

(F 53-4)

(Translation)

CAPITAL INCREASE REPORT FORM
SAKOL ENERGY PUBLIC COMPANY LIMITED

11 March 2022

We, Sakol Energy Public Company Limited (the “Company”), hereby report on the resolutions of the Board of Directors’ Meeting No. 2/2022 held on 11 March 2022 in respect of a capital increase and allocation of newly issued ordinary shares as follows:

○ **Capital reduction and capital increase**

The Board of Directors’ Meeting No. 2/2022 resolved to propose the increase of the registered capital of the Company by THB 111,600,000 from the registered capital of THB 558,000,000 to THB 669,600,000 by issuing 223,200,000 newly issued ordinary shares at a par value of THB 0.50 per share to accommodate the exercise of the Warrants to Purchase Ordinary Shares of Sakol Energy Public Company Limited No. 1 (SKE-W1) (the “Warrants W1” or the “Warrants”), where the details of the capital increase are as follows:

Type of capital increase	Type of shares	Number of shares (shares)	Par value (THB per share)	1. Total (THB)
<input checked="" type="checkbox"/> Specific use of proceeds	Ordinary shares	223,200,000	0.50	111,600,000
<input type="checkbox"/> General mandate	-	-	-	-

○ **Allocation of newly issued shares**

The Board of Directors’ Meeting No. 2/2022 resolved to propose the allocation of 223,200,000 newly issued ordinary shares at a par value of THB 0.50 per share to accommodate the exercise of the rights under 223,200,000 units of the Warrants W1 to be allocated to the existing shareholders proportionate to their respective shareholdings (Rights Offering) at no cost and at the allocation ratio of 5 existing ordinary shares to 1 unit of the Warrants W1 (any fraction from the calculation of the Warrants allocation ratio shall be disregarded) and approval, the details of which are as follows:

2.1 Specific use of proceeds

Allocated to	Number of shares (shares)	Ratio (existing: new)	Offering price (THB per share)	Date and time of subscription and payment	Remark
To accommodate the exercise of the rights under the Warrants	Up to 223,200,000 shares	<u>Allocation Ratio:</u> 5 existing ordinary shares to 1 unit of the Warrants <u>Exercise Ratio:</u> 1 unit of the Warrants to 1 ordinary share	<u>Exercise Price:</u> THB 1.30	See remark No. 1	See remark Nos. 1 and 2

Remark:

- (1) The term of the Warrants W1 is 4 years from the issuance date. Moreover, the exercise of the rights to purchase the ordinary shares of the Company under the Warrants W1 shall be in accordance with the conditions on the exercise of the Warrants as stipulated in the terms and conditions governing the rights and obligations of the issuer of the Warrants and holders of the Warrants W1 (the “**Terms and Conditions**”).
- (2) A summary of the key features of the Warrants W1 is as set out in the Features of the Warrants to Purchase Ordinary Shares of Sakol Energy Public Company Limited No. 1 (SKE-W1) to be Allocated to the Existing Shareholders Proportionate to Their Respective Shareholdings (Rights Offering) (Enclosure 1). In this regard, the Company has determined the date on which the names of shareholders entitled to be allocated the Warrants W1 (Record Date) shall be on 28 March 2022. In this regard, the allocation of the Warrants W1 is still uncertain as it requires approval from the 2022 Annual General Meeting of Shareholders.

a. Actions to be taken by the Company in case of a fraction of shares

In the event that there is a fraction of shares, such fraction of shares shall be disregarded.

1. Schedule for the shareholders' meeting to approve the capital increase and allocation of newly issued shares

The 2022 Annual General Meeting of Shareholders has been scheduled to be held on 27 April 2022 at 1.00 p.m. as an e-meeting and the record date for determining the names of shareholders entitled to attend the 2022 Annual General Meeting of Shareholders has been set on 28 March 2022.

(1) Application for approval of the capital increase/allocation of newly issued shares by the relevant governmental agencies and approval conditions

- (1) The Company will register the increase of the registered capital and the amendment of the Memorandum of Association with the Department of Business Development, the Ministry of Commerce, within 14 days from the date on which the shareholders' meeting has approved the capital increase and the Company will register the amendment of the paid-up capital with the Department of Business Development, the Ministry of Commerce, within 14 days from the date of payment of the newly issued ordinary shares.
- (2) The Company will apply for permission from the SET to list the Warrants W1 and the new ordinary shares issued upon the exercise of the rights under the Warrants W1.

(2) Objectives of the capital increase and use of proceeds

The Company is planning to use the proceeds from the exercise of the rights under the Warrants to purchase its ordinary shares as follows: to use as working capital internally by the Company and/or its subsidiaries and/or to make investments in its core business and/or any supporting or similar business of the core business of the company group where the investment conditions shall be in accordance with the investment policy of the Company at the relevant time and the investment can be conducted in the form share or business or other acquisitions in accordance with the laws, rules, and regulations of the governing authorities; to use as a reserve for the repayment of financial debts; and to use as working capital internally by the Company and/or its subsidiaries.

(3) Expected benefits of the Company from the capital increase/allocation of newly issued shares

The capital increase will give the Company flexibility and financial readiness for the business operations of the Company and its subsidiaries as the Company will be able to timeously use the proceeds from the exercise of the rights under the Warrants to purchase its ordinary shares in line with the use of proceeds as indicated above, which will be beneficial to its operations.

(4) Expected benefits of the shareholders from the capital increase/allocation of newly issued shares

7.1 Dividend policy

The Company and the subsidiaries have a policy to pay dividend at the rate of not less than 40 percent of the net profit after tax from the separate financial statements and after all types of reserves specified by the law and in accordance with the Articles of Association of the Company and the subsidiaries. The Board of Directors will consider the payment of dividend by taking into consideration of the benefits to the shareholders at priority and such payment of dividend shall not have an effect on the normal business operation of the Company materially. In this regard, the payment of dividend may be changed, depending on the business operation result and financial status, liquidity, business expansion plan, other necessity and appropriateness in the future and other factors relevant to the management of the Company as the Board of Directors and/or shareholders of the Company deem appropriate.

However, this is the Board of Directors may consider paying the Company's annual dividend, which must be approved by the shareholders' meeting, unless it is an interim dividend payment which the Board of Directors has the power to approve to pay dividends from time to time when it deems that the Company is sufficiently profitable to do so and then shall report to the shareholders' meeting at the next meeting.7.2 The holders of the Warrants W1 will be entitled to dividend payment paid from the Company's operating results once they have exercised their right under the Warrants W1 to purchase the newly issued ordinary shares of the Company and have been registered as its shareholders.

(5) Other details necessary for shareholders to approve the capital increase/allocation of newly issued shares

In the event that the rights under the Warrants W1 are fully exercised, the shareholders may be affected as follows:

8.1 Control dilution

If the rights to purchase ordinary shares under the Warrants are fully exercised by holders of the Warrants who are not the existing shareholders, there will be control dilution as calculated as follows:

$$\begin{aligned}
 \text{Control Dilution} &= \frac{\text{Numbers of ordinary shares allocated to accommodate the Warrants}}{\text{(Number of total paid-up shares + Numbers of ordinary shares allocated to accommodate the Warrants)}} \\
 &= \frac{223,200,000}{1,116,000,000 + 223,200,000} \\
 &= 16.67 \text{ percent}
 \end{aligned}$$

8.2 Price dilution

$$\begin{aligned} \text{Price Dilution} &= \frac{(\text{market price before the offering} - \text{market price after the after the offering})}{\text{market price before the offering}} \\ &= \text{There will be no price dilution because the market price after the offering is higher than the market price before the offering} \end{aligned}$$

8.3 Earnings per share dilution

$$\begin{aligned} \text{EPS Dilution} &= \frac{(\text{EPS before the offering} - \text{EPS after the offering})}{\text{EPS before the offering}} \\ &= \frac{0.024 - 0.020}{0.024} \\ &= 16.67 \text{ percent} \end{aligned}$$

8.4 Opinion of the Board of Directors on the capital increase/allocation of newly issued shares

After taking into consideration a comparison between the benefits that the shareholders will gain from the capital increase, and the allocation of the newly issued ordinary shares of the Company and the effects on the profit sharing, the voting rights of the shareholders or the earnings per share as described above, the Board of Directors viewed that the capital increase and the allocation of the newly issued ordinary shares of the Company would be more beneficial to the shareholders despite the effects on the profit sharing, the voting rights of the shareholders or the earnings per share as the capital increase and the allocation of newly issued ordinary shares of the Company would allow the Company to enjoy the benefits as detailed in item 6 above and the shareholders would also gain the benefits as detailed in item 7 above.

8.4.1 Rationale and necessity for the capital increase

The Board of Directors viewed that it was necessary for the Company to increase its registered capital and allocate the Warrants to the existing shareholders proportionate to their respective shareholdings (Rights

Offering) where the proceeds from the exercise of the rights under the Warrants would be used for the purposes as described under item 5 above.

8.4.2 Feasibility of the use of proceeds

The Company plans to allocate the Warrants to the existing shareholders proportionate to their respective shareholdings (Rights Offering) and receive the proceeds from the exercise of the rights under the Warrants when they are exercised. The Company will use the proceeds from the exercise of the rights under the Warrants for the purposes as described under item 5 above.

8.4.3 Reasonableness of the capital increase, use of proceeds, and projects to be implemented, including sufficiency of the sources of funds in the case that proceeds from the offering are insufficient

The Board of Directors viewed that the allocation of the Warrants to the existing shareholders proportionate to their respective shareholdings (Rights Offering) was appropriate and reasonable and was in the best interest of the Company and all shareholders because it would allow the Company to enjoy the benefits as detailed in item 6 above and the shareholders would also gain the benefits as detailed in item 7 above. In this regard, the proceeds from the exercise of the rights under the Warrants W1 is only one of the cash flow management tools of the Company. The Company can still seek other sources of fund either through loans or other forms of capital increase to ensure that it has adequate source of fund for its operations.

8.4.4 Potential effect on the business operations of the Company, as well as its financial position and operating results as a result of the capital increase, use of proceeds or implementation of the projects

The Board of Directors viewed that the allocation of the Warrants to the existing shareholders proportionate to their respective shareholdings (Rights Offering) was in line with the Company's financing plan, which would allow the Company to be able to use the proceeds from the capital increase for the purposes as described under item 5 above. The implementation of the foregoing will be beneficial to the Company and will not have any adverse effect on the business operations of the Company, as well as its financial position and operating results.

- (6) Schedule of actions if the Board of Directors passes a resolution to approve the capital increase/allocation of newly issued shares

2. No.	3. Actions	4. Date/Month/Year
1.	The Board of Directors' Meeting No. 2/2022	11 March 2022
2.	Date for determining the names of shareholders entitled to attend the 2022 Annual General Meeting of Shareholders and entitled to be allocated the Warrants SKE-W1 (Record Date)	28 March 2022
3.	The 2022 Annual General Meeting of Shareholders	27 April 2022
4.	Date for registration of capital increase, and amendment of the Memorandum of Association of the Company with the Department of Business Development, the Ministry of Commerce	Within 14 days from the date of the shareholders' meeting
6.	Date of issuance and allocation of the Warrants W1	To be determined by the Board of Directors
7.	Date of registration of the increase of the paid-up capital with the Department of Business Development, the Ministry of Commerce	Within 14 days from the date of payment of the newly issued ordinary shares

(7) Representations of the Board of Directors on the capital increase

The Board of Directors affirms that it has performed its duty honestly and diligently to preserve the benefits of the Company in relation to the capital increase. However, if the performance of such duty by any director causes damage to the Company, the shareholders may file a legal action against such director on behalf of the Company for damages pursuant to Section 85 of the Public Limited Companies Act B.E. 2535 (as amended). In addition, if the performance of such duty results in any director or his/her related persons obtaining undue benefits, the shareholders may file a legal action to claim for restitution of such benefits from such director on behalf of the Company pursuant 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 report form is true and complete in all respects.

Sincerely yours,

Sakol Energy Public Company Limited



(Mr. Chutchai Sumethchotimetha and Mr. Jakkraphong Sumethchotimetha)

Authorized Directors