ratio = Debt to equity ratio each year equal to 0.00% as the Company has no interest-bearing debt.

T = Corporate income tax rate is equal to 20% of the income before tax.

From the above calculations, WACC throughout the projection period equal to 8.37 per year and can summarize the free cash flow of the business as follows:

Unit: THB million	2023F	2024F	2025F	2026F	2027F	2028F
The Company's Free Cash Flow	142.69	801.13	969.35	1,050.94	1,016.84	845.28
Present Value of Free Cash Flow	140.63	728.62	813.54	813.92	726.70	557.46
Terminal Value						12,792.26
Present Value of Terminal Value						8,436.38

(Unit: THB million)

Total PV of Free Cash Flow	12,217.25
Add: Cash and cash equivalent, and short-term investment as of September 30, 2023	1,568.21
Net PV of Free Cash Flow	13,785.46
Number of COTTO's paid-up shares (million shares) <sup>1/</sup>	5,962.62
Net PV of the Company's share (THB/Share)	2.31

Remark: 1/ Par value is THB 1.00 per share

Moreover, IFA also conduct sensitivity analysis of share value by adjusting the discount rate or WACC with increasing (decreasing) 0.25% per annum, because IFA viewed that WACC can completely reflect risks in various factors, such as operations, financial liquidity, financial structure, and others, etc. The value of COTTO's shares can be summarized as follows:

	Discount Rate: WACC (% per year)		
	+0.25%	0%	-0.25%
Value of the Company (THB/Share)	2.24	2.31	2.39

From the Sensitivity Analysis by changing the discount rate, the value of COTTO's share will be between THB 2.24 – 2.39 per share or the total value between THB 13,360.55 – 14,243.00 million, which is lower than the Offer Price at THB 2.40 per share by THB (0.16) – (0.01) per share or (6.64%) – (0.47%)

Discounted Cash Flow Approach reflects the Company's ability to generate profits and future cash flows, estimated from the present value of the Company's expected net future free cash flows, based on the past operations and the assumption from the economic trends and future operations of the Business. Therefore, this valuation approach is likely to best reflect the true value of the business. Therefore, IFA is in the opinion that such valuation approach is appropriate for this COTTO share valuation.

#### 4.2 Summary of Appropriateness of the Offer Price of the Business

The following table is the summary of different approaches used to evaluate the Company's share value compared with Offer Price.

Valuation approaches	Share values (THB/share)	Offer Price (THB/share)	Higher (Lower) than Offer Price (THB/share)	Higher (Lower) than Offer Price (%)
1) Book Value Approach	1.55	2.40	(0.85)	(35.60)
2) Adjusted Book Value Approach <sup>1/</sup>	2.36	2.40	(0.04)	(1.57)
3) Market Price Approach <sup>2/</sup>	2.14 – 2.21	2.40	(0.26) – (0.19)	(11.02) – (8.10)
4) Price to Book Value Ratio Approach (P/BV Ratio) <sup>2/</sup>	2.32 – 3.60	2.40	(0.08) – 1.20	(3.50) – 49.94
5) Price to Earnings Ratio Approach (P/E Ratio)	NA <sup>3/</sup>			
6) Precedent Transaction Comparable Approach	0.39 – 1.50	2.40	(2.01) – (0.90)	(83.67) – (37.36)
7) Discounted Cash Flow Approach <sup>1/4/</sup>	2.24 - 2.39	2.40	(0.16) – (0.01)	(6.64) – (0.47)

Remark: 1/ Appropriated approaches for this valuation of the Company's shares in the Opinion of IFA

2/ The information up to October 26, 2023, which is one day before the Tender Offeror submit a form 247-4 as the restructuring plan.

3/ In the last 12 months ended September 30, 2023, COTTO has a net loss of THB (97.98) million

4/ The value of the Company's shares was calculated from WACC at 8.37%

These share valuation approaches have different advantages and disadvantages reflecting the appropriateness of the calculated share prices as follows:

1) The Book Value Approach only reflects the financial position of the Company at one period. It does not consider the current market value of the asset and the Company's ability to earn profit in the future and the competitiveness of the Business, but it can be used as a reference price to reflect the basic price of the Company's shares. Therefore, IFA views that this approach is not suitable for evaluating the value of COTTO's shares for this valuation.

2) Adjusted Book Value Approach can better reflect net asset value than Book Value Approach, since the book value as assessed in 1) has been adjusted with various items arising after the closing date of the financial statement or items that affect the book value to better reflect the true value. Although the adjusted book value method does not reflect profitability and the competitiveness of the Business in the future, but it can be used as a reference of the share price. Therefore, IFA has an opinion that this valuation approach is appropriate for the valuation of COTTO's shares at this time.

3) Market Price Approach considers traded prices of the Company's shares which are determined by the supply and demand of the Company's stock. The approach assumes that the traded prices reflect the value of the stocks at that time, the fundamentals of the stocks and the views of investors on the Company's future growth potential. In the past 360 trading days, the trading volume turnover ratio of the Company's share was 0.06% of the Company's total paid-up shares. However, after comparing it to SET index, the Company's trading volume turnover is not similar to SET index (SET index has average daily trading volume turnover ratios at 0.76%). This is mainly due to SCGD being the major shareholder holding 82.75% of all issued and paid-up shares of COTTO, so the market price may not be able to reflect the fair share price of the Company. As a result, the market price of the Company's shares in the past cannot be used as a reference price to reflect the true value or price of the Company's shares. Therefore, IFA views that this approach is not suitable for evaluating the value of COTTO' shares for this valuation.

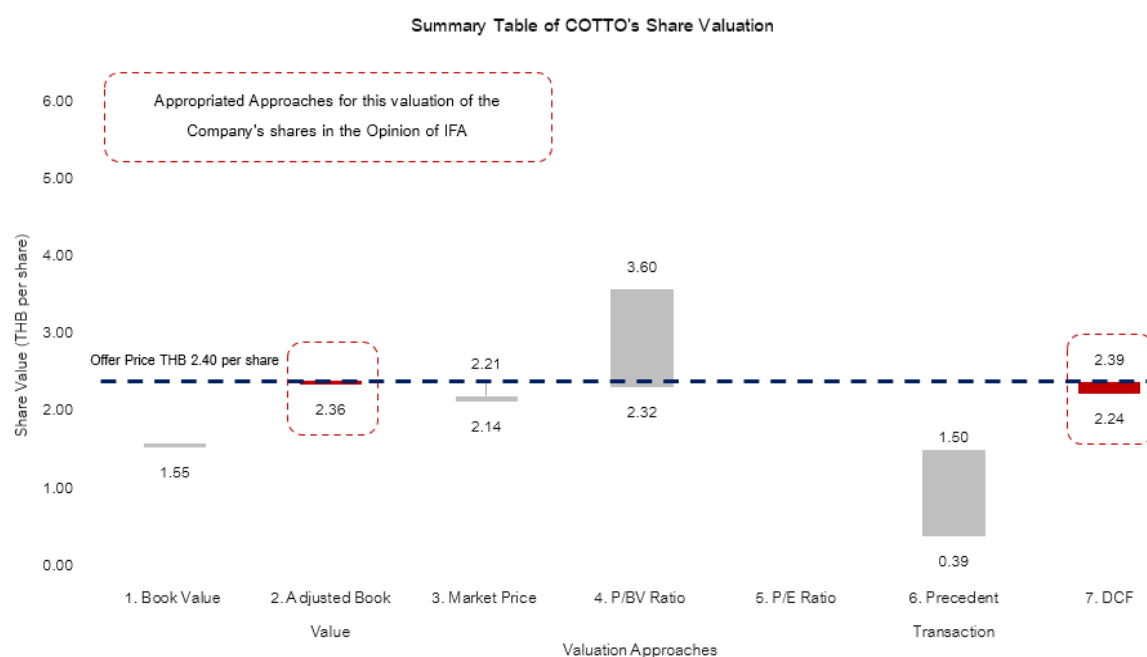
4) Price to Book Value Ratio Approach considers the financial position at any time by comparing with the average of the said ratio of the comparable companies. In this regard, the valuation of COTTO by this method assumes that COTTO must have similar potential to other companies in the group, without considering the profitability and results of operations of COTTO in the future. In addition, the nature of business, revenue structure, performance, financial structure, size of assets of the comparable are different from that of the Company. Therefore, IFA has an opinion that this valuation method may not be appropriate for the valuation of COTTO ordinary shares and may not reflect the true value of COTTO at this time.

5) The Price to Earnings Ratio Approach considers the Company's current profit by comparing it to the set of referral companies. This method is quite popular to estimate the Company's value. However, since in the last 12 months ended September 30, 2023, COTTO has a net loss of THB (97.98) million, therefore, IFA cannot value COTTO ordinary shares value by this approach.

6) Precedent Transaction Comparable Approach is a valuation method by comparing the EV/EBITDA ratio with the purchase price of businesses operating the same or similar business as COTTO, i.e. operating a core business of construction materials and located in Southeast Asia. However, this method is limited by many factors such as the size of the business, country of establishment, transaction time, the economic situation at that time, and shareholding proportion. As a result, the valuation of the Company may be inaccurate and there could be large discrepancies in the Company's share value evaluated from this approach. Therefore, IFA views that this approach is not suitable for evaluating the value of COTTO's shares for this valuation.

7) Discounted Cash Flow Approach reflects the Company's ability to generate profits and future cash flows, estimated from the present value of the Company's expected net future free cash flows, based on the past operations, which is assumed from the economic trend, industry growth rate, and the operations of the business in the future. Therefore, this valuation approach is likely to best reflect the true value of the business. Therefore, IFA is in the opinion that such valuation approach is appropriate for this COTTO share valuation.

IFA has the opinion that Adjusted Book Value Approach and Discounted Cash Flow Approach are appropriate methods for this valuation. The evaluated price range is between THB 2.24 – 2.39 per share, which is lower than the Offer Price at THB 2.40 per share by THB (0.16) – (0.01) per share or (6.64%) – (0.47%).



## 5 Reasons to Accept and/or Reject the Tender Offer

IFA has considered Form 247-4 and its amendments along with other related information and concluded that the shareholders should accept the Tender Offer from the Tender Offeror with supportive reasons as follows.

### 5.1 Reasons to Accept the Tender Offer

#### 5.1.1 The Offer Price is appropriate.

In order to determine the fairness of the Tender Offer Price, IFA has conducted ROBINS's share price evaluation by using 7 following approaches which are 1) Book Value Approach 2) Adjusted Book Value Approach 3) Market Price Approach 4) Price to Book Value Ratio Approach or P/BV Ratio 5) Price to Earnings Ratio Approach 6) Precedent Transaction Comparable Approach and 7) Discounted Cash Flow Approach as shown in the summary table below.

Valuation approaches	Share values	Offer Price	Higher (Lower) than Offer Price (THB/share)	Higher (Lower) than Offer Price (%)
1) Book Value Approach	1.55	2.40	(0.85)	(35.60)
2) Adjusted Book Value Approach <sup>1/</sup>	2.36	2.40	(0.04)	(1.57)
3) Market Price Approach <sup>2/</sup>	2.14 – 2.21	2.40	(0.26) – (0.19)	(11.02) – (8.10)
4) Price to Book Value Ratio Approach (P/BV Ratio) <sup>2/</sup>	2.32 – 3.60	2.40	(0.08) – 1.20	(3.50) – 49.94
5) Price to Earnings Ratio Approach (P/E Ratio)	Unable to calculate <sup>3/</sup>			
6) Precedent Transaction Comparable Approach	0.39 – 1.50	2.40	(2.01) – (0.90)	(83.67) – (37.36)
7) Discounted Cash Flow Approach (DCF) <sup>1/4/</sup>	2.24 - 2.39	2.40	(0.16) – (0.01)	(6.64) – (0.47)

Remark: 1/ Appropriated Approaches for this valuation of the Company's shares in the opinion of IFA

- 2/ Information up to October 26, 2023, which is one business day before the Tender Offeror submits Form 247-4, which is in accordance with the Restructuring Plan.
- 3/ Since in the last 12 months ended September 30, 2023, COTTO has a net loss of THB (97.98) million
- 4/ The value of the Company's shares was calculated from WACC at 8.37%

IFA has an opinion that the appropriate methods for evaluating the Company's shares are the Adjusted Book Value Approach and Discounted Cash Flow Approach. The evaluated price range is between THB 2.24 – 2.39 per share, which lower than the Offer Price of THB 2.40 per share by THB (0.16) – (0.01) per share or (6.64%) – (0.47%), respectively. Therefore, IFA is of the opinion that the Offer Price of THB 2.40 per share is an appropriate price, because the Offer Price is higher than the appropriate price range evaluated by IFA.

Since, SCGD was granted waivers from the Takeover Panel from applying rules on tender offer price for delisting of securities, SCGD's Tender Offer Price does not required to be higher than the highest price calculated according to the criteria in Clause 56 of the Notification No. Tor Chor. 12/2554. Nonetheless, in the case of considering the calculation specified in Clause 56 of the Notification No. Tor Chor. 12/2554, the Offer Price at THB 2.40 per share is not lower than the highest price calculated based on criteria in Clause 56 of the Notification No. 12/2554 as follows:

No.	Criteria followed the Clause 56 of the Notification No. Tor Chor 12/2544	Price (THB/share)
1	The highest price at which the Tender Offeror and persons under Section 258 of the Tender Offeror has acquired the ordinary shares of the Company during a 90-day period before the date on which the tender offer document is submitted to the SEC	N.A.
2	The weighted average market price of the Company's shares during 5 business days before the date on which the Company's board of directors grant approval for submission of the delisting of the Company's shares from being listed securities on the SET for the shareholders' meeting's consideration (March 23, 2023 – March 29, 2023)	2.19
3	The Company's net asset value calculated based on the book value that has been adjusted to reflect the latest market value of the Company's assets and liabilities	2.36
4	The fair value of the Company's shares as appraised by the independent financial advisor	2.24 – 2.39

In general, the Tender Offeror must have a cash alternative for consideration to shareholders of the Company. Nonetheless, the Tender Offeror was granted a waiver from the Takeover Panel so that the Tender Offer can be made with no cash alternative. In this regard, the swap ratio must be calculated based on the fair value, reflecting the impact of the claim against KIA, as mentioned above. Additionally, the Tender Offeror must sufficiently disclose information and progress regarding the mentioned claim in the financial statements' notes and in the securities offering document and delist the Company's shares from being listed securities in the SET. The shareholders of the Company accepting the Tender Offer will receive the newly issued shares of SCGD as the consideration and will become the shareholder of SCGD and will be able to trade the Shares Consideration on the SET after the IPO is completed. On the date of this Tender Offer, the IPO price in respect of the Shares Consideration is within a range of a maximum of THB 15.00 per share and a minimum of THB 11.20 per share



(the “**Preliminary IPO Price Range**”). Therefore, the Swap Ratio is within a range of 4.6667 – 6.2500 of the Business’s shares (with a par value of THB 1.00 each) per 1 newly issued shares of the Tender Offeror (with a par value of THB 10.00 each). Such Swap Ratio is a preliminary range which will be adjusted to be narrower from the Preliminary IPO Price Range (“**Final IPO Price Range**”) which will be determined in the book building process which will be carried out during the Tender Offer period. Such Final IPO Price Range will be within the Preliminary IPO Price Range, which the Tender Offeror will announce the Final IPO Price Range in approximately 3rd week of November 2023 in the registration statement and prospectus and in the Tender Offeror’s website. The Tender Offeror, together with the Business and SCC, will announce the Final IPO Price Range and the swap ratio which calculated based on such Final IPO Price Range via the electronic platform of the SET. The final Swap Ratio will be known after the end of the Tender Offer period when there is a final IPO price, which the Tender Offeror will announce the final IPO price in approximately 1st week of December 2023 in the registration statement and prospectus and in the Tender Offeror’s website. The Tender Offeror, together with the Business and SCC, will announce the final IPO price and the Swap Ratio via the electronic platform of the SET as well.

In addition, IFA did not evaluate the fair value of SCGD’s shares in evaluating the appropriateness of the Swap Ratio between SCGD and COTTO due to the reason that the IPO price of SCGD is comparable to the market price for newly issued SCGD’s shares determined by institutional investors through the book building process by securities company. This method is also widely recognized as a fair market pricing method for the IPO, internationally. Therefore, the Book Building Price Range and the Swap Ratio would be the most appropriate method in evaluating SCGD’s shares. (In addition, while IFA has provided the IFA’s opinion on the Tender Offer for delisting the Business’s securities, SCGD is in the process of doing roadshow with the institutional investors with the purpose for Book Building the SCGD’s share price for offering to the public. Therefore, disclosing information and estimating the share price of SCGD may reveal information that exceeds the information in the filing form and guide the market. (whether positive or negative) which may mislead important investors in essence information.)

#### 5.1.2 Impacts on the shareholders in the event of rejecting the Tender Offer

The Tender Offer for delisting of the Business’s ordinary shares from being a listed securities on the SET by the Tender Offeror as proposed in the Restructuring Plan, which the EGM No. 1/2023 on May 23, 2023 has approved to delist the Company’s shares from the SET and the SET Board of Governors has permitted to delist the Company’s shares from the SET as specified in document No. Bor.Jor. 185/2023 dated July 18, 2023, with condition for SCGD to make a Tender Offer to purchase the securities from shareholders of the Company. In this regard, the Business is required to report the results of the Tender Offer within 5 business days following the completion of the Tender Offer Period to allow the SET to make necessary announcements to investors. In this regard, after the Company is delisted from the SET, the shareholders who remain holding the Company’s shares might be affected as follows:

- 1) Lack of liquidity in trading the shares of the Business as there is no secondary market to trade the shares, no market price to trade the shares and the shares of the Business are not able to trade flexibly;

- 2) 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 may receive will mainly be dividends from the Company. However, after the Delisting, SCGD as a major shareholder with absolute control over the Company (as of April 17, 2023, SCGD is a major shareholder of the Company with more than 82.75% of the total issued shares of the Company), may change dividend payment policy by keeping earnings instead of paying out and the minority shareholders will not receive any dividend unless changes occur;
- 3) No tax benefit, since the 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% of the paid-up share price or the price stated on the share transfer instruments, whichever is higher.
- 4) Getting less information or news from the Company as compared to the time when the Company is a listed company on the SET. Although, the Company will remain its status as public company limited, after the delisting of its shares, the shareholders will receive less news and information of the Company. The reason is that the Company will no longer have to follow standards, notifications, rules and any related laws, including from the SET regarding to the disclosure of information of listed companies. Moreover, if after the Tender Offer, the Company has other shareholders, who are not the Tender Offeror and related persons of the Tender Offeror acting in concert and the person under Section 258, holding shares in total not exceeding 5 percent of the total voting rights of the Company or such other shareholders holding all securities of the Company are less than 100 persons, the Company will (1) no longer have duties to prepare and submit financial report and results of performance to the SEC Office pursuant to the Notification of Capital Market Supervisory Board No. TorChor. 44/2013 regarding rules, conditions and methods for reporting disclosure of information regarding the financial position and operating results of companies issuing securities (as amended) and (2) the Company, including the directors and executives of the Company, will be no longer under the governance of publicly traded company pursuant to chapter 3/1 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) such as entering into connected transactions, entering into transactions that are significant to the business and duty to report interests of directors and executives, etc. However, the Company's shareholders will have access to news or information of the Company indirectly through SCGD 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 at the company's shareholder meeting and the company's annual report as well as the

statement of financial position and income statement. Moreover, the shareholders can request copies of the particular documents of the Company, e.g. affidavit, list of shareholders and financial statements of the Company from the Ministry of Commerce; and

- 5) Unable to balance the controlling power of the major shareholders, since SCGD is a current major shareholder of COTTO, hold more than 82.75% of the total issued shares of the Company, SCGD will be able to control and be able to make decision in significant matters, whether it's general matters that require approval from shareholders with majority vote, such as certifying annual financial statements, appointment of directors and the appointment of an auditor, or a resolution to approve a special agenda that requires approval from the shareholders with a vote of not less than three-fourth of the total votes of shareholders attending the meeting and having the right to vote. This includes the delisting of securities from being listed on the SET this time (if there is no objection by shareholders of more than 10% of the total issued and paid-up shares of the Company) and in this request for delisting, SCGD will make a Tender Offer for all securities of the Company. After the Tender Offer, if SCGD acquires more shares of the Company or holds shares in the Company in the proportion greater than or equal to 95% of the total number of shares of the Company, the Company will no longer have a duty to disclose information about the financial position and operating results of the Company in accordance with the rules of the SEC to other shareholders.

### 5.1.3 Impacts on the shareholders in the event of accepting the Tender Offer

The shareholders who accept this Tender Offer will receive newly issued ordinary shares of SCGD as considerations from the Tender Offeror and become shareholders of SCGD, who is the parent company. According to the consolidated pro-forma financial statements as of 6-month period ended June 30, 2023, SCGD has the total assets, shareholders' equity, and total revenue of THB 40,935.3 million, THB 20,233.9 million, and THB 14,640.7 million, respectively, which is 343.58%, 224.70%, and 212.26% compared to COTTO. In this regard, SCGD is a flagship company of SCC group for floor tiles, wall tiles and bathroom business in Thailand and overseas, that is an integration of Floor Tiles, Wall Tiles, and Bathroom products as the same group under a single listed company in the SET. The Company's shareholders will become shareholders of the parent company whose size is larger than the Company and has more brands and areas of business to cover a wider variety, and has access to markets with greater growth potential, which should result in trading liquidity of SCGD (after listed in the SET) higher than that of COTTO. In conclusion, being a direct shareholder in SCGD should bring more benefits to COTTO's shareholders. In addition, the acceptance of this tender offer is considered an option that allows minor shareholders of COTTO to acquire shares in SCGD, the parent company of COTTO, which has better business operations potential.

## 5.2 Reasons to reject the Tender Offer

This Tender Offer is a tender offer to delist the business's securities from being listed securities on the SET. Therefore, if shareholders still hold shares in the company in the future, shareholders will still have rights as specified by the Public Limited Companies Act B.E. 2535, such as the right to receive dividends from the business's retained profits or future operating results according to the dividend payment policy of the business. At present, the Company has a policy to consider paying dividends in the range of 30.00 – 50.00 percent of the net profit of the consolidated financial statements in each accounting period after deducting legal reserves and accumulated losses already brought forward (if any). However, the payment of such dividends will depend on cash flow, investment plans, terms and conditions in various contracts that the Company is bound by, including other necessity and suitability in the future (changes can be made by resolution of the committee and resolutions of the shareholders' meeting of the business).

## 5.3 Benefits or impacts from the plans and policies indicated in the Tender Offer and possibility of such plans and policies

In addition to the Offer Price that the Tender Offeror has offered in the Tender Offer (Form 247-4), IFA has considered the details of other factors for consideration, summarized as follows:

### 5.3.1 Share sale plan

According to Form 247-4, at the moment, the Tender Offeror has no intention to sell or transfer a significant number of the Business's securities that has been acquired through this Tender Offer to any party within a 12-month period from the end of this Tender Offer period, except for any of the followings:

- The Tender Offeror is obligated to comply with the applicable laws and/or regulations in effect during such period;
- The Tender Offeror sells or transfers the securities to any person who is a person under Section 258 of the Tender Offeror;
- A shareholding restructuring, a business group restructuring or a capital restructuring is taken by the Tender Offeror in order to optimize the benefits of the Tender Offeror's shareholders and the Business.

IFA has an opinion that within 12 months from the end of the Tender Offer period, the Tender Offeror would not sell or transfer the Business's shares that has been acquire through this Tender Offer to any party, if not required, because the Company is the core business of the Tender Offeror, and the Business will be a non-listed company on the SET, which will result in no share liquidity and market price. However, there is a possibility that the Tender Offeror will sell or transfer some or all the Business's shares to related companies of the Tender Offeror to restructure their shareholding structure, business structure, or the capital structure within the group of the Tender Offeror. However, such action would be appropriate for business operations in order to provide maximum benefit to the shareholders of both the Tender Offeror and the Business. In this regard, IFA has an opinion that although the shareholders who do not accept this Tender Offer will not be immediately affected by the shareholding restructuring of the Tender Offeror, but in the future, shareholders might be faced with

decreasing profitability of the Company, which will directly affect the dividends that shareholders will receive from future business group restructuring of the Tender Offeror. Alternatively, shareholders might be faced with Control Dilution from future capital increase such as Private Placement or Right Offering by the Tender Offeror.

### 5.3.2 Business Status

According to Form 247-4, after the completion of the Tender Offer and the subsequent delisting of the Business's shares from the SET, the Business will no longer maintain its status as a listed company on the SET. However, it will retain its position as a public company limited and continue its operations as usual.

Furthermore, the Tender Offeror has plans to proceed with the internal restructuring of subsidiary companies engaged in core businesses after being listed on the SET. This may impact the status of the Business, for instance, amalgamation between the Business and other subsidiaries engaged in core businesses of the Tender Offeror. In such cases, shareholders of the Business who do not accept the Tender Offer in this round and remain shareholders in the Business may need to convert their shareholding to hold shares in the new company formed as a result of the amalgamation. Any restructuring will be carried out in compliance with relevant laws and regulations, including articles of association of the Business, Board of Directors' resolutions, and/or shareholders' resolutions of the Business (as applicable). In such a case of amalgamation, the Business will cease to exist as a legal entity and a new legal entity will be established, consolidating the assets, liabilities, rights, and responsibilities of the companies being amalgamated.

After the completion of this Tender Offer and subsequent delisting of the Business's shares from the SET, the Business will retain its status as a public company limited. The Business will continue its obligation to disclose and provide information in accordance with the Public Limited Companies Act of 1992 (B.E. 2535) (as amended). Nevertheless, the disclosure obligations applicable to listed companies under securities laws, including Regulation of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company, will no longer apply. Consequently, the Business's directors, executives, accountants, and related parties will not be obligated to prepare and disclose reports on securities holdings as stated in the Notification of the Office of the Securities and Exchange Commission No. SorJor. 38/2018 Re: the preparation of reports on changes in securities and futures holdings by directors, executives, accountants, planners, and management personnel (as amended).

Furthermore, after the completion of this Tender Offer and subsequent delisting of the Business's shares from the SET, if the company has other shareholders who are not the Tender Offeror, individuals acting in concert with the tender offeror (Concert Party), and persons as defined in Section 258 of the aforementioned parties, holding shares collectively not exceeding 5.00 percent of the total voting rights of the Business, or if there are not more than 100 shareholders holding shares collectively, it will result in: (1) the Business will cease the duty of preparing and submitting financial status and operational performance reports to the Office of the Securities and Exchange Commission ("SEC") according to the Securities and Exchange Commission's Announcement No. TorJor. 44/2556 regarding the criteria, conditions, and procedures for reporting the disclosure of financial status and operational results of companies that have issued securities., and (2) the

Business, including its board of directors and management, will no longer be subject to the regulations regarding the management of companies that have issued securities as stipulated in Section 3/1 of the Securities and Exchange Act B.E. 2535 (as amended). This includes activities such as transactions involving connected parties, significant transactions of the Business, and the obligations to report on the interest of directors and executives.

IFA has an opinion that, even though, after the completion of the Tender Offer and the subsequent delisting of the Business's shares from being listed securities on the SET, the Business will no longer maintain its status as a listed company on the SET but will retain its position as a public company limited and continue its operations as usual. However, there is a high probability that the Tender Offeror will proceed with the internal restructuring of subsidiary companies engaged in core businesses after being listed on the SET, especially the business group restructuring, which may impact the status of the Business, for instance, amalgamation between the Business and other subsidiaries engaged in core businesses of the Tender Offeror. In such cases, shareholders of the Business who do not accept this Tender Offer and remain as shareholders in the Business may become shareholders in the new company as a result of the amalgamation.

However, after the completion of this Tender Offer and subsequent delisting of the Business's shares from the SET, the Business will retain its status as a public company limited. The Business will continue its obligation to disclose and provide information in accordance with the Public Limited Companies Act of B.E. 2535 (1992) (including any amendment thereto). Nevertheless, the disclosure obligations applicable to listed companies under securities laws, including Regulation of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company, will no longer apply. Consequently, the Business's directors, executives, accountants, and related parties will not be obligated to prepare and disclose reports on securities holdings as stated in the Notification of the SEC No. SorJor. 38/2561 Re: the preparation of reports on changes in securities and futures holdings by directors, executives, accountants, planners, and management personnel (as amended).

In this regard, after the completion of this Tender Offer and subsequent delisting of the Business's shares from the SET, if the Company has other shareholders who are not the Tender Offeror, including person acting in concert with the Tender Offeror (Concert Party), and any persons under Section 258 of such shareholders holding the shares not exceeding 5 percent in aggregate of the total voting shares of the Business, or the shareholders in a number of not exceeding 100 persons, this will result in: (1) the Business will cease the obligation to prepare and submit the financial statements and other reports regarding the financial position and business operation to the Securities and Exchange Commission according to the Notification of the Capital Market Supervisory Board No. TorJor. 44/2556 Re: Rules, Conditions and Procedures for Disclosure regarding Financial and Non-financial Information of Securities Issuers (as amended) and (2) the Business including its directors and executives will not fall under the regulations regarding the governance of publicly traded company according to Chapter 3/1 of the Securities and Exchange Act B.E. 2535 (as amended), e.g. entering into a

connected transaction, entering into a transaction significant to the Business, a duty to report the conflict-of-interest of the directors and the executives, and etc.

### 5.3.3 Policy and Management Plan

#### 5.3.3.1 The Objectives for Conducting the Business of the Business

According to Form 247-4, within the 12 months following the completion of the Tender Offer period, the Tender Offeror does not plan to make significant changes to the Business's objectives.

However, the Tender Offeror has plans to proceed with the internal restructuring of subsidiary companies engaged in core businesses after being listed on the SET. This may impact the status of the Business. For instance, amalgamation between the Business and other subsidiaries engaged in core businesses of the Tender Offeror. In such cases, shareholders of the Business who do not accept the Tender Offer in this round and remain shareholders in the Business may need to convert their shareholdings to hold shares in the new company formed because of the amalgamation. Any restructuring will be carried out in compliance with relevant laws and regulations, including articles of association of the Business, Board of Directors' resolutions, and/or shareholders' resolutions of the Business (as applicable). In such a case of amalgamation, the Business will cease to exist as a legal entity and a new legal entity will be established, consolidating the assets, liabilities, rights, and responsibilities of the companies being amalgamated.

IFA has an opinion that, within 12 months after the end of the Tender Offer period, the Tender Offeror would continue to operate the core business of the Company, as manufacturer and distributor of floor and wall ceramic tiles under the brand of COTTO, SOSUCO and CAMPANA. Since the Tender Offeror is already a major shareholder of the Business, if the Tender Offeror wishes to change the business objectives of the Business, the Tender Offeror can do so without having to make the Tender Offer. In this regard, IFA has an opinion that there is a probability that the Tender Offeror will restructure the internal structure of subsidiary companies engaged in core businesses after being listed on the SET, such as amalgamation between the Business and other subsidiary companies engaged in core businesses of the Tender Offeror, where such amalgamation will directly affect the shareholders of the Business.

#### 5.3.3.2 Business Management Plan

According to Form 247-4, within the 12 months following the completion of the Tender Offer period, the Tender Offeror will thoroughly evaluate the current business policies and management plans of the Business. The Tender Offeror may consider adjusting the Business's management plans, organizational structure, and business management to be in line with business operations, current and future market competition. This includes alignment with the management plan, strategy, or business operations of the tender offeror, which involves holding shares in other companies (Holding Company). Moreover, the Tender Offeror may also consider integrating certain operations among the Business, the tender offeror, and/or other subsidiaries of the Tender Offeror. This could involve providing or utilizing shared services for business support, offering financial

management services to companies within the group. These efforts aim to benefit both the Business and the Tender Offeror in various aspects, such as cost reduction and enhancing operational efficiency.

IFA has an opinion that the Tender Offeror tend to modify or merge some operations between the Business, the Tender Offeror and/or other subsidiaries of the Tender Offeror in the future, including providing or using shared service of the business to benefit the Business and the Tender Offeror, which the Tender Offeror would do to increase the competitiveness of the SCGD group and its business in the long run.

#### 5.3.3.3 Investment Expansion Plan

According to Form 247-4, during the 12 months following the completion of the Tender Offer period, the Tender Offeror has plans to expand the business investment in line with the business operation plan, such as energy cost reduction projects, machinery upgrades in the factories, investment projects to expand production capacity, including encompasses products with added value, new products related to surface decoration materials, and other relevant products and/or adjust or expand the network or retail outlets for product distribution. However, the Tender Offeror will carefully consider the current business investment policies or plans in detail. The Tender Offeror may further evaluate additional business investments beyond the regular business operation plan (including acquiring businesses or additional assets). If there are business opportunities or suitable investment prospects, or in the event of significant changes in market conditions, competition dynamics, or the business of the Business, or other necessary changes, the Tender Offeror may review and adjust investment plans as necessary and appropriate to benefit both the Business and the Tender Offeror overall.

IFA has an opinion that plans to expand the business investment of the Tender Offeror is in line with the business operation plan of the Tender Offeror, such as energy cost reduction projects, machinery upgrades in the factories, or investment expansion in addition to regular business operations plan (including acquiring businesses or additional assets). However, IFA has an opinion that the entire investment expansion plan of the Tender Offeror would be done for the benefit of the Business and the Tender Offeror as a whole.

#### 5.3.3.4 Organizational Restructuring Plan

According to Form 247-4,

Board of Directors: Currently, the Tender Offeror does not have any plan to change the Business' structure or alter the Board of Directors of the Business. However, within 12 months following the completion of the Tender Offer period, the Tender Offeror may consider restructuring or changing the Board of Directors if deemed appropriate. Any changes to the structure or Board of Directors will be carried out in compliance with relevant laws, regulations, and articles of association of the Business, including, Board of Directors' resolutions, and/or shareholders' resolutions of the Business (as applicable).



Management: Within 12 months following the completion of the Tender Offer period, the Tender Offeror may consider changing the management of the Business. In case of any changes, the Tender Offeror will act as deemed appropriate and necessary to enhance the efficiency of business management, aiming for the maximum benefit of both the Business and the Tender Offeror overall.

IFA has an opinion that, as the Tender Offeror stated in Form 247-4 about the organization restructuring plan, within 12 months following the completion of the Tender Offer period, the Tender Offeror may consider restructuring or changing the Board of Directors, including executives of the Company, as appropriate, which is likely to enhance the efficiency of business management, aiming for the maximum benefit of both the Business and the Tender Offeror as a whole.

As of October 27, 2023, there were 11 of the Company's Board of Directors which the details are as follows:

No.	Name	Position
1.	Mr. Nithi Patarachoke	Chairman of the Board of Directors / Chairman of Executive Committee Member of Remuneration, Nomination, and Governance Committee
2.	Mr. Numpol Malichai	Director / Executive Committee / Managing Director
3.	Mr. Kittiphong Photaranon	Director / Executive Committee
4.	Mr. Anuvat Chalermchai	Director
5.	Mr. Chaovalit Ekabut	Director
6.	Mr. Surasak Kraiwitthaicharoen	Director / Member of Remuneration, Nomination, and Governance Committee
7.	Miss Varunyu Opanayikul	Director
8.	Mr. Prawit Ninsuvannakul	Independent Director / Chairman of Audit Committee
9.	Mr. Damri Tunshevavong	Independent Director / Chairman of Remuneration, Nomination, and Governance Committee / Audit Committee
10.	Mr. Teeranun Srihong	Independent Director
11.	Mr. Arnut Changtrakul	Independent Director / Audit Committee

Source: The Company

#### The list of anticipated Board of Directors after the Tender Offer

Currently, the Tender Offeror does not have any plan to change the Business' structure or alter the Board of Directors of the Business. However, within 12 months following the completion of the Tender Offer period, the Tender Offeror may consider restructuring or changing the Board of Directors if deemed appropriate. Any changes to the structure or Board of Directors will be carried out in compliance with relevant laws, regulations, and articles of association of the Business, including, Board of Directors' resolutions, and/or shareholders' resolutions of the Business (as applicable).

#### 5.3.3.5 Disposition Plan for Core Assets of the Business or Subsidiaries

According to Form 247-4, within 12 months following the completion of the Tender Offer period, the Tender Offeror does not have any plans to dispose of the core assets of the Business or its subsidiary, which would significantly impact the Business' business. This excludes the disposal of assets as part of normal business operations and in compliance with relevant regulations, including but not limited to regulations of the SEC and the SET.

IFA has an opinion that, as the Tender Offeror does not have any plans to change the business operations of the Company, therefore within 12 months following the completion of the Tender Offer period, the Tender Offeror does not have any plans to dispose of the core assets of the Business or its subsidiaries, which would significantly impact the Business' business. However, IFA has an opinion that even though the Tender Offeror does not have any plans to dispose of the core assets of the Business or its subsidiaries, but after 12 months, the Tender Offeror may restructure the business structure, which may cause a decrease in profitability or amalgamation between the Business and other subsidiary companies engaged in core businesses of the Tender Offeror, which will directly affect the shareholding proportion of the shareholders of the Business.

#### 5.3.3.6 Financial Restructuring Plan

According to 247-4, within 12 months following the completion of the Tender Offer period, the Tender Offeror does not have any plans to make significant changes to the financial structure. However, the Tender Offeror will carefully consider the financial structure and policies of the Business and thoroughly study the current financial management plan of the Business. The Tender Offeror may adjust the financial structure of the Business to ensure suitability, which may include obtaining additional loans to support business operations and/or further investment of the Business. This is to enhance operational efficiency and benefit both the Business and the Tender Offeror overall. The Business will comply with relevant regulations, including but not limited to the criteria set forth by the SEC and the SET (where applicable).

IFA has an opinion that the Tender Offeror would not significantly change the financial structure of the Business. However, if the Tender Offeror do the restructuring within the group of subsidiaries engaged in core businesses of the Tender Offeror, it may affect the status of the Business, such as amalgamation, which would result in significant changes to the financial structure, such as increase in the debt-to-equity ratio and interest burden, which would directly affect the minority shareholders.

#### 5.3.3.7 Dividend Policy

According to Form 247-4, within 12 months following the completion of the Tender Offer period, the Tender Offeror does not have any plans to make significant changes to the Business's dividend payment policy. However, if necessary or in the event of significant changes in the financial status or business conditions of the Business, or for other necessary alterations, the Tender Offeror may change the Business's dividend policy in the future to align with operational activities and financial status of the Business, or to enhance efficiency and

competitiveness in the future. The Tender Offeror will ensure that any changes are approved by the Board of directors and/or shareholders of the Business (if required), to comply with articles of association of the Business, laws, and relevant guidelines regulations.

Furthermore, if the Business has excess liquidity, the Tender Offeror may propose to the Board of Directors' meeting and/or the shareholders' meeting of the Business to consider declaring dividends and/or interim dividend payments, in compliance with applicable laws and regulations.

IFA has an opinion that, if there are no events that significantly impact the Company within 12 months, the Tender Offeror is unlikely to significantly change the dividend policy of the business. However, after 12 months, the Tender Offeror may change the dividend policy of the Business. After considering the business restructuring plan, IFA has an opinion that the future dividend payment policy of the Business may change significantly. This change may have a direct impact on the minority shareholders of the Business, who did not accept this Tender Offer.

#### 5.3.4 Connected Transaction

According to Form 247-4, currently, the Business has established policies, regulations, and approval processes of connected transaction in accordance with the rules and requirements of the SET and the SEC to prevent conflicts of interest of connected transactions between the Business and its subsidiaries, affiliated companies, related parties, and/or individuals that may pose conflicts. Presently, the Business has connected transactions with the Tender Offeror or persons under Section 258 of the Tender Offeror, specifically as outlined in Section 2, Clause 4.4.2 regarding connected transactions. However, such connected transactions are in line with the business conditions and/or financial status of the Business, considering the necessity and reasonableness of the transactions and their significance to the Business's operations and benefits. The Tender Offeror foresees that, post the Business's acquisition, the trajectory of connected transactions between the Business and the Tender Offeror or persons under Section 258 of the Tender Offeror will align with the normal course of business for the Business.

Nonetheless, following the restructuring and the issuance of this Tender Offer, the Business's shares will be delisted from the SET. The Business may no longer be obligated to comply with the regulations regarding related party transactions as specified by securities and exchange laws, including regulations, announcements, orders, or directives of the SEC and the SET. Consequently, minority shareholders of the Business may be impacted by not receiving relevant information regarding transactions with related parties that the Business is required to disclose as per the criteria of being a listed company. This may result in less timely and less frequent updates compared to when the Business maintained its status as a listed entity on the SET.

IFA has an opinion that after the completion of the Tender Offer, the Company is likely to have related transactions with the Tender Offeror, or the person under Section 258 of the Tender Offeror, as the Tender Offeror specified in Form 247-4. However, this Tender Offer could cause the Tender Offeror to hold more than 90 percent of the Company's shares, which would cause the related transactions in the future (as detailed in

the Notification of Capital Market Supervisory Board No. TorChor. 21/2551) to be considered as a normal transaction of the subsidiaries which will not be disclosed any longer. Moreover, after the restructuring and this Tender Offer, the Company's shares will be delisted from being listed securities on the SET, the Business would no longer be obligated to comply with the regulations regarding related party transactions as specified by securities and exchange laws, including regulations, announcements, orders, or directives of the SEC and the SET. Consequently, minority shareholders of the Business would be impacted by not receiving relevant information regarding transactions with related parties that the Business is required to disclose as per the criteria of being a listed company. This may result in less timely and less frequent updates than before.

## **6 Benefits to and impact on the shareholders who reject the Tender Offer (in the case that tender offer is for delisting securities from being listed in the SET, based on regulation of the SET)**

The shareholders who decline to sell their shares in this Tender Offer, after the delisting of the Company's shares, will still have their rights as specified in law and regulations such as the shareholders' meeting, receiving dividend and appointing the Company's Board of Directors. However, these shareholders will not receive tax privilege from tax exemption of Capital Gain Tax from future share selling and be affected by the loss of balance of power and monitoring the activities of major shareholder.

## **7 Summary of IFA's Opinion**

According to the information and reasons above, IFA has the opinion that the shareholders should accept the Tender Offer because of 3 reasons.

1) IFA has opinion that the Tender Offer at THB 2.40 per share is the appropriate price because the Offer Price is higher than the appropriate price evaluated by IFA which ranges between THB 2.24 – 2.39 per share, which is lower than the Offer Price by THB (0.16) – (0.01) per share or by (6.64%) – (0.47%).

2) The Tender Offer for delisting of the Business's ordinary shares from being a listed securities on the SET by the Tender Offeror as proposed in the Restructuring Plan, which the EGM No. 1/2023 on May 23, 2023 has approved to delist the Company's shares from being listed securities on the SET and the SET Board of Governors has permitted the request to delist the Company's shares from the SET as specified in document No. Bor.Jor. 185/2023 dated July 18, 2023, with condition for SCGD to make tender offer to purchase securities from shareholders of the Company according to the criteria set by the SEC. Before the SET will consider setting the date for delisting the Company's share from being listed securities, the Company is required to report the result of the Tender Offer to the SET within five business days after the end of the offer period for announcement to the investors. Therefore, accepting the Tender Offer is an option for the shareholders to avoid risk after the Company is being delisted from being a listed company in the SET. After the Business has ceased to be a listed security, shareholders who continue to hold the Company's shares will no longer have the opportunity to sell their shares on the SET, which will cause the Company's shares liquidity to decline significantly. And if the shareholder sells the company's shares after the Tender Offer, the shareholder will also have income tax burden and shareholders are also obliged to pay stamp duty on transactions. Additionally, the channels for receiving news and information about the Company may be reduced as well.

3) The shareholders who accept this Tender Offer will receive newly issued ordinary shares of SCGD as considerations from the Tender Offeror and become shareholders of SCGD, who is the parent company and a flagship company of SCC group for floor tiles, wall tiles and bathroom business in Thailand and overseas, that is an integration of Floor Tiles, Wall Tiles, and Bathroom products as the same group under a single listed company in the SET. The Company's shareholders will become shareholders of the parent company whose size is larger than the Company and has more brands and areas of business to cover a wider variety, and has access to markets with greater growth potential, which should result in trading liquidity of SCGD (after listed in the SET) higher than that of COTTO. In conclusion, being a direct shareholder in SCGD should bring more benefits to COTTO's shareholders.

Therefore, considering the factors above, as well as the reasonableness and the Offer Price at THB 2.40 per share, IFA has the opinion that the shareholders should accept the Tender Offer at the Offer Price of THB 2.40 per share.

In considering accepting or rejecting the tender offer for securities, the shareholders can consider reasons and opinions on various issues that IFA has presented in this report. However, the decision to accept or reject the Tender Offer is at the discretion of the shareholders.

DISCOVER as the independent financial advisor certifies that we have considered and provided the above opinions carefully in accordance with professional standards, considering the utmost benefit for the shareholders.

Yours sincerely,

Discover Management Company Limited

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(Mr. Vuthichai Tumasaroj)

Director

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(Miss Kanokporn Pongjetanapong)

Director

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(Mr. Vuthichai Tumasaroj)

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