



# TOA Paint (Thailand) Public Company Limited

## Management Discussion & Analysis

For the Fiscal Year 2025 Ended December 31<sup>st</sup>, 2025

Embracing a brighter *future*



No. TOA 02/2026

February 27, 2026

Subject: Management Discussion and Analysis for the Fiscal Year 2025 ended December 31, 2025

To: The President  
The Stock Exchange of Thailand

TOA Paint (Thailand) Public Company Limited (the "Company" or "we" or "our" or "us") would like to inform management discussion and analysis for its results of operations from the financial statements for the fiscal year 2025 ended December 31, 2025 as follows:

## 1. Overview of Business Operation, Industry and Economic Trends

The Thai economy in 2025 faced challenges from several factors. A delayed economic restructuring led to a decline in the country's growth potential and competitiveness. Consequently, the Gross Domestic Product (GDP) growth rate tended to expand at a rate consistently lower than the regional average. Furthermore, external factors remained significant variables that increased volatility and uncertainty for the Thai economy, which relied heavily on exports. These included trade wars, tariff barriers, and geopolitical conflicts, all of which created risks regarding energy prices and production costs, ultimately impacting the profitability of the business sector.

The Thai real estate sector faced a situation known as a "Perfect Storm," driven by overall economic risks, industry-specific factors, and financial vulnerabilities. High levels of household debt and tightened lending criteria from financial institutions resulted in a significant decline in consumer purchasing power. In the meantime, the real estate sector faced with excess supply, which led to a continuous drop in new project launches for both low-rise and high-rise developments.

The Company focused on market differentiation by offering a "Total Solution" that went beyond mere product sales. Instead, it delivered a "comprehensive answer for all customer needs," which included expanding business capabilities into high-value-added product groups such as construction chemicals, gypsum boards, tiles, sanitary ware, and hardware. Additionally, it leveraged its recognized Brand Equity and Extensive Distribution Network to strengthen competitiveness and enhance Portfolio Resilience across all market conditions.

Additionally, the Company prioritized driving growth in the Renovation and Repair (R&R) market, a high-potential segment that was larger and showed more stable growth trends than the new housing market. This strategy focused on shifting consumer perception from "repairing to fix" toward "inspiring lifestyles" through home decoration and improvement to enhance the joy and aesthetics of living. This went hand-in-hand with developing product innovations that surpassed competitors and providing deep expertise in correct product selection, ensuring that customers received products and services that met their specific needs and delivered the desired results.

## 2. Key Events and Developments

The Company had the following significant developments in the fourth quarter of 2025:

1. The Company had launched **'TOA EXPERT SERIES'**, a ready-to-use 2-in-1 innovation that combines topcoat and primer for all market segments. The series features three models: TOA ULTRASHIELD EXPERT with up to 15 years of durability, TOA SHIELD EXPERT, and TOA PRO EXPERT. These products meet the needs of modern consumers who prioritize convenience, speed, and value for money. Furthermore, the Company has joined forces with real estate partners and leading modern trade retailers across the country.



2. The Company held a grand opening for its first fully integrated **'Smart Bathroom Solution'** showroom in the heart of Sukhumvit 26. Featuring the 'X-Series' smart sanitary ware as the flagship product, this move reinforces TOA's new vision to enter the Smart Toilet market, catering to health megatrends and the aging society. The showroom offers over 300 high-quality products, including smart toilets, automatic faucets, automatic urinals, showers, bathtubs, and sanitary ware specifically designed for the elderly and children. The goal is to enhance quality of life through cutting-edge products and comprehensive services.



3. The Company achieved a historic milestone by receiving the **highest "AAA" rating in the 2025 SET ESG Ratings** from the Stock Exchange of Thailand within the Property & Construction (PROPCON) industry group.

Achieving this top-tier rating marks the Company's selection for the sustainable stock list for the sixth consecutive year. It reflects a significant leap from last year's "A" rating to the highest level this year, reinforcing confidence among investors and stakeholders as a business leader committed to creating balanced and sustainable growth.



### 3. Operating Results

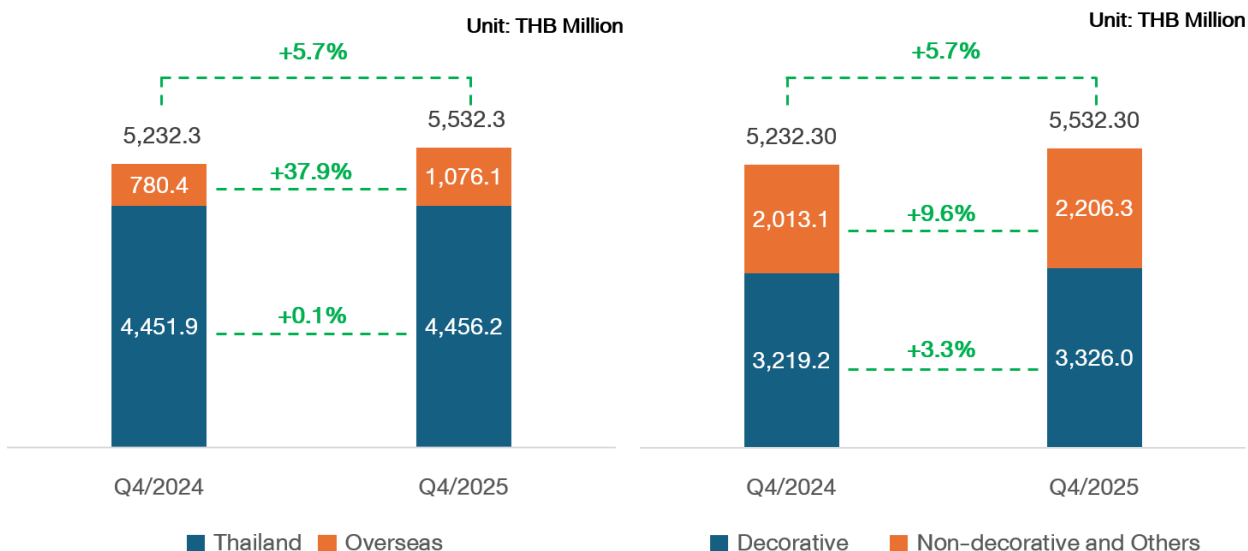
#### 3.1 Operating results for Q4/2025 (3 months) compared to the same period last year

Income statement (THB million)	For the three months Ended December 31,		% Change
	Q4/2025	Q4/2024	
Sales Revenue	5,532.3	5,232.3	5.7%
<b>Total Revenue</b>	<b>5,585.2</b>	<b>5,291.8</b>	<b>5.5%</b>
Cost of Sales	(3,295.9)	(3,452.7)	-4.5%
Selling and Administrative Expenses	(1,170.1)	(1,173.3)	-0.3%
Impairment Loss of Goodwill	-	(19.2)	-100.0%
Gains (Losses) on exchange rates and fair value of financial assets measured at fair value through profit or loss	(81.7)	(18.9)	332.3%
Profit before finance cost and income tax	1,037.5	627.7	65.3%
Profit for the period	844.4	450.7	87.4%
<b>Net Profit (Excluding Gains &amp; Losses on exchange rates and fair value of financial assets measured at fair value through profit or loss)</b>	<b>926.1</b>	<b>469.6</b>	<b>97.2%</b>

#### Sales Revenue

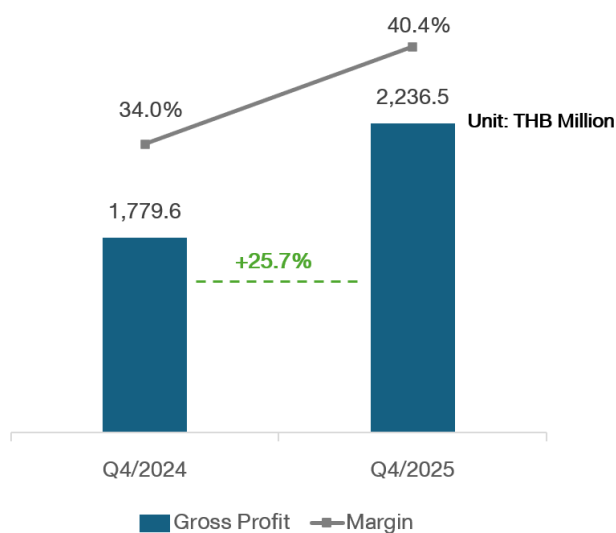
Our sales revenue for Q4/2025 was THB 5,532.3 million, an increase of THB 300.0 million, or 5.7%, compared to Q4/2024, which was THB 5,232.3 million. This growth was primarily driven by:

- Overseas Markets:** The international sector had shown outstanding growth, particularly in Myanmar and Vietnam. This surge was driven by the acceleration of infrastructure development and large-scale projects, alongside strategic shifts in sales approaches, distribution channel management, and product portfolio optimization tailored to the specific demands of each country.
- Domestic Market:** Despite the fact that the real estate market had not yet recovered, the Company had been able to maintain a revenue base stronger than the industry average. This was achieved by pushing construction chemicals, which saw accelerated demand due to seasonal factors and an urgent need for repair work following the impacts of floods and earthquakes.



### Gross Profit

Gross profit for Q4/2025 was THB 2,236.5 million, representing a gross profit margin of 40.4%, compared to Q4/2024 which was THB 1,779.6 million, representing a gross profit margin of 34.0%. The gross profit margin increased significantly, driven by comprehensive cost management and efficiency improvements. These include enhanced supply chain management, machinery upgrades, and the implementation of automation systems. Additionally, the appreciation of the Thai Baht provided a positive benefit by reducing the cost of imported raw materials.



### Selling Expenses

Selling expenses for Q4/2025 was THB 809.4 million, an increase of THB 71.8 million, or 9.7%, compared to Q4/2024, which was THB 737.6 million. This was mainly due to Q4/2025 advertising expenses increasing as a result of allocating the majority of the 2025 annual budget to this specific quarter. Additionally, sales promotion expenses and commissions rose in alignment with the higher sales volume.

Consequently, the selling expenses ratio to sales revenue for Q4/2025 was 14.6%, an increase compared to 14.1% for Q4/2024.

### Administrative Expenses

Administrative expenses for Q4/2025 was THB 360.7 million, a decrease of THB 75.0 million, or 17.2%, compared to Q4/2024, which was THB 435.7 million. The decrease was primarily attributable to a decrease in bad debt provisions, employee expenses, and decreased costs following the liquidation of Phawatri Intertrade Co.,Ltd.

Consequently, the administrative expenses ratio to sales revenue for Q4/2025 was 6.5%, a decrease compared to 8.3% for Q4/2024.

### Impairment Loss of Goodwill

For Q4/2025, there was no recognition of goodwill impairment loss. In contrast, Q4/2024, goodwill impairment loss was THB 19.2 million, associated with the acquisition of Phawatri Intertrade Co.,Ltd. Currently, Phawatri Intertrade Co.,Ltd. has ceased operations and completed its liquidation process during the first quarter of 2025.

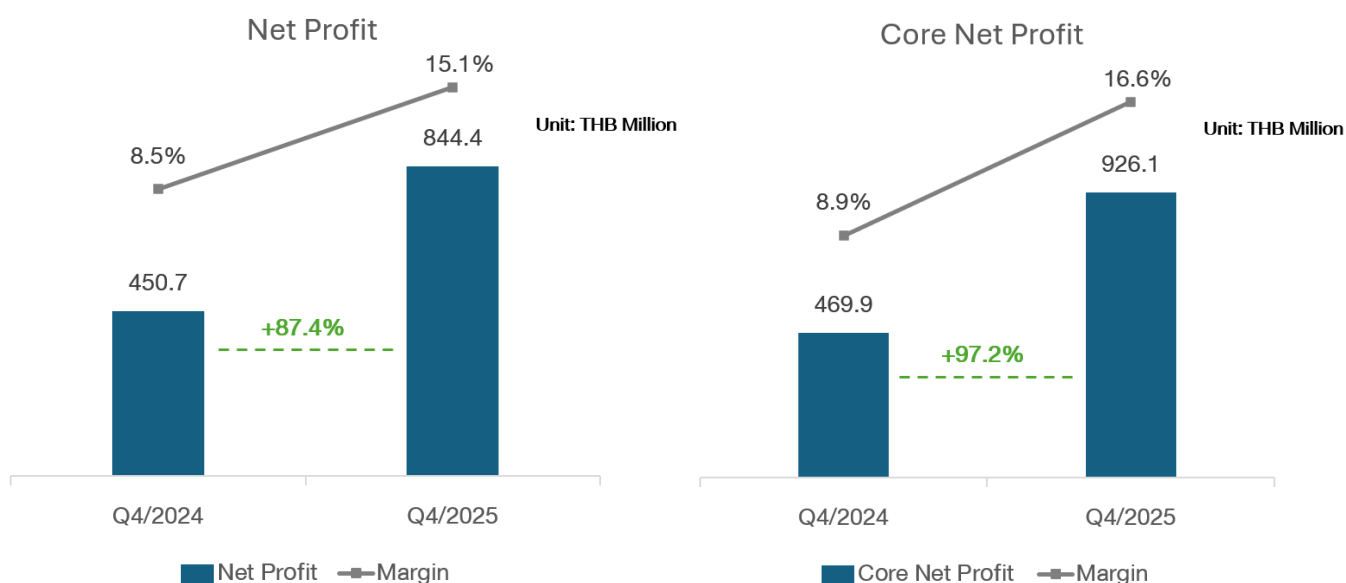
### Profit for the period

Our profit attributable to equity holders of the company for Q4/2025 was THB 844.4 million, an increase of THB 393.7 million, or 87.4%, compared to Q4/2024, which was THB 450.7 million.

The fair value adjustments of financial assets and foreign exchange differences in Q4/2025 resulted in a total loss of THB 81.7 million, compared to a loss of THB 18.9 million in Q4/2024. This was mainly due to unrealized losses on the translation of assets and liabilities in foreign currencies from the significant appreciation of the Thai Baht.

However, our core net profit (excluding fair value adjustments of financial assets and foreign exchange differences) for Q4/2025 was THB 926.1 million, an increase of THB 456.5 million, or 97.2%, compared to Q4/2024, which was THB 469.6 million. The increase was primarily attributable to higher gross profit margin.

Our core net profit margin (excluding fair value adjustments of financial assets and foreign exchange differences) for Q4/2025 was 16.6%, a significant increase compared to 8.9% in Q4/2024. This is reflecting the increase in sales and gross margins mentioned previously.



## 3.2 Operating results for the Fiscal Year 2025

Income statement (THB million)	For the Fiscal Year Ended December 31,		% Change
	2025	2024	
Sales Revenue	21,589.3	21,140.1	2.1%
<b>Total Revenue</b>	<b>21,779.4</b>	<b>21,357.2</b>	<b>2.0%</b>
Cost of Sales	(13,303.0)	(13,835.6)	-3.9%
Selling and Administrative Expenses	(4,479.3)	(4,480.1)	0.0%
Impairment Loss of Goodwill	-	(19.2)	-100.0%
Gains (Losses) on exchange rates and fair value of financial assets measured at fair value through profit or loss	(310.1)	(348.2)	-10.9%
Profit before finance cost and income tax	3,687.0	2,674.1	37.9%
Profit for the period	2,917.0	1,919.6	52.0%
<b>Net Profit (Excluding Gains &amp; Losses on exchange rates and fair value of financial assets measured at fair value through profit or loss)</b>	<b>3,227.1</b>	<b>2,267.8</b>	<b>42.3%</b>

### Sales Revenue

Our sales revenue for 2025 was THB 21,589.3 million, an increase of THB 449.2 million, or 2.1%, compared to 2024, which was THB 21,140.1 million. This growth was primarily driven by:

- Overseas Markets:** had shown outstanding growth, particularly in Myanmar and Vietnam, respectively. This was driven by the increasing demand for construction materials following the expansion of infrastructure and project-based works. Additionally, this success was bolstered by strategic sales adjustments, distribution channel management, and product portfolio optimization tailored to the specific needs of each country.
- Domestic Market:** remains stronger than the industry average despite persistent pressure from the economic slowdown and a real estate sector that has continued to stagnate since 2024. While these conditions directly impacted the decorative paint market, the Company was bolstered by its successful expansion into the construction chemicals segment. This growth was driven by high demand for renovation and repair work, alongside agile adjustments to marketing and sales strategies.

### 1. Revenue Structure by Product Category

Product Category	For the Fiscal Year Ended December 31,				% Change
	2025		2024		
	THB Million	% Proportion	THB Million	% Proportion	
Decorative Products	13,063.9	60.5%	12,928.4	61.2%	+1.0%
Non-decorative Products	7,970.5	36.9%	7,650.7	36.2%	+4.2%
Other Products <sup>(1)</sup>	554.9	2.6%	561.0	2.6%	-1.1%
<b>Sales</b>	<b>21,589.3</b>	<b>100.0%</b>	<b>21,140.1</b>	<b>100.0%</b>	<b>+2.1%</b>

Notes: <sup>(1)</sup> "Other Products" comprise sales of certain products to the related companies, such as raw materials and semi-finished materials.

## 2. Revenue Structure by Distribution Channel

Distribution Channel	For the Fiscal Year Ended December 31,				% Change
	2025		2024		
	THB Million	% Proportion	THB Million	% Proportion	
Retail Dealers	14,454.3	67.0%	14,078.1	66.6%	+2.7%
Modern Trade	4,761.0	22.0%	4,678.2	22.1%	+1.8%
Others <sup>(1)</sup>	2,374.0	11.0%	2,383.8	11.3%	-0.4%
<b>Sales</b>	<b>21,589.3</b>	<b>100.0%</b>	<b>21,140.1</b>	<b>100.0%</b>	<b>+2.1%</b>

Note: <sup>(1)</sup> "Others" primarily comprise sales revenue from distribution through projects, exports and related companies.

## 3. Revenue Structure by Geographic Region

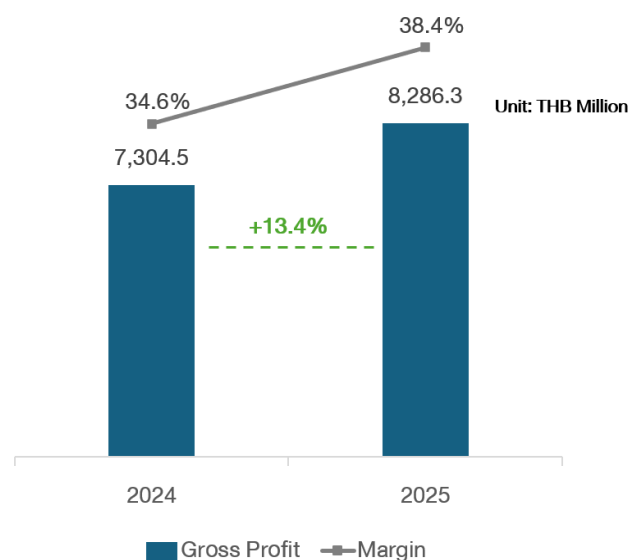
Geographic Region	For the Fiscal Year Ended December 31,				% Change
	2025		2024		
	THB Million	% Proportion	THB Million	% Proportion	
Thailand	17,763.7	82.3%	18,095.0	85.6%	-1.8%
Overseas	3,825.6	17.7%	3,045.1	14.4%	+25.6%
Vietnam	1,390.5	6.4%	1,199.7	5.7%	+15.9%
Others <sup>(1)</sup>	2,435.1	11.3%	1,845.4	8.7%	+32.0%
<b>Sales</b>	<b>21,589.3</b>	<b>100.0%</b>	<b>21,140.1</b>	<b>100.0</b>	<b>+2.1%</b>

Note: <sup>(1)</sup> "Others" mainly comprise sales revenue from customers in Laos, Malaysia, Indonesia, Myanmar and Cambodia.

## Gross Profit

Gross profit for 2025 was THB 8,286.3 million, representing a gross profit margin of 38.4%, compared to 2024 which was THB 7,304.5 million, representing a gross profit margin of 34.6%. The primary supporting factors are as follows:

- Comprehensive Production Efficiency:**  
 Enhancements across all areas—such as supply chain management, machinery upgrades, and the integration of automation into the production process—have strengthened the Company's cost management capabilities. This remains a key driver in pushing overall profitability.
- Overseas Market Growth:** Robust expansion in international markets, which typically yield higher gross margins, has further bolstered the Company's consolidated gross profit.
- Raw Material Price and Thai Baht Appreciation:** The raw materials slowdown and the strengthening of the Thai Baht had provided a positive windfall, lowering the costs of imported raw materials from overseas.



### Selling Expenses

**Selling expenses for 2025 was THB 2,971.7 million, an increase of THB 163.6 million, or 5.8%**, compared to 2024, which was THB 2,808.1 million. This was mainly due to an increase in sales and marketing employee expenses, transportation costs, promotional expenses, and commissions, respectively.

Consequently, the selling expenses ratio to sales revenue for 2025 was 13.8%, an increase compared to 13.3% for 2024.

### Administrative Expenses

**Administrative expenses for 2025 was THB 1,507.6 million, a decrease of THB 164.4 million, or 9.8%**, compared to 2024, which was THB 1,671.9 million. The decrease was primarily attributable to a decrease in fixed asset write-off from the relocation of the factory in Malaysia, which was recorded in Q2/2024, and in allowance for doubtful accounts, while employee expenses increased.

Consequently, the administrative expenses ratio to sales revenue for 2025 was 7.0%, a decrease compared to 7.9% for 2024.

### Impairment Loss of Goodwill

**For the year 2025, there was no recognition of goodwill impairment loss.** In contrast, for the year 2024, goodwill impairment loss was THB 19.2 million, associated with the acquisition of Phawatri Intertrade Co.,Ltd. Currently, Phawatri Intertrade Co.,Ltd. has ceased operations and completed its liquidation process during the first quarter of 2025.

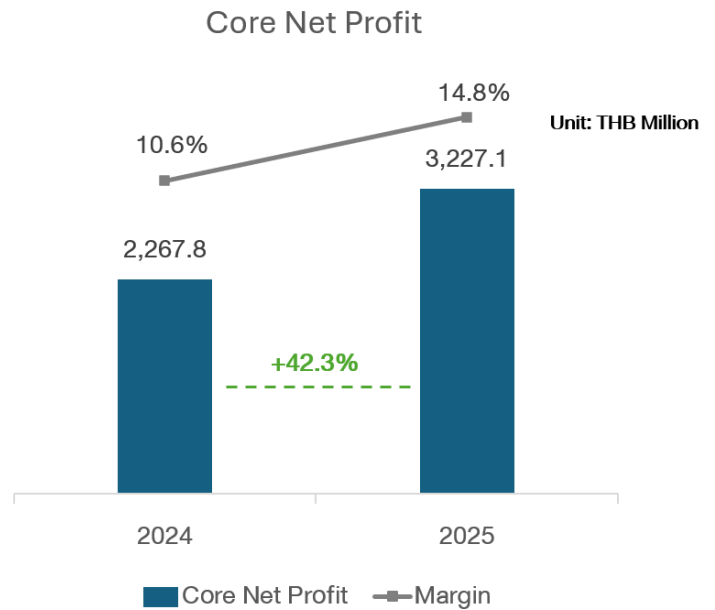
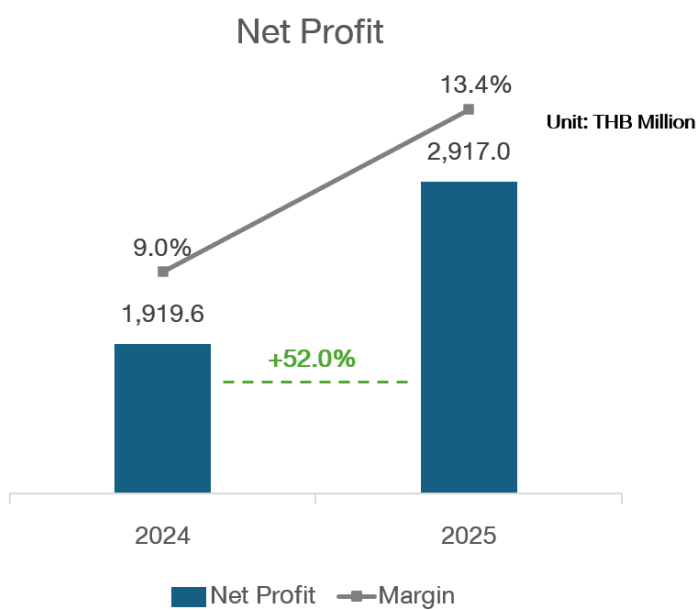
### Profit for the period

**Our profit attributable to equity holders of the company for 2025 was THB 2,917.0 million, an increase of THB 997.4 million, or 52.0%**, compared to 2024, which was THB 1,919.6 million.

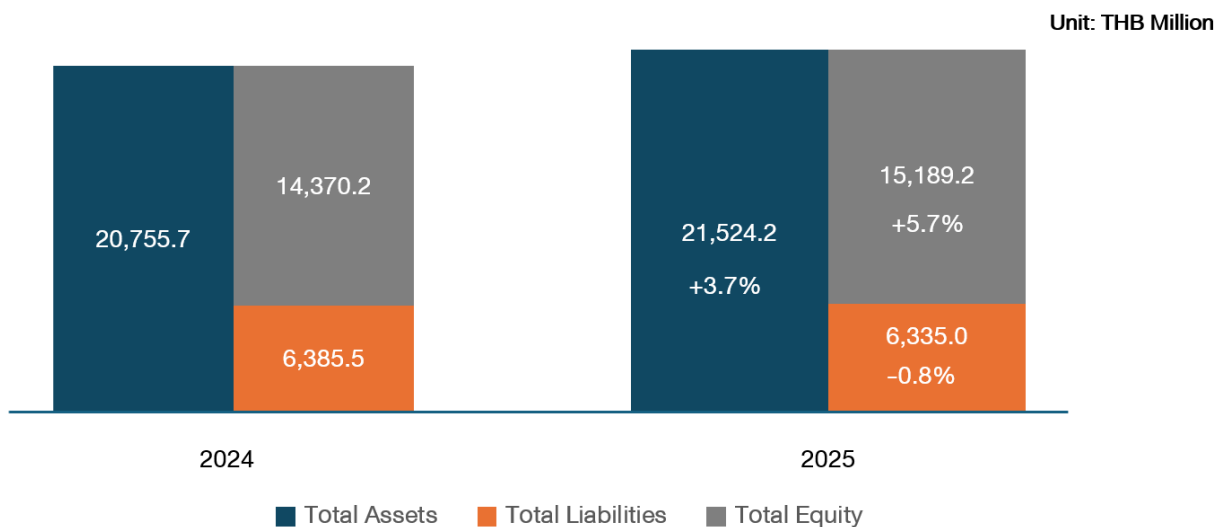
**The fair value adjustments of financial assets and foreign exchange differences in 2025 resulted in a total loss of THB 310.1 million**, a decrease of THB 38.1 million, compared to a loss of THB 348.2 million in 2024. This was mainly due to unrealized losses on the translation of assets and liabilities in foreign currencies.

**However, our core net profit (excluding fair value adjustments of financial assets and foreign exchange differences) for 2025 was THB 3,227.1 million, an increase of THB 959.4 million, or 42.3%**, compared to 2024, which was THB 2,267.8 million. The increase was primarily attributable to significantly higher gross profit margin and lower cost of goods sold and administrative expenses.

**Our core net profit margin (excluding fair value adjustments of financial assets and foreign exchange differences) for 2025 was 14.8%**, an increase compared to 10.6% in 2024.



### 3.3 Financial Position



1. Total assets as of December 31, 2025, were THB 21,524.2 million, an increase of THB 768.5 million from THB 20,755.7 million as of December 31, 2024. Key changes are as follows:

#### 1.1 Current Assets

##### (1) Cash and Cash Equivalents

Our cash and cash equivalents as of December 31, 2025, was THB 3,777.9 million, an increase of THB 283.7 million from THB 3,494.2 million as of December 31, 2024. The increase was attributable to strong growth in net cash flow from operating activities, with a portion of these funds being allocated to investments in other current financial assets to generate incremental returns.

## **(2) Other Current Financial Assets**

Other current financial assets as of December 31, 2025, was THB 4,854.5 million, an increase of THB 1,044.3 million from THB 3,810.2 million as of December 31, 2024. The increase was in accordance with the cash management strategy, which aims to allocate excess liquidity for investment while maintaining appropriate risk management under the framework of the Company's treasury management policy.

## **(3) Trade and Other Receivables**

Our trade and other receivables as of December 31, 2025, were THB 3,212.1 million, a decrease of THB 0.1 million from THB 3,212.2 million as of December 31, 2024.

As of December 31, 2025 and 2024, the Company had an expected allowance for loss according to TFRS 9 amounting to THB 346.4 million and THB 366.7 million, respectively.

Average Collection Period was approximately 57 days in 2025 and 63 days in 2024, which was consistent with the credit term of the Company, which is between 30-90 days.

## **(4) Inventories**

Inventories as of December 31, 2025, were THB 2,901.3 million, a decrease of THB 270.1 million from THB 3,171.4 million as of December 31, 2024. The decrease in inventories was primarily due to a decrease in finished goods inventory, resulting from a reduction in unit product costs.

Inventory days in 2025 and 2024 remained unchanged at approximately 36 days.

## **1.2 Non-current Assets**

### **(1) Property, Plant and Equipment**

Property, plant, and equipment as of December 31, 2025, were THB 4,282.7 million, an increase of 99.7 million from THB 4,183.0 million as of December 31, 2024. The increase was attributable to the machinery and building upgrades to enhance operational efficiency at Samrong and Bangna plants.

### **(2) Right-of-Use Assets**

Right-of-use assets as of December 31, 2025, were THB 967.7 million, a decrease of THB 127.3 million from THB 1,095.0 million as of December 31, 2024. The decrease was attributable to allocation based on contract terms.

## **2. Total liabilities as of December 31, 2025, were THB 6,335.0 million, a decrease of THB 50.5 million from THB 6,385.5 million as of December 31, 2024. Key changes are as follows:**

### **2.1 Current Liabilities**

#### **(1) Short-term Loans from Financial Institutions**

Our short-term loans from financial institutions as of December 31, 2025, were THB 69.2 million, a decrease of THB 38.5 million from THB 107.7 million as of December 31, 2024. The decrease was attributable to lower loans of subsidiaries.

## **(2) Trade and Other Payables**

Our trade and other payables as of December 31, 2025, were THB 4,173.3 million, a decrease of THB 18.9 million from THB 4,192.2 million as of December 31, 2024.

The average days outstanding for trade and other payables in 2025 and 2024 remained unchanged at approximately 74 days.

## **(3) Income Tax Payable**

Our corporate income tax payable as of December 31, 2025 and 2024 was THB 320.7 million and THB 235.6 million, respectively. This increase was attributable to higher net profit in 2025.

## **2.2 Non-current Liabilities**

### **(1) Long-term Loans from Financial Institutions - Net of Amount Due within One Year**

Long-term loans from financial institutions - net of amount due within one year as of December 31, 2025 were THB 111.9 million, an increase of THB 4.7 million from THB 107.1 million as of December 31, 2024. The increase was attributable to higher loans for the expansion of gypsum board production capacity.

### **(2) Lease Liability - Net of Amount Due Within One Year**

Lease liabilities - net of amount due within one year as of December 31, 2025 and 2024, were THB 648.7 million and THB 792.3 million, respectively.

### **(3) Provision for Long-term Employee Benefits**

Long-term employee benefits as of December 31, 2025, were THB 502.5 million, an increase of THB 19.4 million from THB 483.1 million as of December 31, 2024. The increase was attributable to a higher number of employees and longer employee tenure.

## **3. Shareholders' Equity as of December 31, 2025, was 15,189.2 THB million, an increase of THB 819.0 million from THB 14,370.2 million as of December 31, 2024. Key changes are as follows:**

**(1) Unappropriated retained earnings** increased by THB 1,043.3 million. The increase was attributable to the higher profit in 2025.

**(2) Other components of shareholders' equity** decreased by THB 205.1 million. The decrease was mostly attributable to foreign currency translation of financial statements.

As of December 31, 2025 and 2024, the Company's return on equity (ROE) was 20.7% and 13.8%, respectively. The increase was primarily attributable to a higher profit for the period.

## **3.4 Liquidity and Adequacy of Capital**

### **1. Liquidity**

Our principal sources of liquidity are cash generated from our operations and loans from financial institutions. The availability of funding from external sources and the cost of such funding is subject to a number of factors that are beyond our control, including general economic and capital market conditions, interest rates, availability of credit from banks and other lenders, lender and/or investor

confidence in TOA, tax and securities laws that may be applicable to us, and political and economic conditions in the markets in which the Company operate both domestically and internationally.

Our expectation of cash flow from operating activities, as well as cash and cash equivalents are adequate for the capital commitments.

## 2. Cash Flows

The following table sets out certain information from our consolidated condensed statements of cash flows for the periods indicated.

	For the Fiscal Year Ended December 31,	
	2025	2024
<u>Cash Flow Information:</u>	THB million	THB million
<b>Net cash flows from operating activities</b>	<b>3,986.1</b>	<b>2,853.6</b>
<b>Net cash flows used in investing activities</b>	<b>(1,515.9)</b>	<b>(387.5)</b>
<b>Net cash flows used in financing activities</b>	<b>(1,966.3)</b>	<b>(2,343.6)</b>
Foreign exchange rate effects	(172.7)	(38.0)
Gain (loss) on translation adjustments	(47.4)	7.7
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>283.7</b>	<b>92.2</b>
Cash and cash equivalents at the beginning of the year	3,494.1	3,401.9
<b>Cash and cash equivalents at the end of the year</b>	<b>3,777.9</b>	<b>3,494.1</b>

(1) **Cash flows from operating activities for 2025 were THB 3,986.1 million**, an increase of THB 1,132.5 million from the previous year. This was primarily due to:

- Profit from operating activities before changes in operating assets and liabilities was THB 4,507.6 million, an increase of THB 1,025.7 million
- Cash increased by THB 103.6 million from changes in operating assets and liabilities, representing an increase of THB 14.2 million compared to the same period. Key changes are as follows:
  - Cash increased by to THB 632.2 million from the decrease in payments for inventory purchases.
  - Partially offset by THB 581.6 million decrease in cash received from trade receivables.
- Cash payments for corporate income tax was THB 625.1 million, a decrease of THB 92.6 million compared to the previous year.

(2) **Cash flows from investing activities for 2025 were THB 1,515.9 million**, an increase of THB 1,128.4 million. This was primarily due to:

- Cash used for investments in other current financial assets, an increase of THB 1,523.4 million compared to the previous year.
- Partially offset by cash used in other non-current financial assets, a decrease of THB 460.7 million.

- (3) **Cash flows from financing activities for 2025 were THB 1,966.3 million**, a decrease of THB 377.3 million. This was primarily due to lower share buyback of THB 159.4 million and lower dividend payment of THB 183.6 million.

### 3.5 Analysis of Key Financial Ratios

The following information describes financial ratios that demonstrate a strong financial position, with high working capital and low debt.

#### 1. Current Ratio

As of December 31, 2025 and 2024, our current ratio was 3.03 and 2.87 times, respectively.

#### 2. Total Liabilities to Equity Ratio

As of December 31, 2025 and 2024, our total liabilities to equity ratio was 0.42 and 0.44 times, respectively.

#### 3. Interest-Bearing Debt to Equity Ratio

As of December 31, 2025 and 2024, our interest-bearing debt to equity ratio was 0.08 and 0.09 times, respectively.

### 4. Factors that Could Impact Future Performance

The Thai economic outlook for 2026 is expected to remain in a slow-growth state, with GDP expanding at a level lower than its potential. This is due to compounding negative factors from previous years, including the clearer impact of global tariff barriers and the unresolved issue of accumulated household debt. As a result, domestic purchasing power remains very weak. Despite government efforts to stimulate the economy, declining consumer confidence and the transition into an aging society have shifted spending behaviors. Businesses must therefore operate with maximum caution, focusing primarily on maintaining agility and managing financial risks.

The real estate sector in 2026 is viewed as being at one of its most difficult points in decades. The market has entered a continuous slowdown due to high levels of housing inventory, while ownership transfers are likely to drop to their lowest levels in years. This is caused by record-high stringency in credit screening by financial institutions aiming to prevent bad debt. Consequently, real estate developers must shift their strategy from launching new projects to accelerating the clearance of existing stock through price wars and promotions. They are also pivoting toward niche markets, such as the second-hand home market, which is beginning to outgrow new builds, or locations with strong real demand, such as major tourism zones.

In the paint and construction materials industry, the sector has been directly affected by the contraction of private construction projects. However, TOA has turned this crisis into an opportunity by upgrading its new vision to become a provider of integrated paint and construction material solutions (Total Solution) to reduce reliance solely on decorative paint revenue. The Company is aggressively entering the renovation market, which sees higher demand than new construction, while highlighting its strength in "Green Solution" innovations to meet stricter green building standards. Additionally, there is a focus on implementing AI technology and automation in work processes to reduce costs and increase precision in customer reach, creating a competitive advantage in a highly contested market. TOA has also established risk management plans and developed appropriate strategies to ensure business flexibility and the ability to respond to changing operational factors.

## 5. Key Developments in Sustainability

The Company continues to prioritize the integration of sustainable development principles across all business units to maintain a balance between business growth and creating positive impacts on society and the environment.

In 2025, the Company achieved significant success in its sustainability performance, as evidenced by the SET ESG Ratings, which improved from an "A" level to "AAA", the highest possible rating. Key highlights of our Environmental, Social, and Governance (ESG) performance are as follows:

- **Environmental**

### **Low-Carbon Products for the Construction Industry**

The Company has successfully expanded its range of products with reduced carbon footprints from 40 items in 2024 to 133 items in 2025. This expansion covers decorative paints for exterior and interior use, primers, textured coatings, industrial sprays, and gypsum boards. By achieving a carbon footprint reduction of more than 2%, these products have been officially certified with the Carbon Footprint Reduction label by the Thailand Greenhouse Gas Management Organization (Public Organization) or TGO.

This initiative enables real estate developers and consumers to access low-emission construction materials and enhances the efficiency of greenhouse gas reduction within buildings. Ultimately, this responds to the growing demand for green building development in the country, encompassing both new construction and renovation projects.

### **Net Zero Greenhouse Gas Emissions**

The Company continues to utilize the 7-GREEN strategy to achieve its goal of Net Zero greenhouse gas emissions by 2050. Key initiatives include transitioning executive vehicles and forklifts to electric systems (EVs), upgrading air conditioning systems, installing rooftop solar power systems at factories, and enhancing production efficiency through automation.

These actions aim to control Scope 1 and 2 greenhouse gas emissions annually, aligning with the Net Zero Pathway established by the Thailand Greenhouse Gas Management Organization (Public Organization). Furthermore, the Company has collaborated with potential partners to manage upstream Scope 3 emissions by optimizing logistics and transportation efficiency.

- **Social**

### **Social Value Creation**

The Company implements its community development and relationship-building strategy through four core pillars: (1) Education and Skill Development, through collaboration with the Faculty of Architecture, Art, and Design at King Mongkut's Institute of Technology Ladkrabang (KMITL) on 8 pilot projects to create learning opportunities for students; (2) Community and Social Development, via the "TOA Doesn't Leave Anyone Behind" project, which supported the restoration of Hat Yai Hospital following floods to expedite the return of medical services to normalcy; (3) Sports and Youth Promotion, through the TOA 3x3 Basketball All Thailand 2025 program, now in its third

consecutive year, featuring competitions across 10 regions nationwide; and (4) Livable City Development, through the "SHARING HAPPINESS" project, which renovated the playground at Rachawadee Home (home for persons with disabilities) in Nonthaburi Province to enhance learning and support childhood development.

### **Health, Safety, and Employee Well-being**

The Company prioritizes the safety, health, and quality of life of its employees by promoting preventive healthcare, including providing influenza vaccinations and screenings for Hepatitis B and C to reduce long-term health risks. Furthermore, the Company has implemented the ISO 45001:2018 Occupational Health and Safety Management Systems alongside proactive measures, such as the "All Type Forklift Safety Monitoring" project and an initiative to prevent and reduce the risk of musculoskeletal disorders in the workplace. As a result of these efforts, the Company received the Thailand Safety Award 2025 at the national level, marking the 12th consecutive year for the Bangna plant and the 8th consecutive year for Samrong plant.

- **Governance**

#### **Good Corporate Governance**

The Company prioritizes Good Corporate Governance by establishing clear policies and oversight structures that define the roles of the Board of Directors and Management. We systematically monitor operations through risk management frameworks, internal controls, and internal audits to ensure business transparency, accountability, and the protection of interests for shareholders and all stakeholder groups.

As a result of these efforts, the Company has consistently achieved an "Excellent" (5-star) CG Scoring from the Thai Institute of Directors (IOD). Furthermore, the Company received the "ASEAN Asset Class PLCs" prestigious award under the ASEAN Corporate Governance Scorecard assessment, reflecting the robust strength of the organization's governance structure.

#### **Driving Innovation in Construction Efficiency**

The Company has launched a range of integrated primer-and-topcoat products, such as "4SEASONS 2in1" and "4SEASONS SHIELD 2in1." In addition to maintaining the same protective film properties as conventional painting systems (which require separate primer and topcoat applications), these products help eliminate construction bottlenecks by reducing costs, project timelines, and labor requirements for the industry.

Notably, "4SEASONS SHIELD 2in1" has been recognized as an innovation that delivers significant value to users, enhances construction efficiency, and demonstrates environmental responsibility. This was evidenced by receiving the Best Innovation Award 2025 (1st Runner-up) at the Architect'25 (Architect'68) expo.

Please be informed accordingly,

Yours Sincerely,

(Acting Sub Lt. Surasak Mandaeng)  
Chief Financial Officer