

June 1, 2022

Re: Report on Plan and Progress for Resolving “C” Caution Sign

To: President

The Stock Exchange of Thailand

On June 1, 2022, PSG Corporation Public Company Limited (the “Company”) arranged a Public Presentation for investors and related parties to outline its plans to resolve the “C” Caution Sign as the shareholders' equity of the Company being less than 50% of paid-up capital based on the financial statements for the first quarter of the year 2022 ending March 31, 2022. The summary of the Public Presentation is as follows:

Causes

- The Company has suffered from debt and loss for an extended period. Most of the debts have been incurred since 2014. The Company has reduced such debts through gradual repayments. The details of the debts are as follows:

Unit : million baht

	2014	2015	2016	2017	2018	2019	2020	2021	Q1.2022
Accounts payable and accrued expenses	439.63	249.23	136.68	112.70	100.21	95.32	18.81	12.41	12.41
Retention receivables	65.73	61.44	46.16	31.78	24.33	19.19	13.19	7.91	6.61
Bank Overdraft	37.46	37.57	21.82	21.93	-	-	-	-	-
Promissory note	451.92	-	-	-	-	-	-	-	-
Long-term borrowing from a financial institution	-	178.17	109.17	40.17	-	-	-	-	-
Total	994.75	526.41	313.82	206.58	124.54	114.51	32.00	20.32	19.02

- The Company has set the provision for long-term outstanding receivables
- The Company has set the provision for damages from lawsuits. However, the numbers of the said provision have gradually decreased. In the first quarter of the year 2020, the Company completely settled a major lawsuit dispute, and in the fourth quarter of the year 2020, the Company won a major litigation case.
- During the past several years, the Company was unable to fully compete in the construction industry due to lack of financial support from financial institutions and negative impacts from major legal cases from construction projects during the years 2012 to 2014. However, the two important lawsuits mentioned above have now ended. This makes the problem tend to resolve in a better direction.

- In past construction works, the Company had a relatively low gross margin. The construction business, especially in industrial facilities, was in a recession period. High competition coupled with the increase of construction material costs and the rise of wages reduced the Company's gross profit margins more than expected, resulting in substantial losses.
- Lockdowns imposed as a result of the COVID-19 pandemic has materially impacted the construction business over the past 2 years and certain hidden costs incurred from the epidemic prevention measures also eroded the Company's gross margins.

Solutions that the Company has taken

- On October 27, 2021, the Company completed a capital increase via private placement in an amount of Baht 1,080.88 million, resulting in a significant increase in its shareholders' equity. The shareholders' equity as of March 31, 2022, was Baht 1,181.32 million, increasing the shareholders' equity ratio to 43.43%.
- The funds from the increased capital have been utilized as working capital, reducing the cost of financial expenses and supporting the Company's continuation of its construction business. The Company has more potential to compete in construction business. In early January 2022, the Company was awarded a construction project with the value of USD 263,955,452.33 (including VAT), which will significantly improve the Company's financial position in the future.
- The increase of the Company's registered capital by the private placement not only enables the Company to receive much needed liquidity, but also increases its ability to compete in short and long terms, including creating new business opportunities to the Company for having a growing turnover.
- The new management team has gone through organizational restructuring resulting in enhanced financial management and better human resource utilization.

Solutions that the Company will continue to implement in the future

- The Company is in the process of repositioning itself as a regional construction and engineering company, focusing on business opportunities in Thailand and the CLMV countries. The Company is also well positioned to compete both at the local and regional levels for a larger business ecosystem.
- The Company may consider new business opportunities in Thailand and in the CLMV countries to diversify its business that will benefit the Company and shareholders, subject to approval by the Board of Directors and Shareholders.
- The new management team will take further steps in organizational restructuring to ensure it can compete in today's highly competitive market and take advantage of growth opportunities in CLMV.

- The Company will take action on legal execution process on a lawsuit which is final and won in favor of the Company. According to the verdict, the Company should be paid approximately Baht 110 million.
- The Company is in the process of applying for tax refunds, with respect to the taxation year 2017-2019. The expected tax refund is approximately Baht 37 million.

Please be informed accordingly.

Sincerely yours,

(Mr. David Van Dau)

Chief Executive Officer

PSG Corporation Public Company Limited