

11 August 2026

Subject: Explain for operation results for the three-month and six-month period ended 30 June 2026

To: President,

The Stock Exchange of Thailand

CPL Group Public Company Limited (hereinafter refer to as “the Company”) is pleased to report the operation for the three-month and six-month period ended 30 June 2026.

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

Analysis of statement of income for the three-month and six-month period ended 30 June 2026

The main business of the Company can be divided into three main divisions. Firstly, it is finished leather business that was accounted for 55% of the total revenue of the Company. This product category can be divided into two groups which are skin leather and split leather. Unit of sales is area which is called “square foot”. The second source is tanning service which is included cow skin and pig skin and sales of leather was accounted for 7% of total revenue. Last but not least, the safety shoes and safety products were accounted for 38% of the total revenue of the Company.

1.1 Finished Leather

For the three-month and six-month period ended 30 June 2026, the Company's sales were Baht 247 million and Baht 482 million, respectively (2025: Baht 291 million and Baht 573 million). During the quarter, overall purchase order volume decreased compared to the corresponding period of the previous year, primarily due to the continued uncertainty in the global economic environment. The ongoing trade tensions remain unresolved, while intensified price competition from several market participants has continued to exert pressure on the industry. Nevertheless, the overall average selling price remained at a relatively elevated level, consistent with the prior year that were able to partially mitigate the decline in sales volume only to a limited extent. Product claim expenses for the quarter decreased from the same period last year, although such expenses remained at a relatively high level. Throughout the quarter, the Company continued to implement stringent cost control measures covering both manufacturing costs and operating expenses on an ongoing basis.

The cost of sales of finished leather business consists of the cost of rawhide, chemicals, and other costs such as compensation of employees in the factory, and depreciation of plant, equipment and machinery used in manufacturing. An approximately proportion of the above cost of sales was 55:30:15, respectively. At present, the average cost of leather in the system is close to the market price, but the Company used some stock leather that caused higher price in production. Other than that chemical cost and overhead expenses were at high level. As a result, the Company's had gross profit for the three-month and six-month period ended 30 June 2026 at Baht 38 million and Baht 76 million, respectively (2025: Baht 4 million and Baht 45 million).

1.2 Tanning Service and Sales of Leather

For cow tanning service, the volume of tanning service from external customers was better than the previous quarter, but not that much. Accordingly, the majority of the Company's production capacity continued to be allocated to in-house manufacturing activities, which contributed to a partial reduction in the production cost of finished leather products. The Company anticipates that the direction and volume of tanning orders will become more evident during the second half of this year. Regarding pigskin tanning services, the business continued to be affected by the prevailing economic conditions. Nevertheless, order volume during the quarter remained at a relatively low level. The Company therefore continues to closely monitor the ongoing economic situation, as any prolonged economic downturn or uncertainty may adversely affect future production orders. For the three-month and six-month period ended 30 June 2026, the Company sold the unused leather amounted to Baht 23 million and Baht 39 million, respectively.

For the three-month and six-month period ended 30 June 2026, the Company had revenue from tanning service amounted to Baht 35 million and Baht 61 million, respectively (2025: Baht 19 million and Baht 45 million). As a result, the Company had a gross profit Baht 2 million and Baht 6 million, respectively (2025: negative gross profit Baht 5 million and negative gross profit Baht 11 million), reflecting improved production efficiency and more effective internal cost management.

1.3 Safety Shoes and Safety Products

For the three-month and six-month period ended 30 June 2026, the Company could generate revenue from safety shoes and other safety products amounted to Baht 158 million and Baht 335 million, respectively (2025: Baht 171 million and Baht 344 million). Sales of safety footwear decreased during the quarter due to the prevailing weakness in the domestic economic environment. Nonetheless, the Company was able to maintain its gross profit margin at a satisfactory level. Meanwhile, sales of personal protective equipment remained the same compared to the corresponding period of the previous year.

Additionally, an approximately proportion of the above cost of sales was 55:20:25, respectively. For the safety products, the Company is authorized distributor from the top safety product manufacture around the world such as 3M, Sundstrom, Drager, Singing Rock, and Industrial Scientific. In overall, the cost of goods sold of safety shoes and safety products were normal at approximately 60-65%. For the three-month and six-month period ended 30 June 2026, the Company could make a gross profit amounted to Baht 61 million and Baht 132 million, respectively (2025: Baht 67 million and Baht 139 million).

1.4 Other income (expenses)

Additionally, the Company also had other incomes that were rent, interest from investment in bond, compensation for tax 19 bis, and gain (loss) on foreign currency translation. The Company imported raw materials and exported finished products using US dollar under the credit system, so either import raw materials or export finished goods, it has a difference in the time of repayment which the Company was impacted from daily foreign exchange rate. Therefore, the Company has to recognize gains or losses on this kind of transaction. However, the Company has already hedged by doing the forward contracts with financial institutions. For the three-month and six-month period ended 30 June 2026, the Company had other income amounted to Baht 3 million and Baht 7 million, respectively (2025: Baht 5 million and Baht 7 million). For this quarter, the Company had a loss from exchange rate and mark-to-market of derivative contracts amounted to Baht 0.10 million and Baht 0.2 million, respectively (2025: loss Baht 5.13 million and loss Baht 8.52 million). However, the above transactions were unrealized gain/loss transactions.

Expenditures

Selling and administrative expenses consists of 1) export expenses that the Company negotiates with customers to eliminate double expenses which include transportation. The Company has punctuality policy for delivery goods to customers to avoid expressed delivery by plane because it is very expensive. 2) agent fee 3) travelling expenses 4) compensation to employee and management and related payroll expenses, and other expenses i.e. depreciation and amortization, and repair and maintenance.

For the three-month and six-month period ended 30 June 2026, the selling expenses were accounted for 10.93% and 10.70% of total sales, respectively (2025: 9.68% and 9.44%) and the amount increased by Baht 2 million for this quarter. On the other hand, administrative expenses were accounted for 9.17% and 9.13% to total sales, respectively (2025: 9.15% and 8.93%) and the amount decreased by Baht 4 million.

Integrated Leather Network Company Limited (ILN), which is an associated company had to temporarily suspend operations in order to manage expenses due to the economic crisis. All investment in associate for this company was fully recognized the share losses. However, during 2022, the Company setup the new subsidiary company named "CPL Venture Plus" Co., Ltd. to support the new investment. This company invested in three companies which include Itt3Ritt Co., Ltd, Elephant Cann Co, Ltd, and Now End of Waste Co.,Ltd. For the three-month and six-month period ended 30 June 2026, the Company had loss sharing from associate company amounted to Baht 0.10 million and Baht 0.70 million (2025: Loss sharing Baht 3.18 million and loss sharing Baht 4.62 million).

The Company's financial costs include interest from the trust receipts which are short-term loans with terms of repayment from financial institutions for purchase of raw materials imported from abroad, bank fees for Open PLC, and transferred fees between banks. The Company's finance costs increased slightly from the volume of raw materials imported from abroad and from factory expansion and also the loan from related party. For the three-month and six-month period ended 30 June 2026, the financial cost was Baht 11 million and Baht 23 million, respectively (2025: Baht 14 million and Baht 28 million).

Net Profit (Loss)

For the three-month and six-month period ended 30 June 2026, the Company had net loss at Baht 4 million and net profit 4 million, respectively (2025: Net loss Baht 51 million and net loss Baht 55 million), or equivalent to net loss margin at 0.95% and net profit margin 0.40% (2025: Net loss margin 10.63% and 5.71%). During the quarter, the Company's operating results improved by THB 47 million compared to the corresponding period of the previous year. Such improvement was primarily attributable to the Company's ability to achieve a stronger gross profit margin despite a decline in sales revenue, thereby reflecting enhanced efficiency in the Company's internal cost management and overall operational performance.

Analysis of statement of financial position as of 30 June 2026

Total assets of the Company as at 30 June 2026 were Baht 1,913 million (31 December 2025: Baht 1,962 million). The decrease in assets came from cash and cash equivalent Baht 33 million, accounts receivable and other receivables Baht 28 million, property plant and equipment Baht 11 million, right of use in asset Baht million, and contract assets Baht 5 million. On the other hand, the increase came from inventory Baht 40 million.

Total liabilities of the Company as at 30 June 2026 were Baht 1,323 million (31 December 2025: Baht 1,376 million). The major items were bank overdraft and short-term loan from financial institutions that major part was trust receipts which were short-term loans with a repayment condition with financial institutions for purchasing raw materials from foreign funds amounted to Baht 637 million (31 December 2025: Baht 609 million), and accounts payable and other payable amounted to Baht 313 million (31 December 2025: Baht 363 million). For this quarter, the Company had paid back the loans from financial institutions amounted to Baht 27 million. On the other hand, loan from related party remained at Baht 155 million (31 December 2025: Baht

155 million) except the reclassification between current and non-current. Normally, when the Company received payment from the debtor, the Company will choose to pay trust receipts prior to maturity date in order to reduce the interest burden. Thus, the ratio of total liabilities to total assets of the Company was at 0.69 times (31 December 2025: 0.65 times).

To consider the liquidity, the Company's current ratio was at 1.20 times (31 December 2025: 1.11 times). Although the Company's liquidity was not high, the operating cash flow was alright because the Company could sell and collect cash from customers. The working capital was not a problem. However, the Company had a backup plan by requesting a new facility contract with financial institutions in the form of overdraft facilities and short-term loans over the past 2-3 years to support liquidity if the Company obliged to spend while the cash was not enough at any of time.

Significant financial ratio	For the three-month and six-month period ended 30 June	
	2026	2025
Gross profit margin	21.38% / 22.65%	12.74% / 17.14%
Net profit (loss) margin	(0.95)% / 0.40%	(10.63)% / (5.71)%
Return on assets (ROA)	(0.22)% / 0.18%	(2.43)% / (2.62)%
Return on equity (ROE)	(0.71)% / 0.60%	(7.49) / (8.06)%

Significant financial ratio	30 June 2026	31 December 2025
Current ratio	1.20	1.11
Debt to equity ratio	2.25	2.35

Sustainability (ESG) Performance Report for Q2'2026

CPL Group Public Company Limited places importance on conducting business alongside the efficient use of resources and the reduction of environmental impact. Within its finished leather tanning and finished decorative leather business unit, the Company plans to implement a rooftop solar power generation project (Solar Rooftop) to support the use of clean energy and enhance energy management efficiency within its production processes.

The project aims to generate solar electricity for use within the factory, partially replacing electricity drawn from the grid. This will help reduce the volume of electricity consumed from traditional energy sources, lower the Company's energy costs over the long term, and reduce dependence on fossil fuel-based energy.

In addition, the adoption of solar energy is part of the Company's environmental operating approach, helping to reduce indirect greenhouse gas emissions from electricity use and supporting the transition toward greater use of clean and renewable energy, in line with the organization's sustainable development approach.

The Solar Rooftop project is therefore considered one of the key initiatives reflecting the commitment of CPL Group Public Company Limited to conducting business responsibly — striking a balance between economic efficiency, environmental management, and long-term sustainable growth.

Please be informed accordingly.

Sincerely Yours,

Mr. Puvasith Wongcharoensin

Chief Executive Officer