

Scan to download the Information Memorandum



7 November 2022

Subject: Purchase of ordinary shares in Nation News Company Limited
To: Shareholders
Enclosure: Information Memorandum on the Acquisition of Assets of Nation Group (Thailand) Public Company Limited
via QR Code

The Board of Directors' Meeting No. 7/2022 held on 17 October 2022 resolved to approve the purchase of 189,997 ordinary shares in Nation News Company Limited ("NN"), or equivalent to 99.99 percent of the total number of shares in NN, by Nation TV Company Limited, the Company's subsidiary, from Nation Broadcasting Corporation Public Company Limited ("NBC") (whose name is being changed to King Gen Public Company Limited) at the total purchase price of THB 293,770,000.

The transaction does not constitute a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction 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 (as amended) (the "**Connected Transactions Notifications**"). Nevertheless, such transaction constitutes an acquisition of assets pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets 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 Acquisition and Disposition of Asset B.E. 2547 (as amended) (the "**Acquisition or Disposal Notifications**"). The transaction size of such transaction calculated based on the reviewed consolidated financial statements of the Company for the six months ended 30 June 2022, and the total value of consideration criterion, which gives the highest transaction value, is equivalent to 22.53 percent, which, after combination with the Company's other acquisition of assets within the past six months, amounts to a total transaction size of 31.73 percent under the total value of consideration criterion, which gives the highest transaction value. Therefore, such transaction constitutes a Class 2 Transaction pursuant to the Acquisition or Disposal Notifications, i.e., a transaction whose transaction size is equal to or higher than 15 percent but lower than 50 percent, where the Company is required to disclose information on such transaction to the SET and send a circular to the shareholders within 21 days from the date of information disclosure to the SET. As such, the Company is sending the enclosed Information Memorandum via QR Code to all shareholders of record as of the latest book closing date on 19 October 2022.

Please be informed accordingly.

Sincerely yours,



(Ms. Warangkana Kalayanapradit)
Deputy Chairman

[Translation]

Information Memorandum on the Acquisition of Assets of Nation Group (Thailand) Public Company Limited

The Board of Directors' Meeting No. 7/2022 of Nation Group (Thailand) Public Company Limited (the "Company") held on 17 October 2022 resolved to approve the purchase of 189,997 ordinary shares in Nation News Company Limited ("NN"), or equivalent to 99.99 percent of the total number of shares in NN, by Nation TV Company Limited, the Company's subsidiary, from Nation Broadcasting Corporation Public Company Limited ("NBC") (whose name is being changed to King Gen Public Company Limited) at the total purchase price of THB 293,770,000.

The transaction does not constitute a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction 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 (as amended) (the "Connected Transactions Notifications"). Nevertheless, such transaction constitutes an acquisition of assets pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets 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 Acquisition and Disposition of Asset B.E. 2547 (as amended) (the "Acquisition or Disposal Notifications"). The transaction size of such transaction calculated based on the reviewed consolidated financial statements of the Company for the six months ended 30 June 2022, and the total value of consideration criterion, which gives the highest transaction value, is equivalent to 22.53 percent. The Company also had another acquisition of assets within the past six months prior to the date on which the meeting of the Board of Directors resolved to approve the entry into the transaction, i.e., the purchase of service marks and copyright in online media under the names "Post Today" and "NewsClear", where the combined transaction size of such transactions amounts to 31.73 percent under the total value of consideration criterion, which gives the highest transaction value.

Therefore, such transaction constitutes a Class 2 Transaction pursuant to the Acquisition or Disposal Notifications, i.e., a transaction whose transaction size is equal to or higher than 15 percent but lower than 50 percent, where the Company is required to disclose information on such transaction to the Stock Exchange of Thailand (the "SET") and send a circular to the shareholders within 21 days from the date of information disclosure to the SET.

The Company would like to disclose information on the entry into such transaction to the SET in accordance with the Acquisition or Disposal as follows:

1. Information Disclosure under List 1

1.1 Transaction Date

After the meeting of the Board of Directors resolved to approve the entry into the transaction, the Company expects that the relevant parties will enter into a share sale and purchase agreement within 25 October 2022 and the transaction will be completed within the fourth quarter of 2022, provided that the completion obligations under the relevant share sale and purchase agreement are completed in accordance with its terms.

1.2 Parties Involved and Relationship with the Company

Seller : NBC

Purchaser : NTV

Relationship with the Company : The seller, including its connected persons and ultimate shareholders, does not have any relationship with the Company and is not the Company's connected person. Therefore, the entry into such transaction does not constitute a connected transaction pursuant to the Connected Transactions Notifications.

1.3 General Characteristics of the Transaction and Transaction Size

1.3.1 General Characteristics of the Transaction

NTV will purchase 189,997 ordinary shares in NN, or equivalent to 99.99 percent of the total number of shares in NN from NBC at the total purchase price of THB 293,770,000.

1.3.2 Transaction Size

The total value of consideration that NTV will pay to NBC from the entry into the transaction will be up to THB 293,770,000. The Company has calculated the transaction size according to the Acquisition or Disposal Notifications based on the reviewed consolidated financial statements of the Company for the six months ended 30 June 2022, the details of which are as follows:

Calculation Criterion	Calculation Method
1. The net tangible asset (NTA) value criterion	Not applicable as the NTA of NN is in deficit.

Calculation Criterion	Calculation Method
2. The net profit from operating results criterion	= (Proportion of assets acquired x Net profit from operating results of NN) x 100 / Net profit from operating results of the Company
	= (99.99% x 47.50) x 100 / 505.90
	= 9.39 percent
3. The total value of consideration criterion	= Total value of consideration paid x 100 / Total assets of the Company
	= THB 293.77 million x 100 / THB 1,304.01 million
	= 22.53 percent
4. The equity issued as consideration for the assets criterion	Not applicable as the Company is not issuing equity as consideration for the transaction.

The Company also had another acquisition of assets within the past six months prior to the date on which the meeting of the Board of Directors resolved to approve the entry into the transaction, i.e., the purchase of service marks and copyright in online media under the names "Post Today" and "NewsClear", where the combined transaction size of such transactions amounts to 31.73 percent under the total value of consideration criterion, which gives the highest transaction value.

Therefore, such transaction constitutes a Class 2 Transaction pursuant to the Acquisition or Disposal Notifications, i.e., a transaction whose transaction size is equal to or higher than 15 percent but lower than 50 percent, where the Company is required to disclose information on such transaction to the SET and send a circular to the shareholders within 21 days from the date of information disclosure to the SET.

The transaction size of such transaction, after combination with the Company's other disposals of assets within the past six months, amounts to a total transaction size of 19.30 percent under the total value of consideration criterion, which gives the highest transaction value.

1.4 Details of the Acquired Assets

When such transaction is complete, NTV will acquire 189,997 ordinary shares in NN, or equivalent to 99.99 percent of the total number of shares in NN.

1.4.1 General Information

Name of the company	Nation News Company Limited
Date of incorporation	11 April 2007
Juristic person registration number	0105550041064
Business type	Operating three business units, i.e., Thai News, The People, and software analytics application, which can be summarized as follows: 1) Thai News, which provides online news services via the Internet and cellular phone under the names "Thai News" and "TNEWS" across various platforms, such as website, Facebook, Google, YouTube, Line, and Twitter; 2) The People, which was launched in the fourth quarter of 2021 and whose operations are similar to Thai News, but focus more on presenting news on important individuals and interesting domestic and international news and events, provides online news services via the Internet and cellular phone under the name "The People" across various platforms, such as website, Facebook, and Google; 3) software analytics application, which can analyze the number of page views and revenues so that organizations can evaluate their potential and ability to create content to determine if the content created is able to attract viewers efficiently and is now being offered to the Company's group mainly and it is anticipated the application will be further developed to provide services to other agencies or organizations in the future.
Head office	1854, 7/F, Debaratana Road, Bang Na Sub-district, Bang Na District, Bangkok 10260
Registered capital	THB 19,000,000, comprising 190,000 ordinary shares, with a par value of THB 100 per share
Paid-up capital	THB 19,000,000

1.4.2 Key Financial Information

Key financial information of NN based on the audited financial statements of NN for the years ended 31 December 2019, 2020 and 2021 and the management accounts of NN for the six months ended 30 June 2022 can be summarized as follows:

Key information from the statements of financial position

	Year ended 31 Dec 2019		Year ended 31 Dec 2020		Year ended 31 Dec 2021		Six months ended 30 Jun 2022	
	THB MM	Percent	THB MM	Percent	THB MM	Percent	THB MM	Percent
Cash and cash equivalents	6.78	16.97	3.83	8.22	3.23	4.13	4.70	6.22
Temporary investments	-	-	-	-	0.30	0.38	0.30	0.40
Trade receivables and other receivables	27.17	68.02	12.29	26.36	13.05	16.72	10.42	13.79
Deferred income	-	-	1.61	3.45	4.21	5.40	4.89	6.47
Inventory	0.50	1.24	-	-	-	-	-	-
Current portion of income taxes	0.76	1.90	0.47	1.02	0.49	0.63	0.37	0.49
Total current assets	35.21	88.13	18.20	39.04	21.28	27.26	20.68	27.37
Plant, property, and equipment	1.70	4.27	-	-	-	-	-	-
Improvements of leased property and equipment	-	-	0.40	0.85	1.92	2.46	2.36	3.12
Intangible assets	2.91	7.29	25.59	54.88	51.23	65.64	48.25	63.87
Withholding taxes	-	-	2.35	5.03	3.58	4.58	4.21	5.57
Other non-current assets	0.12	0.31	0.09	0.19	0.04	0.06	0.05	0.07
Total non-current assets	4.73	11.87	28.43	60.96	56.77	72.74	54.87	72.63
Total assets	39.94	100.00	46.63	100.00	78.05	100.00	75.55	100.00
Trade payables and other payables	23.67	59.26	8.05	17.27	20.41	26.16	15.50	20.52
Short-term loans from related parties	52.60	131.71	1.30	2.79	-	-	42.50	56.26
Current portion of financial leases	-	-	-	-	-	-	0.01	0.01
Accrued expenses	-	-	3.12	6.69	2.27	2.91	2.42	3.20
Other current liabilities	-	-	2.10	4.49	0.79	1.02	1.10	1.47
Total current liabilities	76.27	190.97	14.57	31.23	23.47	30.08	61.53	81.45
Financial leases liabilities	-	-	-	-	-	-	0.04	0.06
Employee benefit obligations	0.01	0.02	1.32	2.83	2.19	2.80	2.42	3.20
Long-term loans from related parties	-	-	62.50	134.05	82.50	105.70	-	-
Total non-current liabilities	0.01	0.02	63.82	136.88	84.69	108.50	2.46	3.26
Total liabilities	76.28	190.99	78.39	168.11	108.16	138.58	64.00	84.71
Paid-up share capital	19.00	47.57	19.00	40.75	19.00	24.34	19.00	25.15
Statutory reserve	0.30	0.75	0.30	0.64	0.30	0.38	0.30	0.40
Retained earnings	(55.64)	(139.31)	(51.06)	(109.50)	(49.41)	(63.31)	(7.75)	(10.26)
Total shareholders' equity	(36.34)	(90.99)	(31.76)	(68.11)	(30.11)	(38.58)	11.55	15.29
Total liabilities and shareholders' equity	39.94	100.00	46.63	100.00	78.05	100.00	75.55	100.00

Key information from the statements of comprehensive income

	Year ended 31 Dec 2019		Year ended 31 Dec 2020		Year ended 31 Dec 2021		Six months ended 30 Jun 2022	
	THB MM	Percent	THB MM	Percent	THB MM	Percent	THB MM	Percent
Income from sales	1.28	2.01	-	-	-	-	-	-
Income from services	60.41	94.90	52.49	69.58	49.67	76.71	34.45	43.81
Cost of sales	(5.98)	(9.40)	-	-	-	-	-	-
Cost of services	(71.34)	(112.07)	(49.65)	(65.81)	(44.03)	(68.00)	(25.28)	(32.15)
Gross profit(loss)	(15.63)	(24.56)	2.84	3.76	5.64	8.71	9.17	11.66
Other income	1.97	3.09	22.95	30.42	15.08	23.29	44.19	56.19
Profit (loss) before expenses	(13.67)	(21.47)	25.79	34.19	20.72	32.00	53.36	67.85
Sales expenses	2.09	3.29	17.65	23.39	4.82	7.44	2.38	3.03
Administration expenses	18.07	28.39	12.56	16.65	10.14	15.65	5.34	6.79
Loss from impairment of intangible assets	-	-	4.85	6.43	-	-	-	-
Doubtful accounts and reversals	15.37	24.14	(14.79)	(19.60)	-	-	-	-
Total expenses	35.53	55.82	20.27	26.87	14.95	23.09	7.72	9.82
Profit (loss) before finance costs and income tax expenses	(49.20)	(77.29)	5.52	7.31	5.77	8.91	45.63	58.03
Finance costs	1.92	3.01	0.94	1.24	4.12	6.37	3.97	5.05
Profit (loss) before income tax expenses	(51.12)	(80.30)	4.58	6.07	1.64	2.54	41.66	52.98
Income tax expenses	-	-	-	-	-	-	-	-
Profit (loss) for the year	(51.12)	(80.30)	4.58	6.07	1.64	2.54	41.66	52.98

1.4.3 Board of Directors and Shareholders

Board of Directors

Pre-transaction Board of Directors	Post-transaction Board of Directors
1. Ms. Warangkana Kalayanapradit	1. Ms. Warangkana Kalayanapradit
2. Mr. Tinnakorn Punpanichgul	2. To be nominated by the Company
3. Mr. Piyawit Damrongsat	3. Mr. Piyawit Damrongsat

Shareholders

Name	Pre-transaction shareholders ¹		Post-transaction shareholders ²	
	Number of shares	Percent	Number of shares	Percent
1. NBC	189,997	99.99	0	0
2. Mr. Supawat Sanguanngam	2	0	2	0
3. Ms. Warangkana Kalayanapradit	1	0	1	0
4. NTV	0	0	189,997	99.99
Total	190,000	100.00	190,000	100.00

Remark ¹ Information as of 28 April 2022.

1.5 Total Value of Consideration and Payment Conditions

1.5.1 Total Value of Consideration

The total value of consideration for the transaction will be up to THB 293,770,000 as detailed in Clause 1.3.2.

1.5.2 Payment Conditions

NTV will make a cash payment of THB 63.77 million as the first installment to NBC on the signing date of the relevant share sale and purchase agreement and make the outstanding cash payment of THB 230 million to NBC as follows: (1) THB 90 million as the second installment within 30 November 2022; (2) THB 90 million as the third installment within 30 December 2022 whereby NTV and/or the Company will pledge 32,300 shares in NN, or equivalent to 17 percent of the total number of shares in NN in favor of NBC as collateral for the payment of the fourth installment; and (3) THB 50 million as the fourth installment within 20 January 2023.

1.6 Value of Acquired Assets

The value of acquired assets will not exceed the total value of consideration as detailed in Clause 1.5.1.

1.7 Basis Used to Determine the Value of Consideration

The determination of the value of consideration is based on the negotiations between the Company and the seller as well as the fair value of NN, which was appraised by Siam Alpha Capital Company Limited, the Company's financial advisor, by using the discounted cash flow valuation method and referencing future net cash flows of the three business units to be acquired, i.e., Thai News, The People, and software analytics application, where key assumptions of such three business units can be summarized as follows:

Revenues Assumptions

Unit: THB MM							
Types of revenues	2021	2022F	2023F	2024F	2025F	2026F	20270F
Ads network revenue	19.87	36.07	42.21	43.64	45.12	46.65	48.23
Direct sale advertisement revenue	4.48	42.75	43.62	44.52	45.43	46.37	47.34
Affiliate revenue	4.04	0.32	0.33	0.34	0.35	0.36	0.37
Application revenue	14.68	7.80	8.03	8.27	8.52	8.78	9.04

Revenues assumptions relating to advertisement revenues from various platforms, such as Facebook, YouTube, Google, Line, and others: For 2022, the assumption was based on the actual revenue for the first seven months of 2022 as well as the Company's plans for business development and increase of revenue in the future. For

2023, the growth rate was fixed at 16.00 percent based on the growth rates of the online media industry in Thailand from 2021 to 2025 from the e-Conomy SEA 2021 report and from Google, TEMASEK and BAIN & Company. For 2024 onwards, the annual growth rate was fixed at 2.49 percent based on the average growth rates of the television and digital advertising spending from 2012 to 2019 from the Digital Advertising Association (Thailand).

Revenues assumptions relating to activities: For 2022, the assumption was based on the actual revenue for the first seven months of 2022 as well as the Company's plans for additional activities. For 2023 onwards, the annual growth rate was fixed at 2.49 percent based on the average growth rates of the television and digital advertising spending from 2012 to 2019 from the Digital Advertising Association (Thailand).

Revenues assumptions relating to application: For 2022, the assumption was based on the actual revenue for the first seven months of 2022 as well as the Company's plans for business development and increase of revenue in the future. For 2023 onwards, the annual growth rate was fixed at 3.00 percent based on the estimated growth rate of the communication services spending in Thailand for 2022 from the Digital Advertising Association (Thailand).

Costs Assumptions

Costs and expenses assumptions, comprising variable costs that change in proportion to costs and revenue and fixed costs: For 2022, the assumption was based on the actual costs and expenses for the first seven months of 2022 as well as the business plan. For 2023 onwards, the annual growth rate was fixed at 0.88 percent based on the Bank of Thailand's ten-year inflation rates until 2022. As for rentals from 2023 onwards, the annual growth rate was fixed at 3.00 percent based on the increase in rentals of real property. As for employee expenses from 2023 onwards, the annual growth rate was fixed at 3.00 percent based on the Company's policy.

Discount Rate Assumptions

The annual discount rate was fixed at 8.12 percent.

1.8 Expected Benefits of the Company

The Company expects that the entry into such transaction will provide the benefits to the Company as follows:

1. The business to be invested is a part of the Company's core business under the "One Nation" policy and the Company has had experience in and good knowhow for managing such business.

2. Synergy can be achieved from the cooperation and sharing of resources within the Company's group, such as field team, media production team, and editing team, where the respective media will be able to make adjustments to the content created to cater to their viewers. Moreover, a larger database of viewers can be created as a result of joint database management, which the Company expects to further

analyze and process to help select content that cater to the respective viewers in each platform, as well as seeking opportunities to create value from such database in the future.

3. The Company will have an opportunity to enjoy returns from the investment in NN after its consolidation with the Company given NN's profitability in the past.

1.9 Source of Funding

The Company and/or NTV may use its own internal cash flows and/or obtain loans from financial institutions and/or other parties to enter into the transaction. In this regard, should the Company and/or NTV obtain loans from financial institutions and/or other parties to enter into the transaction, the Company will disclose additional information on the loan agreement(s) and the terms thereunder that may affect the rights of shareholders via the SET's information disclosure channels later on.

1.10 Opinion of the Board of Directors

After taking into account the value of consideration as detailed in Clause 1.7 above, the Board of Directors unanimously resolved to approve the entry into the transaction as it viewed that such entry into the transaction and the value of consideration were appropriate, reasonable, and beneficial to the Company and all shareholders of the Company in the long run as per the reasons specified in Clause 1.8 above.

1.11 Opinion of the Audit Committee

The opinion of the Audit Committee is not different from the Board of Directors as stated in Clause 1.10 above.

2. Information Disclosure under List 2

2.1 Board of Directors' Responsibility on the Information Disclosed to the Shareholders

The Board of Directors has reviewed the information provided to it with due care and was responsible for the information disclosure as stated in this document. In this regard, the Board of Directors affirms that the information contained in this document is correct and complete without any material misstatements or concealment of material facts required to be disclosed pursuant to Section 89/20 of the Securities and Exchange Act B.E. 2535 (as amended).

2.2 Opinion of an Independent Expert

-None-

2.3 Financial Projection for the Present Year (if any)

-None-

2.4 Pending Material Legal Actions or Disputes

As at 17 October 2022, the Company had no pending material legal action or dispute.

2.5 Benefits or Related Party Transactions between the Company and the Directors, Executives, and Shareholders with a Direct or Indirect Shareholding of 10% or More

The benefits or related party transactions between the Company and the directors, executives, and shareholders with a direct or indirect shareholding of 10% or more for the six months ended 30 June 2022 and 2021 can be summarized as follows:

Related Party and Relationship	Types of Transaction	Transaction Value (Unit: THB millions)	
		For the six months ended 30 Jun 2022	For the six months ended 30 Jun 2021
1. Major shareholder	Short-term loan	-	12.50
	Loan-term loan	-	-
	Interest paid	0.49	-
