

Tor Hor. 031/2024

29 November 2024

Subject Submission of the Amendment to Opinion of the Company on the Tender Offer (Form 250-2)
No. 2 (in the part of the Opinion of the Independent Financial Advisor on Tender Offer)

To Secretary, General of the Office of the Securities and Exchange Commission
The President, The Stock Exchange of Thailand
Shareholders of People's Garment Public Company Limited

Enclosure A copy of the Amendment to Opinion of the Independent Financial Advisor on Tender Offer
No.2

People's Garment Public Company Limited (the "Company") submitted a copy of the Opinion of the Company on the Tender Offer (Form 250-2) and a copy of the Opinion of the Independent Financial Advisor on the Tender Offer of People's Garment Public Company Limited on 19 November 2024 and the Amendment to Opinion of the Company on the Tender Offer (Form 250-2) No.1 and the Amendment to Opinion of the Independent Financial Advisor on Tender Offer on 26 November 2024. The Independent Financial Advisor hereby would like to amend the Opinion of the Independent Financial Advisor on Tender Offer No.2 to enhance clarity.

Therefore, the Company would like to disclose the amendments and provide additional clarification to the Securities and Exchange Commission, the Stock Exchange of Thailand, and the Company's Shareholders for consideration, details of which are shown in the Enclosure.

Please be informed accordingly

Yours Sincerely,

People's Garment Public Company Limited



Mrs. Sunan Niyomnaitham

Director

Authorized Persons to Disclose Information

- TRANSLATION -

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of People's Garment Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

No. AP. 034 /2024

November 29, 2024

Subject: Second amendment to the opinion of the Independent Financial Advisor on the tender offer for securities of People's Garment Plc. (Amendment No. 2)

To: Secretary-General of the Office of the Securities and Exchange Commission
President of the Stock Exchange of Thailand
Shareholders of People's Garment Plc.

Ref.: Amendment to the Opinion of the Independent Financial Advisor on the Tender Offer for Securities of People's Garment Plc. dated November 26, 2024

Reference is made to People's Garment Plc. ("the Business")'s submission of the Opinion of the Business on the Tender Offer (Form 250-2), together with the Opinion of the Independent Financial Advisor on the Tender Offer for Securities of the Business prepared by Advisory Plus Co., Ltd. ("IFA"), as the shareholders' advisor to express opinion on the Tender Offer, to the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand, and the shareholders of the Business on November 19, 2024 and the Amendment to the Opinion of the Independent Financial Advisor on the Tender Offer for Securities of People's Garment Plc. on November 26, 2024.

In this regard, we, as the IFA, would like to make some amendments to the Opinion of the Independent Financial Advisor on the Tender Offer for Securities of the Business to enhance clarity over our such opinion. Please note that the additional information is underlined and the deleted information is ~~erased~~ out.



1. Amendment to Item 1.5 Discounted cash flow approach, (e) Capital expenditure, Page 32

Original (as per the Amendment dated November 26, 2024)

In 2024, the Business plans to invest around Baht 14.18 million in the solar rooftop project at its Lamphun Plant, aiming to cut down on electricity cost. In 2025, it will invest Baht 21 million in the improvement of Lamphun Plant building, installation of air-conditioning system and chillers, and purchase of two vehicles.

Over the past 3 – 4 years, the Business has spent a huge sum on fixed asset improvement whereby its investment plan for modification or development of fixed assets will be achieved in 2025 after completion of the chiller system installation.

According to the projection by the IFA, the Business will have depreciation and amortization expenses of around Baht 22 – 23 million, consisting of Baht 5 million as depreciation of Fixtures and Office Appliances (Book Value as at September 30, 2024 at Baht 35.75 million). Since assets under such categories, have relatively short usable life of 5 – 10 years under accounting standards comparing to longer actual usable life of 10 – 20 years, the Business then estimates CAPEX of the assets under those categories at Baht 2 million per year throughout the projection period. The remaining amount is mainly depreciation of Buildings and Machineries and Equipment. Currently, improvements of such assets is made with replacements of consumable parts which have already been recognized as expenses in both cost of goods sold and selling and administration expenses. For such expenses are in equivalent amount of the corresponding depreciation; the Business does not estimate additional CAPEX for Buildings and Machineries and Equipment. (The practices also reflects in the Business having relatively low book value of Properties, Plants and Equipment at Baht 158.26 million comparing to the investment cost of such assets of Bath 766.23 million as at September 30, 2024.)

Amended

In 2024, the Business plans to invest around Baht 14.18 million in the solar rooftop project at its Lamphun Plant, aiming to cut down on electricity cost. In 2025, it will invest Baht 21 million in the improvement of Lamphun Plant building, installation of air-conditioning system and chillers, and purchase of two vehicles.

Over the past 3 – 4 years, the Business has spent a huge sum on fixed asset improvement whereby its investment plan for modification or development of fixed assets will be achieved in 2025 after completion of the chiller system installation. Therefore, according to the five-year financial plan (2024-2028) prepared by the Business, under which there will be no investment in 2026-2036, the Business does not estimate additional CAPEX accordingly.

However, it is apparent from the Business's historical data that efficiency improvement and repair of machinery and equipment have been made via repair or replacement of spare parts that have a short useful life and a low value per unit such as parts for cutting machine, yarn spinning machine, knitting machine, and



all types of sewing machine, which constitute the largest number of the Business's machinery and equipment. The Business has recognized the expenses on efficiency improvement and repair of these asset items as repair and maintenance cost almost totally through the statements of income. When compared with depreciation (which can be used as a benchmark for estimating CAPEX in the case of a company with no plan for capacity expansion in order to maintain the asset's condition for normal production), it has been found that the repair and maintenance cost recognized by the Business through the statements of income is close to the corresponding depreciation. Thus, there is a minimal need for investment in efficiency improvement and repair of such asset group, on which the IFA and the Business have a similar opinion. Moreover, the said repair and maintenance cost is to be allocated to both cost of goods sold, which increases in line with yearly sales growth, and administrative expenses, which rise according to inflation.

The Business does not estimate CAPEX for fixtures and office appliances. However, based on its historical records for the past seven years, the Business spent around Baht 0 million – Baht 5 million per year, or an average of Baht 2 million a year, on investment in this group of assets.

Therefore, we estimate CAPEX at Baht 2 million per year, according to the average of the past years, in the base case, and assume a change in CAPEX to between Baht 0 million and Baht 5 million, based on the range of actual CAPEX in the previous years, in the sensitivity analysis.

~~According to the projection by the IFA, the Business will have depreciation and amortization expenses of around Baht 22 – 23 million, consisting of Baht 5 million as depreciation of Fixtures and Office Appliances (Book Value as at September 30, 2024 at Baht 35.75 million). Since assets under such categories, have relatively short usable life of 5 – 10 years under accounting standards comparing to longer actual usable life of 10 – 20 years, the Business then estimates CAPEX of the assets under those categories at Baht 2 million per year throughout the projection period. The remaining amount is mainly depreciation of Buildings and Machineries and Equipment. Currently, improvements of such assets is made with replacements of consumable parts which have already been recognized as expenses in both cost of goods sold and selling and administration expenses. For such expenses are in equivalent amount of the corresponding depreciation; the Business does not estimate additional CAPEX for Buildings and Machineries and Equipment. (The practices also reflects in the Business having relatively low book value of Properties, Plants and Equipment at Baht 158.26 million comparing to the investment cost of such assets of Bath 766.23 million as at September 30, 2024.)~~



2. Addition of a table to the sensitivity analysis on Pages 36-37

Original (as per the Amendment dated November 26, 2024)

In addition, we have performed a sensitivity analysis on the valuation of the Business's shares to cover a range of impacts that are expected from changes to various factors as follows:

Change in sales income by +/- 2% from the base case (The change rate assumed will not affect the Business's performance up to the point where it may need a cost restructuring in order to respond to such effect, which will cause a change in the assumptions for this financial projection.)

Base Case

Change in sales income	-2.00%	-1.00%	0.00%	1.00%	2.00%
The Business's share value (Baht/share)	8.92	9.05	9.18	9.31	9.44

Change in percentage of cost of sales to total sales by +/- 0.5% from the base case (The change rate assumed will not affect the Business's performance up to the point where it may need an income or expense restructuring in order to respond to such effect, which will cause a change in the assumptions for this financial projection.)

Base Case

Change in percentage of cost of sales to total sales	74.98%	75.23%	75.48%	75.73%	75.98%
The Business's share value (Baht/share)	9.64	9.41	9.18	8.95	8.72

Change in terminal growth rate by +/- 2% per year (The highest change rate is assumed to be 4.00% per year, close to Thai GDP growth, and the lowest is 0% or zero terminal growth.)

Base Case

Terminal growth rate	0.00%	1.00%	2.00%	3.00%	4.00%
The Business's share value (Baht/share)	9.17	9.17	9.18	9.18	9.19

Change in Ke by +/- 2% from the base case (The highest rate is assumed to be 12.33% per year, close to the SET's return in the past 25 years (which is 12.38% per year), or a 2% increase from the projection, and to be consistent with this, the lowest rate is set to decrease also by 2% from the base case.)

Base Case

Ke	8.33%	9.33%	10.33%	11.33%	12.33%
The Business's share value (Baht/share)	9.19	9.18	9.18	9.17	9.17

**Amended**

In addition, we have performed a sensitivity analysis on the valuation of the Business's shares to cover a range of impacts that are expected from changes to various factors as follows:

Change in sales income by +/- 2% from the base case (The change rate assumed will not affect the Business's performance up to the point where it may need a cost restructuring in order to respond to such effect, which will cause a change in the assumptions for this financial projection.)

<u>Base Case</u>					
Change in sales income	-2.00%	-1.00%	0.00%	1.00%	2.00%
The Business's share value (Baht/share)	8.92	9.05	9.18	9.31	9.44

Change in percentage of cost of sales to total sales by +/- 0.5% from the base case (The change rate assumed will not affect the Business's performance up to the point where it may need an income or expense restructuring in order to respond to such effect, which will cause a change in the assumptions for this financial projection.)

<u>Base Case</u>					
Change in percentage of cost of sales to total sales	74.98%	75.23%	75.48%	75.73%	75.98%
The Business's share value (Baht/share)	9.64	9.41	9.18	8.95	8.72

Change in terminal growth rate by +/- 2% per year (The highest change rate is assumed to be 4.00% per year, close to Thai GDP growth, and the lowest is 0% or zero terminal growth.)

<u>Base Case</u>					
Terminal growth rate	0.00%	1.00%	2.00%	3.00%	4.00%
The Business's share value (Baht/share)	9.17	9.17	9.18	9.18	9.19

Change in Ke by +/- 2% from the base case (The highest rate is assumed to be 12.33% per year, close to the SET's return in the past 25 years (which is 12.38% per year), or a 2% increase from the projection, and to be consistent with this, the lowest rate is set to decrease also by 2% from the base case.)

<u>Base Case</u>					
Ke	8.33%	9.33%	10.33%	11.33%	12.33%
The Business's share value (Baht/share)	9.19	9.18	9.18	9.17	9.17

Change in CAPEX in 2026-2028 to Baht 0.00 million – Baht 5.00 million per year to be consistent with the range of CAPEX in the past years as described in Item 1.5 (e)

<u>Base Case</u>						
CAPEX in 2026-2028	0.00	1.00	2.00	3.00	4.00	5.00
The Business's share value (Baht/share)	9.38	9.28	9.18	9.07	8.97	8.87



We hereby certify that we have provided our opinion with due care based on professional practices and in the interests of the shareholders.

Yours sincerely,

Advisory Plus Company Limited

..... - *Thawatchai Vorawandthanachai* -

(Mr. Thawatchai Vorawandthanachai)

Managing Director

.....- *Thanasak Boulowpetch* -.....

(Mr. Thanasak Boulowpetch)

Supervisor