



**Report of the Opinion of Independent Financial Advisor  
in respect of the Connected Transaction  
by Grant Thornton Services Co., Ltd.**



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-TRANSLATED VERSION-

**maco**

Master Ad Public Company Limited

**Opinion of the Independent Financial Advisor on the Connected  
Transaction**

25 December 2020



*The English Translation of the Independent Financial Advisor's Opinions of the Company has been prepared solely for the convenience of foreign shareholder of Master Ad Public Company Limited and should not be relied upon as the definitive and official document.*

*The Thai language version of the Opinion of the Company is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this translation*

25 December 2020

Subject Opinion of the Independent Financial Advisor on the Connected  
Transaction

To The Shareholders of Master Ad Public Company Limited

The Board of Directors' Meeting of Master Ad Public Company Limited ("MACO" or the "Company") No. 11/2020 held on December 14, 2020 has passed the resolution to propose a shareholders' meeting of the Company to approve the amendment of the Advertising Media Management and Service Agreement dated January 15, 2020 (the "Agreement") with Plan B Media Public Company Limited ("PLANB") for the transaction as follows:

1. an exemption on the payment of the minimum consideration for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) and
2. Undertaking not to request for any adjustment of the minimum consideration for the period of 1 April 2021 to 31 March 2022. PLANB will not request for further adjustment and/or exemption of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance with the Agreement

In entering into this minimum consideration waiver transaction, MACO has a condition for PLANB to place the minimum consideration under the Advertising Media Management Agreement for the accounting period of 2021 (1 April 2021 - 31 March 2022) in advance for a period of 1 year in the amount of THB 700,000,000 within 15 days from the date the shareholders' meeting of the Company approves the minimum consideration waiver transaction, whereby PLANB will process the said one-time payment in full.

Because companies in the Out of Home Media industry, which includes Plan B Media Public Company Limited ("PLANB"), which is the advertising media manager of Master Ad Public Company Limited ("MACO" or "Company" or "Business"), were greatly affected by the coronavirus outbreak and the enforcement of government measures to prevent the spread of the pandemic. As a result, customers of advertising media are more likely to reduce their interest in choosing to use Out of Home Media due to significant decrease in road and pedestrian traffic at various commercial locations from the contagion and the economic slowdown. Due to the impact on sales of advertising media, PLANB has requested the Company jointly consider the amendment of the Advertising Media Management and Service Agreement as mentioned above

### **Background**

On January 14, 2020, MACO held the Extraordinary General Meeting of Shareholders No. 1/2020 in which the shareholders approved the Company entering into a media management agreement with PLANB, a connected person of the Company, to appoint PLANB to manage the advertising media of the Company and its subsidiaries in Thailand. Therefore on 15 January 2020 the Company entered into a contract with PLANB whereby both parties agreed that PLANB would guarantee a minimum consideration of THB 350 million for the period from 1 July 2020 to 31 December 2020 and THB 700 million per year for the period from 1 January 2021 until December 31, 2024. Subsequently, the counterparties have established a formula for calculating the minimum consideration for each quarter, which are not equal, but the sum of the whole year will be THB 700 million as approved by the shareholders according to the number of signage that has been agreed upon entering into the contract.

However, in July 2020, PLANB requested the Company to review and consider a reduction in the rate card and the minimum consideration under the advertising media management contract due to (1) the number of the Company's signage decreased after the Asset Optimization Exercise process from 1,229 to 1,213 signs and (2) out of home Media industry, including PLANB, were affected by the coronavirus outbreak and the enforcement of various measures by the government to prevent the spread of the pandemic which resulted in a significant decrease in the target audience of out-of-home media. This is a force majeure event that triggers the parties to negotiate in good faith to reduce the minimum consideration under the contract in accordance with the impact and time of such force majeure.

The Board of Directors' Meeting of the Company No. 7/2020 held on August 11, 2020 has passed the resolution to approve the transactions as follows:

1. The adjustment of the minimum consideration for the remaining term of the Agreement from THB 175,000,000 per quarter to THB 169,105,299 per quarter due to asset optimization exercise to decrease of the media capacity of the Company from 1,229 boards to 1,213 boards after entering into the Agreement and
2. the adjustment of the minimum consideration for the quarter 2/2020 (during 1 July 2020 to 30 September 2020) from THB 169,105,299 per quarter to THB 84,000,000 per quarter as PLANB was affected materially from coronavirus pandemic situation

Moreover, the Company viewed that the said adjustment of the minimum consideration under the Agreement is fair and does not create the misappropriation of benefits according to

clause 7(5) of the Connected Transaction Notifications. The Company, therefore, is not required to undertake the actions required under the Connected Transaction Notifications

The Transaction constitutes a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governor of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (as amended) (the “Connected Transaction Notifications”). This is because VGI Public Company Limited (“VGI”), a major shareholder of the Company (holding 26.58 percent of total paid-up shares of the Company as of July 29, 2020), is also a major shareholder of PLANB (holding 19.58 percent of total paid-up shares of PLANB as of November 25, 2020), therefore, PLANB becomes a connected person of the Company. The value of the minimum consideration according to the Agreement that will be exempted for PLANB for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021), will be equivalent to the transaction size of 15.26 percent of Net Tangible Assets (NTA) of the Company as appeared in the reviewed consolidated financial statements of the Company for the accounting period ending September 30, 2020 (or 14.87 percent of Net Tangible Assets (NTA) of the Company if calculated from the adjustment of the minimum consideration for the remaining term of the Agreement), and after computing the foregoing with other connected transactions of the Company within the past 6 months before the entry into the Transaction, the total connected transaction size of the Company with which were made with PLANB within the past 6 months is equivalent to 19.54 percent of Net Tangible Assets (NTA) of the Company (or 18.87 percent of Net Tangible Assets (NTA) of the Company if calculated from the adjustment of the minimum consideration for the remaining term of the Agreement)

As the total connected transaction size of the Company with which were made with PLANB within the past 6 months is more than 3 percent of of Net Tangible Assets (NTA) of the Company. The Company has to disclose information regarding the Transaction to the Stock Exchange of Thailand (“SET”) pursuant to the Connected Transaction Notifications and the Transaction where the resolution must be passed by a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and entitled to vote, excluding the votes of the shareholders having an interest in the matter from the calculation base; and have to appoint an independent financial advisor (IFA) to give an opinion on the Transaction. In this regard, the Company has appointed Grant Thornton Services Co., Ltd., to be the IFA for the entry into this Transaction to provide independent opinion on this transaction for the shareholders to consider executing the transactions. Please see the opinion of the independent financial advisor’s report as attached with this letter..

GTSL is the Independent Financial Advisor (the “IFA”) approved by the Securities and Exchange Commission and independent from the Company. The IFA adheres to the Company’s information according to the details in Section 2: The IFA has no reasons to doubt that the received information lacks accuracy and completeness which may significantly affect the opinion rendered. This report is based on the current economic and market conditions as well as the information and documents received during the period of preparation of the IFA’s opinion. In the event of significant changes to such information in the future, which may affect the opinion of the IFA, the IFA has no obligations to update, review or affirm the IFA’s opinion.

The IFA has considered the appropriateness of the above information professionally and cautiously. The Appendix Section of this report is also a part of the IFA’s opinions and it is the matters for the shareholders to consider it in the alignment with other parts of the report.

Shareholders of the Company should carefully study the details of the disclosure of information related to the transaction at this time, including the opinion of the Independent Directors, report of the IFA’s opinion, along with the documents attached to an invitation letter of the Extraordinary General Meeting of Shareholders No. 1/2021 for consideration of the whole transaction.

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## Glossary

### Entities / Organization

Company or MACO or Business

GTSL or IFA or Independent Financial Advisor

SEC

SET

PLANB

VGI

### Definition

Master Ad Public Company Limited

Grant Thornton Services Ltd.

The Securities and Exchange Commission

The Stock Exchange of Thailand

Plan B Media Public Company Limited

VGI Public Company Limited

### Others

Opinion of the Independent Financial Advisor

Notification on Connected Transaction

Opinion of the Independent Financial Advisor on the Connected Transaction

The Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions as of 31 August 2551 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) as of 19 November 2546 (as amended)

Capital Asset Pricing Model (CAPM)

Weighted Average Cost of Capital (WACC)

Capital Asset Pricing Model; the relationship between systematic risk and expected return

Weighted Average Cost of Capital

## 1. Executive Summary

Because companies in the Out of Home Media industry, which includes Plan B Media Public Company Limited (“PLANB”), which is the advertising media manager of Master Ad Public Company Limited (“MACO” or “Company” or “Business”), were greatly affected by the coronavirus outbreak and the enforcement of government measures to prevent the spread of the pandemic. As a result, customers of advertising media are more likely to reduce their interest in choosing to use Out of Home Media due to significant decrease in road and pedestrian traffic at various commercial locations from the contagion and the economic slowdown. Due to the impact on sales of advertising media, PLANB has requested the Company jointly consider the amendment of the Advertising Media Management and Service Agreement dated January 15, 2020 (“Media Management Agreement”) to waive the obligation of PLANB to pay the minimum consideration under the said contract for Q3 / 2020 (between 1 October 2020 and 31 December 2020) and Q4 / 2020 (between 1 January 2021 and 31 March 2021) as PLANB.

Therefore, the Board of Directors’ Meeting of the Company No. 11/2020 held on December 14, 2020 has passed the resolution to propose a shareholders’ meeting of the Company to approve the amendment of the Advertising Media Management and Service Agreement with PLANB, which details are specified as follows:

1. an exemption on the payment of the minimum consideration for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) (“Exemption of minimum consideration”) and
2. Undertaking not to request for any adjustment of the minimum consideration for the period of 1 April 2021 to 31 March 2022. PLANB will not request for further adjustment and/or exemption of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance with the Agreement (hereafter referred as the “Transactions”)

On January 14, 2020, MACO held the Extraordinary General Meeting of Shareholders No. 1/2020 in which the shareholders approved the Company entering into a media management agreement with PLANB, a connected person of the Company, to appoint PLANB to manage the advertising media of the Company and its subsidiaries in Thailand. Therefore on 15 January 2020 the Company entered into a contract with PLANB whereby both parties agreed that PLANB would guarantee a minimum consideration of THB 350 million for the period from 1 July 2020 to 31 December 2020 and THB 700 million per year for the period from 1 January 2021 until December 31, 2024. Subsequently, the counterparties have established a formula for calculating the minimum consideration for each quarter, which are not equal, but the sum of the whole year will be THB 700 million as approved by the shareholders according to the number of signage that has been agreed upon entering into the contract.

The Transaction constitutes a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governor of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (as amended) (the “Connected Transaction Notifications”). This is because VGI Public Company Limited (“VGI”), a major shareholder of the Company (holding

26.58 percent of total paid-up shares of the Company as of July 29, 2020), is also a major shareholder of PLANB (holding 19.58 percent of total paid-up shares of PLANB as of November 25, 2020), therefore, PLANB becomes a connected person of the Company. The value of the minimum consideration according to the Agreement that will be exempted for PLANB for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021), will be equivalent to the transaction size of 15.26 percent of Net Tangible Assets (NTA) of the Company as appeared in the reviewed consolidated financial statements of the Company for the accounting period ending September 30, 2020 (or 14.87 percent of Net Tangible Assets (NTA) of the Company if calculated from the adjustment of the minimum consideration for the remaining term of the Agreement), and after computing the foregoing with other connected transactions of the Company within the past 6 months before the entry into the Transaction, the total connected transaction size of the Company with which were made with PLANB within the past 6 months is equivalent to 19.54 percent of Net Tangible Assets (NTA) of the Company (or 18.87 percent of Net Tangible Assets (NTA) of the Company if calculated from the adjustment of the minimum consideration for the remaining term of the Agreement) which is more than 3 percent, of total NTA of the Company. Therefore, the Company is required to undertake the following actions:

- 1) to disclose information regarding the Transaction to the Stock Exchange of Thailand (“SET”) pursuant to the Connected Transaction Notifications;
- 2) to appoint an independent financial advisor (IFA) to give an opinion on the Transaction and submit such opinion to the Office of the Securities and Exchange Commission (the “SEC Office”), the SET and the shareholders of the Company. In this regard, the Company has appointed Grant Thornton Services Co., Ltd., to be the IFA for the entry into this Transaction
- 3) to hold for a shareholders’ meeting of the Company to approve the Transaction where the resolution must be passed by a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and entitled to vote, excluding the votes of the shareholders having an interest in the matter from the calculation base

### **Background**

On January 14, 2020, MACO held the Extraordinary General Meeting of Shareholders No. 1/2020 in which the shareholders approved the Company entering into a media management agreement with PLANB, a connected person of the Company, to appoint PLANB to manage the advertising media of the Company and its subsidiaries in Thailand. Therefore on 15 January 2020 the Company entered into a contract with PLANB whereby both parties agreed that PLANB would guarantee a minimum consideration of THB 350 million for the period from 1 July 2020 to 31 December 2020 and THB 700 million per year for the period from 1 January 2021 until December 31, 2024. Subsequently, the counterparties have established a formula for calculating the minimum consideration for each quarter, which are not equal, but the sum of the whole year will be THB 700 million as approved by the shareholders according to the number of signage that has been agreed upon entering into the contract.

However, in July 2020, PLANB requested the Company to review and consider a reduction in the rate card and the minimum consideration under the advertising media management contract due to (1) the number of

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the Company's signage decreased after the Asset Optimization Exercise process from 1,229 to 1,213 signs and (2) out of home Media industry, including PLANB, were affected by the coronavirus outbreak and the enforcement of various measures by the government to prevent the spread of the pandemic which resulted in a significant decrease in the target audience of out-of-home media. This is a force majeure event that triggers the parties to negotiate in good faith to reduce the minimum consideration under the contract in accordance with the impact and time of such force majeure.

The Board of Directors' Meeting of the Company No. 7/2020 held on August 11, 2020 has passed the resolution to approve the transactions as follows:

1. The adjustment of the minimum consideration for the remaining term of the Agreement from THB 175,000,000 per quarter to THB 169,105,299 per quarter due to asset optimization exercise to decrease of the media capacity of the Company from 1,229 boards to 1,213 boards after entering into the Agreement and
2. The adjustment of the minimum consideration for the quarter 2/2020 (during 1 July 2020 to 30 September 2020) from THB 169,105,299 per quarter to THB 84,000,000 per quarter as PLANB was affected materially from coronavirus pandemic situation, with the following main reasons:
  - 2.1. The adjustment of the consideration due to the reduction of the media capacity of the billboards is in accordance with the provisions by which the Company are bound under the Agreement. In addition, the adjustment value of minimum consideration is in line with the formula specified in the Agreement and does not create additional benefits or misappropriation of benefits to PLANB; and
  - 2.2. The adjustment of the consideration for PLANB for the quarter 2/2020 (during July 1, 2020 to September 30, 2020) due to the effects from COVID-19 pandemic situation is in the same standard as the reduction of selling price of Out-of-Home media by other operators and in the same standard with the reduction of selling price of Out-of-Home media by the Company to its other customers who entered into the sale of advertising media agreements with the Company before the Company executed the Agreement with PLANB, and such agreements were still in effect. Therefore, such adjustment of the consideration to PLANB is reasonable, given to the situation at that time, and does not create additional benefits to PLANB.

Moreover, the Company viewed that the said adjustment of the minimum consideration under the Agreement is fair and does not create the misappropriation of benefits according to clause 7(5) of the Notification of the Board of Governor of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (as amended) (the "Connected Transaction Notification"). The Company, therefore, is not required to undertake the actions required under the Connected Transaction Notification.

In this regard, details of the aforementioned adjustments of minimum consideration are appeared in the Information Memorandum regarding the Adjustment of Minimum Consideration under the Agreement dated August 11, 2020 and the Information Memorandum regarding Additional Details regarding the Adjustment of

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Minimum Consideration under the Agreement dated September 2, 2020 (as amended) which the Company has already disclosed to the shareholders via the SET Electronic Listed Company Information Disclosure (ELCID).

The Independent Financial Advisor is of the opinion that the Board of Directors Approved to enter into a transaction to reduce the minimum consideration under the media management agreement as mentioned above. It is a fulfillment of the advertising media management contract affecting PLANB's billboard sales, which requires both parties to come and discuss to find a solution together in good faith. In addition, the reduction is comparable to the rate that other media operators in the same industry have reduced to their customers, and MACO has lowered the price of special advertising media to the signed customers. In the advertising media purchase agreement with the company Before the company, The Company will enter into an advertising media management agreement with PLANB with a rate of discount for customers between 42% and 54% of the original initial sale price (Rate Card). Handling advertising media for PLANB on August 11, 2020, is reasonable to the circumstances at that time.

Since MACO entered into the Advertising Media Management and Service Agreement dated January 15, 2020. PLANB has requested to adjust the minimum consideration as follows:

The Board of Directors' Meeting of the Company No. 7/2020, held on August 11, 2020, approved

- (1) The adjustment of the minimum consideration for the remaining term of the Agreement from the decrease in asset optimization exercise of the media capacity of the Company from 1,229 boards to 1,213 boards after entering into the Agreement, which led the minimum consideration from THB 175,000,000 per quarter to THB 169,105,299 per quarter, which resulted the minimum consideration to decrease from THB 700,000,000 per year to the actual minimum consideration of THB 688,210,600 per year or decreased by THB 11,789,400 per year, led to the decrease in minimum consideration in each quarter (according to the formular in enclosure 3)
- (2) The adjustment of the minimum consideration for the quarter 2/2020 (during 1 July 2020 to 30 September 2020) from THB 175,000,000 per quarter for the second half of 2020 (or THB 169,105,299 per quarter for the second half of 2020 from the adjustment of the minimum consideration for the remaining term of the Agreement) to THB 84,000,000 per quarter for the second half of 2020 or THB 91,000,000 per quarter for the second half of 2020 (or decreased by 85,105,299 per quarter for the second half of 2020 from the adjustment of the minimum consideration for the remaining term of the Agreement)

For this transaction to passed the resolution to propose a shareholders' meeting

- (3) to exempt on the payment of the minimum consideration for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) ("Exemption of minimum consideration"), which is THB 324,520,000 from the original Agreement (or THB 316,107,084.16 for the said period from the adjustment of the minimum consideration for the remaining term of the Agreement)
- (4) Undertaking not to request for any adjustment of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance with the Agreement

From entering into the advertising media management contract with PLANB on January 15, 2020 and requesting a minimum consideration reduction on August 11, 2020, as well as entering into this transaction, the Independent Financial Advisor has summarized an overview of the changes in the minimum consideration as follows:

**Table 1-1: Summary of changes in the minimum consideration under the contract**

THB million Calendar year	15 January 2020	11 August 2020	14 December 2020
	Based on the Advertising Media Management and Service Agreement dated 15 January 2020	After the adjustment of the minimum consideration for the remaining term of the Agreement and reduction of minimum consideration in Quarter 3/2020	The waiver of minimum consideration for Q3/2020 and Q4/2020 (The "Transaction")
2563	350.00	253.11	84.00
2564	700.00	688.21	700.00
2565	700.00	688.21	529.42
2566	700.00	688.21	688.21
2567	700.00	688.21	688.21
Total minimum consideration	3,150.00	3,005.95	2,689.84

Note: The quarterly minimum consideration information can be found in Section 5, the suitability of entering into the transaction and the conditions of entering the transaction.

As a result of the situation described above, PLANB requested the Company to consider amending the advertising media management contract to reduce the minimum consideration this time. If it falls into force majeure under in the advertising media management contract, MACO and PLANB are required to negotiate in good faith to find a suitable solution together. The said provision is the source of this request for shareholders' approval. However, if the coronavirus outbreak and the enforcement of government measures to contain the pandemic are not considered force majeure, the Company may be able to choose to force PLANB to pay the original minimum consideration although there may be a high risk that PLANB will not be able to comply with the said agreement under this condition. If PLANB breaches the agreement, the Company will have to initiate litigation for PLANB to pay such consideration which, in addition to taking a long time and causing the Company to incur a lot of legal expenses, the litigation will also have an impact on the good relationship as a trading partner between the Company and PLANB. The Company thus negotiated with PLANB to receive advance payment of minimum consideration in the amount of THB 700 million and for PLANB to agree that no further reduction or exemption will be requested at least in the accounting period of the year 2021 (1 April 2021 - 31 March 2022), in order to guarantee that the Company will be paid at least equal to the actual minimum consideration (the current actual minimum consideration is THB 688.21 million due to the asset optimization exercised in July 2020 based on the Media Management and Service Agreement dated 15 January 2020). Therefore, the management of the Company is of the opinion that this request for approval to enter into the transaction is appropriate. Moreover, receiving the minimum advance payment this time will allow the Company to still have sufficient liquidity.

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In addition, from studying various relevant information such as conditions for entering into the transaction, advantages and disadvantages of entering into the transaction, advantages and disadvantages of entering into the transaction with a connected person, risks from entering into the transaction including an analysis of the appropriateness of entering into the transaction in various situations, the Independent Financial Advisor would like to summarize the opinion on this transaction by considering the following possible options:

- (1) Not approving this entry into the minimum consideration waiver transaction and terminating the contract with PLANB whereby the Company resumes management of advertising media and suing for the minimum consideration.

If the Company does not get approval to enter into this transaction, the Company has to resume management of all the advertising billboards by itself, which would require the Company to devote both expenditure and time to develop a new sales team, due to the fact that in entering into the contract on January 15, 2020, the Company has partially terminated its sales staff and transferred some employees to PLANB, and the remaining moved to undertake other duties in the Company. This may cause the current customer service to be interrupted. In addition, the Company may have to take the risk of uncertainty situation in the current state of the coronavirus pandemic

- (2) Not approving the minimum consideration waiver transaction at this time and cancelling the contract with PLANB whereby the Company gets someone else to provide advertising media management and initiating litigation against PLANB for the minimum consideration.

If the Company does not get approval to enter into this transaction, the Company may have to find a new media advertising management operator to replace PLANB on the same or better terms which is unlikely in the current situation. In addition, the coronavirus pandemic, the impact of the political protests, the instability of government policy from the aforementioned situations and economic stagnation combined with the tendency of customer group to reduce the budget for public relations through this type of advertising media due to the economic uncertainty, MACO may have additional risks in taking on a new advertising media manager. From inquiries of the Company's management, it was learnt that the Company doesn't think it will find a new advertising management operator. If the contract has to be terminated with PLANB, the Company thinks that it should undertake the advertising management by itself.

- (3) Approving this minimum consideration waiver transaction and receiving minimum consideration in advance

Entering into this transaction is only a temporary waiver of the minimum consideration, whereby the Company will receive a payment of the minimum consideration under the advertising media management contract for a period of 1 year in advance amounting to THB 700 million, with the undertaking that PLANB will not request any further reduction and / or waiver of the minimum consideration except for the adjustment according to the reduction of media capacity, indicating that in the next 1 year, MACO will be at a low risk of being requested to reduce or waive the minimum consideration which, in today's highly uncertain situation, the IFA is of the opinion that the Company will benefit more than in other scenarios. This is because the Company does not have to bear the risk of any uncertainty in the future. In addition, the Company will not have to waste time and expense in litigation with PLANB, which may affect the good relationship as trading partners between the Company and PLANB. Moreover, if the Company does not enter into the transaction this time, it may have



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to terminate the contract and will have to compete with PLANB, which has an advantage both in terms of investment and customer base, and may cause confusion among customers which could affect the reliability of the Company in the eyes of customers. In this matter, the Company's legal counsel is of the opinion that the situation of the coronavirus pandemic and political demonstrations is considered a force majeure event under which it is stated in the advertising media management contract that MACO and PLANB have to negotiate in good faith to find a suitable solution together. As such, if MACO regards this as force majeure and does not enter into negotiations to find a suitable solution, then MACO may be in breach of contract and will lose the opportunity to receive advance payment of the minimum consideration.

Based on the analysis of the above reasons and estimates the impact arising from entering the transaction in various situations, found that entering the transaction to exempt the minimum consideration to PLANB and receiving advance consideration will make the present value of the cash flow is THB 2,404.23 million, which is higher than in every other cases. Comparing to not entering the transaction, the present value of the cash flow in the base case is between 2,230.90 - 2,370.86 million baht. Therefore, the Independent Financial Advisor is of the opinion that the entering into the transaction as mentioned above is **appropriated** and the shareholders should approve the connected transaction this time

However, the IFA has not yet received the amended agreement related to the exemption of the minimum consideration this time. However, if the content of the contract has changed or there are other details in addition to the summary of the significant information that the IFA received from the Company, the IFA'S opinion may also change significantly as a consequence. However, the management confirmed that the substance of the amended agreement is via ELCID to SET portal. If the substance in the amended agreement's is not the same as the information memorandum provided by the Company, the Company will request another shareholders' meeting later on.

However, the decision to approve the transaction depends mainly on the discretion of the shareholders. Shareholders should carefully study and consider the reasons, advantages, disadvantages, risks and other opinions of the Independent Financial Advisor within this report, information memorandum related to the above mentioned transactions, including the opinion of the Independent Directors along with the documents attached to an invitation letter of the Extraordinary General Meeting of Shareholders for 2021 for consideration of the whole transaction. The Independent Financial Advisor deems that the assumptions used in the preparation of financial projections are reasonable. They are based on economic conditions and data available during the period under study and any change or future occurrence may be a factor that affects the opinion of the Independent Financial Advisor.

## 2. Guidelines and Information Used in the Preparation of the Independent Financial Advisor's Opinion

Grant Thornton Services Co., Ltd. as the Independent Financial Advisor approved by the Securities and Exchange Commission and is independent of MACO has considered and studied the information of this transaction as appointed from the information of the Company, Hello LED data, and other relevant information, both data received from MACO and publicly available data, namely:

- The Board of Directors' Meeting of the Company No. 7/2020, held on August 11, 2020, approved and the Information Memorandum regarding Additional Details regarding the Adjustment of Minimum Consideration under the Agreement dated September 2, 2020 (as amended)
- The Board of Directors' Meeting of the Company No. 11/2020 held on December 14, 2020 has passed the resolution to propose a shareholders' meeting of the Company to approve the amendment of the Advertising Media Management and Service Agreement with PLANB
- Invitation to the Extraordinary General Meeting of Shareholders No. 1/2021
- Advertising Media Management and Service Agreement
- Auditor's report and financial statements for the year ending December 31, 2017 - 2019 and the reviewed financial statements for the 2<sup>nd</sup> Quarter ending September 30, 2020 of the Company.
- Negotiation letter to reduce the minimum consideration for the rest of the Agreement and for 2<sup>nd</sup> Quarter on 2/2020 ((during 1 July 2020 to 30 September 2020) from PLANB
- Letter from PLANB to waive the minimum consideration for the 3<sup>rd</sup> Quarter 2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4<sup>th</sup> Quarter 2020 (during 1 January 2021 to 31 March 2021) ("Exemption of minimum consideration")
- Legal opinion from The Capital Law Office Ltd
- Documentation, a summary of the contract details, contracts and other draft contracts related to the transaction
- Interviews with executives and relevant staff of MACO
- Stock market statistics, economic conditions, and related industries

The opinion of the Independent Financial Advisor is based on the assumption that the information and documents that have been received, as well as interviews with executives and officials of MACO and related companies, are accurate and true information. The Independent Financial Advisor has considered and studied the information carefully and reasonably according to professional standards.

In addition, the Independent Financial Advisor assumes that contracts, draft contracts, and business agreements are effective and legally binding without any information or events or conditions that may affect each transaction of MACO at this time. The Independent Financial Advisor has no reason to believe that such information is substantially inaccurate that would significantly affect the completeness of the information received for each item.

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The opinion of the Independent Financial Advisor has been prepared under industrial and economic conditions, and other external factors that may occur during the preparation, as well as based on the information received which may change significantly and may affect the opinion of the Independent Financial Advisor later. However, the Independent Financial Advisor has no obligation to update or review this opinion.

This report of the opinion of the Independent Financial Advisor is made to be used and for the benefit of the MACO's shareholders. However, the decision to approve or not to approve each transaction at this time is at **the discretion of the shareholders**. The shareholders should study the details of the opinion of the Independent Financial Advisor together with the attached documents, as well as information related to each item, in order to use discretion and discretion in making appropriate decisions.

### 3. Details and Nature of the Transaction

#### Details and Nature of the Connected Transactions

The Board of Directors' Meeting of Master Ad Public Company Limited (the "Company") No. 11/2020 held on December 14, 2020 has passed the resolution to propose a shareholders' meeting of the Company to approve the amendment of the Advertising Media Management and Service Agreement dated January 15, 2020 (the "Agreement") with Plan B Media Public Company Limited ("PLANB") for the transaction as follows:

1. an exemption on the payment of the minimum consideration for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) ("Exemption of minimum consideration") and
2. Undertaking not to request for any adjustment of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance with the Agreement (hereafter referred as the "Transactions")

In entering into this minimum consideration waiver transaction, MACO has a condition for PLANB to place the minimum consideration under the Advertising Media Management Agreement for the accounting period of 2021 (1 April 2021 - 31 March 2022) in advance for a period of 1 year in the amount of THB 700,000,000 within 15 days from the date the shareholders' meeting of the Company approves the minimum consideration waiver transaction, whereby PLANB will process the said one-time payment in full. If the Company decides to enter into this minimum consideration waiver transaction, PLANB will not request another reduction or waiver of the minimum consideration again, at least in the accounting period of 2021 (April 1, 2021 - March 31, 2022), except for the adjustment of media capacity only as mentioned in the Subject 3.3 of the report.

The Transaction constitutes a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governor of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (as amended) (the "Connected Transaction Notifications"). This is because VGI Public Company Limited ("VGI"), a major shareholder of the Company (holding 26.58 percent of total paid-up shares of the Company as of July 29, 2020), is also a major shareholder of PLANB (holding 19.58 percent of total paid-up shares of PLANB as of November 25, 2020), therefore, PLANB becomes a connected person of the Company. The value of the minimum consideration according to the Agreement that will be exempted for PLANB for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021), will be equivalent to the transaction size of 15.26 percent of Net Tangible Assets (NTA) of the Company as appeared in the reviewed consolidated financial statements of the Company for the accounting period ending September 30, 2020 (or 14.87 percent of Net Tangible Assets (NTA) of the Company if calculated from the adjustment of the minimum consideration for the remaining term of the Agreement), and after computing the foregoing with other connected transactions of the Company within the past 6 months before the entry into the Transaction, the total connected transaction size of the Company with which were made with PLANB within the past 6 months

is equivalent to 19.54 percent of Net Tangible Assets (NTA) of the Company (or 18.87 percent of Net Tangible Assets (NTA) of the Company if calculated from the adjustment of the minimum consideration for the remaining term of the Agreement) which is more than 3 percent, of total NTA of the Company. Therefore, the Company is required to undertake the following actions:

1) to disclose information regarding the Transaction to the Stock Exchange of Thailand (“SET”) pursuant to the Connected Transaction Notifications;

2) to appoint an independent financial advisor (IFA) to give an opinion on the Transaction and submit such opinion to the Office of the Securities and Exchange Commission (the “SEC Office”), the SET and the shareholders of the Company. In this regard, the Company has appointed Grant Thornton Services Co., Ltd., to be the IFA for the entry into this Transaction

3) to hold for a shareholders’ meeting of the Company to approve the Transaction where the resolution must be passed by a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and entitled to vote, excluding the votes of the shareholders having an interest in the matter from the calculation base

In this regard, the Company would like to disclose information regarding the Transaction pursuant to the Connected Transaction Notifications, with necessary information for shareholders’ decision as follows:

### 3.1. Date / Month / Year of the Transaction

The Company will enter into the Amendment Advertising Media Management and Service Agreement (“Amended Agreement”) with PLANB within January 2021, whereby the effectiveness of such Amendment Agreement shall be subject to the approval of the shareholders’ meeting of the Company for the entering into the Transaction.

### 3.2. Contractual Parties and Relationship with the Company

<b>Grantor</b>	:	Master Ad Public Company Limited
<b>Grantee</b>	:	Plan B Media Public Company Limited
<b>Relationship with the Company</b>	:	As of the date of this Information Memorandum, the Company and PLANB have the same major shareholder, i.e. VGI. As VGI holds 26.58 percent of the total paid-up shares of the Company as of July 29, 2020 and holds 19.58 percent of the total paid-up shares of PLANB as of November 25, 2020, PLANB becomes a connected person of the Company pursuant to the Connected Transaction Notifications.

### **General Information of PLANB**

<b>Company name</b>	:	Plan B Media Public Company Limited
<b>Type of business</b>	:	PLANB provides Out-of-Home media and production services, which can be divided into the following 7 categories: (1) Transit media, focusing on advertising media outside and inside the air-conditioned buses and advertising media in Metropolitan Rapid Transit (MRT); (2) Classic media; (3) Dynamic media; (4) Mall media; (5) In-Store media; (6) Airport media; and (7) Online media
<b>Registration no.</b>	:	0107556000507
<b>Registered capital</b> (as of October 30, 2019)	:	THB 458,848,957.40
<b>Paid-up capital</b> (as of October 30, 2019)	:	THB 388,256,810.10
<b>Head office address</b>	:	298/64-65 Pitsanulok Road, Siyakmahanak, Dusit, Bangkok 10300
<b>Website</b>	:	<a href="http://www.planbmedia.co.th">www.planbmedia.co.th</a>

### **Board of Directors**

The Board of Directors of the PLANB as of December 14, 2020 consists of the following members:

<b>Lists of names of the Board of Directors</b>	<b>Position</b>
1. Pol. Gen Somchai Vanichsenee	Chairman of the Board of Directors / Independent Director / Chairman of the Audit Committee
2. Mr. Palin Lojanagosin	Director / Chief Executive Officer/ Chairman of Executive Director
3. Dr. Pinijsorn Luechaikajohnpan	Director / Managing Director
4. Mr. Ekapak Nirapathpongporn	Director
5. Mr. Mana Jantanayingyong	Director
6. Mr. Arnon Porndhiti	Director
7. Mrs. Pennapha Dhanasarnsilp	Independent Director / Member of the Audit Committee
8. Mrs. Monluedee Sookpantararat	Independent Director / Member of the Audit Committee

### **List of major shareholders**

List of top 10 major shareholders of PLANB as of November 25, 2020 are as follows:

<b>Major shareholders</b>	<b>No. of Shares</b>	<b>Shareholding Percentage</b>
1. Mr. Palin Lojanagosin	974,068,100	25.09
2. VGI Public Company Limited <sup>(1)</sup>	760,181,005	19.58
3. Mr. Suchart Luechaikajohnpan	192,587,658	4.96
4. Bualuang Long-Term Equity Fund	190,610,500	4.91
5. Thai NVDR Co., Ltd.	138,938,311	3.58
6. Bualuang Long-Term Equity Fund 75/25	96,043,800	2.47
7. Miss Onnalin Lojanagosin	68,301,362	1.76
8. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED <sup>(2)</sup>	66,340,000	1.71
9. Bualuang Flexible RMF	64,138,600	1.65
10. K 20 Select Long-Term Equity Fund	58,272,000	1.50

Remarks:

<sup>(1)</sup> As of July 29, 2020, VGI holds 26.58 percent of the total paid-up shares of the Company. In addition, BTS Group Holdings Public Company Limited (“**BTSG**”), a major shareholder of the Company (holding 14.58 percent of the total paid-up shares of the Company as of July 29, 2020), is also a major shareholder of VGI (holding 21.45 percent of the total paid-up shares of VGI as of July 24, 2020).

<sup>(2)</sup> THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED is a foreign financial institution.

### **3.3. Characteristics of the Transaction**

On January 14, 2020, MACO held the Extraordinary General Meeting of Shareholders No. 1/2020 in which the shareholders approved the Company entering into a media management agreement with PLANB, a connected person of the Company, to appoint PLANB to manage the advertising media of the Company and its subsidiaries in Thailand. Therefore on 15 January 2020 the Company entered into a contract with PLANB whereby both parties agreed that PLANB would guarantee a minimum consideration of THB 350 million for the period from 1 July 2020 to 31 December 2020 and THB 700 million per year for the period from 1 January 2021 until December 31, 2024. Subsequently, the counterparties have established a formula for calculating the minimum consideration for each quarter, which are not equal, but the sum of the whole year will be THB 700 million as approved by the shareholders according to the number of signage that has been agreed upon entering into the contract.

However, in July 2020, PLANB requested the Company to review and consider a reduction in the rate card and the minimum consideration under the advertising media management contract due to (1) the number of the Company's signage decreased after the Asset Optimization Exercise process from 1,229 to 1,213 signs and (2) out of home Media industry, including PLANB, were affected by the coronavirus outbreak and the enforcement of various measures by the government to prevent the spread of the pandemic which resulted in a significant decrease in the target audience of out-of-home media. This is a force majeure event that triggers the parties to

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negotiate in good faith to reduce the minimum consideration under the contract in accordance with the impact and time of such force majeure.

The Board of Directors' Meeting of the Company No. 7/2020 held on August 11, 2020 has passed the resolution to approve the transactions as follows:

- (1) The adjustment of the minimum consideration for the remaining term of the Agreement from THB 175,000,000 per quarter to THB 169,105,299 per quarter due to asset optimization exercise to decrease of the media capacity of the Company from 1,229 boards to 1,213 boards after entering into the Agreement (The quarterly minimum consideration stated above are only applicable for the period from July 1, 2020 to December 31, 2020, as the Agreement will calculate the minimum consideration for each quarter individually. The calculation method can be found in Enclosure 3, the essence of the Advertising Media Management and Service Agreement. In addition, the reduction of the number of billboards after entering the media management agreement in July 2020 will result in the minimum consideration per year decreased from THB 700,000,000 baht per year to THB 688,210,600 per year) and
- (2) The adjustment of the minimum consideration for the quarter 2/2020 (during 1 July 2020 to 30 September 2020) from THB 169,105,299 per quarter to THB 84,000,000 per quarter as PLANB was affected materially from coronavirus pandemic situation, with the following main reasons:
  - 2.1. The adjustment of the consideration due to the reduction of the media capacity of the billboards is in accordance with the provisions by which the Company are bound under the Agreement. In addition, the adjustment value of minimum consideration is in line with the formula specified in the Agreement and does not create additional benefits or misappropriation of benefits to PLANB; and
  - 2.2. The adjustment of the consideration for PLANB for the quarter 2/2020 (during July 1, 2020 to September 30, 2020) due to the effects from COVID-19 pandemic situation is in the same standard as the reduction of selling price of Out-of-Home media by other operators and in the same standard with the reduction of selling price of Out-of-Home media by the Company to its other customers who entered into the sale of advertising media agreements with the Company before the Company executed the Agreement with PLANB, and such agreements were still in effect. Therefore, such adjustment of the consideration to PLANB is reasonable, given to the situation at that time, and does not create additional benefits to PLANB.

Moreover, the Company viewed that the said adjustment of the minimum consideration under the Agreement is fair and does not create the misappropriation of benefits according to clause 7(5) of the Notification of the Board of Governor of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (as amended) (the "Connected Transaction Notification"). The Company, therefore, is not required to undertake the actions required under the Connected Transaction Notification.



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In this regard, details of the aforementioned adjustments of minimum consideration are appeared in the Information Memorandum regarding the Adjustment of Minimum Consideration under the Agreement dated August 11, 2020 and the Information Memorandum regarding Additional Details regarding the Adjustment of Minimum Consideration under the Agreement dated September 2, 2020 (as amended) which the Company has already disclosed to the shareholders via the SET Electronic Listed Company Information Disclosure (ELCID).

The Independent Financial Advisor is of the opinion that the Board of Directors Approved to enter into a transaction to reduce the minimum consideration under the media management agreement as mentioned above. It is a fulfillment of the advertising media management contract affecting PLANB's billboard sales, which requires both parties to come and discuss to find a solution together in good faith. In addition, the reduction is comparable to the rate that other media operators in the same industry have reduced to their customers, and MACO has lowered the price of special advertising media to the signed customers. In the advertising media purchase agreement with the company Before the company, The Company will enter into an advertising media management agreement with PLANB with a rate of discount for customers between 42% and 54% of the original initial sale price (Rate Card). Handling advertising media for PLANB on August 11, 2020, is reasonable to the circumstances at that time.

However, Out-of-Home media industry, including PLANB (i.e. the advertising manager of the Company), was still materially affected from the coronavirus pandemic situation as well as the enforcement of policies by the government for prevention of the said situation, in particular the effect on PLANB's sales of advertising media, therefore, PLANB requested the Company to mutually consider the amendment to the Agreement for the exemption of the obligation to pay the minimum consideration under the Agreement for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) due to the effect from the coronavirus pandemic situation.

In this regard, PLANB has submitted the letters to the Company on December 8, 2020 and December 24, 2020 requesting the Company to amend the Agreement, whereby the key terms and the scope of the amendment to the Agreement are summarized as follows:

**1. Parties**

- Master Ad Public Company Limited (Grantor)
- Plan B Media Public Company Limited (Grantee)

**2. Enforcement Condition of the Amended Agreement**

The Amended Agreement shall become effective only if the shareholders' meeting of the Company passes the resolution to approve the entering into this Transaction.

### 3. Key terms being amended in the Amended Agreement

**Table 3-1: Key terms being amended in the Amended Agreement**

<b>1. the exemption on the payment of the minimum consideration under the Agreement for the quarter 3/2020 and for the quarter 4/2020</b>	
<b>Previous terms</b>	<p>PLANB shall pay the minimum consideration for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) totaling THB 316,107,084.16 (such amount is being calculated pursuant to the formula specified in the Agreement based on the minimum consideration rate which has been reduced in accordance with the resolution of the Board of Directors' Meeting No. 7/2020 held on August 11, 2020, which the Company has already disclosed to the shareholders via the SET Electronic Listed Company Information Disclosure (ELCID)).</p>
<b>New terms</b>	<p>If PLANB pays the Company the minimum consideration pursuant to the Agreement for the period of April 1, 2021 to March 31, 2022 to in the amount of THB 700,000,000 in advance ("Advance Payment") within 15 days from the date that the shareholders' meeting of the Company passes the resolution to approve the entering into this Transaction, the Company agrees to exempt PLANB's obligation in paying the minimum consideration for the quarter 3/2020 at the amount of THB 169,105,300 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 at the amount of THB 147,001,784.16 (during 1 January 2021 to 31 March 2021), whereas the Company will still receive the consideration from PLANB from the sales of advertising media to the customers at the rate 85 or 90 percent (as the case may be) of the actual revenue that PLANB has received from the sales of advertising media of the Company pursuant to the Agreement.</p> <p>However, if it appears later that the minimum consideration according to the Agreement during the period of April 1, 2021 to March 31, 2022 is being reduced pursuant to the terms and conditions in the Agreement ("Actual Minimum Consideration") and it occurs that the Company receives the Advance Payment in a value greater than the value of the Actual Minimum Consideration, the Parties agree that PLANB shall be entitled to receive such difference between Advance Payment and Actual Minimum Consideration, by deducting such difference from the next payments of which PLANB is obliged to pay to the Company pursuant to the Agreement.</p> <p>From the advertising media management agreement, minimum contract consideration will be reduced when media capacity is reduced due to the following reasons:</p> <ol style="list-style-type: none"> <li>a. Any advertising media becomes unavailable or unsuitable for use;</li> <li>b. The view angle of any advertising media is not in accordance with as agreed or the advertising media unable to be seen from public roadways, pedestrian areas or other angles pursuant to the maintenance of advertising media or</li> <li>c. Any advertising media is not in good working condition for any reason (collectively called "problematic media or signage")</li> </ol> <p>If MACO has any problematic media or signage as mentioned above, MACO must notify PLANB within 2 business days and remediate the problem or find media or signage that PLANB deems appropriate within 30 days. If MACO is unable to resolve the issue and the problematic media or signage impacts on media capacity in excess of THB 5,000,000, PLANB will have the right to reduce the minimum consideration; however, if the impact of said media or signage does not exceed THB 5,000,000 or such effect arises from the previously agreed rate card reduction, it will not cause PLANB to request a reduction of the minimum consideration.</p> <p>For example, the resolution of the Board of Directors' meeting held on 11 August 2020 approved a reduction of the minimum consideration throughout the contract period due to the decrease in the number of the</p>

<b>1. the exemption on the payment of the minimum consideration under the Agreement for the quarter 3/2020 and for the quarter 4/2020</b>	
	<p>Company's signage after the Asset Optimization Exercise process from 1,229 to 1,213, thus the minimum consideration was reduced from THB 700,000,000 per year to THB 688,210,600 per year.</p> <p>From inquiries of the Company's management, it was learned that the Company currently has no plans to downgrade media capacity that will affect the minimum consideration, and the Company plans to increase the number of billboards, especially at the buntings of the sky train in accordance with the volume of the extension of the train route.</p>
<b>2. Undertaking not to request for any adjustment of the minimum consideration for the period of 1 April 2021 to 31 March 2022</b>	
<b>New terms</b>	<p>PLANB will not request for further adjustment and/or exemption of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance with the Agreement.</p>

Note: The summary of the Advertising Media Management and Service Agreement dated 15 January 2020 can be found in Enclosure 3

### 3.4. Total Value of Consideration

#### 3.4.1. Value of Consideration

The value of consideration of the Transaction is calculated from the minimum consideration pursuant to the Agreement that the Company will exempt for PLANB for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) which is equivalent to THB 316,107,084.16.

In addition, PLANB agreed to pay the Company the Advance Payment in the amount of THB 700,000,000 within 15 days from the date that the shareholders' meeting of the Company passes the resolution to approve the entering into this Transaction, in which PLANB will make a one-time payment in full.

#### 3.4.2. Basis Used to Determine the Value of Consideration

The value of the minimum consideration pursuant to the Agreement that the Company wishes to exempt for PLANB for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) is equivalent to THB 324,520,000 (or THB 316,107,084.16 if calculated from the adjustment of the minimum consideration for the remaining term of the Agreement), which is a result from the negotiation between the Company and PLANB. The Company has considered the exemption on the payment of the minimum consideration as requested from PLANB, together with the arrangement that PLANB will agree to pay an Advance Payment to the Company within 15 days after the date that the shareholders' meeting of the Company passes the resolution to approve the entering into the Transaction. PLANB will not request for further adjustment and/or exemption of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance with the Agreement. The Company views that the receipt of such Advance Payment is beneficial to the Company as the Company may utilize such consideration in other investments or use it as working capital of the Company.

### 3.4.3. Transaction size of connected transaction

The size of the Transaction between the Company and PLANB can be calculated from the minimum consideration according to the Agreement in which the Company will exempt for PLANB for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) in the amount totaling THB 324,520,000 (or THB 316,107,084.16 if calculated from the adjustment of the minimum consideration for the remaining term of the Agreement), equivalent to 15.26 percent of the Net Tangible Assets (NTA) of the Company as appeared in the reviewed consolidated financial statements of the Company for the accounting period ending September 30, 2020 (or 14.87 percent of Net Tangible Assets (NTA) of the Company if calculated from the adjustment of the minimum consideration for the remaining term of the Agreement). After computing the foregoing with other connected transactions of the Company within the past 6 months before the entry into the Transaction, the total connected transaction size of the Company with which were made with PLANB within the past 6 months is equivalent to 19.54 percent of Net Tangible Assets (NTA) of the Company (or 18.87 percent of Net Tangible Assets (NTA) of the Company if calculated from the adjustment of the minimum consideration for the remaining term of the Agreement)

#### 3.4.3.1. The Calculation of the Transaction Size

**Table 3-2: Net Tangible Asset (NTA)**

Financial information (as of 30 September 2020)	Unit: THB million
Total Assets	9,060.46
<u>Less</u> Net Intangible Asset	(1,585.30)
<u>Less</u> Total Liabilities	(5,276.68)
<u>Less</u> Minority interest	(72.32)
Net Tangible Assets (NTA)	2,126.16

The Transaction is considered to be connected transaction pursuant to the Connected Transaction Notifications. The transaction size shall therefore be calculated as follows

**Table 3-3: The calculation of transaction size of connected transaction**

Connected Transaction	Details	Calculation (THB million)	Transaction size
Size of connected transaction based on the Advertising Media Management and Service Agreement dated 15 January 2020			
1. Waiver of minimum consideration this time	<u>Transaction Value</u> NTA of MACO	<u>324.52</u> 2,126.16	15.26%
2. Reduction of minimum consideration on 11 August 2020	<u>Transaction Value</u> NTA of MACO	<u>91.00</u> 2,126.16	4.28%
<u>Total Transaction Size</u>			19.54%
2/2563 Size of connected transaction after the adjustment of the minimum consideration for the remaining term of the Agreement for Quarter 2/2020			
1. Waiver of minimum consideration this time	<u>Transaction Value</u> NTA of MACO	<u>316.11</u> 2,126.16	14.87%
2. Reduction of minimum consideration on 11 August 2020	<u>Transaction Value</u> NTA of MACO	<u>85.11</u> 2,126.16	4.00%
<u>Total Transaction Size</u>			18.87%

Note: 1. NTA value from the consolidated financial statements as of 30 September 2020  
2. Net total assets (NTA) refers to Total assets – intangible assets – total liability – non-controlling interests (if any)

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In this regard, the Transaction size is more than 3 percent of total NTA of the Company. Therefore, this Transaction is considered as a connected transaction of the Company pursuant to the Connected Transaction Notifications.

However, the calculation of such Transaction size is based on the assumption that the Company exempts the minimum consideration to PLANB in full amount for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) and the Company does not receive any consideration from the sales of advertising media pursuant to the proportion specified in the Agreement from PLANB during the aforementioned period. However, in practice, even the Company has granted an exemption to PLANB on the payment of the minimum consideration in such period, the Company will still receive the consideration from PLANB from the sales of advertising media to the customers at the rate 85 or 90 percent (as the case may be) of the actual revenue that PLANB has received from the sales of advertising media of the Company pursuant to the Agreement. The determination of the share of consideration from the sale of billboards that the Company and PLANB have agreed on based on the advertising media management Agreement dated January 15, 2020, the said consideration sharing is based on the general advertising media dealer's employment rate in the industry.

#### **3.4.4. The reduction of consideration and the conditions in relation to the reduction of consideration**

The Company will exempt the minimum consideration under the Agreement for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) totaling THB 316,107,084.16 to PLANB only if the Company and/or PLANB have completely fulfilled the following conditions:

- (1) The Company and PLANB have signed the Amendment Agreement
- (2) The shareholders' meeting of the Company has approved the entering into the Transaction.
- (3) PLANB has paid an Advance Payment in full amount to the Company within 15 days after the date that the shareholders' meeting of the Company has passed the resolution to approve the entering into the Transaction.

#### **3.5. Basis used for Determining the Entering into the Transaction and Expected Benefits for the Company from the Entering into the Transaction**

##### **3.5.1. Basis used for the Entering into the Transaction**

In consideration of the entering into the Transaction, the Company has considered the benefits and effects on the Company by creating 4 assumptions for comparison of benefits and effects on the Company in case the Company enters and not enters into the Transaction, as follows:

- (1) In case where the Company enters into the Transaction;
- (2) In case where the Company does not enter into the Transaction and PLANB pays minimum consideration under the Agreement;

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- (3) In case where the Company does not enter into the Transaction but PLANB does not pay minimum consideration under the Agreement, and the Company files lawsuit against PLANB and get paid the minimum consideration; and
  - (4) In case where the Company does not enter into the Transaction but PLANB does not pay minimum consideration under the Agreement, and the Company files lawsuit against PLANB but does get paid the minimum consideration.

The Company has carefully reviewed the various factors for the comparison of such benefits and effects from those 4 assumptions, e.g. the revenue received by the Company, the possibility that PLANB will be able to pay minimum consideration under the current circumstance, litigation expenses, damages and dispute amount, the probability for winning the case, the availability and expenses for seeking new advertising manager, and long-term relationship with PLANB.

After the consideration of the aforementioned factors, the Company viewed that the entering into the Transaction will utmost benefits to the Company, This is because the Company will certainly receive the minimum consideration for the period of 1 April 2021 to 31 March 2022 in an amount of THB 700,000,000 in advance. Moreover, if the Company decides to enforce PLANB to pay full minimum consideration under the Agreement, there would be a high risk that PLANB is unable to perform such obligation under this situation and the Company must file lawsuit in order to enforce PLANB to pay such minimum guarantee, which, apart from times and expenses consumed, would interrupt good relationship between the Company and PLANB as strategic partners. In addition, the Company may need to seek for new advertising media who has the same qualifications and will be able to perform under the same terms and conditions as agreed with PLANB under the Agreement, which is difficult for the Company in this situation.

### **3.5.2. Expected Benefits for the Company from the Entering into the Transaction**

If the Company enters into the Transaction this time, the Company will certainly receive the minimum consideration for the period of 1 April 2021 to 31 March 2022 in an amount of THB 700,000,000 in advance and the Company may utilize such consideration in other investments or use it as working capital of the Company. In addition, as PLANB agreed not to request for any adjustment and/or exemption of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance with the Agreement, it is guaranteed that the Company will certainly receive the minimum consideration for such period, which is advantageous to the Company.

In addition, the Company may reduce the risks from filing a lawsuit to enforce PLANB to pay such minimum consideration, which would not only help the Company to save time and expenses, but also maintaining good relationship between the Company and PLANB as strategic partners. Also, the Company will not be required to seek for a new advertising media manager to replace PLANB.

### **3.6. Connected Person and Characteristics and Scope of Interests**

PLANB is a connected person of the Company pursuant to the Connected Transaction Notifications because the Company has the same major shareholder with PLANB. As VGI, a major shareholder of the Company

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(holding 26.58 percent of the total paid-up shares of the Company as of July 29, 2020), is also a major shareholder of PLANB (holding 19.58 percent of the total paid-up shares of PLANB as of November 25, 2020).

In addition, the Company has the same major shareholder with VGI, i.e., BTSG a major shareholder of the Company (holding 14.58 percent of the total paid-up shares of the Company as of July 29, 2020), is also a major shareholder of VGI (holding 21.45 percent of the total paid-up shares of VGI as of July 24, 2020).

### 3.7. Directors Having an Interest and/or Being a Connected Person in this Transaction

-None-

### 3.8. Opinion of the Board of Directors

The Board of Directors' Meeting of the Company has considered to propose the shareholders' meeting to approve the entering into the Transaction due to the following reasons.

(1) **The exemption on the payment of the minimum consideration under the Agreement for the quarter 3/2020 and the quarter 4/2020**

The Board of Directors' views that as the economic condition and the operating results of all industries in Thailand at present including the Out-of-Home media industry have been affecting by the coronavirus pandemic situation and is likely to continue affecting. This is because the customers lose their interests in using Out-of-Home media as the number of traffic rates on streets and the users of public spaces, which are the target audiences, are materially declined from the coronavirus pandemic situation and the economic stagnation. The customers tend to cut their budgets for Out-of-Home media advertisement due to current economic situation where the growth of economy has been forecasted to be declined by 5-8 percent per year compare to year 2019. AS a result, the operators in the advertising market must reduce the sell price of advertising media in order to maintain their customer base. As such, the sales of advertising media, including PLANB's sale, have been severely facing with the crisis. Therefore, the determination in paying the minimum consideration, under the current circumstances, is beyond PLANB's ability. As such, PLANB has requested for an exemption on the payment of the minimum consideration, and PLANB will only pay for the portion derived from the actual revenue pursuant to the proportion specified in the Agreement.

Moreover, if the Company decided to enforce PLANB to pay minimum consideration pursuant to the previous rate under the Agreement, there would be high risk that PLANB would not able to perform such obligation under this situation. In case PLANB is in default of the Agreement, the Company must file lawsuit in order to enforce PLANB to pay such minimum consideration. Apart from times and expenses consumed, the lawsuit will interrupt good relationship as strategic partners between the Company and PLANB. In addition, it would be difficult for the Company to seek for new operator to manage the Company's advertising media who is qualified and will be able to perform under the same terms and conditions contained under the Agreement.

In this regard, from the negotiation with PLANB, PLANB agreed to pay an Advance Payment to the Company within 15 days after the date that the shareholders' meeting of the Company passes the resolution to approve the entering into the Transaction in exchange for the exemption of the payment on the minimum

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consideration for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) under the Agreement. The Board of Directors views that the receipt of such Advance Payment for year 2021 is beneficial to the Company as the Company may utilize such consideration in other investments or use it as working capital of the Company.

Therefore, considering from the abovementioned reasons, the Board of Directors has opined that an exemption of the payment on the minimum consideration under the Agreement for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) whereas PLANB will still pay the Company the portion derived from the actual revenue pursuant to the proportion specified in the Agreement is for the utmost benefit of the Company

(2) **Undertaking not to request for any adjustment of the minimum consideration for the period of 1 April 2021 to 31 March 2022**

The Board of Directors views that the undertaking by PLANB not to request for any adjustment and/or exemption of minimum consideration will guarantee that the Company will certainly receive the minimum consideration during the said period, which is advantageous to the Company.

**3.9. Opinion of the Audit Committee and/or any Director Which is Different from the Board of Directors' Opinion**

-None-

**3.10. Other material information**

-None-



## 4. Rationale of Acceptation and/or Rejection of Offer

### 4.1. Purpose of Entering into the Transaction

Because companies in the Out of Home Media industry, which includes Plan B Media Public Company Limited ("PLANB"), which is the advertising media manager of Master Ad Public Company Limited ("MACO" or "Company" or "Business"), were greatly affected by the coronavirus outbreak and the enforcement of government measures to prevent the spread of the pandemic. As a result, customers of advertising media are more likely to reduce their interest in choosing to use Out of Home Media due to significant decrease in road and pedestrian traffic at various commercial locations from the contagion and the economic slowdown. Due to the impact on sales of advertising media, PLANB has requested the Company jointly consider the amendment of the Advertising Media Management and Service Agreement dated January 15, 2020 ("Media Management Agreement") to waive the obligation of PLANB to pay the minimum consideration under the said contract for Q3 / 2020 (between 1 October 2020 and 31 December 2020) and Q4 / 2020 (between 1 January 2021 and 31 March 2021) as PLANB.

Therefore, the Board of Directors' Meeting of the Company No. 11/2020 held on December 14, 2020 has passed the resolution to propose a shareholders' meeting of the Company to approve the amendment of the Advertising Media Management and Service Agreement with PLANB to exempt the payment of the minimum consideration for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) ("Exemption of minimum consideration")

MACO has a condition for PLANB to place the minimum consideration under the Advertising Media Management Agreement for the accounting period of 2021 (1 April 2021 - 31 March 2022) in advance for a period of 1 year in the amount of THB 700,000,000 within 15 days from the date the shareholders' meeting of the Company approves the minimum consideration waiver transaction, whereby PLANB will process the said one-time payment in full and PLANB will not request for further adjustment and/or exemption of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance with the Agreement. IFA has considered the rational of the transaction as follows:

### 4.2. Comparing the advantages and disadvantages of entering into and not entering into the transaction.

#### 4.2.1. Advantages of entering into the transaction

1) MACO will receive minimum consideration of THB 700 million

In entering into this transaction, PLANB will pay the minimum contractual consideration for the period 1 April 2021 to 31 March 2022 in the amount of THB 700 million in advance ("advance payment") to the Company within 15 days from the date which the shareholders' meeting of the Company approves the entering into the transaction. PLANB will not request for further adjustment and/or exemption of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance

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with the Agreement. It shows that in the fiscal year 2021 of the Company, unless the minimum consideration is reduced according to the media management agreement, MACO will have no risk of the minimum consideration being reduced / exempted under the media management agreement. The Independent Financial Advisor has additionally specified in Table 3-3, Significant Amendments to the Media Management Agreement (Amendment), whereby PLANB will deduct the difference between the advance payment and the actual minimum consideration from the consideration fee to be paid to MACO in future installments.

2) No waste of litigation expenses and time

If the Company is to force PLANB to pay the minimum consideration at the same rate as in the agreement, MACO's management believes that there may be a high risk that PLANB will not be able to comply with the said condition if the request to amend the advertising media management contract for the minimum consideration waiver for Q3 / 2020 and Q42020 under this media management agreement is not approved, in which case the Company will have to file litigation in order for PLANB to pay such consideration. This would, in addition to taking a long time and causing huge legal expenses to the Company, also have an impact on the good relationship as a trading partner between the Company and PLANB and it is not possible to know whether or how much the court will award in damages or if costs could be recouped. In this Advertising Media Management Agreement, there is a clause stating the possibility of force majeure which requires MACO and PLANB to jointly find necessary measures in good faith to assist PLANB to perform its duties under the management contract. Therefore, MACO, as a counterpart, has a duty to enter into negotiations with PLANB in good faith to find appropriate measures to help PLANB to continue to fulfill the contract.

3) No need to waste time finding new media management company to replace PLANB

If entering into the transaction this time is not approved, in the management of such advertising media, the Company may have to terminate the contract with the following options:

- 2.1. The company may have to find a new media manager to replace PLANB, which is very difficult in today's circumstances to find a competent advertising management operator at the same level as PLANB, which is ready and willing to act as a replacement for PLANB under the same conditions that PLANB receives.
- 2.2. MACO may have to manage such advertising media itself, while MACO itself does not have a sales team at present.

Therefore, in the current situation, it is a better option for PLANB to manage the advertising media.

4) Continue to receive minimum future consideration in a situation of future uncertainty.

This transaction is a temporary situation for a period of 6 months (October 2020 - March 2021) only, whereby the Company will waive the minimum consideration during the said period to PLANB. The Company will still receive consideration from PLANB selling advertising media to customers at the rate of 85 or 90 percent (as the case may be) of the actual revenue that PLANB receives from the sales of the Company's advertising media according to the terms of the

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advertising media management contract Which in the situation of the coronavirus pandemic, the impact of the political demonstrations, the instability of government policy from the aforementioned and economic stagnation, compounded by the trend among its customer base to reduce the budget for this type of advertising media due to the uncertain economic situation. Therefore, if MACO does not enter into the transaction at this time, MACO may well have to bear the business risks in this extremely uncertain situation.

5) Synergy of MACO and PLANB

In the current situation of high uncertainty, cooperation between MACO and PLANB will get better results as MACO and PLANB will not have to compete for business or customers which will result in price competition and lower revenue per billboard. With this cooperation, there will be fewer competitors and PLANB will be able to provide a wider range of advertising media services. This makes it possible to provide a more comprehensive customer service and, as a result, MACO has the opportunity to earn more revenue from sale of billboards from PLANB.

In addition, if MACO has to compete in marketing with PLANB, PLANB may have an advantage since PLANB has a higher investment, larger customer base and is a much greater size than MACO, which, if price competition occurs, PLANB may actually be better able to expand for more competition.

6) Competition in doing business with digital media

Because at present, new forms of advertising media have been created, especially online media which is growing and able to reach consumers at any time due to the fact that consumers have more access to the Internet, so the collaboration of Out of Home Media businesses will help both MACO and PLANB to compete stronger in the media service market than to do so separately.

7) It will not cause confusion among customers of out-of-home media.

If MACO decides to terminate the contract with PLANB and resume marketing for out-of-home media, it may create confusion for the Company's customers, who may say they already have a contract with PLANB, but has to come to a new contract with MACO and it also causes complications in the customer's account. This may affect the reliability of the Company in the eyes of customers.

8) Reduce the risk of lack of liquidity

Because the Company has current liabilities in the amount of THB 3,279.42 million, while current assets stand at only THB 2,190.55 million or working capital ratio of only 0.67 times, which represents a liquidity risk. Therefore, the Company receiving a minimum advance payment for the 2021 accounting period amounting to THB 700 million, will reduce the risk of liquidity and default on debt of the Company.

#### **4.2.2. Disadvantages of entering into the transaction**

- 1) Loss of opportunity to receive minimum consideration under the media management contract for the period of minimum consideration waiver (6 months)

In entering into this transaction, the Company will lose the opportunity to receive the minimum consideration under the advertising media management agreement totaling THB 316.11 million (THB 169.11 million for Q3 / 2020 during October 1, 2020 to 31 December 2020 and THB 147.00 million for Q4 / 2020 for the period from January 1, 2021 to March 31, 2021).

However, although the Company will waive the minimum consideration during the said period to PLANB, it will still receive consideration from PLANB selling advertising media to customers at the rate of 85 or 90 percent (as the case may be) of the actual revenue that PLANB receives from the sale of MACO's advertising media in accordance with the terms of the Media Management Agreement, so the Company still receives revenue from PLANB, but does not set a minimum during the said period.

The Company will receive a minimum advance payment for its next fiscal year (for the period of April 1, 2021 to March 31, 2022) in the amount of THB 700 million in order to reduce its risk of the lack of liquidity instead.

2) The net minimum consideration is not THB 700 million but THB 688.22 million

Since the Company sought the shareholders' resolution regarding the advertising media management agreement on January 14, 2020, it was agreed that PLANB would guarantee a minimum consideration of THB 350 million for the period from 1 July 2020 to 31 December 2020 and THB 700 million per year for the period from 1 January 2021 until December 31, 2024. Subsequently the counterparties have established the formula for calculating the minimum consideration for each quarter which is not of equal amount although the total amount of the year will remain THB 700 million, as approved by the shareholders. However, in July 2020, both parties reduced the number of signage from 1,229 to 1,213 following the Asset Optimization Exercise process, which resulted in a reduction of the minimum annual consideration from THB 700,000,000 per year to the current minimum consideration of THB 688,210,600 per year, or decreased by THB 11,789,400 per year, which will result in the minimum consideration in each quarter also being reduced (according to the calculation formula in Attachment 3). Therefore, if PLANB can sell less of the Company's signage, it will make the actual minimum consideration to the Company for the year 2021 only THB 688,210,600, with the remaining THB 11,789,400 being deducted from the portion that PLANB will have to pay to the Company in the next period.

**4.2.3. Advantages of not entering into the transaction of waiving the minimum consideration under the media management agreement**

1) There is an opportunity to receive minimum consideration for the period that PLANB requests a waiver

If the Company does not enter into this transaction, the Company may have the opportunity to receive minimum consideration for the exemption period (for the period of October 1, 2020 to March 31, 2021), whereby the Company may have to lose time and incur litigation costs. However, the situation of the coronavirus pandemic is considered a force majeure event as specified in the advertising media management contract which requires negotiations in good faith

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to find a suitable solution together. If MACO sees this force majeure and has not entered into negotiations to help PLANB to continue to perform its duties, MACO may be in breach of the contract.

#### **4.2.4. Disadvantages of not entering into the transaction of waiving the minimum consideration under the advertising media management agreement**

##### 1) No need to waste time and resources to restart marketing

If the Company does not receive approval to enter into this transaction, the Company may have to find a new advertising management operator to replace PLANB on the same or better terms which is going to be difficult in the current situation. And if the Company decided to cancel the contract and bring the billboards back to market by itself, it will have to devote both costs and time to develop a new sales team since it has partially terminated sales staff and transferred some employees to PLANB and assigned the rest of its sales department to undertake other duties in the Company due to entering into the contract on January 15, 2020. This may cause the current customer service to be interrupted, so if the Company is approved to enter into this transaction, the company will not have to bear the burden of developing a new sales team.

##### 2) Requirements under the Contract

Termination of contract due to non-performance of contract, MACO has to notify PLANB 6 months in advance, if PLANB can resolve such incident within 60 days, it shall be deemed that the breach of contract is brought to an end and the contract will remain in effect. However, if PLANB is unable to resolve the matter, it is considered that the contract is terminated on the date specified in the letter of termination. Nonetheless, after the expiration of the contract, PLANB and MACO have to do the following:

- To negotiate and agree in good faith to determine and pay all outstanding remuneration;
- In the event that PLANB still holds 10% or more of MACO's shares, PLANB must enter into a good faith negotiation agreement with MACO to find measures to prevent potential conflicts of interest in the future.

In the event of termination of the contract due to PLANB's failure to comply with the contract referred to above, PLANB may not be required to provide contractual assistance to assist MACO in the advertising media management transition from PLANB or a new advertising media management operator. This will cause difficulties for MACO in managing such advertising media.

##### 3) There is a risk of losing the customer base of the Company.

If the Company is not approved to enter into this transaction and the Company decides to terminate the contract with PLANB, the Company risks losing its customer base because PLANB is the current contact person. In addition it has the largest out-of-home media base in the country, and therefore may have the bargaining power and more competitive edge than MACO, so if PLANB wants to compete with MACO in this business, MACO may be at a disadvantage.

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4) The Company will lose its advantage under the media management contract.

If the Company terminates the advertising media management contract with PLANB, the Company will lose any advantages it previously gained from entering into advertising media management contracts with PLANB such as the right to install static billboards on private property, construction and ownership rights of advertising media such as billboards or LED screens on stanchions under the BTS station and flyovers. By not terminating the contract, there is an increased chance for the Company of owning a potential property, including that PLANB will not expand its Out of Home Media business abroad to compete with the Company.

5) Lost opportunity for the Company to focus on the development of the international market.

If this transaction is not approved and the Company decides to terminate the agreement with PLANB, it may render the Company unable to develop foreign markets as intended because it will still have to try to maintain the domestic market with PLANB is the main competitor. Therefore, it may not be able to devote the resources to focus on investing abroad as it wants, which could lead to better operating results in foreign operations.

#### **4.3. Comparing the advantages and disadvantages between entering into the connected transaction and entering into the transaction with external parties.**

##### **Advantages of entering into the connected transaction**

1) The Connected Person is the leading Out of Home Media business with expertise.

PLANB, a connected person, is a listed company on the SET and one of the leading Out of Home Media businesses in various important areas throughout Thailand, having long expertise in selling advertising media in Thailand as well as having a diverse customer base. Therefore, PLANB understands the Company's business practices and is able to meet the expanding customer base, which is the target group of the Company better than other third party advertising media providers in the markets.

2) The connected person has prior experience working with MACO

Since PLANB is both a shareholder of MACO and has sold advertising media to MACO since 15 January 2020, as well as some of MACO sales personnel have transferred to PLANB, thus all parties have prior experience in working together, so coordination in various fields will be continuous.

##### **Disadvantages of entering into the connected transaction**

1) There is suspicion arising from transactions with connected persons.

This waiver of the minimum consideration under the media management agreement may raise questions from stakeholders of the Company in terms of the requirements and conditions in

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entering into this transaction. However, the reason for requesting the exemption of the minimum consideration this time is clearly caused by the current situation of the coronavirus pandemic which is still highly uncertain. Moreover, the protest situation may continue to weaken consumer confidence and pressure PLANB's customers' advertising budget to remain sluggish which inevitably severely affects the sales of advertising media of PLANB.

#### 4.4. Risks from entering into the transaction

1) Risk of a material change in the Amendment Agreement relating to entering into the transaction to waive the minimum consideration under the Advertising Media Management Agreement

The Amendment Agreement relating to entering into a transaction to waive the minimum consideration under the advertising media management agreement is currently being drafted by a legal advisor. If the Amendment of the Agreement has material changes after the shareholders' approval, it may render the approved resolution to deviate from the needs of the shareholders. Nevertheless, the management of the Company has confirmed that the key content contained in the draft amendment contract will not be altered. However, If the substance in the amended agreement's is not the same as the information memorandum provided by the Company, the Company will request another shareholders' meeting later on.

2) Risk of PLANB wishing to request a reduction or waiver of the minimum consideration in future

The Company may be at risk if in the future PLANB wishes to request a further reduction or exemption of the minimum consideration in the future after entering into this transaction in the event of a new surge of the coronavirus pandemic, political demonstrations or other situations. However, the management of MACO has negotiated for PLANB to place the minimum consideration under the media management contract in advance for a period of 1 year for the 2021 accounting period, in the amount of THB 700 million and PLANB will not request for further adjustment and/or exemption of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance with the Agreement, so the risk that PLANB will request to reduce or waive the minimum consideration from force majeure in the next year is low, unless the minimum consideration reduction is in line with the advertising media management contract, or there is an event that is subject to force majeure under the advertising media management contract that requires MACO to accept such as a natural disaster, an act of terrorism, riot, war, martial law, laws, policies or measures issued by the government or government agencies which requires the affected party to have the right to extend the period of time to perform the duties specified in the contract which is suitably affected by such event or force majeure resulting from an amendment to a law or regulation, an order issued by a court or competent authority, or force majeure that directly affects the sales of PLANB, which requires both parties to negotiate in good faith to find a solution, whereby if agreement cannot be reached within 30 days, PLANB can reduce the minimum consideration according to the affected parts.

## 5. The appropriateness of entering into the transaction and the conditions for entering into the transaction

### 5.1. The nature of the transaction

In entering into the minimum consideration waiver transaction for Q3 / 2020 (between 1 October 2020 and 31 December 2020) and Q4 / 2020 (between 1 January 2021 and March 31, 2021) according to the Media Management Agreement this time, there will be items related to the consideration of appropriateness and conditions of entering into the transaction as follows:

1. The waiver of minimum consideration for Q3 / 2020 (between 1 October 2020 and 31 December 2020) and Q4 / 2020 (between 1 January 2021 and March 31, 2021) ("Minimum Compensation Waiver") and
2. MACO has a condition for PLANB to pay the minimum contractual consideration for the period from April 1, 2021 to March 31, 2022 in the amount of THB 700,000,000 in advance in full within 15 days from the shareholders' approval and there will be no reduction/waiver of the minimum consideration for at least the said period ("Advance Payment").

Since the entering into the Agreement with PLANB dated 15 January 2020 and reduction of the minimum consideration on 11 August 2020 together with the Transaction. IFA summarized the adjustment of the minimum consideration as follows:

**Table 5-1: summarized the adjustment of the minimum consideration**

THB million	15 January 2020		11 August 2020		14 December 2020	
	Based on the Advertising Media Management and Service Agreement dated 15 January 2020		After the adjustment of the minimum consideration for the remaining term of the Agreement and reduction of minimum consideration in Quarter 3/2020		The waiver of minimum consideration for Q3/2020 and Q4/2020 (The "Transaction")	
Jul - Sep 2020	175.00	84.00	84.00	84.00	84.00	84.00
Oct - Dec 2020	175.00	169.11	169.11	-	-	-
Jan - Mar 2021	149.52	147.00	147.00	700.00	700.00	700.00
Apr - Jun 2021	150.50	147.97	147.97	-	-	-
Jal - Sep 2021	199.92	196.55	196.55	-	-	-
Oct - Dec 2021	200.06	196.69	196.69	-	-	-
Jan - Mar 2022	149.52	147.00	147.00	-	-	-
Apr - Jun 2022	150.50	147.97	147.97	136.18	136.18	136.18
Jul - Sep 2022	199.92	196.55	196.55	196.55	196.55	196.55
Oct - Dec 2022	200.06	196.69	196.69	196.69	196.69	196.69
Jan - Mar 2023	149.52	147.00	147.00	147.00	147.00	147.00
Apr - Jun 2023	150.50	147.97	147.97	147.97	147.97	147.97
Jal - Sep 2023	199.92	196.55	196.55	196.55	196.55	196.55
Oct - Dec 2023	200.06	196.69	196.69	196.69	196.69	196.69
Jan - Mar 2024	149.52	147.00	147.00	147.00	147.00	147.00
Apr - Jun 2024	150.50	147.97	147.97	147.97	147.97	147.97
Jul - Sep 2024	199.92	196.55	196.55	196.55	196.55	196.55



THB million	15 January 2020	11 August 2020	14 December 2020
	Based on the Advertising Media Management and Service Agreement dated 15 January 2020	After the adjustment of the minimum consideration for the remaining term of the Agreement and reduction of minimum consideration in Quarter 3/2020	The waiver of minimum consideration for Q3/2020 and Q4/2020 (The "Transaction")
Oct - Dec 2024	200.06	196.69	196.69
Total minimum consideration	3,150.00	3,005.95	2,689.84

From the above table, it can be seen that after the Company entered into the advertising media management agreement with PLANB on January 15, 2020, PLANB requested a minimum consideration reduction over the contract period due to the asset optimization process according to the contract, resulting in a decrease in the minimum consideration from THB 700,000,000 per year to the current minimum consideration of THB 688,210,600 per year. Thereafter PLANB requested a reduction of the minimum consideration for Q3 / 2020 due to the impact of the Coronavirus pandemic and the enforcement of government measures to combat such contagion, whereby the BMA governor announced the closure of malls and vulnerable areas around Bangkok from March 21, 2020 and the government issued an Emergency Decree from March 24, 2020, and imposing a curfew from April 2, 2020, which significantly reduced the target audience of advertising media. Such circumstances are considered a force majeure event under the contract that requires MACO and PLANB to negotiate in good faith to find a suitable solution together. The Board of Directors' Meeting of MACO No. 7/2020 on August 11, 2020 has resolved to approve the request for such consideration reduction. As a result, the total minimum consideration of MACO has decreased from THB 3,150.00 million to THB 3,005.95 million. In this transaction of the minimum consideration waiver, because PLANB is still affected by the aforementioned circumstances, in particular the coronavirus pandemic, both at the start of the year and in this new cycle, the total amount of minimum consideration will be further reduced to THB 2,689.84 million, whereby MACO will receive a minimum advance payment of THB 700,000,000 for the accounting period of 2021 (1 April 2021 - 31 March 2022) where PLANB will not request for further reduction or exemption at least in the accounting period of 2021 (April 1, 2021 - March 31, 2022), unless it is an adjustment based on media capacity only. Nevertheless, if it later appears that the contractual minimum consideration for the period from April 1, 2021 to March 31, 2022, is adjusted downward in accordance with the terms of the subsequent advertising management contract ("Actual Minimum Compensation"), resulting in the prepayment received by the Company from PLANB being higher than the Actual Minimum Compensation, PLANB is entitled to the difference between the Advance Payment and the Actual Minimum Compensation, with the actual amount to be deducted from the consideration that PLANB will have to pay to the Company in the subsequent periods in accordance with the Media Management Agreement. Currently, the actual minimum consideration under the contract is THB 688,210,600 per year, a decrease from THB 700,000,000 due to the asset restructuring process.

From the situation described above, PLANB has therefore requested that the Company consider the amendment of the advertising media management contract to reduce the minimum consideration, which the

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Independent Financial Advisor, having examined all the relevant information, considers the main issue to be whether it is a force majeure or not, details of which can be summarized as follows:

- (1) (1) If it qualifies as force majeure as prescribed in the advertising media management contract, MACO and PLANB must negotiate in good faith to find a suitable solution together, thereby requiring the approval of Company's shareholders. If the pandemic is considered a force majeure but MACO has not entered into negotiations to find a suitable solution, MACO may be in breach of the contract
- (2) If the coronavirus outbreak and the government's enforcement of measures to prevent the spread of the pandemic are not considered force majeure, the Company may be able to choose to force PLANB to pay the original minimum consideration. However, there may be a high risk that PLANB will not be able to comply with the said agreement under this condition. If PLANB breaches the agreement, the Company will have to file litigation for PLANB to pay such consideration which, in addition to taking a long time and costing the Company a lot of money, the lawsuit will also affect the good relationship as trading partners between the Company and PLANB. In addition, if the Company is to compete with PLANB in marketing, it may be at a disadvantage due to PLANB having more media variety, as well as a wider customer base. Therefore, the Company negotiated with PLANB to obtain a minimum advance payment of THB 700 million and PLANB has agreed that there will be no further reduction or exemption of the minimum consideration during the accounting period of 2021 (1 April 2021 - 31 March 2022) in order to guarantee that the Company will be paid at least equal to the actual minimum consideration. Therefore, the management of the Company believes this request for approval to enter into the transaction is appropriate. Moreover, receiving the advance payment of minimum consideration this time will render sufficient liquidity for the Company.

In addition, from studying various relevant information such as conditions for entering into the transaction, advantages and disadvantages of entering into the transaction, advantages and disadvantages of entering into the transaction with a connected person, risks from entering into the transaction including an analysis of the appropriateness of entering into the transaction in various situations, the Independent Financial Advisor would like to summarize the opinion on this transaction by considering the following possible options:

- (1) Not approving this entry into the minimum consideration waiver transaction and terminating the contract with PLANB whereby the Company resumes management of advertising media and suing for the minimum consideration

If the Company does not get approval to enter into this transaction, the Company has to resume management of all the advertising billboards by itself, which would require the Company to devote both expenditure and time to develop a new sales team, due to the fact that in entering into the contract on January 15, 2020, the Company has partially terminated its sales staff and transferred some employees to PLANB, and the remaining moved to undertake other duties in the Company. This may cause the current customer service to be interrupted. In addition, in the current state of the coronavirus pandemic, the impact of the political demonstrations, the instability of government policy from the said situation and economic stagnation, as well

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as the situation whereby customer groups tend to reduce their public relations budget for this type of advertising media due to the uncertain economic situation. Therefore, if MACO does not enter into this transaction, it may have to undertake business risks in this extremely uncertain situation. In addition, since PLANB is already in contact with its customers, resulting in the Company's customer base being in the hands of PLANB and as PLANB has more billboards to choose from, there is a possibility that the customer will continue to stay with PLANB. Furthermore, if the Company has to file litigation in order for PLANB to pay such minimum consideration which, in addition to taking a long time and costing the Company a lot of money, will also have an impact on the good relationship as trading partners between the Company and PLANB, and it is not yet possible to know the amount or whether the court will judge the consideration shall be recovered or not. In this advertising media management contract, there is a clause relating to possible force majeure, which requires MACO and PLANB to jointly take in good faith necessary measures to assist PLANB to perform its duties under the management contract. Therefore, MACO, as a counterpart, has a duty to enter into negotiations with PLANB in good faith to find appropriate measures to help PLANB to continue to fulfill the contract.

- (2) Not approving the minimum consideration waiver transaction at this time and cancelling the contract with PLANB whereby the Company gets someone else to provide advertising media management and initiating litigation against PLANB for the minimum consideration

If the Company does not get approval to enter into this transaction, the Company may have to find a new media advertising management operator to replace PLANB on the same or better terms which is unlikely in the current situation. In addition, the coronavirus pandemic, the impact of the political protests, the instability of government policy from the aforementioned situations and economic stagnation combined with the tendency of customer group to reduce the budget for public relations through this type of advertising media due to the economic uncertainty, MACO may have additional risks in taking on a new advertising media manager because PLANB is already in contact with customers and thereby rendering the Company's customer base in the hands of PLANB who has more billboards for customers to choose from. Therefore, there is a possibility that the customer will continue to stay with PLANB. Furthermore, if the Company has to file litigation in order for PLANB to pay such minimum consideration which, in addition to taking a long time and costing the Company a lot of money, will also have an impact on the good relationship as trading partners between the Company and PLANB, and it is not yet possible to know the amount or whether the court will judge the consideration shall be recovered or not. In this advertising media management contract, there is a clause relating to possible force majeure, which requires MACO and PLANB to jointly take in good faith necessary measures to assist PLANB to perform its duties under the management contract. Therefore, MACO, as a counterpart, has a duty to enter into negotiations with PLANB in good faith to find appropriate measures to help PLANB to continue to fulfill the contract. From inquiries of the Company's management, it was learnt that the Company doesn't think it will find a new advertising management operator. If the contract has to be terminated with PLANB, the Company thinks that it should undertake the advertising management by itself.

- (3) Approving this minimum consideration waiver transaction and receiving minimum consideration in advance

Entering into this transaction is only a temporary waiver of the minimum consideration, whereby the Company will receive a payment of the minimum consideration under the advertising media management contract for a period of 1 year in advance amounting to THB 700 million, with the undertaking that PLANB will

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not request any further reduction and / or waiver of the minimum consideration except for the adjustment according to the reduction of media capacity, indicating that in the next 1 year, MACO will be at a low risk of being requested to reduce or waive the minimum consideration which, in today's highly uncertain situation, the IFA is of the opinion that the Company will benefit more than in other scenarios. This is because the Company does not have to bear the risk of any uncertainty in the future. In addition, the Company will not have to waste time and expense in litigation with PLANB, which may affect the good relationship as trading partners between the Company and PLANB. Moreover, if the Company does not enter into the transaction this time, it may have to terminate the contract and will have to compete with PLANB, which has an advantage both in terms of investment and customer base, and may cause confusion among customers which could affect the reliability of the Company in the eyes of customers. In this matter, the Company's legal counsel is of the opinion that the situation of the coronavirus pandemic and political demonstrations is considered a force majeure event under which it is stated in the advertising media management contract that MACO and PLANB have to negotiate in good faith to find a suitable solution together. As such, if MACO regards this as force majeure and does not enter into negotiations to find a suitable solution, then MACO may be in breach of contract and will lose the opportunity to receive advance payment of the minimum consideration.

For the purpose of clarity, the Independent Financial Advisor has prepared an estimate of the expected impact from entering into the minimum consideration waiver transaction under the advertising media management agreement in various scenarios as follows:

- **Scenario 1:** The Company will enter into the transaction to waive the minimum consideration to PLANB and receives payment of consideration in advance.
- **Scenario 2:** The Company will not waive the minimum consideration to PLANB and terminates the contract with PLANB and carries out advertising media management by itself, whereby the minimum consideration is returned in the first quarter of the next fiscal year.
- **Scenario 3:** The Company will not waive the minimum consideration to PLANB and terminates the contract with PLANB and carries out advertising media management by itself, as well as having to initiate litigation to regain the minimum consideration which will be received after the conclusion of the litigation.
- **Scenario 4:** The Company will not waive the minimum consideration to PLANB and terminates the contract with PLANB and carries out advertising media management by itself, and PLANB claims according to the contract that Force Majeure arising from the coronavirus pandemic renders the Company unable to claim the minimum consideration at any time.

In this regard, the Independent Financial Advisor has prepared a financial forecast over the term of the agreement, being a term of 5 years from the date of entering into the agreement, regardless of the right to renew the contract for another 5 years. Due to some uncertainty about the future contract extension, the Independent Financial Advisor has, therefore, prepared a financial forecast based on the current contract period only as a conservative basis in considering the suitability of the conditions of entering into the transaction in the various scenarios as mentioned above to illustrate the situation that will arise, of which the main assumptions used in the making of this financial forecast are as follows

- The estimated period from the end of the second quarter on September 30, 2020 is set to reflect the request for the minimum consideration waiver incurred under the contract. Therefore, the period is 4 years and 1 quarter (contract expires on 31 December 2024).
- The Independent Financial Advisor did not include the effect of the request for a reduction of the minimum remuneration according to the resolution of the Board of Directors' Meeting No. 7/2020 on August 11, 2020 due to the past events and There is no impact on entering into the transaction this time.
- Estimated total advertising media revenue for the third quarter (October - December 2020) is based on expected revenue from PLANB.
- Estimated total advertising media revenue for the fourth quarter (January - March 2021) is based on management's estimate.
- Estimated total revenue from advertising media from April 2021 until the contract expiration date in December 2024 is a retrospective calculation based on the minimum consideration under the media management agreement so that every scenario can be compared clearly with the minimum consideration under the advertising media management contract, separated on a quarterly basis as follows:
 

○ October - December 2020	169.11 million Baht
○ January – March of every year after 2020	147.00 million Baht
○ April – June of every year after 2020	147.97 million Baht
○ July – September of every year after 2020	196.55 million Baht
○ October – December of every year after 2020	196.69 million Baht
- Advance payment for a period of 1 year in the amount of THB 700,000,000 will be received within the fourth quarter (January - March 2021) for Scenario 1.
- In the estimation in various scenarios media capacity is fixed and does not change until it affects the calculation of the minimum contractual consideration over the life of the contract. Note that at present, the Company has not planned to adjust its media capacity.
- PLANB's consideration from the sale of advertising media is 15 percent of the total revenue not exceeding THB 900 million. If PLANB is able to sell MACO's advertising media in excess of THB 900 million, PLANB will receive remuneration equal to 10 percent of the income only in the portion exceeding THB 900 million.
- The financial estimate of PLANB's minimum consideration claim is based on the minimum contractual consideration less the estimated gross revenue from advertising media for Q3 (October - December 2020) and Q4 (January - March 2021).
- Default interest is 7.5% per annum, payable within 60 days after receipt of the invoice. However, in calculating and comparing the various scenarios mentioned above, the interest is charged on a quarterly basis.
- Marketing costs and expenses in terms of advertising media marketing, if the Company is to do this itself, based on cost and marketing expenses in the past, advertising media marketing amounted to 20.39 percent of the total revenue from advertising media.

- The management of the Company estimated legal costs are as follows:<sup>1</sup>
  - Attorney's fee for the Court of First Instance is approximately THB 2 million for a period of 6 months.
  - Attorney's fee for the court of Appeal is approximately THB 3 million for a period of 6 months.
  - The court litigation fee for the first THB 50 million is equal to THB 200,000 and the excess is 0.10 percent of the capital filed.

### **Market risk indicator (Beta)**

- The IFA has chosen the Bottom-up Beta method for calculating market risk indicators (beta) used to calculate the cost of equity (KE). Bottom-Up Beta calculations and principles for selecting similar companies (Peer Group) are classified according to the countries in which each company operates with details as follows:

**Table 5-2: Calculation of unlevered beta from listed companies which are comparable with MACO**

Company	Ticker	Levered Beta <sup>1</sup>	Value of debt (D) (Million THB)	Market value Of shareholders' equity (E) (Million THB)	Debt / Market Value of Equity (D / E)	Effective Tax Rate	Unlevered Beta <sup>2</sup>
PLAN B Media PCL	PLANB	1.4393	4,974.95	26,595.59	18.712%	17.66%	1.4393
Aqua Corporation PCL	AQUA	0.3934	2,703.08	1,974.99	136.87%	14.62%	0.3934
VGI PCL	VGI	1.2588	2,407.62	65,014.30	3.70%	19.81%	1.2588
						<b>Mean</b>	<b>1.0305</b>

Source: Capital IQ as of 31 October 2019, which is the last day before the Board of Directors' meeting which has a resolution to approve the related transaction.

Remark:

- 1) Levered Beta is a coefficient that takes into account the effects of the liabilities of each company which is the historical average
- 2)  $\text{Unlevered Beta} = \text{Levered Beta} / \{1 + ((1 - \text{tax rate}) * D/E)\}$

In this regard, the Independent Financial Advisor selects the Bottom-up Beta method to help reduce bias in using the beta of MACO. This is because Bottom-Up Beta will use the average unlevered beta of similar companies (Peer Group) to calculate, which is like the industry average of Beta which will be less volatile than using only MACO Beta (Conservative Basis).

<sup>1</sup> The Independent Financial Advisor Requiring only stipulates litigation being brought up to the Court of Appeal because under the criteria of the petition to the Supreme Court of civil cases, the Civil Procedure Code (as amended) Section 247 provides that the petition, judgment or order of the Court of Appeal in civil cases can be made only with permission from the Supreme Court, whereby requesting permission of the Supreme Court to submit a petition together with the petition to the Court of First Instance with the judgment or order in such case. Section 248 requires the Commission of Judges appointed by the President of the Supreme Court consisting of the Vice-President of the Supreme Court and three other Supreme Court justices to consider the petition for the Supreme Court's request. And Section 249 requires the Supreme Court to approve the petition to the Supreme Court when it deems that the issue is an important issue that the Supreme Court should judge. The said important problems include:

- (1) Problems related to the public interest Or public order
- (2) When a judgment or order of the Appeal Court has delivered a contradictory decision on an important law or a decision contrary to the normative of the Supreme Court's judgment or order.
- (3) The verdict or order of the Appeal Court has ruled an important law which has not yett been ruled out by the Supreme Court's judgment or order.
- (4) When the judgment or order of the Appeal Court is contrary to the final judgment or order of other courts.
- (5) To develop the interpretation of the law.
- (6) Other important problems as prescribed by the President of the Supreme Court.

Principles for selecting similar companies (Peer Group) with MACO and MACO group companies in Thailand are as follows:

**Table 5-3: Reasons for choosing to use a comparable company**

Comparable Companies	Reasons
PLAN B Media PCL	PLANB is an advertising media company registered in the Stock Exchange of Thailand providing services in out-of-home advertising media business, advertisement in public transportation systems and digital advertising.
Aqua Corporation PCL	AQUA is an advertising media company registered in the Stock Exchange of Thailand engaging in the business of rental of advertising space and other advertising services.
VGI PCL	VGI is an advertising media company registered in the Stock Exchange of Thailand engaging in the business of renting advertising space both offline and online.

### Discount Rate

The discount rate used in calculating the net present value of cash flows is derived from the Weighted Average Cost of Capital ("WACC") based on MACO's capital structure. The IFA calculates WACC from the weighted average cost of debt ( $K_D$ ) and the cost of equity ( $K_E$ ) of MACO with the details of the discount rate forecast as follows:

$$WACC = (D/(D+E) \times K_D \times (1 - T)) + (E/(D+E) \times K_E)$$

Whereas:

D	The financial liabilities with interest according to MACO's of financial position as of 30th September, 2020, equals 1,673.79 million THB.
E	The shareholders' equity under MACO's internal financial statements as of 30th September, 2020, equals to 3,783.78 million THB
T	The corporate income tax rate is at 20.00 percent
$K_D$	Financial costs of financial liabilities with interest of MACO as of 30th September, 2020, equals to 2.80 percent per annum
$K_E$	Cost of equity or the return rates demanded by the shareholders ( $R_E$ )

The cost of equity ( $K_E$ ) or the return rates demanded by the shareholders ( $R_E$ ) can be calculated from the Capital Asset Pricing Model (CAPM) as follows:

$$K_E = R_F + \beta \times (R_M - R_F)$$

Whereas:

	รายละเอียด
$R_F$	Based on the return rates of 10-year government bonds of Thailand, it is equal to 1.56 percent per year (data as of 30st November, 2020). (Due to the fact that the current situation is an abnormal situation caused by the coronavirus pandemic, the Independent Financial Advisor is of the opinion that it should refer to the long-term rate of return over the term of the contract to reflect the rate of return in normal conditions.) As the IFA considers that 10-year government bonds are long-term bonds with high trading liquidity, there are the liquidity risk and low reinvestment risk helping to reflect the return on investment in non-risk assets.
$\beta$	Regarding the Variance coefficient between the return of companies listed on the Stock Exchange of Thailand that have MACO-related businesses which are Plan B Media PCL, Aqua Corporation PCL, and VGI PCL, compared to the returns from the Stock Exchange of Thailand over the past 2 years from 10st December, 2020 (Source: Capital IQ), the IFA considers that the selected data is from the period in which the amount and frequency of data suitable for statistical calculations. It can also reflect the risk of current business environment having Unlevered Beta equaling to 1.0305, and when adjusted by the financial structure of MACO, the Levered Beta of MACO is 1.3952.

รายละเอียด	
$R_M$	The average return on investment in the Stock Exchange of Thailand for the past 10 years from 30st November, 2010, to 30st November, 2020, equals to 6.96 percent per year. (Due to the fact that the current situation is an abnormal situation caused by the coronavirus pandemic, the Independent Financial Advisor is of the opinion that it should refer to the long-term rate of return over the term of the contract to reflect the rate of return in normal conditions.) This should be able to reflect the risk of the stock market in the long term

**Details of the assumptions be summarized as follows:**

**Table 5-4: Details of the assumptions in the calculation of MACO**

Assumptions	Amount (%)
Risk-Free Rate (Rf)	1.56%
Rate of Return of the Stock Exchange of Thailand (Rm)	6.96%
Market Risk Indicator of MACO (Levered Beta)	1.3952
Cost of Equity (Ke)	9.15%
Cost of Debt (Kd)	2.80%
Proportion of liabilities to total assets at market value (Wd)	30.67%
Proportion of shareholders' equity to total assets at market value (We)	69.33%
WACC	7.03%

According to the above assumptions, the calculation of Weighted Average Cost of Capital (WACC) is equal to 7.03%, which will be used as a discount rate in calculating the net cash flows expected to receive in the future of MACO.

The Independent Financial Advisor has prepared an estimate of the impact expected to occur from entering into the minimum consideration waiver transaction under the advertising media management agreement in various cases as follows:

**Estimated the impact of Entering into the Transaction**

Scenario 1: MACO will waive the minimum consideration to PLANB and receive the advance payment

**Table 5-5: Scenario 1: MACO will waive the minimum consideration to PLANB and receive the advance payment**

Scenario 1 (THB million)	2020		2021				2022			
	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Sales revenue	114.82	94.12	174.08	231.24	231.40	172.94	174.08	231.24	231.40	
Service fee for PLANB (15%)	(17.22)	(14.12)	(174.08)	(231.24)	(231.40)	(172.94)	(26.11)	(34.69)	(34.71)	
MACO's revenue from PLANB	98.26	80.00	-	-	-	-	147.97	196.55	196.69	
Advance minimum consideration	-	700.00	-	-	-	-	-	-	-	
Less Actual minimum consideration lower than advance minimum consideration	-	-	-	-	-	-	(11.79)	-	-	
Total	98.26	780.00	-	-	-	-	136.18	196.55	196.69	
Net present value of cash flow	96.60	753.94	-	-	-	-	120.90	171.57	168.80	



Scenario 1 (THB million)	2023				2024			
	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales revenue	172.94	174.08	231.24	231.40	172.94	174.08	231.24	231.40
Service fee for PLANB (15%)	(25.94)	(26.11)	(34.69)	(34.71)	(25.94)	(26.11)	(34.69)	(34.71)
MACO's revenue from PLANB	147.00	147.97	196.55	196.69	147.00	147.97	196.55	196.69
Advance minimum consideration	-	-	-	-	-	-	-	-
Less Actual minimum consideration lower than advance minimum consideration	-	-	-	-	-	-	-	-
<b>Total</b>	<b>147.00</b>	<b>147.97</b>	<b>196.55</b>	<b>196.69</b>	<b>147.00</b>	<b>147.97</b>	<b>196.55</b>	<b>196.69</b>
Net present value of cash flow	124.03	122.74	160.30	157.71	115.88	114.67	149.76	147.34
<b>Total Net present value of cash flow</b>	<b>2,404.23</b>							

Scenario 2: The Company will not waive the minimum consideration to PLANB and terminates the contract with PLANB and carries out advertising media management by itself, whereby the minimum consideration is returned in the first quarter of the next fiscal year.

**Table 5-6: Scenario 2: Not entering into the Transaction and can refund within the next quarter**

Scenario 2 (THB million)	2020	2021				2022			
	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales revenue	114.82	94.12	174.08	231.24	231.40	172.94	174.08	231.24	231.40
Service fee for PLANB (15%)	(17.22)	(14.12)	-	-	-	-	-	-	-
MACO's revenue from PLANB	98.26	80.00	-	-	-	-	-	-	-
Cost of sales and marketing (20.39%)	-	-	(35.49)	(47.15)	(47.18)	(35.26)	(35.49)	(47.15)	(47.18)
Cliam from PLANB	-	-	141.76	-	-	-	-	-	-
<b>Total</b>	<b>98.26</b>	<b>80.00</b>	<b>280.34</b>	<b>184.09</b>	<b>184.22</b>	<b>137.68</b>	<b>138.58</b>	<b>184.09</b>	<b>184.22</b>
Net present value of cash flow	96.60	77.33	266.41	171.99	169.21	124.33	123.04	160.69	158.09

Scenario 2 (THB million)	2023				2024			
	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales revenue	172.94	174.08	231.24	231.40	172.94	174.08	231.24	231.40
Service fee for PLANB (15%)	-	-	-	-	-	-	-	-
MACO's revenue from PLANB	-	-	-	-	-	-	-	-
Cost of sales and marketing (20.39%)	(35.26)	(35.49)	(47.15)	(47.18)	(35.26)	(35.49)	(47.15)	(47.18)
Cliam from PLANB	-	-	-	-	-	-	-	-
<b>Total</b>	<b>137.68</b>	<b>138.58</b>	<b>184.09</b>	<b>184.22</b>	<b>137.68</b>	<b>138.58</b>	<b>184.09</b>	<b>184.22</b>
Net present value of cash flow	116.16	114.96	150.13	147.70	108.53	107.40	140.27	138.00
<b>Total Net present value of cash flow</b>	<b>2,370.86</b>							

Scenario 3: The Company will not waive the minimum consideration to PLANB and terminates the contract with PLANB and carries out advertising media management by itself, as well as having to initiate

litigation to regain the minimum consideration which will be received after the conclusion of the litigation.

**Table 5-7: Scenario 3: Not entering into the Transaction and refund after court case**

Scenario 3 (THB million)	2020	2021				2022			
Detail	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales revenue	114.82	94.12	174.08	231.24	231.40	172.94	174.08	231.24	231.40
Service fee for PLANB (15%)	(17.22)	(14.12)	-	-	-	-	-	-	-
MACO's revenue from PLANB	98.26	80.00	-	-	-	-	-	-	-
Cost of sales and marketing (20.39%)	-	-	(35.49)	(47.15)	(47.18)	(35.26)	(35.49)	(47.15)	(47.18)
Cliam from PLANB	-	-	-	-	-	-	152.10	-	-
Legal fee	-	(2.00)	-	-	(3.00)	-	-	-	-
Court fee	-	(0.29)	-	-	(0.29)	-	-	-	-
<b>Total</b>	<b>98.26</b>	<b>77.71</b>	<b>138.58</b>	<b>184.09</b>	<b>180.93</b>	<b>137.68</b>	<b>290.68</b>	<b>184.09</b>	<b>184.22</b>
Net present value of cash flow	96.60	75.11	131.69	171.99	166.19	124.33	258.08	160.69	158.09

Scenario 3 (THB million)	2023				2024			
Detail	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales revenue	172.94	174.08	231.24	231.40	172.94	174.08	231.24	231.40
Service fee for PLANB (15%)	-	-	-	-	-	-	-	-
MACO's revenue from PLANB	-	-	-	-	-	-	-	-
Cost of sales and marketing (20.39%)	(35.26)	(35.49)	(47.15)	(47.18)	(35.26)	(35.49)	(47.15)	(47.18)
Cliam from PLANB	-	-	-	-	-	-	-	-
Legal fee	-	-	-	-	-	-	-	-
Court fee	-	-	-	-	-	-	-	-
<b>Total</b>	<b>137.68</b>	<b>138.58</b>	<b>184.09</b>	<b>184.22</b>	<b>137.68</b>	<b>138.58</b>	<b>184.09</b>	<b>184.22</b>
Net present value of cash flow	116.16	114.96	150.13	147.70	108.53	107.40	140.27	138.00
<b>Total Net present value of cash flow</b>	<b>2,365.95</b>							

Scenario 4: The Company will not waive the minimum consideration to PLANB and terminates the contract with PLANB and carries out advertising media management by itself, and PLANB claims according to the contract that Force Majeure arising from the coronavirus pandemic renders the Company unable to claim the minimum consideration at any time.

**Table 5-8: Scenario 4: Not entering into the Transaction and cannot refund**

Scenario 4 (THB million)	2020		2021				2022			
	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Sales revenue	114.82	94.12	174.08	231.24	231.40	172.94	174.08	231.24	231.40	
Service fee for PLANB (15%)	(17.22)	(14.12)								
MACO's revenue from PLANB	98.26	80.00	-	-	-	-	-	-	-	
Cost of sales and marketing (20.39%)	-	-	(35.49)	(47.15)	(47.18)	(35.26)	(35.49)	(47.15)	(47.18)	
Legal fee	-	(2.00)	-	-	(3.00)	-	-	-	-	
Court fee	-	(0.29)	-	-	(0.29)	-	-	-	-	
<b>Total</b>	<b>98.26</b>	<b>77.71</b>	<b>138.58</b>	<b>184.09</b>	<b>180.93</b>	<b>137.68</b>	<b>138.58</b>	<b>184.09</b>	<b>184.22</b>	
Net present value of cash flow	96.60	75.11	131.69	171.99	166.19	124.33	123.04	160.69	158.09	

Scenario 4 (THB million)	2023				2024			
	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec	Jan - Mar	Apr - Jun	Jal - Sep	Oct - Dec
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Sales revenue	172.94	174.08	231.24	231.40	172.94	174.08	231.24	231.40
Service fee for PLANB (15%)								
MACO's revenue from PLANB	-	-	-	-	-	-	-	-
Cost of sales and marketing (20.39%)	(35.26)	(35.49)	(47.15)	(47.18)	(35.26)	(35.49)	(47.15)	(47.18)
Legal fee	-	-	-	-	-	-	-	-
Court fee	-	-	-	-	-	-	-	-
<b>Total</b>	<b>137.68</b>	<b>138.58</b>	<b>184.09</b>	<b>184.22</b>	<b>137.68</b>	<b>138.58</b>	<b>184.09</b>	<b>184.22</b>
Net present value of cash flow	116.16	114.96	150.13	147.70	108.53	107.40	140.27	138.00
<b>Total Net present value of cash flow</b>	<b>2,230.90</b>							

According to the information above, IFA can summarise the analysis of each scenario as follows:

**Table 5-9: Summary of scenario analysis**

Scenario analysis (THB million)	NPV	Comparing with Scenario 1		NPV	Comparing with Scenario 1		NPV	Comparing with Scenario 1	
		Amount	%		Amount	%		Amount	%
Weighted average cost of capital (WACC)	WACC + 1% = 8.03%			Based case WACC = 7.03%			WACC - 1% = 6.03%		
<b>Based case</b>									
Scenario 1 (Enter into the Transaction)	2,358.03	-	-	2,404.23	-	-	2,452.19	-	-
Scenario 2	2,323.21	(34.82)	(1.48%)	2,370.86	(33.38)	(1.39%)	2,420.25	(31.94)	(1.30%)
Scenario 3	2,317.10	(40.94)	(1.74%)	2,365.95	(38.29)	(1.59%)	2,416.58	(35.61)	(1.45%)
Scenario 4	2,184.23	(173.80)	(7.37%)	2,230.90	(173.33)	(7.21%)	2,279.30	(172.89)	(7.05%)
<b>If the sale amount increased by 10%</b>									
Scenario 1 (Enter into the Transaction)	2,583.59	-	-	2,634.89	-	-	2,688.12	-	-
Scenario 2	2,524.81	(58.77)	(2.27%)	2,577.08	(57.81)	(2.19%)	2,631.26	(56.86)	(2.12%)
Scenario 3	2,518.70	(64.88)	(2.51%)	2,572.17	(62.72)	(2.38%)	2,627.59	(60.54)	(2.25%)
Scenario 4	2,385.84	(197.75)	(7.65%)	2,437.12	(197.76)	(7.51%)	2,490.31	(197.82)	(7.36%)
<b>If the sale amount decreased by 10%</b>									

Scenario analysis (THB million)	NPV	Comparing with Scenario 1		NPV	Comparing with Scenario 1		NPV	Comparing with Scenario 1	
		Amount	%		Amount	%		Amount	%
Weighted average cost of capital (WACC)	WACC + 1% = 8.03%			Based case WACC = 7.03%			WACC - 1% = 6.03%		
Scenario 1 (Enter into the Transaction)	2,358.03	-	-	2,404.23	-	-	2,452.19	-	-
Scenario 2	2,121.60	(236.43)	(10.03%)	2,164.64	(239.60)	(9.97%)	2,209.25	(242.94)	(9.91%)
Scenario 3	2,115.49	(242.54)	(10.29%)	2,159.72	(244.51)	(10.17%)	2,205.57	(246.62)	(10.06%)
Scenario 4	1,982.62	(375.41)	(15.92%)	2,024.68	(379.55)	(15.79%)	2,068.29	(383.90)	(15.66%)

Based on the analysis of the above reasons and estimates the impact arising from entering the transaction in various situations, found that Scenario 1: The Company waiver of minimum consideration for Q3 / 2020 (between 1 October 2020 and 31 December 2020) and Q4 / 2020 (between 1 January 2021 and March 31, 2021) and receives payment of consideration in advance for the period from April 1, 2021 to March 31, 2022 in the amount of THB 700,000,000 will make the present value of the cash flow is THB 2,404.23 million, which is higher than in every other cases. comparing to not entering the transaction, the present value of the cash flow in the base case is between THB 2,230.90 - 2,370.86 million, with the following observations:

- If PLANB has lower sales revenue from the base case, the rate of return of MACO in scenario 1 (entering into the transaction) will not be affected due to the minimum rate of consideration received from PLANB, but in other cases where MACO operates by itself, it will lose more benefit because there is no minimum consideration.
- If PLANB's revenue from sales is equal to or higher than the base case, MACO will receive a higher return in Scenario 1 (entering into the transaction) than if it were to undertake the management of billboards itself since the cost and marketing expenses of MACO are higher than the return from sales that MACO shares with PLANB, since PLANB has a larger volume of billboards sold, the selling and marketing costs and expenses per billboard are lower than MACO's (Economy of Scale). In addition, if the Company has to resume management of the advertising by itself, the Company has to devote both the cost and time to develop a new sales team due to the fact that when entering into the contract on January 15, 2020, the Company had partially terminated its sales staff and transferred some employees to PLANB and the rest of the Company had assigned to undertake other duties in the Company. This may cause the current customer service to be interrupted.

However, the IFA has not yet received the amended agreement related to the exemption of the minimum consideration this time. The management of MACO told us that the amended agreement is drafting by the legal advisor. Therefore, IFA's opinion is based on the key term of the amended agreement provided by the Company only. However, if the content of the contract has changed or there are other details in addition to the summary of the significant information that the IFA received from the Company, the IFA'S opinion may also change significantly as a consequence. However, the management confirmed that the substance of the amended agreement is via ELCID to SET portal. If the substance in the amended agreement's is not the same as the information memorandum provided by the Company, the Company will request another shareholders' meeting later on.

## 6. Opinion of Independent Financial Advisor

The Board of Directors' Meeting of Master Ad Public Company Limited ("MACO" or the "Company") No. 11/2020 held on December 14, 2020 has passed the resolution to propose a shareholders' meeting of the Company to approve the amendment of the Advertising Media Management and Service Agreement dated January 15, 2020 (the "Agreement") with Plan B Media Public Company Limited ("PLANB") for the transaction as follows:

1. 1. an exemption on the payment of the minimum consideration for the quarter 3/2020 (during 1 October 2020 to 31 December 2020) and for the quarter 4/2020 (during 1 January 2021 to 31 March 2021) and .
2. Undertaking not to request for any adjustment of the minimum consideration for the period of 1 April 2021 to 31 March 2022 unless such adjustment is due to the decrease of media capacity of the Company in accordance with the Agreement (hereafter referred as the "Transactions")

In entering into this minimum consideration waiver transaction, MACO has a condition for PLANB to place the minimum consideration under the Advertising Media Management Agreement for the accounting period of 2021 (1 April 2021 - 31 March 2022) in advance for a period of 1 year in the amount of THB 700,000,000 within 15 days from the date the shareholders' meeting of the Company approves the minimum consideration waiver transaction, whereby PLANB will process the said one-time payment in full. If the Company decides to enter into this minimum consideration waiver transaction, PLANB will not request another reduction or waiver of the minimum consideration again, at least in the accounting period of 2021 (April 1, 2021 - March 31, 2022), except for the adjustment of media capacity only

As a result of the situation described above, PLANB requested the Company to consider amending the advertising media management contract to reduce the minimum consideration this time. If it falls into force majeure under in the advertising media management contract, MACO and PLANB are required to negotiate in good faith to find a suitable solution together. The said provision is the source of this request for shareholders' approval. However, if the coronavirus outbreak and the enforcement of government measures to contain the pandemic are not considered force majeure, the Company may be able to choose to force PLANB to pay the original minimum consideration although there may be a high risk that PLANB will not be able to comply with the said agreement under this condition. If PLANB breaches the agreement, the Company will have to initiate litigation for PLANB to pay such consideration which, in addition to taking a long time and causing the Company to incur a lot of legal expenses, the litigation will also have an impact on the good relationship as a trading partner between the Company and PLANB. The Company thus negotiated with PLANB to receive advance payment of minimum consideration in the amount of THB 700 million and for PLANB to agree that no further reduction or exemption will be requested at least in the accounting period of the year 2021 (1 April 2021 - 31 March 2022), in order to guarantee that the Company will be paid at least equal to the actual minimum consideration (the current actual minimum consideration is THB 688.21 million due to the asset optimization exercised in July 2020 based on the Media Management and Service Agreement dated 15 January 2020). Therefore, the management of the Company is of the opinion that this request for approval to enter into the

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transaction is appropriate. Moreover, receiving the minimum advance payment this time will allow the Company to still have sufficient liquidity.

In addition, from studying various relevant information such as conditions for entering into the transaction, advantages and disadvantages of entering into the transaction, advantages and disadvantages of entering into the transaction with a connected person, risks from entering into the transaction including an analysis of the appropriateness of entering into the transaction in various situations, the Independent Financial Advisor would like to summarize the opinion on this transaction by considering the following possible options:

- (1) Not approving this entry into the minimum consideration waiver transaction and terminating the contract with PLANB whereby the Company resumes management of advertising media and suing for the minimum consideration.

If the Company does not get approval to enter into this transaction, the Company has to resume management of all the advertising billboards by itself, which would require the Company to devote both expenditure and time to develop a new sales team, due to the fact that in entering into the contract on January 15, 2020, the Company has partially terminated its sales staff and transferred some employees to PLANB, and the remaining moved to undertake other duties in the Company. This may cause the current customer service to be interrupted. In addition, the Company may have to take the risk of uncertainty situation in the current state of the coronavirus pandemic

- (2) Not approving the minimum consideration waiver transaction at this time and cancelling the contract with PLANB whereby the Company gets someone else to provide advertising media management and initiating litigation against PLANB for the minimum consideration.

If the Company does not get approval to enter into this transaction, the Company may have to find a new media advertising management operator to replace PLANB on the same or better terms which is unlikely in the current situation. In addition, the coronavirus pandemic, the impact of the political protests, the instability of government policy from the aforementioned situations and economic stagnation combined with the tendency of customer group to reduce the budget for public relations through this type of advertising media due to the economic uncertainty, MACO may have additional risks in taking on a new advertising media manager. From inquiries of the Company's management, it was learnt that the Company doesn't think it will find a new advertising management operator. If the contract has to be terminated with PLANB, the Company thinks that it should undertake the advertising management by itself.

- (3) Approving this minimum consideration waiver transaction and receiving minimum consideration in advance

Entering into this transaction is only a temporary waiver of the minimum consideration, whereby the Company will receive a payment of the minimum consideration under the advertising media management contract for a period of 1 year in advance amounting to THB 700 million, with the undertaking that PLANB will not request any further reduction and / or waiver of the minimum consideration except for the adjustment according to the reduction of media capacity, indicating that in the next 1 year, MACO will be at a low risk of being requested to reduce or waive the minimum consideration which, in today's highly uncertain situation, the IFA is of the opinion that the Company will benefit more than in other scenarios. This is because the Company does not have to bear the risk of any uncertainty in the future. In addition, the Company will not have to waste

time and expense in litigation with PLANB, which may affect the good relationship as trading partners between the Company and PLANB. Moreover, if the Company does not enter into the transaction this time, it may have to terminate the contract and will have to compete with PLANB, which has an advantage both in terms of investment and customer base, and may cause confusion among customers which could affect the reliability of the Company in the eyes of customers. In this matter, the Company's legal counsel is of the opinion that the situation of the coronavirus pandemic and political demonstrations is considered a force majeure event under which it is stated in the advertising media management contract that MACO and PLANB have to negotiate in good faith to find a suitable solution together. As such, if MACO regards this as force majeure and does not enter into negotiations to find a suitable solution, then MACO may be in breach of contract and will lose the opportunity to receive advance payment of the minimum consideration.

From the reasons mentioned above, the Independent Financial Advisor is of the view that this approval of entering into the transaction is appropriate and the Company will receive more benefits.

However, the Independent Financial Advisor has prepared an estimate of the impact expected to occur from entering into the minimum consideration exemption transaction under the advertising media management agreement in various cases as follows:

- **Scenario 1:** The Company will enter into the transaction to waive the minimum consideration to PLANB and receives payment of consideration in advance.
- **Scenario 2:** The Company will not waive the minimum consideration to PLANB and terminates the contract with PLANB and carries out advertising media management by itself, whereby the minimum consideration is returned in the first quarter of the next fiscal year.
- **Scenario 3:** The Company will not waive the minimum consideration to PLANB and terminates the contract with PLANB and carries out advertising media management by itself, as well as having to initiate litigation to regain the minimum consideration which will be received after the conclusion of the litigation.
- **Scenario 4:** The Company will not waive the minimum consideration to PLANB and terminates the contract with PLANB and carries out advertising media management by itself, and PLANB claims according to the contract that Force Majeure arising from the coronavirus pandemic renders the Company unable to claim the minimum consideration at any time.

According to the information above, IFA can summarise the analysis of each scenario as follows:

**Table 6-1: Summary of scenario analysis**

Scenario analysis (THB million)	NPV	Comparing with Scenario 1		NPV	Comparing with Scenario 1		NPV	Comparing with Scenario 1	
		Amount	%		Amount	%		Amount	%
Weighted average cost of capital (WACC)	WACC + 1% = 8.03%			Based case WACC = 7.03%			WACC - 1% = 6.03%		
Based case									
Scenario 1 (Enter into the Transaction)	2,358.03	-	-	2,404.23	-	-	2,452.19	-	-
Scenario 2	2,323.21	(34.82)	(1.48%)	2,370.86	(33.38)	(1.39%)	2,420.25	(31.94)	(1.30%)

Scenario analysis (THB million)	NPV	Comparing with Scenario 1		NPV	Comparing with Scenario 1		NPV	Comparing with Scenario 1	
		Amount	%		Amount	%		Amount	%
Weighted average cost of capital (WACC)	WACC + 1% = 8.03%			Based case WACC = 7.03%			WACC - 1% = 6.03%		
Scenario 3	2,317.10	(40.94)	(1.74%)	2,365.95	(38.29)	(1.59%)	2,416.58	(35.61)	(1.45%)
Scenario 4	2,184.23	(173.80)	(7.37%)	2,230.90	(173.33)	(7.21%)	2,279.30	(172.89)	(7.05%)
If the sale amount increased by 10%									
Scenario 1 (Enter into the Transaction)	2,583.59	-	-	2,634.89	-	-	2,688.12	-	-
Scenario 2	2,524.81	(58.77)	(2.27%)	2,577.08	(57.81)	(2.19%)	2,631.26	(56.86)	(2.12%)
Scenario 3	2,518.70	(64.88)	(2.51%)	2,572.17	(62.72)	(2.38%)	2,627.59	(60.54)	(2.25%)
Scenario 4	2,385.84	(197.75)	(7.65%)	2,437.12	(197.76)	(7.51%)	2,490.31	(197.82)	(7.36%)
If the sale amount decreased by 10%									
Scenario 1 (Enter into the Transaction)	2,358.03	-	-	2,404.23	-	-	2,452.19	-	-
Scenario 2	2,121.60	(236.43)	(10.03%)	2,164.64	(239.60)	(9.97%)	2,209.25	(242.94)	(9.91%)
Scenario 3	2,115.49	(242.54)	(10.29%)	2,159.72	(244.51)	(10.17%)	2,205.57	(246.62)	(10.06%)
Scenario 4	1,982.62	(375.41)	(15.92%)	2,024.68	(379.55)	(15.79%)	2,068.29	(383.90)	(15.66%)

From analysis of the various possible scenarios as stated above, the Independent Financial Advisor is of the opinion that Scenario 1 where MACO approves the entering into the transaction will enable the Company to optimize the present value of cash flow and will render more benefit to the Company than any other scenario whereby the Company does not enter into this transaction, with the following observations:

- If PLANB has lower sales revenue from the base case, the rate of return of MACO in scenario 1 (entering into the transaction) will not be affected due to the minimum rate of consideration received from PLANB, but in other cases where MACO operates by itself, it will lose more benefit because there is no minimum consideration
- If PLANB's revenue from sales is equal to or higher than the base case, MACO will receive a higher return in Scenario 1 (entering into the transaction) than if it were to undertake the management of billboards itself since the cost and marketing expenses of MACO are higher than the return from sales that MACO shares with PLANB, since PLANB has a larger volume of billboards sold, the selling and marketing costs and expenses per billboard are lower than MACO's (Economy of Scale). In addition, if the Company has to resume management of the advertising by itself, the Company has to devote both the cost and time to develop a new sales team due to the fact that when entering into the contract on January 15, 2020, the Company had partially terminated its sales staff and transferred some employees to PLANB and the rest of the Company had assigned to undertake other duties in the Company. This may cause the current customer service to be interrupted.

With all the above reasons, the Independent Financial Advisor is of the opinion that the transactions stipulated above is **appropriate** and the shareholders should approve the connected transactions mentioned, above.



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However, the IFA has not yet received the amended agreement related to the exemption of the minimum consideration this time. However, if the content of the contract has changed or there are other details in addition to the summary of the significant information that the IFA received from the Company, the IFA'S opinion may also change significantly as a consequence. However, the management confirmed that the substance of the amended agreement is via ELCID to SET portal. If the substance in the amended agreement's is not the same as the information memorandum provided by the Company, the Company will request another shareholders' meeting later on.

However, the decision to approve or not to approve said transactions depends on the discretion of the shareholders. The shareholders should study the information in various documents attached with the invitation letter to this extraordinary general meeting of shareholders carefully in considering and deciding how to cast their appropriate vote.

Grant Thornton Services Ltd. as the Independent Financial Advisor of the Company certifies that it is as of the responsibilities, duties, and the through studies of information according to the professional standards and upon the reasonable and fair analysis with due regard to the benefits of the shareholders of the Company.

Your faithfully,

- Signature -

- Signature -

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Mr Adulpol Charukesnunt

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Ms Julaporn Namchaisiri

Supervisor

Managing Director – Investment Banking

Grant Thornton Services Ltd.

Grant Thornton Services Ltd.

## 7. Appendix

### Enclosure 1: Summary of Master Ad Public Company Limited (MACO)

#### 7.1. General company information

**Table 7-1: General information of MACO**

Items	Details
Company Name	Master Ad Public Company Limited
Address	1 4-6 Fl. Soi Lat Phrao 19 Lat Phrao Rd. Chom Pon, Chatuchak, Bangkok 10900
Telephone	+66 (0) 2938 3388
Facsimile	+66 (0) 2938 3489
Public Company Registration No.	0107546000113
Website	www.masterad.com
Market	Stock Exchange of Thailand
Industry/Sector	Service
Business	Providing services and production of out-of-home entertainment and entertainment media

#### 7.2. General information (Source: Annual report and financial statements)

Master Ad Public Company Limited (the “Company”) provides services and production of Out-of-Home Media which are diverse in formats, sizes, installation locations and presentation techniques in order to meet the needs of different markets and target customers by providing a full range of services starting from consulting, media planning, providing advertising production and installation services, marketing activities including maintaining media throughout the period of advertising media management.

**Table 7-2: Key changes and developments of MACO**

Year	Month	Major changes and Developments
1988	February	Established as a limited company under the name Master Ad Company Limited to provide Out-of-Home media and production services
1996	August	Established a 50-50 joint venture, namely Inkjet Images (Thailand) Company Limited, together with Inkjet Images (M) SDN BHD Company Limited, to provide inkjet media production services and support media production for the group.
	September	Established a 50-50 joint venture, namely Master & More Company Limited (“Master & More”), together with Clear Channel Company Limited, to provide advertising media and production services for small format billboard. Later, MACO increased its stake in Master & More to 100% in 2010.
2001		Expanded business into Street Furniture segment by granting the exclusive rights from Bangkok Mass Transit System Public Company Limited to install and manage advertising panels under BTS station. Later, in 2015, MACO was once again granted the rights from the Bangkok Metropolitan Administration to manage advertising panels under flyovers across Bangkok.
2003	September	Converted into a public company limited and successfully listed on the Market for Alternative Investment (“MAI”) under the ticker symbol “MACO”. MACO begins trading on 29 September 2003.
2010	November	Established a joint venture, namely Green Ad Company Limited (“Green Ad”), together with We Big Company Limited, which the Company holds a 51% interest, to provide environmentally friendly media production. Later, MACO increased its stake in Green Ad to 100% in 2014.
2013	September	Moved from MAI to The Stock Exchange of Thailand (“SET”) under services industry and media and publishing sector.
2014	May	VGI Global Media Public Company Limited. (“VGI”) has expanded its media footprint into Outdoor media segment by acquiring 751 million shares or 24.96% of the total issued shares of MACO.

Year	Month	Major changes and Developments
	September	Changed the par value from THB 1.00 per share to THB 0.10 per share. MACO's new shares begin trading on SET with new par value on 3 October 2014.
	November	Master & More invested 80% in Open Play Company Limited, a company that was granted the exclusive rights from PTT Public Company Limited to manage advertising space inside PTT Jiffy gas stations nationwide.
2015	April	Expanded its presence into an international market by establishing a wholly owned subsidiary MACO Outdoor Sdn. Bhd. (Maco Outdoor) in Malaysia. Subsequently, MACO Outdoor has invested 40% in Eyeball Channel Sdn. Bhd. ("Eyeball Channel"). Eyeball Channel is a joint venture between MACO and potential local partner to operate advertising in Malaysia.
2016	May	VGI acquired an additional 375 million shares of MACO (or 12.46%), resulting in a total holding of 1,126 million shares (or 37.42%) as of 30 May 2016, and become a majority shareholder of the Company. VGI and MACO has leveraged each other's strengths by initiating value-added strategies and marketing plans for advertising campaigns that help promote and take both companies to be the leaders in the integrated advertising network in the country and across ASEAN.
	September	Acquired 70% in Multi Sign Company Limited ("Multi Sign") through a wholly owned subsidiary, Green Ad, with a total investment of THB 439 million. Multi Sign is an outdoor media company with a total network of 862 billboards nationwide. Consequently, MACO has secured its leadership in outdoor media with more than 2,000 advertising panels, presenting in all provinces of Thailand.
2017	June	Eye on Ads Company Limited, a wholly owned subsidiary of MACO, successfully acquired 70% of COMASS Company Limited ("COMASS") with a total investment of THB 355 million. COMASS secured a strategic network which mostly located in Central Business District area in Bangkok and upcountry for 19 years of experiences.
	July	The Company has started the process towards digitisation by converting static billboards of Multi Sign Company Limited ("Multi Sign"), which are mainly located in CBD areas in upcountry, to digital screens.
2018	May	MACO acquired the remaining shares of 20% in Open Play Company Limited ("Open Play") with a total investment value of THB 0.04 million, result in MACO to hold 100% of shares in Open play.
	June	<ul style="list-style-type: none"> <li>On 29 June 2018, MACO acquired an additional 30% in Multi Sign Company Limited ("Multi Sign") with a total investment value of THB 203 million. Hence, MACO has a total of 100% shareholding in the company. The transaction enables MACO to have full control in managing Multi Sign Outdoor media.</li> <li>The Company acquired 14.89% of Landy Development Company Limited ("Landy") through its wholly owned subsidiary, Master &amp; More, for THB 25 million. Before the acquisition, MACO directly holds 48.87% in this Company. After the transaction, MACO effectively holds 63.76% of Landy, changing the investment status of Landy from investment in an associate to investment in a subsidiary.</li> </ul>
	July	<ul style="list-style-type: none"> <li>On 24 July 2018, MACO successfully acquired 81.65% of Trans.Ad Solutions Co., Ltd. ("Trans.Ad") with a total investment value of THB 388 million. Trans.Ad is the multimedia display systems provider with a proven track record in producing and installing digital media for BTS's train and platform screen doors.</li> <li>On 26 July 2018, Trans.Ad used the funds received from Eye on Ads to further invest in 89% of Roctec Technology Limited ("Roctec"). Roctec is a provider of multimedia &amp; communications systems, system integrations and total network infrastructure based in Hong Kong. Roctec has an enviable track record as systems controller and media manager of MTR Hong Kong.</li> </ul>
	August	The company offered 688 million newly issued ordinary shares at the offering price of THB 2 per share to the existing shareholders of the company via a Rights Offering (RO) at an offering ratio of every 5 existing ordinary shares for 1 newly issued ordinary shares. The company received RO proceeds of THB 1,376 million, which was used to acquire the remaining shares of Multi Sign in June 2018, invest in Trans.Ad in July 2018, reserve to invest in VGI Global Media (Malaysia) Sdn. Bhd. ("VGM") in November 2018 and Gold Star Group Co., Ltd. ("GSG") in December 2018.

Year	Month	Major changes and Developments
	October	On 8 October 2018, MACO incorporated a subsidiary company in Singapore namely VGI MACO (Singapore) Private Limited ("VGI MACO"). VGI and MACO holds a 75% and 25% stake in the company, respectively. Later, VGI MACO has entered into a joint venture agreement with Sinarmas Group in order to engage in OOH media, payment system and CRM royalty programme business in Indonesia. Sinarmas Group is the big conglomerate in Indonesia comprises of 6 major business units such as 1) No.1 Pulp and paper producer in the world, 2) No.2 Palm oil company in the world, 3) No.1 Property developer in Indonesia, 4) No.2 insurance company in Indonesia, 5) 4G LTE network provider with 11 million subscribers and 6) Energy and infrastructure.
	November	<ul style="list-style-type: none"> <li>On 23 November 2018, MACO received the approval to renovate street furniture media on BTS columns by converting its existing static street furniture panels to 42 LED screens and 180 lightboxes. This will increase our media capacity by THB 300 million from THB 1.5bn to THB 1.8bn per year.</li> <li>Expanded our presence in the Malaysian and Indonesian market by acquiring 75% in VGM with a total investment value of THB 360 million. The expected benefits from the transaction are 1) increasing exposure to new opportunities in overseas markets, especially in South East Asia countries where the advertising market is still immature, 2) enhancing the variety of our media portfolio and expand our media coverage and 3) supporting the business operation of MACO in Malaysia, and 4) strengthening overall bargaining power from increased economies of scale.</li> </ul>
	December	Acquired 60% in GSG with a total investment value of THB 240 million. GSG is a design and printing provider for media production, especially BTS Sky Train and Office media wrap.
2019	April	<ul style="list-style-type: none"> <li>PT Avabanindo Perkasa, an Indonesian associated company of MACO, began to offer advertising services on the 13 stations and 16 trains of MRT Jakarta red lines (North-South).</li> </ul>
	July	<ul style="list-style-type: none"> <li>MACO made an additional 30% investment in Comass Co., Ltd. ("Comass"), with a total investment of THB 160 million, resulting in an increase in the total shareholding in Comass to 100%. This additional investment will grant MACO the power to control business management and use the media of Comass effectively.</li> </ul>
	August	<ul style="list-style-type: none"> <li>VGM invested additional 40% in Puncak Berlian Sdn. Bhd. ("PBSB") with a total investment of RM 9.6 million or approximately THB 72.4 million resulting in an increase in shareholding to 65% of the total number of shares. PBSB is a company which operates Out-of-Home advertising media consisting of advertising media in public transportation systems, advertising media in the airport, and advertising media in office buildings.</li> </ul>
Three-month period ended 31 March 2020	January	<ul style="list-style-type: none"> <li>On January 14, 2020, the Extraordinary General Meeting of Shareholders approved the following transactions: 1) invested 50% in Hello Bangkok LED Co., Ltd. with a total investment of THB 1,950 million, 2) offering 1,080 million Private Placement shares at the price of THB 1.4381 per share to Plan B Media PCL ("PLANB"), a total of THB 1,553 million, and 3) assign PLANB as the manager of all outdoor advertising assets in the country for MACO. The transaction was completed on January 30, 2020.</li> <li>The investment of PLANB in MACO in a proportion of 19.96% has resulted in the shareholding of VGI decreased from 33.17% to 26.55%. VGI, therefore, has no longer power in MACO. The Company, therefore, changed the status from a subsidiary to an associated company of VGI after the transaction is completed.</li> </ul>
	March	<ul style="list-style-type: none"> <li>MACO has expanded the Out-of-Home media network to Vietnam through a 25% investment in the VGI Vietnam Joint Stock Company ("VGI Vietnam"), the digital outdoor media provider with the largest network in the country through VGI MACO (Singapore) Private Limited ("VGIMS"). The investment value in VGI Vietnam at this time is VND 3.5 billion, or approximately THB 457.2 million (received from MACO THB 342.9 million and from VGI THB 114.3 million).</li> </ul>

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## **Business structure**

### **(1) Billboards**

MACO is considered as one of the first billboard media providers in Thailand. At the present, MACO offers various billboard formats to different customer's needs, comprising of 1) Large-format Billboards, 2) Nationwide Billboards, 3) PTT Posters (Billboard in PTT Jiffy gas station) with a total billboard of over 1,127 panels.

#### **(1.1) Large-format billboards**

Large-format billboards are mostly installed at key strategic locations such as expressways, city gateways and central business zones where heavy traffic congestions occur and high frequency exposure with a network of more than 330 panels both in Bangkok and upcountry.

#### **(1.2) Small size billboards**

Small size billboards installed at major intersections in upcountry throughout Thailand such as heavy traffic areas, commercial areas such as shopping malls, markets, and educational areas. Currently, there are a total of 341 billboards covering all over Thailand.

### **(2) Street furniture**

Street furniture advertising media is another type of media that is outstanding both in terms of location and presentation techniques. It can reach the target like urban people, workers in the business areas and able to meet the demand of the advertisers who want to present marketing campaigns in the downtown area. MACO has the right to manage Street furniture advertising media, at 1) Advertising media in the area of the beam-piles under the BTS Skytrain stations, which the Company has the exclusive right from Bangkok Mass Transit System Public Company Limited to install and manage more than 222 advertising media (180 lightboxes and 42 digital screens) at the beam-piles of 21 BTS stations, and 2) the 312 billboards under 18 intersection bridges across Bangkok of which MACO has received management rights from Bangkok Metropolitan.

### **(3) Digital Billboards**

A key trend in the media landscape is the increasing proliferation of digital media. The growth of digital media is supported by the ability to conveniently change, edit, or add information as well as being able to stand out in the marketing campaign. MACO has begun to transform some large static billboards in prime locations into digital billboards. Currently, there are 25 digital billboards in 22 strategic provinces such as Chiang Mai, Khon Kaen, Udon Thani, Phuket and Rayong which are considered as major cities of each region.

### **(4) Advertising media abroad**

Operating the Out-of-Home media business overseas is another important strategy of the Company. Currently, MACO provides advertising media in Malaysia and Indonesia with a network covering the Out-of-Home media such as advertising media in public transportation systems, airports, and outdoor media, etc.

#### (4.1) Advertising media in public transportation systems

MACO has exclusive rights to manage media on stations and on the SBK line of MRT Malaysia for a total of 10 years, starting from 2016 to 2026. The SBK line has a total of 31 stations and 48 trains. In addition, MACO is granted exclusive rights for a total of 20 years, starting from 2019 to 2039, in media management on the North-South Line of the first Indonesian MRT. At present, North-South Line has 13 stations and 16 trains.

#### (4.2) Advertising media in the airports

MACO has been licensed as an advertising media provider in Kuala Lumpur International Airport, both in Building 1 and Building 2, with sole management rights for 7 years from the year 2015 and the right to extend the contract for another 3 years.

#### (4.3) Advertising media in Office Building

The comprehensive and extensive advertising network can render the attractiveness to the media advertising service provider. The Company has expanded the service of digital media into 155 office buildings in 30 buildings throughout Malaysia.

### (5) System Integration

The Company provides system integration in terms of multi-media, communication network, control, etc. under the operation of Trans.Ad and Roctec. Such service starts from the design of the network, hardware installation, hardware procurement, including aftersales service and act as the operator of the relevant project for the private equity, government organisation both domestic and overseas. The past experience of the Company includes installation and administrate the control system of the MRT train in Hongkong, media system of flights schedule displays at the airports in Hongkong and digital media of VGI and the Company.

### 7.3. Shareholding structure

As of 29 July 2020, the Company has a registered capital of THB 678,752,372.80 with a paid-up capital of THB 541,198,091.40 and par value of THB 0.1 per share.

Top shareholders of MACO as of the latest book closing date of 29 July 2020 are as follows:

**Table 7-3: Shareholding structure of MACO**

No.	Shareholders' name	Number of shares	Shareholding percentage (%)
1	VGI Public Company Limited	1,436,767,596	26.58
2	Mr. Nares Ngamaphichon	1,011,000,000	18.68
3	BTS Group Holdings Public Company Limited	789,150,660	14.58
4	Thai NVDR Company Limited	608,744,521	11.25
5	Plan B Media Public Company Limited	540,000,000	9.98
6	Mr. Worawut Ajchariyasripong	67,453,899	1.25
7	Mr. Watthana Jaroennawarat	36,640,000	0.68
8	Mrs. Duangporn Khositsakul	31,980,000	0.59
9	Miss Pornrat Maneerattanaporn	31,800,000	0.59
10	Others	855,444,238	15.82

No.	Shareholders' name	Number of shares	Shareholding percentage (%)
	<b>Total</b>	<b>5,411,980,914</b>	<b>100.00</b>

Sources: Business Online (BOL)

### 7.3.1. Board of Directors

Board of Directors of MACO are as follows:

**Table 7-4: List of board of directors**

Name	Position
Mr. Phoon Chiong Kit	Chairman of the Board of Directors / Chairman of the Executive Committee / Chief Executive Office
Mr. Chaiyasit Puvapiromquan	Director
Mr. Siew Ko Chuen	Director
Mr. Sathundon Sattabusya	Director
Mr. Voraphot Chanyakomol	Independent Director / Chairman of the Audit Committee
Mr. Danai Tangsriviriyakul	Independent Director / Audit Committee
Mr. Chalush Chinthammit	Independent Director / Audit Committee

Sources: SET

#### 7.4. Summary financial position and trading results

Summary financial position and trading results of the Company for the years ended 31 December 2017-2019 and the six-month period ended 30 September 2019-2020 as follows:

**Table 7-5: Summary financial position and trading results of the Company for the years 2017-2019 and the second quarter of 2019-2020**

Consolidated financial position of MACO	2017 <sup>1</sup>		2018		2019		30 September 2019		30 September 2020	
	THBm	%	THBm	%	THB	%	THBm	%	THBm	%
<b>Assets</b>										
<b>Current assets</b>										
Cash and cash equivalents	203.24	9.37	642.73	16.16	718.87	14.73	797.73	16.61	1,199.35	13.24
Current investment	7.65	0.35	10.00	0.25	21.04	0.43	21.04	0.44	-	-
Trade and other receivables	351.42	16.20	710.07	17.85	847.09	17.36	875.43	18.23	574.23	6.34
Short-term loans to related parties	11.28	0.52	139.39	3.50	11.79	0.24	14.62	0.30	-	-
Current portion of long-term loans to related parties	-	-	-	-	-	-	-	-	-	-
Work in process	-	-	-	-	104.45	2.14	-	-	211.99	2.34
Advances to contractors	-	-	77.25	1.94	88.13	1.81	42.32	0.88	117.34	1.30
Prepaid expenses	78.18	3.60	73.14	1.84	92.81	1.90	116.46	2.43	27.36	0.30
Other current assets	35.50	1.64	138.16	3.47	74.13	1.52	141.62	2.95	60.29	0.67
<b>Total current assets</b>	<b>687.26</b>	<b>31.69</b>	<b>1,790.74</b>	<b>45.01</b>	<b>1,958.31</b>	<b>40.13</b>	<b>2,009.22</b>	<b>41.85</b>	<b>2,190.55</b>	<b>24.18</b>
<b>Non-current assets</b>										
Restricted bank deposits	0.19	0.01	57.95	1.46	37.39	0.77	54.56	1.14	23.98	0.26
Long-term loans to related parties – net of current position	7.49	0.35	-	-	-	-	-	-	12.27	0.14
Advance payment for purchase of investments	106.00	4.89	-	-	-	-	-	-	-	-
Investments in subsidiaries	-	-	-	-	-	-	-	-	-	-
Investment in joint venture	-	-	-	-	-	-	-	-	1,915.04	21.14
Investments in associates	42.27	1.95	114.35	2.87	184.57	3.78	78.73	1.64	348.76	3.85
Investment properties	35.32	1.63	62.60	1.57	62.50	1.28	60.87	1.27	62.90	0.69
Property, plant, and equipment	485.92	22.41	612.74	15.40	931.16	19.08	945.08	19.68	878.23	9.69
Right-of-use assets	-	-	-	-	-	-	-	-	1,992.93	22.00
Intangible assets	79.78	3.68	253.54	6.37	682.01	13.98	364.73	7.60	527.10	5.82
Goodwill	645.98	29.79	801.00	20.14	835.79	17.13	794.78	16.5	906.67	10.01



Consolidated financial position of MACO	2017 <sup>1</sup>		2018		2019		30 September 2019		30 September 2020	
	THBm	%	THBm	%	THB	%	THBm	%	THBm	%
Estimated amount by which costs of the acquisition of investments in subsidiaries exceed identifiable net assets of the acquirees	-	-	213.17	5.36	51.74	1.06	350.03	7.29	-	-
Deferred tax assets	4.62	0.21	10.37	0.26	23.87	0.49	26.40	0.55	151.54	1.67
Other non-current assets	73.95	3.41	61.63	1.55	112.18	2.30	116.98	2.44	50.50	0.56
<b>Total non-current assets</b>	<b>1,481.53</b>	<b>68.31</b>	<b>2,187.35</b>	<b>54.99</b>	<b>2,921.21</b>	<b>59.87</b>	<b>2,792.15</b>	<b>58.15</b>	<b>6,869.91</b>	<b>75.82</b>
<b>Total assets</b>	<b>2,168.79</b>	<b>100.00</b>	<b>3,978.09</b>	<b>100.00</b>	<b>4,879.51</b>	<b>100.00</b>	<b>4,801.36</b>	<b>100.00</b>	<b>9,060.46</b>	<b>100.00</b>
<b>Liabilities and shareholders' equity</b>										
<b>Current liabilities</b>										
Short-term loans from financial institutions	230.00	10.60	260.00	6.54	345.00	7.07	549.76	11.45	1,249.68	13.79
Trade and other payables	163.17	7.52	525.03	13.20	825.62	16.92	781.27	16.27	1,031.44	11.38
Advances received from employers and unearned revenues	7.13	0.33	228.08	5.73	184.06	3.77	234.67	4.89	276.62	3.05
Current portion of long-term loans	-	-	-	-	25.20	0.52	7.60	0.16	72.70	0.80
Current portion of lease liabilities	-	-	-	-	-	-	-	-	435.29	4.80
Short-term loans from related party	15.84	0.73	39.32	0.99	121.71	2.49	121.63	2.53	133.32	1.47
Income tax payable	17.58	0.81	24.66	0.62	23.66	0.48	18.51	0.39	21.22	0.23
Dividend payable	39.00	1.80	-	-	-	-	-	-	-	-
Other current liabilities	28.17	1.30	48.65	1.22	32.04	0.66	47.00	0.98	59.16	0.65
<b>Total current liabilities</b>	<b>500.89</b>	<b>23.10</b>	<b>1,125.73</b>	<b>28.30</b>	<b>1,557.29</b>	<b>31.91</b>	<b>1,760.45</b>	<b>36.67</b>	<b>3,279.42</b>	<b>36.19</b>
<b>Non-current liabilities</b>										
Long-term loans – net of current portion	-	-	-	-	88.19	1.81	30.40	0.63	218.09	2.41
Lease liabilities – net of current portion	-	-	-	-	-	-	-	-	1,566.09	17.28
Provision for long-term employee benefits	20.74	0.96	30.68	0.77	50.20	1.03	39.54	0.82	54.79	0.60
Deferred tax liabilities	15.30	0.71	43.71	1.10	137.05	2.81	73.77	1.54	103.15	1.14
Other non-current liabilities	9.08	0.42	18.63	0.47	22.25	0.46	22.15	0.46	55.14	0.61
<b>Total non-current liabilities</b>	<b>45.13</b>	<b>2.08</b>	<b>93.02</b>	<b>2.34</b>	<b>297.69</b>	<b>6.10</b>	<b>165.86</b>	<b>3.45</b>	<b>1,997.26</b>	<b>22.04</b>
<b>Total liabilities</b>	<b>546.02</b>	<b>25.18</b>	<b>1,218.75</b>	<b>30.64</b>	<b>1,854.98</b>	<b>38.02</b>	<b>1,926.31</b>	<b>40.12</b>	<b>5,276.68</b>	<b>58.24</b>
<b>Shareholders' equity</b>										
Share capital										
Ordinary shares of THB 0.1	409.52	18.88	584.62	14.70	591.49	12.12	591.49	12.32	678.75	7.49

Consolidated financial position of MACO	2017 <sup>1</sup>		2018		2019		30 September 2019		30 September 2020	
	THBm	%	THBm	%	THB	%	THBm	%	THBm	%
Issued and fully paid-up										
Ordinary shares of THB 0.1	343.89	15.86	412.67	10.37	433.20	8.88	433.20	9.02	541.20	5.97
Share premium	743.49	34.28	2,050.26	51.54	2,358.21	48.33	2,358.21	49.12	3,796.47	41.90
Differences on business combination under common control	-	-	(226.80)	(5.70)	(226.80)	(4.65)	(226.80)	(4.72)	(226.80)	(2.50)
Deficit from changes in ownership interests in subsidiaries	21.02	0.97	(152.87)	(3.84)	(283.72)	(5.81)	(283.72)	(5.91)	(305.79)	(3.37)
Retained earnings										
Appropriated – statutory reserve	40.95	1.89	51.99	1.31	57.50	1.18	51.99	1.08	57.50	0.63
Unappropriated (deficit)	277.14	12.78	402.16	10.11	419.79	8.60	389.50	8.11	(124.74)	(1.38)
Other components of shareholders' equity	(0.06)	0.00	(9.61)	(0.24)	(38.57)	(0.79)	(36.41)	(0.76)	(26.38)	(0.29)
Equity attributable to owners of the Company	1,426.43	65.77	2,527.79	63.54	2,719.60	55.74	2,685.96	55.94	3,711.46	40.96
Non-controlling interests of the subsidiaries	75.72	3.49	231.55	5.82	304.93	6.25	189.10	3.94	72.32	0.80
Equity attributable to shareholder of subsidiary before business combination under common control	120.62	5.56	-	-	-	-	-	-	-	-
<b>Total shareholders' equity</b>	<b>1,622.77</b>	<b>74.82</b>	<b>2,759.34</b>	<b>69.36</b>	<b>3,024.53</b>	<b>61.98</b>	<b>2,875.06</b>	<b>59.88</b>	<b>3,783.78</b>	<b>41.76</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,168.79</b>	<b>100.00</b>	<b>3,978.09</b>	<b>100.00</b>	<b>4,879.51</b>	<b>100.00</b>	<b>4,801.36</b>	<b>100.00</b>	<b>9,060.46</b>	<b>100.00</b>

Sources: Annual reports of 2017-2019 and interim reports as of 30 September 2019 and 2020 of MACO

Notes: <sup>1</sup> Restated

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## Financial position analysis

On 1 January 2020, the Company has adopted new Thai Financial Reporting Standards (TFRS), including TFRS 9 Financial instruments and TFRS 16 Leases.

### Assets

As of **31 December 2018**, the Company reported total assets of THB 3,978 million, an increase of THB 1,809 million or 83.4% from THB 2,169 million as of 31 December 2017.

Total current assets increased by THB 1,104 million or 160.7%, mainly due to 1) an increase in trade and other receivables; 2) an increase in cash and cash equivalents and short-term investment; and 3) an increase in short-term loan from VGM to Titanium Compass Sdn. Bhd. and Meru Utama Sdn. Bhd.

Total non-current assets were THB 2,187 million, an increase of THB 705 million or 47.6% primarily due to: 1) an increase in the differences between the price paid by the Company and the targeted company's book value after the acquisition of Trans.Ad Group and GSG; and 2) an increase in land, building and equipment from consolidation.

As of **31 December 2019**, the Company reported total assets of THB 4,870, an increase of THB 901 million of 22.6%.

Total current assets raised by THB 167 million or 9.3%, mainly attributable to an increase in 1) trade and other receivables and 2) advance payment and other prepaid expenses.

Total non-current assets increased by THB 734 million or 33.6% to THB 2,921 million. This was primarily due to 1) an increase in land, building and equipment; 2) goodwill and intangible assets; 3) investment in associates and joint ventures; 4) prepaid rental; and 5) estimated differences between cost of investment and identifiable net assets.

As of **30 September 2020**, the Company reported total assets of THB 9,060 million, an increase of THB 4,259 million or 88.7% from THB 4,801 million as of 30 September 2019.

Total current assets were THB 2,190 million, an increase of THB 232 million or 11.9%, mainly due to 1) an increase in cash and cash equivalents and 2) advance to contractors.

Total non-current assets stood at THB 6,870 million, an increase of THB 3,949 million or 135.2%. This was because 1) investments in joint venture and associates of THB 1,915 million from acquisition of Hello Bangkok LED Co., Ltd. and 2) right-of-use assets of THB 1,993 million.

### Liabilities

As of **31 December 2018**, the Company reported total liabilities of THB 1,219 million, an increase of THB 676 million or 124.5% from THB 546 million as of 31 December 2017. This was mainly due to 1) an increase in deferred income relating to deposits paid by customers who use system integration and total solution services of Trans.Ad Group and 2) an increase in trade and other payables, however, was largely offset by a decrease in dividend payable of subsidiaries.

As of **31 December 2019**, the Company reported total liabilities of THB 1,855 million, an increase of THB 636 million or 52.2%, primarily due to an increase of 1) trade and other payables, 2) short-term loans, 3) long-term loans, and 4) employee benefit obligation.

As of **30 September 2020**, the Company reported total liabilities of THB 5,277 million, an increase of THB 3,422 million or 184.5% from 1,855 million as of 30 September 2019, due to an increase in: 1) loan which was primarily for the investment in VGI Vietnam Joint Stock Company, 2) Trade and other payables THB 205.82 million, and 3) lease liabilities from the adoption of new TFRS 16 Leases amounted THB 2,001 million.

### Shareholders' equity

As of **31 December 2018**, the Company reported shareholders' equity of THB 2,759 million, an increase of THB 1,136 million or 70% which was attributed to an increase in premium on shares of THB 1,307 million from right offering (RO) of 688 million shares or equivalent to THB 1,376 million.

As of **31 December 2019**, the Company reported shareholders' equity of THB 3,025 million, an increase of THB 266 million or 9.6%. This was mainly due to an increase in premium on shares of THB 308 million from RO of 205 million shares or equivalent to THB 328 million.

As of **30 September 2020**, the Company reported shareholders' equity of THB 3,784 million, an increase of THB 759 million or 25.1%. This was due to premium on shares of THB 1,438 million from private placement share sold to PLANB and offset with a decrease in retained earnings. In addition, as of 30 September 2020, total shareholders' equity comprised equity attributable to owners of the Company of THB 3,711 million and non-controlling interests of the subsidiaries of THB 72 million.

**Table 7-6: Summary income statements for the years 2017-2019 and second quarter of 2019-2020**

Consolidated income statements of MACO	2017 <sup>1</sup>		2018		2019		30 September 2019		30 September 2020	
	THBm	%	THBm	%	THBm	%	THBm	%	THBm	%
<b>Profit or loss:</b>										
<b>Revenues</b>										
Revenues from services and sales	935.66	97.25	1,255.12	70.66	1,709.66	56.14	866.59	58.73	511.60	49.66
Revenues from system integration services	-	-	479.28	26.98	1,243.99	40.85	571.03	38.70	506.84	49.20
Other income	26.47	2.75	41.88	2.36	91.53	3.01	38.00	2.58	11.79	1.14
<b>Total revenues</b>	<b>962.13</b>	<b>100.00</b>	<b>1,776.28</b>	<b>100.00</b>	<b>3,045.18</b>	<b>100.00</b>	<b>1,475.62</b>	<b>100.00</b>	<b>1,030.23</b>	<b>100.00</b>
<b>Expenses</b>										
Cost of services and sales	389.64	40.50	522.43	29.41	971.58	31.91	470.64	31.89	519.53	50.43
Cost of system integration services	-	-	378.05	21.28	929.80	30.53	440.23	29.83	399.78	38.80
Selling expenses	103.78	10.79	186.51	10.50	261.11	8.57	127.31	8.63	86.01	8.35
Administrative expenses	209.26	21.75	338.35	19.05	553.50	18.18	302.72	20.51	246.75	23.95
Loss on impairment and write-off of assets	-	-	-	-	-	-	-	-	34.89	3.39
Loss on impairment of financial assets	-	-	-	-	-	-	-	-	50.79	4.93
<b>Total expenses</b>	<b>702.68</b>	<b>73.03</b>	<b>1,425.34</b>	<b>80.24</b>	<b>2,715.99</b>	<b>89.19</b>	<b>1,340.90</b>	<b>90.87</b>	<b>1,337.75</b>	<b>129.85</b>
<b>Profit (loss) from operating activities</b>	<b>259.45</b>	<b>26.97</b>	<b>350.94</b>	<b>19.76</b>	<b>329.19</b>	<b>10.81</b>	<b>134.73</b>	<b>9.13</b>	<b>(307.50)</b>	<b>(29.85)</b>
Share of loss from investment in joint venture	-	-	-	-	-	-	-	-	(39.59)	(3.84)
Share of loss from investments in associates	6.63	0.69	(31.28)	(1.76)	(99.73)	(3.28)	(32.75)	(2.22)	(105.93)	(10.28)
<b>Profit (loss) before interest and income tax expenses</b>	<b>266.09</b>	<b>27.66</b>	<b>319.66</b>	<b>18.00</b>	<b>229.43</b>	<b>7.53</b>	<b>101.98</b>	<b>6.91</b>	<b>(453.02)</b>	<b>(43.97)</b>
Finance costs	(7.81)	(0.81)	(11.15)	(0.63)	(16.36)	(0.54)	-8.6	(0.58)	-80.02	(7.77)
<b>Profit (loss) before income tax expenses</b>	<b>258.28</b>	<b>26.84</b>	<b>308.51</b>	<b>17.37</b>	<b>213.10</b>	<b>7.00</b>	<b>93.38</b>	<b>6.33</b>	<b>-533.05</b>	<b>(51.74)</b>
Income tax expenses	(49.20)	(5.11)	(73.06)	(4.11)	(77.88)	(2.56)	-25.15	(1.70)	15.48	1.50
<b>Profit (loss) for the period</b>	<b>209.08</b>	<b>21.73</b>	<b>235.45</b>	<b>13.26</b>	<b>135.22</b>	<b>4.44</b>	<b>68.24</b>	<b>4.62</b>	<b>(517.57)</b>	<b>(50.24)</b>

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Sources: Annual reports of 2017-2019 and interim reports as of 30 September 2019 and 2020 of MACO

Notes: <sup>1</sup>Restated

## **Performance analysis**

### Operating revenues

In 2018, the Company generated THB 1,734 million, increased by THB 936 million or 85.4%, mainly due to the five months consolidation of Trans.Ad Group which was acquired in August 2018

In 2019, the Company's operating revenue increased to THB 2,954 million, an increase of THB 1,220 million or 70.3%. The growth for the year was primarily attributable to 1) the full-year consolidation of the system integration segment through Trans.Ad Group and 2) the five-month consolidation of International Advertising operated by VGI Global Media (Malaysia) Sdn. Bhd. ("VGM") which began in August 2019. In contrary, the Company faced certain challenges within the Domestic Advertising segment, resulting from loss incurred during the renovation of its Street Furniture and Digital media

For the six-month period ended 30 September 2020, the Company generated operating revenue of THB 1,018 million, decreased by 29.2% as compared to the same period last year amounted THB 1,438 million. The decline in overall performance mainly related to the prolonged impact of COVID-19 pandemic, leading to lockdowns and travel restrictions in several countries including Thailand, Malaysia, and Indonesia – the Company's major markets. Therefore, the advertising spending was considerably dropped due to the aforementioned reasons.

### Cost of services and sales

In 2018, the Company's cost of services and sales increased from THB 390 million in 2017 to THB 900 million or 131.1%. This was mainly due to consolidation of Trans.Ad Group, as outlined earlier, that mainly operated system integration as its core business which has a higher cost structure.

In 2019, the Company incurred cost of services and sales amounting THB 1,901 million, an increase of THB 1,001 million or 111.2% mainly due to the consolidation. In this year, VGM's cost structure was higher than MACO's domestic business due to higher expenses from concession in Transit and Airport Media, while Trans.Ad Group's cost was mainly from hardware and software

For the six-month period ended 30 September 2020, cost of service and sales marginally increased by 0.9% from THB 911 million during the six months of 2019 to THB 919 million

### Selling and administrative expenses

During 2018 and 2019, the Company's selling and administrative expenses increased THB 313 million and THB 290 million or 67.7% and 55.2%, respectively. This was primarily due to consolidation of Trans.Ad Group and VGM

For the six-month period ended 30 September 2020, selling and administrative expenses declined by 2.8% from THB 430 million to THB 418 million, which was mainly related to relocation of the Company's sales and marketing team to PLANB under an Advertising Media Management and Servicing Agreement.

### Net profit (loss)

Due to the facts outlined above, the Company recorded net profit in 2018 amounted THB 236 million, an increase of 12.6% from 209 million in 2017, and consequently decreased by 42.8% to THB 135 million in 2019.

For the six-month period ended 30 September 2020, the Company recorded loss of THB 518 million, a decrease of 858.2% with net profit (loss) margin of -50.2%

**Table 7-7: Summary consolidated cash flow statements of MACO**

THBm	For the years ended 31 December			For the six-month period ended 30 September	
	2017	2018	2019	2019	2020
Net cash flows from (used in) operating activities	225.35	427.78	290.20	(81.49)	7.81
Net cash flows used in investing activities	(597.19)	(1,135.15)	(484.00)	(185.20)	(360.96)
Net cash flows from financing activities	264.56	1,162.14	262.21	276.95	349.57
Translation adjustments	(1.98)	(5.28)	4.72	0.14	(13.57)
Net increase (decrease) in cash and cash equivalents	(109.26)	449.49	76.14	10.4	(17.14)
Cash and cash equivalents at end of period	203.24	652.73	718.87	797.73	1,199.35

Sources: Annual reports of 2017-2019 and interim reports as of 30 September 2019 and 2020 of MACO

### Cash flow

As of 31 December 2018, details of cash flow are as follows:

- **Net cash flow from operating activities of THB 428 million** comprised net cash from operating activities amounted THB 497 million, interest income of THB 4 million and corporate income tax refund of THB 9 million which was mainly offset by cash paid for corporate income tax and interest expenses of THB 70 million and 3 million, respectively
- **Net cash flow used in investing activities of THB 1,135 million** mainly from 1) net cash paid to invest in VGM amounted THB 360 million, GSG amounted 239 million, and Trans.Ad Group amounted THB 188 million, 2) net cash paid for acquisition of equipment from media inventory expansion of THB 139 million, and 3) cash paid for short-term loans of VGM to TCSB and MUSB of THB 124 million
- **Net cash from financing activities of THB 1,162 million** came from cash received from RO proceeds of THB 1,376 million which was partially offset by cash used for dividend payment, settlement on payables for investment in Multi Sign and investment in additional shares of Multi Sign

As of 31 December 2019, details of cash flow are as follows:

- **Net cash flow from operating activities of THB 290 million** consisted of cash from operating activities THB 389 million which was offset by cash paid for corporate income tax of THB 97 million
- **Net cash used in investing activities of THB 484 million** was mainly from cash paid for 1) acquisition of equipment of THB 349 million from expansion of media capacity, 2) short-term loans to related parties of THB 120 million, and 3) net cash paid for investment in subsidiaries of THB 28 million
- **Net cash received from financing activities of THB 265 million** comprising 1) proceeds from RO of THB 346 million, 2) short-term and long-term loans of THB 270 million. However, the increase was partially offset by a decrease in cash used for 1) an investment in subsidiaries of THB 198 million and 2) dividend paid of THB 153 million

As of 30 September 2020, the Company had net cash from operating activities of THB 8 million. Net cash received from financing activities was THB 350 million with key components of cash received from short-term and long-term loans from financial institutions. Net cash used in investing activities was THB 361 million, mainly from cash paid for 1) purchases of investments in associate of THB 283 million and 2) acquisition of equipment of THB 96 million

### Key financial ratios

**Table 7-8: Key financial ratios**

	For the years ended 31 December			For the six-month period ended 30 September	
	2017	2018	2019	2019	2020
<b><u>Profitability Ratio</u></b>					
Gross profit (%) <sup>1</sup>	58.3	48.5	35.6	35.5	8.1
Operating EBITDA (%)	36.5	25.4	15.5	15.5	(8.7)
Net profit from operation (%)	22.3	13.5	4.6	5.6	(50.2)
Net profit after MI (%) <sup>2</sup>	23.6	15.6	5.4	4.7	(31.7)
Return on equity (%) <sup>3</sup>	17.4	13.8	6.1	7.3	(13.3)
<b><u>Efficiency Ratio</u></b>					
Return on assets (%) <sup>4</sup>	14.0	10.2	5.1	6.5	(9.8)
Return on fixed assets (%) <sup>5</sup>	80.4	58.2	29.7	36.6	(71.8)
Asset turnover (times)	0.5	0.6	0.7	0.7	0.4
<b><u>Liquidity Ratio</u></b>					
Current ratio (times)	1.4	1.5	1.3	1.1	0.7
Quick ratio (times) <sup>6</sup>	1.4	1.5	1.3	1.1	0.7
Account receivable turnover (times)	5.3	4.7	3.8	3.7	3.4
Average collection period (days) <sup>7</sup>	69	77	96	98	107
Payable days (days)	145	81	126	140	173
<b><u>Leverage ratio</u></b>					
Liability to equity (times)	0.4	0.5	0.6	0.7	1.4
Debt to equity (times)	0.1	0.1	0.2	0.2	0.4

Sources: Management discussions and analysis

Remarks: <sup>1</sup> Calculated from operating revenue

<sup>2</sup> Net Profit attributable to equity holders of the Company/ operating revenue

<sup>3</sup> Net Profit (Annualised) / Average Total Shareholders' equity (average of outstanding at end of the previous year and at end of this year)

<sup>4</sup> Earnings before interest and tax (Annualised) / Average Total Assets (average of outstanding at end of the previous year and at end of this year)

<sup>5</sup> Earnings before interest and tax (Annualised) / Net Average Non-Current Asset (average of outstanding at end of the previous year and at end of this year)

<sup>6</sup> (Current Assets – Inventory) / Average Current Liabilities at the end of this year

<sup>7</sup> Trade receivables (average of outstanding at end of the previous year and at end of this year) / Operating Revenue (Annualised)

<sup>\*</sup> The company has adjusted the financial statements since 26 January 2017 after consolidating the financial statements with VGM under the same control

### Analysis of financial position and performance

During 2017 - 2019, the Company's liquidity ratio was between 1.3 - 1.5 times, while in the first six months of 2020, the liquidity ratio dropped to 0.7 times. Current liabilities increased from an increase of 1) loans from financial institutions to invest in VGI Vietnam Joint Stock Company, 2) trade and other payables amounting to THB 205.82 million, and 3) lease liabilities from the introduction of the standard. TFRS 16 Financial Reporting on Lease Agreement.

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During the years 2017 - 2019, the Company has an average debt collection period of 69 - 96 days, while in the first 6 months of 2017, the Company has a debt collection period increased to 107 days. There was a large increase in trade receivables and receivables, while the revenue increased not that much.

In the past, the company The total debt to equity ratio was 0.4-0.7 times, while at the end of the second quarter of 2020, the debt to equity ratio increased 1.4 times as the Company's total debt increased 184.5% from The same period of the previous year This was due to an increase in 1) borrowings from financial institutions to invest in VGI Vietnam Joint Stock Company, 2) trade payables and other payables, and 3) lease liabilities from the introduction of TFRS 16 Financial Reporting Standard on Lease Agreement. Amount THB 2,001 million

In the first six months of 2020, the gross profit margin decreased from 35.5% in the same period of year 2019 from 35.5% to only 8.1% as the Company's revenue from service decreased 29.2% from the same period of Last year The lower incomes were mainly due to the impact of the COVID-19 crisis, while costs rose 0.9% from the same period last year.



## Enclosure 2: Industry Overview

### Thailand's economy in 2020

In October of 2020, the Economic Intelligence Center: EIC of the Siam Commercial Bank estimated that the Thai economy is likely to recover more slowly after a high contraction in the second quarter, with the need to keep an eye on the low risks and obstacles that may affect future economic recovery.

From the latest information The Thai economy in the second quarter of 2020 contracted by 12.20 percent from the previous quarter. This was the highest contraction rate in 22 years, close to the second quarter of 1998 when Thailand faced the Tom Yam Kung crisis. (The full year contracted by 12.50 percent from the previous year.) The COVID-19 pandemic control measures that have been enacted in many countries around the world, including in Thailand during this period, has affected the Thai economy in all sectors, whether the tourism sector which is closed to international travel, the export sector which was hit by the global economic and supply chain disruption, or the investment sector as many companies decide to postpone or cancel their investment based on the lost sales volume.

**Figure 7-1: Real Gross Product – Expenses 2018-2020**

ด้านการใช้จ่าย								
(%share 2019)	2018	2019	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	YTD
<b>RGDP</b>	4.2%	2.4%	2.4%	2.6%	1.5%	-2.0%	-12.2%	-6.9%
Private Consumption (52.1%)	4.6%	4.5%	4.7%	4.3%	4.1%	2.7%	-6.6%	-2.1%
Public Consumption (14.6%)	2.6%	1.4%	1.5%	1.7%	-0.9%	-2.8%	1.4%	-0.7%
Total Investment (23.9%)	3.8%	2.1%	1.9%	2.7%	0.8%	-6.5%	-8.0%	-7.2%
Private Investment (17.8%)	4.1%	2.8%	2.1%	2.3%	2.6%	-5.4%	-15.0%	-10.2%
Public Investment (6.0%)	2.9%	0.2%	1.5%	3.7%	-5.1%	-9.3%	12.5%	1.2%
Export G&S (71.4%)	3.3%	-2.6%	-4.0%	0.6%	-3.4%	-7.3%	-28.3%	-17.6%
Export Goods (54.3%)	3.8%	-3.6%	-4.6%	-0.1%	-5.1%	2.0%	-15.9%	-7.0%
Export Services (17.2%)	2.0%	0.5%	-1.7%	3.2%	1.7%	-32.2%	-70.4%	-49.0%
Import G&S (64.6%)	8.3%	-4.4%	-3.4%	-5.9%	-7.9%	-3.1%	-23.3%	-13.2%
Import Goods (52.3%)	7.9%	-5.5%	-3.7%	-6.8%	-8.6%	-0.3%	-19.3%	-9.9%
Import Services (12.3%)	9.9%	0.5%	-2.1%	-2.1%	-5.3%	-13.0%	-37.9%	-25.3%

Source: EIC and NESDC

**Figure 7-2: Real Gross Product – Manufacturing 2018-2020**

ด้านการผลิต								
(%share 2019)	2018	2019	2019Q2	2019Q3	2019Q4	2020Q1	2020Q2	YTD
<b>RGDP</b>	4.2%	2.4%	2.4%	2.6%	1.5%	-2.0%	-12.2%	-6.9%
Agriculture (6.1%)	5.5%	-0.2%	-1.4%	2.7%	-2.5%	-9.8%	-3.2%	-6.7%
Manufacturing (26.4%)	3.2%	-0.7%	0.1%	-0.8%	-2.2%	-2.6%	-14.4%	-8.3%
Construction (2.7%)	2.4%	1.9%	3.4%	2.7%	-2.1%	-9.9%	7.4%	-1.3%
Wholesale & Retail (15.6%)	6.6%	5.7%	5.5%	5.3%	5.2%	4.8%	-9.8%	-1.9%
Transport & Storage (6.8%)	4.4%	3.4%	3.0%	3.1%	3.9%	-6.0%	-38.9%	-21.7%
Hotel & Restaurant (6.2%)	7.6%	5.5%	3.6%	6.7%	6.8%	-23.3%	-50.2%	-36.2%
Info & Communication (5.3%)	7.6%	8.8%	8.8%	8.2%	10.6%	3.2%	1.7%	2.4%
Finance (7.2%)	3.4%	2.7%	1.8%	3.8%	3.4%	4.5%	1.7%	3.1%
Real Estate (3.9%)	5.7%	3.3%	3.3%	2.2%	2.7%	1.7%	0.4%	1.1%

Source: EIC and NESDC

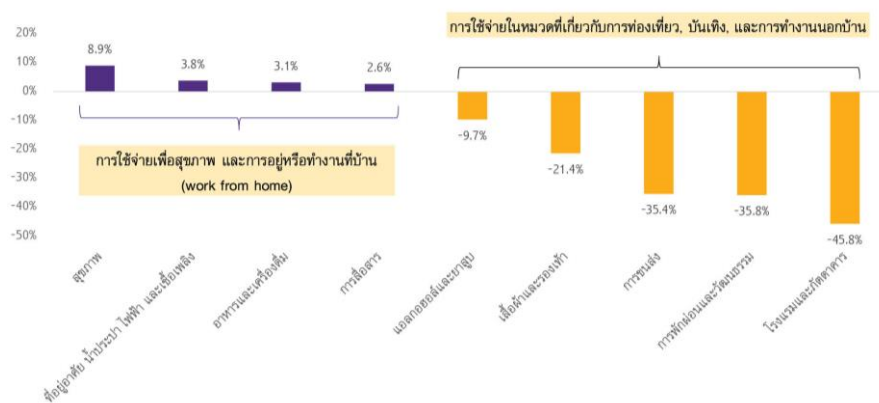
However, in the second quarter, there are still more factors that help promote the Thai economy to not contract further, namely:

1. Government spending, whether expedited budget disbursements after budget approval in public consumption and public investment, additional funds to affected people, such as the measure to

provide a monthly allowance of 5,000 baht for 3 months, etc., as well as other measures such as a soft loan measure and a moratorium, all of which are factors that support the Thai economy in the 2<sup>nd</sup> quarter.

- Health expenses and work-from-home behavior changes were also evident as domestic consumption expenditures in the past 2 quarters showed a strong contraction in goods and services related to travel, entertainment and working outside the home, while products and services related to health and being at home or working from home can still expand well and constituted another contributing factor that helped support the economy during the 2<sup>nd</sup> quarter.

**Figure 7-3: Product consumption in Thailand in the second quarter of 2020 by type of products and services compared to 2019**



Source: EIC and NESDC

- Imports contracted sharply, both the import of goods and services (shrinking by more than 23.00 percent). Normally costs of importing goods will count as money moved out of the country and as a deductible in GDP. On the other hand, if the import expenditure is greatly reduced, it inevitably means the outflow of money of Thai people is reduced, therefore contributing to the GDP decline during the 2<sup>nd</sup> quarter.

In the next period, the EIC expects the external demand sector to remain sluggish from many obstacles and risks especially in the tourism sector from abroad.

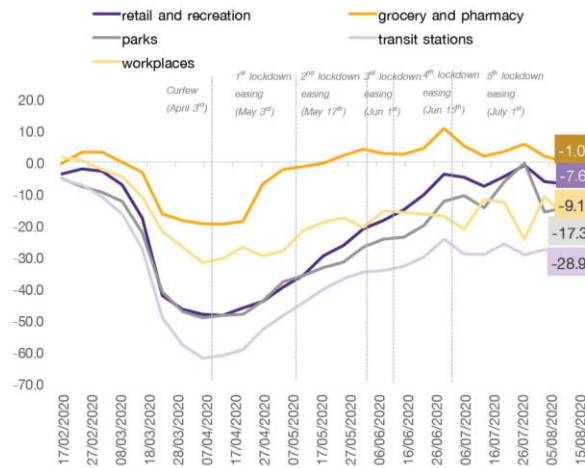
For the domestic demand sector, it was found that many types of economic activities had already bottomed out, with a slow recovery expected due to various factors. It will also be necessary to keep an eye on the low risks that may hinder the recovery in the future.

The latest economic data point out that the Thai economy has already bottomed out, with recovery in private consumption, private investment and industrial production, while consumer and business confidence, although recovering, is still low compared to the past. However, real-time economic data indicate stalling recovery with the Google Mobility Index more recently showing slower recovery in many economic activities. Similarly, the number of JobsDB.com job posting has also seen a slowdown in the recent months. However, even the early data is useful for a timely economic analysis. But the data itself may have some limitations that need to be interpreted or considered in detail before use.

**Figure 7-4: (High Frequency Data): Google Mobility Index**

Google Mobility Index

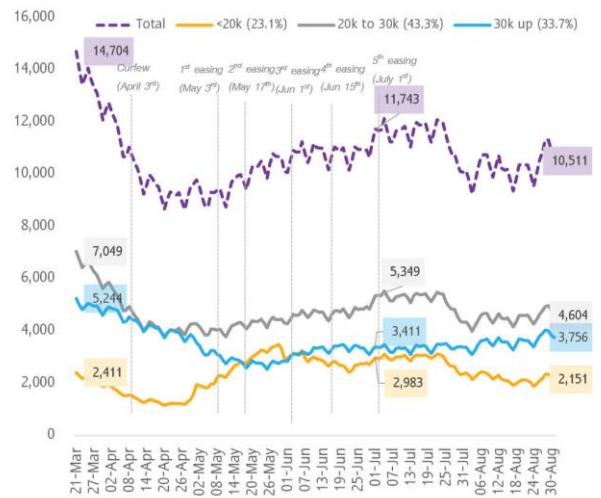
หน่วย : % การเปลี่ยนแปลงเทียบกับ baseline, เฉลี่ยรายสัปดาห์



จำนวนประกาศรับสมัครงานจาก JobsDB.com

หน่วย : จำนวนประกาศ

() ตัวเลขในวงเล็บ คือ สัดส่วนของประกาศหางานรวม ณ 31 ส.ค. 2020

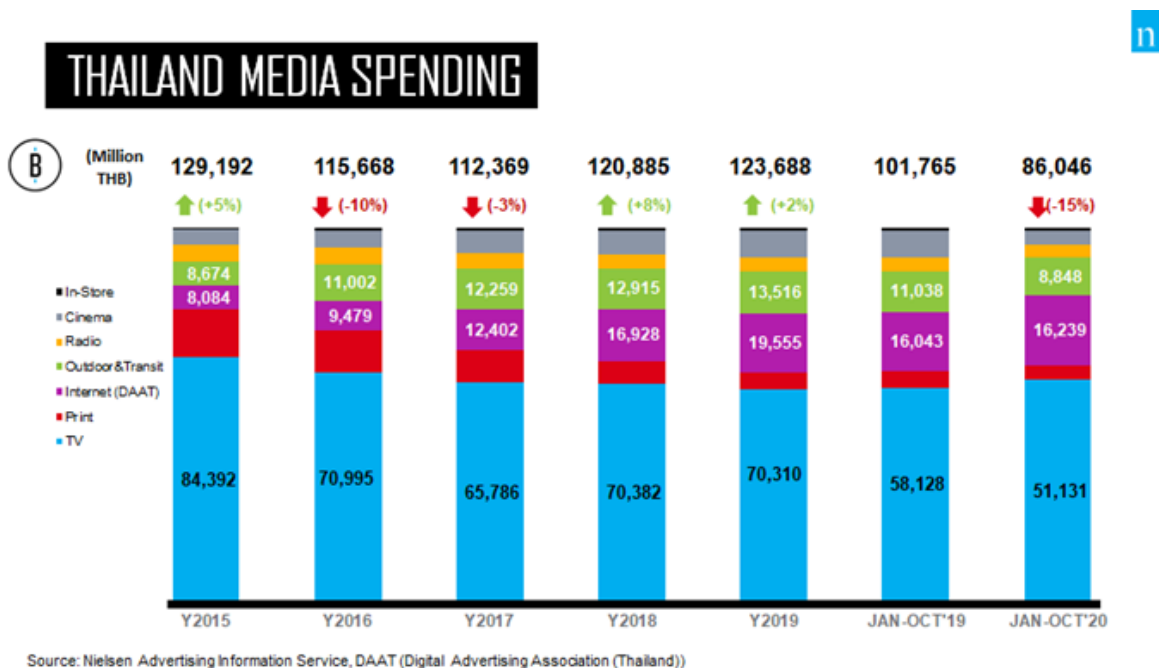


Source: EIC analysis from Google

**Overview of the advertising media industry in Thailand in 2019 and 2020**

According to the 2019 media spending in Thailand report from Nielsen, a global marketing company, and an analysis from the Media Agency and Media Business of Thailand (MAAT), media usage in 2019 has slightly increased compared to 2018 at 2.32 percent per year, and during January - October 2020, the value was THB 86,046 million, a decrease of 15.45 percent compared to the same period of the previous year, while overall ad spending in October fell 14.75 percent from the same period a year ago, or valued at THB 9,437 million.

**Figure 7-5: Media spending in Thailand during 2015 - 2020**



Source: Nielsen Advertising Information Service, DAAT (Digital Advertising Association (Thailand))

Figure 7-6: Media spending in Thailand during 2015 - 2020 and in October 2020

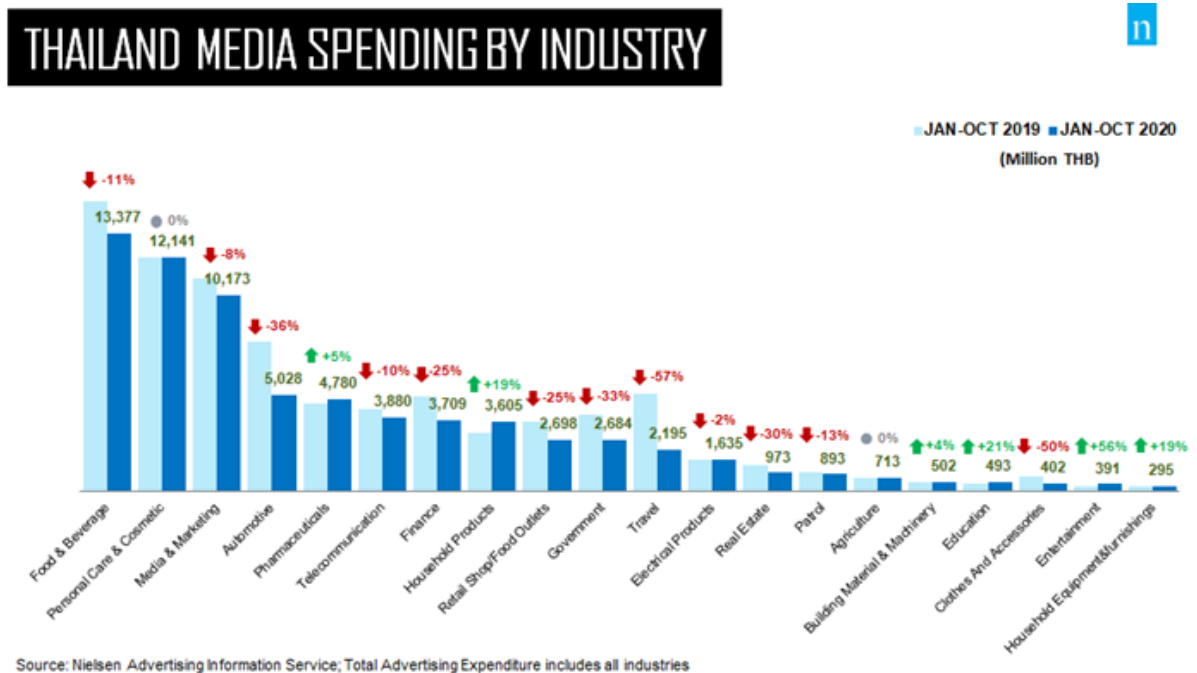
Media spending (Million THB)	Y2015	Y2016	Y2017	Y2018	Y2019	JAN-OCT	JAN-OCT	%Growth	OCT2019	OCT 2020	%Growth
						2019	2020	JAN-OCT			OCT
TV	84,392	70,995	65,786	70,382	70,310	58,128	51,131	↓ -12%	6,271	5,702	↓ -9%
Internet (DAAT)	8,084	9,479	12,402	16,928	19,555	16,043	16,239	↑ 1%	1,756	1,685	↓ -4%
Outdoor & Transit	8,674	11,002	12,259	12,915	13,516	11,038	8,848	↓ -20%	1,153	886	↓ -23%
Cinema	5,133	5,445	6,816	7,383	8,838	7,052	3,231	↓ -54%	921	445	↓ -52%
Print	16,590	12,782	9,684	7,416	5,689	4,756	3,103	↓ -35%	445	334	↓ -25%
Radio	5,675	5,263	4,476	4,802	4,741	3,862	2,972	↓ -23%	431	319	↓ -26%
In-Store	645	703	946	1,060	1,040	887	522	↓ -41%	93	66	↓ -29%
<b>Total</b>	<b>129,192</b>	<b>115,668</b>	<b>112,369</b>	<b>120,885</b>	<b>123,688</b>	<b>101,765</b>	<b>86,046</b>	<b>↓ -15%</b>	<b>11,070</b>	<b>9,437</b>	<b>↓ -15%</b>

Source: Nielsen Advertising Information Service, DAAT (Digital Advertising Association (Thailand))

For the period from January to October 2020, all media are in a negative state, including online media which in the past is the only medium that posted growth. TV media spent THB 51,131 million, 12.04 percent lower than the same period last year, online media THB 16,239 million, an increase of 1.22 percent, out-of-home media and mobile media THB 8,848 million, a decrease of 19.84 percent, Cinema media THB 3,231 million, a decrease of 54.18 percent, print media THB 3,103 million, a decrease of 34.76 percent, radio THB 2,972 million, a 23.05 percent decrease and in-store media THB 522 million, a decrease by 41.15 percent when compared with the same period last year.

In October 2020, all media are in all posted negative growth: with TV media spending THB 5,702 million, a 9.07 percent decrease compared to the same period last year, online media THB 1,685 million, down by 4.04 percent, out-of-home media and mobile media THB 886 million, a decrease of 23.16 percent, Cinema media THB 445 million, a decrease of 51.68 percent, print media THB 334 million, a decrease of 24.99 percent, radio media THB 319 million, a decrease of 25.99 percent and in-store media THB 66 million a decrease of 29.03 percent when compared with the same month of the previous year.

Figure 7-7: Media spending in Thailand by industry



Looking at the overall picture of the period from January to October 2020, it was found that the Personal Care & Cosmetic industry, valued at THB 12,141 million, began to recover with the same ad spending as the same period last year. However, the major industries spending continued to decline from the same period last year, whether it is the food and beverage industry, with spending valued at THB 13,377 million, down 11 percent, media & marketing industry, at THB 10,173 million, down 8 percent and automotive industry valued THB 5,028 million, down 36 percent when compared to the same period last year.

**Trends in the Outdoor & Transit Media Industry in Thailand in 2020 and 2021**

From 2020 onwards, outdoor and travel media companies will face two challenges: competition between types of media and the recovery of the economic situation.

Competition between types of media

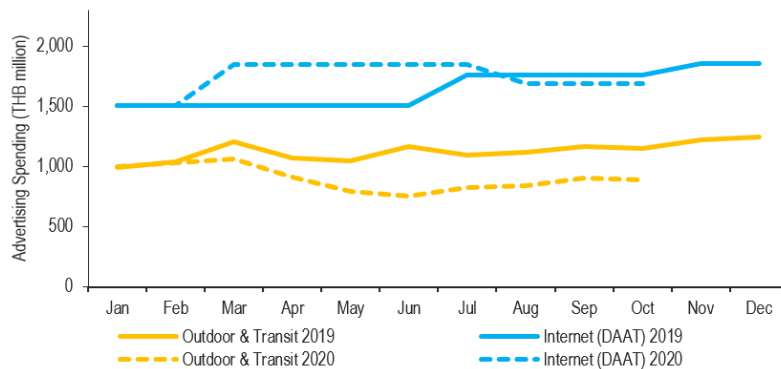
Future competition among types of advertising media: The main advertising medium that will come in competition with other media is internet advertising. This is clearly evident from a Google survey, which found that the number of people using the internet in 2020 grew by 10.00 percent from the previous year, mostly out-of-the-city users, and mainly due to the rapid growth of the COVID-19 impact whereby people increasingly rely on digital technology to live, and over 80.00 percent of users say digital technology is essential in life. It was evident from the direction of online media level that rose during the COVID-19 period, resulting in 7.88 percent growth in advertising spending from January to October.

Internet advertising has grown steadily since 2014, reaching a wider audience both in the city and outside, able to reach consumers at any time and enabling the design of algorithms to optimize advertising. It's easy to measure ad performance. Advertising contracts are highly flexible. Installation of ads is not difficult and does not require much time. It can reach consumers immediately, allowing marketing strategies to be developed in

a timely manner, as well as having low initial and ongoing advertising costs. All of these advantages result in entrepreneurs demanding to choose internet advertising media over other types of media.

However with the ever increasing demand for Internet media, advertising on the major internet platforms has started to increase in price and will result in higher marketing costs for companies using such advertisements. In addition, the average time people spend outside on a week day is 1 hour per day which accounts for 9.72 percent of the day. Consequently, entrepreneurs have to still pay attention to outdoor and transit media. The income trend in the outdoor and transit media industry has relatively low growth opportunities. The profit is subject to price competition with outdoor and transit media. As a result, the creation of business alliances between companies has become very important to reduce price competition between outdoor and transit media companies and to control the ad price level to create the ability to compete with other types of advertising as well.

**Figure 7-8: The advertising costs of outdoor and transit media compared with internet media Comparison between the year 2019 and 2020**



Sources: Nielsen Media Research

### Economic Recovery

Mr. Danucha Pichayanan, Secretary-General of the National Economic and Social Development Council (NESDC) revealed at a press conference on the 3rd quarter economic and social development report on November 16, 2020 that Thailand's gross domestic product in Q3 of 2020 contracted by 6.40 percent, a slight decrease from a 12.10 percent contraction in the second quarter, resulting in a contraction of 6.70 percent in the nine-month period of 2020 and rendering the 12-month forecast of 6.00 percent contraction.

Marketing expenditures are extremely sensitive to economic conditions. When the economy tends to deteriorate, management decides to cut expenses on the things that are least needed for the survival of the company, especially the cost of advertising. This was evident in the total ad spending from January to October, which fell 14.29 percent from the same period last year.

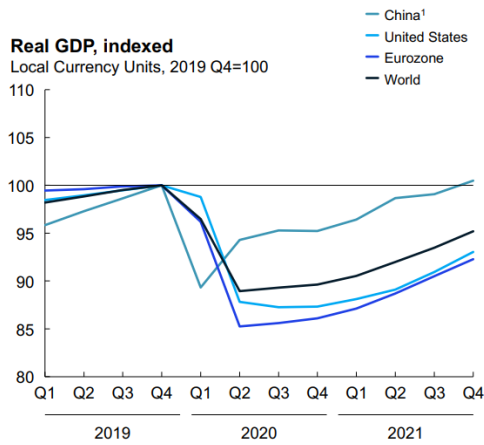
According to research by McKinsey and Oxford Economics which explored the views of global corporate executives on economic recovery from the effects of the COVID-19 pandemic, more than 33.00 percent were of the opinion that the spread of the virus will return and the overall economic recovery will be gradual. The global economy is forecast to return to the level before COVID-19 in 2022.

The economic recovery forecast and Nielsen's ad spending forecast are in line with the view that advertising spending will return to the same level within 1-2 years or in 2022, whereby economic conditions will cause the

recovery of spending in advertising media to gradually recover even more slowly than that. Operators must carefully select the most cost-effective and highest quality advertising media to deliver the highest performance.

**Figure 7-9: Forecast of recovery in gross global product for October 2020**

**Scenario A1: virus recurrence, with muted recovery**  
Large economies



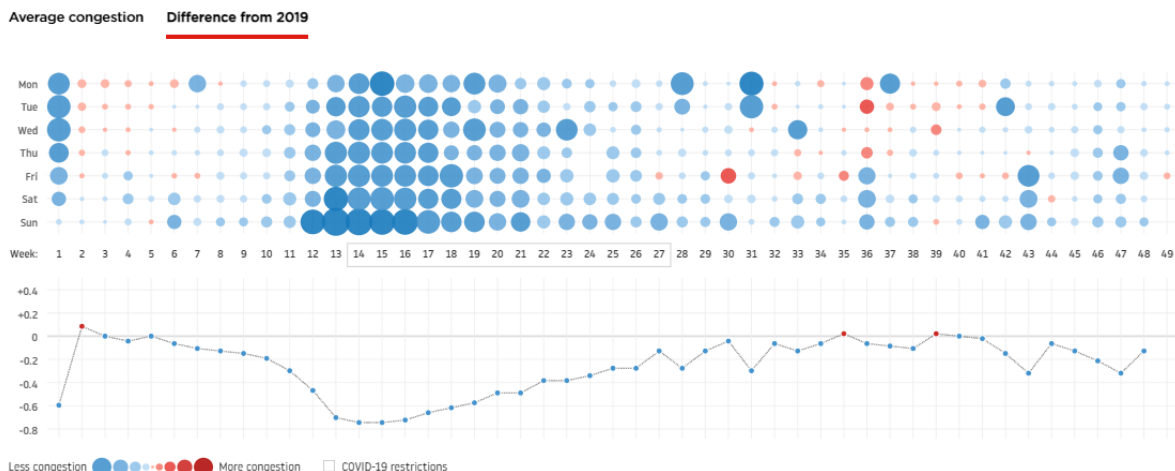
	Real GDP Drop 2019Q4-2020Q2 % Change	2020 GDP Growth % Change	Return to Pre-Crisis Level Quarter (+/- 1Q)
China	-5.7%	-4.4%	2021 Q4
United States	-12.2%	-9.0%	2023 Q2
Eurozone	-14.8%	-11.5%	2023 Q3
World	-11.1%	-8.1%	2022 Q3

Sources: McKinsey & Co; Oxford economics

The impact of the COVID-19 pandemic control measures and working at home in Thailand can be observed from the congestion level in Bangkok that began to decline since February, dropping to the lowest and gradually recovering in March. Although the government will begin periodic easing of lockdown orders in May. But the level of traffic congestion from May to October 2020 is still low compared to 2019.

**Figure 7-10: The level of traffic congestion in Bangkok weekly, compared between 2019 and 2020.**

**DAILY AND WEEKLY CONGESTION LEVEL**



Source: TOMTOM

- Note:
- 'Less congestion' is the level of traffic congestion lower than in 2019 during the same period, and 'More congestion' is the level of traffic congestion higher than in 2019 during the same period.
  - The level of traffic congestion in September 2020 (Week 30) was higher than in 2019, resulting from political rallies.

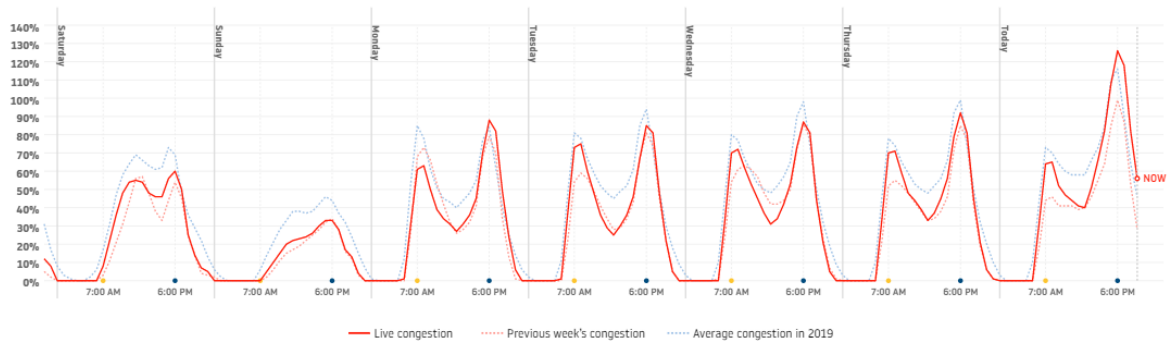
Moreover, observing the weekly average traffic congestion level, it was found that the average level of traffic congestion during a work day was below 15.00 percent and on holidays (Saturday and Sunday) it was lower by 18.00 percent from the same period in 2019. This is because many companies are able to adjust by

working from home and avoiding political gatherings. As a result, many companies still take measures to work from home. In addition, the economic recession caused by COVID-19 has led to fewer people leaving the home, spending and the low level of domestic tourism, both domestic and foreign tourists.

**Figure 7-11: The level of traffic congestion in Bangkok. Weekly average in November compared between the year 2019 and 2020**

**HOURLY CONGESTION LEVEL**

Last 48 hours    Last 7 days



Source: TOMTOM



**Enclosure 3: Material terms and conditions of the Advertising Media Management and Service Agreement dated 15 January 2020**

<b>Parties</b>	<ul style="list-style-type: none"> <li>● Master Ad Public Company Limited (Grantor)</li> <li>● Plan B Media Public Company Limited (Grantee)</li> </ul>
<b>Term</b>	<p>From the date of contract signing until 31 December 2024 with a renewal right to be exercised by either the Company and PLANB for the period of 5 years except (a) one of the party has breached the contract (b) selling price of Out-of-Home Media has declined more than previously agreed and both parties can't settle to new minimum revenue.</p> <p>In the event that either party does not wish to renew the contract, that party must notify the other party at least 6 months in advance and in the event that this contract is terminated, PLANB agrees to assist the company for a period of not over 3 months from the expiry date of the contract to help the company return to manage its advertising media.</p>
<b>Key Terms and Conditions</b>	<ul style="list-style-type: none"> <li>● The Company grants the right to sell, market and manage all of Out-of Home advertising media of it and its group companies in Thailand (the "Advertising Media") to PLANB.</li> <li>● The Company shall install the advertising materials on the Advertising Media as specified by PLANB and shall maintain all Advertising Media to be in good working condition.</li> <li>● The Investor shall sell, market and manage all of the Advertising Media and be the direct contact with customers. PLANB will be the person who enter into the contract with such customers.</li> </ul>
<b>Consideration</b>	<ul style="list-style-type: none"> <li>● For the Advertising Media as listed in the Advertising Media Management and Service Agreement, the consideration of each party shall be, subject to the minimum guarantee, at the following rates based on the gross revenues from the sale of space on the Advertising Media after discounts (if any) but before any expenses (the "Gross Revenues"): <ul style="list-style-type: none"> <li>(a) For the Gross Revenues of each calendar year which is equal to or less than THB 900,000,000, <ul style="list-style-type: none"> <li>(1) The Company shall be entitled to 85 percent thereof; and</li> <li>(2) PLANB shall be entitled to 15 percent thereof.</li> </ul> </li> <li>(b) For the Gross Revenue of each calendar year which is greater than THB 900,000,000 <ul style="list-style-type: none"> <li>(i) The Company shall be entitled to 90 percent for the amount exceeding THB 900,000,000; and</li> <li>(ii) PLANB shall be entitled to 10 percent for the amount exceeding THB 900,000,000.</li> </ul> </li> </ul> <p>Such revenue consideration has taken into account the consideration model according to the guidelines generally used in the industry.</p> <li>● In this regard, in the case that the total revenue from any calendar year to be more than THB 900,000,000, the Company will receive the consideration for 85% of total revenue for the portion less than THB 900,000,000 and will receive the consideration for 90% of total revenue for the portion <u>more than</u> THB 900,000,000.</li> <li>● The consideration is calculated from the number of billboards that the company has And subsidiaries of the Company Existing after the Asset Optimization Exercise process between the parties, the Company and PLANB may negotiate in good faith to change the consideration. If there is a change in the amount of advertising media (On August 11, 2020, the Company has approved a reduction of the minimum remuneration throughout the contract period. As the number of the Company's badges decreased after the Asset Optimization Exercise process from 1,229 labels to 1,213 signs occurred in July 2020, the minimum remuneration rate was reduced</li> </li></ul>

	<p>throughout the contract period from the amount of 58,333,333.33 baht per month or 175,000,000 baht per quarter, remaining 56,368,433.33 baht per month or 169,105,299 baht per quarter)</p> <ul style="list-style-type: none"> <li>• However, the aforementioned quarterly consideration cuts are only applied for the period from July 1, 2020 to December 31, 2020, as the media management agreement will not calculate the minimum consideration for each quarter. together The calculation method can be found from the minimum consideration guarantee as described below. Moreover, from the reduction of the number of badges after entering the media management contract in July 2020, it will result in the maximum consideration Low per year, reduced from 700,000,000 baht per year to 688,210,600 baht per year.</li> </ul>
<b>Compensation Payment Method</b>	<ul style="list-style-type: none"> <li>• PLANB will prepare and deliver the report of the sales of advertising media to the company. Including advertising sales agreements made with customers each month for the company</li> <li>• PLANB will pay consideration to the company and / or subsidiaries on a monthly basis by PLANB will process the consideration after receiving the invoice from the company*</li> </ul>
<b>การรับประกัน ค่าตอบแทน ขั้นต่ำ</b>	<ul style="list-style-type: none"> <li>• PLANB guarantees that the minimum consideration to be received by the Company per annum shall not be less than THB 700,000,000 for the Advertising Media as listed in the Advertising Media Management and Service Agreement.</li> </ul> <p>In the first year, PLANB agreed to guarantee the minimum consideration in the amount of THB 350,000,000 for the period from 1 July 2020 to 31 December 2020, as PLANB may take time to market and manage advertising media.</p> <ul style="list-style-type: none"> <li>• However, during the period from the effective date of the agreement until 30 June 2020, PLANB agrees to use its best efforts in managing and selling advertising media. PLANB must pay the company at the stipulated rate. When considering the experience and knowledge of PLANB has been selling, marketing and managing out-of-home advertising in Thailand for many years. PLANB will be able to effectively manage advertising media.</li> <li>• The minimum consideration is subject to revision if the volume of Advertising Media changes, or any Advertising Media as listed in the Advertising Media Management and Service Agreement is not the subject thereof for any specific period during the term thereof.</li> <li>• Minimum consideration for January - March of every year is calculated as follows: <ul style="list-style-type: none"> <li>A = 7.12% x (M1+M2+M3)</li> <li>B = 42.86% x (M1+M2+M3+M4+M5+M6)</li> <li>C = 9.52% x (relevant Minimum Consideration applicable at such month)</li> </ul> <p>Which :</p> <p>“A” is the minimum return for January 1 - March 31 of the calendar year.</p> <p>“B” is the minimum return for January 1 - June 31 of the calendar year.</p> <p>“C” is the minimum return for 1 July - 31 December of the calendar year.</p> <p>“M1” is the minimum return applied for the January of a calendar year.</p> <p>“M2” is the minimum return applied for February of the calendar year.</p> <p>“M3” is the minimum return used for March of the calendar year.</p> <p>“M4” is the minimum return used for April of the calendar year.</p> <p>“M5” is the minimum return applied for the month of May of the calendar year.</p> <p>“M6” is the minimum return applied for the month of June of the calendar year.</p> <p>Note: From a discussion with the company It was found that the calculation formula in B was incorrect. Because must bring (M1 + M2 + M3 + M4 + M5 + M6) divided by 6 first, which the Company acknowledged and will amend the Minimum Remuneration Agreement at this time.</p> </li> </ul>
<b>Right of First Refusal</b>	<ul style="list-style-type: none"> <li>• If PLANB obtains the right to install such Traditional Advertising Media, PLANB shall give the first right to the Company to procure, construct and own the static billboards situated on private-owned</li> </ul>

	<p>land, static board or LED screen on BTS pillars and flyovers in Thailand (the “Traditional Advertising Media”). If the Company does not wish to procure, construct and own such Traditional Advertising Media, or delays in doing so, PLANB shall be entitled to procure, construct and own such Traditional Advertising Media on no better terms.</p> <ul style="list-style-type: none"> <li>● The Company reserves the right to construct and own the advertising media in respect to static billboards or LED screens on BTS pillars and flyovers currently under the concession from Bangkok Metropolitan Administration. Moreover, if in the future, PLANB is granted the rights to construct and own the advertising media mentioned above PLANB will grant the Company rights to procure and create such media first if the Company does not wish to receive such rights. PLANB will have the right to carry out the said project.</li> <li>● In this regard, PLANB grants the right to sell, market, and manage the advertising media of the Company and subsidiaries’ including the existing ones and the new advertising medias that the Company will own in the future according to the Advertising Media Management and Service Agreement.</li> </ul>
<p><b>PLANB’s Undertaking</b></p>	<p>PLANB shall be entitled to continue its existing Out-of-Home advertising media business outside Thailand currently operated whether by itself or through its subsidiaries or affiliates or with any person but shall not, either by itself or through its subsidiaries or affiliates or with any person, expand its out-of-home advertising media business outside Thailand, save for those agreed otherwise by the Company and PLANB (PLANB does not have any control over the management and business) with the lists as follows:</p> <ol style="list-style-type: none"> <li>(1) JKJ Media Services Inc.</li> <li>(2) Century Billboard Sdn Bhd</li> <li>(3) PT Estha Yudha Ekatama</li> <li>(4) Panyathip Plan B Media Lao Co., Ltd. and</li> <li>(5) Potential Projects and/or Other Affiliates which will be notified by PLANB prior to the completion of the issuance and offering of newly issued ordinary share to PLANB</li> </ol>
<p><b>Force majeure</b></p>	<p>“Neither Party shall be in breach of this Agreement nor liable for delay in performing, or failure to perform, any of its obligations under this Agreement if such delay or failure is a result of events, circumstances or causes beyond its reasonable control, such as acts of God, natural disasters, terrorist attacks, civil commotion or riots, political protests, war, martial law, any law, policy or any action taken by a government or public authority (each event being a “FM Event”). In such circumstances the affected party shall be entitled to a reasonable extension of time for performing the affected obligations.</p> <p>Where a FM Event relates to or is caused by change of a law or regulation, court order or order or request by a government agency and such FM Event directly affect Plan B’s sales, the Parties shall, in good faith, discuss and conclude a reduction in to the Minimum Consideration proportionate to the estimated effect of such FM Event for the period affected by such FM Event. In case the Parties are unable to agree within 30 (thirty) days of written notice by Plan B, Plan B shall be entitled to a reduction in to the Minimum Consideration proportionate to the estimated effect of such FM Event for that period.</p> <p>Where a FM Event relates to or is caused by any circumstance (other than the circumstances in the second (2nd paragraph) above and such FM Event affects Plan B’s sales, the Parties shall, in good faith, discuss with a view to concluding a reasonable and mutually beneficial measure(s) to assist Plan B to be able to perform its obligations hereunder, including but not limited to a reasonable reduction to the Minimum Consideration for the period affected by such FM Event.”</p>

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<b>Conditions to Terminate Contract</b>	<p>(1) The parties agree in writing, subject to an agreement between them.</p> <p>(2) Either party notifies in writing of the state of the bankruptcy company. Insolvent Or start business restructuring</p> <p>(3) Any contractual party has breached the contract and does not proceed to remedy the breach of the said contract.</p> <p>(4) Any contract party has the right to terminate this contract in the event that the selling price of advertising media falls below the amount agreed by the contract parties</p> <p>(5) Any contract party has the right to terminate the contract in the event that PLANB holds shares in companies less than 10%</p>
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