

Translation

With regards to the submission of the consolidated and separated financial statements of Italian-Thai Development Public Company Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended December 31, 2023, which the independent auditor had audited with an expression of a disclaimer of opinion on the basis of material uncertainties related to going concern of the Group and the Company’s operations, the Company seeks to provide clarification as summarized below:

Refer to note to the financial statements No. 1.2 which indicated that for the year ended 31 December 2023, the Group and the Company had loss after tax of Baht 421.54 million and Baht 194.87 million, respectively and as at 31 December 2023 the Group and the Company had accumulated deficits of retained earnings of Baht 6,426.67 million and Baht 5,390.06 million, respectively (2022 : Baht 4,475.58 million and Baht 3,622.58 million, respectively) and the Group and the Company had current liabilities in excess of the current assets amounting to Baht 26,711.54 million and Baht 29,977.68 million, respectively. The current liabilities mainly included short-term loans in the form of a promissory note, trust receipt, letter of credit and long-term loans from financial institutions, where long-term loans, debentures have been reclassified to short-term loans and debentures due within one year due to condition of default in the condition specified in the loan agreement and regulation in the debentures. As at 31 December 2023, the Company has outstanding loan Baht 2,865.92 million and is unable to maintain the debt-to-equity ratio computed on the consolidated financial statements. As a result of breaching the conditions of the loan agreement, the financial institutions have the right to define all debts or any part of the debt as due and must be paid immediately. However, the financial institutions do not define all debts as due. Moreover, the Company had received letters of waivers from the bank waiving such rights on 29 February 2024 and 18 March 2024.

Although, the Group and the Company are under process to follow business operations plan and financial strategy to ensure adequate liquidity in the Group and the Company, and the ability to meet liabilities and to continue to trade may be dependent upon the right of the bank to recall the loan and debentures, the success of management’s plans, the Group’s ability to seeking additional sources of funds, improve future operating performance, repayment loan and debentures at the new maturity date, and the continuing support of the provider of the bank facilities, and the negotiation to collect the construction revenue from the project owners including state enterprise and other departments. These circumstances involve multiple uncertainties, which may have the potential interaction of material uncertainties and their possible cumulative effect on the financial statements. Those circumstances indicate that material uncertainties exist that may cast significant doubt on the Group’s ability to continue as a going concern.

The Company would like to clarify on the auditor’s disclaimer of opinion on the consolidated financial statements of the Group and the separated financial statements of the Company that the auditor was not limited by the company or the company’s executives or that it was not in compliance with Thai Accounting Standards, but it was due to the material uncertainties as clarified above. The Group and the Company are under process to follow business operations plan and financial strategy to ensure adequate liquidity in the Group and the Company, and the ability to meet liabilities and to continue to operate the business. To deal with the issue, the measures have been set as detailed below:

1. On 17 January 2024, the Company held the bondholders' meeting for 5 tranches ITD242A, ITD24DA, ITD254A, ITD266A, and ITD24DB, with a total outstanding principal of Baht 14,455 million passed a resolution to postpone all principal repayment next 2 years from the original maturity date. It includes all changes in other conditions as mentioned in Note 49.1, and thus, the number of current liabilities due within one year in Q1/2024 will be reduced. Moreover, the bondholders' meeting for 5 tranches also approved the waiver of maintenance of Debt to Equity (D/E) Ratio as specified in the Terms and Conditions, with effect from the end of 2023 accounting year until the end of 2025 accounting year, and waiver for the Issuer to commence negotiation or conclude agreements with creditors for debt restructuring, without triggering the event of default as per the Terms and Conditions.

2. The Company has negotiated with the bank to waive the covenants of such financial ratios for loan agreements. The Company obtained letter for the waiver of the covenants from the financial institutions dated 29 February 2024 and 18 March 2024 granting to relieve to all covenant conditions under the loan agreements as mentioned on note to the financial statements No. 49.2. From being unable to maintain the debt-to-equity ratio, the financial institutions have the right to define all debts or any part of the debt as due and must be paid immediately. However, the financial institutions do not define all debts as due. Therefore, being unable to comply the loan agreement does not cause the conditions breaching. Additionally, the Company has established the measures to handle with liquidity issue. It is currently negotiating with major creditors for short-term and long-term loans to support the Company's business operations. The Company has been gradually receiving loan approvals and expects that the loan negotiations will be successful so that the Company can continuously operate its business.

3. The Company is now adjusting the operation and control systems to reduce its expenses and enhance work efficiency with an aim to increase competitiveness and profitability by clearly determining the Company's goals and conducting operational reports on a monthly basis. Additionally, to reduce the Company's liabilities, a plan to sell assets unnecessary to the business has been established.

4. The Company strongly believes in its potential and opportunities to acquire the upcoming infrastructure projects from both government and private sectors, including projects for roads, expressways, double-tracking railways, high-speed railways, and airport expansions in Bangkok and its metropolitan as well as other major provinces such as Chiang Mai, Phuket, and Krabi since the Company has the experience and past achievements to qualify for all types of projects. Therefore, the Company believes that it will be able to generate a steady revenue.

Please be informed accordingly.