

No. 0061-2024

February 23, 2024

Subject : Clarification regarding the auditor's disclaimer of opinion on the Financial Statement for the year 2023 ended December 31, 2023

To : The President
The Stock Exchange of Thailand

Reference is made to the auditor's disclaimer of opinion on the Financial Statement for the year 2023 ended December 31, 2023 of CMO Public Company Limited ("The Company") and its subsidiaries. The basis for disclaimer of opinion is specified as follows:

1. The consolidated financial statements, the Group has continuously incurred losses from its operations for several years. For the year ended 31 December 2023, the consolidated and separate statements of comprehensive income presented the net losses from for the year totaling Baht 157 million and Baht 255 million, respectively, and the consolidated and separate statements of cash flows presented net cash flows used in operating activities of Baht 39 million and Baht 63 million, respectively. The consolidated and separate statements of financial position as at 31 December 2023 presented deficits totaling Baht 430 million and Baht 402 million, respectively.
2. The Company has current liabilities exceeds its current assets totaling Baht 239 million and Baht 203 million, respectively. These current liabilities included short-term debentures due within one year of Baht 30 million, and convertible debentures including interest payable that will be repaid in the amount of Baht 63 million. Following the dispute, the issuer of the convertible debentures filed a complaint with the Singapore International Arbitration Center. On 4 January 2024, the Singapore International Arbitration Centre justified that the Company must pay the debentures to the issuer as described in Note 35.2 to the consolidate financial statements, including the current portion of long-term loans from a banks totaling of Baht 22.2 million as at 31 December 2023, for which the Company was unable to comply with

conditions of financial ratios as specified in the loan agreements. As a result, such long-term loans are liabilities that must be repaid upon demand.

3. The Group has been related to 7 disputes and lawsuits, which the Group did not recognize the provision for litigation from 2 lawsuit cases and has partially recorded for one lawsuit case. These lawsuits are currently under process of judgment and the results are depending on future judicial proceedings, which may affect the Group's financial position.

The Company would like to clarify that the auditor does not express opinion on the Company's Financial Statements for the year 2023 ended December 31, 2023 **was not due to the limited scope by the management** but due to the uncertainty of the ability to continue as a going concern of the Company's operation according to circumstances mentioned.

However, the Company has taken measures to maintain the level of cash flows to meet debt repayment obligations and support the operation of the Group. The Company would like to clarify the issues which the auditor has opinions regarding continued operations as follows:

1. On 22 December 2023, the Extraordinary General Meeting of shareholders No. 2/2023 approved the cancellation of such private placement in (a) by decreasing the registered share capital by Baht 78 million for 78,000,000 unissued ordinary shares with a par value of Baht 1 per share, and approved to increase in the Company's registered share capital of Baht 280.9 million by issuing 280,962,733 shares, with a par value of Baht 1 per share from 356,398,577 shares to 637,361,310 shares for distribution by offering to the Company's existing shareholders (Rights Offering) whether at one time or many times, at a ratio of 1 existing share for 1 newly issued ordinary share. The selling price of newly issued ordinary shares is Baht 0.7 per share. In January 2024, the shareholders exercised their rights to subscribe for 145,212,121 new shares at a price of Baht 0.70 per share, totaling Baht 101.65 million. The Company already received fully payment for newly issued shares. In addition, according to the Company's operating results in the 4th quarter, Currently the Company has a

total cash flow from operations of 64.38 million Baht, which is still sufficient to operate the business.

2. On February 9, 2024, the Company received a waiver letter for breach of covenant of maintaining a financial ratio of a long-term loan of 24 million baht from a bank, which effect back date for the year 2023. Therefore, such long-term loans are not liabilities that must be classified as current liabilities at present.
3. The convertible debentures including interest payable that will be repaid in the amount of Baht 63 million. Following the dispute, the issuer of the convertible debentures filed a complaint with the Singapore International Arbitration Center. Currently, the outcome of the dispute has not yet final because investors in convertible bonds have not yet submit a petition or take action to request permission from the Thai courts to enter the process in Thai courts. Therefore, Management has considered that the outcome of the said dispute will not be final in 2024, and the dispute will depend on the justice process in the future.
4. For the related 7 disputes and lawsuits, the Management and legal advisors of the Group are confident that the damages from such disputes will not exceed the allowance for liabilities from disputes that the Group has recorded. The Management has considered some cases in which the Group has not recorded the allowance for liabilities from disputes. It is a case with a defense and a chance that the court will decide to dismiss the plaintiff's case after considering all the facts. However, the outcome of the said disputes has not yet been finalized, and the disputes depend on the justice process in the future.

Please be informed accordingly

Yours Sincerely



(Mr. Kitisak Jampathipphong)

Chief Executive Officer

CMO Public Company Limited