

4. Appropriateness of the Exchange Ratio for the Amalgamation

4.1. The Overview of Methodologies Conducted to Evaluate the Appropriate Exchange Ratio

The IFA has conducted the valuation of the Company and DTAC based on the current situation (As-is or Standalone) and does not incorporate into the projection and valuation any potential synergies that the Company and DTAC may realize from the Amalgamation, using six methodologies as follows:

- (1) Discounted Cash Flows Approach (DCF)
- (2) Trading Comparable Approach
- (3) Precedent Transaction Comparable Approach
- (4) Book Value Approach
- (5) Volume Weighted Average Price
- (6) Research Analysts Consensus

The IFA has considered the appropriateness of each valuation methodology and concluded that DCF is the most appropriate methodology. For each valuation methodology, the IFA has relied on the financial projections of the Company and DTAC to estimate the valuation of each entity and the appropriate range of Exchange Ratio. The details of each methodology with its advantages, disadvantages and limitations are as follows.

4.1.1 Discounted Cash Flows Approach (DCF)

The DCF approach is an approach used to estimate the enterprise value (“EV”) and equity value based upon a company’s fundamentals. The EV of a company is obtained by discounting expected cash flows to the firm and equity value can be calculated by subtracting the company’s net interest-bearing debts and non-controlling interests. It is generally used for valuation of a company, whose cash flows is currently positive and can be estimated with some reliability for future periods and where a proxy for risk that can be used to obtain discount rates is available. Since it can incorporate the company’s capabilities in operating its business and various factors such as the business expansion plan, new service development, and operational efficiency improvement, it will reflect the company’s unique business model and management’s strategies and visions. Therefore, the DCF approach is an appropriate method for assessing the appropriate Exchange Ratio for the Amalgamation. It is anticipated that there would be no significant change in the Company’s and DTAC’s business model during the projection. Therefore, DCF can provide intrinsic value based on business fundamental and future earnings capabilities.

4.1.2 Trading Comparable Approach

The trading comparable approach assumes that the price of each companies’ securities reflects the fair value of the company in accordance with market mechanism. In this regard, the valuation of the Company

and DTAC will be based on the comparison of relevant multiples of companies with the same or similar businesses being traded on the SET and other stock exchanges. There are many publicly traded telecommunications companies on the SET and other stock exchanges. Nevertheless, trading multiples of comparable companies' securities may be affected by different market conditions and investor perceptions, and the comparable companies are different in many aspects; for example, different business environment of each company, impacts of macroeconomic factors, size and development of the stock market, or trends of telecommunications business in each country. As a result, none of trading companies can be said to be a perfect comparable. Therefore, the trading comparable approach may not be an appropriate method for assessing the appropriate Exchange Ratio for the Amalgamation.

4.1.3 Precedent Transaction Comparable Approach

The precedent transaction comparable approach is used to value a company by comparing the Amalgamation to precedent comparable transactions in the telecommunications industry. However, the valuation of each transaction is driven by various factors which are specific to each company and each transaction, such as proportion of shares purchased, ability to obtain controlling stake, negotiation between each party and expected synergies. Moreover, most of the precedent transactions are acquisitions, not amalgamations, which are not directly comparable. Therefore, the precedent transaction comparable approach may not be an appropriate method for assessing the appropriate Exchange Ratio for the Amalgamation.

4.1.4 Book Value Approach

The book value approach is a valuation methodology which is based on the book value (equity attributable to owners of the parent) as reported on the financial statement. However, this method considers the accounting value of a company's equity at a certain point in time with the lack of consideration for future business performance, economic condition, industry trends, as well as the fair value of assets and liabilities. Therefore, the book value approach may not be an appropriate method for assessing the appropriate Exchange Ratio for the Amalgamation.

4.1.5 Volume Weighted Average Price

The trading price in the secondary market reflects the demand and supply of a company's shares in the market. The IFA has considered the Volume Weighted Average Price ("VWAP") of the Company as of November 19, 2021, which is the last trading day prior to the publication of the Company's Board of Directors' resolutions regarding the potential Amalgamation between the Company and DTAC, using previous 1-day, 15-day, 30-day, 60-day, 90-day, 180-day, and 365-day intervals. However, trading prices in the market may be affected by market conditions and investor perceptions. Thus, the market value may not reflect the fair value of a company. Therefore, the VWAP approach may not be an appropriate method for assessing the appropriate Exchange Ratio for the Amalgamation.

4.1.6 Research Analysts Consensus

The IFA has considered the fair value estimations from various research analysts in evaluating the fair price of the Company and DTAC, which are derived from collating several public research analysts' target prices for the Company and DTAC, published shortly before the publication of the Company's Board of Directors' resolutions regarding the potential amalgamation between the Company and DTAC (October 1 to November 19, 2021). However, each research analysts may have different target price determination process and an inability to completely reflect the Company and DTAC's future business plan. Therefore, the comparison of values of the target stock assessed by research analysts may not be an appropriate method for assessing the appropriate Exchange Ratio for the Amalgamation.

4.2. Financial Projections of the Company

4.2.1 Revenue by Segments of the Company

IFA has conducted an analysis on the Company's business plan and the past performance of each segment, as well as other telecommunications companies' business plans, operating results, and important operating figures, such as the number of subscribers and ARPU. The revenue forecast by segments are as follows:

(1) Revenue from Mobile Phone Services of the Company

Unit: THB bn.	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
Mobile phone services revenue	73.0	75.8	75.4	80.8	86.5	89.1	91.8	94.6	...	106.6	4.0%	3.0%
Growth rate	6.3%	3.8%	(0.5%)	7.1%	7.1%	3.0%	3.0%	3.0%	...	3.0%	n.a.	n.a.

Revenue from mobile phone services is affected by two major factors, namely (1) number of subscribers and (2) ARPU

Number of Subscribers

Unit: mm subscribers	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
Subscribers ⁽¹⁾	29.1	29.4	30.4	31.0	31.6	32.2	32.9	33.5	...	36.3	2.0%	2.0%
Growth rate	5.8%	0.9%	3.4%	2.0%	2.0%	2.0%	2.0%	2.0%	...	2.0%	n.a.	n.a.

Remark: (1) historical mobile phone subscribers is calculated by dividing revenue from the mobile phone service business, in voice service and non-voice service segments, by reported ARPU for the period, where ARPU is the average of both prepaid and postpaid subscribers

The IFA forecasts net mobile phone subscribers growth rate of 2.0% p.a. during 2022 – 2030, based on the average growth rate of Thailand's mobile phone subscribers assessed by World Cellular Information Series (WCIS), which is in line with the Company's management's estimates.

ARPU

Unit: THB / month	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
ARPU	209.0	215.0	207.0	217.4	228.2	230.5	232.8	235.1	...	244.7	2.0%	1.0%
Growth rate	0.5%	2.9%	(3.7%)	5.0%	5.0%	1.0%	1.0%	1.0%	...	1.0%	n.a.	n.a.

In 2022 and 2023, the IFA forecasts ARPU growth rate of 5.0% p.a. after the Company has fully launched and ramped up its 5G service in 2022, as more subscribers will migrate to the 5G network.

After 2023, ARPU growth rate is expected to decrease to 1.0% p.a., as no new network technologies for mobile phone service are anticipated to be launched during the projection period, based on Thailand's projected ARPU growth according to FitchSolutions.

(2) **Revenue from Broadband Internet Services**

Unit: THB bn.	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
Broadband internet services revenue	25.9	27.1	29.5	32.1	35.0	38.1	41.1	43.9	...	52.2	8.1%	4.4%
Growth rate	0.7%	4.6%	8.9%	8.9%	8.9%	8.9%	7.9%	6.9%	...	2.9%	n.a.	n.a.

During 2022 to 2024, the IFA forecasts revenue from broadband internet services growth rate of 8.9% p.a., based on the Thailand's projected broadband internet industry growth by GlobalData.

After 2024, the growth rate is expected to slow by 1.0% p.a., reaching 2.9% in 2030, which is in line with Thailand's long-term GDP growth rate of approximately 3.0% from the International Monetary Fund ("IMF").

(3) **Revenue from True Visions Services**

Unit: THB bn.	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
Subscription and installation revenue	7.6	7.0	5.8	5.5	5.2	4.9	4.7	4.5	...	3.6	(5.1%)	(5.1%)
Growth rate	(4.8%)	(8.8%)	(17.0%)	(5.1%)	(5.1%)	(5.1%)	(5.1%)	(5.1%)	...	(5.1%)	n.a.	n.a.
Others services revenue ⁽¹⁾	4.4	3.7	4.1	4.1	4.2	4.3	4.4	4.5	...	4.8	2.0%	2.0%
Growth rate	(16.6%)	(15.6%)	9.9%	2.0%	2.0%	2.0%	2.0%	2.0%	...	2.0%	n.a.	n.a.

Remarks: (1) Others services revenue comprises of entertainment, sponsorship, advertising and other revenues

Revenue from True Visions Services comprises of (1) subscription and installation revenue and (2) others services revenue.

Based on changing consumer behavior towards viewing more contents via the internet (or over-the-top platform), which is in line with the Company's management's view, the IFA forecasts revenue from subscription and installation to have a negative growth rate of (5.1)% p.a. during 2022 – 2030, which is based on the Company's historical average growth rate during 2018 – 2020.

Nonetheless, revenue from other services has been positively affected by the increasing number of partners and high-quality content aggregated from exclusive content licensing and in-house production that match with changing consumers' behavior; and the resuming of entertainment and event activities after the impact from the Covid-19 pandemic has been alleviated. The IFA forecasts revenue from other services growth rate of 2.0% p.a during 2022 – 2030, which is based on Thailand's historical inflation according to the IMF and is in line with the Company's management's view.

4.2.2 Other Operating Revenue of the Company

Unit: THB bn.	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
Other operating revenue	52.1	47.6	49.1	50.0	51.0	52.1	53.1	54.2	...	58.6	2.0%	2.0%
Growth rate	(40.9%)	(8.6%)	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	...	2.0%	n.a.	n.a.

Other operating revenue of the Company includes revenue from sales of products, such as mobile phone and other electronic devices, interconnection revenue, and network rental revenue etc. The IFA forecasts other operating revenue growth rate of 2.0% p.a. during 2022 – 2030, which is in line with Thailand's historical inflation according to the IMF.

4.2.3 EBITDA of the Company

Cost of Providing Services and Cost of Sales ("COGS") (Before Depreciation and Amortization) to Total Operating Revenue Ratio

COGS of the Company includes cost of providing services, cost of sales, regulatory cost and interconnection cost, etc.

Unit: %	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
COGS to Total Operating Revenue ratio ⁽¹⁾	(59.4%)	(47.4%)	(46.4%)	(45.4%)	(45.0%)	(44.9%)	(44.7%)	(44.6%)	...	(44.2%)

Remark (1) COGS before depreciation and amortization

Historically, COGS to Total Operating Revenue ratio of the Company continuously decline due to cost optimization measures and increased productivity of the Company, as well as decreased lease expense from the adoption of new accounting standard, TFRS 16, since 2020. As a result, cost of providing services and interconnection cost of the Company has decreased continuously during 2019 – 2021.

The IFA forecasts COGS of the Company to grow at a slower rate than revenues due to increasing economies of scale and cost management initiatives, resulting in the COGS to Total Operating Revenue ratio during 2022 to 2030 gradually declining.

Selling and Administrative Expenses (“SG&A”) (Before Depreciation and Amortization) to Total Operating Revenue ratio

SG&A of the Company includes employee-related expenses, selling and marketing expenses, and other expenses.

Unit: %	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
SG&A to Total Operating Revenue ratio ⁽¹⁾	(16.6%)	(14.5%)	(13.4%)	(13.3%)	(13.1%)	(13.0%)	(12.8%)	(12.8%)	...	(12.5%)

Remark (1) SG&A before depreciation and amortization

Historical SG&A to Total Operating Revenue ratio of the Company continued to decline mainly due to a decrease in expenses related to employee, selling and marketing.

The IFA forecasts SG&A to Total Operating Revenue ratio to gradually decline during 2022 – 2030 as a result of following reasons:

- After 2021, the Company is expected to improve manpower productivity and have sufficient number of employees to support growth according to the business plan. The IFA forecasts employee-related expenses growth rate of 2.0% p. a. during 2022 – 2030, which is in line with Thailand's historical inflation according to the IMF, and this results in lower employee-related expenses to Total Operating Revenue ratio from increasing productivity.
- After 2021, the IFA forecasts selling and marketing expenses to Total Operating Revenue ratio based on the historical average ratio during 2019 – 2021, which represents a slight increase from 2021 as marketing operations resume after the Covid-19 pandemic situation improves.

EBITDA Margin of the Company

Based on the estimation of the COGS and SG&A ratios (before depreciation and amortization) to Total Operating Revenue above, EBITDA Margin of the Company is summarized as follows:

Unit: %	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
EBITDA Margin	25.7%	40.6%	41.9%	42.6%	43.1%	43.4%	43.6%	43.8%	...	44.3%

In summary, EBITDA Margin increases from 41.9% in 2021 to 44.3% in 2030, which is in line with the Company's management's target.

4.2.4 Capital Expenditure and Depreciation of the Company

Capital Expenditure ("CAPEX")

CAPEX of the Company during 2022 – 2030 mainly comprises of investment in fixed assets (PPE) for network expansion to support 5G service, and to support existing business operations of the Company.

The IFA forecasts that investment in fixed assets (PPE) to Total Operating Revenue ratio will decline to 15.0% p.a. during 2023 – 2030 after the Company has completed its investment for 5G network expansion in 2022, which is in line with CAPEX to Total Operating Revenue ratio of comparable telecommunications companies in South East Asia of approximately 12.0% - 16.0%.

Unit: %	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
Investment in fixed assets (PPE) to Total Operating Revenue	(26.7%)	(29.9%)	(28.4%)	(18.0%)	(15.0%)	(15.0%)	(15.0%)	(15.0%)	...	(15.0%)
Other CAPEX to Total Operating Revenue ⁽¹⁾	(6.3%)	(21.5%)	(12.0%)	(3.9%)	(3.7%)	(3.6%)	(3.5%)	(3.3%)	...	(3.0%)

Remark (1) Other CAPEX includes investment in intangible assets and spectrum licenses

Depreciation and Amortization ("DA")

DA of the Company mainly comprises depreciation of fixed assets (average useful life of 17 years), amortization of leasehold rights (average useful life of 17 years), and amortization of intangible assets, including spectrum licenses, trademark, and IT systems etc. (average useful life of 14 years)

Unit: %	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
DA to Total Operating Revenue	(20.6%)	(32.9%)	(33.3%)	(31.9%)	(30.6%)	(29.9%)	(29.1%)	(28.2%)	...	(25.3%)

4.2.5 Working Capital of the Company

Working capital is estimated from account receivable days, inventory days, and account payable days which are based on the historical performance of the Company. The details are as follows:

Unit: Days	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
Account receivable days	119.9	105.2	115.6	115.6	115.6	115.6	115.6	115.6	...	115.6
Inventory days	32.1	32.8	16.1	16.1	16.1	16.1	16.1	16.1	...	16.1
Account payable days	288.3	363.6	346.3	346.3	346.3	346.3	346.3	346.3	...	346.3

4.2.6 Financial Projection Summary of the Company

Based on the assumptions above, the financial projection of the Company can be summarized as follows:

<i>Unit: THB bn.</i>	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
Total Operating Revenue (before deduction of inter-segment transactions)	163.0	161.2	163.8	172.6	182.0	188.6	195.1	201.7	...	225.9	4.0%	2.9%
Total Operating Revenue (after deduction of inter-segment transactions)	140.9	138.2	143.7	152.7	161.4	167.3	173.3	179.2	...	201.1	4.1%	2.9%
EBITDA	36.2	56.1	60.2	65.0	69.6	72.6	75.5	78.5	...	89.1	4.8%	3.2%
EBITDA margin	25.7%	40.6%	41.9%	42.6%	43.1%	43.4%	43.6%	43.8%	...	44.3%	n.a.	n.a.
Net Profit	5.6	1.1	(1.4)	0.3	3.9	6.1	8.6	11.5	...	21.2	157.3%	16.5%
Net Profit Margin	4.0%	0.8%	(1.0%)	0.2%	2.4%	3.7%	4.9%	6.4%	...	10.5%	n.a.	n.a.

4.3. Financial Projections of DTAC

4.3.1 Revenue by Segments of DTAC

The IFA has conducted an analysis on DTAC's business plans and past performance of each segments, as well as other telecommunications companies' business plans, operating results, and important operating figures, such as the number of subscribers and ARPU. The revenue by segments are as follows:

(1) Revenue from Mobile Phone Services of DTAC

Unit: THB bn.	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
Mobile Phone Services revenue	58.0	56.7	54.6	55.2	59.1	63.3	65.2	67.2	...	75.7	5.0%	3.0%
Growth rate	(1.2%)	(2.2%)	(3.7%)	1.0%	7.1%	7.1%	3.0%	3.0%	...	3.0%	n.a.	n.a.

Revenue from mobile phone services attributes to two major factors including (1) number of subscribers and (2) ARPU

Number of Subscribers

Unit: mm subscribers	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
Subscribers ⁽¹⁾	19.6	18.8	18.7	18.8	19.2	19.6	20.0	20.4	...	22.1	2.0%	2.0%
Growth rate	(3.2%)	(4.1%)	(0.5%)	1.0%	2.0%	2.0%	2.0%	2.0%	...	2.0%	n.a.	n.a.

Remark: (1) historical mobile phone subscribers is calculated by dividing revenue from the mobile phone service business, in voice service and non-voice service segments, by reported ARPU for the period, which includes ARPU of both prepaid and postpaid subscribers

The IFA forecasts net mobile phone subscribers growth rate of 1.0% in 2022, which is lower than the expected growth rate for Thailand's mobile phone subscribers by World Cellular Information Series (WCIS), as DTAC has not yet invested in 5G infrastructure as heavily as the Company and Advanced Info Service Public Company Limited ("**ADVANC**") in new spectrum licenses to provide 5G services as of the date of this Opinion, which may result in lower growth rate for DTAC compared to overall industry's growth rate. Nonetheless, the IFA expects that DTAC will invest in and obtain additional spectrum license for its 5G service in 2022 (*please see further details in section 4.3.3: Capital Expenditure and Depreciation of DTAC*).

The IFA forecasts net mobile phone subscribers growth rate of 2.0% p.a. during 2023 – 2030, based on the average growth rate of Thailand's mobile phone subscribers assessed by World Cellular Information Series (WCIS), which is in line with DTAC's management's estimates.

ARPU

Unit: THB / month	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
ARPU	247.0	252.0	244.0	244.0	256.2	269.0	271.7	274.4	...	285.6	3.0%	1.0%
Growth rate	2.1%	2.0%	(3.2%)	0.0%	5.0%	5.0%	1.0%	1.0%	...	1.0%	n.a.	n.a.

The IFA expects that DTAC will invest in and obtain 5G spectrum license in 2022 (*please see further details in section 4.3.3: Capital Expenditure and Depreciation of DTAC*) and forecasts ARPU growth rate as follows.

In 2022, the IFA forecasts that DTAC's ARPU will be maintained as DTAC has not yet invested in 5G infrastructure as heavily as the Company or ADVANC.

In 2023 and 2024, the IFA forecasts ARPU growth rate of 5.0% p.a. after DTAC has fully launched its 5G service in 2023, as more subscribers will migrate to 5G network, which is in line with DTAC's management's estimates.

After 2024, ARPU growth rate is expected to decrease to 1.0% p.a., as no new network technologies for mobile phone service are anticipated to be launched during the projection period, based on Thailand's projected ARPU growth according to FitchSolutions.

(2) Other Operating Revenue of DTAC

Unit: THB bn.	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F- 26F)	CAGR (26F- 30F)
Other operating revenue	23.2	22.1	26.7	27.2	27.8	28.3	28.9	29.5	...	31.9	2.0%	2.0%
Growth rate	42.4%	(4.7%)	20.7%	2.0%	2.0%	2.0%	2.0%	2.0%	...	2.0%	n.a.	n.a.

Other operating revenue of DTAC includes revenue from sales of products, such as mobile phone equipments and other electronic devices, interconnection revenue, and network rental income etc. The IFA forecasts other operating revenue growth rate of 2.0% p.a. during 2022 – 2030, which is in line with Thailand's historical inflation according to the IMF.

4.3.2 EBITDA of DTAC

COGS (before depreciation and amortization) to Total Operating Revenue Ratio

COGS of DTAC includes cost of providing services, cost of sales, regulatory cost and interconnection cost, etc.

Unit: %	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
COGS to Total Operating Revenue ratio ⁽¹⁾	(46.5%)	(46.5%)	(49.1%)	(49.2%)	(47.9%)	(46.6%)	(46.1%)	(45.6%)	...	(43.8%)

Remark (1) COGS before depreciation and amortization

The IFA forecasts COGS of the DTAC to grow at a slower rate than revenues due to increasing economies of scale and cost management initiatives, resulting in the COGS to Total Operating Revenue ratio during 2022 to 2030 gradually declining.

SG&A (before depreciation and amortization) to Total Operating Revenue Ratio

SG&A of DTAC includes employee-related expenses, selling and marketing expenses, and other expenses.

Unit: %	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
SG&A to Total Operating Revenue ratio ⁽¹⁾	(17.0%)	(16.2%)	(14.9%)	(14.7%)	(14.5%)	(14.4%)	(14.4%)	(14.3%)	...	(14.2%)

Remark (1) SG&A before depreciation and amortization

The IFA forecasts SG&A to Total Operating Revenue ratio to gradually decline during 2022 – 2030 as a result of following reasons:

- After 2021, DTAC is expected to have sufficient number of employees to support growth according to the business plan. The IFA forecasts employee-related expenses growth rate of 2.0% p.a. during 2022 – 2030, which is in line with Thailand's historical inflation according to the IMF, and this results in lower employee-related expenses to Total Operating Revenue ratio from increasing productivity.
- After 2021, the IFA forecasts selling and marketing expenses to Total Operating Revenue ratio based on the historical average ratio during 2019 – 2021, which represents a slight increase from 2021 as marketing operations resume after the Covid-19 pandemic situation improves.

EBITDA Margin of DTAC

Based on the estimation of the ratios of COGS and SG&A (before depreciation and amortization) to Total Operating Revenue above, EBITDA Margin of DTAC is summarized as follows:

Unit: %	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
EBITDA Margin	36.5%	37.3%	36.0%	36.1%	37.6%	39.0%	39.5%	40.0%	...	41.9%

In summary, EBITDA Margin increases from 36.0% in 2021 to 41.9% in 2030, which is in line with DTAC's management's target.

4.3.3 Capital Expenditure and Depreciation of DTAC

CAPEX

CAPEX of DTAC during 2022 – 2030 mainly comprises of investment in fixed assets (PPE) for network expansion to support 5G service, investment in fixed assets (PPE) to support existing business operations of DTAC, and fee for additional spectrum license to support DTAC's 5G service.

The IFA assumes that, on top of investments to support its existing services, DTAC will invest to improve its 5G services in 2022-2024. Fixed assets (PPE) to Total Operating Revenue ratio will therefore be 18.0% p.a. during 2022 - 2024, based on DTAC's management's estimates.

After 2024, the IFA assumes fixed assets (PPE) to Total Operating Revenue of 15.0% p.a., based on DTAC's management's estimates, which is in line with CAPEX to Total Operating Revenue ratio of comparable telecommunications companies in South East Asia of approximately 12.0% - 16.0%.

Unit: %	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
Investment in fixed assets (PPE) to Total Operating Revenue	(21.0%)	(11.2%)	(18.2%)	(18.0%)	(18.0%)	(18.0%)	(15.0%)	(15.0%)	...	(15.0%)
Other CAPEX to Total Operating Revenue ⁽¹⁾	(1.2%)	(15.0%)	(1.4%)	(25.0%)	(1.3%)	(1.3%)	(1.3%)	(1.3%)	...	(1.3%)

Remark (1) Other CAPEX includes investment in intangible assets and spectrum licenses

The IFA assumes that DTAC will invest and obtain additional spectrum license to improve its 5G services in 2022 to support the expansion of its 5G network in 2024. The IFA forecasts DTAC's total bidding price and payment terms for spectrum license to provide 5G services based on the recent investment in spectrum license for 5G that the Company and ADVANC have obtained in 2020 of THB 19,561 mm. The details of spectrum license payment terms are as follows:

Unit: THB bn.	22F	23F	24F	25F	26F	27F	28F	29F	30F	31F
Spectrum license payment	(2.0)	-	-	-	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)	(2.9)
Payment terms (% of total spectrum bidding price)	10.0%	-	-	-	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%

DA

DA of the Company mainly comprises of depreciation of fixed assets (average useful life of 9 years), amortization of leasehold rights (average useful life of 10 years), amortization of spectrum licenses (average useful life of 15 years), and amortization of intangible assets, including trademark and IT systems etc. (average useful life of 5 years)

Unit: %	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
DA to Total Operating Revenue	(24.6%)	(26.6%)	(27.6%)	(24.5%)	(24.9%)	(24.5%)	(24.7%)	(24.8%)	...	(25.1%)

4.3.4 Working Capital of DTAC

Working capital is estimated from account receivable days, inventory days, and account payable days which are based on historical performance of DTAC. The details are as follows:

Unit: Days	19A	20A	21A	22F	23F	24F	25F	26F	...	30F
Account receivable days	39.6	45.6	45.2	43.5	43.5	43.5	43.5	43.5	...	43.5
Inventory days	15.6	8.6	8.9	11.0	11.0	11.0	11.0	11.0	...	11.0
Account payable days	321.7	266.4	241.9	276.7	276.7	276.7	276.7	276.7	...	276.7

4.3.5 Financial Projection Summary of DTAC

Based on all assumptions above, the financial projection of DTAC can be summarized as follows:

Unit: THB bn.	19A	20A	21A	22F	23F	24F	25F	26F	...	30F	CAGR (22F-26F)	CAGR (26F-30F)
Total Operating Revenue	81.2	78.8	81.3	82.4	86.9	91.6	94.1	96.6	...	107.6	4.1%	2.7%
EBITDA	29.6	29.4	29.3	29.7	32.6	35.8	37.2	38.7	...	45.1	6.8%	3.9%
EBITDA margin	36.5%	37.3%	36.0%	36.1%	37.6%	39.0%	39.5%	40.0%	...	41.9%	n.a.	n.a.
Net Profit	5.4	5.1	3.4	5.3	6.6	8.4	9.1	9.9	...	13.1	17.0%	7.4%
Net Profit Margin	6.7%	6.5%	4.1%	6.4%	7.5%	9.2%	9.7%	10.2%	...	12.2%	n.a.	n.a.

4.4. Discounted Cash Flows Approach (DCF)

Under DCF approach, the IFA has conducted the valuation of the Company and DTAC with the valuation date as of December 31, 2021. The valuation is estimated by calculating the net present value of future cash flows of the Company's and DTAC's business (the IFA projected cash flows from 2022 – 2030 and projected that cash flows after 2030 will grow at the long-term growth rate using an appropriate discount rate. Furthermore, on the valuation of the Company, the IFA has assessed the value of Digital Telecommunications Infrastructure Fund (“DIF”) based on its current traded price in the SET (*please see further details in section 4.4.1 “The Valuation of DIF by Using Current Traded Price on the SET”*).

For the calculation of equity value, the EV⁽¹⁾ will be deducted by net interest-bearing debt and non-controlling interests of the Company and DTAC as of December 31, 2021

Remark: (1) Cash flows projection of the Company and DTAC has already included lease payments of the Company and DTAC, therefore, the lease liabilities of the Company and DTAC will not be included in EV to equity value bridge for DCF approach.

4.4.1 The Valuation of DIF Based on Current Traded Price on the SET

The Company has invested in DIF, which is traded on the SET, owning 23.4% of the total issued and paid-up shares of DIF, or equivalent to THB 35,794 mm with such percentage holding (based on the traded price at market close on February 18, 2022). Since the value of investment is significant and information is available for DIF's current market price, the IFA has therefore assessed the value of investment in DIF by using its current traded price on the SET and has not included the share of profit from the investment in DIF in the Company's cash flows.

4.4.2 Discount Rate (Weighted Average Cost of Capital “WACC”)

WACC is calculated by:

$$\text{WACC} = K_e \cdot (E / (D + E)) + K_d \cdot (1 - T) \cdot (D / (D + E))$$

K_e	=	Rate of returns to common stock holders, which is calculated using Capital Asset Pricing Model (“CAPM”) or $K_e = R_f + \beta \cdot (\text{Risk Premium})$
K_d	=	The cost of debt of the Company and DTAC is calculated from the weighted average of the cost of debt of the Company's and DTAC's debentures
T	=	Corporate income tax
$D/(D+E)$	=	Capital structure of the Company and DTAC
R_f	=	Risk-free investment return with the point of view from Kiatnakin Phatra (“KKP”) Research that the appropriate R_f is about 3.0% (compared to the daily average interest rate of 30-year government bond in 2022 which is 3.0%)

β (Beta) = The volatility between the daily return of the stock exchange that each company is trading and the share price of comparable companies, both domestically and internationally. As a result, the Unlevered Beta is approximately 0.6 (based on the median volatility of comparable companies, as mentioned in section 4.5, by using adjusted formula based on the capital structure of the Company and DTAC to calculate Levered Beta)

Source: Bloomberg as of December 7, 2021

Risk Premium (Rp) = Market Return (from investing in the SET) that is above and beyond the returns from risk-free investments at 8.0%. From KKP Research view, the appropriate Rp is 8.0% or market return from investing in the SET equivalent to 11.0%

Summary of Assumptions for WACC Calculation (Unit: percent unless stated otherwise)

	The Company	DTAC
Rf	3.0	3.0
Rp	8.0	8.0
Unlevered β (times)	0.6x	0.6x
Levered β (times)	1.3x	0.9x
Ke	13.7	9.8
Kd	4.2	3.3
E/(D+E)	39.1	65.0
D/(D+E)	60.9	35.0
T	20.0	20.0
WACC used as discount rate for DCF	7.4	7.3

4.4.3 The Summary of the Company's Financial Projection Results from 2022 - 2030

Unit: THB bn.	22F	23F	24F	25F	26F	27F	28F	29F	30F
Earnings before financial costs and tax (EBIT)	16.2	20.2	22.5	25.1	27.9	30.7	33.5	36.0	38.2
Tax	(3.2)	(4.0)	(4.5)	(5.0)	(5.6)	(6.1)	(6.7)	(7.2)	(7.6)
Net operating profit after tax (NOPAT)	13.0	16.1	18.0	20.1	22.3	24.6	26.8	28.8	30.6
(+) DA	48.8	49.4	50.1	50.5	50.6	50.6	50.6	50.7	50.9
(+/-) Changes in working capital	2.8	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5
(-) CAPEX	(33.5)	(30.2)	(31.1)	(32.0)	(32.9)	(33.7)	(34.6)	(35.4)	(36.2)
(-) Repayment of lease liabilities	(13.4)	(13.8)	(14.2)	(14.6)	(15.0)	(15.4)	(15.8)	(16.3)	(16.7)
(-) Repayment for spectrum license	(9.4)	(9.4)	(9.4)	(12.1)	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)
(+/-) Share of profit from investment in associates and joint ventures ⁽¹⁾	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
(+) Other non-cash flows expenses	2.6	2.3	2.0	1.7	1.3	1.2	1.0	0.9	0.7
Cash flows to firm	11.5	15.7	16.5	14.7	23.0	23.9	24.7	25.4	26.0

Remark: (1) Excluding cash flows from share of profit from investment in DIF. Nevertheless, the IFA has assessed the value of DIF based on its current traded price in the SET (please see further details in section 4.4.1 "The Valuation of DIF Based on Current Traded Price on the SET").

4.4.4 The Valuation Result of the Company Using Discounted Cash Flows Approach (DCF)

The IFA has assessed the equity value of the Company by calculating present value of the expected cash flows from future business operation, added with the equity value from investment in DIF by using its current traded price on the SET and deducted by net interest-bearing debt and non-controlling interest. Moreover, the IFA has applied sensitivity factors of 0.25% to WACC and 0.50% to terminal growth rate to determine the impact to DCF valuation.

	Terminal Growth Rate 1.00% - 2.00%	
	Equity Value	Share Value
	(THB mm)	(THB / share)
WACC 7.15%	230,613.9	6.91
WACC 7.40%	183,403.6	5.50
WACC 7.65%	146,689.7	4.40

4.4.5 The Summary of the DTAC's Financial Projection Results from 2022 - 2030

Unit: THB bn.	22F	23F	24F	25F	26F	27F	28F	29F	30F
Earnings before financial costs and tax (EBIT)	9.5	11.0	13.3	14.0	14.7	15.6	16.5	17.3	18.1
Tax	(1.9)	(2.2)	(2.7)	(2.8)	(2.9)	(3.1)	(3.3)	(3.5)	(3.6)
Net operating profit after tax (NOPAT)	7.6	8.8	10.6	11.2	11.8	12.5	13.2	13.8	14.5
(+) DA	20.2	21.6	22.5	23.2	23.9	24.6	25.3	26.1	27.0

Unit: THB bn.	22F	23F	24F	25F	26F	27F	28F	29F	30F
(+/-) Changes in working capital	5.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
(-) CAPEX	(15.9)	(16.7)	(17.6)	(15.3)	(15.7)	(16.1)	(16.6)	(17.0)	(17.5)
(-) Repayment of lease liabilities	(4.7)	(4.8)	(4.9)	(5.0)	(5.2)	(5.3)	(5.4)	(5.5)	(5.6)
(-) Repayment for spectrum license	(7.5)	(5.6)	(5.6)	(5.6)	(8.5)	(8.5)	(4.7)	(4.7)	(2.9)
(+/-) Share of profit from investment in associates and joint ventures	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
(+) Other non-cash flows expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flows to firm	5.0	3.7	5.3	8.8	6.7	7.5	12.1	13.0	15.7

4.4.6 The Valuation Result of DTAC Using Discounted Cash Flows Approach (DCF)

The IFA has assessed the equity value of DTAC by calculating present value of the expected cash flows from future business operation and deducted by net interest-bearing debt and non-controlling interest. Moreover, the IFA has applied sensitivity factors of 0.25% to WACC and 0.50% to terminal growth rate to determine the impact to DCF valuation.

	Terminal Growth Rate 1.00% - 2.00%	
	Equity Value	Equity Value
	(THB mm)	(THB mm)
WACC 7.05%	150,590.3	63.60
WACC 7.30%	126,392.1	53.38
WACC 7.55%	107,679.9	45.48

4.4.7 The range of Exchange Ratio for the Amalgamation as Determined by DCF

	The Company	DTAC
Share Value (THB / share)	4.40 - 6.91	45.48 - 63.60
Existing number of shares (mm shares)	33,368.2	2,367.8
Equity Value (THB mm)	146,689.7 – 230,613.9	107,679.9 – 150,590.3
Exchange Ratio (number of shares in the NewCo per 1 share of the Company or DTAC)	0.59714 - 0.62643	5.76457 - 6.17727

4.5. **Trading Comparable Approach**

Trading comparable approach is conducted by comparing the trading multiples of the publicly traded companies, with the assumption that companies with similar business nature and market conditions should have similar trading multiples. The IFA primarily selected companies in telecommunications industry, which share similar keys business characteristics of the Company and DTAC from both domestic and international levels as follows:

Domestic Comparable Company

(1) ADVANC

ADVANC provides mobile network, fixed broadband, and digital services primarily in Thailand. The company operates through three segments: mobile phone services, mobile phone and equipment sales, and broadband services. For the year ended December 31, 2021, the company had a total revenue of THB 181,332.90 mm and total assets of THB 356,221.70 mm.

International Comparable Companies⁽¹⁾

Remark (1) Exchange rate as of the end of accounting period for each company

(2) Singapore Telecommunications Limited ("**SINGTEL**")

SINGTEL provides telecommunication services to consumers and small businesses in Singapore, Australia, the United States, Europe, and internationally. It operates through three segments: Group Consumer, Group Enterprise, and Group Digital Life. The company engages in businesses such as mobile phone services, mobile phone and equipment sales, broadband services, and digital solutions to increase enterprise efficiency. For the year ended March 31, 2021, the company had a total revenue of SGD 15,644.00 mm or approximately THB 363,415.21 mm and total assets of SGD 47,998.40 mm or approximately THB 1,115,018.45 mm (Exchange rate at THB 23.23 = SGD 1).

(3) StarHub Ltd ("**STARHUB**")

STARHUB is an integrated communications company, providing communications, entertainment, and digital solutions for individuals and corporations in Singapore. The company's main operations include mobile phone services, broadband services, entertainment media services, cybersecurity, and digital solutions to increase work efficiency of enterprise customers. For the year ended December 31, 2020, the company had a total revenue of SGD 2,028.80 mm or approximately THB 46,076.51 mm and total assets of SGD 2,931.30 mm or approximately THB 66,573.38 mm (Exchange rate at THB 22.71 = SGD 1).

(4) Globe Telecom, Inc. (“**GLO**”)

GLO provides telecommunications services to individual customers, small and medium-sized businesses, and corporate and enterprise clients in the Philippines. The company operates through mobile communications services and wireline communication services, broadband services, and software development. For the year ended December 31, 2020, the company had a total revenue of PHP 160,571.30 mm or approximately THB 100,337.01 mm and total assets of PHP 339,779.80 mm or approximately THB 212,319.94 mm (Exchange rate at THB 0.62 = PHP 1).

(5) PLDT Inc. (“**TEL**”)

TEL provides telecommunications services in the Philippines, such as mobile phone services, broadband services, software development, as well as information technology infrastructure and other add-on services. For the year ended December 31, 2020, the company had a total revenue of PHP 181,004.00 mm or approximately THB 113,104.89 mm and total assets of PHP 575,846.00 mm or approximately THB 359,831.83 mm (Exchange rate at THB 0.62 = PHP 1).

(6) TBK Perusahaan Perseroan (Persero) PT Telekomunikasi Indonesia Tbk (“**TLKM**”)

TLKM provides telecommunications services in Indonesia such as mobile phone services, broadband services, and digital solutions for businesses. For the year ended December 31, 2020, the company had a total revenue of IDR 136,462,000.00 mm or approximately THB 294,116.41 mm and total assets of IDR 246,943,000.00 mm or approximately THB 532,236.00 mm (Exchange rate at THB 0.0022 = IDR 1).

(7) PT XL Axiata Tbk (“**EXCL**”)

EXCL provides telecommunications network and multimedia services for consumers and businesses in Indonesia. The company offers mobile phone services, broadband services, data center, cloud services, and related services. For the year ended December 31, 2020, the company had a total revenue of IDR 26,009,095.00 mm or approximately THB 56,057.38 mm and total assets of IDR 67,744,797.00 mm or approximately THB 146,010.29 mm (Exchange rate at THB 0.0022 = IDR 1).

(8) Axiata Group Berhad (“**AXIATA**”)

AXIATA operates as an investment holding company providing telecommunications services in Asia. Headquartered in Malaysia, the company provides mobile services, telecommunication infrastructure, broadband services, and digital solutions. For the year ended December 31, 2020, the company had a total revenue of MYR 24,203.20 mm or approximately THB 180,789.26 mm and total assets of MYR 67,961.70 mm or approximately THB 507,649.61 mm (Exchange rate at THB 7.47 = MYR 1).

(9) Telekom Malaysia Berhad (“TM”)

TM provides telecommunications services and related services in Malaysia and internationally. The company offers mobile services, information and communications technology development, and broadband services. For the year ended December 31, 2020, the company has a total revenue of MYR 10,840.30 mm or approximately THB 80,973.17 mm and total assets of MYR 24,278.50 mm or approximately THB 181,351.72 mm (Exchange rate at THB 7.47 = MYR 1).

Company	Country	Market Cap	EV	P/E	EV/EBITDA
		THB mm	THB mm	2022E	2022E
DTAC	Thailand	103,592	175,844	24.4x	5.8x
The Company	Thailand	152,716	501,430	4,611.3x	7.8x ⁽¹⁾
Thai Telecommunication Operator					
ADVANC	Thailand	627,498	760,826	22.2x	8.3x
International Telecommunication Operators					
SINGTEL	Singapore	985,391	1,222,675	18.1x	12.4x
STARHUB	Singapore	58,478	83,890	15.7x	6.6x
GLO	Philippines	302,938	440,796	20.3x	8.2x
TEL	Philippines	244,196	411,085	12.4x	6.0x
TELM	Indonesia	963,647	1,115,346	15.8x	5.9x
EXCL	Indonesia	78,433	150,950	23.3x	4.5x
AXIATA	Malaysia	277,179	497,199	24.9x	5.3x
TM	Malaysia	162,434	204,972	17.1x	6.0x
Median				18.10x	6.05x

Remark (1) EV to EBITDA ratio for the Company's core business, which is calculated by subtracting the market value of DIF from the Company's EV (please see further details in section 4.4.1 “The Valuation of DIF Based on Current Traded Price on the SET”).

The ratio used by the IFA to assess the equity value and EV in the trading comparable approach is EV to EBITDA ratio (“EV/EBITDA”). The IFA has used the projected financial results in 2022 of the Company, DTAC, and the comparable companies to determine the equity value of the Company and DTAC.

EV/EBITDA can be used to calculate the equity value of the Company and DTAC by (1) multiplying the target EV/EBITDA of the comparable companies by EBITDA of the Company and DTAC to calculate EV (2) subtract net interest-bearing debt, lease liabilities and non-controlling interests of the Company and DTAC from EV and (3) add value from investment in DIF by using its current traded price (only in the case of the Company) to calculate EV and equity value (please see further details in section 4.4.1 “The Valuation of DIF Based on Current Traded Price on the SET”) since DIF is traded on the SET with comparable current market price and has significant value that may not be recognized in the EV/EBITDA ratio of comparable companies.

The IFA has used different target EV/EBITDA ratios for calculating EV, by using median of the comparable companies of 6.05x when determining the value of DTAC. However, the IFA believes that the target

EV/EBITDA of the Copmany will be higher than median of the comparable companies due to the following reasons.

- (1) The Company has significantly invested in infrastructure, network and marketing at a higher rate than the comparable companies. As a result, the Company's revenue and EBITDA may have higher growth prospects than the comparable companies.
- (2) The CAPEX to revenue ratio of the Copmany may be significantly lower than in the past due to various investment made in the infrastructure for future growth

For such reasons, the IFA has used the target EV/EBITDA of the Company at 7.26x, which is 20.0% higher than the median of the comparable companies, based on the median of the difference in EV/EBITDA of the Company and EV/EBITDA of the comparable companies from 2012 – 2021. The details are as follows:

Period	Historical EV/EBITDA		Difference
	The Company ⁽¹⁾	Comparable Companies	
Dec 31, 2012	8.58x	7.23x	18.7%
Dec 31, 2013	7.93x	7.81x	1.5%
Dec 31, 2014	11.73x	9.05x	29.7%
Dec 31, 2015	8.82x	7.33x	20.3%
Dec 31, 2016	9.18x	6.86x	33.8%
Dec 31, 2017	7.94x	7.11x	11.7%
Dec 31, 2018	6.74x	5.90x	14.1%
Dec 31, 2019	6.91x	6.11x	13.2%
Dec 31, 2020	7.59x	5.58x	36.0%
Dec 31, 2021	7.87x	6.06x	29.9%
Median of the Differences			19.5%
Median of the Comparable Companies' EV/EBITDA			6.05x
Target EV/EBITDA of the Company			7.26x

Source: Bloomberg

Remark: (1) EV of the Company for EV/EBITDA calculation is deducted by value of shareholding in DIF that is held by the Company in particular period of time.

Summary of Valuation for the Company by Trading Comparable Approach based on EV/EBITDA

	2022E (1-year Forward)
Unit: THB mm (unless indicated)	
Assumptions	
Forecasted EBITDA	65,003.5
Result	
Max EV/EBITDA ⁽¹⁾	7.98x
Target EV/EBITDA of the Company	7.26x

	2022E (1-year Forward)
Unit: THB mm (unless indicated)	
Min EV/EBITDA ⁽¹⁾	6.53x
Range of EV	424,583.2 – 518,935.0
Range of Equity Value	110,207.4 – 204,559.2
Range of Share Value (THB)	3.30 - 6.13

Remark: (1) Max and min EV/EBITDA is calculated by +/- 10% from target EV/EBITDA of the Company

Summary of Valuation for DTAC by Trading Comparable Approach based on EV/EBITDA

	2022E (1-year Forward)
Unit: THB mm (unless indicated)	
Assumptions	
Forecasted EBITDA	29,742.0
Result	
Max EV/EBITDA ⁽¹⁾	6.65x
Target EV/EBITDA ⁽²⁾	6.05x
Min EV/EBITDA ⁽¹⁾	5.44x
Range of EV	161,888.0 – 197,863.1
Range of Equity Value	87,277.2 – 123,252.4
Range of Share Value (THB)	36.86 - 52.05

Remark: (1) Max and min EV/EBITDA is calculated by +/- 10% from target EV/EBITDA of DTAC (2) Target EV/EBITDA is the median EV/EBITDA of comparable companies

The Appropriate Range of Exchange Ratio for the Amalgamation by Trading Comparable Approach based on EV/EBITDA

Appropriate range of Exchange Ratio for the Company (number of shares in the NewCo per 1 share of the Company)	0.57786 - 0.64615
Appropriate range of Exchange Ratio for DTAC (number of shares in the NewCo per 1 share of DTAC)	5.48654 - 6.44904

4.6. Precedent Transaction Comparable Approach

Precedent transaction comparable approach is used to assess EV by comparing to past merger and acquisition transactions in telecommunication industry. The IFA has selected transactions in telecommunication industry which were conducted in Asia-Pacific region with value over USD 1,000.0 mm. Details of precedent transactions is presented in the table below.

Announced Date	Completed Date	Target Company	Bidder	Deal Value (THB bn)	% Acquired	Implied EV/EBITDA (Actual)	Implied P/E (Actual)
Feb 8, 2021	Jun 25, 2021	Vocus Group Ltd.	Aware Super Pty Ltd; Macquarie Infrastructure and Real Assets	107	100	14.16x	-
Sep 29, 2020	Nov 16, 2020	NTT DOCOMO, INC.	Nippon Telegraph and Telephone Corporation	1,275	34	8.90x	21.18x
May 13, 2019	Jul 31, 2019	Vodafone New Zealand Ltd.	Brookfield Asset Management Inc.; Infratil Ltd.	71	100	10.73x	-
Sep 27, 2018	Mar 18, 2019	M1 Ltd.	SPH Multimedia Pte Ltd.; Keppel Konnect Pte. Ltd.	41	67	7.64x	14.35x
Mar 20, 2017	Aug 31, 2018	Vodafone India Ltd.	Vodafone Idea Ltd.	439	100	6.40x	-
Oct 4, 2016	Nov 9, 2016	WTT HK Ltd.	TPG Capital, L.P.; MBK Partners	43	100	-	31.56x
Aug 18, 2016	Nov 17, 2016	Intouch Holdings PCL.	Singtel Global Investment Pte. Ltd.	41	21	10.03x	10.23x
-10% From Median						8.52x	15.99x
Median						9.47x	17.77x
+10% From Median						10.41x	19.54x

The ratio used by the IFA to assess the equity value and EV is EV/EBITDA. The IFA has used the financial results in 2021 of the Company and DTAC and EV/EBITDA of the precedent transactions which was calculated by the last-twelve-month financial results of the target companies.

EV/EBITDA ratio can be used to calculate the Equity Value of the Company and DTAC by (1) multiplying EV/EBITDA ratio of the precedent transactions by EBITDA of the Company and DTAC to calculate EV (2) subtract net interest-bearing debt, lease liabilities and non-controlling interests of the Company and DTAC from EV and (3) add value from investment in DIF by using its current traded price (only in the case of the Company) to calculate EV and equity value (*please see further details in section 4.4.1 "The Valuation of*

DIF Based on Current Traded Price on the SET) since DIF is traded on the SET with comparable current market price and has significant value that may not be recognized in the EV/EBITDA ratio of the precedent transactions.

Summary of Valuation for the Company by Precedent Transaction Comparable Approach based on EV/EBITDA

	2021A
Unit: THB mm (unless indicated)	
Assumptions	
Actual EBITDA ⁽¹⁾	60,904.4
Result	
Max EV/EBITDA	10.41x
Median EV/EBITDA	9.47x
Min EV/EBITDA	8.52x
Range of EV	518,905.7 – 634,015.0
Range of Equity Value	204,529.9 – 319,639.2
Range of Share Value (THB)	6.13 - 9.58

Remark: (1) The actual EBITDA includes share of profit from investment in associates and joint ventures other than DIF (please see further details in section 4.4.1 "The Valuation of DIF Based on Current Traded Price on the SET")

Summary of Valuation for DTAC by Precedent Transaction Comparable Approach based on EV/EBITDA

	2021A
Unit: THB mm (unless indicated)	
Assumptions	
Actual EBITDA ⁽¹⁾	29,262.8
Result	
Max EV/EBITDA	10.41x
Median EV/EBITDA	9.47x
Min EV/EBITDA	8.52x
Range of EV	249,318.7 – 304,625.3
Range of Equity Value	174,707.9 – 230,014.5
Range of Share Value (THB)	73.78 - 97.14

Remark: (1) The actual EBITDA includes share of profit from investment in associates and joint ventures

The Appropriate Range of Exchange Ratio for the Amalgamation by Precedent Transaction
Comparable Approach based on EV/EBITDA

Appropriate range of Exchange Ratio for the Company (number of shares in the NewCo per 1 share of the Company)	0.55845 - 0.60216
Appropriate range of Exchange Ratio for DTAC (number of shares in the NewCo per 1 share of DTAC)	6.10652 - 6.72246

4.7. Book Value Approach

Book value approach is carried out by valuing assets of the company and deducting it by liabilities, by referring to the book value (total shareholder's equity) as reported on the financial statement ended December 31, 2021 of the Company and DTAC. Details of this approach is presented in the table below.

Summary of Valuation for the Company by Book Value Approach

	2021A
Unit: THB mm (unless indicated)	
Share capital	133,474.6
Issued and fully paid-up share capital	133,472.8
Premium on share capital	26,384.1
Legal reserve	1,592.2
Deficits	(77,979.4)
Other components of equity	(2,107.7)
Equity attributable to owners of the parent	81,361.9
Share value (THB)	2.44

Summary of Valuation for DTAC by Book Value Approach

	2021A
Unit: THB mm (unless indicated)	
Share capital	4,744.2
Issued and fully paid-up share capital	4,735.6
Premium on share capital	6,541.7
Other Surpluses	1,647.1
Legal reserve	474.4
Deficits	(10,881.5)

Other components of equity	17,650.1
Equity attributable to owners of the parent	20,167.5
Share value (THB)	8.52

The Appropriate Range of Exchange Ratio for the Amalgamation by Book Value Approach

Appropriate range of Exchange Ratio for the Company (number of shares in the NewCo per 1 share of the Company)	0.82980
Appropriate range of Exchange Ratio for DTAC (number of shares in the NewCo per 1 share of DTAC)	2.89859

4.8. Volume Weighted Average Price (VWAP)

VWAP of the Company

The IFA considered VWAP in SET for the past 1 business day, 15 business days, 30 business days, 60 business days, 90 business days, 180 business days, and 365 business days until November 19, 2021 which is the last trading day prior to the publication of the Company's Board of Directors' resolutions regarding the potential Amalgamation between the Company and DTAC. It was found that the Company's share price is in the range of THB 3.66 – THB 4.34 per share, with trading volume approximately 149.66 – 1,166.23 mm shares per day.

Period⁽¹⁾	Average Daily Trading Volume (mm shares)	Average Daily Trading Value (THB mm)	VWAP (THB per share)
As of November 19, 2021	1,166.23	5,065.56	4.34
15 business days	521.81	2,129.16	4.08
30 business days	486.14	1,997.65	4.11
60 business days	438.30	1,731.38	3.95
90 business days	315.80	1,227.70	3.89
180 business days	198.06	745.76	3.77
365 business days	149.66	547.48	3.66

Source: SETSMART

Remark: (1) Trading period until November, 19 2021 which is the last trading day before the announcement of the Board of Directors' resolutions to study the possibility of the Amalgamation between the Company and DTAC

VWAP of DTAC

The IFA considered VWAP in SET for the past 1 business day, 15 business days, 30 business days, 60 business days, 90 business days, 180 business days, and 365 business days until November 19, 2021 which is the last trading day prior to the publication of the Company's Board of Directors' resolutions regarding the potential Amalgamation between the Company and DTAC. It was found that DTAC's share

price is in the range of THB 35.39 – THB 41.35 per share, with trading volume approximately 10.84 – 51.16 mm shares per day.

Period ⁽¹⁾	Average Daily Trading Volume (mm shares)	Average Daily Trading Value (THB mm)	VWAP (THB per share)
As of November 19, 2021	51.16	2,115.58	41.35
15 business days	20.16	766.29	38.01
30 business days	15.79	614.07	38.89
60 business days	16.80	656.29	39.07
90 business days	19.13	712.41	37.24
180 business days	14.31	506.45	35.39
365 business days	10.84	386.56	35.66

Source: SETSMART

Remark: (1) Trading period until November, 19 2021 which is the last trading day before the announcement of the Board of Directors' resolutions to study the possibility of the Amalgamation between the Company and DTAC

The Appropriate Range of Exchange Ratio for the Amalgamation by Using Volume Weighted Average Price

Appropriate range of Exchange Ratio for the Company (number of shares in the NewCo per 1 share of the Company)	0.60847 - 0.62339
Appropriate range of Exchange Ratio for DTAC (number of shares in the NewCo per 1 share of DTAC)	5.80738 – 6.01760

Remark: The range of Exchange Ratio for the Amalgamation is calculated from the Company's and DTAC's VWAP in the period of 1 – 365 historical trading days until November 19, 2021

4.9. Research Analysts Consensus

Research analysts consensus for the Company

The IFA gathered analysts' target prices of the Company's share in October – November 19, 2021 and found that the median of the analysts' target prices is THB 4.20 per share.

Date	Broker	Target Price (THB per share)
Nov 2021	A	5.40
Nov 2021	B	4.23
Nov 2021	C	3.70
Nov 2021	D	5.00
Nov 2021	E	3.00
Nov 2021	F	4.08
Nov 2021	G	2.30
Nov 2021	H	5.00
Nov 2021	I	3.92
Nov 2021	J	4.20
Nov 2021	K	4.60
Nov 2021	L	3.90
Nov 2021	M	4.80
Oct 2021	N	4.20
Oct 2021	O	3.00
Median		4.20

Research analysts consensus for DTAC

The IFA gathered analysts' target prices of DTAC's share in October – November 19, 2021 and found that the median of the analysts' target prices is THB 42.00 per share.

Date	Broker	Target Price (THB per share)
Nov 2021	A	44.00
Nov 2021	B	36.47
Nov 2021	C	50.00
Nov 2021	D	29.00
Oct 2021	E	45.10
Oct 2021	F	30.00
Oct 2021	G	44.00
Oct 2021	H	38.00
Oct 2021	I	45.00
Oct 2021	J	38.00

Date	Broker	Target Price (THB per share)
Oct 2021	K	39.50
Oct 2021	L	42.00
Oct 2021	M	50.00
Oct 2021	N	48.00
Oct 2021	O	44.00
Oct 2021	P	35.00
Oct 2021	Q	37.50
Oct 2021	R	42.00
Median		42.00

The Appropriate Range of Exchange Ratio for the Amalgamation by Using Research Analysts

Consensus

Appropriate range of Exchange Ratio for the Company (number of shares in the NewCo per 1 share of the Company)	0.60569
Appropriate range of Exchange Ratio for DTAC (number of shares in the NewCo per 1 share of DTAC)	6.05685

4.10. Summary of Results on the Appropriate Range of Exchange Ratio for the Amalgamation

Methodology	Appropriateness of Methodology	Share Value Range (THB)		Appropriate Range of Exchange Ratio (times)	
		The Company	DTAC	The Company	DTAC
1. DCF	<u>Appropriate</u>	4.40 - 6.91	45.48 - 63.60	0.59714 - 0.62643	5.76457 - 6.17727
2. Trading Comparable Approach	Not Appropriate	3.3 - 6.13	36.86 - 52.05	0.57786 - 0.64615	5.48654 - 6.44904
3. Precedent Transaction Comparable Approach	Not Appropriate	6.13 - 9.58	73.78 - 97.14	0.55845 - 0.60216	6.10652 - 6.72246
4. Book Value Approach	Not Appropriate	2.44	8.52	0.82980	2.89859
5. Volume Weighted Average Price	Not Appropriate	3.66 - 4.34	35.39 - 41.35	0.60847 - 0.62339	5.80738 - 6.01760
6. Research Analysts Consensus	Not Appropriate	4.20	42.00	0.60569	6.05685
Announced Exchange Ratio				0.60018	6.13444

Regarding the appropriateness of the Exchange Ratio, the IFA considered valuing the Company and DTAC through several approaches to determine the range of fair Exchange Ratio for the Amalgamation. As such, **the IFA has concluded that the Discounted Cash Flows (DCF) approach is the appropriate approach** as it reflects the future performance based on reasonable business plans and assumptions of the Company and DTAC. The IFA has found that the range of fair Exchange Ratio are as follows:

- 1 existing share in the Company to 0.59714 - 0.62643 shares in NewCo; and
- 1 existing share in DTAC to 5.76457 - 6.17727 shares in NewCo

When compared to the announced Exchange Ratio for the Amalgamation, the range of fair Exchange Ratio assessed by the IFA covers the Exchange Ratio for the Amalgamation as follows:

- 1 existing share in the Company to 0.60018 shares in NewCo; and
- 1 existing share in DTAC to 6.13444 shares in NewCo.

Therefore, the IFA opines that the announced Exchange Ratio for the Amalgamation are appropriate since they fall within the range of the fair Exchange Ratio.

5. Summary of the Opinion of Independent Financial Advisor

From the study of various relevant information by the IFA such as advantages, disadvantages and risks of the Amalgamation as well as the appropriateness of the Exchange Ratio and the conditions of the Amalgamation, the IFA opines that shareholders should approve this Amalgamation based on the following reasons.

Rationale of the Amalgamation

The Amalgamation primarily aims to restructure the business of the Company and DTAC and to further develop their telecommunications business operations to become a genuine “technology company” to meet the challenges of the fast-paced market disruptions and to enhance competitiveness through development and upgrading of network performance. While the telecommunications business will remain a key business of NewCo, further business development will be technology-oriented by developing NewCo business through artificial intelligence, cloud technology, smart devices, smart cities, and patronage of start-ups in Thailand, which eventually will support the digital transformation of Thailand.

In addition, the Amalgamation will create a large technology company; enhancing competitiveness locally and regionally in the future (if the Company plans to expand their services regionally); enhancing capability and return on investment in assets and reducing overlapping investments from the joint asset management; creating revenue growth opportunities by providing services of the Company to DTAC’s existing customers; enhancing operational efficiency and reducing operating expenses by integrating capabilities from each companies’ business ecosystem; and strengthening financial capacity; to strengthen and support sustainable growth of NewCo.

Nevertheless, the Amalgamation has disadvantages, such as additional expenses which may arise from the Amalgamation and dilution of ownership of existing shareholders after the Amalgamation, for which the shareholders shall further consider when voting for the Amalgamation.

Appropriateness of the Exchange Ratio for the Amalgamation

For the appropriateness of the Exchange Ratio, the IFA has assessed the value of the Company and DTAC through various methods to find the range of fair Exchange Ratio for the Amalgamation. The IFA believes that the DCF approach is an appropriate valuation method as it can reflect future performance under reasonable business plans and assumptions of both the Company and DTAC.

As a result, the range of fair Exchange Ratio are as follows:

- 1 existing share in the Company to 0.59714 - 0.62643 shares in NewCo; and
- 1 existing share in DTAC to 5.76457 - 6.17727 shares in NewCo

When compared to the Exchange Ratio for the Amalgamation, the range of fair Exchange Ratio assessed by the IFA covers the Exchange Ratio for the Amalgamation as follows:

- 1 existing share in the Company to 0.60018 shares in NewCo; and

- 1 existing share in DTAC to 6.13444 shares in NewCo.

Therefore, it can be concluded that Exchange Ratio for the Amalgamation is appropriate since it falls within the range of the fair Exchange Ratio.

After considering the rationale of the Amalgamation and the appropriateness of the Exchange Ratio, the IFA is of the opinion that the shareholders should approve this Amalgamation. Shareholders should consider the information, opinions, and details in this report including but not limited to the advantages, disadvantages and risks of the Amalgamation. However, the decision to approve or disapprove the Amalgamation is at the shareholders' discretion.

Yours Sincerely

-Manita Poovatanasedj-

Manita Poovatanasedj

Assistant Managing Director

Corporate Finance Department

Kiatnakin Phatra Securities Public Company Limited

-Gong Vinaikulpong-

Gong Vinaikulpong

Vice President

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