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(Translation)

**CAPITAL INCREASE REPORT FORM**  
**THE ERAWAN GROUP PUBLIC COMPANY LIMITED**

February 23, 2021

We, The Erawan Group Public Company Limited (the “Company”), hereby report the resolutions of the Board of Directors’ Meeting No. 2/2021 held on February 23, 2021 during 14:00 to 17:00 relating to the increase of the registered capital and the allocation of newly issued ordinary shares as follows:

**1. Capital Increase**

The Board of Directors’ Meeting No. 2/2021 resolved to approve the increase of the registered capital of the Company by THB 2,373,674,145 from the existing registered capital of THB 2,517,533,185 to THB 4,891,207,330, by issuing 2,373,674,145 newly issued ordinary shares with a par value of THB 1 per share.

Details of the capital increase are as follows:

| Type of Capital Increase   | Type of Shares  | Number of Shares (Shares) | Par Value (Baht per Share) | Total (THB)   |
|--|-----------------|---------------------------|----------------------------|---------------|
| <input checked="" type="checkbox"/> Specific purpose of utilizing the proceeds | Ordinary shares | 2,373,674,145             | 1                          | 2,373,674,145 |
| <input type="checkbox"/> General mandate                                       | Ordinary shares | -                         | -                          | -             |

**2. Allocation of newly issued ordinary shares (Specific purpose of utilizing the proceeds)**

| Allocated to  | Number of Shares (Not exceeding) | Ratio (Existing: New)  | Sale Price (Baht per Share) | Date and Time of Subscription and Share Payment               | Remark                               |
|---|----------------------------------|--|-----------------------------|---|--------------------------------------|
| (1) To allocate for an offering to the existing shareholders of the | up to 2,014,026,548 newly issued | <u>Allocation Ratio:</u><br>1.25 existing ordinary shares to 1 newly issued ordinary share | THB 1.00 per share          | During June 7-11, 2021<br>The record date for determining the | Please see Remark No. 1 and 3 below. |

| Allocated to   | Number of Shares<br>(Not exceeding)  | Ratio<br>(Existing: New)  | Sale Price<br>(Baht per Share)   | Date and Time of Subscription and Share Payment  | Remark                               |
|--|--|---|--|--|--------------------------------------|
| Company in proportion to their respective shareholdings (Rights Offering)  | ordinary shares  | (In calculation for the right to receive the allocation of newly issued ordinary shares, any fractions resulting from the calculation based on the allocation ratio set forth shall be rounded down)  |  | rights of the shareholders who will be offered to subscribe for newly issued ordinary shares in the Rights Offering will be May 12, 2021.  |                                      |
| (2) To allocate for the exercise of the warrants to purchase newly issued ordinary shares No. 3 (ERW-W3), which will be issued to existing shareholders of the Company in proportion to their respective shareholdings | up to 359,647,597 newly issued ordinary shares. (Accounting for 7.94 percent of total paid-up capital shares of the Company including the newly issued ordinary shares reserved for the existing shareholders in proportion to their | <u>Allocation Ratio:</u><br>7 existing ordinary shares to 1 unit of warrant<br><br>(In calculation for the right to receive the allocation of warrants to the shareholders, any fractions resulting from the calculation based on the allocation ratio set forth shall be rounded down) | The ERW-W3 Warrants at no cost, (zero Baht) at the exercise price of THB 3.00 and the exercise ratio of 1 unit of the warrant to 1 newly issued ordinary share | The allocation and issuance of the ERW-W3 Warrants will be completed within 1 year from the date on which the shareholders' meeting approves such issuance.<br><br>The record date for determining the rights of the shareholders to receive the ERW-W3 Warrants will be May 12, 2021. | Please see Remark No. 2 and 3 below. |

| Allocated to                                 | Number of Shares<br>(Not exceeding)                                   | Ratio<br>(Existing: New) | Sale Price<br>(Baht per Share) | Date and Time of Subscription and Share Payment | Remark |
|--|---|--------------------------|--------------------------------|---|--------|
|  | respective shareholdings (Rights Offering) as specified in (1) above. |                          |                                |   |        |
| <b>Total of newly issued ordinary shares</b> | <b>Up to 2,373,674,145 shares</b>                                     |                          |                                |   |        |

**Remark:**

The Board of Directors' Meeting No. 2/2021 held on February 23, 2021 approved to propose that the 2021 Annual General Meeting of Shareholders to consider and approve the allocation of newly issued ordinary shares of up to 2,373,674,145 shares at a par value of THB 1 per share as detailed below:

- 1) The allocation of up to 2,014,026,548 newly issued ordinary shares for an offering to the existing shareholders of the Company in proportion to their respective shareholdings at the ratio of 1.25 existing ordinary shares to 1 newly issued ordinary share at the offering price of THB 1.00 per share, in the case of a fraction of a share, the fraction shall be rounded down, and any newly issued ordinary shares remaining unsubscribed from the first allocation will be re-allocated to every shareholder who has oversubscribed for and fully paid the price of the subscribed shares, whereby each round of reallocation will be made accordingly in proportion to their respective shareholding of each oversubscribing shareholder (the "Rights Offering"). In this regard, the allocation of the oversubscribed shares shall be made in accordance with the following details:
  - 1.1 In the case that the number of shares remaining from the first allocation to the existing shareholders in proportion to their respective shareholdings is higher than or equal to the number of shares which are oversubscribed for by the existing shareholders, the Company will allocate the remaining shares to all oversubscribing shareholders who have fully paid the price of the oversubscribed shares in accordance with the number of shares for which they have expressed their intention to oversubscribe.
  - 1.2 In the case that the number of shares remaining from the first allocation to the existing shareholders in proportion to their respective shareholdings is lower than the number of shares which are oversubscribed for by the existing shareholders, the Company will allocate the remaining shares to the oversubscribing shareholders as follows:
    - a) The Company will allocate the remaining shares by multiplying the shareholding percentage of each oversubscribing shareholder by the number of the remaining shares, the result thereof will be in the whole number of shares to be allocated to the oversubscribing shareholders. In the case of a fraction of a share, the fraction shall be rounded down. However, the number of shares to be allocated shall not exceed the number of shares for which each shareholder has subscribed and fully

paid for.

- b) In the case where there are shares remaining from the allocation pursuant to 1.2 a), the Company will allocate the remaining shares to each oversubscribing shareholder who has not been fully allocated with oversubscribed shares by multiplying the shareholding percentage of each oversubscribing existing shareholder by the number of the remaining shares, the result thereof will be the whole number of shares to be allocated to the oversubscribing shareholders. In the case of a fraction of a share, the fraction shall be rounded down. However, the number of shares to be allocated shall not exceed the number of shares for which each shareholder has subscribed and fully paid for. The Company shall allocate the oversubscribed shares to the oversubscribing shareholders in accordance with the procedures under this provision until there are no shares remaining from the allocation.

If any subscription of shares results in any subscribing shareholder holding the shares in the amount which reaches or crosses the point where a tender offer to purchase all securities of the Company is required and does not fall under any exemptions stipulated under the relevant laws and regulations, such shareholder must comply with the obligations stipulated under the relevant laws and regulations.

The record date for determining the rights of the Company's shareholders who will be offered to subscribe for new ordinary shares in the Rights Offering will be May 12, 2021. However, the determination and details of such right remains uncertain and subject to an approval of the Annual General Meeting of shareholders.

However, the Company reserves the right to not offer or allocate the newly issued ordinary shares in the Rights Offering to any shareholder if such offering or allocation will or may result in the Company being subject to any obligations under the law of other jurisdictions.

- 2) The allocation of up to 359,647,597 newly issued ordinary shares to accommodate for the exercise of the right to purchase newly issued ordinary shares under the ERW-W3 Warrants, which will be issued to existing shareholders of the Company in proportion to their respective shareholdings at no cost, (zero Baht) at the ratio of 7 existing ordinary shares to 1 unit of warrant (any fractions resulting from the calculation based on the allocation ratio set forth shall be rounded down), with a term of up to 3 years from the issuance date, having an exercise ratio of 1 unit of warrant per 1 newly issued ordinary share at an exercise price of THB 3.00.

The record date for determining the rights of the Company's shareholders who will receive the allocation of the ERW-W3 Warrants will be May 12, 2021. However, the determination and details of such right remains uncertain and subject to an approval of the Annual General Meeting of shareholders.

- 3) In this respect, the Board of Directors or the authorized directors or any person designated by the Board of Directors or by the authorized directors shall be authorized to undertake any actions with regard to the allocations of such newly issued ordinary shares including, but not limited to;

- 3.1 determining or modifying the terms and other details in relation to the Rights Offering and the allocation of newly issued ordinary shares issued for the exercise of the right to purchase newly issued ordinary shares under the ERW-W3 Warrants including: (i) not offering or allocating the newly issued ordinary shares in Rights Offering if such offering or allocation will or may result in the Company being subject to any obligations under the law of other jurisdictions, (ii) the subscription period and payment method of the Rights Offering, and (iii) any other terms and details relating to the foregoing matters;

- 3.2 entering into negotiation, agreement and execution of the relevant documents and agreements as well as taking any action in connection with the allocations of such newly issued ordinary shares;
- 3.3 execution of application for permission and waiver, any necessary evidence in connection with the allocations of such newly issued ordinary shares, including the arrangement and submission of application for such permission and waiver, documents and evidence to relevant authorities or agencies, listing such newly issued ordinary shares on the Stock Exchange of Thailand (the "SET") and being empowered to take any other action which is necessary for the allocations of such newly issued ordinary shares; and
- 3.4 appointing and designating other appropriate persons to be the substitute attorney in fact to perform the above.

2.1 The Company's plan in case there is a fraction of shares remaining.

Any fraction of the newly issued ordinary shares shall be rounded down.

**3. Schedule of a shareholders' meeting to approve the capital increase and the allocation of the newly issued shares.**

The 2021 Annual General Meeting of Shareholders is scheduled to be held on Tuesday, April 27, 2021 at 14:00 at Sukhumvit Grand Ballroom, JW Marriott Bangkok Hotel No. 4 Sukhumvit Road, Khlong Toei Sub-district, Khlong Toei District, Bangkok 10110. The Record Date to determine shareholders who are entitled to attend and vote at the 2021 Annual General Meeting of Shareholders is fixed on Tuesday, March 9, 2021.

**4. Application for approval of the capital increase/allocation of newly issued shares by the relevant governmental agencies and approval conditions (if any)**

The Company will register the increase of registered capital, the amendment to the Memorandum of Association and the amendment to the paid-up capital with the Department of Business Development, the Ministry of Commerce and file the application for the listing of the newly issued ordinary shares and the ERW-W3 Warrants as listed securities with the SET in compliance with the applicable laws and regulations.

**5. Objectives of the capital increase and plans for utilizing the proceeds received from the capital increase**

The Company plans to raise approximately THB 2,014 million from the Rights Offering and approximately THB 1,079 million from the issuance of ERW-W3 Warrants. In the case that the newly issued ordinary shares to be offered in the Rights Offering are fully subscribed and the right to purchase newly issued ordinary shares under the ERW-W3 Warrants are fully exercised, the Company will be able to raise funds at approximately THB 3,093 million.

In this regard, the proceeds derived from the capital increase will strengthen the financial position of the

Company which will help the Company in having an appropriate capital structure for business expansion and allow the Company to expand its business investments at an appropriate financial ratio. Moreover, the Company may use such proceeds to support investment opportunities in the hotel business for future business expansion and assets improvement to maintain business competitiveness, thereby, creating a good growth opportunity according to the long-term strategic plans of the Company. The Company will focus on the investment in budget hotels segment, both in Thailand and across the Asia Pacific region. This will increase the contribution of revenue and profit from the domestic customer and reduce reliance on foreign customer which will help the Company to have more stable stream of revenue and profit as well as to reduce the Company's overall risks. In addition, the capital increase will help the Company to have financial flexibility as well as utilize such proceeds as working capital in the existing projects of the Company and for debt repayment.

However, if the proceeds to be raised by the Company is lower than the expected amount, the proceeds utilization plan may be different from the plan set out above.

**6. Benefits which the Company will receive from the capital increase/allocation of newly issued shares**

The capital increase will strengthen the financial position of the Company and increase liquidity for the Company's business operation, as well as increase the investment opportunities which enable the Company to improve its performance and capacity to generate more revenue and profit in the future.

**7. Benefits which the shareholders will receive from the capital increase/allocation of newly issued shares**

The capital increase will strengthen the Company's financial position and enhance the Company to increase its capacity in generating revenue and profit in a stable and sustainable manners in the future. Additionally, the Company will gain additional fund to be used as working capital, which will be beneficial to the shareholders of the Company since the Company will utilize such proceeds in its future investment plan as deems appropriate.

**7.1 Dividend Payment Policy**

The Company has the dividend payment policy at the rate of approximately 40 percent of the net profit according to the Company's consolidated financial statements after deduction of any legal reserves as required by laws and determined by the Company. However, the dividend payment rate can be adjusted depending on the Company's cash flow and investment obligation of the Company and subsidiaries including any legal limitations and other necessity.

7.2 After the subscription of newly issued ordinary shares through the Rights Offering, the subscribers (the existing shareholders) shall have the right to receive dividend from the Company's operating results in proportion to their respective shareholdings. For the warrants' holders, they shall have the right to receive dividend from the Company's operating results upon the exercising of their rights to purchase newly issued ordinary shares under the ERW-W3 Warrants and having been recorded as shareholders of the Company. The rights to be received are the same as the existing shareholders i.e., the right to receive dividend, the right to attend and vote at the shareholders' meeting.

**8. Other details necessary for shareholders' consideration and approval of the capital increase/allocation of newly issued shares**

8.1 The allocation of newly issued ordinary shares in the Rights Offering:

8.1.1 Control Dilution

In the event that all existing shareholders fully subscribe for newly issued ordinary shares in proportion to their respective shareholdings, there will be no control dilution effect.

In the event that the existing shareholders do not subscribe all of the newly issued ordinary shares in the Rights Offering in proportion to their respective shareholdings but there are other existing shareholders oversubscribing for the newly issued ordinary shares in the Rights Offering and there are no remaining unsubscribed newly issued ordinary shares upon the completion of the Rights Offering, there will be the control dilution at approximately 44.44 percent, according to the following calculation:

Control Dilution =  $1 - [\text{Number of paid-up shares} / (\text{Number of paid-up shares} + \text{Number of newly issued ordinary shares to be increased upon the completion of the Rights Offering})]$

Control Dilution =  $1 - [2,517,533,185 / (2,517,533,185 + 2,014,026,548)]$

= 44.44 percent

8.1.2 Price Dilution

Price Dilution can be calculated as per the following formula:

Price Dilution =  $(\text{Pre-offering market price} - \text{Post-offering market price}) / \text{Pre-offering market price}$

Pre-offering market price means the weighted average price of the Company's ordinary shares traded on the SET during 7 consecutive business days prior to the date of the Board of Directors' Meeting on February 23, 2021, i.e., from February 11, 2021 to February 22, 2021 which was equivalent to THB 4.36 per share and

Post-offering market price means  $((\text{Pre-offering market price} \times \text{Number of paid-up shares}) + (\text{Offering price of newly issued ordinary shares offered to the existing shareholders in the Rights Offering} \times \text{Number of newly issued ordinary shares offered to the existing shareholders in the Rights Offering})) / (\text{Number of paid-up shares} + \text{Number of newly issued ordinary shares offered to the existing shareholders in the Rights Offering})$

Whereas:

|  |   |                      |
|--|---|----------------------|
| Pre-offering market price  | = | THB 4.36 per share   |
| Number of paid-up shares   | = | 2,517,533,185 shares |
| Offering price of newly issued ordinary shares offered to the existing shareholders in the Rights Offering | = | THB 1.00 per share   |
| Number of newly issued ordinary shares offered to the existing shareholders in the Rights Offering         | = | 2,014,026,548 shares |

Post-offering market price

$$= \frac{(4.36 \times 2,517,533,185) + (1.00 \times 2,014,026,548)}{(2,517,533,185 + 2,014,026,548)}$$

$$= \text{THB 2.87 per share}$$

Therefore, the Price Dilution can be calculated as follows:

$$= \frac{(4.36 - 2.87)}{4.36}$$

$$= 34.25 \text{ percent}$$



### 8.1.3 Earnings Per Share (EPS) Dilution

Since the Company has recorded a loss from the business operating results from the year 2020, therefore; the Earnings Per Share (EPS) Dilution cannot be calculated.

### 8.2 The allocation of newly issued ordinary shares for the exercise of the right to purchase the newly issued ordinary shares under the ERW-W3 Warrants:

In the event that the ERW-W3 Warrants are fully exercised by the persons who are not the existing shareholders of the Company, there will be dilution effect to the shareholders as follows:

#### 8.2.1 Control Dilution

In the event that the persons who exercise the right to purchase newly issued ordinary shares under ERW-W3 Warrants are not the existing shareholders of the Company, there will be control dilution according to the following calculation:

$$\begin{aligned}
 \text{Control Dilution} &= (\text{Number of shares issued to accommodate the exercise of the ERW-W3} \\
 &\quad \text{Warrants}) / (\text{Number of paid-up shares} + \text{Number of newly issued ordinary} \\
 &\quad \text{shares offered to the existing shareholders in Rights Offering} + \text{Number of} \\
 &\quad \text{shares issued to accommodate the exercise of the ERW-W3 Warrants}) \\
 &= 359,647,597 / (2,517,533,185 + 2,014,026,548 + 359,647,597) \\
 &= 7.35 \text{ percent}
 \end{aligned}$$

#### 8.2.2 Price Dilution

Price Dilution can be calculated according to the following formula:

$$\begin{aligned}
 \text{Price Dilution} &= (\text{Pre-offering market price} - \text{Post-offering market price}) / \\
 &\quad \text{Pre-offering market price}
 \end{aligned}$$

Pre-offering market price means the weighted average price of the Company's ordinary shares traded on the SET during 7 consecutive business days prior to the date of the Board of Directors' Meeting on February 23, 2021, i.e., from February 11, 2021 to February 22, 2021 which was equivalent to THB 4.36 per share and

Post-offering market price means  $((\text{Number of paid-up shares} \times \text{Pre-offering market price}) + (\text{Number of newly issued ordinary shares offered to the existing shareholders in Rights Offering} \times \text{Offering price of newly issued ordinary shares offered to the existing shareholders in the Rights Offering}) + (\text{Number of shares issued to accommodate the exercise of ERW-W3 Warrants} \times \text{Exercise Price of ERW-W3 Warrants})) / (\text{Number of paid-up shares} + \text{Number of newly issued ordinary shares offered to the existing shareholders in Rights Offering} + \text{Number of shares issued to accommodate the exercise of ERW-W3 Warrants})$

Whereas:

Number of paid-up shares = 2,517,533,185 shares

Pre-offering market price = THB 4.36 per share

Number of newly issued ordinary shares offered to the existing shareholders in Rights Offering = 2,014,026,548 shares

Offering Price of newly issued ordinary shares offered to the existing shareholders in the Rights Offering = THB 1.00 per share

Number of shares issued to accommodate the exercise of ERW-W3 Warrants = 359,647,597 shares

Exercise Price of ERW-W3 Warrants = THB 3.00 per share

Post-offering market price

$$= \frac{(2,517,533,185 \times 4.36) + (2,014,026,548 \times 1.00) + (359,647,597 \times 3.00)}{(2,517,533,185 + 2,014,026,548 + 359,647,597)}$$

$$= \text{THB 2.88 per share}$$

Therefore, the Price Dilution can be calculated as follows:

$$= \frac{(4.36 - 2.88)}{4.36}$$

$$= 34.03 \text{ percent}$$

## 8.2.3 Earnings Per Share (EPS) Dilution

Since the Company has recorded a loss from the business operating results from the year 2020, therefore; the Earnings Per Share (EPS) Dilution cannot be calculated.

9. Schedule of actions in case the Board of Directors passes a resolution to approve the capital increase/allocation of newly issued shares:

| No. | Actions  | Date/Month/Year  |
|-----|--|--|
| 1.  | The Board of Directors' meeting approved to propose that the 2021 Annual General Meeting of Shareholders to consider and approve the capital increase and the allocation of newly issued ordinary shares.                      | February 23, 2021  |
| 2.  | Notifying the SET of the resolutions of Board of Directors' Meeting  | February 23, 2021  |
| 3.  | Record Date to determine shareholders who are entitled to attend the 2021 Annual General Meeting of Shareholders (Record Date)   | March 9, 2021  |
| 4.  | the 2021 Annual General Meeting of Shareholders Date   | April 27, 2021   |
| 5.  | Notifying the SET of the resolutions of the 2021 Annual General Meeting of Shareholders  | April 27, 2021   |
| 6.  | Date of registration of the capital increase and the amendment to the Memorandum of Association with the Ministry of Commerce  | Within 14 days from the approval date of the 2021 Annual General Meeting of Shareholders |
| 7.  | Record date to determine the rights of shareholders who will be offered to subscribe for newly issued ordinary shares in the Rights Offering and the rights of shareholders who will receive the allocation of ERW-W3 Warrants | May 12, 2021   |
| 8.  | Issuance Date of the ERW-W3 Warrants   | June 15, 2021  |

| No. | Actions  | Date/Month/Year   |
|-----|--|---|
| 9.  | Subscription period and payment date of newly issued ordinary shares in Rights Offering    | June 7-11, 2021   |
| 10. | Registration of paid-up capital with the Ministry of Commerce                              | Within 14 days from the date on which the share payment is fully received |
| 11. | Listing the newly issued ordinary shares of the Company and the ERW-W3 Warrants on the SET | Will be informed accordingly via the SET's information disclosure system  |

## 10. Opinion of the Board of Directors

### 10.1 Rationality and necessity of the capital increase:

The Board of Directors deemed that it is necessary for the Company to increase its registered capital and allocate such newly issued ordinary shares to the existing shareholders in proportion to their respective shareholdings (Rights Offering), whereby, the proceed derives from the capital increase will be used for the objectives as mentioned in No. 5 above.

The Board of Directors also deemed that the Right Offering is the way to grant the rights to the existing shareholders of the Company to subscribe and be able to receive returns and benefits from the Company's future business operations.

### 10.2 Feasibility of the newly issued ordinary shares utilization plan.

If the newly issued ordinary shares of the Company in Rights Offering have been fully subscribed by the existing shareholders and the ERW-W3 Warrants have also been fully exercised, the Company would receive approximately THB 3,093 million. The Company expects that the capital increase will be completed within the second quarter of 2021. In this regard, the Company will utilize such proceeds for the objectives as mentioned in No. 5 above.

10.3 Reasonableness of the capital increase, plan to utilize the proceeds, and projects to be operated, including sufficiency of the sources of funds:

The capital increase and the plan to utilize the proceeds are reasonable and sufficient for the Company's investment projects.

10.4 Potential effect on the Company's business operation, financial position, and financial performance due to capital increase and the plan for utilizing proceeds received from the offering or projects:

The Company will utilize the proceeds received from the capital increase to strengthen its financial position and to accommodate the business expansion as well as to be used as an additional working capital in order for the Company to operate its business in a stable and sustainable manner. In this regard, this capital increase will not cause any negative impacts to the Company's business operations, financial status, and operating results.

11. **Representation of the Board of Directors**

In the event the directors fail to perform their duties with integrity and safeguard the interests of the Company in regard to the capital increase and such non-performance causes damages towards the Company, the shareholders may make a claim against the director in question on behalf of the Company according to section 85 and the relevant provisions of the Public Limited Companies Act B.E. 2535 (as amended). In addition, if that non-performance causes a wrongfully benefit to any directors or related parties, shareholders may use their rights to sue that director for damages on behalf of the Company, according to section 89/18 of the Securities and Exchange Act B.E. 2535 (as amended).

The Company hereby certifies that the information contained in this form is true and complete in all respects.

Please be informed accordingly.

Sincerely yours,

**The Erawan Group Public Company Limited**

\_\_\_\_\_Petch Krainukul\_\_\_\_\_

\_\_\_\_\_Arada Vongkusolkit\_\_\_\_\_

Mr. Petch Krainukul

Mrs. Arada Vongkusolkit

Authorized Director

Authorized Director