

-TRANSLATION-

No. 10000/003/2023

12 January 2023

Subject: Resolutions passed by the Board of Directors Meeting regarding the share acquisition, the tender offer for the entire securities of Esso (Thailand) Public Company Limited

Attention: President  
Stock Exchange of Thailand

Enclosure: Information Memorandum on Asset Acquisition Concerning the Acquisition of Shares of Esso (Thailand) Public Company Limited

Bangchak Corporation Public Company Limited (the "**Company**") would like to inform you of the resolutions passed by Board of Directors Meeting No. 1/2023, convened on 11 January 2023. In such meeting, the following material matters were considered and approved:

1. The Board of Directors approved the following transactions and proposed that the shareholders meeting consider and approve the Company to acquire the shares and make a tender offer for the entire securities of Esso (Thailand) Public Company Limited ("**ESSO**"), in accordance with the following details:
  - 1.1 To directly acquire a total of 2,283,750,000 ordinary shares of ESSO (equivalent to approximately 65.99 percent of the total issued shares of ESSO as of 30 September 2022) (the "**Sale Shares**") from the seller, ExxonMobil Asia Holdings Pte. Ltd. (the "**Seller**"). In this regard, the Company has entered into a share purchase agreement with the Seller on 11 January 2023 (the "**Share Purchase Agreement**") ("**Transaction**"). The key terms and conditions of the Share Purchase Agreement are as follows:
    - (1) the Company will directly acquire the Sale Shares at the purchase price which is subject to the adjustment mechanism in accordance with the Share Purchase Agreement and as described in Clause 3.2 of the Information Memorandum on Asset Acquisition of the Company in the Enclosure for illustration purposes; and
    - (2) the Company's acquisition of the Sale Shares under the Clause (1) will occur upon the satisfaction (or the relevant waiver by the Seller and/or the Company, as a case may be, has been obtained) of the conditions precedent under the Share Purchase Agreement which includes:
      - (a) ESSO having obtained the approval and/or waiver of the requirement or the restriction specifically required under the Refinery Expansion Agreement dated 27 December 1991 (as amended) from the Ministry of Energy or the relevant Governmental Authority for Seller to sell the Sale Shares to the Company if and to the extent that such approval and/or waiver is required before the sale of the Sale Shares;

- (b) the Company having obtained the applicable Antitrust Approvals (i.e. the Trade Competition Commission and the Energy Regulatory Commission);
- (c) the Company having obtained necessary approvals from its shareholders meeting to acquire ESSO Shares (including the Sale Shares); and
- (d) the purchase price having been finalized in accordance with the Share Purchase Agreement.

The Company expects that these conditions precedent will be completed and the Company expects to complete the acquisition of the Sale Shares within the date falling twelve (12) months after the date of Share Purchase Agreement (please refer to other material details and conditions of the Share Purchase Agreement in the Information Memorandum on Asset Acquisition of the Company in the Enclosure).

- 1.2 The Company is required to make a tender offer for the remaining 1,177,108,000 ordinary shares in ESSO (equivalent to approximately 34.01 percent of the total issued shares in ESSO) after the completion of the Transaction pursuant to the criteria and conditions under the Notification of Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended), to acquire the remaining shares of ESSO at the same price as that of the purchase price in accordance with the Transaction. In this regard, ESSO does not have other convertible securities.

The Transaction and the tender offer for the entire securities of ESSO shares constitute a purchase or an acquisition of the business of other company, pursuant to Section 107(2)(b) of the Public Limited Companies Act B.E. 2535 (1992) and constitute an asset acquisition by the Company 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 (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 Acquisition or Disposal of Assets B.E. 2547 (2004) (as amended) (collectively, the "**Notifications on Acquisition or Disposal**"), having the highest transaction value pursuant to the calculation based on the value of 71.8 percent of net profit from the Company's operation derived from the reviewed financial statements of the Company for 9-month period ended 30 September 2022, the Transaction and the tender offer for the remaining shares of ESSO are classified as a Class 1 transaction and the Company is required to comply with the Notifications on Acquisition or Disposal.

The Transaction and the tender offer for the entire securities of ESSO shares are not considered as a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions dated 31 August 2008 (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) dated 19 November 2003 (as amended).

(Please refer to other details under the Information Memorandum on Asset Acquisition of the Company in the Enclosure.)

Thus, the Board of Directors Meeting deemed it appropriate to approve the authorisation of the Group Chief Executive Officer and President, or a person delegated by the Group Chief Executive Officer and President, to undertake relevant and necessary acts for the Transaction and the tender offer for the entire securities of ESSO.

2. The Board of Directors approved to propose the Transaction and the tender offer to the Annual General Meeting of Shareholders for consideration whereby the Board of Directors shall further call and determine the date, time, and venue of the meeting, as well as other details with respect to such Annual General Meeting of Shareholders and inform the shareholders within the timeframe and procedures in accordance with the relevant laws and regulations.

Please be informed accordingly.

Sincerely yours,

-signed-

(Mr. Chaiwat Kovavisarach)  
Group Chief Executive Officer and President

Investor Relations Division

Tel. 0 2335 8663

**Information Memorandum on Asset Acquisition**  
**Concerning the Acquisition of Shares of Esso (Thailand) Public Company Limited**

Board of Directors Meeting No. 1/2023 of Bangchak Corporation Public Company Limited (the "**Company**"), convened on 11 January 2023, resolved to approve the entering into of the following transactions and proposed that the shareholders meeting of the Company consider and approve the entering into of the following transactions:

- (1) The direct acquisition of 2,283,750,000 ordinary shares of Esso (Thailand) Public Company Limited ("**ESSO**" or "**Target**") (equivalent to approximately 65.99 percent of the total issued shares of ESSO as of 30 September 2022) (the "**Sale Shares**"), from ExxonMobil Asia Holdings Pte. Ltd. (the "**Seller**"). In this regard, the Company has entered into a share purchase agreement with the Seller on 11 January 2023 (the "**Share Purchase Agreement**") ("**Transaction**"). The purchase price of the Sale Shares is further subject to the adjustment mechanism set out in the Share Purchase Agreement which is further described in Clause 3.2.
- (2) The tender offer for the remaining no more than 1,177,108,000 ordinary shares in ESSO (equivalent to approximately 34.01 percent of the total issued shares in ESSO as of 30 September 2022) after the completion of the Transaction pursuant to the criteria and conditions under the Notification of Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended), to acquire the remaining ESSO shares at the same price as that of the purchase price of ESSO shares in accordance with the Transaction.

Given that the Company will acquire more than 50% of shares in the Target, the Company is required to obtain an approval from shareholders at a meeting of shareholders of the Company under Section 107(2)(b) of the Public Limited Companies Act B.E. 2535 (1992) (as amended) ("**PLCA**"). Accordingly, the Board of Directors approved to propose to the shareholders to consider and approve the Transaction by the Company under Section 107 of the PLCA.

Furthermore, the Transaction and the tender offer for all remaining shares of ESSO also constitute an asset acquisition of the Company 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 (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 Acquisition and Disposition of Assets B.E. 2547 (2004) (as amended) (collectively, the "**Notifications on Acquisition or Disposal**"), having the highest transaction value pursuant to the calculation based on the value of 71.8 percent of net profit from the Company's operations derived from the reviewed financial statements of the Company for 9-month period ended 30 September 2022, the Transaction and the tender offer for the remaining shares of ESSO are classified as a Class 1 transaction, and the Company is required to comply with the Notifications on Acquisition or Disposal.

The final purchase price for the Target will be subject to the purchase price adjustment mechanism in accordance with the Share Purchase Agreement which is detailed in Clause 3.2 for illustration purposes.

The Transaction and the tender offer for the entire securities of ESSO shares are not considered a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions dated 31 August 2008 (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) dated 19 November 2003 (as amended).

The Company hereby informs you of the information with respect to the asset acquisition transaction as follows:

## 1. **Date of the Transaction**

The Company has entered into the Share Purchase Agreement and documents in relation to the Transaction with the Seller on 11 January 2023.

Subject to the conditions of the Share Purchase Agreement, the sale and purchase of the Sale Shares shall occur only after the fulfilment (unless the relevant waiver by the Seller and/or the Company, as a case may be, has been obtained) of the conditions precedent stipulated in the Share Purchase Agreement which include the following:

- (a) ESSO having obtained the approval and/or waiver of the requirement or the restriction specifically required under the Refinery Expansion Agreement dated 27 December 1991 (as amended) from the Ministry of Energy or the relevant Governmental Authority for the Seller to sell the Sale Shares to the Company if and to the extent that such approval and/or waiver is required before the sale of the Sale Shares;
- (b) the Company having obtained the applicable Antitrust Approvals (i.e. the Trade Competition Commission and the Energy Regulatory Commission);
- (c) the Company having obtained necessary approvals from its shareholders meeting to acquire ESSO Shares (including the Sale Shares); and
- (d) the purchase price having been finalized in accordance with the Share Purchase Agreement.

The Company expects that these conditions precedent will be completed and the Company expects to complete the acquisition of the Sale Shares within the date falling twelve (12) months after the date of Share Purchase Agreement.

The purchase price will be further adjusted as per the purchase price adjustment mechanism in accordance with the Share Purchase Agreement detailed in Clause 3.2 below.

In addition, after the conditions precedent are fulfilled (unless the relevant waiver by the Seller and/or the Company, as a case may be, has been obtained), the Company will consummate the Transaction and be required to accordingly make a tender offer for all the securities of ESSO from other ESSO's shareholders under the criteria and notifications of the Securities and Exchange Commission and/or the Capital Market Supervisory Board. The loans from related parties of the Seller to ESSO will also need to be repaid around the completion date.

## 2. **Related Party and their Relationship**

### 2.1 The Transaction

Buyer: The Company

Seller: ExxonMobil Asia Holdings Pte. Ltd.

Relationship with the Company:

There is no relationship between the Buyer and the Seller.

## 2.2 Tender offer for all the remaining securities of ESSO

Buyer: The Company

Seller: All other shareholders of ESSO who accept the tender offer

### Relationship with the Company:

The Company has examined ESSO's latest list of shareholders as appeared in the public disclosure on the Stock Exchange of Thailand (the "SET") on 11 January 2023 and there are the following shareholders of ESSO who are also shareholders of the Company.

| Shareholders  | Shareholding Percentage in the Company <sup>(1)</sup> | Shareholding Percentage in ESSO <sup>(2)</sup> |
|---|---|--|
| Vayupak Fund 1 by MFC Asset Management Public Company Limited       | 9.92  | 3.72   |
| Vayupak Fund 1 by Krungthai Asset Management Public Company Limited | 9.92  | 3.72   |
| SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED                        | 3.62  | 1.70   |

Remark: (1) Latest available shareholding on SET (as of 1 September 2022)

(2) Latest available shareholding on SET (as of 22 September 2022)

The abovementioned shareholders of ESSO are not regarded as major shareholders and the person who have control over or the connected party of the Company pursuant to the Notification of the Securities and Exchange Commission No. KorChor.17/2551 Re: Determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities (as amended).

## 3. General Characteristics of the Transaction

### 3.1 General Characteristics

The Company will enter into the Transaction for the purchase of the total of 2,283,750,000 ordinary shares (equivalent to approximately 65.99 percent of the total issued shares of ESSO as of 30 September 2022) from the Seller.

The Transaction has the conditions precedent as stipulated in Clause 1. (Date of the Transaction) above.

ESSO's existing Finished Lubricants and Chemical Marketing businesses ("**Excluded Businesses**") are not included in the scope of this Transaction. Company will work with the Seller to ensure the smooth transition of the Excluded Businesses in accordance with the direction proposed by the Seller, which may involve transferring, assigning, disposing of, winding down (including termination of relevant agreements) or otherwise winding up some or all parts of the Excluded Businesses.

The Company will be able to use Esso's brand for service stations during a transition period which will be 2 years in general.

After the fulfilment of the conditions precedent (unless the relevant waiver by the Seller and/or the Company, as a case may be, has been obtained), the Company shall complete the Transaction and is required to make a tender offer for the remaining shares of ESSO in the total amount of 1,177,108,000 ordinary shares in ESSO (equivalent to approximately 34.01 percent of the total issued shares in ESSO as of 30 September 2022) pursuant to the criteria and conditions prescribed under the Notification of Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Condition and Procedures for the Acquisition of Securities for Business Takeovers (as amended). In this regard, ESSO does not have other convertible securities.

Should the conditions precedent be fulfilled and the Company, and the Seller have transferred the shares and made the payment according to the Transaction and based on the assumption that all ESSO shareholders have accepted the tender offer for the entire securities of ESSO, the total ESSO shares acquired by the Company shall be equivalent to 3,460,858,000 ordinary shares (equivalent to 100 percent of the total issued shares in ESSO) and equivalent to the amount of approximately THB 33,312 million or THB 30,608 million as at 30 June 2022 or 30 September 2022 respectively (the indicative equivalent amount is calculated under the price adjustment mechanism in Clause 3.2 and shall be used for illustrative purposes only. The final purchase price and accordingly the said tender offer price will be calculated based on latest audited or reviewed financial statements before the completion date).

### 3.2 Price Adjustment Mechanism

Due to the industry in which ESSO is operating is highly volatile in terms of working capital needs and the considerable time period required between the Share Purchase Agreement signing date and the expected completion date, a price adjustment mechanism is used to determine the purchase price of the Sale Shares and tender offer price to provide certainty to the Company on the enterprise value of ESSO and mitigate major fluctuations versus normalized working capital levels.

The purchase price of the Sales Shares at the closing of the Transaction will be subject to business performance which results in changes in net debt and debt equivalent items, working capital and other items in accordance with the Share Purchase Agreement as described below. The adjustment items will be referencing the latest reviewed quarterly financial statements or audited annual financial statements of ESSO, as the case may be, before the closing of the Transaction (expected in third quarter of 2023, in which case the relevant date for the financial statements to be used ("**Financial Statement Date**") would be as at 30 June 2023).

- |       |   |
|-------|---|
|       | 1. Enterprise value of THB 55,500 million   |
| minus | 2. Net debt and debt equivalent items <sup>1</sup><br><i>Total debt less cash and cash equivalent items</i> |
| plus  | 3. Other financial items <sup>2</sup>   |

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<sup>1</sup> Net debt and debt equivalent items include bank overdrafts and short-term borrowings from financial institutions, current portion of long-term borrowings from financial institutions, current portion of long-term loans from related parties, short-term loans from related parties, long-term borrowings from financial institutions, long-term loans from related parties, cash and cash equivalents, current portion of lease liabilities, short-term provisions for employee benefits, lease liabilities, long-term provisions for employee benefits, and non-controlling interests

<sup>2</sup> Other financial items include investments in an associate and other adjustments

- plus 4. Select working capital adjustments<sup>3</sup>  
*Difference between select working capital items as of Financial Statement Date and normalized working capital level (“Reference Working Capital”) together with volume and price linked hydrocarbon inventories adjustments*
- plus 5. Other adjustments in accordance with the Share Purchase Agreement including inventories of Excluded Businesses which are excluded from the Transaction, considerations paid for the Excluded Businesses by the Seller to the Target post Financial Statement Date (if any), and any dividend that becomes payable post Financial Statement Date and prior to closing
- equals 6. Equity value

For illustration purposes, the below table shows the purchase price adjustment following the above adjustment mechanism as if the transaction were to close by referencing the reviewed financial statements of ESSO as at 30 June 2022 and 30 September 2022 which are the latest available reviewed financial statements at the date of signing of the Share Purchase Agreement. On this basis, the total value of the Sale Shares would be THB 21,982 million or THB 9.63 per share and THB 20,198 million or THB 8.84 per share as at 30 June 2022 and 30 September 2022, respectively.

| Balance Sheet Date (THB million)  | For illustration only |               |
|---|-----------------------|---------------|
|   | 30 Jun 2022           | 30 Sep 2022   |
| <b>(1) Enterprise value</b>   | <b>55,500</b>         | <b>55,500</b> |
| (2) (-) Net debt and debt equivalent items                                | (25,584)              | (41,637)      |
| (3) (+) Other financial items   | 2,838                 | 2,914         |
| (4) (+) Select working capital adjustments                                | 2                     | 13,178        |
| (+) Financial Statement Date working capital                              | (8,902)               | 1,399         |
| (-) Reference Working Capital   | 9,457                 | 9,457         |
| (+) Volume and price linked hydrocarbon inventories adjustments           | (554)                 | 2,322         |
| (5) (+) Other adjustments in accordance with the Share Purchase Agreement | 557                   | 654           |
| <b>= Equity value</b>   | <b>33,312</b>         | <b>30,608</b> |
| ./. Number of the ESSO’s shares (million shares)                          | 3,461                 | 3,461         |
| <b>= Purchase price per share (THB/share)</b>                             | <b>9.63</b>           | <b>8.84</b>   |
| x Number of Sale Shares (million shares)                                  | 2,284                 | 2,284         |
| <b>= Total value of the Sale Shares</b>                                   | <b>21,982</b>         | <b>20,198</b> |

The abovementioned purchase price is for illustration purposes only. The total value of the Sale Shares may increase or decrease to reflect the actual numbers at the completion date

<sup>3</sup> Select working capital adjustments include 1) the difference between Financial Statement Date working capital (select working capital items as of the Financial Statement Date) and the Reference Working Capital which reflects normalized working capital levels for the business where select working capital items include trade receivables, amounts due from related parties, other receivables, trade and other payables, amounts due to related parties, and dividend payable) and 2) the difference in volume basis between agreed volume of crude and products inventories between Company and the Seller (4,925 Kb for crude and condensate and 2,475 Kb for related products) and that as of the latest Financial Statement Date before closing of the Transaction multiplied by market pricing to be agreed between the Company and the Seller prior to closing of the Transaction



of the Transaction based on the mechanism described above and in the table.

### 3.3 Transaction Value

1. Net Tangible Asset (NTA) Basis:

Size of transaction

=  $\frac{\text{Percentage of the net tangible asset value of ESSO proportionate to be acquired}}{\text{Net tangible asset value of the Company}}$

=  $\frac{\text{THB 28,038 million} \times 100\%}{\text{THB 45,300 million}}$

= 61.9 percent

2. Net Profit Basis:

Size of transaction

=  $\frac{\text{Percentage of the net profit of ESSO proportionate to be acquired}}{\text{Net profit of the Company}}$

=  $\frac{\text{THB 11,823 million} \times 100\%}{\text{THB 16,467 million}}$

= 71.8 percent

3. Total Value of Consideration Basis:

Size of transaction

=  $\frac{\text{Total value of consideration paid}}{\text{Total asset value of the Company}}$

=  $\frac{\text{THB 30,608 million}^4 \times 100\%}{\text{THB 227,863 million}}$

= 13.4 percent

4. Value of Securities issued by the Company as consideration for the assets acquired Basis:

Not applicable as there is no issuance of securities.

Summary of the Calculation of Transaction Value:

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<sup>4</sup> Indicative value of consideration as at 30 September 2022

| Calculation Bases |  | Transaction Value |
|-------------------|--|-------------------|
| 1.                | Net Tangible Asset (NTA) Basis   | 61.9%             |
| 2.                | Net Profit Basis   | 71.8%             |
| 3.                | Total Value of Consideration Basis   | 13.4%             |
| 4.                | Value of Securities issued by the Company as consideration for the assets acquired Basis | N/A               |

The Transaction and the tender offer for the remaining shares of ESSO constitute a purchase or an acquisition of the business of other company, pursuant to Section 107(2)(b) of the PLCA, and constitute an asset acquisition of the Company pursuant to the Notifications on Acquisition or Disposal, having the highest transaction value pursuant to the calculation based on the value of 71.8 percent of net profit from the Company's operations derived from the reviewed financial statements of the Company for the Company for 9-month period ended 30 September 2022, the Transaction and the tender offer for the remaining shares of ESSO are classified as a Class 1 transaction, and the Company is required to comply with the Notifications on Acquisition or Disposal as follows:

- (1) To prepare a report and disclose an information memorandum on the asset acquisition to the Stock Exchange of Thailand;
- (2) To deliver the invitation to the shareholders meeting no less than 14 days in advance, whereby the invitation must comprise the details required under the Notifications on Acquisition or Disposal at a minimum;
- (3) To arrange for an independent financial advisor who is approved by the Office of the Securities and Exchange Commission, in order to provide opinions on the entering into of the Transaction and the tender offer for all remaining shares of ESSO, and to deliver the opinions along with the invitation to the shareholders meeting (as specified under (2)); and
- (4) To convene a shareholders meeting in order to seek approval on the entering into the Transaction, whereby the resolution with respect to the entering into the Transaction shall be passed by votes of no less than three-quarters of the total votes cast by the shareholders attending the Meeting and eligible to vote, without counting the votes cast by interested shareholders.

#### **4. Details of the assets to be acquired**

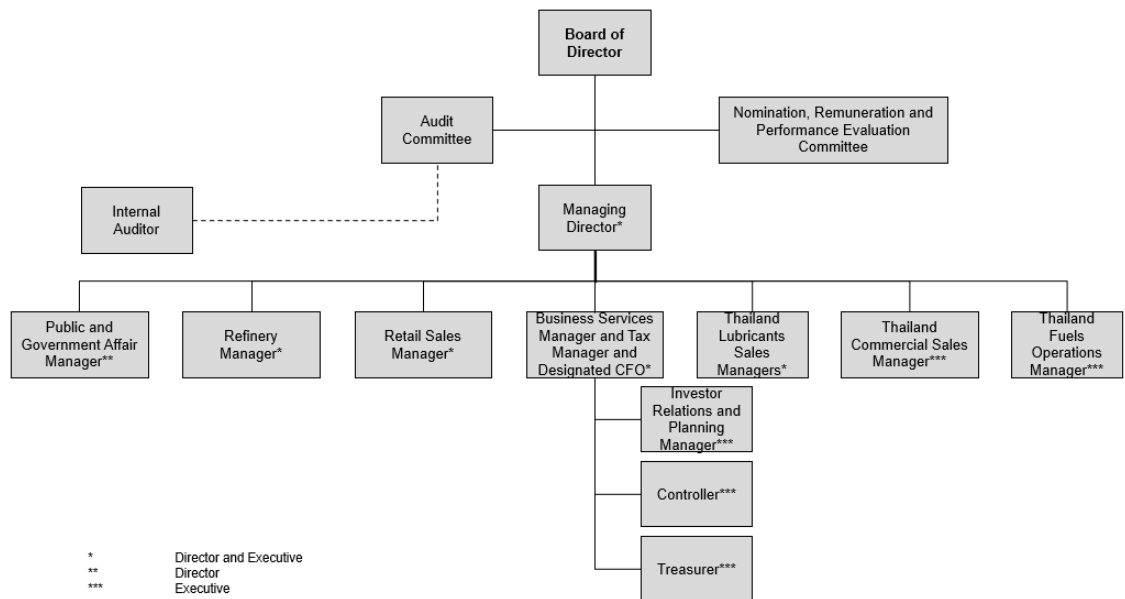
- (1) 2,283,750,000 ordinary shares of ESSO (equivalent to approximately 65.99 percent of the total issued shares of ESSO) to be acquired by purchasing such shares from the Seller.
- (2) Not exceeding 1,177,108,000 ordinary shares in ESSO (equivalent to approximately 34.01 percent of the total issued shares in ESSO) to be acquired by means of making the tender offer for the remaining securities of ESSO and acquiring such shares from the other shareholders of ESSO.

#### **4.1 Business Operations of ESSO**

ESSO is a public company limited which operates an integrated petroleum refining and

marketing (“R&M”) business, and also manufactures and markets aromatics and other chemicals. ESSO sells refined petroleum products to retail consumers through its extensive network of Esso branded retail service stations as well as directly to commercial customers in the industrial, wholesale, aviation, and marine sectors. ESSO also sells aromatics and other chemical products that ESSO manufactures to domestic commercial customers. In certain cases, ESSO exports products for sale outside of Thailand. ESSO’s sales of refined petroleum products include light products (consisting of LPG and gasoline), middle distillates (consisting of jet fuel/kerosene and diesel) and heavy products (consisting of fuel oil and asphalt), as well as lubricants

Chart of ESSO’s Organization Structure as at 31 December 2021:



ESSO’s Investment in Subsidiaries

| Subsidiaries   | Direct and indirect Shareholding by ESSO (Percentage) | Nature of Business Operation     |
|--|---|----------------------------------|
| <b>Mobil Enterprises (Thailand) Limited (METL)</b><br>3195/17-29 Rama IV Road, Klong Ton<br>Klong Toey District, Bangkok 10110<br>Telephone: 02 407-4000 | 100   | Currently in liquidation process |

ESSO’s Investment in Affiliated Companies

| Associated Companies  | Direct or indirect Shareholding by ESSO (Percentage) | Nature of Business Operation |
|---|--|------------------------------|
| <b>Industry Promotion Enterprises Limited (IPEL)</b><br>3195/26 Rama IV Road, Klong Ton<br>Klong Toey District, Bangkok 10110<br>Telephone: 02 407-4000 | 30 <sup>5</sup>                                      | Real estate leasing          |

<sup>5</sup> The remaining preferred shares are held by employees of the Company and/or ExxonMobil’s affiliates

| <b>Associated Companies</b>   | <b>Direct or indirect Shareholding by ESSO (Percentage)</b> | <b>Nature of Business Operation</b>        |
|---|---|--|
| <b>United Industry Development Co., Ltd. (UIDC)</b><br>3195/27 Rama IV Road, Klong Ton<br>Klong Toey District, Bangkok 10110<br>Telephone: 02 407-4000                              | 49 <sup>5</sup>   | Real estate leasing                        |
| <b>Pacesetter Enterprises Limited (PSE)</b><br>3195/27 Rama IV Road, Klong Ton<br>Klong Toey District, Bangkok 10110<br>Telephone: 02 407-4000                                      | 33 <sup>6</sup>   | Real estate leasing                        |
| <b>Thai Petroleum Pipeline Co., Ltd. (THAPPLINE)</b><br>2/8 Moo 11, Lumlukka Road, Ladsawai,<br>Lumlukka, Pathumthani 12150<br>Telephone: 02 991-9130                               | 21  | Petroleum products pipeline transportation |
| <b>Bangkok Aviation Fuels Services Public Company Limited (BAFS)</b><br>171/2 Moo 10, Vibhavadi Rangsit Road,<br>Sikan, DonMueang District, Bangkok 10210<br>Telephone: 02 834-8900 | 7 <sup>7</sup>  | Aircraft refueling services                |

Please refer to additional information of ESSO (including the information regarding the nature of the business, risk factors and legal disputes) from the 2021 annual registration statement of ESSO from the Securities and Exchange Commission, Thailand ([www.sec.or.th](http://www.sec.or.th)) and the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th))

#### 4.2 General Information of ESSO<sup>8</sup>

|   |   |
|---|---|
| <b>Company's Name</b>                             | Esso (Thailand) Public Company Limited  |
| <b>Address</b>                                    | 3195/17-29 Rama 4 Road, Klong Ton Subdistrict, Klong Toey District, Bangkok 10110   |
| <b>Telephone</b>                                  | 02 407 4000   |
| <b>Facsimile</b>                                  | 02 407 4800   |
| <b>Registered Capital</b>                         | THB 17,110,007,246.71   |
| <b>Paid-up Registered Capital</b>                 | THB 17,075,181,200.40, divided into 3,460,858,000 ordinary shares, at the par value of THB 4.93 per share   |
| <b>Board of Directors (as at 11 January 2023)</b> | (1) Mr. Adisak Jangkamolkulchai / Chairman, Managing Director<br>(2) Mrs. Ratrimani Pasiphol / Director<br>(3) Mr. Manoch Munjitjuntra / Director<br>(4) Mr. Taweesak Bunluesin / Director<br>(5) Mr. Vichan Nikornmalakul / Director<br>(6) Miss Jirapun Paowarut / Director<br>(7) Mr. Wattana Chantarasorn / Independent Director, Chairman of the Audit Committee |

<sup>6</sup> The remaining shares are held by UIDC and IPEL

<sup>7</sup> Information obtained from [www.set.or.th](http://www.set.or.th) as at 11 January 2023 based on 14 March 2022 record date

<sup>8</sup> Information obtained from [www.set.or.th](http://www.set.or.th) as at 11 January 2023

|  |  |
|--|--|
|  | (8) Miss Prachit Hawat / Independent Director, Audit Committee       |
|  | (9) Mr. Boontuck Wungcharoen / Independent Director                  |
|  | (10) Mr. Buranawong Sowaprun / Independent Director, Audit Committee |
|  | (11) Mr. Pornchai Thiraveja / Independent Director                   |

#### 4.3 Summary of the financial information of ESSO for 2019-2022<sup>9</sup>

##### Consolidated Profit and Loss Statement

| (Unit: THB million)                      | For the year ending |                |               | For the nine-month period ending |
|--|---------------------|----------------|---------------|----------------------------------|
|  | 31 Dec 2019         | 31 Dec 2020    | 31 Dec 2021   | 30 Sep 2022                      |
| Revenue from sales and services          | 168,530             | 123,649        | 167,151       | 184,376                          |
| Subsidy from Oil Fuel Fund               | 818                 | 3,022          | 5,727         | 14,986                           |
| Cost of sales and services               | (167,344)           | (131,408)      | (162,261)     | (181,766)                        |
| <b>Gross profit</b>                      | <b>2,004</b>        | <b>(4,736)</b> | <b>10,618</b> | <b>17,596</b>                    |
| Selling expenses                         | (5,800)             | (4,948)        | (4,834)       | (3,670)                          |
| Administrative expenses                  | (310)               | (268)          | (234)         | (175)                            |
| <b>Profit from sales</b>                 | <b>(4,106)</b>      | <b>(9,953)</b> | <b>5,550</b>  | <b>13,752</b>                    |
| Other income                             | 82                  | 67             | 26            | 14                               |
| Interest income                          | 8                   | 3              | 3             | 4                                |
| Finance costs                            | (322)               | (360)          | (311)         | (214)                            |
| Share of profit from an associate        | 380                 | 285            | 227           | 234                              |
| <b>Profit before income tax expenses</b> | <b>(3,957)</b>      | <b>(9,958)</b> | <b>5,495</b>  | <b>13,790</b>                    |
| Income tax expenses                      | 893                 | 2,048          | (1,051)       | (2,718)                          |
| <b>Net profit</b>                        | <b>(3,065)</b>      | <b>(7,910)</b> | <b>4,444</b>  | <b>11,072</b>                    |

##### Consolidated Financial Position

| (Unit: THB million)  | As at         |               |               |               |
|--|---------------|---------------|---------------|---------------|
|  | 31 Dec 2019   | 31 Dec 2020   | 31 Dec 2021   | 30 Sep 2022   |
| Cash and cash equivalents  | 277           | 262           | 802           | 843           |
| Trade receivables, net   | 6,464         | 5,083         | 8,171         | 9,551         |
| Amounts due from related parties   | -             | 36            | 0             | 0             |
| Inventories, net   | 19,085        | 13,144        | 18,786        | 32,473        |
| Other receivables, net   | 1,378         | 2,888         | 4,152         | 16,410        |
| Other current assets   | 4,775         | 1,507         | 1,874         | 2,787         |
| <b>Total current assets</b>  | <b>31,978</b> | <b>22,921</b> | <b>33,784</b> | <b>62,064</b> |
| Financial assets measured at fair value through other comprehensive income | -             | 1,071         | 1,148         | 1,280         |
| Available-for-sale investments   | 1,350         | -             | -             | -             |
| Investments in an associate  | 2,207         | 2,137         | 2,095         | 2,114         |
| Property, plant and equipment, net   | 25,600        | 24,750        | 23,706        | 22,846        |

<sup>9</sup> Financial information inclusive of Excluded Businesses (not adjusted for the potential exclusion of the Finished Lubricants and Chemical Marketing businesses)

|   | As at         |               |               |               |
|---|---------------|---------------|---------------|---------------|
| (Unit: THB million)   | 31 Dec 2019   | 31 Dec 2020   | 31 Dec 2021   | 30 Sep 2022   |
| Right-of-use assets, net  | -             | 4,287         | 4,305         | 4,058         |
| Intangible assets, net  | 181           | 181           | 153           | 130           |
| Deferred income tax assets, net                                       | 1,501         | 3,512         | 2,361         | 606           |
| Prepaid rental and deferred charges                                   | 1,726         | 265           | 150           | 75            |
| Other non-current assets  | 1,700         | 2,253         | 2,355         | 2,644         |
| <b>Total non-current asset</b>  | <b>34,264</b> | <b>38,457</b> | <b>36,270</b> | <b>33,753</b> |
| <b>Total asset</b>  | <b>66,243</b> | <b>61,378</b> | <b>70,055</b> | <b>95,817</b> |
| Bank overdrafts and short-term borrowings from financial institutions | 6,488         | 6,082         | 7,900         | 13,154        |
| Trade and other payables  | 5,020         | 4,452         | 5,117         | 4,904         |
| Amounts due to related parties  | 8,091         | 7,894         | 10,588        | 17,928        |
| Current portion of long-term borrowings from financial institutions   | 1,467         | 1,933         | 1,717         | 1,834         |
| Current portion of long-term borrowings from related parties          | 1,633         | 3,233         | 3,950         | 4,417         |
| Short-term loans from related parties                                 | 13,188        | 10,621        | 11,423        | 12,033        |
| Dividend Payable  |               |               |               | 1,730         |
| Current income tax payables   | 1             | 1             | 0             | 0             |
| Current portion of lease liabilities                                  | -             | 358           | 438           | 387           |
| Short-term provisions for employee benefits                           | 787           | 872           | 873           | 897           |
| <b>Total current liabilities</b>                                      | <b>36,676</b> | <b>35,446</b> | <b>42,008</b> | <b>57,285</b> |
| Long-term borrowings from financial institutions                      | 1,817         | 1,717         | 1,249         | 1,707         |
| Long-term loans from related parties                                  | 2,350         | 4,617         | 2,750         | 3,292         |
| Lease liabilities   | -             | 2,440         | 2,399         | 2,268         |
| Long-term provisions for employee benefits                            | 3,280         | 2,799         | 2,440         | 2,483         |
| Other non-current liabilities   | 2             | 0             | 0             | 0             |
| Total non-current liabilities   | 7,449         | 11,573        | 8,839         | 9,751         |
| <b>Total liabilities</b>  | <b>44,125</b> | <b>47,019</b> | <b>50,846</b> | <b>67,036</b> |
| Issued and paid-up capital  | 17,075        | 17,075        | 17,075        | 17,075        |
| Share premium   | 4,032         | 4,032         | 4,032         | 4,032         |
| Retained earnings   |               |               |               |               |
| Appropriated  |               |               |               |               |
| Legal reserve   | 1,001         | 1,001         | 1,001         | 1,001         |
| Unappropriated  | (170)         | (8,081)       | (3,638)       | 5,826         |
| Other components of equity  | 173           | 325           | 731           | 840           |
| Non-controlling interests   | 7             | 7             | 7             | 7             |
| <b>Total shareholders' equity</b>                                     | <b>22,118</b> | <b>14,360</b> | <b>19,208</b> | <b>28,781</b> |
| <b>Total liabilities and shareholders' equity</b>                     | <b>66,243</b> | <b>61,378</b> | <b>70,055</b> | <b>95,817</b> |

## **5. Total Value of Consideration**

### 5.1 The Transaction

The total consideration in the form of cash which the Company will pay to the Seller on the completion date of the Transaction will be based on the purchase price adjustment mechanism as outlined in Clause 3.2 which shall be finalized before the closing of the Transaction.

### 5.2 The Tender Offer for the remaining securities of ESSO

The total consideration in the form of cash which the Company will pay to ESSO's shareholders who accept the tender offer in accordance with the criteria and method stipulated in the tender offer will be the same price as in Clause 5.1 based on the calculation demonstrated in Clause 3.2.

## **6. Basis used to determine the total value of consideration**

### 6.1 The Transaction

The basis used to determine the total value of the Sale Shares shall be in accordance with the negotiations and agreement between the Company (as the buyer) and the Seller which shall be in line with a Discounted Cash Flow (DCF) approach. This is the most widely used approach for determining the value of companies engaging in the business of R&M as it appropriately reflects the nature and capabilities of business operations while taking into account the Company's rate of return on investments. In addition, the Company has taken into consideration other supporting valuation approaches, such as the trading multiples and transaction multiples, which are also typically employed for decision making on business acquisitions.

### 6.2 The Tender Offer for the remaining securities of ESSO

The basis used to determine the total value of consideration of the tender offer for the remaining securities of ESSO will be in accordance with the criteria and conditions prescribed under the Notification of Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Condition and Procedures for the Acquisition of Securities for Business Takeovers (as amended), which is the purchase price for the ESSO shares paid by the Company to the Seller (including the acquired cost of ESSO shares) during the period of 90 days prior to the tender offer date.

## **7. Transaction Rationale and Expected Benefits to the Company**

### 7.1. Transaction Rationale

The entering into the Transaction is in line with the strategy of the Company to strengthen its position as a leading integrated R&M player in Thailand. The Transaction will bring the following benefits to Thai society:

#### 7.1.1. Thailand Energy Security

The Transaction will allow the transfer of strategic fuel infrastructure and operations to the Company, whose majority of shareholders are investors with Thai nationality. The Company will have combined crude and products terminals capacity of approximately 15 million barrels which enhances reserves and energy security.

#### 7.1.2. Energy Affordability

The Company will be able to leverage an enlarged and comprehensive fuel logistics

network to provide fuel to consumers at competitive pricing. The Company will have an optimized cost structure to improve affordability to customers.

7.1.3. Environmental sustainability

The Transaction will allow the Company to maintain high environmental standards and to expedite energy transition by utilizing its excess cashflow.

7.1.4. Potential Knowledge Transfer

The Transaction will allow the Company to access skilled workforce, intellectual property, and technology to service its customers.

7.2. Expected Benefits to the Company

The Transaction would more than double the Company's integrated R&M operations in Thailand and provide important catalysts for further growth and margin improvement. The detailed benefits to the Company are as follows:

7.2.1. Complementary refining portfolio provides fuel supply security and optionality

The Transaction will allow the Company to become the largest refinery in terms of nameplate capacity in Thailand with 294 KBD. The Company will own and operate 2 strategically located refineries with access to critical crude receiving facilities (suitable for Very Large Crude Carriers: VLCCs<sup>10</sup>) and enable the Company to access 2 main pipelines, increasing fuel supply security and optionality of supply to customers. The Company will also have more flexibility to maximize gasoline and diesel products as the Company can access both Hydrocracking (HCU) and Fluidized Catalytic Cracking (FCC) technologies. In addition, the Transaction also allow the Company to enhance the operating performance through optimization of crude supply logistics via co-purchasing and co-loading, and maximize utilization and minimize operational costs from coordinated operational management.

7.2.2. Integrated and well-balanced fuel supply and retail portfolio

The Transaction will enhance the Company's self-sufficiency and reduce the need to import fuel products. The Transaction will allow the Company to have a more diversified product portfolio which will directly complement the Company's product yield, enhance high value specialty production, and provide access to the profitable asphalt market. Additionally, the Transaction also provides the ability to optimize product yield to market demand dynamics. as well as improve footprint in the wholesale and industrial markets.

7.2.3. Creates the leading Thai integrated R&M player with a strong national footprint and opportunities to expand retail experience

The Transaction will help the Company to strengthen its market share in retail and wholesale by sales volume and number of service stations, especially in prime areas. The Company will also be able to optimize fuel distribution channels and improve throughput per station by leveraging ESSO's footprint. With the sizable ESSO customer base, the Company would be able to generate further growth and cross-selling opportunities. The Transaction will provide the Company with a unique opportunity to implement and grow its retail experience business.

7.2.4. Significant Synergy potential from costs optimization

The Transaction will allow the Company to generate an estimated annual run-rate pre-tax synergies of THB 1.5-2.0 billion via costs optimization from crude supply, refinery operations, logistics, and corporate overhead.

7.2.5. Compelling financial fundamentals with secured financing

The Transaction is expected to be EPS accretive for the Company as demonstrated below:

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<sup>10</sup> Very Large Crude Carriers



| Year / Period                             | Bangchak Status quo |           | Pro-forma (Exclusive of run-rate synergies) <sup>(1)</sup> |           | Pro-forma (Inclusive of run-rate synergies) <sup>(1),(2)</sup> |           |
|---|---------------------|-----------|--|-----------|--|-----------|
|   | EPS                 | Accretion | EPS  | Accretion | EPS  | Accretion |
| 2021                                      | 5.25                |           | 5.76   | 10%       | 6.64   | 27%       |
| TTM <sup>11</sup> as of 30 September 2022 | 9.93                |           | 15.58  | 57%       | 16.46  | 66%       |

Remark: (1) Assumes 100% of ESSO's share acquisition at an indicative purchase price of THB 8.84 per share and takes into account additional interest from acquisition financing but does not include upfront one-off financing costs

(2) Assumes run-rate pre-tax synergies of THB 1.5 billion per year and does not include one-off integration costs as well as does not assume phasing-in period

On a pro-forma basis as of 30 September 2022, the Company's leverage would be modest with net debt/equity of 1.7x and net debt/EBITDA of 2.2x respectively.

## 8. Sources of Funds

The Company will utilize secured credit facilities from a financial institution to finance the Transaction, the tender offer for the remaining shares of ESSO, as well as any third party and related parties debt refinancing to the extent necessary. As well as the Company might also consider utilizing a part of the Company's cash and cash equivalents. As at 30 September 2022, the Company had cash and cash equivalents of THB 33,288 million per the reviewed financial statements.

## 9. Opinions of the Board of Directors on the entering into of the transaction

Board of Directors Meeting No. 1/2023, convened on 11 January 2023, has carefully and thoroughly considered the benefits and risks related to the Transaction and concluded that entering into such transaction is in the best interests of the Company (as per the details of Expected Benefits to the Company stipulated in Clause 7), as it will allow the Company to expand its business which will help improve the Company's business operational capabilities, as well as enhance competitiveness and provide future business growth opportunities. As a result, the Board of Directors resolved to approve the entering into the Transaction and the tender offer for all remaining securities of ESSO and proposed that the shareholders meeting of the Company consider and approve the entering into the Transaction.

## 10. Seeking of Approval from the Board of Directors

In the Board of Directors' consideration and approval process on the matters relating to entering into the Transaction and to propose the same to the shareholders meeting, there were no interested directors and/or directors who are connected persons, who therefore would have to leave the meeting and would not be entitled to cast votes.

<sup>11</sup> Trailing twelve months

**11. Opinions of the Audit Committee and/or directors of the Company which are different from those of the Board of Directors**

The Audit Committee and the directors of the Company have no opinions which are different from those of the Board of Directors under Clause 9.