

Information Memorandum on Issuance, Offering and Allocation of Newly Issued Ordinary Shares of

Thaifoods Group Public Company Limited

The Board of Directors' Meeting of Thaifoods Group Public Company Limited (the "**Company**") No. 1/2021 held on February 24, 2021 resolved to approve the capital increase by not exceeding THB 560,757,277 from the existing registered capital of THB 5,607,572,768 to THB 6,168,330,045 by issuing of not exceed 560,757,277 newly-issued ordinary shares, at the par value of THB 1 per share to accommodate the exercise of the warrants to purchase ordinary shares of the Company No. 3 (the "**TFG-W3 Warrants**") for allocation to the Company's existing shareholders proportionate to their respective shareholding in the amount of not exceed 560,757,277 shares. The Company will propose this matter to the 2021 Annual General Meeting of Shareholders for consideration and approval accordingly.

Given that the issuance and offering of newly issued ordinary shares are material, the Company has prepared the information essential to the shareholders' decision under the Notification of the Capital Market Supervisory Board No. TorJor. 73/2558 Re: List of Information in the Notice of Shareholders' Meeting of Listed Company for Seeking Approval of the Issuance and Offering of Securities (as amended), with the details as follows:

1. Details of Offering of Newly Issued Shares

1.1 Number of Shares Offered

The Company will allocate the newly-issued shares of not exceeding 560,757,277 shares at the par value of THB 1 per share to accommodate exercise of the TFG-W3 Warrants at the allocation ratio of 10 existing ordinary shares to 1 unit of the TFG-W3 Warrants which issued and offering to the existing shareholders proportionate to their respective shareholding free of charge. Should there be any fraction of TFG-W3 Warrants remaining from the calculation at the allocation ratio, such fraction shall be discarded, please refer the conditions and details of the TFG-W3 Warrants as appear in the Summary of the Key Features of TFG-W3 Warrants **Enclosure 5**

In order to provide the terms and conditions of the TFG-W3 Warrants to be appropriate according to the capital market and money market conditions and for the benefits of the Company and shareholders. The Board of Directors meeting, therefore, proposes to the shareholders' meeting to consider authorizing of the Board of Directors and/or the Executive Committee and/or the person assigned by the Board of Directors and/or the Executive Committee to have power to take all necessary actions in connection with the issuance and allocation of the TFG-W3 Warrants in compliance with the law, including but not limited to the power to the following actions:

- (1) set out and amend any rules, terms, conditions and other details relating to the issuance and allocation of the TFG-W3 Warrants, including the date to determine the list of shareholders entitled to be allocated with the TFG-W3 Warrants;
- (2) negotiate, agree, enter into, amend, add, sign agreements, applications for permission, waiver, evidence, disclosure, report on the offering for sale, and various documents necessary for and in connection with the issuance and allocation of the TFG-W3 Warrants, as well as contact, filing, amendment, addition and signing of the applications for permission, waiver, evidence, disclosure, report on the offering for sale, and various documents with the Securities and Exchange Commission (the "**SEC Office**"), the Stock

Exchange of Thailand (the “**SET**”), governmental agencies or relevant authorities in relation to the issuance and allocation of the TFG-W3 Warrants and the listing of the TFG-W3 Warrants and the newly issued ordinary shares from the exercise of the TFG-W3 Warrants as listed on the SET; and

- (3) take any other arrangements as necessary and appropriate in connection with the issuance and allocation of the TFG-W3 Warrants in order to ensure the successful completion of the foregoing arrangements and the issuance and allocation of the TFG-W3 Warrants on this occasion.

1.2 Type of Investors

The Company will offer the TFG-W3 Warrants to the Company’s existing shareholders proportionate to their respective shareholding (Warrant - RO).

1.3 Determination and Justification of the Offering Price

The Company will offer the TFG-W3 Warrants to the Company’s existing shareholders proportionate to their respective shareholding free of charge.

1.4 Procedures for Offering and Allocation

The Company will allocate the TFG-W3 Warrants to the Company’s existing shareholders proportionate to their respective shareholding free of charge at the allocation ratio of 10 existing ordinary shares to 1 unit of the TFG-W3 Warrants. Should there be any fraction of TFG-W3 Warrants remaining from the calculation at the allocation ratio, such fraction shall be discarded. The TFG-W3 Warrants shall have the term of 3 years from the issuance date of the TFG-W3 Warrants with the exercise price is THB 5.50 per share, please refer the conditions and details of the TFG-W3 Warrants as appear in the Summary of the Key Features of TFG-W3 Warrants **Enclosure 5**.

2. Purpose of Issuance of Newly Issued Ordinary Shares and Plan for Use of Proceeds

The Company’s capital increase is intended to strengthen the Company’s operations and finance, whereby the Company plans to use the proceeds from the capital increase to use the proceeds as its working capital; and to expand the Company’s business to improve its operating results.

3. Potential Impact from Capital Increase or Allocation of newly Issued Shares

3.1 Control Dilution

Given that the TFG-W3 Warrants will be offered to the existing shareholders, should the existing shareholders exercise their the TFG-W3 Warrants in full, they will not be affected by control dilution in terms of their shareholding and voting rights. However, should the TFG-W3 Warrants be exercised by other persons than the existing shareholders, the existing shareholders will be affected by approximately 9.09 percent, with the calculation formula as follows:

$$\text{Control Dilution} = (Q_w / (Q_o + Q_w))$$

Whereas,

$$Q_w = \text{The number of underlying shares to accommodate the TFG-W3 Warrants is equal to 560,757,277 shares}$$

$$Q_o = \text{The number of currently paid-up shares is equal to 5,607,572,768 shares}$$

Therefore,

$$\text{Control Dilution} = (560,757,277 / (5,607,572,768 + 560,757,277))$$

$$= 9.09 \text{ percent}$$

3.2 Price Dilution

$$\text{Price Dilution} = \frac{(\text{market price before the offering} - \text{market price after the offering})}{\text{market price before the offering}}$$

Whereas,

$$\text{Market price} = \text{The weighted average market price of shares for the past 15 consecutive business days prior to the date the Board of Directors' Meeting No. 1/2021, on February 24, 2021, resolved to consider and approve the issuance (during February 2, 2021 - February 23, 2021) (from SETSMART) is equal to THB 5.45}$$

$$\text{Market price after the offering} = \frac{(\text{market price} \times \text{paid-up shares}) + (\text{right offering price} \times \text{shares issued to accommodate the right offering})}{\text{paid-up shares} + \text{shares issued to accommodate the TFG-W3 Warrants}}$$

$$= \frac{(5.45 \times 5,607,572,768) + (5.50 \times 560,757,277)}{5,607,572,768 + 560,757,277}$$

$$= \text{THB 5.45 per share}$$

$$\text{Price Dilution} = (5.45 - 5.45) / 5.45$$

$$= 0.00 \text{ percent (No price dilution effect)}$$

3.3 Earnings per Share Dilution

After the issuance and offering of the TFG-W3 Warrants, the earnings per share dilution effect will not exceed 9.09 percent, as follows:

$$\begin{array}{rcl} \text{Earnings per Share} & = & \text{Earnings per share dilution before offering- Earnings per} \\ \text{Dilution} & & \text{share dilution after offering} \\ & & \hline & & \text{Earnings per share dilution before offering} \end{array}$$

Whereas,

$$\begin{array}{rcl} \text{Earnings per share} & = & \\ \text{dilution before} & & \\ \text{offering} & & \text{Net Profit} \\ & & \hline & & \text{The number of currently paid-up shares} \end{array}$$

$$\begin{array}{rcl} \text{Earnings per share} & = & \\ \text{dilution after} & & \\ \text{offering} & & \text{Net Profit} \\ & & \hline & & \text{The number of currently paid-up shares+ shares issued to} \\ & & \text{accommodate the TFG-W3 Warrants} \\ & = & \\ & & 0.45 - 0.41 \\ & & \hline & & 0.45 \end{array}$$

$$\begin{array}{rcl} \text{Earnings per Share} & = & 9.09 \text{ percent} \\ \text{Dilution} & & \end{array}$$

4. Opinions of the Board of Directors

4.1 Rationale and Justification for the Registered Capital Increase

1. It is necessary for the Company to increase its registered capital and issue newly issued ordinary shares to accommodate the exercise of the TFG-W3 Warrants; and
2. To secure the Company's fund to accommodate its business plan to use the proceeds as its working capital; and to expand the Company's business to improve its operating results.

4.2 Feasibility of the Plan for Use of Proceeds

The Board of Directors considers and is of the view that for the purpose of business expansion and investment in the future, the Company needs to use funds on a regular basis, and as such, the issuance of the TFG-W3 Warrants on this occasion will allow the Company's existing shareholders to gradually increase the capital to support such business expansion plan.

4.3 Justifications of the Capital Increase and Sufficiency of Source of Funds

After the Company's study of the justifications and benefits from this capital increase as described above, the Board of Directors is of the view that this capital increase is justifiable because it will not only be beneficial to the Company, but also allow the existing shareholders to potentially receive increased return in the future from their holding of the TFG-W3 Warrants.

If the Company's proceeds from the offering of the TFG-W3 Warrants on this occasion do not cover the total budget required for the project in accordance with the Company's business plan, the Company may consider securing financing from financial institutions or by other means in the future.

4.4 Expected impact on the Company's business operations, financial position and operating results from the issuance and offering of the Warrants and the implementation of the plan for use of proceeds

The issuance and offering of newly issued ordinary shares to accommodate the exercise of the TFG-W3 Warrants are in accordance with the Company's plan to secure its funding source, so as to enable the Company to use such proceeds from the capital increase for the purposes as described in Item 2 above. Such arrangements as mentioned above will be beneficial to the Company by continuously generating cash flow and profits in the future without any negative impact on the Company's business operations, financial position, and operating results.

4.5 Certification of the Board of Directors

In the event where any director of the Company fails to perform his/her functions as required by law, objectives and articles of association of the Company as well as resolutions of the shareholders' meeting, with integrity and due care to protect the Company's interests in connection with this capital increase, and such failure by action or inaction in the performance of his/her functions has caused damage to the Company, the Company may claim damages from such director. If the Company does not claim such damages, the shareholders, holding among them in aggregate not less than 5 percent of all issued and sold shares, may give notice to the Company to proceed with such claim, failing which, the shareholders may take legal actions to claim damages from such director on behalf of the Company pursuant to Section 85 of the Public Limited Companies Act B.E. 2535 (1992) (as amended).

In addition, should such failure by action or inaction in the performance of his/her functions as required by law, objectives and articles of association of the Company as well as resolutions of the shareholders' meeting, with integrity and due care to protect the Company's interests in this capital increase, have caused any director, executive or related persons to derive any undue benefits, the Company may take legal actions against such director be held liable to return such benefits to the Company, or the shareholders, holding among them in aggregate not less than 5 percent of all votes in the Company, may give notice to the Company to do so, failing which within 1 month from the date of receipt of such notice, the shareholders may take legal actions to recover those benefits from such directors on behalf of the Company pursuant to Section 89/18 of the Securities and Exchange Act B.E. 2535 (1992) (as amended).

In this connection, the Board of Directors certifies that the Board of Directors has exercised its due care to consider and is of the view that the allocation of newly issued shares to accommodate exercise of the TFG-W3 Warrants is justifiable.

The Company hereby certifies that the information in this report is correct and complete in all respects.

Please be informed accordingly.

Sincerely,

-Mr. Winai Teawsomboonkij-
(Mr. Winai Teawsomboonkij)
Director
Authorized Person to Disclose Information